

## Support Mechanisms for Business

### Financing – The Brazilian Development Bank (BNDES)

The National Bank for Economic and Social Development (Portuguese: Banco Nacional de Desenvolvimento Econômico e Social, abbreviated: BNDES) is the Brazilian federal development bank and plays the role of the major supplier of long-term financing in the country, mostly in the form of credit.

It is structured as a federal company associated with the Ministry of Economy and its stated mission is “to enable solutions that add investments to the sustainable development of the Brazilian nation”.

As a public company BNDES provides financial support to private companies with headquarters and management in Brazil (regardless of the size) which have projects that promote innovation, regional development and social and environmentally friendly activities.

### Sectors and funding

You can find below some of the BNDES priority sectors and their support policies:

- **Infrastructure:** To finance the energy sector, through the financing of hydro, wind, thermal, nuclear and biomass energy generation, as well as support for transmission, distribution and rationalization of energy use.
- **Export:** To finance the expansion of the export capacity of Brazilian companies, supporting the production of goods and services for the foreign market (pre-shipment) and financing the marketing of these products abroad (post-shipment).
- **Industry, trade and services:** To finance investment projects for the implantation, expansion and modernization of industries and businesses in the trade and services sector. National goods and services can be supported, including equipment and expenses with the development team; working capital; and the import of new machines and equipment that do not have a national similar.
- **Agriculture:** To finance the acquisition of agricultural tractors and investments in irrigation; expenses up to the first harvest or crop; beef cattle raising; and formation or reform of pastures, production improvement projects and slaughterhouses, as well as invests in agribusiness projects through equity participation and guarantee services to companies in the sector.
- **Innovation:** To finance capacity building and the development of innovative environments. The conditions for supporting investment plans in innovation are the most favorable within the whole range of BNDES funding lines and programs. The lines provided for innovation support operations of companies of all sizes and sectors.

- **Environment:** BNDES supports sanitation, waste management, energy efficiency and conservation projects in biomes. In all supported enterprises, the presentation of environmental licenses is required. In the sectors considered most critical, additional socio-environmental criteria are established as a condition for financial support.
- **Small and medium-sized enterprises (SMEs):** BNDES offers favorable conditions to smaller companies, which also have exclusive instruments, such as the BNDES Card, which are reflected in more advantageous financial conditions, such as lower interest rates and longer payment terms.
- **Capital Markets:** BNDES, through its wholly owned subsidiary BNDES Participações S.A. (BNDESPAR), supports Brazilian companies through variable income instruments, in addition to its financing products.

#### Eligibility criteria for financial support

Private companies with headquarters and administration in Brazil are eligible to request financing from the BNDES. Public Administration and individuals are also entitled to financing in specific cases (cargo carriers, rural producers, or micro entrepreneurs).

To apply for financing, the client must attend the following minimum requirements:

1. Fiscal, tax and social obligations must be up-to-date;
2. Satisfactory registration must be presented;
3. Capacity to make payments;
4. Enough guarantees to cover the risk of the operation;
5. Client cannot be undergoing credit recovery;
6. Comply with legislation related to imports, in case of financing for imports of machinery and equipment; and
7. Comply with environmental legislation.

#### Industry and tax incentives

##### Ex-tariff

Brazil's Ex-tariff regime allows for a temporary reduction on current import duties for capital goods and computer and telecommunications goods, and for their parts, pieces, and components, with the primary condition being the nonexistence of an equivalent product being manufactured in the country. The final goal of this policy is to restructure Brazil's industrial park and infrastructure services.

The procedure for applying for an ex-tariff concession is briefly described below:

1. Applications for the grant of the ex-tariff regime (new, renewal, amendment, and revocation) must be filled out, only and exclusively, through the [Electronic Information System \(SEI\) of the Ministry of Economy](#).
2. The applications will be analyzed by the Secretariat of Industry Development, Trade, Services, and Innovation of the Ministry of Economy (SIDTSI).
3. After that, a public consultation will be held to allow for appeals to the claims submitted.
4. The SIDTSI will analyze the appeals filed.
5. The SIDTSI will then forward to the Special Secretariat for Foreign Trade and International Affairs (SSFTA) lists with recommendations for deferrals or rejections of the applications, accompanied by technical opinions and the respective draft of ordinances to be published when the concession is granted.
6. SSFTA is responsible for the decision-making process of the Ex-Tariff concession applications.
7. The **Executive Secretariat of CAMEX** shall maintain, on the website of the Ministry of Economy, a complete listing of all the demands of concession of ex-tarifarios, whether granted or denied.

#### RECAP - Special Tax Regime for capital goods acquisition by export companies and shipyards

This regime allows companies to purchase on the domestic market or import capital goods (new machines, instrument, and equipment) with the suspension of COFINS and PIS / Pasep.

Companies that, either have exported 50% or more of the value of their previous annual sales and commits to maintain this for the following two years or have not reached the 50% threshold but commits to it for the following three years, and shipyards are eligible.