

FOLLOW-UP TO MEASURES ADOPTED BY BNDES TO REDUCE ECONOMIC DAMAGE CAUSED BY THE COVID-19 PANDEMIC

Due to the COVID-19 pandemic, the federal government started several health-related actions to fight the economic effects of the pandemic.

The restriction of economic activity, especially caused by social distancing measures, brought financial hardships to many companies and individual entrepreneurs. Thus, the Brazilian Development Bank (BNDES), aiming to help the survival of economic agents, carried out several actions of financial

support, either by adapting existing lines of credit or by creating new programs.

Between March and August 2020, the BNDES disbursed or transferred US\$15.35 million of an estimated total, until the end of the programs, in December 2020, of US\$21.69 million. The table below details the disbursed and transferred amounts, by type of action.

• **Table – Amounts disbursed and transferred, by type of action**

Type of Action	Amount (US\$ Million)
Transfer of values from the PIS/Pasep tax to the FGTS tax	3,770
Emergency Employment Support Program (PESE) (National Treasury resource that is distributed by the BNDES to other financial agents)	8,68
Credit Programs (FGI / Peac)	5,768
Standstill agreement (Suspension of payment during the pandemic)	3,073
Donation (Matchfunding Saving Lives)	13
Credit line operated by BNDES (directly or indirectly)	1,854

• WHAT HAS BEEN DONE

The Federal Court of Accounts carried out an audit, in the form of a follow-up, in order to verify the effectiveness of the measures adopted by the BNDES to reduce economic damage caused by the COVID-19 pandemic.

• WHAT HAS BEEN FOUND

During the monitoring, the audit team pointed out some risks to the efficacy and effectiveness of the action, such as the aid granted to companies not

impacted by the pandemic, the lack of knowledge on lines of credit by target audience, and even little appeal of some lines of credit for some companies, due to what was required in return.

The Court also identified the risk of using resources, especially those destined to health care, in actions not related to fighting the pandemic, considering that initially there were no criteria to be met by the beneficiary nor a more refined verification of the costs expected to be financed.

In addition, TCU verified the need to increase transparency of actions, facilitating control by society.

■ WHAT HAS BEEN DECIDED

The Court recommended that the BNDES should apply a specific risk management process for actions related to the program on the fight against COVID-19, in order to allow its proper monitoring and the implementation of possible adjustments, maximizing the benefit of public resources employed.

TCU also recommended that, in order to avoid misuse of resources in specific actions on health care, that adjustments be made to the Emergency Program for Health Care, such as verification of compatibility between the amounts claimed with the estimated costs of the projects presented, as well as a greater control over the allocation of funds.

Another recommendation worth mentioning is that the BNDES should monitor the evolution of operations covered by the Emergency Program for Access to Credit made available by the Investment Guarantee Fund (Peac-FGI), assessing the need for adjustments if conditions unfavorable to small businesses are identified.

TCU determined that the BNDES should disclose to society the information related to fighting the pandemic, making it easily accessible, straightforward and available.

Additional information:

Decisions: 1.493/2020 and 1.933/2020, both from the TCU's Full Court

Rapporteur: Minister Aroldo Cedraz

Case: TC 016.780/2020-5

Technical department in charge: Department of External Control - State Owned Enterprises in Rio de Janeiro (SecexEstataisRJ)