

## BRAZIL

### 1. Recent trends

Poverty in Brazil decreased from 20.9% in 2016 to 19.5% in 2022, below the Latin America and the Caribbean (LAC) average of 24.1%. Extreme poverty was at 5.3% in 2022, below the LAC average (8.3%). The Gini index decreased from 53.3 in 2016 to 52.9 in 2021, remaining above the LAC average (44.8). Regarding investment and production transformation indicators, total investment in Brazil increased from 15.5% of GDP in 2016 to 18.8% in 2022, following the LAC average trend, which increased from 20.8% to 21.3% over the same period. Private investment represented 14.2% of GDP, somewhat below the LAC average (15.8% in 2019). Brazil's labour productivity, measured against output per employed person in the United States, was 24.7% in 2023, below the LAC average of 27.1%. The share of exports of high-tech products in total exported manufactured goods declined from 16.0% in 2016 to 9.0% in 2021 while remaining above the LAC average (7.2%). Positive perceptions of foreign direct investment (FDI), which declined across the LAC region, also fell slightly in Brazil, from 63.4% in 2016 to 60.0% in 2020. The country's tax revenue increased from 31.6% of GDP in 2016 to 33.5% in 2021, in contrast to regional trends. Environment-related tax revenues remained almost unchanged at 0.7% in 2021.

### 2. Long-term policies to promote investment and production transformation

Brazil has made significant efforts to attract and mobilise high-quality investment, focusing mainly on stimulating the production, acquisition, and export of capital goods and technological innovation. In 2009, it established the Investment Support Programme, which operates through BNDES on-lendings. Starting in 2011, the Investment Support Programme was also operated by Finep, to support innovative projects that seek to develop new or significantly improved products and processes which involve technological risk but have market opportunities. The federal government, along with its agencies, also seeks to promote innovative businesses and start-ups through public programmes and regulations. In 2021, Brazil approved the Legal Framework for Start-ups, aiming to reduce bureaucracy for small innovative businesses. Public programmes to foster the development of start-ups include: *Inovativa Hub*, a free start-up acceleration programme; *Centelha*, to foster the creation of innovative businesses; *Garagem*, funded by BNDES, to support early and mid-stage start-ups; *Innovation Diplomacy*, from the Ministry of Foreign Affairs, to internationalise Brazilian innovation ecosystems; *Startup Outreach*, a multistakeholder programme to bring mid-to-late-stage start-ups to promising international innovation ecosystems; and *Sebrae Start-ups*, a training and acceleration programme targeted to start-ups. Regarding boosting private investment in research and development (R&D), since 2013 EMBRAPA (*Empresa Brasileira de Pesquisa e Inovação Industrial*), a funding agency focused on building bridges between research centres and private companies, invested around USD 648 million in financing R&D projects in Brazil.

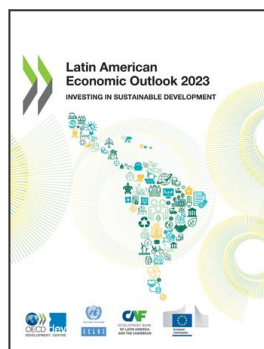
To advance an inclusive and sustainable production model, Brazil has focused its 2030 Sustainable Development Plan of the Brazilian Development Association on five missions with transformative potential: digital, smart, and inclusive future; innovation ecosystem in the bioeconomy and for the Amazon; committed agribusiness; sustainable infrastructure and cities; and health as a driver of development. In addition, the Brazilian government is actively involved in infrastructure development managed by the Special Secretariat for the Investment Partnerships Programme (SEMPI). Since 2016, over 321 projects have been completed in various sectors that align with national priorities, such as transportation, energy, 5G and healthcare. Additionally, the new *Programa de Aceleração do Crescimento* (PAC), a federal programme in partnership with various stakeholders, plans to invest BRL 1.7 trillion over four years to stimulate economic growth and reduce inequalities, focusing mainly on nine axes: inclusive social infrastructure; efficient and sustainable transportation; digital inclusion and connectivity; water for all; energy transition and security; innovation for the defence industry; education, science and technology; sustainable and resilient cities; and health.

In terms of regional and international partnerships to support the attraction of quality investments, Brazil has established collaborative initiatives with partners both within and beyond LAC. Within the region, Brazil established a training programme open to LAC countries to advance competition advocacy. The programme aims to develop and strengthen the position of the Brazilian system as a reference for competition authorities and to promote the dissemination of a competition culture in the region. Brazil and Uruguay, supported by the Development Bank of Latin America and the Caribbean (CAF), are exploring the creation of a shared waterway (*Lagoa Mirim* and *Canal de São Gonçalo/rs*), aiming to create positive economic and environmental impacts. Beyond the region, Brazil developed a support programme for urban development in Mozambique. The programme aims to: help elaborate housing policy; transfer non-conventional construction methodologies and technologies to create business incubators; formulate a methodology for implementing a monitoring system for construction costs and indices; and develop a project to expand the *Namialo* Technological Centre. Beyond the region, Brazil holds a co-operation agenda with the European Union. In the framework of the EU Global Gateway Initiative, the EU committed to invest EUR 2 billion to support Brazil's production of green hydrogen and to promote energy efficiency in the industrial sector. The EU will continue to support ongoing co-operation projects such as the *EllaLink* fibre-optic cable, co-funded by Brazil, and research and investment in biofuels and information technology.

	Key indicators – Brazil					
	Brazil		LAC		OECD	
	2016	2022	2016	2022	2016	2022
<b>Social</b>						
Extreme poverty	5.3	5.3	8.1	8.3	N/A	N/A
Poverty	20.9	19.5	25.9	24.1	N/A	N/A
	2016	2021	2016	2021	2016	2021
Share of internet users (% of population)	60.9	80.7	54.5	74.2	81.8	89.6
	2016	2021	2016	2021	2016	2020
Gini index	53.3	52.9	46.3	44.8	34.1	33.6
	2009	2019	2009	2021	2009	2021
Share of total population in informal households (%)	37.7	29.8	44.2	46.8	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	20.2	7.9	23.9	21.8	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	72.7	75.5	20.2	7.9	N/A	N/A
	2019	2023	2019	2023	2019	2023
SIGI index	21.2	21.6	25.4	21.6	17.5	15.3
	2015	2018	2015	2018	2015	2018
PISA score in science	401	404	411	407	489	487
<b>Productivity and innovation</b>						
	2016	2023	2016	2023	2016	2023
Labour productivity (% of the United States)	26.6	24.7	29.3	27.1	70.0	68.5
	2016	2021	2016	2021	2016	2021
High-tech exports (% of manufactured exports)	16.0	9.0	8.4	7.2	16.5	16.0
	2016	2019	2016	2019	2016	2019
R&D expenditures (% of GDP)	1.3	1.2	0.3	0.4	1.8	2.0
<b>Investment and production transformation</b>						
	2016	2022	2016	2022	2016	2022
Total investment, gross fixed capital formation (% of GDP)	15.5	18.8	20.8	21.3	21.9	22.8
Foreign direct investment (FDI), net capital inflow (% of GDP)	4.1	4.8	4.4	4.6	6.8	3.5
	2016	2019	2016	2019	2016	2019
Private investment (% of GDP)	13.5	14.2	16.1	15.8	18.2	18.8
	2016	2019	2016	2021	2016	2021
Public investment in economic infrastructure (% of GDP)	0.5	0.4	2.3	1.6	N/A	N/A
<b>Citizens' perceptions and institutions</b>						
	2016	2020	2016	2020	2016	2020
Share of population who perceives FDI as beneficial (%)	63.4	60.0	70.9	53.9	N/A	N/A
	2018	2020	2018	2020	2018	2020
Share of population who consider that, in general, domestic products are of lower quality than imported ones (%) (agreeing or strongly agreeing)	47.1	48.0	44.6	42.7	N/A	N/A
	2016	2022	2016	2022	2016	2022
Corruption Perception Index (score on a scale of 0 [highly corrupt] to 100 [totally clean])	40.0	38.0	41.2	40.6	67.3	66.3
Security risks indicator (score from 0 [low security risks] to 10 [high security risks])	6.4	6.5	5.9	5.6	2.8	2.6
	2010-14	2017-22	2010-14	2017-22	2010-14	2017-22
Belief that science and technology will create more opportunities for the next generation (score on a scale from 1 [strongly disagree] to 10 [strongly agree])	7.6	7.1	7.3	7.2	7.6	7.2
Share of population who worry (very much or a great deal) about not being able to provide a good education for their children (%)	82.0	75.0	75.4	74.0	49.8	41.4
<b>Fiscal position</b>						
	2016	2021	2016	2021	2016	2021
Total tax revenues (% of GDP)	31.6	33.5	22.0	21.5	33.6	34.1
Environmentally related tax revenue (% of GDP)	0.9	0.7	1.1	0.9	2.4	2.0
Share of VAT (% GDP)	6.6	7.6	5.9	6.1	6.6	7.0
Share of PIT (% GDP)	2.6	3.0	2.0	2.0	7.8	8.3
Share of CIT (% of GDP)	3.2	3.7	3.2	3.4	2.9	3.1
Debt service (% of total tax revenue)	20.5	15.0	11.3	12.3	5.4	5.3
Social expenditure (% of GDP)	17.3	17.3	11.3	13.3	20.1	22.0
	2016	2020	2016	2020	2016	2019
Perception of tax evasion (%)	N/A	24.5	N/A	27.3	N/A	N/A

Note: See the Reader's Guide for definitions and sources.

StatLink  <https://stat.link/ft5cna>



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