Early Warning System

IADB-BR-T1511

Post-COVID Recovery: Investment Opportunities in Brazil

Quick Facts

Countries	Brazil
Specific Location	national coverage
Financial Institutions	Inter-American Development Bank (IADB)
Status	Proposed
Bank Risk Rating	U
Borrower	Goverment of Brazil
Sectors	Finance, Technical Cooperation
Investment Type(s)	Advisory Services
Investment Amount (USD)	$ 0.50 million
Project Cost (USD)	$ 0.50 million

Project Description

This project will support the Brazilian government in developing a complementary investment attraction and export promotion strategy. Furthermore, the main objective of this project is to support the Brazilian government and its subnational entities in the development and implementation of activities (i.e., Brazilian Investment Forum - BIF, business matchmaking, digital roundtables, etc.) leading to investment attraction and trade openness at national and sub-national levels.

2022 started with the world in the midst of an asymmetrical recovery, where in some countries COVID-19 infection rates have fallen significantly, while in others, the virus remains difficult to control. But whether governments are actively managing outbreaks or returning to normalcy, economic recovery is central to their forward-looking agenda.

The effects of Russia's invasion of Ukraine have caused more profound shocks. It has disrupted markets in energy and, crucially, food in ways which highlight the need for more broadly based supplies. For these reasons, the IMF recently revised and reduced its projection for economic growth. Global growth is now projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January.

According to a November 2021 McKinsey survey, regionalization remains a priority for most global companies and almost 90 percent of respondents expect to pursue some degree of regionalization in their supply chains during the next three years. BlackRock's annual letter to shareholders spotlights Brazil as one of the most direct beneficiaries of this Global Value Chain (GVC) realignment. As stated by the Economist, decision-makers are increasingly concerned that GVCs should be robust, not just efficient. Governments and firms are constantly reminded that resilience also comes from diversification.

Brazil can provide many of the solutions that the region needs right now from realigned and resilient supply chains to abundant, solid, and sustainable investment options across many sectors. Economic growth resumed in Brazil in 2021. GDP grew by around 4.6% in 2021, outweighing 2020's 3.9% decline. Recent trade data estimates that Brazil's exports grew almost 35% in 2021. The Brazilian economy is also performing well in 2022. The economy grew 1.0% in the first quarter, unemployment fell to 10.5% (down from 14.8% during the pandemic) and business and consumer confidence are increasing. Also, after the strong retraction of Foreign Direct Investment (FDI) in 2020, international investors have resumed their appetite for investing in Brazil.

Investment Description

- Inter-American Development Bank (IADB)

Contact Information

IDB

-

ACCESS TO INFORMATION

You can submit a request for information disclosure at:

https://www.iadb.org/en/access-information/information-request.

-

ACCOUNTABILITY MECHANISM OF IDB / IDB INVEST

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IDB Invest)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IDB Invest is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).