



BRAZIL
Country Strategy Paper/National Indicative Programme
2007–2013
Mid Term Review and
National Indicative Programme 2011–2013

RELEX G4

1. EXECUTIVE SUMMARY

Since the approval of CSP 2007–2013, Brazil’s political, economic and social context has remained largely unaltered. The country underwent a period of political stability and remarkable success in economic and social development, despite mixed results in the environmental field, especially as far as deforestation is concerned. The country has also progressively consolidated its position as a regional and global player.

Brazil has shown a notable resilience to the effects of the international financial crisis up to the third quarter of 2008, when the symptoms of economic deterioration became apparent and persisted throughout 2009. In 2009, the country recorded a slight GDP contraction of 0.2%, the first since 1992. Yet the impact of the crisis has been relatively limited and the economy remains in fair shape. Due to the sound macroeconomic fundamentals and the measures taken by the Government and the Central Bank to ensure liquidity of the financial markets and encourage domestic consumption, the economy continues to recover.

The present programming priorities are i) enhancing bilateral relations, and ii) promoting the environmental dimension of sustainable development. Overall, neither the financial crisis effects, nor the present status of the political, economic, social and environmental situation, require any changes in the CSP’s priorities and response strategy. On the contrary, the launching of the Strategic Partnership in July 2007, complemented by the adoption of a Joint Action Plan in December 2008, together with the approval of a comprehensive range of environmental legislation to control deforestation and promote the sustainable development of the Amazonia, both contributed to strengthening the relevance of the proposed strategy and the selected priority areas. As a consequence, the Brazilian Government, civil society and the Member States generally consider that the original response strategy, as defined in the CSP, remains valid and appropriate to the current situation of the country.

In order to reinforce the current programming framework and improve the quality, relevance, impact and sustainability of its specific interventions, some adjustments are proposed. They include measures aimed at: (1) better focusing activities under Priority 2; and (2) improving coherence with other EU instruments and coordination with interventions of other donors.

2. MID-TERM REVIEW

2.1. Analysis of the Political, Economic, Social and Environmental situation

Political

Brazil is a federal republic made up of 26 States and the Federal District (Brasilia), and 5560 municipalities. The Brazilian constitution, approved in 1988, provides for three independent powers: the executive, the legislative and the judiciary. Brazil is a representative democracy, with a President (head of the executive) who acts simultaneously as Head of State and of the Federal Government. All legislative and executive bodies, at Federal, State and Municipal levels, are elected with four-year mandates, except the Senate, elected for eight-years terms. The federal legislative body is the National Congress, consisting of the Federal Senate and of the House of Representatives (Chamber of Deputies). Each State has a State legislature and a directly elected Governor, who heads the State executive and appoints its members.

Although Brazil is a stable democracy with a well developed political and institutional system, several existing constraints have a negative effect on governance, human rights and citizens' security. Some of the most significant challenges include:

- a) the legal and regulatory complexity and the need to improve the functioning of the judiciary system and to increase the efficiency of public administration;
- b) the need to enforce implementation of the existing legislation in several fields, including human rights and environment. Although Brazil has very advanced legislation in these areas, the legislation is not fully implemented and violations are often not punished;
- c) violence, which is particularly serious in big cities and in the rural areas. Other causes of concern are excessive use of force by law enforcement officials, limited access to justice for the poorest and most vulnerable sectors of society, and abuse against indigenous people. This situation generates a strong feeling of insecurity amongst citizens in both rural and urban areas.
- d) frequent cases of corruption and unlawful use of public resources. This situation is often associated with malfunctioning in the administration of justice.
- e) relatively fragile links between the three levels of government (Federal, State and municipal), which make it difficult to define and implement policies and reforms nationwide, to promote national integration and to encourage balanced development of the various regions.

Recommendations related to the abovementioned issues are reflected in international reports, such as those of UN Treaty Bodies (Brazil presented a report on the implementation of the International Covenant on Economic, Social and Cultural rights in 2009) or by UN Human Rights Council Special Procedures (for instance, the UN Special Rapporteur on extrajudicial, summary or arbitrary executions visited Brazil in 2009).

In a recent visit to Brazil, the President of the UN Human Rights Council commended the experience of Brazil in the fight against poverty and extreme hunger and in combating

HIV/AIDS. Referring to the very influential role of Brazil in this political body, she also stressed the importance of building bridges and enhancing dialogue in the Human Rights Council.

As a member of the UN Human Rights Council, Brazil is committed to upholding the highest standards in the protection and promotion of human rights¹. In response to its Universal Periodic Review (UPR) by the United Nations, Brazil endorsed 15 recommendations for the improvement of its human rights situation². It also issued voluntary commitments for the full implementation of these recommendations, including commitments to develop a national system of human rights indicators and to produce annual reports on the human rights situation, taking into account, among other aspects, a follow-up of the UPR exercise.

The implementation of these recommendations is part — inter alia — of the political discussion between the EU and Brazil in the framework of a dedicated human rights dialogue.

Regional and international context

Brazil has been implementing an increasingly assertive foreign policy, playing an active role in multilateral fora and positioning itself as a representative of emerging countries and as a staunch defender of poorer countries.

Brazil, a fervent supporter of multilateralism, is a key player in the major global debates and international negotiations on climate change, the reform of the United Nations, the Doha Development Agenda and the eradication of poverty and hunger. It is seeking increased political weight and wishes to take a fuller part in a revamped global-governance system (G-20, IMF, World Bank, United Nations). In the context of UN reform, Brazil has been lobbying intensively for a permanent seat on the UN Security Council. It is also actively lobbying for the dismantling of agricultural subsidies, within the G20 and at the WTO. Brazil is leading a UN peacekeeping force in Haiti. Building up a position as leader of the ‘south’ in the run-up to the London G-20 Summit has been at the forefront of Brazilian foreign policy. Like the EU, Brazil also favours better international regulation of financial markets. In many major world issues Brazil’s views converge with the EU’s, such as the importance of a multi-polar world to achieve sustainable development and the role of regional integration for prosperity and peace. The fight against poverty, climate change and peace and security are other areas of multilateral interest with views shared by the EU and Brazil.

Although Brazil’s standing as a regional leader in South America is sometimes challenged, the Government has aimed to strengthen Brazil’s role as a major player, particularly active in the promotion of the South American Community of Nations (UNASUR) and of the Community of Latin American and Caribbean countries (CELAC).

Brazil plays an important international role in the promotion of biofuels as an alternative energy source.

¹ http://www.un.org/ga/search/view_doc.asp?symbol=A/62/777&Lang=E.

² http://lib.ohchr.org/HRBodies/UPR/Documents/Session1/BR/A_HRC_8_27_Brazil_E.pdf.

The economic situation

In 2007 the Government launched a new programme to accelerate growth (PAC — Plano de Aceleração do Crescimento) aiming to increase the growth rate to 5% by 2008. However, as a result of the financial crisis, the Brazilian economy decelerated in the fourth quarter of 2008 amid tightening external and domestic credit conditions and worsening consumer and investor confidence, putting a halt to a five-year business boom. Despite the last quarter contraction, overall 2008 GDP expanded 5.1%, as compared with 5.7% in 2007, reflecting the strong performance seen in the first three quarters of the fiscal year. In 2009 the country felt the heat of the global economic crisis and recorded a slight GDP contraction of 0.2%, the first since 1992. Yet the impact of the crisis has been relatively limited and the economy remains in fair shape. As a result of the combination of countercyclical fiscal and monetary stimuli with improved domestic and external credit dynamics, the Brazilian economy continues to recover.

The Brazilian Government has responded to the crisis with an expanded social security net and increased investment plans in infrastructure and housing. Before the crisis, Brazilians were benefiting for the first time in a generation from stable economic growth, low inflation rates and improvements in social well-being. Since 2004, the Brazilian Government has coupled stable macroeconomic management with well-directed social policies. This double focus delivered good results. In recent years, sustained by strong commodity prices, the economy has grown strongly, averaging 4.8% between 2004 and 2008, well above average annual growth (of just below 2.5%) in recent decades (World Bank, 2009).

Inflation rates remain under control at around 5.7% a year. The country has accumulated foreign exchange reserves of over US\$200 billion and has seen a great drop in public debt vulnerability (World Bank, 2009).

In 2009, the trade balance posted a surplus of US\$24.7 billion (down 0.2% from 2008), the third consecutive annual fall and the lowest level registered since 2002. Brazil's external trade was heavily affected by the global economic slowdown and credit crunch in trading finance in 2009. Trade flows have contracted from US\$371.1 billion in 2008 to US\$280.6 billion in 2009 (-24.4%), with exports dropping from US\$197.9 billion to US\$152.3 billion (-22.7%) and imports declining from US\$173.1 billion to US\$127.6 billion (-26.3%).

Bilateral trade flows have risen constantly in recent years. In 2008, the EU exported merchandise to Brazil for €26.3 billion compared with just over €21 billion in 2007, an increase of 23%. From Brazil, the European Union imported goods for €35.5 billion in 2008, compared with €32.8 billion in 2007; this is an increase of 8.2%. As a consequence the trade balance continues to reflect a deficit for the European Union of €9.2 billion in 2008 against €11.5 billion in 2007. This deficit is mainly due to Brazil's large exports of agricultural products to Europe.

The EU continues to be Brazil's first trading partner with 25.8% of exports and 22.6% of imports (2007 figures), although the EU's relative importance has diminished slightly in the last few years, due for example to strong growth of Chinese exports to Brazil.

As in many other regions of the world, sustained growth is the major challenge for the Brazilian economy. Macroeconomic stability has laid the foundations, but average growth has remained below the global and Latin American averages even before the financial crisis. Despite some advances in microeconomic and institutional reforms, activity by the private sector is still stifled by various barriers and regulations that prevent the country from achieving its growth potential.

Bottlenecks include inadequate infrastructure, poor business climate, high tax rates, high cost of credit and rigid labour markets. The Growth Acceleration Plan launched in 2007 to increase investment in infrastructure and provide tax incentives to encourage faster and more robust economic growth is credited as one of the major factors behind the country's 5.1% growth in 2008, and the Government is expanding and complementing it with a large popular housing programme aimed at boosting investment and mitigating the impact of the crisis on jobs and economic activity.

The social situation

Brazil is placed at the 70th position in the Human Development Report for 2007/2008 (UNDP). Brazil's human development index was 0.800 in 2005 and placed the country for the first time among those with the highest development index. However, this should be treated with caution as, although the current Brazilian Government has made the social agenda its top priority, poverty and inequality remain at high levels and despite improvements, the educational system still suffers from poor quality and Brazil also exhibits extreme regional differences. This is a rather modest position compared with the country's levels of economic development and technological sophistication.

According to the World Bank (2009) improvements in the macroeconomic foundations were accompanied by equally important advances in the social indicators. The Brazilian report on the achievement of MDG (September 2007) states that, while in 1990 8.8% of Brazilians lived in extreme poverty (less than 1 dollar a day), this percentage had dropped in 2005 to only 4.2%. The poverty rate, as measured by a per capita income of half the national minimum wage (approximately US\$6.5 per day), dropped from 39.4% of the population in 2003 to 30.3% in 2007, handily meeting the Millennium Development Goal. These results were mainly due to cash transfer programs (such as the Bolsa Familia), as well as increases in labour income (especially minimum wages) and the decline in unemployment (from over 12% in 2003 to just below 9% in 2008). The Gini coefficient, which measures income concentration, continued to fall from 0.593 in 2003 to 0.552 in 2007, a 7% decline. In 2008 the Gini coefficient for Brazil was 0.544 portraying a high income concentration.

According to World Bank data (2009) Brazil has achieved other important results in the improvement of living conditions:

- Income distribution – In 2004, the richest 10% of the population accounted for 44.6% of Brazil's income. In 2007 this share had been reduced to 43.0% (PovcalNet)
- Illiteracy – Despite improvements there is still a high illiteracy rate. According to September 2009 IBGE data, 9,2% of Brazilians are illiterate and 21% are functionally illiterate.
- Infant mortality declined from around 50 per 1000 live births in 1990 to 19,88 in 2010.
- School enrolment in basic education rose from 85% in 1990 to 97% of the population between 7 and 14 years of age in 2005.

However, although education indicators show that enrolments in basic education are nearing 100%, the frequency in pre-primary and secondary education remains low, if compared to other middle income countries. Despite improvements, the educational system still suffers from poor quality at the basic and secondary levels. Brazil also experiences extreme regional differences, especially regarding health, infant mortality and nutrition indicators. The Brazilian Education

Development Plan intends to reinforce higher education with a focus on training of teachers in order to improve the quality of primary and secondary education in the country. Brazil also wishes to reinforce technical higher education schools by doubling the number of Institutes of Technological Education (called IFETs).

The objective of the Brazilian Government in the field of higher education is to expand access to higher education by social inclusion. In order to do that, the Government is proposing to increase the number of students in federal higher education institutions and to offer more scholarships under the PROUNI (Education for all programme) and the student credit programme (FIES — student financing). Although higher education is increasingly perceived as the key to the country's successful insertion into the global economy, only about 15% of young people are enrolled in higher education. This is quite low compared to other countries in the region (Argentina 36%; Chile 32%; Uruguay 30%; Venezuela, R.B. 29% [World Development Indicators 2001]) and to the OECD country average of 52% (OECD, 2001).

The environment

In 2005, Brazil's was the world's fourth largest emitter of greenhouse gases (GHG), releasing 2.2 billion of CO₂ equivalent (CO₂e) — equal to about 5% of the world GHG emissions. Differently from industrialised countries and other emerging economies, land use changes are today responsible for around 75% of Brazil's GHG emissions, including deforestation in the Amazon, which is responsible for 55% of the country's total emissions. This situation is partly offset by low emissions in the energy sector, mainly thanks to the extensive use of hydropower for electricity production and biofuels for transports.

Deforestation is advancing rapidly in the Amazon region, particularly in the so-called '*deforestation arch*', on the agricultural frontier. According to INPE, currently 18% of the Amazon region has been deforested so far. It has been found that 50% of deforestation in 2007 took place in just 36 municipalities, mainly in the States of Mato Grosso and Pará. However, the government has significantly stepped-up public action to combat illegal deforestation in the Amazon. As a result of this a decline of 55% in Amazon felling has been reported, the lowest deforestation level since monitoring began.

According to the Ministry of the Environment, the value of environmental services rendered by Brazil's ecosystems (in terms of mega-biodiversity conservation and carbon sequestration) is several trillion Euros per year. Therefore Brazil has a key and strategic role to play on a global scale, a role which the country has accepted since it is party to a number of international conventions on environmental issues (biodiversity, climate change/Kyoto Protocol, desertification, endangered species, etc.) and participates actively in international conferences on the environment. Although the Ministry of the Environment endeavours to promote the environment as a horizontal issue that should be taken into account in all important public policies, other ministries still consider the environment as an impediment to economic growth.

In 2008, the government published a major initiative for the Amazon: the Plan for a Sustainable Amazon (PAS). The PAS establishes guidelines and priorities for the sustainable development of the Amazon Region. It will apply the principles of 'Economic and Ecological Zoning' (EEZ), a recently established planning tool for environmental and territorial management, aiming at

promoting a model of sustainable economic development in all regions (not only the Amazon) which present serious risks of socio-environmental conflicts.

The main financial tool to implement the PAS is the recently established 'Amazon Fund' (Decree 6527, 01/08/2008), which should become the main financial instrument to support the Brazilian policies to combat deforestation, reduce carbon emissions and promote the conservation and sustainable use of the Amazon biome. The Fund will be administered by the Brazilian National Development Bank (BNDES) and the fundraising mechanism is based on the results achieved in reducing emissions from deforestation in the Brazilian Amazon. The Government objective is to raise about US\$ 20 billion by 2020, with an immediate target of US\$ 1 billion by 2011. Up to now the major financier is the Government of Norway, which agreed with the Federal Government a global donation of US\$ 1 billion to be disbursed by 2015. On 25 March 2009 the Norwegian government signed a contract with the BNDES regarding the disbursement of a first tranche of US\$ 110 millions in 2009 and 2010). Several donors, including Member States, are considering contributing to the financing of the Amazon Fund and the German government has already announced a donation of US\$ 18 million by June 2009.

Whilst Brazil historically has held a defensive position, arguing against emissions reduction targets for developing countries, in December 2009, the Senate approved the National Climate Change Policy, which includes a target enshrined in Brazilian law (but still voluntary in terms of the international negotiations) to reduce the country's CO₂ emissions by 36,1%-38,9% by 2020 compared to "business as usual", as pledged in the Copenhagen Climate Change Summit of 2009. The majority of emissions reduction will be achieved through Brazil's associated target of reducing Amazon deforestation by 80% by 2020. The Ministry of Environment has additionally published plans to reduce deforestation in the Cerrado by 40% by 2012. In January 2010, Brazil associated with the Copenhagen Accord, therefore meeting the deadline agreed by UNFCCC in Copenhagen.

The National Climate Change Policy also includes a law that creates the National Climate Change Fund. The principle source of finance for the fund will be a 10% tax on oil companies' profit – expected to raise 800\$USD million per year.

Brazil's pledge potentially marks a major national effort to contribute both to climate change and biodiversity protection. Brazil's ambition appears to be in line with the EU objective of halving tropical deforestation by 2020. The National Climate Change Plan was turned into law in December 2009.

Degradation of the quality of water resources is another serious problem stemming partly from the extensive — and poorly controlled — use of fertilisers and pesticides and partly from problems associated with the lack of basic sanitation and with other contamination of diverse origins (discharge of insufficiently treated industrial effluent, accidents, etc.). In areas of intensive agricultural production, this creates serious problems of soil erosion, sedimentation of streams and contamination and reduction of the level of underground rivers. Deforestation at river heads also causes degradation of rivers.

Another significant problem in Brazil is urban pollution. In many cases the strong migration flows from rural to urban areas during the last few decades have unleashed explosive and uncontrolled growth, which was not accompanied by parallel development of basic infrastructure.

Air pollution levels are high in big cities, mainly due to traffic congestion and the concentration of industrial activity. Problems related to lack of sanitation are sometimes worse in middle-sized and small cities than in big cities, which have more resources to deal with them.

2.2. EU policy objectives and commitments

Integration of EU policies in the EU/Brazil policy framework

The latest main EU policies have been mainstreamed with the EU/Brazil policy framework through the Strategic Partnership launched in July 2007, complemented by the adoption of a Joint Action Plan (JAP) in December 2008.

The JAP is very comprehensive and envisages sectoral dialogues on key issues such as climate change and energy, regional cooperation, regulatory and industrial policy cooperation, social and employment issues, education, culture, science and technology, and several others.

The projected support for sectoral dialogues, financed through the CSP 2007-2013, will be one of the instruments used to foster and stimulate the regular holding of these dialogues.

Donors' coordination and the aid effectiveness agenda in Brazil³

The culture of **coordination between donors** is minimal: with fragmented cooperation based on (usually small) projects unrelated to a sectoral programme, and lack of budget support, the context is not conducive to fostering donors' coordination. The Brazilian Government, in turn, does not see donor coordination as one of its priorities.

Against this backdrop the emphasis is more realistically placed on maintaining a regular flow of information among donors on their activities. This situation largely explains why the initiative of the 'EU code of conduct on division of labour in development policies' was coldly⁴ received by EU Member States' embassies in Brasilia. Another reason is the major financial asymmetry among the EU Member States involved in bilateral cooperation: Germany (2007 figures) represents roughly 70% of the global value of EU bilateral cooperation, the European Commission +/- 16%, with Spain, Italy and France sharing the balance.

The division of labour already exists *de facto* and the disparity of financial resources among EU donors would make it meaningless to attempt a division of tasks between a maximum of three focal sectors as suggested by the Code. Prospects for joint EU programming⁵ are therefore extremely low.

The establishment and implementation of a comprehensive **aid effectiveness** agenda in Brazil based on the principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action are hampered by different factors, among which the following should be highlighted:

³ For further information on donors' activities in Brazil, see Annex 2.

⁴ The topic was discussed on 24.9.2007 under the Portuguese Presidency with a lot of scepticism as to its relevance in the Brazilian context.

⁵ This would also imply that EU MS and the EC have access to the same programming tools, which is far from being the case.

- Brazil has not endorsed the Paris Declaration, as the Government considers that it essentially reflects the positions of traditional donors and does neither incorporate the particularities of South-South cooperation nor the specific positioning of the new emerging donors. In consequence, Brazil only endorsed the Accra Agenda for Action after ensuring the inclusion of a specific point on South-South cooperation (19.a) that merely binds its actors *‘to use the Paris Declaration principles as a point of reference in providing development cooperation’*. Besides, the country’s delegation to Accra clearly stated in its final declaration that *‘the existence of different models of providing cooperation does not mean that one set of practices is better or superior to the other one’*.
- Official Development Assistance (ODA) in Brazil has only marginal importance, especially when compared with the scale of financial requirements for the national development programmes. As a consequence, Brazilian authorities do not usually promote, as happens in other countries, joint donors’ meetings to discuss the ‘division of labour’ among them and other cooperation issues. In this context, the culture of coordination among donors in Brazil is also, in general, quite weak and cooperation programmes are usually fragmented and based on individual projects financed by one single donor.
- The Brazilian legal and administrative procedures required to ‘internalise’ external donors’ resources into the national budgets are complex and time-consuming, usually resulting in lengthy preparation and start-up delays. Besides, once the resources are ‘internalised’, the Brazilian public bodies usually experience serious legal difficulties in fully observing the financial and contractual controls required by the different donors. This situation may evolve in the medium or long run, but in the short run donors generally prefer to avoid these problems by keeping centralised management procedures to deploy their assistance.

In summary, we may say that a coherent aid effectiveness agenda in Brazil should not strictly follow the Paris/Accra principles and guidelines, but should try to ‘interpret’ and adjust them in the light of the specific characteristics of the country.

More specifically, the principles of improving national ownership and aligning cooperation activities with the national priorities should be the backbone of such an agenda. Nevertheless, ownership should not be sought, at least in the short run, by insisting on using the country’s procurement or financial systems, but rather by guaranteeing leadership of the final beneficiaries in the coordination and management of the activities. Similarly, harmonisation among donors should not be sought, in general, through common arrangements at country level to finance and implement joint action or through a ‘division of labour’ pre-agreed with the Government, but rather by intensifying consultations with the national authorities and civil society and by keeping a regular flow of information among donors.

Especially when we compare the relatively modest ODA resources offered to the country with the huge financial needs of its development programmes, the use of general or sector-wise budget support approaches seems quite inadequate in the Brazilian context. One possible exception is the environment sector, where the Government is approaching donors to directly co-finance programmes in areas like deforestation and climate change, but the financial needs in these cases are far beyond the traditional ODA resources and would require a specific approach.

Consultations with other donors, the Brazilian Government and civil society have shown that the above views are generally shared by these partners.

The role of Non-State Actors in EU cooperation in Brazil

Non-State Actors are important beneficiaries and actors of EU cooperation in Brazil, not only in our thematic cooperation (currently equivalent to +/- 40% of the global value of the ongoing cooperation project portfolio) but also in bilateral cooperation (notably under Priority 1 of the CSP 2007-2013 strongly involving higher education institutions), not to mention regional cooperation, which largely benefits a range of Brazilian civil society networks.

The EU Delegation has made a marked effort to associate civil society in the design and discussion of our cooperation. In November 2008, in Salvador, the Delegation convened about 200 NGO members to discuss the strategy to be pursued through the (decentralised) programmes for NSA and Human Rights. The event was a success and led the EC Delegation to take on board many recommendations made by the NGOs. As far as bilateral cooperation is concerned the Delegation organised a brainstorming in May 2009 with university and environmental NGOs belonging to the CSP MTR.

The EU actively encourages the participation of business communities from both sides as the development of common projects contributes to improving the business environment between the EU and Brazil.

Local authorities play a less systematic role in our cooperation: the EU Delegation involves them, through consultation for example, when they are directly concerned by our projects.

The national Parliament has not shown any marked interest in EC cooperation, probably in view of the very modest sums compared with the scale of the problems faced by the country. It is nevertheless generally consulted by the EC Delegation and its relevant committees are kept informed on programming and implementation activities.

2.3. Results, Performance and Lessons Learnt

The 2007–2013 CSP identified two main focal areas for EC assistance in the period:

- 1) enhancing bilateral relations; and
- 2) promoting the environmental dimension of sustainable development.

An indicative allocation of €61 million was assigned to these priority areas, 65% of which (€39.65 millions) was earmarked for the 2007–2010 period. The next table presents the situation of commitments against forecasts (as expected at the end of 2009):

NIP 2007–2010	Forecast	Actual	Percentage
Priority 1 - Enhancing bilateral relations	27.755	27.755	100.0 %
<i>Action 1: Facility to support sectoral dialogues¹</i>	<i>6.100</i>	<i>6.100</i>	<i>100.0 %</i>
<i>Action 2: Higher education programme</i>	<i>18.605</i>	<i>18.605</i>	<i>100.0 %</i>
<i>Action 3: European Studies Institute²</i>	<i>3.050</i>	<i>3.050</i>	<i>100.0 %</i>
Priority 2 - Promoting the environmental dimension of sustainable development	11.895	4.910	41.3 %

<i>Action 1: Municipal Agreement for Reduction of Deforestation²</i>		4.910	
TOTAL	39.650	32.665	82.4 %

1 - Second phase (€4.1 millions) to be committed in 2009.

2 - To be committed in 2009.

We can see that while the commitment targets for the 2007–2010 period were achieved in 2009 for Priority 1, implementation of Priority 2 represents 41.3% of the target at end of 2009. However, the remaining resources allocated for Priority 2 in the 2007–2010 NIP (€6.985 millions) will be committed in 2010 through projected support for the Conservation Units of the ‘*Terra do Meio*’ in the Amazonian State of Pará. This means that end of 2010 the NIP 2007–2010 will be 100% committed.

Despite the limited experience with the implementation of the NIP 2007–2010, some lessons may already be learnt from the preparation and start-up, the most important of which are:

- a) The consultations during the negotiation and preparation of the specific activities showed that the Government, civil society and the Member States generally consider that the original response strategy, as defined in the CSP, remains valid and appropriate for the current situation of the country. The foreseeable impacts of the financial and economic crisis do not require any immediate adjustments, but they need to be closely monitored in view of the continued uncertainty as to the extent and duration of the crisis in the developed and ‘emerging’ economies.
- b) Some developments in recent years underlined the appropriateness of the strategy and the relevance of the chosen priority areas, notably:
 - The organisation of regular EU-Brazil Summits since 2007, significant progress made in EU-Brazil relations since the adoption of the current CSP, the launching of the EU-Brazil Strategic Partnership and the adoption of the Joint Action Plan injected a new strong dynamics in high-level policy dialogue and in the various sector dialogues, powerfully enhancing the validity and relevance of the first CSP’s focus.
 - The recent changes made by the Federal Government to its environmental policies and legislation, especially through the launching of the Sustainable Amazon Plan in May 2008 and the adoption of the National Climate Change Policy in December 2009 by the Senate, also contributed significantly to the validity and relevance of the second CSP’s focus.
- c) The negotiation and preparation of specific projects, their approval by the Brazilian Government and their start-up have so far been incomparably easier than in the case of the 2002–2006 programme. This is essentially the result of combining the CSP’s recommendation to focus interventions on ‘soft’ measures that, despite their modest size, can have a positive multiplier effect and help to maximise impacts in terms of development, with the option of managing the projects centrally or in joint management with International Organisations. This has enabled us to avoid the severe regulatory and administrative constraints that hampered the implementation of the 2002–2006 CSP.

In parallel with the above positive features, the preparation and implementation of the 2007–2010 NIP has also faced some difficulties and constraints that should be also highlighted:

- d) Most of the EP's objections to the CSP Brazil 2007–2013 continued to be raised under its 'right of scrutiny' of the AAPs. This delayed the approval of the specific projects. This was the case with the AAPs 2007 (Sector Dialogues Support Facility) and 2008 (Academic Mobility Programme).
- e) The Brazilian Ministry of Education (ME) has pleaded strongly for greater involvement in the preparation, management, monitoring and evaluation of the 'Academic Mobility Programme' under the mechanism of the Erasmus Mundus - External Cooperation Window (EM-ECW). This generated some controversy before the programme launch and diminished the sense of ownership of the national authorities.

In summary, it appears that the original response strategy, as defined in the CSP, remains valid and relevant to the current political, social and economic reality of Brazil. The implementation procedures followed also seem well suited to coping with the rigidity of both the Brazilian and EC regulations and management procedures, but some measures might be taken to improve the quality and effectiveness of interventions. This topic will be addressed in more detail in the next section.

2.4. Quality improvements

2.4.1. Better focus of activities under Priority 2

- a) The fact that no specific activities were identified for Priority 2, either in the CSP/NIP or in the MoU signed with the Government, excessively broaden the scope of bilateral discussions on specific interventions, thus leading to delays in the implementation of this component. We thus believe that the MTR should define a tighter thematic focus for the specific interventions under Priority 2. It is clear that: (1) deforestation in the Amazon agriculture frontier is one of the major environmental problems in Brazil, with potential devastating effects at regional and even global level; (2) more than 2/3 of the total carbon emissions of Brazil are directly related to deforestation; and (3) the EC previous experience in controlling deforestation and promoting sustainable development of the Amazon rain forest is relevant and can bring important added value to other interventions. The focus for Priority 2 should therefore be on helping to reduce deforestation in the Amazon agriculture frontier, which will also contribute to reducing Brazilian carbon emissions and thus to combating climate change.

2.4.2. Improve coherence with other EU instruments and coordination with interventions of other donors.

There is potential to improve coordination, especially in the following areas:

- a) Coherence between the bilateral programme and other EU instruments can be improved in two ways: (1) feed relevant results, good practices and lessons learnt from thematic and regional projects into the preparation of bilateral interventions; and (2) try using thematic projects, especially in 'de-concentrated' calls for proposals, to test, disseminate, complement or further develop relevant achievements of bilateral projects.

- b) Coordination may also be improved between the EU-Brazil bilateral programme and other EU programmes that have cooperation components relevant for Brazil, as is the case for the 7th Framework Programme for research and technological development, under which some calls specifically addressed to Brazilian institutions are being launched, and the ALFA programme which is complementary to Erasmus Mundus and its Brazil ECW. It is to be noted that in the new phase of the Erasmus Mundus programme (2009–2013), Action 2 now encompasses the former Erasmus Mundus External Cooperation Windows (including the special lots for Brazil). The purpose of regrouping the Erasmus Mundus External Cooperation Windows under a specific action in the new Erasmus Mundus programme was to improve coordination and coherence in EC higher education programmes.
- c) Coordination with Member States should also be improved in both key areas, but especially on Environment, where a further alignment of objectives, strategies and programmes is fundamental to enhance the influence, visibility and impact of the EU as a whole. Another field of coordination, though outside bilateral cooperation, is the discussion of triangular cooperation⁶ (Brazil/EU/ACP countries) launched⁷ in 2009 and which should be pursued.

2.5. National indicative programme

The two main priorities of EU assistance identified for the 2011–2013 CSP are:

- 1) enhancing bilateral relations; and
- 2) promoting the environmental dimension of sustainable development.

An indicative allocation of €21.350 million has been earmarked in the period 2011–2013.

Indicative budget for the period (2011-2013):

CSP 2011-2013	
Priority 1 - Enhancing bilateral relations	14.945
<i>Action 1: Facility to support sector dialogues (Phase III)</i>	3.050
<i>Action 2: Higher education programme(Phase II)</i>	11.895
Priority 2 - Promoting the environmental dimension of sustainable development	6.405

⁶ Funding will come from other sources: probably, inter alia, European Development Fund (EDF).

⁷ In May 2009: seminar in Brasilia jointly organised by the German Cooperation Ministry, the EC Delegation and ABC. Many EU embassies attended, notably UK which gave a presentation with Germany and the European Commission,.

TOTAL	21.350
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PRIORITY 1 — ENHANCING BILATERAL RELATIONS

Main priorities and goals

The long-term impact expected from action on this priority will be to strengthen bilateral relations between the EC and Brazil and to make a valuable contribution to Brazil's development, especially to promoting social inclusion and achieving greater equality.

To meet these objectives, exchanges between the EU and Brazil will be stimulated as part of the relevant bilateral cooperation; existing or future sector dialogues and academic relations will be facilitated and intensified. This will help to broaden and deepen discussions between Brazil and the EU on themes of mutual interest, create a climate of confidence between the parties, stimulate exchanges and networking habits between relevant stakeholders from both parties and promote better mutual knowledge and understanding. It will also contribute to seizing new opportunities for exchanges and to building wider consensus on relevant themes.

Broadly, support can be given to all the sector dialogues envisaged in the Joint Action Plan signed in December 2008, following the EU-Brazil Strategic Partnership Agreement, signed in July 2007.

The activities planned to intensify academic relations will help to establish stronger links between European and Brazilian academic institutions. They will increase the present and future decision-makers' knowledge of successful European experiences and good practices potentially able to tackle Brazil's development challenges.

Specific objectives

The objective of EU cooperation with Brazil on this priority is directly to contribute to the following specific objectives:

- Improve the sector dialogues between the EU and Brazil on themes of mutual interest.
- Expand cooperation and exchanges between relevant European and Brazilian institutions and civil society organisations.
- Strengthen links between EU and Brazilian academia.
- Enhance mutual awareness between EU and Brazilian institutions and societies.

Expected results

Action on this priority should lead to the following results:

- More frequent, more diversified and easier sector dialogues between EU and Brazilian authorities, resulting in organisation of events, production of sector or thematic studies, provision of technical assistance, specific agreements, effective exchanges of best

practices including technical visits and short-term secondments, transfer of knowledge and improved capabilities to design and implement adequate policies and programmes.

- Enhanced cooperation between Brazilian and European institutions, civil society organisations and other relevant stakeholders, resulting in specific initiatives to develop joint undertakings.
- Consistent and sustainable increase in the number of exchanges of graduate and post-graduate students, teachers and researchers and of partnership agreements between European and Brazilian universities and higher education institutions.
- Regular dissemination of relevant information on the European Union and Brazilian reality among both parties' societies.
- Development of European studies in Brazil, in cooperation with Brazilian universities and other higher education institutions.

Activities to be implemented

Action 1: Facility to support sector dialogues

This facility is aimed at promoting and supporting sector dialogues on themes of common interest between, in order of priority: relevant Brazilian Ministries and European Commission DGs bringing together other EU and Brazilian stakeholders such as local governments, business associations, civil society organisations, etc. The first and second phases of the project have been financed (€6 M for both phases) under the NIP 1 (2007–2010). The first phase will end late 2010. It gives priority, albeit not exclusive, to three areas: environment, social inclusion and territorial/regional development. It has been quite successful, as at late 2009, in terms of commitments/disbursements of funds. We will conduct a quality review of the project in 2010 before launching the second phase in late 2010. The third phase will be committed and launched under the NIP 2011–2013.

Action 2: Higher education programme for Brazil

The objective is to facilitate access to the European Higher Education Area for Brazilian postgraduate students and university professionals in order to increase their employability skills and opportunities in their country.

This will in turn contribute to strengthening academic, political, economic and cultural links between the EU and Brazil.

The programme has high visibility, as it is carried out under Action 2 of the Erasmus Mundus Partnerships (previously called Erasmus Mundus External Cooperation Window), a name that embodies European excellence in higher education cooperation and mobility. In 2007 and 2008, under the NIP 1, two calls were launched (for an amount of +/- €9 M each), specifically targeting Brazil (the 'Brazil Window'), and were a success. Although the programme is managed by the EAC-EA (Education and Culture - Executive Agency), the content of the call is decided by the Brazilian Ministry of Education and the latter will be also closely involved, jointly with the EC

Delegation, in the monitoring activities. The second part of the programme will be committed in 2011–2013 under the NIP 2. The number of calls which will be launched, probably two, has not yet been decided.

Integration of cross-cutting issues

All the abovementioned programmes are expected to make positive contributions to enhancing social inclusion and achieving greater equality, respect for democracy, the rule of law and human rights and to better governance. Furthermore, specific measures will be taken to ensure that programme activities actively promote sound environmental practices and disaster risk reduction, incorporate gender equality and actively support the participation of disadvantaged population groups. Given the nature of the activities planned, the programmes are not expected to have any direct negative environmental impact.

Financial envelope

70 % of the total funding for the bilateral cooperation between the EU and Brazil in the period 2007–2013 will be allocated to this priority⁸. 65 % of these resources (or 45.5 % of total funding) will have been committed during the period 2007–2010 and the remaining 35 % (or 24.5 % of the total) during the period 2011–2013.

Activities under other EU budgetary instruments in Brazil

Actions planned under this priority fully complement various EU instruments for education, training and academic exchanges, notably the ALFA programme. Action 1 could also strongly complement other regional programmes (AI-Invest, Urbal, and EUROsociAL) as well as with activities under different thematic budget lines (European Instrument for Democracy and Human Rights — EIDHR, Environment and Gender) and under the 7th Framework Programme for Research and Technological Development. Appropriate measures will be taken during design and implementation of the different programmes to exploit potential synergies between them.

PRIORITY 2 — PROMOTING THE ENVIRONMENTAL DIMENSION OF SUSTAINABLE DEVELOPMENT

Main priorities and goals

The EU's main priority will be to fight deforestation and protect biodiversity in threatened Brazilian biomes,— with a special focus on the Amazon agriculture frontier, without excluding support for possible initiatives in other biomes (Cerrado for example).

Specific objectives

The specific objectives of this priority will be to support Brazilian actions:

- To curb deforestation;
- To prevent loss of biodiversity;

⁸ This Action 2 also comprised the Institute of European Studies project committed in 2009 under NIP 1 (2007–2013) and launched in 2010. However this project will not benefit from additional financing under NIP 2 (2011–2013).

- To combat climate change through the reduction of emissions of greenhouse gases (GHG) due to deforestation, thereby contributing to Brazil's efforts to;
- To create income and added value in local communities, and thus improve living conditions of indigenous people, traditional populations and rural disadvantaged populations;
- To improve governance in natural resource utilisation.

Expected results

Action on this priority should aim at to the following results:

- Reduction in annual deforestation rates and related GHG emissions;
- Increased income for rural disadvantaged populations in target regions;
- Establish and implement agreed and sustainable land use planning strategies;
- Better respect for the rule of law and increased enforcement of environmental legislation in forest areas;
- Increase in sustainable production and creation of local value;
- Improvement of the local management capacity for sustainable production;
- Availability of new marketing channels;
- Increased applied research for the abovementioned activities.

Activities to be implemented

Action 1: Support for the protection of threatened biomes and improvement of living conditions of forest populations

The activities to be financed by the EU will contribute to the Brazilian Government's policy to protect the country's threatened biomes and reduce GHG emissions, especially through the effective implementation of the 'Sustainable Amazon Programme' and the 'National Climate Change Policy'. Efforts should be concentrated on the Amazon region as the priority, given the importance of conservation of this region for biodiversity and its role as a carbon emitter and sink. However, as pointed out in the Country Environment Profile, other biomes (Cerrado, Caatinga and Mata Atlantica) also need attention due to the threats to their biodiversity and their high level of poverty, particularly the Cerrado, whose biodiversity is significantly threatened by rapid agriculture expansion.

One project under this priority, with NIP 1 funding, was committed in 2009 and will be launched in 2010: the 'Municipal pact for the reduction of deforestation in São Felix do Xingu (State of Pará)', for an amount of +/- €5M. A second one, with the same sources of funding, will be committed in 2010 and launched early 2011: 'Conservation Units of the *Terra do Meio* (State of Pará)', for an amount of +/- €7M. The two projects, acting in the same region, are

complementary. The project(s) to be financed under NIP 2 (2011–2013) have not yet been identified. It is most likely, anyway, that synergies and/or complementarity will be sought with the two projects mentioned above.

Integration of cross-cutting issues

Gender, human rights and, more generally, sustainable development issues are at the very core of the programmes and projects outlined above. Among the population dependent on and living in the forest are indigenous and other traditional groups, such as the *quilombolas*, the descendents of former slaves of African origin. By creating new opportunities for generating income and facilities for adding value to locally available natural resources, improvements will be achieved in areas such as integration of traditional groups, abuse of human rights (such as slave labour), and gender inequality. Specific attention will be paid to these aspects throughout the implementation of the programme.

Financial envelope

30 % of the total amount will have been allocated to this priority for the whole period 2007–2013: 19.5 % during the period 2007–2010 and 10.5 % during 2011–2013.

Activities under other EC budgetary instruments in Brazil

Projects based in Brazil will probably continue to be amongst the main beneficiaries of the new Programme for the Environment. Several of the projects funded under the 6th Framework Programme for Research and Technological Development were related to Brazil's tropical forests. Funding for this type of project will also be available in the 7th Framework Programme. To avoid redundancy, synergies will be actively sought between these two programmes and the activities funded under Priority 2 of this NIP.

Performance indicators

Appropriate sets of performance indicators will be further developed when formulating each individual project. At the present stage, more general indicators may be defined as follows:

Impact indicators to measure how the project has contributed to the CSP/NIP's overall objectives should include:

- Priority 1: indicators reflecting progress made in building up and consolidating the EU-Brazil strategic partnership and in promoting better mutual knowledge and understanding between both parties' institutions and societies. Possible indicators are, for instance: (1) the number and relevance of thematic areas covered by high-level policy and sector dialogues; and (2) number of joint initiatives by Brazilian and European authorities on themes of mutual interest, especially when reflected in common positions taken in relevant international fora.
- Priority 2: impact indicators under this priority should essentially reflect the achievement of the national targets and international commitments of Brazil to fight climate change, especially reducing deforestation and GHG emissions, and to preserve biodiversity.

Outcome indicators to gauge whether or not the abovementioned specific objectives (purposes) of the 2011–2013 NIP have been achieved may include:

- Priority 1: indicators should reflect how the results obtained by the various activities have helped to: (1) improve the sector dialogues between the EU and Brazil on themes of mutual interest (e.g. number of sector dialogues supported and advances achieved in building consensus on the corresponding themes); (2) expand cooperation and exchanges between relevant European and Brazilian institutions and civil society organisations (e.g. number and scope of agreements signed between European and Brazilian stakeholders); (3) expand cooperation and exchanges between relevant European and Brazilian institutions and civil society organisations, such as academic institutions, and enhance mutual awareness between EU and Brazilian institutions and societies (e.g. number of events and exchanges organised, number of Euro-Brazilian networks created or supported, number of stakeholders involved, etc.).
- Priority 2: indicators should reflect how the results obtained by the various activities have helped to curb deforestation, reduce the emissions of GHG, prevent loss of biodiversity and improve the governance of natural resources and the living conditions of the populations in the specific intervention areas; such indicators may include, for instance, the evolution of deforestation rates, the recuperation rate of degraded areas, institutional strengthening of local and regional authorities for good environmental management, improved access to economic activities and social services for the local populations, etc.

Results indicators to gauge whether or not the activities under each individual project have achieved the abovementioned desired results should be essentially developed during the detailed formulation of each individual action.

Risks and assumptions

The above described priorities are based on the assumption that the Government of Brazil maintains its focus and its commitment to its environmental policy and to the full implementation of the country's Climate Change plan.

The effective implementation of the measures in the EU response strategy inevitably presents a number of risks which might undermine its relevance and ultimate impact. These risks are political, economic, and operational. The political risk is represented by any possible discontinuity of the climate change and the environmental policies of the current Government as a consequence of 2010 Presidential elections. However, it seems unlikely that a new government, whatever its political colour, would adopt in this area an irresponsible attitude vis à vis the international commitments (voluntarily) subscribed to by Brazil.

The main economic risk would be a slowdown, or rather a less buoyant than expected growth, of the economy. This could accelerate the promotion of infrastructure projects in Amazonia (mainly under the framework of the PAC- Plan of Acceleration of Growth) without paying due regard to the environmental impact assessment, and could give fresh arguments to those who plead for a drastic revision of the forest code so as to give a new impetus to export of agricultural commodities from the Amazonian region. However, as mentioned above, under its National

Policy on Climate Change (December 2009) Brazil has adopted targets for reducing quite drastically greenhouse gas emissions, and it is likely that this commitment will be taken into account in the infrastructure and agricultural policy in the upcoming years, as the image of the country, as new emerging and responsible world leader, would be at stake should it blatantly disregard the consequences of an uncontrolled growth on environment.

Operational risks deal with the multiplicity of actors to be involved in the preparation and implementation of projects, in particular in the environmental field, which may slow down the implementation of projects. Experience shows that this risk is real, notably because different levels of administration (federal, state, municipal), as well as civil society partners, have to ensure their coordination. However, it is manageable as these actors can build on many lessons drawn from projects (closed or on going) where coordination issues were quite successfully addressed.

Annex 1: Brazil at a glance

COUNTRY FICHE BRAZIL

MAIN POLITICAL AND GEOGRAPHICAL DATA:

Name:	Federative Republic of Brazil
Population:	190 132, 000
Surface:	8 512 (1000q km)
Capital city:	Brasilia
Border countries:	Argentina, Bolivia, Colombia, French Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela
Land boundaries (km):	14 691
Atlantic Coastline (km):	7 367 kilometers
Form of state:	Federal Republic
Form of Government:	Presidential Democracy
National legislature:	Bicameral National Congress: <u>513-member Chamber of Deputies</u> (the lower house) directly elected for a four-year term; Elections are based on a complex system of proportional representation by states. The seats are allotted proportionally according to each state's population, but each state is eligible for a minimum of eight seats and a maximum of 70 seats. <u>81-member Senate</u> (the upper house) directly elected for an eight-year term; three senators are elected per state, three from the Federal District; two-thirds of the upper house is up for election at one time and the remaining one-third four years later
Elections:	Next presidential elections due in October 2010
President:	Luiz Inácio Lula da Silva
Vice-President	José Alencar
President of Chamber:	Michel Temer
President of the Senate:	José Sarney
Central Bank President:	Henrique de Campos Meirelles

MEMBERS OF THE GOVERNMENT:

Mr	NELSON JOBIM	Defence Minister
Mr	MIGUEL JORGE	Minister of Development, Industry and Trade
Mr	CELSO AMORIM	Foreign Affairs
Mr	GUIDO MANTEGA	Finance
Mr	LUIZ PAULO BARRETO	Justice
Mr	PATRUS ANANIAS	Social Development
Mr	MÁRCIA LOPES	Labour
Mr	FERNANDO HADDAD	Education
Mr	SERGIO REZENDE	Science, Technology
Mr	PAULO BERNARDO	Minister of Planning, Budget and Management
Mr	JOSE GOMES TEMPORAO	Health

MAIN POLITICAL PARTIES:

Government:	Coalition led by Workers' Party (PT) supported by Brazilian Democratic Movement Party (PMDB) and PSB, PTB, PC do B, PDT, PV e PP
Opposition parties (main)	Brazilian Social Democracy Party (PSDB), Democrats (DEM)

MAIN ECONOMIC AND TRADE DATA (2008 or latest available):

GDP (PPP purchasing power parity):	\$ 1 849 trillion (2007)
GDP/capita (PPP):	\$9 500
Real GDP Growth:	5, 2 % (2008 estimate); 5.4 % (2007); 4 % (2006)
Inflation:	5, 8 %
Unemployment rate:	7, 6 %
General Government balance (% GDP):	4, 9 %
Trade to GDP ratio:	21, 8 %
Current account balance (% GDP):	-1, 6 %
External debt (% GDP):	40.7 %
Foreign direct investment (% GDP):	3.4 %
Total exports to Brazil from EU:	€21, 3 billion = 22 % total imports;
Total imports into EU from Brazil:	€32, 7 billion = 22 % total exports;
GINI coefficient	0.56
Corruption Perception Index (TI):	54/133

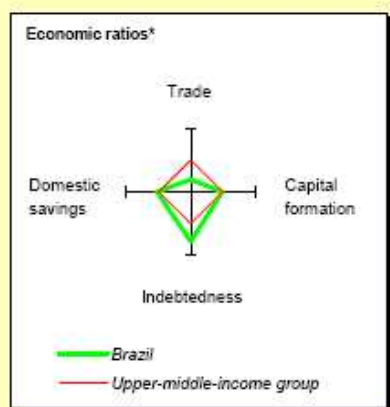
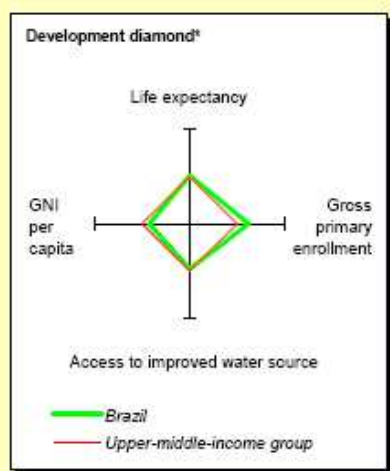
MAIN DEMOGRAPHIC AND SOCIAL INDICATORS (2008 or latest available):

Age structure:	Population 0-14 years: 25.3 % of total population (male 24 554 254/female 23 613 027); 15-64 years: 68.4 % (male 64 437 140/female 65 523 447); 65 years and over: 6.4 % (male 4 880 562/female 7 002 217)
Population growth rate:	0.98 %
Urban population:	84 %
Main Religions:	Roman Catholic (73.6 %); Protestant (15.4 %)
Languages:	Portuguese
Poverty rate:	22, 7 %
Fertility rate (births per woman):	1, 95
Infant mortality rate (per 1000 live births):	26, 67 per 1000 live births (estimate 2008)
Sex ratio:	0.976 male(s)/female
Life expectancy at birth (years):	Total population: 72.24 years; Male: 68.8 years Female: 76.38 years
Literacy level:	Total population: 88.6 % Male: 88.4 % Female: 88.8 %
Human Development Index (UNDP):	72/175

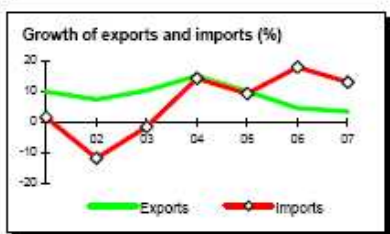
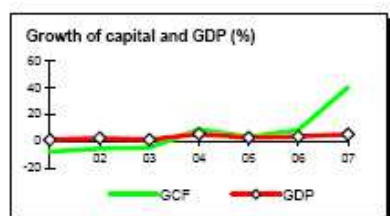
Brazil at a glance

9/24/08

POVERTY and SOCIAL	Brazil	Latin America & Carib.	Upper-middle-income		
2007					
Population, mid-year (millions)	191.6	563	823		
GNI per capita (Atlas method, US\$)	5,910	5,540	6,987		
GNI (Atlas method, US\$ billions)	1,133.0	3,118	5,750		
Average annual growth, 2001-07					
Population (%)	1.3	1.3	0.7		
Labor force (%)	1.8	2.1	1.3		
Most recent estimate (latest year available, 2001-07)					
Poverty (% of population below national poverty line)	22	..	..
Urban population (% of total population)	85	78	75		
Life expectancy at birth (years)	72	73	71		
Infant mortality (per 1,000 live births)	19	22	22		
Child malnutrition (% of children under 5)	4	5	..		
Access to an improved water source (% of population)	91	91	95		
Literacy (% of population age 15+)	89	90	93		
Gross primary enrollment (% of school-age population)	137	118	111		
Male	141	120	112		
Female	133	118	109		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1987	1997	2006	2007	
GDP (US\$ billions)	294.1	871.2	1,087.8	1,314.2	
Gross capital formation/GDP	22.3	17.4	18.8	22.1	
Exports of goods and services/GDP	9.5	6.8	14.7	12.9	
Gross domestic savings/GDP	25.6	15.2	19.7	24.3	
Gross national savings/GDP	21.8	13.6	17.3	22.2	
Current account balance/GDP	-0.5	-3.5	1.3	0.4	
Interest payments/GDP	2.1	1.2	1.2	..	
Total debt/GDP	40.8	22.8	18.2	..	
Total debt service/exports	41.7	62.5	38.0	..	
Present value of debt/GDP	20.7	..	
Present value of debt/exports	135.2	..	
	1987-97	1997-07	2006	2007	2007-11
(average annual growth)					
GDP	1.9	2.8	3.7	5.4	4.5
GDP per capita	0.3	1.3	2.4	4.2	3.7
Exports of goods and services	5.7	9.3	4.6	3.5	3.2



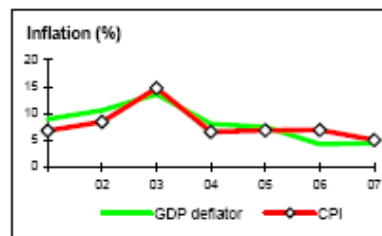
STRUCTURE of the ECONOMY	1987	1997	2006	2007
(% of GDP)				
Agriculture	10.0	5.4	5.1	4.9
Industry	45.9	26.1	30.9	30.6
Manufacturing	32.0	16.7	18.4	17.5
Services	44.1	68.5	64.0	64.5
Household final consumption expenditure	62.3	64.9	60.4	47.7
General gov't final consumption expenditure	12.2	19.9	19.9	28.0
Imports of goods and services	6.2	9.0	11.7	10.7
	1987-97	1997-07	2006	2007
(average annual growth)				
Agriculture	2.1	4.2	4.1	1.5
Industry	0.9	2.3	2.7	5.5
Manufacturing	3.2	2.4	1.6	5.5
Services	3.1	3.7	4.1	6.7
Household final consumption expenditure	3.6	1.9	4.7	-2.9
General gov't final consumption expenditure	0.8	2.5	3.6	2.2
Gross capital formation	1.8	2.1	8.7	40.7
Imports of goods and services	14.0	2.7	18.1	13.2



Note: 2007 data are preliminary estimates.
 This table was produced from the Development Economics LDB database.
 * The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

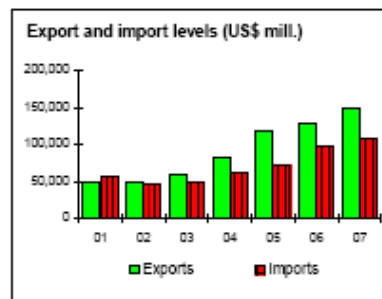
PRICES and GOVERNMENT FINANCE

	1987	1997	2006	2007
Domestic prices				
<i>(% change)</i>				
Consumer prices	228.3	5.2	6.9	5.1
Implicit GDP deflator	204.1	7.7	4.3	4.5
Government finance				
<i>(% of GDP, includes current grants)</i>				
Current revenue	10.4	17.1	..	36.5
Current budget balance	-1.4	0.1	..	-3.2
Overall surplus/deficit	-2.8	2.4	..	-2.8



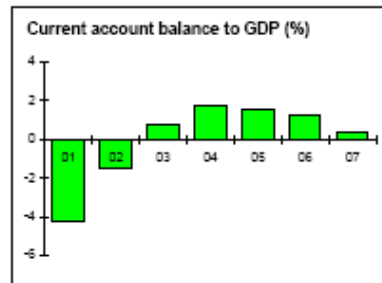
TRADE

	1987	1997	2006	2007
<i>(US\$ millions)</i>				
Total exports (fob)	26,225	43,674	127,305	148,324
Iron ore, manganese	1,718	2,846	..	11,829
Soybeans	2,325	2,452	..	8,030
Manufactures	14,331	29,199	79,904	75,323
Total imports (cif)	15,053	59,747	96,835	107,941
Food	500	2,463	..	2,055
Fuel and energy	4,674	5,597	..	16,345
Capital goods	3,958	16,098	49,003	28,179
Export price index (2000=100)	82	113	106	110
Import price index (2000=100)	42	113	89	91
Terms of trade (2000=100)	193	100	120	121



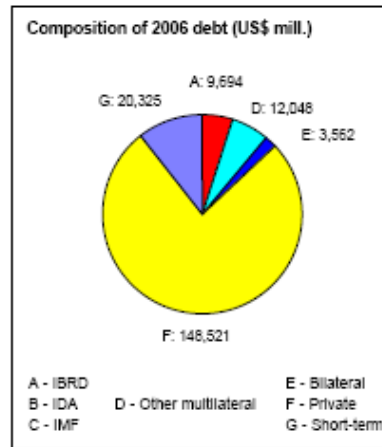
BALANCE of PAYMENTS

	1987	1997	2006	2007
<i>(US\$ millions)</i>				
Exports of goods and services	28,073	59,870	156,908	168,002
Imports of goods and services	17,749	77,269	120,243	139,394
Resource balance	10,324	-17,399	36,665	28,608
Net income	-11,899	-14,876	-27,489	-23,812
Net current transfers	-43	1,823	4,307	-135
Current account balance	-1,418	-30,452	13,621	4,661
Financing items (net)	3,583	22,201	18,419	78,199
Changes in net reserves	-2,165	8,251	-32,040	-82,860
Memo:				
Reserves including gold (US\$ millions)	7,458	52,173	85,839	169,445
Conversion rate (DEC, local/US\$)	1.43E-8	1.1	2.2	1.9



EXTERNAL DEBT and RESOURCE FLOWS

	1987	1997	2006	2007
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	119,842	198,457	194,150	..
IBRD	9,384	5,743	9,094	9,676
IDA	0	0	0	0
Total debt service	11,957	41,243	62,145	..
IBRD	1,555	1,428	1,174	1,353
IDA	0	0	0	0
Composition of net resource flows				
Official grants	35	83	93	..
Official creditors	36	-1,186	-401	..
Private creditors	-705	16,415	6,197	..
Foreign direct investment (net inflows)	1,169	19,650	18,782	..
Portfolio equity (net inflows)	61	5,099	7,716	..
World Bank program				
Commitments	1,394	1,104	1,557	1,365
Disbursements	915	1,416	2,203	606
Principal repayments	867	1,049	743	805
Net flows	48	368	1,460	-199
Interest payments	688	380	432	548
Net transfers	-641	-12	1,028	-747



Data Profile (Brazil)				
	2000	2005	2006	2007
World view				
Population, total (millions)	174.16	186.83	189.32	191.60
Population growth (annual %)	1.5	1.4	1.3	1.2
Surface area (sq. km) (thousands)	8.514.9	8.514.9	8.514.9	8.514.9
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
GNI, Atlas method (current US\$) (billions)	673.75	726.76	894.86	1.122.09
GNI per capita, Atlas method (current US\$)	3.870	3.890	4.730	5.860
GNI, PPP (current international \$) (billions)	1.186.69	1.517.04	1.647.18	1.775.64
GNI per capita, PPP (current international \$)	6.810	8.120	8.700	9.270
People				
Income share held by lowest 20 %	..	2.9	..	3.0
Life expectancy at birth, total (years)	70	72	72	72
Fertility rate, total (births per woman)	2.4	2.3	2.3	2.2
Adolescent fertility rate (births per 1000 women ages 15-19)	90	89	89	89
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..
Births attended by skilled health staff (% of total)	..	..	..	..
Mortality rate, under-5 (per 1000)	32	24	23	22
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	2
Immunisation, measles (% of children ages 12-23 months)	99	99	99	99
Primary completion rate, total (% of relevant age group)	108	106	..	..
Ratio of girls to boys in primary and secondary education (%)	103	103	..	..
Prevalence of HIV, total (% of population ages 15-49)	0.6	0.6	0.6	0.6
Environment				
Forest area (sq. km) (thousands)	4.932.1	4.777.0	..	..
Agricultural land (% of land area)	30.9	31.2	..	..
Renewable internal freshwater resources per capita (cubic meters)	..	..	..	28.277
Improved water source (% of population with access)	89	..	91	..
Improved sanitation facilities, urban (% of urban population with access)	83	..	84	..
Energy use (kg of oil equivalent per capita)	1.090	1.159	1.184	..
CO2 emissions (metric tons per capita)	1.8	1.7	..	..
Electric power consumption (kWh per capita)	1.894	2.008	2.060	..
Economy				
GDP (current US\$) (billions)	644.70	882.19	1.072.12	1.313.36
GDP growth (annual %)	4.3	3.2	3.8	5.4
Inflation, GDP deflator (annual %)	6.2	7.2	4.7	4.0
Agriculture, value added (% of GDP)	6	6	5	6
Industry, value added (% of GDP)	28	29	30	29
Services, etc., value added (% of GDP)	67	65	65	66
Exports of goods and services (% of GDP)	10	15	15	14
Imports of goods and services (% of GDP)	12	12	12	12
Gross capital formation (% of GDP)	18	16	17	18
Revenue, excluding grants (% of GDP)	..	..	..	..
Cash surplus/deficit (% of GDP)	..	..	..	..

States and markets				
Time required to start a business (days)	..	152	152	152
Market capitalisation of listed companies (% of GDP)	35.1	53.8	66.3	104.3
Military expenditure (% of GDP)	1.6	1.4	1.5	1.6
Mobile cellular subscriptions (per 100 people)	13	46	53	63
Internet users (per 100 people)	2.9	20.6	31.2	35.2
Roads, paved (% of total roads)	6	..	..	..
High-technology exports (% of manufactured exports)	19	13	12	12
Global links				
Merchandise trade (% of GDP)	17.7	22.2	21.8	21.9
Net barter terms of trade (2000 = 100)	100	99	104	108
External debt stocks, total (DOD, current US\$) (millions)	241.552	187.431	193.516	237.472
Total debt service (% of exports of goods, services and income)	93.5	44.7	37.3	27.8
Net migration (thousands)	-210	-229	..	..
Workers' remittances and compensation of employees, received (current US\$) (millions)	1.649	3.540	4.253	4.382
Foreign direct investment, net inflows (BoP, current US\$) (millions)	32.779	15.066	18.782	34.585
Official development assistance and official aid (current US\$) (millions)	232	196	83	297
Source: World Development Indicators database, April 2009				

Annex 2: Donor Matrix BRAZIL 2009

Sector	Social Development	Economic Development	Multi Sector/ Cross Cutting	Water Supply and Sanitation	Health	Governance	Energy	TOTAL By donor
DONORS								
EC*¹	Higher Education € 21.610.000 Social Inclusion € 31.883.000 Sectorial Dialogues € 6.100.000	TA to SMEs' Support € 22.000.000	Environment: € 38.855.000 Human Rights € 11.497.000 Gender € 2.870.000					€ 134.815.000
EU MS*²								
France	Higher Education € 2.741.500 Social Inclusion € 1.100.000	Economic Development € 25.000	Environment € 40.400.000		HIV € 1.100.000			€ 45.366.500
Germany	Higher Education € 66.589.450 Social Inclusion € 8.318.000		Environment € 396.814.800	Sanitation € 32.000.000				€ 503.722.250
Ireland	Social Inclusion		Human Rights		HIV			€

¹ Source: Tableau de Bord of EC Delegation Brazil.

² Source: Livre Bleu 2008 de la coopération de l'Union Européenne au Brésil.

	€684.700		€117.000		€253.250			1.054.950
Italy	Social Inclusion 22.357.151		Environment: 4.483.450					€26.840.601
Portugal	Higher Education €2.361.083 Social Inclusion €1.102.000		Environment €53.726 Gender 40.871		Health €20.435			€3.578.115
Spain	Higher Education €2.554.000		Environment €380.000			€780.000		€3.714.000
Sweden	Social Inclusion €2.500.000							€2.500.000
EC + MS								€719.091.416
Major Non-EU Donors								
BID³	Social Inclusion		Environment			Democratic Governance		US\$ 11.079.000
ACDI/⁴CIDA	Social Inclusion CAN\$ 11.913.764 (63%)	Economic Development CAN\$ 6.240.543 (33%)				Democratic Governance 756.429 (4%)		CAN\$ 848.000.900

³ Source: Informe anual 2008 Banco Interamericano Desarrollo.

⁴ [http://www.acdi-cida.gc.ca/inet/images.nsf/vLUIImages/Brazil/\\$file/Brazil-Synthesis-Portuguese-FINAL.pdf](http://www.acdi-cida.gc.ca/inet/images.nsf/vLUIImages/Brazil/$file/Brazil-Synthesis-Portuguese-FINAL.pdf) access on 3 Sep 2009.

UNDP⁵	Social Inclusion		Environment			Democratic Governance	Energy	US\$ 141.000.000
USAID⁶	Social Inclusion US\$ 7.780.520 (11%)		Environment US\$ 3.6073.320 (51%)		HIV, Malaria, TB US\$ 16.268.360 (23%)		Energy US\$ 7.780.520 (11%)	US\$ 70.732.000

* As for the EC and EU Member-States, the figures shown:

- represent the portfolio of ongoing projects only;
- encompass bilateral cooperation as well as thematic lines;
- do not include the regional cooperation;
- do not include the decentralised cooperation (EU local authorities) which is quite substantial in the case of Spain and Italy.

⁵ <http://www.pnud.org.br/pnud/#link1> access on 3 Sep 2009.

⁶ http://www.usaid.gov/locations/latin_america_caribbean/ access on 3 Sep 2009.

Annex 3: Description of MTR Drafting Process

The Mid-Term Review of the Brazil Country Strategy Paper 2007-2013 has been carried out in the following manner:

In **December 2008**, a concept note was jointly elaborated by the Brazil Desk Officer and the EU Delegation in Brasilia. The note outlines the main elements of the analysis as well as the work methodology upon which the MTR was to be based.

On **5 May 2009**, **consultations with the civil society** were carried out by the EU Delegation in Brasilia. The Delegation invited for a one-day workshop representatives from Brazilian academic institutions and from Brazilian and European NGOs active in the field of environment and sustainable development.

The main conclusions of the participants were:

* The support to the Strategic Partnership between Brazil and EU must be the main thread of our cooperation. In a way the CSP 2007-2013 (notably with an instrument like the sector dialogue facility), conceived in 2005/2006, had anticipated this evolution.

* Consequently the main axes of our current strategy (strengthening the bilateral relations EU/Brazil and environment/climate change) are considered as relevant and valid. However the type of activities to be financed under these axes was a more debated point.

* The relative modest size of the EC funding (compared to the scale of Brazil) is not considered as a drawback as long as the initiatives supported show added value.

* Regarding the programme Erasmus Mundus External Cooperation Window (EM ECW), the main criticism of the Brazilian Universities is that the Brussels based EAC EA (Education and Culture Executive Agency) is too remote, which does not facilitate the possibility to express and explain the problems linked to the programme management. Taking this concern into account the EC Delegation, jointly with the MEC (Ministry of Education), will organise early 2010 a meeting gathering all the Brazilian Universities involved in EM ECW to get a clear understanding of their views and concerns, and to pass the information to EAC EA and Europe-AID.

* Another interesting opinion shared by the University representatives is that our cooperation should help to promoting in Europe the Brazilian Higher Education (and not only the other way round).

* Regarding environment, most of the NGOs recommended that the EC focuses on ground based pilot projects with a strong local governance component. Some NGOs also opined that the EC may consider supporting in the near future the newly created ‘‘Fundo Amazonia’’ but others retorted that the latter is too recent and that one should firstly wait to see how it will be managed and to what extent it will involve civil society organisations.

On **29 May 2009**, the EU Delegation transmitted to DG RELEX/G the draft text of the MTR document.

The **consultation of ABC** (Brazilian Agency of Cooperation) has been initially ensured through regular and informal contacts **during the first semester 2009**. The view of ABC is very pragmatic and can be summarised as follows: (i) the implementation of the CSP 2007-2013 started quite late and it is therefore too early to start thinking to a possible redesign or questioning; (ii) only marginal alterations should be brought; (iii) the CSP is in line with the new orientations that the Brazilian Government want to give to the cooperation with Europe, taking into account inter alia the mutual commitments of the two parties under the recently signed EU-Brazil strategic partnership.

In **July 2009**, a meeting of the Brazil Country Team was held upon DG RELEX invitation to analyse the draft MTR document. The document was then revised (August-September 2009) by DG RELEX/G on the basis of the comments advanced by the various services at the Country Team meeting.

At the beginning of **October 2009**, **both ABC and all the EU Member States Embassies in Brasilia were formally (in writing) consulted** on the quality improvements suggested (see main text para 2.4) and the outline of the NIP 2011-2013 (see main text para 2.5). The UK Embassy was the only one to reply and the EC Delegation responded to its comments.

In **October 2009**, the draft MTR document was transmitted to the iQSG for its analysis.

On **9 November 2009**, the iQSG transmitted to DG RELEX/G its analysis in the form of a fiche contradictoire.

In **March 2010**, upon revision of the text on the basis of the iQSG analysis, the MTR document is sent for Inter-services consultation.

In **April 2010**, the MTR has been revised on the basis of the ISC outcomes.

(In **June 2010**, the MTR document has been analysed by the DCI Committee.)

(In **July 2010**, the European Parliament has been formally consulted on the document which has successively been adopted by European Commission.)

Annex 4: Country Environmental Profile

Mid Term Review: Brazil Environment Brief

SUMMARY:

Brazil's Amazon Basin comprises about four million square kilometres of tropical forests and amounts to +/- 47 % of the country's territory. An estimated twenty percent of the world's biodiversity may be stored in these forests, and their total biomass is claimed to be one of the world's major carbon sequestration sinks. Some 3.8 % and 6.1 % of the Basin has been respectively set aside as strictly protected reserves and areas of sustainable management (primarily Indian and Extractive Reserves).

Although the Amazon has retained European attention, **environmental problems in other regions** are no less pressing and in many cases more keenly felt by the population. In a highly urbanised country, problems of congestion, pollution, sewage and water supply affect many. Other biomes are subject to rapid loss of biodiversity and species habitat: the coastal rainforest or Mata Atlântica has been reduced to 7% of its original area, while the rate of deforestation of the Cerrado (identified as a biodiversity hotspot by Conservation International) so far reaches 50%. . The risk of desertification is also evident in some parts of the North-East region.

Besides, environmental problems in Brazil are not only linked to climate change, deforestation and biodiversity but they also deal with other acute issues, like water and waste management, in rural but also urban areas. Indeed these problems are also a consequence of the absence of a national urbanisation and public transport policy.

As an answer to its major developmental challenges, Brazil has taken policy initiatives and adopted legal instruments. However many of them (ex: Plan for a sustainable Amazon, Amazon Fund) are recent and their impact is therefore still difficult to assess.

1) CLIMATE CHANGE

Emissions overview: Brazil is fourth emissary of greenhouse gases (after USA, China and Indonesia). Deforestation amounts to 70% to the emission of greenhouse gases (over 50% of Brazil's annual emissions of 2.1 billion tons of CO₂ originate from the burning of the Amazon) as the "energy matrix" of Brazil is relatively "clean" (82% of energy generation comes from hydro-electric power). Other indicators, drawn from national sources, such as emissions *per capita* and per area, tend to show a reduced contribution of the country to the problem in comparison with other developed and emerging economies in the world. *Per capita* emissions (1994) of Brazil is 1.5 tCO₂/hab. compared to China (2.2 tCO₂/hab.), Japan (8.9 tCO₂/hab.), USA (17.9 tCO₂/hab.) and CE (8.1 tCO₂/hab.). Per area emissions (1994) of Brazil is 121t CO₂/km² compared to China (278 tCO₂/km²), India (242 tCO₂/km²), Japan (2.967 tCO₂/km²), US (509 tCO₂/km²) and the EC (925 tCO₂/km²) (Source: National Plan on Climate Change December, 2008). More updated research (2009 Mc Kinsey study), however, came to different conclusions: the study, based on 2005 figures, indicated that per capita emissions, including deforestation, are now comparable to industrialised Europe levels.

Potential climate impacts: According to the Fourth Report of the Intergovernmental Panel of Climate Change (IPCC), published in 2007, the impacts of climate change in Brazil could be as follows at the horizon 2050:

- In the northeast of Brazil the semi-arid and arid areas will suffer an acute reduction of water resources due to climate change. The semi-arid vegetation will probably be replaced by a typical vegetation of the arid region.
- The replenishment of estimate groundwater (*lençol freático*) will dramatically diminish by more than 70% in the northeast (compared to levels of 1961-1990).
- The volume of rain will rise in the southeast with direct impact on the agriculture, and the frequency and intensity of floods in the big cities such as Rio de Janeiro and São Paulo will increase.
- From 38% to 45% of plants of the Cerrado could be extinguished if temperature rise in 1.7o C in relation to the pre-industrial era.
- In the Amazon, extreme climatic events highly unusual are already being reported such as droughts in 2005. The conversion of forests in farming areas affects the climate because it alters the flow of latent heat, causing a rise in additional temperature in the summer in important regions in the Amazon. Great loss of biodiversity will occur with a heating from 2.0°C to 3.0°C above pre-industrial levels. The rise in the temperature and reduction of water in the soil will lead to the "savanição" in the east Amazon region. Some specialists predict that, at the current rate of Global Warming, a corridor of 600 000 km² will split the Amazon in half by the end of the century.

Public perception of climate change: Public opinion is becoming more sensitive to the issue of climate change as recent studies pointed out that its consequences will affect the day to day life of the Brazilian citizens, more particularly their health and their landscapes (notably those of the coastal areas).

Government response: In December 2008, Brazil launched its *National Plan on Climate Change* that, for the first time, sets targets for the reduction of deforestation in the Amazon and other biomes. The attainment of the targets will be measured every four years. Worth noting that by 2018 the deforestation rate is supposed to have diminished by 72 % compared to current rate. In the long term Brazil aims at reaching “zero illegal deforestation”.

Apart from curbing deforestation, the Plan has the following other objectives: (i) foster the use of renewable energies in the energy matrix; (ii) foster the increasing use of sustainable biofuels in the national transport matrix; (iii) foster the development of environmental best practices in all sectors of the economy; (iv) devise a national strategy to mitigate the socio-economic costs of adaptation to the climate change.

2) FORESTS

Status: Table 1 shows the evolution of the deforestation in Brazil in the past 20 years.

Starting in the late 1960s, large-scale deforestation in the Amazon is estimated to have led so far to a total loss of more than 600.000 km² of the original forest area of the Amazon (estimated at 4 million km²), i.e. +/- 17 %. Rates of deforestation had declined from 21 000 km² a year in the period 1978/1988 to an average of some 16.500 km² in the period 1989-1999¹⁵. The most recent data (from 2007 on), however, points out a marked decline in the deforestation rate.

¹⁵ Source: INPE — Brazilian National Institute of Space Research.

Table 1: Evolution of the deforestation rate in the past 20 years (based on PRODES/INPE) — (<http://www.obt.inpe.br/prodes>).

* In the period from 1992 to 1994, calculation was based on average for 2 years.

Year	Km2	Increase
1988/1989	17.770	
1989/1990	13.730	-22.7 %
1990/1991	11.130	-18.9 %
*1991/1992	13.786	23.9 %
*1992/1993	14.896	8.1 %
1993/1994	14.896	0.0 %
1994/1995	29.059	95.1 %
1995/1996	18.161	-37.5 %
1996/1997	13.227	-27.2 %
1997/1998	17.383	31.4 %
1998/1999	17.259	-0.7 %
1999/2000	18.226	5.6 %
2000/2001	18.165	-0.3 %
2001/2002	21.394	17.8 %
2002/2003	25.247	18.0 %
2003/2004	27.423	8.6 %
2004/2005	18.846	-31.3 %
2005/2006	14.109	-25.1 %
2006/2007	11.532	-18.3 %
2007/2008	11.968	3.8 %
2008/2009	7.000	- 45%

Deforestation is advancing rapidly in the Amazon region, particularly in the so-called ‘deforestation arch’, on the agricultural frontier. It has been found that 50% of deforestation in 2007 occurred in only 36 municipalities, mainly in the States of Mato Grosso and Pará. Absolute champion is the municipality of São Félix do Xingu, with a deforested area of 14 000 km² by 2006 (cumulative figure) over an overall area of 84 000 km². These 36 municipalities have therefore been declared priority for prevention of deforestation (Decree n. 6321/07 and Portaria MoE 28/08). Nevertheless, the period 2004-2009 shows a sustainable reduction of de-forestation. In December 2009, the Government committed in the Copenhagen Summit on Climate Changes (COP-16) to reducing de-forestation by 80% until 2020.

Monitoring Deforestation in the Amazon and other biomes

The high rates of deforestation in the Brazilian Amazon have brought national and international attention to and pressures towards the preservation and conservation of this biome. Great investments, both technical and financial, have been carried out in the Amazon, including two satellite-based systems that monitor deforestation of dense evergreen tropical forests. These systems, called Program for Calculation of the Deforestation of the Amazon — PRODES and Real Time Detection — DETER, were both developed and are operated by the National Institute

for Space Research — INPE, producing deforestation statistics on an annual and monthly basis, respectively since the 1980's.

Both systems PRODES and DETER are involved in the actions of the Ministry of Science and Technology and of the Inter-ministerial Permanent Working Group for reducing the deforestation rate in the Legal Amazon. This Permanent Working Group was created by a Presidential Decree on 3 July, 2005 and it is part of the Action Plan to Prevent and Control Deforestation in the Legal Amazon launched in 15 March 2004.

Major threats: They can be summarised as follows:

- Cattle ranching and soybean expansion are estimated to be responsible for +/- 80% of the deforestation. Their development, and infringement on forest areas, is related to the evolution of the corresponding international markets (price and demand).
- This phenomenon is obviously coupled with the fact that illegal logging is financially profitable. In other words cattle ranching, soybean expansion and illegal logging are intrinsically linked.
- Secondary roads are frequently opened without any public authorisation and facilitate incursions of a wide range of economic actors in the Amazon.
- Absence of adequate incentives for forest management and promotion of economic alternatives.
- Poor technical capacities of the Municipalities severely affected by deforestation coupled with corruption practices.
- Lack of coordination between the stakeholders (Federal government, State, Municipality) involved in the fight against deforestation.
- Absence of the Federal State in the “deforesting” municipalities. However the situation may gradually change (for example IBAMA will open a local office in São Felix do Xingu).

Policy initiatives:

The *PAS* (Plan for a Sustainable Amazon), published in 2008, is a major initiative. This plan establishes guidelines and priorities for the sustainable development of the Amazon Region. It focuses on the following: land use planning and environmental management, sustainable production with innovation and competitiveness, infrastructure for sustainable development, and social inclusion and citizenship. Economic growth is an important aspect of the plan. Recently, responsibility for its implementation has been transferred from the MoE to the special minister for strategic affairs.

The *PAS* will apply the principles of the “Economic and Ecologic Zoning” (EEZ), a recently established planning tool for environmental and territorial management, aiming at promoting a model of sustainable economic development in all regions (not only Amazon) which present serious risks of socio-environmental conflicts.

EEZ is therefore applied in totally different ecosystems: Amazonia but also arid regions of the North East and even the Federal District.

The main financial tool to implement the PAS is the recently established 'Amazon Fund' (Decree 6527, 01/08/2008). The Fund will be administered by the Brazilian National Development Bank (BNDES). Its main goal is 'preventing, monitoring and combating deforestation and promoting the conservation and sustainable use of forests in the Amazon biome.' Government announced a target of US\$900 MI for the first year, and it seeks to raise as much as US\$21 billion by the year 2011. On 25th March 2009, the Amazon Fund received US\$ 110 MI donated by Norwegian government. It is the first donation received by the Fund that until June should receive more US\$ 18 MI from the German government. Brazilian government stresses that they will not admit any foreign interference in the management of this fund. Contributors will receive non-transferable certificates (but not credits or any rights) showing the reductions in carbon emissions resulting from their contributions.

The government also underlines that the recent curbing of the deforestation rate is largely due to its efforts as far as law enforcement and repression are concerned. For example:

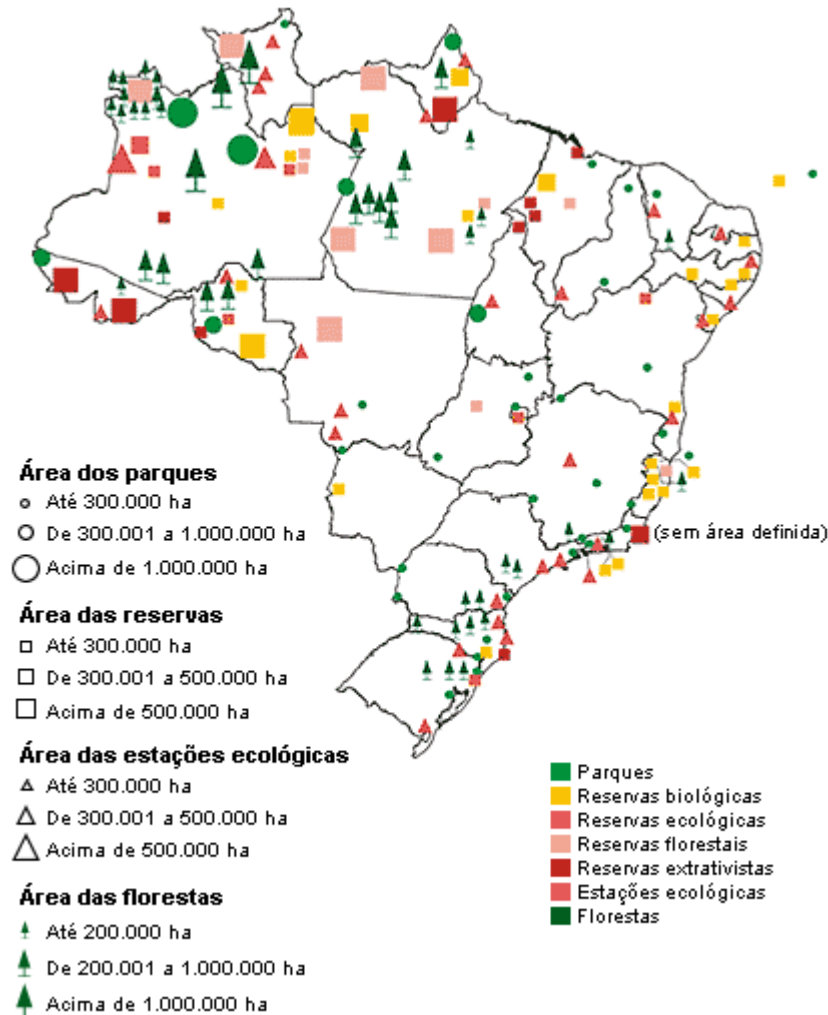
- Pressure exerted on the 36 municipalities "champions" of deforestation.
- Decree of 22/7/2008 which implements the law on environmental crimes.
- Establishment of the "PPCDAM" (prevention and control of the deforestation in legal Amazonia).
- Many operations of control launched in 2008, involving the Federal Police, the Ministries of Justice and Environment like "Boi Pirata", "Ponta Lança" etc...all aiming at chasing illegal cattle ranching and logging. These operations resulted in a cumulative amount of fines of 3.2 billions of Reais in 2008.

As for the EC inspired FLEGT programme (Forest, Law, Enforcement and Trade), despite efforts of the CE and missions from the World Bank, FLEGT is still considered as a non-issue for the Brazilian government. FLEGT is somewhat acceptable and the country engages in projects with ITTO and other donors. However the government considers the trade component as a disguised measure to protect the European wood industry against wood exports from Brazil.

3) BIODIVERSITY

Status: Brazil is home to one of the richest natural environments. Covering around 47% of the country's territory, Brazil's Amazon basin is also one of the world's most bio-diversity abundant ecosystems. Brazil is part of a group of 15 countries named *megadiverse*, among them: Bolívia, China, Colombia, Costa Rica, Equador, Filipinas, Índia, Indonesia, Quenia, Malasia, Mexico, Peru, South África and Venezuela. These countries together cover 70% of the planet's biodiversity. Brazil is the world champion in biodiversity: from each five species of the planet, one is found in Brazil. The country has the greater number of known species of mammals (524) and fishes; it is the second for amphibians (517), the third for birds (1.622) and the fifth for reptiles (468). Brazil has more than 55 thousand species of trees and shrubs, and it is the first place for vegetal biodiversity. But, according to the MoE this represents only 10% of life known in the country.

Brazil has a relatively extant system of protected areas if compared to other countries. There are more than 1.300 public and private protected areas of all management categories, totaling about 90 million ha or 8% of national territory. Protected areas are legally constituted by the public powers in their three spheres municipal, state and federal. Brazil has the second major portion of its territory protected after Colômbia.



- **Source: IBGE, Diretoria de Geociências.**

Major threats: The protected areas were created mainly in the Amazon and they do not actually provide effective protection. One of the main reasons for this is the lack of both financial, technical and human resources in the municipalities concerned. This not only leads to loss of biodiversity, but also to increased CO₂ emissions, and to the general degradation of natural resources such as soil and water.

- In other biomes, the situation is even worse, because conservation areas have often not even been created. As a result, these biomes are being neglected to a large extent. For example conservation areas only represent 2.2% of the Cerrado.

According to IBAMA (Brazilian Institute of Environment and Natural Renewable Resources), responsible for the official list of endangered Brazilian fauna and flora, 219 animal species and 106 species of plants are threatened of extinction. The main threats to biodiversity are predatory and illegal hunting, illegal logging, and the destruction of ecosystems for land exploitation and the pollution of rivers. Another serious problem is the so called biopirataria, the illegal “exportation” (rather “exit”) of genetic material or sub-products of plants and animals for research purposes about new medicines and cosmetics in foreign countries without payment for patents.

Policy initiatives:

Brazil is a key player in the Convention on Biological Diversity (CBD) and has a strong influence on the position of the GRULAC group (43 Latin American and Caribbean countries). Brazil (as well as New Zealand) are the only big agricultural exporters that have ratified the Cartagena Protocol on Biosafety.

In 2002, the Brazilian government created the Programme of Protected Areas of the Amazon (*Programa de Areas Protegidas da Amazônia-ARPA*). ARPA was created with the aim to establish 50 000 000 ha of protected areas until 2012 (estimated costs US\$390 MI). ARPA intends to establish, implement and consolidate 37.5 million of ha of new protected areas and to consolidate 12.5 million of ha of existing protected areas until 2012. The programme is coordinated by the MoE and implemented by IBAMA in partnership with state and municipal governments of Amazon. The programme is receiving support by KfW (German Cooperation Bank), GTZ (German technical cooperation agency), GEF (Global Fund for Environment), WWF, and the private cosmetics companies Boticário and Natura. The cooperation component of ARPA is being managed by a non-governmental organisation named Brazilian Fund for Biodiversity- FUNBIO. So far ARPA has supported technically and financially actions in the Amazon that have covered about 32 million ha: establishment of 61 protected areas (31 integral protection and 30 sustainable use) (Source: Mensagem ao Congresso Nacional, Presidência da República, 2009). In addition, ARPA have carried out 17 studies for the creation of new protected areas.

It is however worth noting that ARPA, although designed to address effective implementation of protected areas in the Amazon, does not cover important areas such as the area of impact of BR163 (a major Amazonian road) and a large part of Terra do Meio (both in Pará state), which suffer of extremely high pressures on their forests.

In 2002, Brazil created the National Policy of Biodiversity (Decree No 4.339) and has been taking since the following measures: a) creation of a National Commission on Biodiversity — CONABIO (GoB + civil society). Its main purpose is to promote the link between programmes, projects and activities related to the National Policy of Biodiversity and promote the integration of relevant sector policies; b) formulation of the PAN-Bio — Priorities of the Plan of Action to Implement the NPB. c) Evaluation and identification of priority areas and actions for conservation, sustainable development and distribution of benefits of biodiversity in the Brazilian biomes. d) Establishment of national milestones (targets) for biodiversity to be accomplished by 2010.

In 2008, the government launched the so called Programme of Tourism in the Parks aiming at implement minimal infra-structure and services of support to tourism in the Parks of the National System of Conservation Units.

Brazil has also established a National Programme for Coastal Zone Management (GERCO). The main objective of the programme is to implement the National Plan for Coastal Zone Management (PNGC), with the purpose to plan and manage in an integrated, decentralised and participative manner the socio-economic activities in the coastal zone in order to guarantee the sustainable use through control measures and preservation of the natural coastal ecosystem.

4) AIR POLLUTION

Status: Air pollution in Brazil is mainly an urban problem related to the uncontrolled growth of major cities, like São Paulo, Rio de Janeiro, Salvador, Recife, Fortaleza, etc. Industry and traffic play an important role. As far as traffic is concerned, the mix of about 25% of ethanol in petrol alleviates the problem somewhat. However, particularly under certain atmospheric conditions the air quality may be extremely poor causing severe respiratory problems among the population. In more remote areas the air quality is negatively affected by uncontrolled forest fires, usually caused by burning of agricultural land and forest.

Major threats: Air pollution being closely related to the increasing speed of urbanisation in Brazil and to the steady growth of the major cities coupled with the absence of a national urbanisation and public transport policy, there is no prospect in the short term for its decline.

Policy initiatives:

In 1989 the government created the National Programme of Control of Air Quality – PRONAR- with the aim to promote guidance and control of atmospheric pollution in the country, involving norms, such as the establishment of national patterns of quality of air and source of emissions, implementation of policy to prevent the deterioration of the quality of air, the implementation of national network of air monitoring and the development of inventories of sources and priorities of atmospheric pollutants. This programme is supposed to be implemented at State level through “ Programmes of Control of Air Pollution” which have not been developed as expected because of lack of capacities of the State authorities. PRONAR is therefore a relative failure and is being reviewed by IBAMA.

5) WATER POLLUTION AND MANAGEMENT

Status: Brazil has 18% of existing water of the world, that is, out of 113 trillion of m³ available on earth, 17 trillion can be found in Brazil. Nearly the total of this water is collected by the nine large existing hydrographical basins (Amazon, Araguaia, Northeast, São Francisco, East, Paraguay, Paraná, Uruguay and Southeast). In terms of per capita distribution, the volume of water outflow is 19 times superior to what it is established by the UN, of 1.700 m³/hab/ano (below this threshold) a country is considered in a situation of hydrologic stress. This is theoretically sufficient to attend 57 times the country’s current demand and to provide water for 30 billion people, that is nearly 5 times the world’s population (Source: GEO Brasil, Recursos Hídricos, PNUMA e Agência Nacional de Águas, 2007).

Although there is great availability of water, the distribution is uneven within the population in geographical and social terms. Although the Amazon has 74% of availability of water, the Amazon region accounts for less than 5% of the Brazilian population. According to the Report of Human Development of UNDP (2006), 20% of the Brazilian population has levels of water and sanitation access comparable to those of rich countries, whereas another 20% of the population (the poorest) has levels of access below those of Vietnam (Source: GEO Brasil Recursos Hídricos, PNUMA e Agência Nacional de Águas, 2007).

The quality of water in Brazil is affected by poor sanitation infrastructures in the urban and industrial activities, as well as intensive cattle-rearing and extensive agriculture. As yet there are little estimates of the load of pollutants launched in the Brazilian hydrological bodies, which makes it difficult to present an overview of the situation. The load of domestic organic pollution varies between geographical regions, the most affected being the regions South (Parana) and Southeast.

In the Amazon the problems related to water contamination are related to the insufficient sanitation infrastructures in the cities (Belém, Santarém, Manaus) and to mineral extraction enterprises (contamination by mercury). In search of gold and precious stones, illegal miners destruct the riverbeds and margins with their drag lines, leaving behind big craters and rivers polluted with mercury. Fish poisoned by this heavy metal is consumed by local people and provokes neurological disorders. In Yanomami areas, miners enter in violent conflict with local communities.

Deforestation and burning in the Amazon and consequent erosion also cause the inorganic mercury that naturally exists in big quantities in the soils, being liberated into the rivers. Inorganic mercury is not very toxic, but micro-organisms in abundance of water and organic material, convert this inorganic form into the highly toxic methyl-mercury. It is not easy however to find quantitative data on this matter, but it seems that it concerns a significant part of mercury pollution. Brazil is determined to enforce its legislation on mercury, to try to ban the use of mercury in gold mining and substitute this metal in uses in agro-chemicals, thermometers and others. In 2006 the Brazilian Environmental Justice Network started a Zero mercury campaign.

The Cerrado has a landscape that facilitates the expansion of agriculture particularly mechanised plantations such as soy and maize. These plantations utilise large water reserves; in seasonal occasions, these overexploitations have resulted in conflict of use of water for the population of cities of the region. On the other hand, intensive rains, when they occur, contribute to the contamination of water by spreading out the agro-chemicals contained in the fields.

Major threats: The degradation in the quality of water resources follows an increasing trend as it stems (i) partly from the Brazilian dominant model of agriculture based on extensive — and little controlled — use of fertilisers and pesticides and (ii) partly from problems related to the lack of basic sanitation and other contaminations of diverse origins (discharge of insufficiently treated industrial effluent, accidents, etc.). In areas of intensive agricultural production, this creates serious problems of soil erosion, sedimentation of streams and contamination and reduction of the level of underground rivers. In addition, deforestation close to river beds causes the degradation of rivers. In urban areas, water pollution is also a worrying factor — this has been aggravated by the strong migration flows from rural to urban areas. Last but not least, the absence of a national urbanisation policy is an aggravating factor.

Policy initiatives:

- In 2006, Brazil was the first country in Latin America to approve a National Water Resources Plan which, over the next ten years, aims at securing water for millions of Brazilians, while at the same time safeguarding some of the world's richest aquatic life. It also aims at fulfilling a UN goal for member countries to establish integrated national water management plans and at moving closer to achieving one the UN's Millennium Development Goals to halve the number of people with no access to drinking water and environmental sanitation. It is worth remembering that 50% of Brazilian households do not get access to sanitation facilities, a poor record that the current speed of urbanisation is just making worse.
- The main institutions of this Plan are the National Council for water resources, 22 State Councils and 160 Committees of hydrographic basins.
- State Water resources plans are being elaborated: Mato Grosso, Mato Grosso do Sul, Rio Grande do Sul, Santa Catarina, Acre and Pará.
- As a complementary action the government launched in 2008 the Programmes of de-pollution and of revitalisation of the hydrographic basins.

6) WASTE POLLUTION

Status: The rapid urbanisation of Brazil in the past decades has caused environmental impacts in the water, air and soil. The significant generation of solid residues, resulted in the emergence of big garbage fields (*lixões*) that release gases in the environment, such as methane, which represent more than 50% of total gases emissions.

In Brazil, 149.094 tons of solid waste is collected daily (OPAS, 2003). From this total, 59% go to big garbage areas (final destination), and only 5% go to recycling and **compostagem** and +/-2% to incineration. A 2003 research also showed that 525 municipalities (10% of total municipalities in Brazil) that have more than 50 thousand inhabitants generate 80% of total waste collected, and that the 13 biggest cities are responsible for 32% of all urban waste collected in Brazil.

Major threats: Brazil produces 240 thousand tons of waste per day. This trend is not likely to decrease in view of the consumption patterns of the population and of the recent rise of purchasing power of a significant part of the population, which until now was de facto excluded from the consumption markets by lack of financial resources.

Only 2 % of the waste in Brazil is recycled! This is because recycling is 15 times more expensive than throwing the garbage in the landfills. By comparison, in Europe and in the USA the percentage of recycling urban waste amounts to 40 %.

Policy initiatives: Since 2007, the MoE supports the elaboration of State Plans of Integrated Management of Urban Waste aiming to organise the integrated management of solid waste in the states of Brazil. The plans foresee the execution of studies of regionalisation per state including the necessary infrastructure to resolve the problem related to the inadequate disposition of solid waste. Among actions are building landfills foreseeing the use of adequate technology to the recovery of methane, the elimination of big garbage fields, the ‘compostagem’ (mixture of waste) and recycling.

The government also intends to draw lessons learned from successful experiences of the Programme of Selective Solid Waste Collection in residencies developed in some Brazilian municipalities. Its objective is to boost recycling up to 20 % of the solid waste by 2015/2020.

7) BIOFUELS

Status: Brazil is the major exporter of ethanol and the second major producer in the world. Ethanol (derived from sugar-cane) corresponds to 15, 9 % (around 26 billions of liters) of primary sources of energy of Brazil, occupying the second position of fuels (‘combustiveis’) after petroleum. The production of ethanol and biodiesel has significantly increased and the government made efforts last year (2008 ou 2009?) in building partnerships with other countries. Currently the internal demand of ethanol is about 20 billions liters and its consumption surpasses the gas. The main factor of the growing of ethanol hydrated is associated with the success of biofuels vehicles (*flex fuel*). Since its launching in March 2003, 7 million of vehicles flex have been commercialised. In 2008, the number of vehicles that uses indistinctively gas or ethanol represented almost 90 % of sells of vehicles. About a quarter of all cars in circulation are now flexifuel.

Policy initiatives:

Brazil sustainability scheme for biofuels

Brazilian Government is waiting for more clarification on the EU sustainability criteria (notably the definition of high biodiversity grassland and indirect land use change) before going ahead with its own sustainability scheme. Brazil wants to have a clearer idea on what the Europeans want before deciding 1/ to draft a fully compatible Brazilian scheme (and negotiate a bilateral agreement with the EU); or 2/ to leave the national private sector to set up voluntary certification schemes (and seek Commission’s recognition); or 3/ to contest our criteria (and possibly challenge them at the WTO) Brazilian foreign affair ministry warned that should the EU adopt strict requirements, African countries would never be able to comply with our criteria. Brazilians are convinced that the implementation of sustainability criteria should be adapted to local conditions of production.

Brazil's objectives on the international scene

Brazil wants to explore with the Commission the possibilities of cooperating with the EU to help developing countries getting involved into ethanol production and its export to Europe. It will propose in this respect triangular cooperation with 4 African countries. Brazil's long term objective is to transform ethanol into a commodity. Brazil would like to strike with the EU the same type of tripartite agreement that it signed with the USA a year ago to foster production of ethanol in the Caribbean.

Annex 5: Country Governance Profile

I. POLITICAL/ DEMOCRATIC GOVERNANCE (VOICE AND ACCOUNTABILITY FOR WBI)

a. Human Rights

<p>Does the government have any particular problem to sign, ratify or transpose to domestic law human rights related global/regional conventions¹⁶? If so, why? Please provide comments on implementation of human rights ratified conventions.</p>	<p>No Brazil has ratified core UN human rights treaties and the major regional human rights instruments. The supremacy of the Human Rights principles over the Foreign Policy is guaranteed by the Brazilian Constitution (Title 1, Art.4/II).</p> <p>Brazil is a major player within the UN human rights framework. In 2006 Brazil was elected to the Human Rights Council, in 2008 was one of the first countries to pass the Universal Periodic Review exercise. In recent years, Brazil has fulfilled most of its reporting obligations under the relevant UN-human rights treaties. Since 2001 Special Rapporteurs/Special Representatives of all UN human rights mechanisms have a standing invitation to visit Brazil. The Brazilian Government has also indicated a willingness to implement their recommendations. However, their implementation at state and municipal level is problematic.</p>
<p>Has the government signed and ratified the statute of the International Criminal Court?</p> <p>Has it signed bilateral immunity agreements with third countries (USA)?</p>	<p>Yes, Brazil signed the document on 7/2/2000 and it was formally ratified in 2002. Brazil has also been active in promoting the Rome Statute and in 2008 established partnership with EU in order to support the ICC.</p> <p>No, the Brazilian government stated on various occasions that any immunity agreement with the US would be contrary ‘to the letter and spirit of the Statute of Rome and that it would strike against the</p>

¹⁶ **Global instruments:** The Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966), and the International Covenant on Economic, Social and Cultural Rights (1966), plus a number of specific conventions, such as the International Convention on the Elimination of Racial Discrimination (1965), the Convention on the Elimination of Discrimination Against Women (1979), the Convention Against Torture (1984), and the Convention on the Rights of the Child (1989).

	<p>juridical equality of states.’ Brazil was in consequence barred under American Service members’ Protection Act (ASPA) from receiving International Military Education and Training funds. But the sanctions on countries refusing the agreements have already been repealed.</p>
<p>If death penalty has not been abolished, under which circumstances and grounds it is applied (military, sharia courts.)?</p>	<p>The Brazilian Federal Constitution (1988) expressly prohibits the use of the death penalty by the penal justice system (Article 5, Paragraph 47). However, the death penalty may be applicable, according to international law, in case of declared war, under the terms of Article 84, paragraph 19, of the Federal Constitution. According to international law, ‘application of the death penalty in time of war pursuant to a conviction for a most serious crime of a military nature committed during wartime’ is admissible.</p> <p>The death penalty has not been used in Brazil since 1876.</p>
<p>Do the watchdog public institutions (Ombudsman, Human Rights Commission), in case they exist, have problems in exercising effective power?</p>	<p>There are not any institutional obstacles to ‘the watchdog public institutions’ on the federal level. The Federal Government has been trying to strengthen the institutions in order to address the variety of Human Rights Problems (Apart from Special Secretariat for Human Rights, Brazil introduced special secretariats for the promotion of racial equality, and women policies). There exists a dialogue with civil society, but the implementation of the policies in various states of the Brazilian federation, as well as protection of Human Rights Defenders in some regions, remains a big challenge.</p>
<p>Is the principle of non discrimination based on sex, race, colour, language, religion, political or other opinion, national or social origin foreseen by the law and effectively guaranteed? If not what are the main problems?</p>	<p>Yes, non discrimination is guaranteed by the Constitution. The list of Human Rights related legislation can be consulted at: http://www.mj.gov.br/sedh/ct/lg.htm.</p>
<p>Are minorities’ and indigenous peoples’ political and cultural rights effectively protected? What are the main controversial issues (land rights, political rights)?</p>	<p>Yes, there are several instruments for the protection: 1) Constitution guarantees indigenous rights, 2) state organisations (National Indian Foundation — FUNAI, FUNASA- health care) offer assistance to indigenous groups. However the Statute of indigenous people from</p>

1973 needs to be modernised — new proposal on the agenda of the Congress since 1994.

The 1988 Constitution grants indigenous peoples numerous rights including protection of their cultural heritage and traditional lands. In practice, these rights often go unprotected. The Constitutional mandate to demarcate indigenous territories within 5 years is yet to be completed. Land disputes between indigenous peoples and occupiers are common, and often end in violence. However, the problem is being properly addressed within the constitutional framework (Cfr. Supreme Court's decision on the Raposa Serra do Sol territory demarcation).

Government services such as public education and basic health care often do not reach indigenous groups, particularly in remote rural areas. Also the question of the access to basic services for the Indians living in urban areas — out of their original communities — is becoming a real problem. (According to the IBGE 2000 poll 50% of the Indians live in the urban area). Notably a serious problem with the access to the health system (FUNASA) and complications within the penitentiary system (Indians have right to assistance of FUNAI — often neglected).

The movements of Indigenous people are also calling for the change of their statute: Statute of Law (6.001, 1973) dealing with the civil statute of the Indians is working with the concepts of the State supervision over indigenous population and its assimilation. A new proposal of the Bill which is taking into account approaches in-line with the 1988 Constitution was presented in 1994 and in 2000. It has still not been approved. There is another project of law in the Congress that would enable Indians to exploit mineral resources of their recognised territories.

An institutional reform of FUNAI is also on the agenda. The nature

	<p>and role of the organisation which is now under the control of the Ministry of Justice should move more towards horizontal policies, not having a responsibility on all matters, becoming more an organism of the coordination and regulation with the participation of the Civil Society and Indians, municipalities and states. This process should be facilitated by the National Commission Pro Indio — in the future to turn into the National Council of Indians.</p>
<p>Other relevant information, overall appreciation and summary of the main problems identified in this area Discussion on the Constitution</p>	<p>Human rights legislation in Brazil is in general adequate. The Federal Government has an active human rights policy (third National Human Rights Plan will be introduced in 2009). But as already referred to, its implementation at state and municipal level is quite problematic.</p> <p>Principal concerns that remain include: police violence, poor prison conditions, violence, indigenous communities, rural violence and land conflict, torture, child and slave labour, human trafficking and corruption, with reports of impunity for those involved. In all areas the Government continues to face fierce resistance from vested interests.</p> <p>There exists EU-Brazil Dialogue on Human Rights. Cooperation between Brazil and the EU on human rights issues is generally good. In 2007 Brazil tabled jointly with the EU a resolution on the Death Penalty at the General Assembly. Brazil is among the countries which established in November 2008 Partnership with EU to promote ICC. The objectives of the Human Rights Dialogue as stated in the Joint Action Plan (I/1.) are following: <u>on a bilateral level</u>: identify specific cooperation projects; encourage civil society; <u>on the multilateral level</u>: establish HR consultations Geneva, New York, Brussels and Brasilia; triangular cooperation EC-CPLP-Brazil; reinforcing credibility and effectiveness of the ICC.¹⁷</p>

¹⁷ http://ec.europa.eu/external_relations/brazil/docs/2008_joint_action_plan_en.pdf.

b. Fundamental Freedoms

Are the following fundamental freedoms recognised and effectively exercised by citizens (what are main restrictions and problems if not respected) - freedom of movement, including entering and leaving the country	The Brazilian Constitution guarantees Fundamental Rights. Yes.
- the freedom of thought, conscience and religion	Yes.
- freedom of expression	Yes.
- freedom of information (are there restrictions to international media and to access to internet?)	Yes, but sometimes the media or activists are under the pressure of various interest groups (political, criminal, and financial). Although freedoms are legally guaranteed violations of codes can be encountered.
- freedom of assembly and association (including meetings held by political opposition, demonstrations). Is the regulatory environment conducive for civil society organisations, professional associations, trade unions, political parties to operate	Yes.
Other relevant information, overall appreciation and summary of the main problems identified in this area The role of the International Community and NGOs.	Generally there are no substantial problems. Civil Society is active, government has a dialogue with International Community and is an active member. But due to the continental size of the country and different levels of development, severe violations of fundamental rights can be found — such as police violence (summary executions) or exercising of fundamental rights in the areas out of the state control (e.g. some <i>favelas</i> , remote rural areas).

C. Electoral Process

Were the last Presidential, parliamentary and/or local electoral processes considered free and fair by EU and/or other international bodies? If not, what are the main obstacles? Please refer to the following elements to assess the electoral process.	Yes.
- specific problems that undermine the independence, impartiality and credibility of the authority in charge of supervising the electoral processes	No problems.
- electoral census and the voters' registration system	OK. Beginning in 1996, Brazil adopted an electronic voting system capable of tallying 100 million presidential votes before midnight on

<p>- specific problems that undermine the principle of equal campaigning opportunities (equal access for all contesting parties to the state-controlled media, availability of published and broadcast media in all constituencies, transparency of financing of political groups / candidates)</p>	<p>election day.</p> <p>Some cases of election irregularities happened in areas with precarious security situation especially in the poor urban areas, where both drug-related gangs and paramilitary militias exert political control over several <i>favelas</i> (<i>slums</i>) spread across town. (The situation is particularly alarming in Rio de Janeiro.)</p> <p>Criminal groups prevent candidates from campaigning freely, and even impose their own candidates on residents at gunpoint. The numbers involved in these ‘controlled favela votes’ are impressive: they are nearly equal to the 1.7 million votes needed to elect the incumbent mayor in 2004 and enough to elect 25 or 27 of the 50 city council members.</p> <p>Superior Electoral Court has already summoned army troops to quell voters’ intimidation in the states of Rio de Janeiro and Paraná and will soon decide whether to also send them to Amazon, Amapá and Tocantins.</p> <p>Media controlled by certain politicians also observed. Many irregularities reported on financing of political candidates. However, in these cases, the electoral court has been effective and candidates have lost their mandates.</p>
<p>- existence of mechanisms for checking and validating election results</p> <p>- possibility to use recourse procedures</p>	<p>The Superior Electoral Tribunal supervises the electoral process. There have been several cases of the impeachment carried out by the Tribunal on the basis of the election fraud accusations. TSE is recognised for its professionalism and impartiality.</p>
<p>- possibility of requesting an authorised international election observation</p> <p>- possibility for local observers (from independent NGOs or political parties) to operate</p>	<p>No problem.</p>

	party fidelity.
How the political parties ensure political pluralism? (their capability of being representative, their budget, ...)	Congress remains extremely fragmented even after the introduction of the 5 % barrier clause.
Is the security system, including law enforcement institutions such as police, armed forces, paramilitary forces, etc, under democratic control and oversight by Parliament and civilian authorities? If not, what are the main obstacles?	<p>In general institutional set-up for democratic control is done, but several problems are being faced. The military is responsible for national defence and does not play a significant role in political life, but the police structure is still the one devised in 1969, under the military regime, when its role was to guarantee internal security instead of providing a service to the community. This incentives the abuse of force. There is a lack of an effective command structure inside the forces, often leading to feuds and high levels of corruption.</p> <p>The existing internal (<i>Corregedoria</i>) and external (<i>Ouvidoria</i>) Police control mechanisms are very feeble. <i>Corregedorias</i> are often criticised by the lack of independence and commitment to address police abuses and <i>Ouvidorias</i> by the lack of power to conduct real investigations and bring accused to justice.</p>
Other relevant information, overall appreciation and summary of the main problems identified in this area	<p>The Brazilian party system is exceptionally fragmented, which makes it virtually impossible that any political party will ever obtain a majority in Congress. Brazilian presidents are well-aware of this and know that they cannot govern successfully with the support of their party alone. Not surprisingly, they seek to form the broadest coalition possible to guarantee the passage of government-proposed legislation through congress.</p> <p>Therefore, governing coalitions in Brazil are mostly based on <i>clientelista</i> politics (in essence, the exchange of political favours for financial rewards). In many cases, this corporatism leads to corruption. Progressive political sectors tried to address this issue by imposing threshold legislation in October 2006 for the first time. Several parties failed to obtain newly introduced the 5 % of the national vote mark and are joined forces. For some political analysts, however, the threshold only creates more internally-fragmented parties with no real leadership control.</p>

II.POLITICAL GOVERNANCE/RULE OF LAW: JUDICIAL AND LAW ENFORCEMENT SYSTEM

<p>What type of judicial systems (modern, religious, traditional coexist in the country? What is their respective jurisdiction?</p>	<p>Modern judicial system.</p>
<p>Do procedures of nomination, removal, sanctions and promotion ensure the independence of judges?</p>	<p>Yes.</p>
<p>Is the current system conducive to a performing judicial system (appropriate salary, training, transparent disciplinary regulations, trained judges, equipped courts)?</p>	<p>Yes. However, the judiciary is a mirror of the Brazilian society. Therefore social disparities have strong impact on functioning of the justice system.</p>
<p>Does the judicial system guarantee the right of every citizen to a fair trial? The following elements could be taken into consideration: - Is the access to justice reasonably ensured (including its geographical coverage) and judicial decision taken in a reasonable time? - Is the system for appeal deemed effective?</p>	<p>The judiciary does not collect or publish statistics about its workings, making it impossible for external observers to effectively monitor it.</p> <p>The system of appeal is effective but often associated with long and slow decisions.</p>
<p>In the exercise of its functions, does the law enforcement system (police, judges, penitentiary system) guarantee security of citizens and respect of law, while respecting human rights? Are penalties proportional to crimes? Do prison conditions respect human dignity?</p>	<p>The penitentiary system has been a constant problem of Brazil. Prison conditions in Brazil in general are not good — overcrowding, limited possibilities to work or study, health and sanitary situation, corruption. Violence inside of prisons and activities of the criminal organisations have to be taken into account. The system is suffering big number of detainees and lack of administrative/ legal structure (e.g. alternative punishments) to deal with it.</p> <p>There is evidence that police and prison guards continue to torture people in their custody as a form of punishment and intimidation or to extract confessions, though few cases have been prosecuted. However, several positive steps are noteworthy. In June 2006, the Special Human Rights Secretariat established a National Committee for the Prevention and Control of Torture. The Committee comprises public authorities and civil society representatives and is responsible for proposing monitoring mechanisms, including inspection visits to detention centres. Brazil has recently recognised the competence of the</p>

	UN Committee against Torture to receive complaints filed by individuals.
Other relevant information, overall appreciation and summary of the main problems identified in this area	<p>Some sectors of the judicial system are inefficient and subject to political and economic influence and to corruption and are very inefficient. Calls for judicial reform in Brazil paradoxically derive from its excessive independence. The judiciary lacks transparency and is often accused of being isolated, dedicated to preserving corporate privileges and unaccountable to society.</p> <p>The reform of the Judiciary in 2004 brought some improvements into the system, e.g. introduction of the National Council of Justice.</p>

III.CONTROL OF CORRUPTION

<p>What are the sectors in which cases of corruption are reported? What kind of corruption is it? (i.e.: customs, public procurement, revenue collection)</p>	<p>Corruption can be encountered across the society. The ‘milieu’ favourable for the political and judicial corruption was described above.</p> <p>Corruption in the police forces exists for three main reasons: police officers receive very low salaries, there is money pouring from drug traffickers and there is no efficient mechanism to punish and eventually expel crooked agents. The average salary of a police officer in Rio de Janeiro is 800 reais (approximately 320 Euros) and there is basically no support for housing, education or health care. Police officers and their families thus live in a very precarious economic and social situation. Even when they are able to find a second job to complement their income this is normally not enough to support their families. At the same time, there is plenty of money available from drug trafficking. Hence traffickers present police officers with a considerable amount of money to avoid harassment. This sometimes also includes protection against their foes.</p>
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<p>Does the country have an appropriated legal framework enabling to fight against corruption? (i.e. Do national law criminalise active and passive corruption to/by a public official, Is an anti-corruption commission or other similar institution in place?)</p>	<p>Yes — COAF¹⁸</p> <p>In 2004 the government raised the priority of the fight against corruption and the fraudulent use of public funds. Accordingly, a number of offices were set up. These are:</p> <ul style="list-style-type: none"> • at the level of the federal police: three delegations were established within the Organised Crime Dept. (for the states of São Paulo, Rio de Janeiro and the Federal District) and 24 units (in each of the remaining states) in charge of financial crimes, equipped with specialised agents. • at the level of the Finance ministry: the Financial Activities Control Council (COAF), a financial intelligence unit in charge of obtaining all the information about suspicious financial movements and reporting them to the public prosecutors office or the federal police to initiate enquiries. • at the level of the justice ministry: the Asset Recovery Dept. and International Legal Cooperation (DRCI), a body which deals with all the international investigation requests and is in charge of managing confiscated and attached assets. • at the inter-ministry level: the ENCCLA agency which gathers about 50 organisations to collect all types of information about suspected corruption and laundering of the assets derived from these criminal activities. • at the judicial level: creation of groups specialised in financial crimes in the public prosecutors office and the law courts. <p>In 2004, Brazil initiated a National Strategy Against Money Laundering and Corruption which led to a number of measures such as</p>
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¹⁸ <https://www.coaf.fazenda.gov.br/>.

	better training for federal agents, creation of specialised legal groups, training programmes and information gathering bureaus.
Is the national legal framework implemented? Are the institutions adequately financed to fulfil their mandate?	Complicated on a national level — continental size if the country, different levels of development.
What is the position of the country towards international law regarding the fight against corruption (UN conventions, Financial Action Task Force ¹⁹)?	OK. Member of GAFI — ²⁰ ACTIVE. Sometimes, legal incompatibilities are obstacles for efficient international cooperation. The Brazilian authorities are aware of the importance of this cooperation to improve the fight against organised crime, money laundering and funding of terrorist activities. International coordination for exchanging information is frequently non-existent or excessively slow. It is necessary to establish a fast and efficient system.
Is the country contributing to FATF-GAFI (Financial Action Task Force / Groupe d'action financière)? Is the country implementing FATF/GAFI recommendations on money laundering and terrorism financing ²¹ ? Through which regional mechanisms?	Yes. At the regional and international level, with contacts pursued with organisations such as GAFI SUR, the EGMONT group, CICAD and MERCOSUR. In the latter, a working group was set up (SGT 4) with headquarters in the Central Bank of Brazil for exchanging information between member countries about money laundering and funding of terrorist activities. In addition, there is a working group made up by Argentina, Brazil and Paraguay with the United States as associate, for analysing the situation of organised crime in the three borders region (borders of Brazil, Argentina and Paraguay). At the bilateral level and particularly with European countries, the

¹⁹ FATF 40 recommendations on money laundering
http://www.fatf-gafi.org/document/23/0,2340,fr_32250379_32236920_34920215_1_1_1_1,00.html
 FATF 9 special recommendations fighting terrorism financing
http://www.fatf-gafi.org/document/51/0,2340,fr_32250379_32236920_35280947_1_1_1_1,00.html.

²⁰ <http://www.gafisud.org/home.htm>.

²¹ FATF 40 recommendations on money laundering
http://www.fatf-gafi.org/document/23/0,2340,fr_32250379_32236920_34920215_1_1_1_1,00.html
 FATF 9 special recommendations fighting terrorism financing
http://www.fatf-gafi.org/document/51/0,2340,fr_32250379_32236920_35280947_1_1_1_1,00.html.

	<p>exchange of operational information is satisfactory according to the attachés and liaison officers of EU Embassies in the country. On the other hand, these officers carry out a large number of technical cooperation actions such as inviting federal agents to specialised police seminars and training events focused on drugs trafficking and money laundering.</p> <ul style="list-style-type: none"> • ENCCLA, an association of regional countries for implementing best practices in anti-money laundering at the strategic, legislative and operative level. • AMERIPOL which comprises the police forces of South America with the aim of exchanging police intelligence.
<p>Does the country have a strategy or reforms addressing the main weaknesses identified here above? Are these strategies / reforms integrated in the poverty reduction strategy?</p>	<p>Yes, many reforms were tried in the Brazilian public system. However they are not related to poverty reduction strategy.</p>
<p>Other relevant information, overall appreciation and summary of the main problems identified in this area</p>	<p>Major problem — political systems favours corruption, as well as social situation (police corruption). Power of large interest groups.</p> <p>The Federal police has specialised units with specific training on these subjects, in addition to specialised judges and public prosecutors. Even so, the resources and amount of police and judicial agents are limited and insufficient.</p>

IV.GOVERNMENT EFFECTIVENESS

A Institutional capacity

<p>What are the main obstacles for public institutions (ministries, central bank, tender authority, audit) to exercise their power in an effective manner? The following elements could be taken into consideration: - is their mandate clearly defined?</p>	<p>Their mandates are clearly defined and there are independent bodies to control the executive. Brazilian legislation for public procurements is applied. However the country lacks qualified staff to apply heavy</p>
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<ul style="list-style-type: none"> - do they dispose of qualified staff and adequate budgetary resources? - is there an effective coordination between the central and local level government? - is the national and local administration able to formulate and implement policy initiatives? - are they able to manage external aid? - do they have the capacity to respond effectively to natural disasters? 	<p>procedures of public spending.</p> <p>The EC has in the past provided support through bilateral cooperation to modernise public administration.</p> <p>Coordination between central and local level exist but Brazil's continental size makes this task rather complex. The country has 26 States (provinces) and Federal District. Many States are bigger than most of European Union countries. Brazil also has over 5.600 municipalities.</p> <p>The Brazilian Constitution is clear about the role of each Federative level but many ambiguities remain.</p> <p>Although Brazilian municipalities from the poorest regions need capacity building, in general the National and local administrations are able to formulate and implement policy initiatives.</p> <p>They are able to manage external aid but many incompatibilities between Brazilian and European procedures make the implementation quite heavy in terms of bureaucracy involved.</p> <p>Brazil has the capacity to respond effectively to natural disasters and have helped other countries in this field.</p>
<p>If a decentralisation process is ongoing, Are the relevant competencies devolved to local authorities? Are appropriate resources (staff and budget) secured through allocations in the State's budget or through their own revenues?</p>	<p>The Brazilian Constitution of 1988 provided good grounds for decentralisation to States and Municipalities. Transfers are guaranteed by Brazilian legislation, independently of political interference.</p>
<p>Other relevant information, overall appreciation and summary of the main problems identified in this area</p>	<p>Resuming the main problems causing ineffectiveness of government institutions are the following:</p> <ul style="list-style-type: none"> - federal vs. state and municipal level — different patterns, - corruption, - public security, - heavy bureaucracy (e.g. tax system)

B. Public Finance Management (PFM)

Is there an up-to-date assessment of PFM in the country?	Yes
Describe if there are problems with: - the realism of the budget document? - the execution of the budget? - the comprehensiveness and the transparency of the budget? - internal controls? - external scrutiny and audit?	<p>Many institutions monitor and control public spending in Brazil. The process is quite transparent and any citizen can have access online to budget of each public body.</p> <p>Brazil has a multi annual programming which covers the period of five years to which all the priorities and the Federal Government budget are defined. This programming has to be approved by the Brazilian Congress.</p> <p>Many internal controls are in place such as National Court of Auditors, State Court of Auditors, Municipal Court of Auditors. In addition, control is exercised by General Control's Office and Public Prosecutors, all independent and effective.</p>
Is there a reform programme to improve the quality of PFM? - <u>If not</u> , is one being drafted? - <u>If yes</u> , Is there evidence of the authorities' commitment to its implementation	Brazil has implemented many reforms to improve the quality of PFM. New legislation has been introduced to increase the accountability of public servants in public finance management, such as the Lei de Responsabilidade Fiscal.
Other relevant information, overall appreciation and summary of the main problems identified in this area	Although many control mechanisms are effective, corruption remains a big problem related to public spending, with many cases published in the Brazilian press associating politicians.

V.ECONOMIC GOVERNANCE (REGULATORY CAPACITY FOR WBI)

c. Private sector/market friendly policies

Is the business climate attractive for private sector investment in particular taking into account - The time and cost to start/end a company	<p>This chapter was completed with information based on the World Bank publication 'Doing Business 2009 — Country Profile for Brazil. Comparing regulation in 181 economies'.</p> <p>Brazil is ranked 127 (http://www.doingbusiness.org) in regard to time and cost to start and end a company.</p> <p>List of procedures include check company name with State</p>
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	Commercial Registry, pay registration fees, register with the commercial board of the state where the main office is located and obtain identification number, register for federal and state tax, obtain CNPJ number, which also registers employees with the National Institute of Social Security, confirm INSS enrolment, receive state tax inspection and get authorisation to print receipts/invoices. Then register with local taxpayers registry. Pay local tax, get the authorisation to print receipts and invoices from the local authorities, order receipts and invoices with CNPJ numbers from authorised printing companies, obtain fire brigade license, receive inspection from fire brigade, apply to the local municipality for operations permit, register the employees and open a special fund for unemployment account in bank. Then notify the Ministry of Labour and make registration with the Patronal Union and with the Employees Union (World Bank, 2008).
-The level of access to capital market ; Inadequate bank supervision	Ranking of Brazil in getting credit is 84.
-The customs regulations and the application of the rule	Brazil is ranked 145 overall for paying taxes.
-The property regime	Brazil's rank in registering property is 115. The rank is based on number of procedures to register property, time in calendar days and official costs. Brazil's time is 45 days. Number of procedures: 14 and cost (% of property value) 2.8.
-The labor regulations	Pursuant to the labour law, registration with the employees union is mandatory and ensures that the company is obeying employee labour rights. Ranking of Brazil in employing workers is 121. Labour regulations tend to push employers and workers into the informal sector. Brazil situation shows that employment regulation is generally very rigid and that side effects jeopardise labour and investments in this country.
-The unofficial payment for firms to get things done	Some companies hire specialised services (lawyers or 'despachantes') to do paper work for opening and closing firms. No cases of misconduct related to this are known to us.
Other relevant information, overall appreciation and summary of the main problems identified in this area	The bureaucracy related to doing business in Brazil is heavy and time consuming.

B. Management of natural resources

<p>Has the country adhered to the EITI (Extractive Industries Transparency Initiative)? If not, what are the problems regarding the adhesion?</p> <p>Has the country encountered any problems in the implementation of the EITI (programme, activities, creation of an EITI specific department)?</p>	<p>No The Advisor on International Affairs of the Brazilian Ministry of Mining and Energy informed that Brazil did not adhere to the EITI. Up to recently this was because of lack of interest. However, now there is interest in the Initiative and any request for adherence and information on this will be received with good eyes.</p>
<p>In case the country is concerned by the illicit production and trade of 'conflict diamonds', is the Government involved in and cooperative with the Kimberly Process Certification System (KPCS)?</p> <p>Has it put in place the appropriate controls to eliminate the presence of conflict diamonds in the chain of producing and exporting rough diamonds?</p>	<p>Brazil adhered to the KPCS in November 2002 as a participant and vowed to comply with all exigencies to become a full member of the initiative. The actions are coordinated by several ministries. The general coordination is with the Ministry of Mining and Energy. Its National Department for Mineral Production is in charge of the emission and control of certificates. The Ministry of Economy (Ministério da Fazenda) certifies the export certificates and is responsible for the customs control. The Ministry of Justice is involved in the combat of illegal trade and smuggling. Other ministries involved are those of Foreign Affairs and Industrial Development and Foreign Trade.</p>
<p>FLEGT (Forest Law Enforcement, Governance and Trade)</p> <p>Is the country affected by illegal logging and the trade in illegally-harvested timber? If yes, what steps has the government taken to strengthen forest sector governance, and address underlying causes of illegal logging?</p> <p>Has there been dialogue between the government and the Commission concerning the EU FLEGT Action Plan, and is the country a potential candidate for a partnership under the FLEGT Action Plan?</p>	<p>The country is affected by illegal logging and had a programme to combat this activity. Mainly through command and control measures, but also by establishing agreements on municipal level and make legal concessions to companies that design a plan for forestry management. Also INPE is improving its capacity for remote sensing, obtaining better resolution with the assistance of Japan. Also Brazil is engaged in increasing their remote sensing capacity to other biomes besides the Amazon.</p> <p>The Government of Brazil is weary of FLEGT. The allow ITTO and other projects to combat illegal logging, but do not want to heart anything about the Trade component. It considers this a hidden measure of the EU to protect its own timber market.</p>

	See above. Missions on FLEGT executed by EU and WB always stumble upon the Trade argument.
Does the country implement the FAO Code of Conduct for Responsible Fisheries (CCRF)?	Yes. Brazil signed the Code of Conduct earlier this year.

VI. INTERNAL AND EXTERNAL SECURITY (POLITICAL STABILITY AND ABSENCE OF VIOLENCE FOR WBI)

2.1. Internal stability/conflict

What kind of internal ethnic/regional conflict can be identified? Please specify its causes and the ongoing conflict resolution process, if any.	<p>We can identify the following social conflicts in the Brazilian society:</p> <ul style="list-style-type: none"> - Urban violence and lack of public security, - Land related conflicts. - Violence against indigenous people and afro-descendent communities
Can signs of civil unrest be detected? If yes, which sectors of society are affected?	<p>In May 2006 in Sao Paulo, clashes between the police and 'Primeiro Comando da Capital' (a criminal gang organised mainly from inside prisons) resulted in an official death toll of 246, including 41 security agents and 123 'suspects'. According to the Police Ombudsman of Sao Paulo, 82 of those 'suspects' may have been victims of summary executions.</p> <p>Farm invasions carried out by members of the MST (Landless Workers Movement) Some conflict situations, with a lesser impact on society, can be also registered in clashes between the farm owner sand social movement of Land-Less people (especially in the Are of the São Paulo State, Paraná, Pernambuco or Pará).</p>
Other relevant information, overall appreciation and summary of the main problems identified in this area	For many years the issue of public security or rather the lack of it has been at the forefront of Brazilian politics. While in some areas progress has been made, the overall situation continues bleak. A long-standing culture of violence which dates back to the days of slavery, still huge

	<p>socio-economic differences within the population, scarce federal oversight over the state military and civil police corps, a high-level of corruption within the state police forces, the violence and bribing – power of organised crime (especially in the drugs area) and the widespread impunity for the crimes committed by either police agents or ‘real criminals’ all have contributed to the bad public security situation in Brazil.</p> <p>It should be positively noted that with the PRONASCI programme more policemen have access to training courses and that ‘corregedorias’ and ‘ouvidorias’ (internal and external police control mechanisms) have brought some modest success in police accountability.</p>
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d. External threats and global security

<p>Is the country respecting international/regional agreements related to Antipersonnel Landmines, Explosive Remnants of War and illicit trafficking and spread of Small Arms and Light Weapons</p>	<p>Yes — compromised.</p>
<p>Does the country respect international law and its regional obligations in managing external conflicts? Is the country involved/affected by any external conflict?</p>	<p>Yes, Brazil respects its regional obligations and is a key player. No external conflict. Within the regional context, Brazil has taken the role of mediator in conflicts involving South American countries such as Peru and Ecuador.</p>
<p>Is the country contributing positively (troop contributions to PK by UN) to the maintenance of peace in the world, continent, region?</p>	<p>Very active in UN system — also with a vision of the permanent UNSC seat. Haiti — leading mission in Haiti. UN peacekeeping missions with participation of Brazil: http://conflict.sipri.org/SIPRI_Internet/</p>
<p>Is the country involved actively in peace mediations?</p>	<p>Not specifically, acting on <i>ad hoc</i> basis — e.g. negotiations on some FARC hostages release in Colombia. Besides regional role, ambition to play a big role globally, UNSC permanent seat, participation in the Middle East Peace Process.</p>
<p>Is the country committed to implement UN Security Council Resolution 1373 (2001) and UN Convention on Terrorism? Does the country have the institutional capacity/legislation to contribute to the fight against terrorism?</p>	<p>The criminal code of Brazil does not contemplate the offence of terrorism. If a crime of that type is committed in the country the criminals could be tried for murder, violence, destruction of property or the like. Even so, the authorities have set up a special federal police</p>

	<p>unit, the Brazilian Intelligence Agency (ABI), in charge of monitoring the activities of certain organisations.</p> <p>In Brazil there are groups of Lebanese, Syrians and Palestines who live mainly in the southern region of the country known as the ‘ three border region’ (Argentina — Brazil — Paraguay). The Brazilian authorities have detected financial movements from members of these communities to Paraguay through currency exchange shops utilising the Hawala system and transfers, with the final beneficiaries being Hezbollah and Hamas. In Brazil, these organisations are considered to be political parties and not terrorist groups.</p>
Does the country comply with and implement international norms and convention against the proliferation of weapons of mass destruction and their means of delivery?	Yes.
Other relevant information, overall appreciation and summary of the main problems identified in this area	The Strategic Partnership between the EU and Brazil states the relevance of this relation..

VII.SOCIAL GOVERNANCE

Does the government have any particular problem to sign, ratify or transpose to domestic law the eight fundamental ILO Conventions ²² ? If so, why? Please provide comments on implementation of ILO	<p>No problem with ILO Conventions —</p> <p>http://www.mj.gov.br/sedh/ct/lg_internacional.htm - legislacao intl.</p>
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²² Conventions on freedom of association and collective bargaining (conventions 97, 98) , on elimination of forced and compulsory labour (conventions 29, 105), on elimination of discrimination in respect of employment (Conventions 100, 111), on abolition of child labour (Conventions 138, 182).

ratified conventions, in particular on children	sobre direitos humanos.
Does the country have a National Strategic Plan to enable it to respond to the challenges of HIV/AIDS e.g.; a national Coordination Committee etc.?	Yes, leading position. Internationally recognised for the success in HIV/AIDS combat. http://www.aids.gov.br/main.asp?View={CEBD192A-348E-4E7E-8735-B30000865D1C}&Mode=1 Offering assistance to other countries. ²³
Where national strategies and structures exist to respond to the challenges of HIV/AIDS, how far is there the political will and the commitment of domestic resources to ensure that they are effective?	Brazil has a leading position in this field and is a model. For further information: http://www.unaids.org/en/CountryResponses/Countries/brazil.asp UNAIDS
Does the government have any particular problem to sign, ratify or transpose to domestic law the most important international conventions and declarations on gender equality? ²⁴ If so, why? Please provide comments on implementation	No
Has the country put in place strategies and structures to respond to the challenges of gender equality, e.g. a national strategic plan, a coordination committee or the like?	Brazilian Government Activities are coordinated by the Special Secretariat for Women Policies — SPM , created in 2003, with ministerial status to assist the President on issues related to women. Violence against women was a central issue within the Secretariat, whose actions focused on strengthening a network of assistance to women, including training, promotion of new legislation and judiciary proceedings. To date, 49 courts specialising in domestic violence were operating as a result of the law on violence against women (Maria da Penha Law). SPM is oriented by the National Plan of Policies for Women (PNPM), which was updated to incorporate other priorities resulting from the II National Conference of Policies for Women, held in Brasilia, in August 2007.

²³ <http://sistemas.aids.gov.br/lss/index.php?lang=en> .

²⁴ Convention on all forms of discrimination against women (CEDAW, 1979), the Cairo Programme of Action (1994), the Beijing Platform for Action (1995).

	<p>The PNPM is being implemented as of January, 2005 and targets four strategic areas: autonomy and equality in the workplace and in citizenship; women's health, sexual and reproductive rights; non-sexist and inclusive education and the confronting of violence against women. An important measure within the Plan was the enactment, in 2006, of Law 11340/06, known as 'Maria da Penha Law' (Anex 4), which tackles domestic and family violence against women. The case of Maria da Penha (she was twice almost murdered by her husband) was later treated within the Inter-American system of Human Rights (the framework of so called 'amicable solution') and gave name.</p>
<p>Other relevant information, overall appreciation and summary of the main problems identified in this area</p>	<p>The promotion of women's rights in Brazil has produced, in the last two decades, a necessary approximation between Government and civil society, thus paving the way for changes in the Brazilian legislation and for the formulation of new public policies in that area.</p>

VIII. INTERNATIONAL AND REGIONAL CONTEXT

e. Regional integration

<p>Niveau de mise en oeuvre des obligations nationales vis-à-vis de l'agenda d'intégration économique relatif, principalement, à la création d'une zone de libre échange ou une union douanière.</p>	<p>MERCOSUR- Brazil is one of 'motors' of the regional integration.</p> <p>The process of regional integration has stagnated in the last years. MERCOSUR is still struggling to complete its integration and to establish or reinforce the joint bodies and institutions that it needs to further its integration. This implies facing up to three main challenges:</p> <ul style="list-style-type: none"> ○ Completion of the Internal Market (internal dimension) ○ Stronger institutionalisation (supports both the internal and external dimensions) ○ Integration of block into the regional/international context
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	<p>(external dimension)'. Despite these shortcomings and delays, MERCOSUR continues to get political support of its Member States and it appears as the most solid project of regional integration in Latin America.</p>
<p>Niveau d'application des programmes ou plans d'action régionaux des autres politiques régionales (politiques des transports, facilitation du commerce, .. ;) qui font partie de « l'acquis communautaire/régional »</p>	<p>There is a very little « l'acquis communautaire/régional » of Mercosur. Brazil contributes with 70% of the financial resources of FOCEM — the fund for the diminution of asymmetries within Mercosul. FOCEM has, at the moment, 18 projects agreed and 5 projects in the approval process, most of them benefiting Uruguay and Paraguay, with only one covering the four member states. With this <i>unbalanced contribution</i> Brazil wants to show its commitment to diminishing regional inequalities to its Mercosul partners. Yet, FOCEM's budget of US\$ 111 594 129, with a possible addition of US\$ 5 835 090 for the projects to be approved, is hardly the type of investment that will make a difference in the region.</p>
<p>Niveau d'engagement dans les institutions régionales, notamment respect des obligations financières du pays, et respect des décisions juridiques des organes juridictionnels régionaux.</p>	<p>Brazil is engaged largely in various institutions — from OAS, Inter-American Court, or other initiatives of security character — and has a big potential for the lead (Ameripol, Gafisud).</p>
<p>Cohérence et compatibilité technique et juridique de la position du pays vis-à-vis des différents agendas régionaux auxquels il participe et niveau d'engagement dans le processus de rationalisation des RECs.</p>	<p>MERCOSUR, yet a full customs union, states that economic integration is a main priority. However, it has not defined, in a concrete plan of action which are the priority areas and the benchmarks to be achieved by the end of 2008. The government recognises that the 1998-2003 crisis, that led each member state to individually adopt measures for its own protection, provoked a delay in establishing the common external tariff. Nevertheless, it anticipates that, as these measures reach their time limit in 2010, the customs integration process will be resumed. Concurrently, the panel for common resolution of disputes — Permanent Court of Revision — has hardly been used and Brazil still considers preferable bilateral negotiated solutions.</p>
<p>Other relevant information, overall appreciation and summary of the</p>	<p>Brazil presents a very pro-active agenda to foster regional integration</p>

main problems identified in this area	<p>in south-America, including Mercosul. Brazil is naturally a leader of the region, but due to some constraints of the region not to able to lead effectively.</p> <p>It is difficult to predict how the process of integration of MERCOSUR will evolve. Conceived at the outset as an ambitious project explicitly inspired by the European model, MERCOSUR is more likely to follow the inter-governmental model of governance.</p> <p>Organisation of purely political nature like UNASUL or CALC as an alternative to OAS without USA, have so far brought modest results.</p>
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f. Involvement in regional initiatives on governance and peer review mechanisms (such as APRM)

Is the country actively participating in regional initiatives on governance ?	See previous section for Brazil's regional engagement.
Other relevant information, overall appreciation and summary of the main problems identified in this area	

g. Migration

<p>Has the country been invited to deepen the dialogue with the EU? If yes, has it responded positively? Have interlocutors been identified? Has an agenda for dialogue been proposed / agreed? Is there an open debate and good cooperation on the implementation of the readmission obligation?</p>	<p>Structured EU-LAC Dialogue on Migration.</p> <p>The principal objectives of the Dialogue include identification of common challenges and areas for mutual cooperation as well as building a stronger evidence base for EU-LAC migration in order to better understand its realities, based on the principle of shared responsibility, strengthening the commitment and willingness of both sides to discuss migration issues.</p>
<p>In case where development aspects of migration have been identified as an important issue (e.g. brain drain / return of qualified nationals, remittances, relation with diaspora), does the country show willingness to address them in the programming dialogue? Does the country pursue a pro-active approach in this policy field? What steps have been taken in this context?</p>	<p>Different aspects form the ACP reality — criminal nature of human trafficking.</p> <p>Brain drain is a great concern in Brazil as academic cooperation with the European Union is an important aspect of EC cooperation under the Country Strategy Paper. This subject has been discussed and</p>

	Erasmus Mundus consortia were requested to tackle this issue in the mobility schemes. One measure used by the Brazilian authorities is to privilege <i>sandwich</i> doctorates, where the students always have to return to Brazil to obtain diplomas.
In case where refugee aspects of migration have been identified as an important issue (either as a host country or as a country of origin), does the country show willingness to address the position of refugees in the programming dialogue? Does the country, when appropriate, cooperate on initiatives to enhance domestic or regional protection capacity? Does the country pursue a pro-active approach in this policy field? What steps have been taken in this context?	Although at a world scale Brazil is not an important host country its legislation is being considered as exemplary by UNHCR. The law conceives refugee in a broader terms — he does not have to be necessarily persecuted individually in order to get the statute of refugee. (4. 000 refugees in Brazil — 70 nationalities — 80% from Africa (1.600 Angola), Colombia. Law n° 9.474, 22 July 1997. ²⁵
In case where illegal migration, smuggling and/or trafficking of human beings have been identified as an important issue, does the country show willingness to address these issues in the programming dialogue? Does the country pursue a pro-active approach in this policy field? What steps have been taken in this context?	n.a.
Other relevant information, overall appreciation and summary of the main problems identified in this area	

IX. QUALITY OF PARTNERSHIP

h. Political dialogue

Are there agreed terms of reference?	Brazil and EU — Strategic Partnership. Annual summits are held to discuss current bilateral and international issues. The first summit took place in 2007 in Lisbon and the second in 2008 in Rio de Janeiro, where the basis for current Brazil-EU Cooperation — the Joint Action Plan — was adopted. The third Summit in Stockholm in 2009 will also
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²⁵ http://www.acnur.org/paginas/index.php?id_pag=1395.

	focus on the state of implementation of this Plan.
<p>Would you qualify it as open and constructive? If not, what are the main difficulties?</p> <p>Did the political dialogue lead to any concrete achievement?</p>	<p>Some of the latest achievements of the sectoral dialogues:</p> <ul style="list-style-type: none"> ○ High Level Dialogues on Macroeconomic and Finance and Financial Regulatory issues, ○ Dialogues in the fields of Education and Culture ○ Regular dialogue on Human Rights. ○ Operation agreement in the field of research on fusion energy. ○ Commitment to the implementation of triangular cooperation projects between the EU, Brazil and developing countries in the sectors of health, energy, agriculture and education as well as EU-Brazil-Africa cooperation on sustainable biofuels and bio-electricity.
<p>Within art. 8 is dialogue on essential elements systematic and formalised? Have specific benchmarks or targets been agreed?</p>	n.a.

i. Programming dialogue

<p>Does the government involve Parliament, non-state actors and local authorities in the programming dialogue?</p>	<p>Yes. In its own programming. The programming exercise under the EC-Brazil cooperation was headed by the EC. In this case, the EC Delegation associated non state actors in the programming dialogue. It did not involve Parliament, as at the time Brazil didn't request it.</p>
<p>Was the programming exercise effectively a joint and open process? Did the Government actively promote coordination and harmonisation with other donors?</p>	<p>Yes. The EC Delegation associated local authorities and non state actors in the programming exercise. The Brazilian Cooperation Agency is in charge of coordination of technical cooperation in Brazil. However, due to the continental size of Brazil and the fact the amount involved in external cooperation isn't relevant for the country's development, this role is not really exercised in a systematic way.</p>
<p>Other relevant information, overall appreciation and summary of the main problems identified in this area</p>	<p>International cooperation resources are not relevant in a large, emerging country like Brazil.</p>

j. Non State Actors

<p>Participatory approaches to development: does the government involve non-state actors and local authorities in the PRS process (preparation, follow-up)? Note: an assessment of the quality of participatory approaches should be provided in Annex 5 to CSP</p>	<p>Yes. The Brazilian development strategy translated into the National Pluri-Annual Plan (called PPA) was designed with the participation of the Brazilian civil society. The Federal Government organised a series of national conferences and seminars on specific topics in order to include the views of the Brazilian organised civil society.</p>
<p>Other relevant information, overall appreciation and summary of the main problems identified in this area</p>	<p>The main problem in this area is the scale of the country — continental size — and the fact that mainly only organised groups participate in the consultations. However, underprivileged communities in Brazil have been represented in the consultations.</p>

Brazil is facing a duality of police services (state and federal police) which, even having their respective competencies defined by law, compete among themselves, due to mistrust, regardless of public statements affirming the excellent relationships between them.

Brazil is facing a very violent form of crime which affects the entire population. The state police forces are in charge of fighting this crime under the authority of a public security secretary, appointed by the governor (civil police in charge of investigations and military police in charge of crime prevention and keeping public order). This fight involves frequent confrontations between the state police and criminal groups which commit common crimes. The federal police forces are engaged in these confrontations when federal crimes are involved (armed robbery, the proceeds of which are invested in drug or weapons smuggling and laundering the profits). This explains the rivalry between both forces. In addition, the federal forces are short of personnel for fulfilling their missions adequately.

Annex 6: Millenium Development Goals

Millennium Development Goals (Brazil)				
	1990	1995	2000	2007
Goal 1: Eradicate extreme poverty and hunger				
Employment to population ratio, 15+, total (%)	56	61	61	65
Employment to population ratio, ages 15-24, total (%)	54	58	52	53
GDP per person employed (annual % growth)	-8	1	1	3
Income share held by lowest 20 %	2.4	2.6	2.7	3.0
Malnutrition prevalence, weight for age (% of children under 5)	..	4.5	..	2.2
Poverty gap at \$ 1.25 a day (PPP) (%)	5	3	3	1
Poverty headcount ratio at \$ 1.25 a day (PPP) (% of population)	15	11	11	5
Prevalence of undernourishment (% of population)	10	10	..	6
Vulnerable employment, total (% of total employment)	29	36	34	27
Goal 2: Achieve universal primary education				
Literacy rate, youth female (% of females ages 15-24)	..	..	96	99
Literacy rate, youth male (% of males ages 15-24)	..	..	93	97
Persistence to last grade of primary, total (% of cohort)	..	..	80	..
Primary completion rate, total (% of relevant age group)	..	90	108	106
Total enrolment, primary (% net)	..	..	92	96
Goal 3: Promote gender equality and empower women				
Proportion of seats held by women in national parliaments (%)	5	7	6	9
Ratio of female to male enrolments in tertiary education	..	..	130	130

Ratio of female to male primary enrolment	..	..	94	<i>94</i>
Ratio of female to male secondary enrollment	..	..	110	<i>110</i>
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	35.1	38.5	40.3	..
Goal 4: Reduce child mortality				
Immunisation, measles (% of children ages 12-23 months)	78	87	99	99
Mortality rate, infant (per 1000 live births)	49	37	28	20
Mortality rate, under-5 (per 1000)	58	42	32	22
Goal 5: Improve maternal health				
Adolescent fertility rate (births per 1000 women ages 15-19)	..	90	90	89
Births attended by skilled health staff (% of total)	72	88	96	..
Contraceptive prevalence (% of women ages 15-49)	59	77	..	..
Maternal mortality ratio (modelled estimate, per 100 000 live births)	..	..	..	<i>110</i>
Pregnant women receiving prenatal care (%)	..	86	..	97
Unmet need for contraception (% of married women ages 15-49)	18	7	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	18	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	51	..	..
Incidence of tuberculosis (per 100 000 people)	84	71	60	48
Prevalence of HIV, female (% ages 15-24)	..	..	..	0.6

Prevalence of HIV, male (% ages 15-24)	..	..	..	1
Prevalence of HIV, total (% of population ages 15-49)	0.4	0.6	0.6	0.6
Tuberculosis cases detected under DOTS (%)	..	..	7	69
Goal 7: Ensure environmental sustainability				
CO2 emissions (kg per PPP \$ of GDP)	0.3	0.2	0.3	<i>0.2</i>
CO2 emissions (metric tons per capita)	1.4	1.5	1.8	<i>1.7</i>
Forest area (% of land area)	61	60	58	<i>56</i>
Improved sanitation facilities (% of population with access)	71	73	74	<i>77</i>
Improved water source (% of population with access)	83	86	89	<i>91</i>
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	<i>17.9</i>
Goal 8: Develop a global partnership for development				
Aid per capita (current US\$)	1	2	1	2
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	18	24	46	11
Internet users (per 100 people)	0.0	0.1	2.9	35.2
Mobile cellular subscriptions (per 100 people)	0	1	13	63
Telephone lines (per 100 people)	6	8	18	21
Other				
Fertility rate, total (births per woman)	2.8	2.5	2.4	2.2
GNI per capita, Atlas method (current US\$)	2.700	3.740	3.870	5.860
GNI, Atlas method (current US\$) (billions)	403.9	604.5	673.8	1.122.1
Gross capital formation (% of GDP)	20.2	18.0	18.3	17.9
Life expectancy at birth, total (years)	67	69	70	72

Literacy rate, adult total (% of people ages 15 and above)	..	..	86	90
Population, total (millions)	149.5	161.6	174.2	191.6
Trade (% of GDP)	15.2	16.0	21.7	26.2
Source: World Development Indicators database				