



PATRI
Public Affairs

Public Affairs in Brazil

Public Affairs Council

April 2021

Agenda

Overview

Covid-19 scenario

Economic, political and social outlook

Key challenges

Case study: an effective public affairs campaign in Brazil

Conclusion

About PATRI

Insightful consulting based on high ethical standards



On the ground
public affairs
company



Market leader with
30+ years of experience
in Brazil and **20+** abroad



Focus on **private initiative**
and **long-term relationships**
with clients



Recognized for
ethical and effective
performance

Overview



213M inhabitants



148M voters



12th global economy



1.4T (US\$) GDP



84th (0.76) HDI



26 States + Federal District

5,570 Municipalities

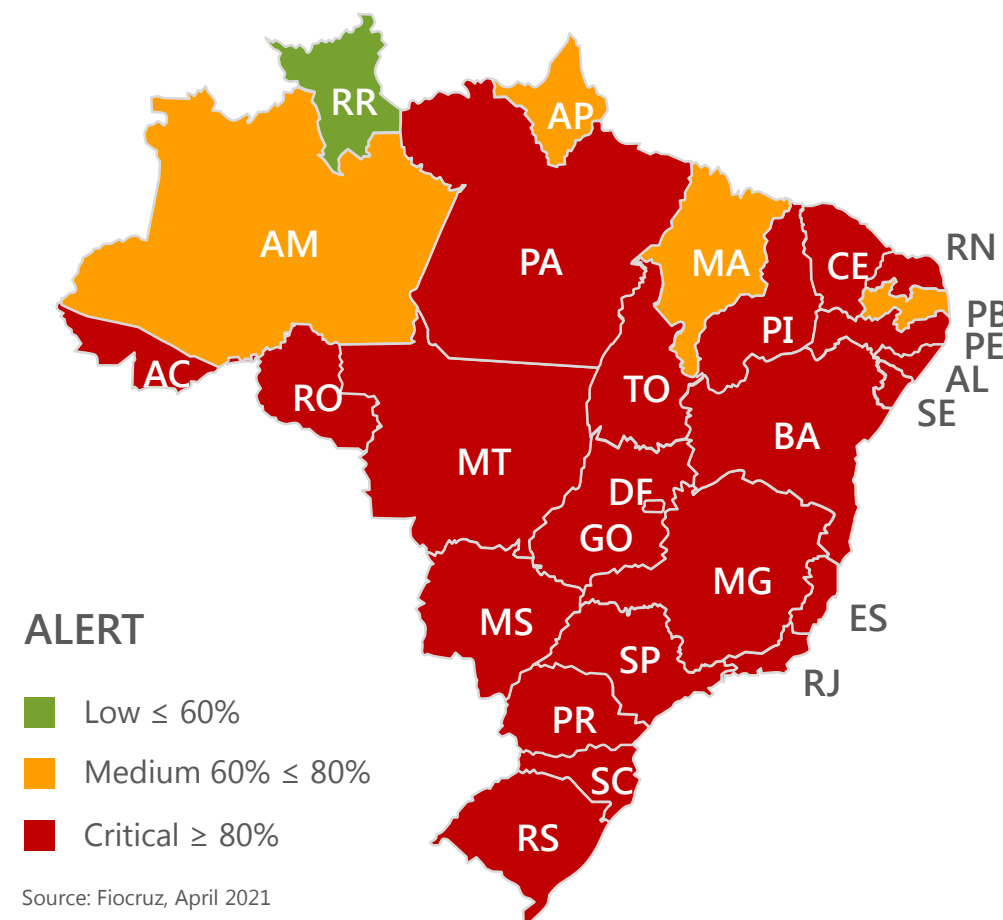
Source: IBGE, Superior Electoral Court, UNDP, WEF, IMF, UN

Covid-19 scenario

The long difficult road out of the pandemic

- The 3rd country with more cases globally: 14 million
- The 2nd in number of deaths: 390,000
- ICU bed occupancy rates remain at very high levels (above 80%) in almost all states
- Vaccination rollout has been slow: so far, only 30 million people have been vaccinated
- One new dangerous variant (P1)
- Lack of lockdown

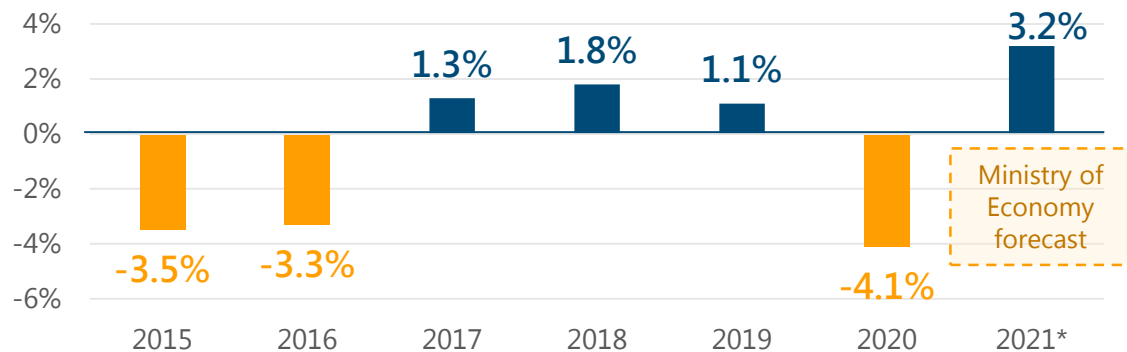
OCCUPANCY RATE (%) OF COVID-19 ICU BEDS FOR ADULTS



Economic outlook

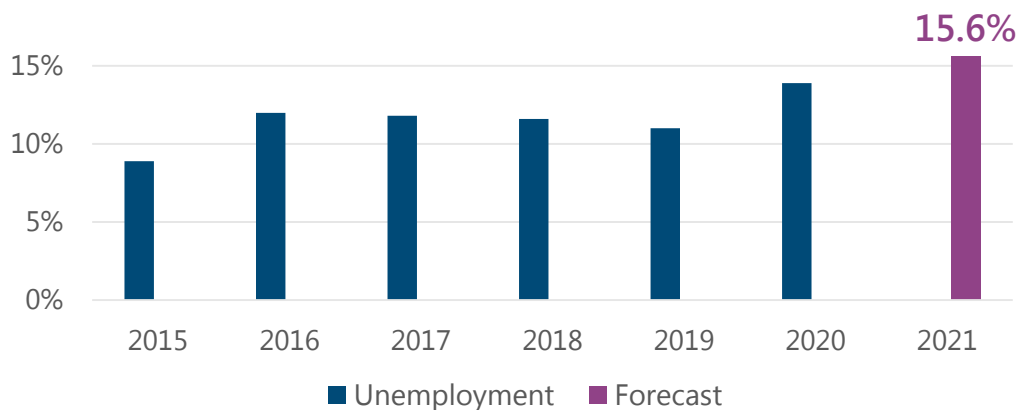
"Vaccine policy is economic policy," IMF

GDP GROWTH



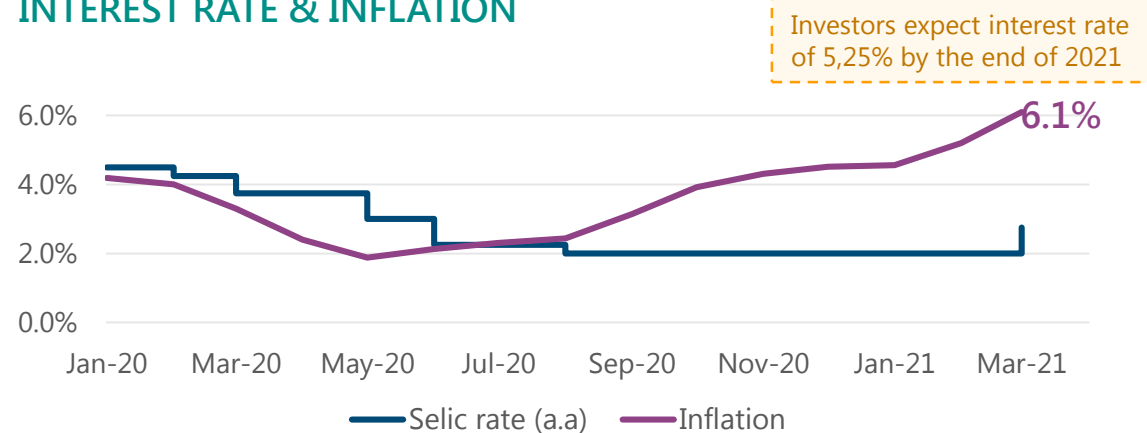
Source: IBGE

UNEMPLOYMENT RATE



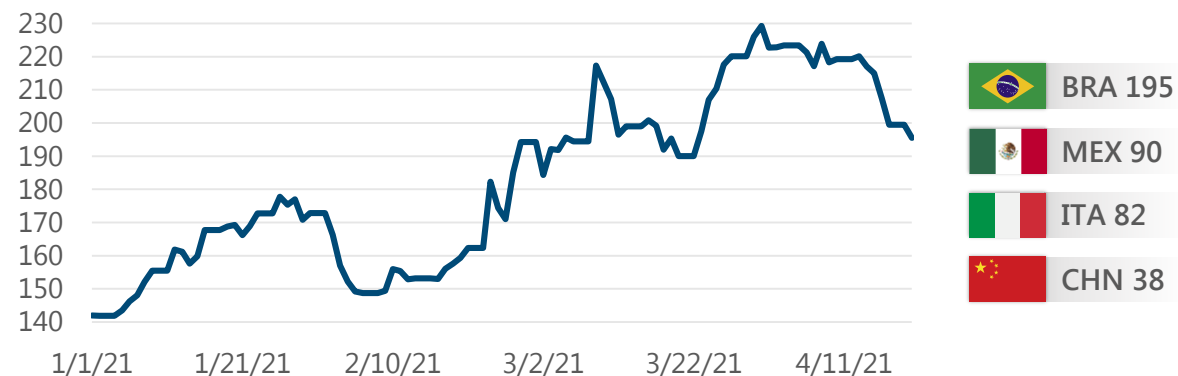
Source: IBGE and FGV

INTEREST RATE & INFLATION



Source: IBGE, Central Bank

COUNTRY RISK / INVESTOR CONFIDENCE



Source: Credit Default Swap CDS (5Y), Bloomberg Terminal

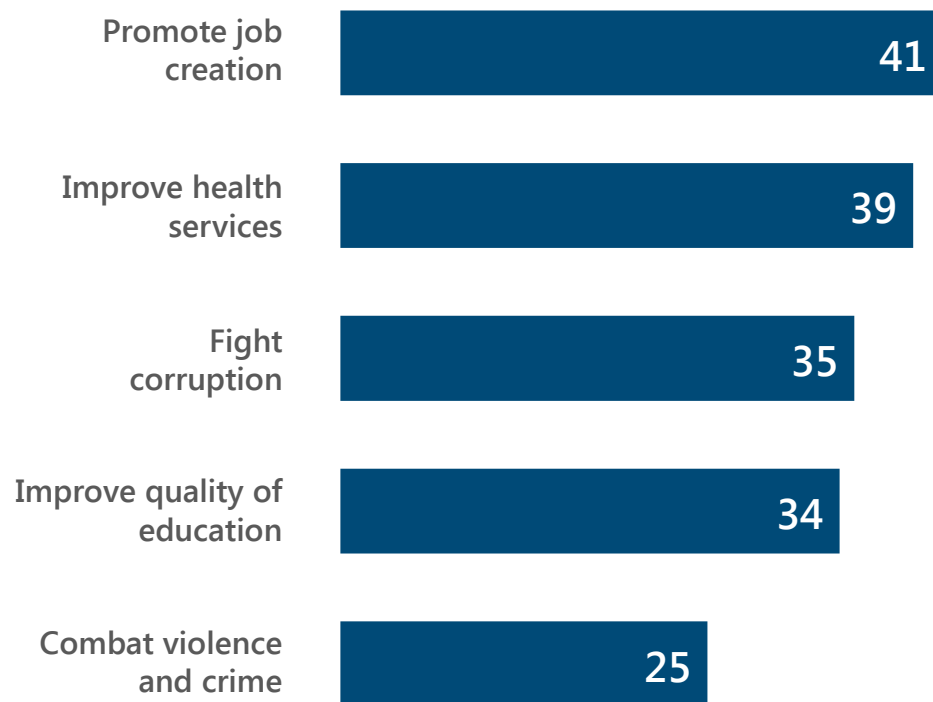
Civil society

2021 priorities for government and internet access

TOP FIVE GOVERNMENT PRIORITIES

Percentage of respondents by answer option (%)

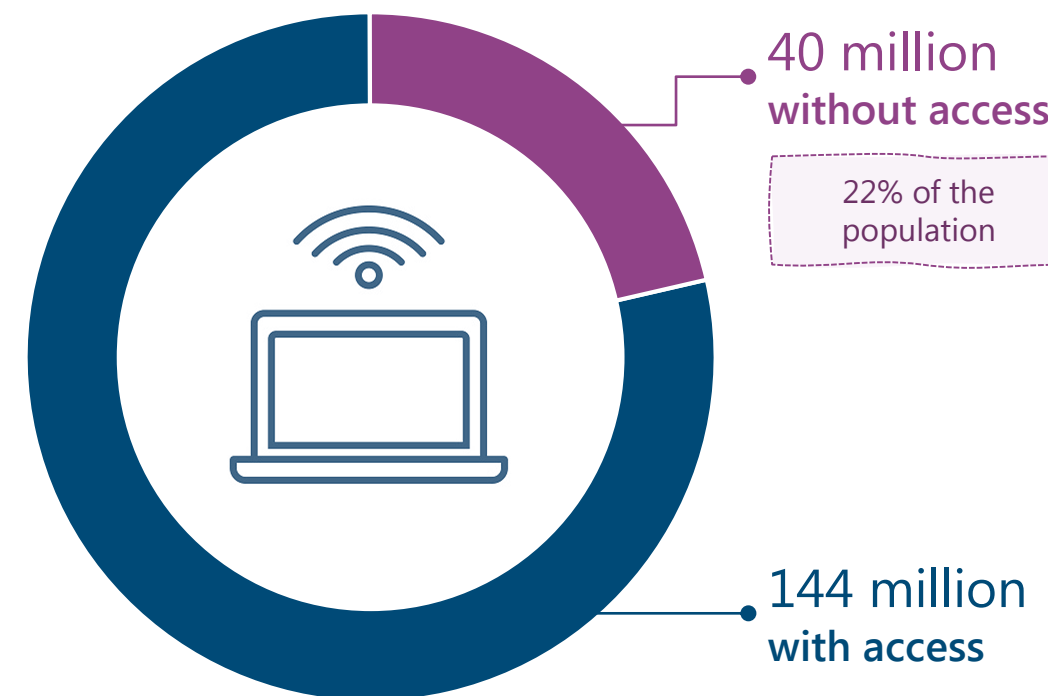
The sum is greater than 100% since each respondent can choose up to 3 priorities



Source: National Confederation of Industry poll, Mar 2021

INTERNET ACCESS

Number of individuals over age 10



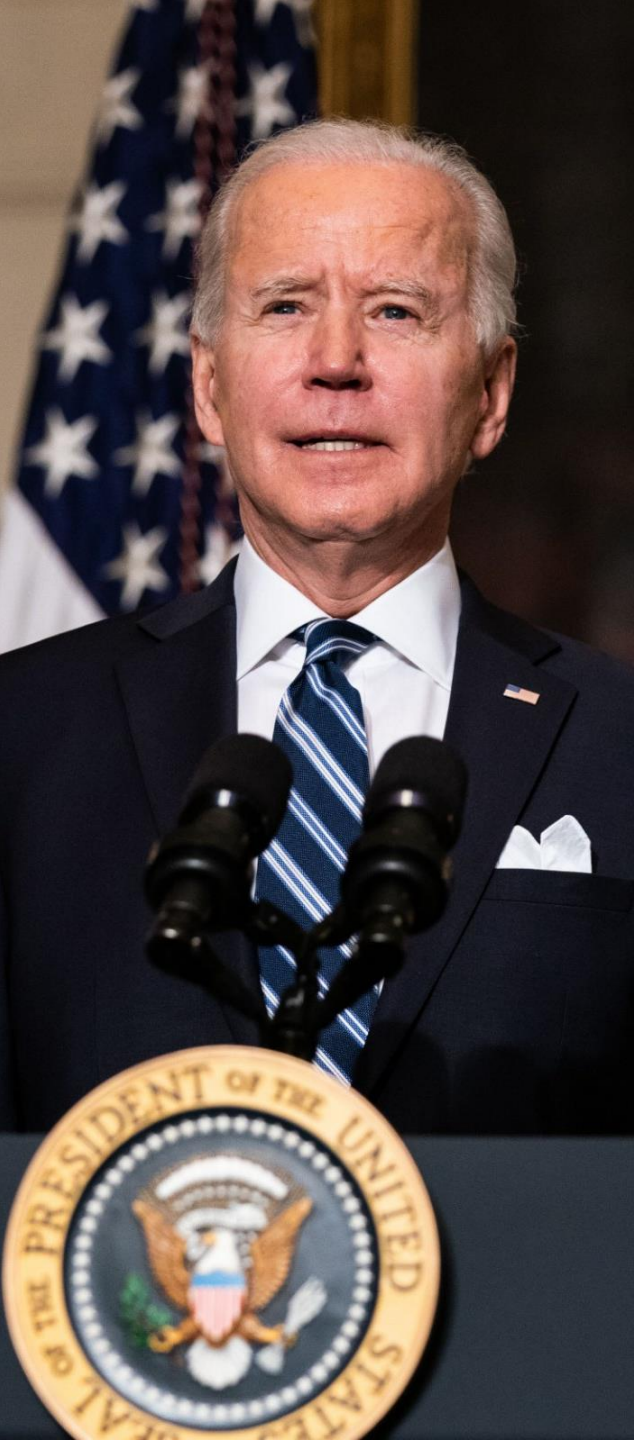
Source: IBGE, April 2021 (2019 data)



Political landscape

Tensions scaling up amid Covid and 2022 elections

- Covid and presidential elections aggravate political tensions
- A void has been filled from Bolsonaro's lack of the pandemic management
- Lack of national coordination of the pandemic lead to legal uncertainties
- Bolsonaro's approval ratings have fallen
- Senate Committee on Parliamentary Inquiry on Covid installed yesterday
- President Lula's comeback to the electoral arena shakes the political environment
- With election approaching, policy making processes are likely to be more unpredictable and populist

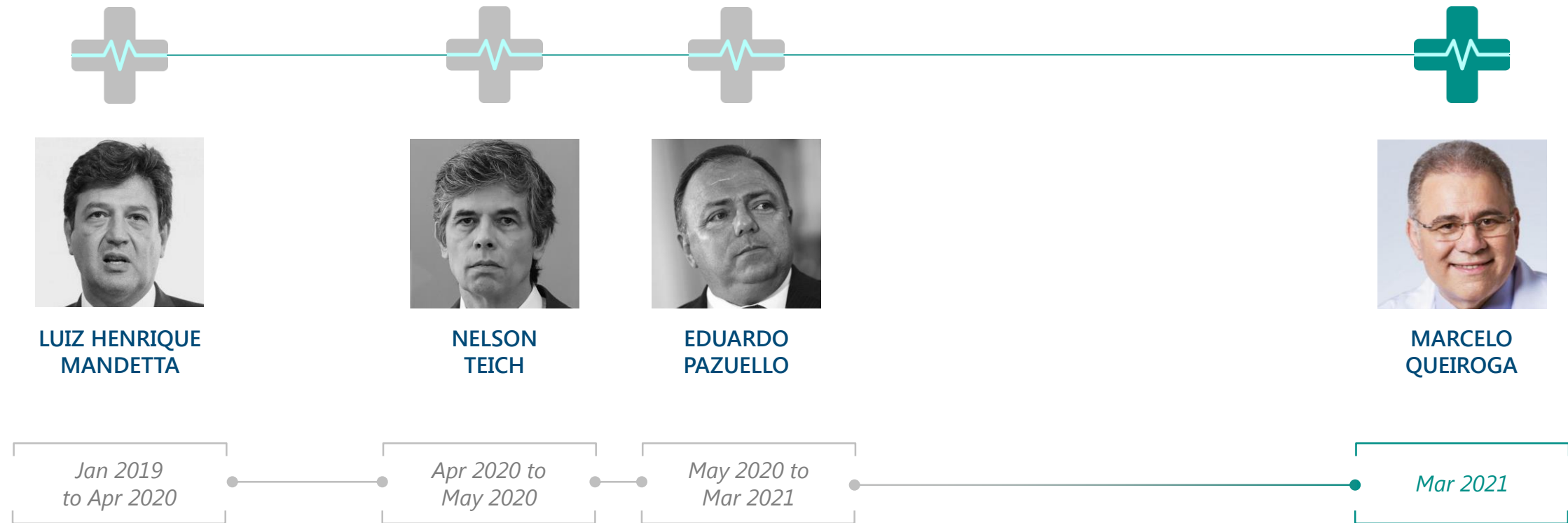


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Brazilian key challenges

Decision-makers roulette

MINISTRY OF HEALTH



Brazilian key challenges

Policy complexity

FEDERAL LEVEL



EXECUTIVE BRANCH

~**15,000**

Normative acts published in the federal official gazette per month



LEGISLATIVE BRANCH

+**36,000**

Bills under consideration in Congress

450
discussion
forums



JUDICIAL BRANCH

~**8,000**

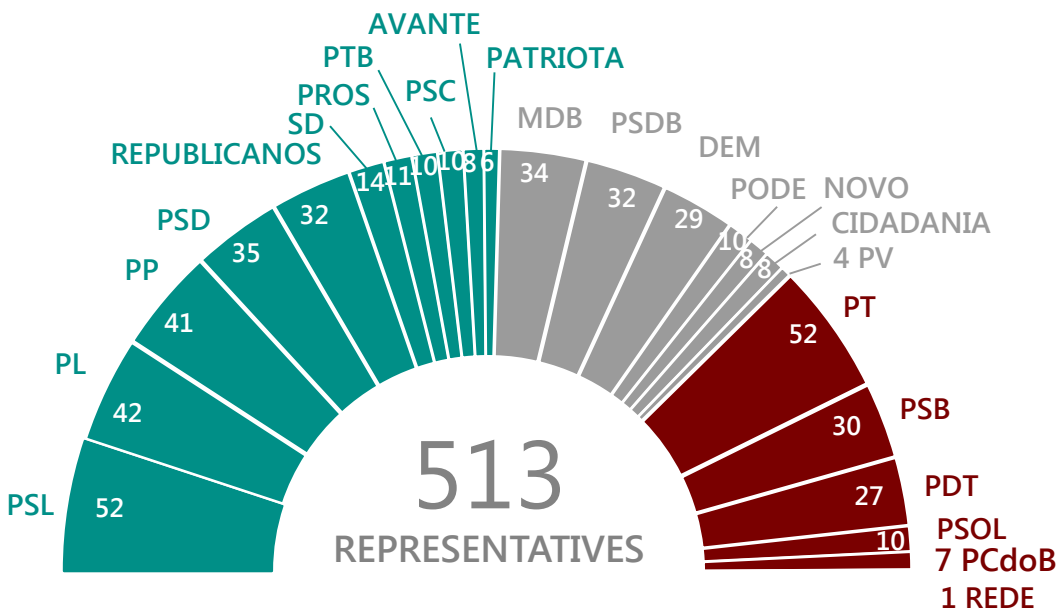
Actions examined by the Supreme Court per month

Brazilian key challenges

Political fragmentation

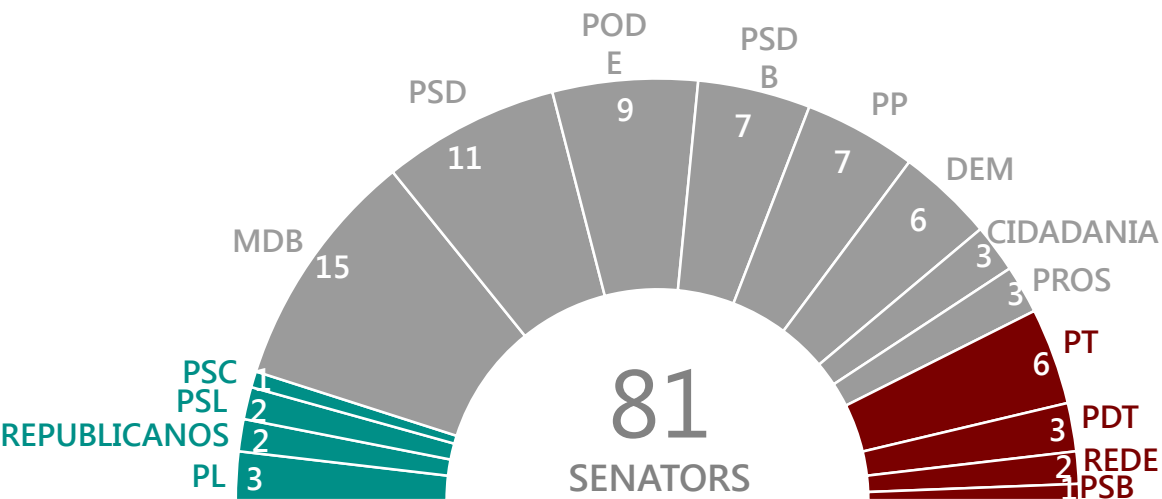
HOUSE

24 parties



SENATE

16 parties



Case study

Effective public affairs campaign in Brazil



Client reach out

Concerns over operations in Brazil (legal and ethical)



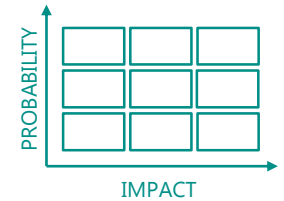
Risk assessment

Labor, environmental and compliance issues



Site visits & interviews

Around 30 key internal and external stakeholders in three states



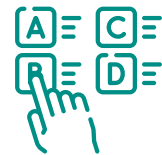
Risk matrix

Key findings led to risk management and mitigation plan



Contingency plan

Issues management: gap analysis (as-is / to-be) on each one of the nine issues



Risk management

Four options of action plans to deal with each risk



Stakeholder's engagement plan

Government, civil society organizations, media etc.



"War room" HQ global board meeting

Crisis Committee and action plans put into practice

Conclusion

Final comments



- 1 Brazil will continue to be a key global market
- 2 It's critical to have a team on the ground with deep knowledge of Brazilian policymaking processes, institutions and cultural aspects
- 3 Be extra careful with predictions given the high degree of uncertainty related to the post-pandemic period and the presidential elections coming up next year
- 4 Keep an eye on global policy issues and regulatory trends

- 5 The fast-paced change in Brazil's outlook demands nimble risk management and a strategic approach to decision-making processes
- 6 Civil society organizations have ascended in power and increased their scrutiny of companies
- 7 Be very objective in the message you need to convey: online meetings have been shorter than before



PATRI is Brazil's leading public affairs company with more than 30 years of experience in helping companies navigate the complex world of public policy, issues management and government relations in Brazil. With a team of over 75 professionals located in Brasília, São Paulo and Washington, DC, PATRI's expertise combines an in-depth understanding of multiple sectors, industries and stakeholders with an exhaustive knowledge of all branches of federal, state and municipal governments. For further information please contact us



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