

Haute Ecole

Groupe ICHEC - ISC St-Louis - ISFSC



Enseignement supérieur de type long de niveau universitaire

**The impact of worldwide event on
Brazil, case of the FIFA world cup
2014.**

**(Legacy of the actions taken before, during
and after the event)**



Mémoire présenté par **Damien DEJONG**

Pour l'obtention du diplôme de

Master in International business and management

Academic year 2016 - 2017

Promoter: Monsieur Mohamed SELMOUNI

Boulevard Brand Whitlock 2 - 1150 Brussels

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Thank you page

Through this part of my thesis I want to thank some people for the help they provided me during those months of preparation of my thesis but also during my all education.

My thesis represents the end of my training at ICHEC business management school and not just a work. I would like to thank every teacher and I want all students I worked with during all those years for helping me growing and being the man I am today.

A specific thank you goes to my advisor Selmouni Mohamed that helped me in very difficult times when I was lost and hopeless. He managed to make me believe in myself and thesis. Thanks to him and his commitment I could advance step by step and ultimately finish my thesis.

Another specific thank you goes to my mom and my girlfriend who were there during all those moments of doubts and struggle. They helped me in my reflexions and supported me during those months even if the subject of my thesis was sometimes too complicated for them.

Without all those people behind me I could never have achieved this thesis and end my training and master in International Business and management.

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INTRODUCTION

In a world constantly changing, with countries growing and developing fast, the struggle is real to become and to be recognized as a developed and powerful country. To be part of the few that lead the world and its policies, countries have to show what they are capable of. This is with that in mind that Brazil decided for the last two decades to invest in its development and its image.

Brazil and sports are often associated and most particularly with football as being the only country winning five times the FIFA world cup. What better way to show the world what Brazil is capable of and its development than by hosting a worldwide sportive event?

When in 2007, Brazil was selected as host for the 2014 World Cup, almost every Brazilian were happy and celebrating the come-back of their world cup with their mind full of hope. This would be the occasion to invest in more than needed infrastructures as airports, subway lines, busses lines, highways, etc. The government was sure that it would be financed almost exclusively by the private sector and therefore would not have to worry about anything and only enjoy from the benefits.

But very soon after the acceptance day, the population started to have doubts and with rights. The government realised its naivety and that it would be impossible to count only on the private sector and would have to invest in time, energy and most importantly money.

The problems started to increase and with them the protest from the population concerning forced removals, lack of investments, bad management, etc. The Brazilians started to lose their hope that the world cup could bring them any improvement and the international press was there to broadcast to the rest of the world the tense situation between the government, the population and even FIFA.

FIFA is the organization that owns the brand and the rights concerning the world cup. FIFA doesn't want anybody or any government to challenge their vision of their world cup. FIFA makes the rules and became very quickly the culprit to the eyes of Brazilians. FIFA was depicted as the super powerful association just interested in money and make benefit at the expenses of Brazilians.

Being a huge fan of football, I could not spend one week of the years before the world cup without reading articles concerning the event that was going to see the Belgian national team shine again.

But at the time, I was only interested in the game and the results of the teams. Nonetheless, I was concerned and aware that the situation was problematic and something was not right.

With my training in high school and in university I learned to reconsider everything I see or read, to ask myself questions and forge my opinion in order to make my own idea of the situation.

At the beginning of the school year 2016-2017, when I started to think about what could I work on for my thesis, naturally football came in my mind, being my passion. From time to time I was reading articles about Brazil, Rio de Janeiro and the bad shape of the mythic Maracanã stadium, the corruption in Brazil and FIFA and the consequences for Brazil of hosting the world cup. This is at that moment I remembered everything I heard about the mishandling of the event and I started asking myself questions.

Why so many Brazilian were protesting about the world cup while they were so happy in 2007? Why don't we hear about those protests anymore now that the world cup is over? The corruption cases in FIFA and in Brazil, had they any impacts on the world cup or the country? Was all the blame that were given to FIFA true? What was the goal for Brazil to decide to host the world cup? And finally, the question that was going to be my red wire during the thesis and my research. What are the real impacts of the world cup 2014 on the development of Brazil?

To answer those questions, I decided to structure my thesis on four main Parts.

Part I, the context. In this part, I am developing the theoretical concept of economic development and its different components that are going to be the backbone of my analysis. I am also developing the situation of Brazil by explaining its geography, demography, education system, health system, political system and its economy to make sure the specific condition of the country is understood before going further. This part will also see the development of the centre of the subject, the FIFA world cup. Without a correct understanding of what the world cup is, the analysis cannot be done.

Part II, the FIFA World Cup 2014. This part will develop the expectations of Brazil for hosting the world cup and how much they expect to influence the tourism, the social situation, the politics, the infrastructures, the cities and the economy. I will also deal with the issues, risks, challenges and opportunities that arisen during the preparation. And finally, with the involvement of FIFA in the world cup. This part is to understand the reason why Brazil wanted to host the event, the

danger of hosting a worldwide event and the relations with FIFA by collecting data from different written sources, national, international, independent, etc.

Part III, The results. This part is the core of the event, including the preparation time, the two months of the world cup and the actual situation in 2017. An analysis will be conducted of the investments and the evolution of the situation in Brazil by using macroeconomic indicators and graphics from independent sources. At the end a development of the actual overview of Brazil will be conducted.

Part IV, the legacy after the event. This part is the conclusion of the thesis and is going to try to answer the research question. What are the impacts of the world cup on the development of Brazil. But also see if the hypothesis posed is verified. Thanks to hosting a worldwide event, Brazil could give a boost to its development.

A conclusion will be added to summarize the results and give a personal point of view on the legacy left by the world cup on Brazil and its usefulness. I will in that part have the time to take a personal feedback on the work, see what could be done for further research and analyse the limits of my work.

PART I: The context

In order to start the analysis of the impacts of the world cup on Brazil, I am starting by looking for data, information concerning the context and their concepts. This to understand the initial situation and the different protagonist involved.

As I am focusing this thesis on the impacts made on the economic development of Brazil, I must start by a definition of this concept that is going to guide to the first part of the thesis.

Economic development

“Development economics is a branch of economics that focuses on improving the economies of developing countries. Development economics considers how to promote economic growth by improving factors such as health, education, working conditions, domestic and international policies, and market conditions in developing countries. It examines both macroeconomic and microeconomic factors relating to the structure of a developing economy and how that economy can create effective domestic and international growth.” (Investopedia,N.D)

“Development is about creating freedom for people and removing obstacles to greater freedom. Greater freedom enables people to choose their own destiny. Obstacles to freedom, and hence to development, include poverty, lack of economic opportunities, corruption, poor governance, lack of education and lack of health.” (Amartya Sen, 2001)

With the analysis of these definitions I realise that the economic development is mainly divided in 5 parts namely, Geography and Demography, Education, Health, Political and the last one but not the least, Economical.

With the understanding of the definition of the concept, I can now start to analyse the first point of context of my thesis, the country, Brazil. I am therefore going to divide the description of the context in Brazil in those 5 parts.

Brazil

Geography, Demography

Brazil, officially called Federative Republic of Brazil is the fifth largest country in the world and the largest in Latin America and the only one speaking Portuguese in Latin America. His superficies is about 8,547,877 squared kilometres including 55,455 squared kilometres of water with on its borders nine countries and French Guiana. (CIA, 2017)

The country is divided in 5 regions and 26 states and the federal district of Brasilia. (CIA, 2017)

The South region

Including 26 million people in 3 states, Parana, Rio Grande do Sul and Santa Catarina (6,76 % of Brazilian territory). This region has the second most important GDP per habitant and the highest rate of alphabetisation with a large community of European immigrant. (Brazil-help, 2017)

The South-East region

Constituted with the sates of Sao Paulo, Minas Gerais, Espirito Santo and Rio de Janeiro accounting for 80 million of people. This is the most industrialized region with very well-known city such as Rio de Janeiro, Belo Horizonte and Sao Paulo. (Brazil-help, 2017)

Table 1: Map of regions and states of Brazil



Source: Brazil-help.com. (2010). *Brazil's Regions and States*.

http://www.brazil-help.com/brazilian_states.htm

Rio de Janeiro is the cultural capital of the country with its carnival, Maracanã (third biggest football stadium in the world) and the biggest library of the country. This region is also known due to due biggest gold rush in Brazil in the XVII century in the state of Minas Gerais. The city of Sao

Paulo is the world capital for trading coffee thanks to his immigrant from Europe and Japan that made this city the richest of all Brazil. (Brazil-help, 2017)

The North-East region

With the states of Alagoas, Bahia, Maranhao, Paraiba, Pernambouc, Piaui, Rio Grande do Norte and Sergipe. This region counts 54 million of people. (Brazil-help, 2017)

The Centre-West region

With 16 million people and the states of Mato Grosso, Mato Grosso do Sul and Brasilia is the region with the capital of the country since 1960, Brasilia. (Brazil-help, 2017)

The North region

Including 18 million people and seven states, Acre, Rondonia, Para, Tocantios, Amapa, Roraima, Amazonas. This region is mainly covered by the Amazonian forest and therefore has a very low density of population (4 people per squared km) but with a very rich biodiversity. (Brazil-help, 2017)

This country-continent is situated between the equator and the tropic of Capricorn, deeply inside the continent for the North region and next to the Atlantic Ocean on the East region. This geographical situation leads to a very different climate from one region to another and even from one state to another. The country has at least 5 different type of climate, from tropical to tempered and going through semi-arid. This specific situation of the country makes it a very rich place in terms of biodiversity, biological reserve, forest, mining reserve etc.



Table 2: Map of the highways in Brazil

Source: Imago mundi. (2013). *Map of Brazil*. <http://www.cosmovisions.com/Bresil-Carte.htm>

This natural heritage is in jeopardy due to illegal deforestation, mining, farming, fishing, poaching etc. the Brazilian government is also responsible for some destruction of their own natural environment by allowing the set-up of dams in the middle of natural reserve, by a lack of control of toxic and polluting waste in the rivers, nature. The government is also trying to improve quickly the connection between regions and states but with those constructions of new project they participate in the destruction of their natural reserve. (CIA, 2017)

Demography

As the demography is concerned, the country is the fifth most populous country in the world with 211,148,301 of people (2017). Most of the Brazilians come from European and African immigrant, indigenous population represent only 0,4% of the population. The indigenous population is divided in 690 recognised territories and 98,5% are located in the Amazonian forest.

Nevertheless, most of their territories are stolen or destroyed for industrial exploitation. The tribes can reach 40.000 for the biggest but most of them don't reach 1000, there is even a tribe with only one man remaining. The federal government of Brazil recognises in theory but not in the facts the indigenous and their ancestral right of their own land and are still considered as underage in the political live even though Brazil signed the United Nations conventions about the rights of the indigenous population. The rest of the population is made of 47,7 % of white, 43,1% of mulatto (Mixed of white and black) and 1,1% of Asian. (CIA, 2017)

Age structures

Brazil is still considered as a developing country (with high birth and death rate). One of the indicator of a developing country is its age structure. The percentage of population under 15 is 26,3%, between 15 and 64 is 67% and after 64 is 6,7%. Those data show us that the population pyramid is an expanding one which correspond to a developing country. (CIA, 2017)

The total median age of Brazil is 31,6 years old with a population growth rate of 0,75% (2016) which is in decline (appendices 16).

Life expectancy

The life expectancy is about 73 years with an infant mortality rate of 18 deaths/1000 live births. (CIA, 2017)

Urban population percentage

The urban population percentage reaches 84% in 2017 representing 178,168,858 and is in constant growth since at least 2000 when the ratio was of 80% representing 141,684,026 (appendices 16). (CIA, 2017)

Dependency ratio

“The dependency ratio relates the number of children (0-14 years old) and older persons (65 years or over) to the working-age population (15-64 years old)” (UN. 2007).

In Brazil, the dependency ratio is of 49,2% and going down since 1964 (CIA, 2017) which is good for the economy of the country. Indeed, if a country has a high rate of dependency it implies (Investopedia, N.D.):

- Lower taxes because retired people pay less taxes.
- Higher government spending due to pension, benefits for children etc.
- Less taxes income from working people that lead to new taxes.
- Less pension funds because of cuttings done on government budget.
- Pressure to change the pension age to make people work longer and influence on one of the parameter of the ratio.

Education

To write about education in Brazil, I am going to start with the education system and then highlighting some indicators that show the evolution through the time.

The education system in Brazil is divided in 4 parts, mandatory, non-mandatory, public and private. (Ministry of education 2016)

- Educação Infantil (pre-school) isn't mandatory and for children between 2 and 5 years old and involve taking care during the day and pre-schooling.
- Creche isn't mandatory and for children between 2 and 4 years old is not mandatory and involve only day care. The government may offer it but the number of place is limited.
- The pré-escola is mandatory for children between 4 and 6 since 2016.

- Ensino fundamental I and II (fundamental education) is mandatory for children between 6 and 14 years old.
- Ensino Médio (secondary school) is mandatory since 2016 for children between 15 and 17.
- Ensino Técnico (technical school) is provided by public institutions and can be followed only with the diploma of fundamental education.
- Ensino Superior (higher education) is for adults and therefore no mandatory that is divided in graduação (bachelor) and Pos-graduacao (Master, PHD etc.). In order to attend to classes of higher education, students have to pass a test called ENEM (Exame Nacional do Ensino Médio). (Brazil.org, 2010)

The education system in Brazil is financed by the states, the municipality and the federal government, each of them financing their own part. The Brazilian constitution states that 25% of the state budget and 18% of federal taxes are to be spent on the education. Early childhood, primary and lower secondary levels are financed and managed by municipal and state government while upper secondary only by state government. For the tertiary level, 75% are financed and managed by the federal government and 15 % remaining are financed by regional government. (UNESCO, 2016) (The Brazil Business, N.D.)

The education system is also divided into private and public. More than 80% of the students are going to public school even though there was an increase of children in private school of 14% between 2010 and 2013 (Censo da Educação Básica, INEP). The difference is that for private school parents must pay but not in the public. Another difference comes from the number of students in classes and number of hours given per day. Indeed, in private school there are less student and therefore the classes last at least 6h a day while in the public the overcrowded classes last only 4 hours a day. This is a solution to the overcrowded classes, dividing them into two groups (one in the morning and the other one in the afternoon). To finish this comparison of private and public school I need to mention that in public school students cannot overtake a year unless they never came to class. In private school, it is the same as in Europe, student when they fail will overtake the year. (The Brazil Business, N.D.) (Brazil.org, 2010)

To tackle the issue of education the Brazilian government decided in 2014 to implement a new plan in 10 years. This plan called Plano Nacional de Educação (PNE) wants amongst other increase the mandatory education years (done in 2016) and almost double the spending in education. In 2012, the government spending was about 5,3% of GDP and the aim is to reach 10% of GDP in

2024. In the meantime, it rose to 6,2% in 2016 and is forecasted to reach 7% of GDP in 2018.

(Australian government, N.D)

Now I am going to show some data about the results of the education system in Brazil.

Literacy; 95% of 15 years old and over can read (2015) and Illiteracy is decreasing from 16 million in 2010 to 13 million in 2012. 18% of the population in 2013 is functionally illiterate meaning that they know numbers and how to use words but are not able to understand or write a sentence as simple it is. As seen in appendices 3, 4 and 5 concerning reading, science and mathematics performance, the results are being stable since 2008 but far from the OECD average.

As in most developed countries, the enrolment rate in vocational programmes, 4% (upper secondary level, 15-19 years old) is less than in general programmes 40%. The vocational programmes are studies where children are trained to a specific job. (Ministry of education, N.D.) Indeed, Brazil invested a lot more in tertiary programmes, therefore many students that have the possibility to pay prefer continuing the general programmes to reach a university level. In 2014, a worker with a diploma of bachelor earn 2 times more than a worker without and workers with a tertiary diploma of master or PHD earn 4 times more than worker with upper secondary diploma. In 2014, 72% of people without upper secondary diploma are employed while with a tertiary diploma it reaches 88%. (OECD, 2017) (CIA, 2017)

Brazil is rising its number of adult with education reaching 14% in 2013 (appendices 6) and with tertiary education (appendices 8) but still struggles with equality between gender. Tertiary-educated women earn 64% as much as men for the same task. (Santander, 2017) (CIA, 2017)

The public spending for education represented 16,1% of total spending in 2013 while in the rest of OECD it was around 11,3%. The spending on education (mostly primary and secondary) represented 4,1% of GDP in 2005, reached 5,5% in 2013 and 6,2% in 2016. While the spending per students are way higher for tertiary level (13.540 USD) than for primary and secondary level (3.824 USD). (OECD, 2017) (CIA, 2017)

Child labour in Brazil is still a very important problem and it amounts to 959,942 (in official numbers) out of 46 million of under 15 years old children. (CIA, 2017)

Health

The Brazilian health system called SUS is managed by every level of the government and the ministry of health. In addition to the public system that is free for every Brazilian citizen, there is the private health system and non-profit health organizations. (CIA, 2017) (OECD, 2016) (Santander, 2017) (WHO, 2016)

For all Brazilian citizens and foreign resident with the Brazilian identification card and the SUS card have access to free healthcare. Because of the free of charge access to public hospital, around 70% of people are using them while the rest are going in private hospital where they must pay unless they have a private insurance covering medical intervention. (anglo info, N.D)

In Brazil poverty is a well-known problem but with the support of the world bank they managed to implant the Bolsa Familia since 2003 which helps around 50 million people to get out of poverty. (CIA, 2017) (OECD, 2016)

In 2016 Brazil had to face the outcome of the virus Zika which can be very dangerous for pregnant woman and young babies. Many organizations such as red cross or even the world bank have supported Brazilian government in measures to eradicate the spreading of the virus. (WHO, 2016)

Another famous problem in Brazil with health is the rate of mother's death while giving birth. Indeed in 2010 the ratio was still 63,8% but with the intervention of the Brazilian government and the help of international organizations is it has been reduced to 37,5% in 2015 (appendices 17).

In Brazil, private and public sector have both grow their investment in health. On the 2 graphs hereunder, we can see that since 2002 the health expenditure has risen to reach almost 10% of GDP in 2014.

Table 3

Health expenditure - total (% of GDP) in Brazil

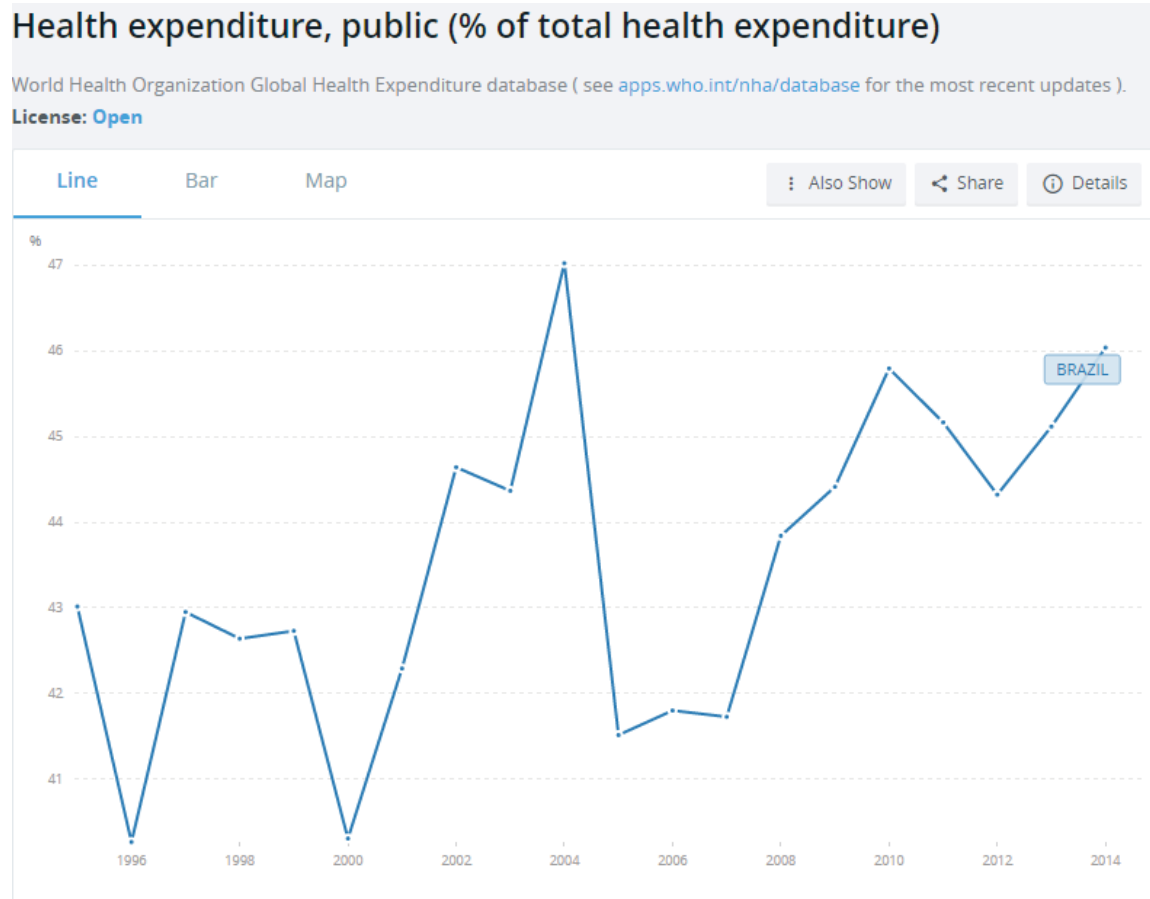
Health expenditure; total (% of GDP) in Brazil was last measured at 9.66 in 2013, according to the World Bank. Total health expenditure is the sum of public and private health expenditure. It covers the provision of health services (preventive and curative), family planning activities, nutrition activities, and emergency aid designated for health but does not include provision of water and sanitation. This page has the latest values, historical data, forecasts, charts, statistics, an economic calendar and news for Health expenditure - total (% of GDP) in Brazil.



Source: Trading economy. (2017). *Health expenditure in Brazil*.

<http://www.tradingeconomics.com/>

Table 4



Source: world data bank. (2017). *Health expenditure, public*.

<http://data.worldbank.org/country/brazil?view=chart>

The proportion of public investment in health are not very stable, between 2004 and 2014, investment went from 47% of GDP to 46% and passing by 41% in 2005. But since 2005, the trend is upward but with still more investment from the private sector than the public one.

Political

To analyse the political situation of Brazil I am first starting by using some definition to decide which facts and data are relevant to analyse. By reading articles about political situation I realised that people tend to analyse the political risks of a country (intern and extern), the way the government is elected, the relation they have with other countries and the application of laws on the population of the country.

I started trying to find a definition of political situation or political development but this appeared to be an impossible mission because as said before there is multiple indicators used but no real definition. Nevertheless, I could find a book leading me through another way of analysing the political definition and development with the book of Nancy Baster (2016).

“International bodies such as the United Nation Statistical Office produce an enormous number of economic, social and cultural data series but publish virtually nothing that could be designated a political organization... We are not now and possibly never will be in position to find indicators of the political development process; we must work at indicators of several processes. Only after gathering these and analysing their functional relationships, if then, can we even attempt an overarching definition of that elusive term political development.”

After reading that definition I realised that the best way to analyse a political situation is to find and analyse indicators that are linked with politics such as political risks, political freedom, political stability, political certainty, corruption, international relationship etc.

I started by using a definition of political risks from Investopedia.com (2017): “Aside from business factors arising from the marketplace, businesses are also impacted by political decisions. There are variety of decisions governments make that can affect individual businesses, industries and the overall economy. These include taxes, spending, regulation, currency valuation, trade tariffs, labour laws such as the minimum wage and environmental regulations.”

Another extract from a research about country risk analysis from SIMONA VALERIA TOMA, MIOARA CHIRIȚĂ, DANIELA ANCUȚA ȘARPE (2011) enlighten that even if it is difficult to determine some definitive indicators we can always use the latest news that arise. “Unfortunately, little theoretical guidance exists to help quantify political risk, so many “systems” prove difficult to replicate over time as various socio-political events ascend or decline in importance in the view of the individual analyst. The structure of the government and its features like political and

administrative organization are also relevant aspects to be approached. The political forces which act in the country, their representatives and the main national issues that have been discussed must be focused, once they can give an important vision about what the investors could expected in terms of economic and sector policies and its consequences for the non-residents capital owners. Particularly important is the dominant conception about democracy, military subjects, relationship with the international market and the geo-political strategy of development”

Now that I have some definitions to help me to describe and analyse the political situation of Brazil I can start by the description of how is constituted the government.

Brazil is a democratic republic elected through universal suffrage. Voting is compulsory for people between 18 and 70 years old but is allowed (not compulsory) for people between 16 and 18 and older than 70 years old. The president is elected for 4 years and is the chief of the executive branch being chief of state and head of government he appoints the council of ministers. The government is formed with the executive branch, the legislative branch and the judicial one. (CIA, 2016) (santander, 2017) (OECD, 2016)

The legislative branch is constituted of the national congress that is divided in federal senate and chamber of deputies. (CIA, 2017)

The judicial branch of the government is constituted of the supreme federal tribunal, the tribunal of the union, federal appeals court, superior court of justice, superior electoral court, regional federal courts and state court system. This branch is responsible for the approbation or the denial of any decisions made by the government. (BTI, 2016)

On this date 24 March 2017, the president is an interim president Michel Temer who replaced Dilma Rousseff the 12 May 2016 because she was implicated in a corruption trial about PETROBRAS scandal.

The website Freedom House that is analysing the freedom of political rights, expression and beliefs, association and organizational rights characterize the freedom status of Brazil as free.

The indicators about political stability and certainty are very important and even maybe more due to Brazil history. Indeed, Brazil is a Republic since the military coup of 1889. Nevertheless, Brazil suffered several times of dictatorship in the meantime, 1930-1934, 1937-1945 and 1964-1985. (CIA, 2017) (OECD, 2016)

Since 1986, Brazil is a democratic republic but with a regular problem of corruption. There was the Mensalao scandal in 2005, Cansei, Privataria Tucana, Collor de Mello (1992) etc. In 2016 and 2017 corruption is still a major problem in Brazil with the PETROBRAS scandal and the meat scandal. (Financial times, 2017)

The PETROBRAS scandal is the biggest scandal in Brazil, it involves deputy, minister and even the two-last president. Luiz Inacio Lula da Silva was charged with money laundering and Dilma Rouseff charged with misadministration and disregard to federal budget. She is accused of using money of the government without saying it. This case of corruption is also the biggest due to the importance of the company of the same name.

PETROBRAS company is a public Brazilian company for run oil and the scandal is that between the year 2000 and 2014 contracts were overcharging PETROBRAS. Almost every people involved could get their share of this excess of charge as long as they were letting it continue unnoticed. The company was making profit nonetheless all those year (since 1991 no loss registered) until 2016, when it reported a loss of 6,6 billion Real. This is damaging for the political situation of the country but also for the economy because PETROBRAS is worth as much as 12% of the Brazilian GP. Which means the government and the banks cannot allow this company to go bankrupt. (Moody's, 2015) (BBC, 2016)

Now I am going to focus on political risk which includes taxes, spending, regulation, currency valuation, trade tariffs, minimum wage. The country is classified by the Credendo analysis for 2017 for political risk. Going from 1 to 7 (from good to bad) the rating for Brazil vary. Indeed, the rating for political risk at short term is 2 while for medium and long term the rating is 5. The currency inconvertibility and transfer is also 5 while the political violence risk is 2.

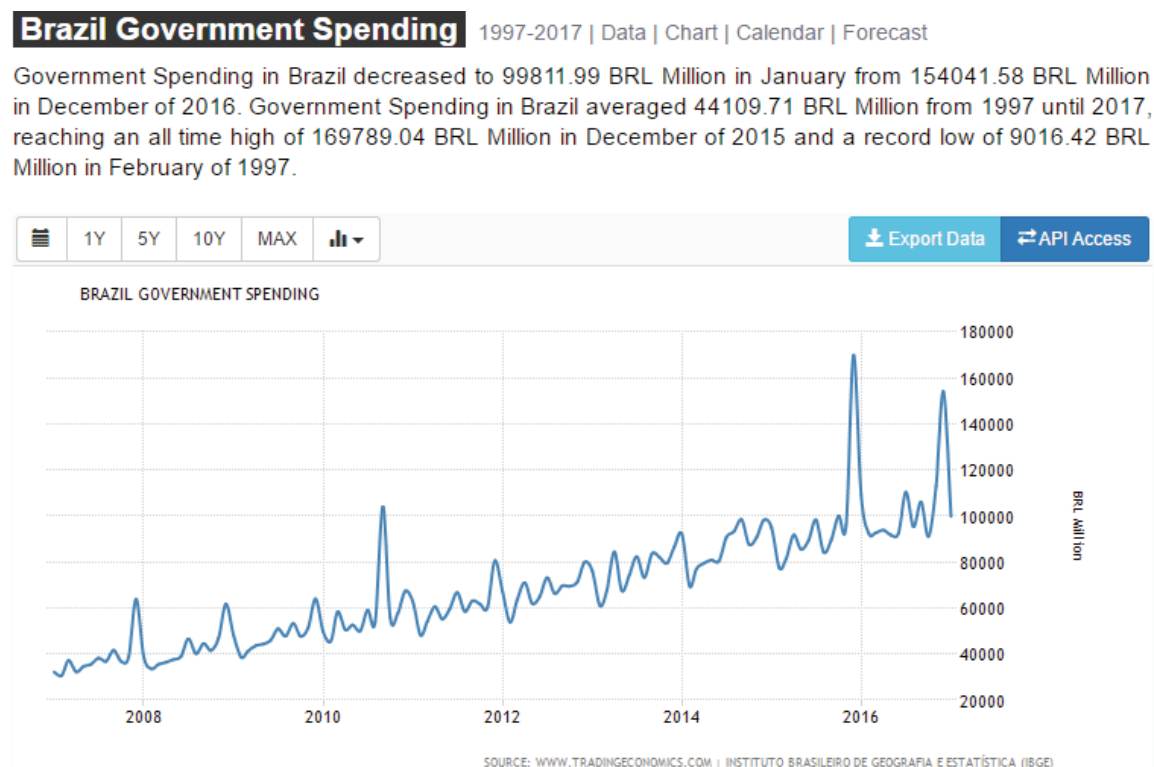
Hereunder, the most common taxes in Brazil (BTI, 2015) (CIA, 2017):

- ICMS which is the taxes on good and services (vary from states)
- IPI, industrialised product imported, vary from the good and the country (federal taxes)
- Taxes on settled in Brazil company (federal taxes)
- Taxes for foreign companies, on their worldwide benefits
- PIS and COFINS for companies to finance the social security, taken on their gross incomes

I continue with the currency which is the Real and is depreciating against dollar and at this date 27 March 2017 1USD = 3,1112 Real. With a rating of 5 out 7 from Credendo for currency inconvertibility and transfer, this is not a good news for Brazil because might prevent investors to come in Brazil.

Now I am going to explain the spending of the Brazilian government which have gone up steadily since 2008 even though there were some months were the spending skyrocketed to fall back a few times after. We can clearly see that there is a trend to go up in government spending, even between 2013 and 2016 while the GDP growth was negative.

Table 5



Source: Trading economy. (2017). *Brazil government spending*.

<http://www.tradingeconomics.com/>

I am ending the political risks by analysing the evolution of the minimum wage in Brazil. In 2017, the minimum wage is about 937 Real/month which increase almost every year since 1994 were it was at his lowest with 64 Real/month. (Eulerhermes, 2017) (COFACE, 2017)

To end with the political situation in Brazil I am making a summary of the international relations situation and their consequences.

First, the doing business indicator taken from the World Bank website. The ranking of Brazil for that indicator is 123 out of 190 which is not a good position and Brazil lost 2 places between 2016 and 2017. But even if the global indicator on doing business has shown some kind of weakness, there are some positive points. As the World Bank rapport enlighten, there was some reforms taken to facilitate creation of business, cross-border trade and contract execution.

Brazil thanks to his size of land and economy and his resources such as oil, wood etc. is now considered as one of the most important partner. Therefore, Brazil is involved in many global organisation going from economy to environmental targeted such as G20, World Trade Organisation, BRICS (Brazil, Russia, India, South Africa), IBSA (India, Brazil, South Africa), BASIC (Brazil, South Africa, India, China) and G4. But it is also an important partner in his own region being part of Mercosur (Argentina, Brazil, Paraguay, Uruguay, Venezuela), Unasur and CELAC. Being part of all those worldwide or regional organizations, Brazil is involved in almost every big decision in the world. (CIA, 2017)

Economical

Brazil is the ninth largest economy in the world and in south America even if Chile has a better GDP per capita. However, Brazil suffer from a recession since 2013 and saw his economy fall for 3,8% in 2015. Brazil's economy is based on agriculture, mining, oil, gas, beef, sugar, orange juice, chicken and soybeans. (OECD, 2016) (CIA, 2017) (Santander, 2017)

China became Brazil's largest trade partner taking the place of the USA, in 2010 Brazil was exporting for 20 billion USD while in 2013 it rose to 45 billion USD. Brazil is exporting mainly oil, soy bean and iron to China while mainly importing electronics. Even if the most important economic group for Brazil is not those where China is part of but Mercosur. (CIA, 2017) (Santander, 2017)

The tight link between China and Brazil has had a drawback because of the slowdown of Chinese economy. Indeed, the demand from China went down but also the value of Yuan declined and had as consequences that the profit margin from Brazil declined proportionally.

But this is not the only cause of the slowdown of the economy. The scandal of PETROBRAS, with its 5,3 billion USD of money that disappeared due to the corruption. Consequently, PETROBRAS declined its investment by 37% in 4 years (PETROBRAS represents alone 12% of GDP). Another hit to the economy was the decline of oil prices which tightened the profit from oil for Brazil. Brazil suffered a loss in foreign sales of 12 billion of USD in only 2 years (2013-2015). (Moody's, 2015) (Australian misnity of international affair, 2017)

At the date of 23 of March 2017, another corruption scandal was about to strike again the economy of Brazil. The Beef scandal, this involve briberies of health inspector for some plants of the biggest meat producers in Brazil. Even if the briberies were limited to 21 plants some country such as China, Egypt, Chile and even the EU stopped every beef meat to enter their country. Quickly the situation came back to normal and only the meat from the 21 incriminated plants were blocked. But this could have been dramatic for Brazil because meat export is worth 13 billion USD/year and it could have destroyed the two biggest meat company of Brazil and therefore hit the Brazilian economy which is just stabilising again. (Financial times, 2017)

Since the impeachment of Delma Rouseff and the arrival of the new president Michel Temer Brazil has started new reforms in order to tackle the problem of public spending and budget readjustment. Nonetheless, the government plan to invest in airports, motorway, etc. to attract new foreign investors. The government invested in the past decade on education and healthcare to improve their own consumption and being able to reduce the import of manufactured product of high technology. But the rise in investment has been stopped due to a proposition of amendment of the constitution (PEC) which limits the investment and adapt them only with the level of inflation to stay proportionate. (Australian misnity of international affair, 2017)

By reading the economic analysis and forecast from COFACE (2017), we can say that Brazil is on his way back macroeconomic stability. This come back to stability will be leaded thanks to Brazil's exportation and slow reduction of interest rate. Nonetheless, at the same time inflation, household consumption and unemployment are still slowing down a comeback from internal consumption. This slow internal recovery push forward the surplus of trade balance due to low imports.

The country's currency is not in danger thanks to a public debt held by 75% of his own population and the level of currency reserves which represents 19% of GDP.

Even if the country is not at his best some indicators allow Brazil to have hope for the coming years.

Brazil like every other country suffered from the worldwide 2008 crisis but was one of the first to see a recovery in 2010 a GDP growth of 7,5% (the highest in 25 years) even if after one year the growth started to slow down to reach its lowest point in 2014 before starting to go in negative due to the recession of 2013.

The FIFA World Cup

The FIFA world cup is considered as the biggest sportive event in the world including the men's football national team of 211 member associations of FIFA which represents countries of the world. The FIFA world cup is a sportive event but through its history the world cup became also a political event. Indeed, the world cup is organized by FIFA which produced a revenue of 1,152 million USD in 2015. The world cup is not only a football event anymore but an economic and political event. (FIFA, 2016)

The first world cup was organized in 1930 and every 4 years since then unless in 1942 and 1946.

The event first go through a selection phase where countries of each confederation are facing in order to qualify for the final tournament that is going to select the world cup winner after 2 months of competition. The tournament phase involves 31 teams that are facing by groups phase to select those who are going to go to the direct elimination stage to finally show us the best national team in the world. The only team that doesn't need to qualify through the confederation phase is the team of the country hosting the event, being directly qualified while selected as host.

The country is selected after a bidding process, countries must sell themselves to win the opportunity to host the event. At the time of the selection of Brazil, every 4 years the event had to change from continent with a rotation rule to let chances to be a real worldwide event. Nowadays its rule has been changed. The elected country has an agreement with FIFA to organize it but with very precise rules and under scrutiny of FIFA. The selection occurs normally between 7 and 8 years before the event to let the country and the FIFA prepare everything on time.

The event is the most watched in the world, around 715,1 million people watched the final of 2006 and it was broadcasted in 2014 countries on 245 different channels. In the 2010 world cup in South Africa we saw around 500.000 people travelling from abroad to see the event. (FIFA, 2015)

As I said in the beginning, the event is not only a sportive event anymore, FIFA is congratulating itself with her projects over health, education and sport improvement. With the revenues from the event, FIFA is distributing a part to the countries participating and their own association to invest in their own country but a huge part is also given to the host country and in projects sponsored by FIFA.

Nonetheless, everything is not perfect at FIFA. Indeed, in 2015 a scandal arises about corruption, bribery, fraud and money laundering from some of the highest officials within the association naming a few, Sepp Blatter, Jérôme Valcke, etc. The scandal is about 150 million USD over 24 years involving 14 people. One of those involved admitted accepting bribes to facilitate the hosting of 2010 world cup in South Africa.(Le monde, 2016)

PART II: The FIFA world cup 2014

The Part II of the work has as objective to clarify the reason, opportunities and risks of hosting the world cup and the relations with FIFA. This should allow me to know what I have to look for as legacy for Brazil and then be able in Part III and IV to say if the world cup was a success or not.

The expectations of Brazil

As for every major event organized by anyone or anything, there is always expectations about the consequences and legacies that will come from this event. Indeed, that we are a country, a company an NGO or a simple citizen, we always have a goal in our mind while we plan an event. The goal can be to make profit, to allow investments, to raise awareness, etc. But to know if the event was a success or no we first must discover and analyse the expectations and goals that have been defined by the participants.

In this part of the thesis, I am going to highlight the expectations and goals that Brazil had for hosting the world cup. The world cup being such a big event, every country hosting it has had the same sort of goals even if the importance might differ. Indeed, every country having his own social, economic, political situation, the host comes with his own set of goals and expectations that they want to reach.

Worldwide sporting events have their own kind of influence on the host country. The audience has an impact that no other event can reach therefore the image of the country hosting it, is put forward alongside with the event itself. The world can see the country, it's culture, it's economy and its politics while a smaller event would never reach such promotion of the country (Goig, 2012; Maening and Zimbalist, 2012).

For Brazil organizing the World cup was an incredible challenge and opportunity to finally be recohnized as a developed country by the rest of the world. As we can see in the speech made by the president at the time Lula da Silva at the acceptance ceremony on the 30th of October 2007 "Here we are assuming responsibility as a nation, as the Brazilian state, to prove to the world that we have a stable, growing economy, that we are a country that has reached stability. We are a country that has many problems, yes, but the people in our country are determined to solve these

problems.” (Lula da Silva, 2007). This shows one of the main objectives of Brazil, being recognized as a developed and powerful country. Therefore, the image is going to be very important during the preparation as much as during and after the event.

To discover and analyse the expectations of Brazil for the World Cup I will divide it into 6 categories, tourism, social, political, economy, infrastructures and cities.

Although Brazil is the host and is responsible for the good proceeding of the event, they cannot do everything they want, they have a contract with FIFA and the rules are very specific in terms of investment, infrastructure, delay, sport facilities, transport, safety, etc.

Before getting straight in the subject, I must point out that as said before the organization of the World Cup is done by agreement between the country and FIFA. FIFA has its own expectations and Brazil has its own but at some point, they must share them to be able to organize such event. I am here clarifying the relation but will be analyse more in depth in the part involvement, actions and relations with FIFA. FIFA always communicates with the Local Organizing Committee (LOC) created especially for the event (being funded by FIFA) (FIFA financial report, 2014). The composition of the LOC is of a management board (with FIFA Secretary General) and a group of directors (people from local government, local football associations, representatives of FIFA and people from the labour and business community in Brazil). Even though the LOC is dealing with certain expenses directly linked with the organization, the Brazilian government must invest and organize its part of the World Cup.

Brazil was taking the opportunity to host big event thinking that that they would give the extra push to go forward and it is with that mentality that they organized the pan American games in 2007, the confederation cup in 2013, the world cup 2014 and the Olympic games in 2016. The goal is that Brazil can organize those event in a way that the legacy will last long after the event and for all Brazil.

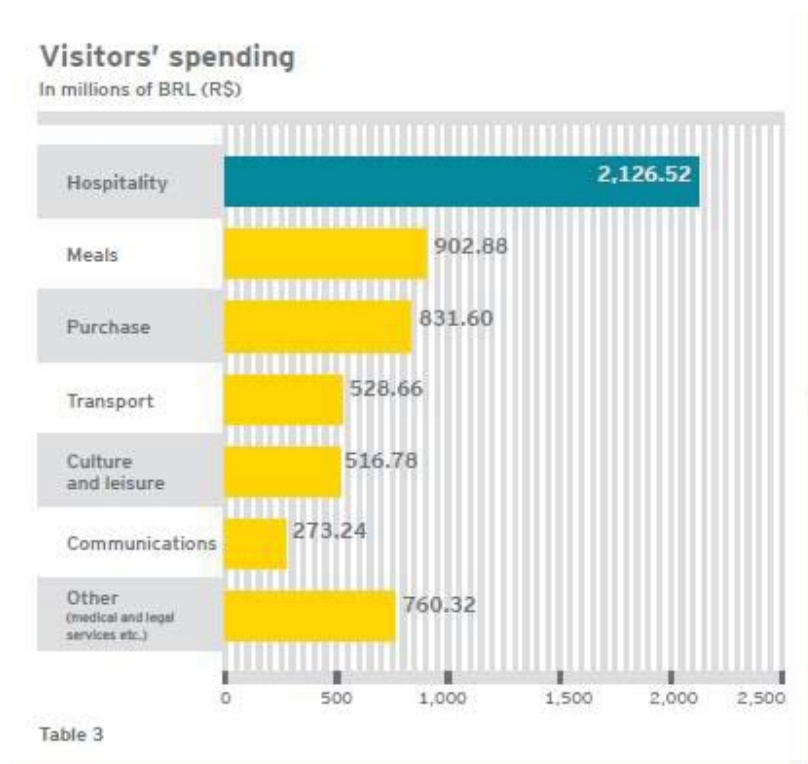
To do so, Brazil must work side by side with FIFA and the other organizing partners.

Tourism

When you organize a worldwide event you obviously expect economic consequences due to tourism that it would be national or international. The fans coming to see their teams will not only pay for the game but also for food, accommodation, transport, souvenirs, etc. and thus contribute directly and indirectly on the economy.

Tourism is a real challenge for Brazil because between the years 2000 and 2010 the quality of airports, transports and promotion for tourism in Brazil has lead them to lose of opportunities due to lack of initiatives, maintenance and improvement. Brazil should be able to increase their international tourist inflow up to 79% in 2014 and maybe even higher after if Brazil continue on this way and don't come back to their old habits (Ernst and Young Terco, 2011). Tourist spending during the world cup are expected to reach 5.94 billion R\$.

Table 6



Source: Ernst and Young Terco. (2011). *Sustainable Brazil*. P.8

To a long term, Brazil can expect to go from 5 million visitors in 2010 to 7.48 million in 2014 and even reach 9 million in 2018 if correct investment and strategies are followed (Ernst and Young Terco, 2011).

Social

Big events such as the world cup have always arisen complains from a part of the population who doesn't agree with such spending for a single event. We could observe it in Vancouver in 2010, in London 2012. Moreover, the protest that can make the country reconsider hosting the event but also FIFA might reconsider allowing Brazil to host the event due to a legacy of high levels of inequality, corruption and violence in Brazil. Nonetheless, Brazil has an historical love for football and their passion for the World Cup is even greater than any other country as being the country with the most world cup won. Social impacts being a sensitive point, the expectations are very important to analyse to see the real impact on the population.

One of the main fear of hosting such event from detractors was that the investments made were doing to be to the detriment of health and education sectors. The government reassured his population by reminding that education and health were one of the absolute priority of the country. According to the document "What you need to know about the FIFA world cup in Brazil" (2014) The investment made in education and health reached 124.3 billion R\$ in 2010 while the budget for the stadium for the World Cup was only 8 billion R\$. This is highlighting the little importance that could get the spending for stadium comparing on the education and health spending.

On the acceptance day, it was celebration in Brazil, with a support of 79% in 2008 (Marilene de Paula, 2014) the event was making Brazilian hoping for the best. But very soon things changed with the involvement of public funds in the budget plan. The expectations were that the event was almost only financed by the private sectors but shortly after the acceptance day the government had to admit that they would have to intervene and invest also. The support for the event dropped quickly to 51% due to the changes on the budget but also by the numbers of reports denouncing the violation of human rights including evictions, forced relocations (Marilene de Paula, 2014).

The Brazilian government with the help of the BNDES, wanted to invest up to 5 million R\$ in projects focusing on waste recycling in the airports, stadium and areas of high concentrations. Acting with cooperatives 840 collectors are to be trained (Portal de Transparencia, 2014). This to make the world cup sustainable and meet requirements of FIFA.

Within the spirit of being a sustainable world cup, FIFA came with a project in association with the Local Organization Committee (LOC) to implement actions in agreement with Brazil's policy agenda. The plan was developed in the document called "Development of the Sustainability Strategy" (FIFA, 2014).

Brazil decide to host the world cup but cannot stop the rest of its policies, investments, projects just for the event. Therefore, the general Brazilian government's policies had to be taken onto account namely (2014 FIFA World Cup Sustainability- concept, ND):

- 1) Expand and strengthen democracy
- 2) Increase economic growth
- 3) Implement a large-scale and long-term development project
- 4) Defend the environment and guarantee sustainable development
- 5) Eradicate poverty and decrease inequality
- 6) Improve working conditions and facilitate access to formal employment for youth
- 7) Guarantee access to quality education and vocational training
- 8) Transform Brazil into a scientific and technological power
- 9) Improve access to quality healthcare
- 10) Provide citizens with necessities such as accommodation, sanitation and transportation
- 11) Promote Brazilian culture and dialogue with other cultures
- 12) Guarantee civil security and combat organized crime
- 13) Defend national sovereignty through an active and proud presence of Brazil in the World

As we can see many policies planned in the development plan of Brazil are not going to be impacted by the world cup. For example, transform Brazil into a scientific and technological power is an objective that cannot be reached thanks to hosting the world cup. Nonetheless some directives are going in the same direction than FIFA's (Cfr. supra P49).

Hosting the world cup is about big decisions and impacts but not only, such event can never happen without people, the human capital is very important. The cup is working with employees

but also volunteers. The need of fulfilling hundreds of thousands of vacant jobs will not only be limited at the time of the event but also the years before. The world cup being an international event, the government planned to invest in training such as languages and IT classes. (Ernst and Young Terco, 2011)

Political

The bid for hosting the World Cup was made and accepted by FIFA under the presidency of Lula da Silva but the preparations and the event happened under the presidency of Dilma Rousseff. The Lula's world cup was ready to be one of the main project happening during Rousseff's presidency. Lula got only one year to establish a program that was therefore improved by Rousseff once she took over. Agreements were found between each Brazilian stage of government, local, federal and municipal. This agreement indicates that state and municipal government are responsible for works in stadiums, public transports, airports, tourism infrastructure, road and highways. Those agreements had for objectives that every stage of government involved could deal faster and easier with tendering process and indebtedness. The state and local governments were responsible for the contract and tender of project defined as their field of work by the agreement mentioned above. (Airton Saboya, 2012)

I must here mention that those plans were not well prepared during the prudency of Lula because even if the division of tasks and power were clear, Brazil was sure that the government would not have to invest which appear to be a real problem during the preparation period.

As mentioned before, Brazil was willing to finally show what they were capable of and wanted at all cost to get the hosting of the event. Brazil did everything to please FIFA so that they were selected even though at the end Brazil was the only remaining candidate after Columbia decided to give up. Brazil implemented the FIFA law that was supposed to make every decision between FIFA and the Brazilian governments easier. Thanks to that law they managed to prove their seriousness and their willingness to FIFA.

Brazil is one of the biggest country in the world but still has to work on its development like any others. They have to invest in education, social development, security, infrastructure, etc. The Lula's government knew at the time of the bidding that the world cup would demand a lot of investment and change. But the government claimed that those investments were in any case

needed for Brazil and that hosting the event would be the push the country needed to go forward. In the first plans, those investments were made to last long and to benefit to all Brazilians.

Brazil has not had the quietest history in term of politics. For the world cup, efforts were supposed to be made to show that now Brazil is a stable and reliable country that managed to solve his political and democratic problems.

The General Law of the world cup, is a special law that was accepted in Brazil by the Congress in 2010 specially for the event, allowing agreements and administration to be easier for FIFA and the stakeholders involved in the organization.

This law was about an all range of subjects, tax exemption policies, rules on immigration, customs, temporary imports and foreign funds, to name a few of the subjects. It makes easier to get visa for every delegations and people working on the games. Taxes reductions for import and export of any products that are to be related with the world cup.

The federal government exempted taxes for the world cup organizers, local committees and partners involved in transactions linked to the world cup between 2010 and 2015. A lot of sectors have to be enjoying the consequences of this law, namely, tourist agencies, producers of equipment, sport industry, building materials, etc. (Marc-Antoine Riou, 2012)

The politics were ready to do anything so that the event was the best possible and to be certain that the world cup will happen in the 12 selected cities. But at the same trying to do everything needed for the world cup, Brazil expect to show the world that they got rid of their flaws.

Economy

For any worldwide event, the economy is one of the most important point if not the most important one. We cannot plan event of this size without a good and structured budget which for the World Cup 2014 was called Responsibility Matrix. The budget was in 2009 of 10 billion USD and rising to 15 billion at the end of the world cup accounting for 120 projects. The spending was divided in seven area, urban mobility, airports, stadiums, security, ports, telecommunications and tourism. (Marc-Antoine Riou, 2012)(Marilene de Paula, 2014)

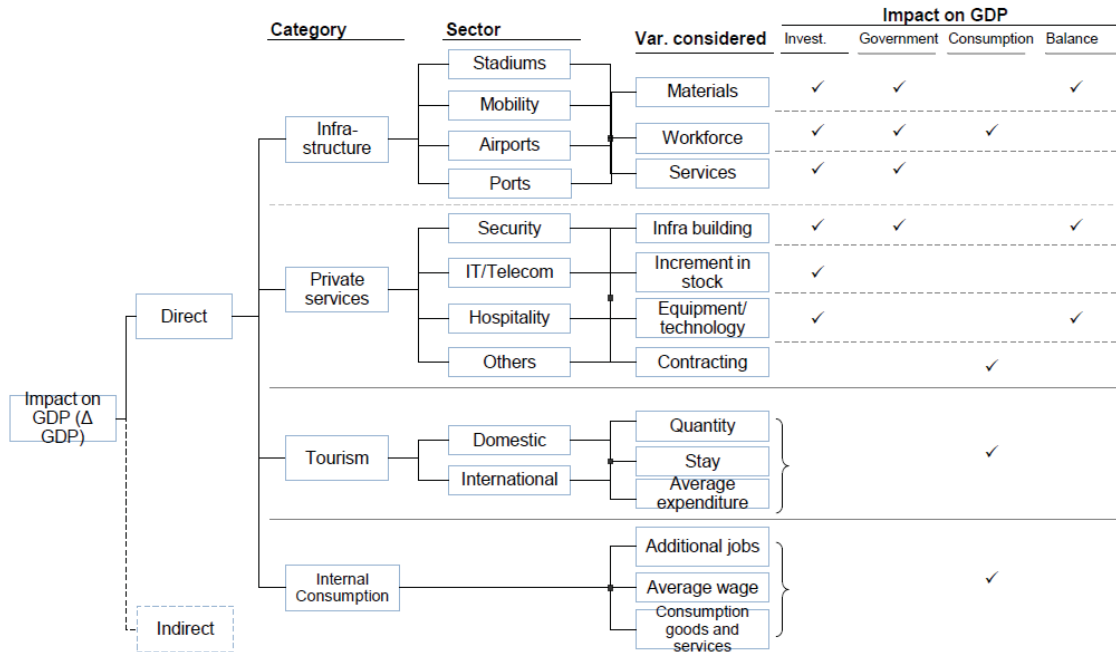
To analyse the event, the expectations and impacts we have to be aware that as big as the event might be there are always direct impacts that can be forecasted and indirect impacts that are way

more difficult to define with the multiplier effect. The multiplier effect explains us that every investment done can create a bigger impact than just the investment itself. Indeed, if we invest in building a stadium, we don't just end up with a new stadium but also with new jobs, incomes, opportunities. The consequences of the multiplier effect are difficult to define and thus to expect precisely but they are there and will influence the impact of the event (Marc-Antoine RIOU, 2012). Therefore, having precise expectation concerning the economy is very difficult.

The Brazilian Ministry of Sport made a study about the expectation of economic impacts. In this study, we learn that indirect impacts will be due to the multiplier effect due to the main investment in infrastructure done for the event. This was supposed to generate jobs, increase in demand, increase in consumption, increase in sales and thus increase in GDP and in taxes (Marc-Antoine RIOU, 2012) (Ernst and Young Terco, 2011). Consequently, the impacts could last after the world cup.

Through this study, I realised that we can only imagine the consequences of the direct impacts knowing that indirect can vary any time. so, give a number for the indirect impact must be considered very carefully. I learned that 4 different categories are supposed to impact the GDP of Brazil namely, infrastructure, private services, tourism and internal consumption. Each category having a direct impact is also impacted by his own factors. The study uses a formula to estimate the impact of those factors on the total GDP. Here under the diagram representing the analysis made by the Brazilian Ministry of Sport.

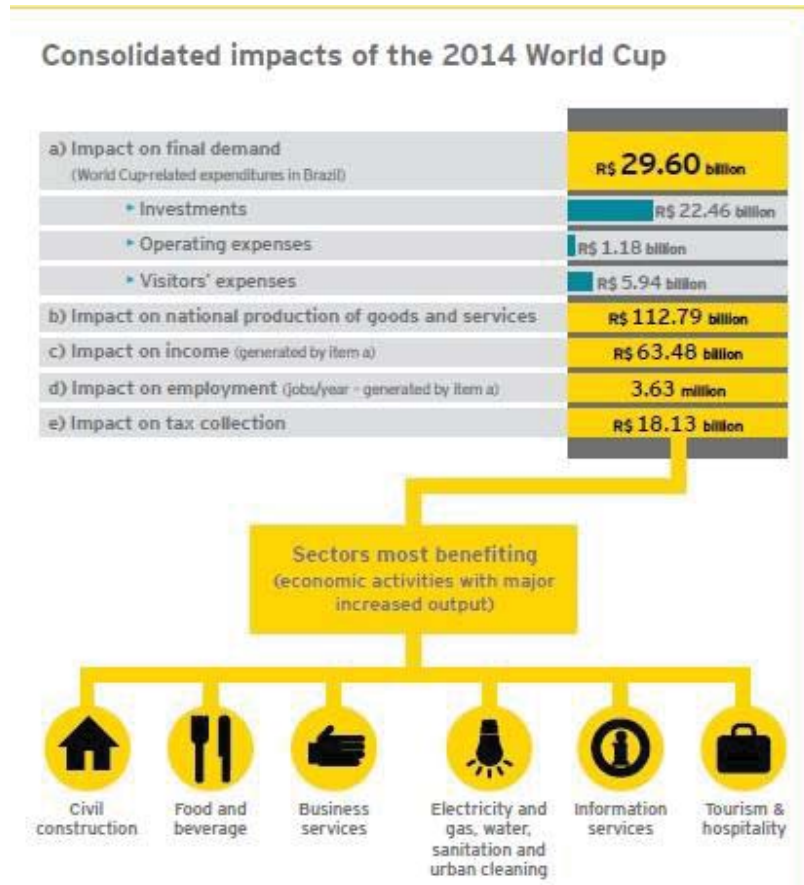
Table 7: Direct and Indirect impact on GDP



Source: Brazilian Ministry of Sports. (N.D). *world cup in Brazil Economic impact*.p.36

The projection of the economic impact according to this study is supposed to be around 100 billion USD for the period 2010-2014 which equals only 1% of the projected GDP for the same period without the World Cup. The direct impacts are believed to be accounting for 26 billion USD and the indirect for 74 billion USD. According to another study made by Ernst and Young Terco (2011) the economy will get an additional 142 billion R\$ between 2010 and 2014 which is going in the same direction than the one made by the ministry of sport in Brazil. Brazil should invest for 22.46 billion R\$ for the world cup but the economic consequences from these spending are not only billion of reals but also more jobs, around 3.63 million temporary jobs per year between 2010 and 2014 (Ernst and Young Terco, 2011). Those new jobs will help the domestic consumption and thus get a multiplier effect. But the government is also thinking on the return they should have from the rise in consumption. Indeed, more consumption means more taxes income for the government without rising the taxes rate. The expectation for the additional taxes revenue is around 18 billion R\$ (Ernst and Young Terco, 2011).

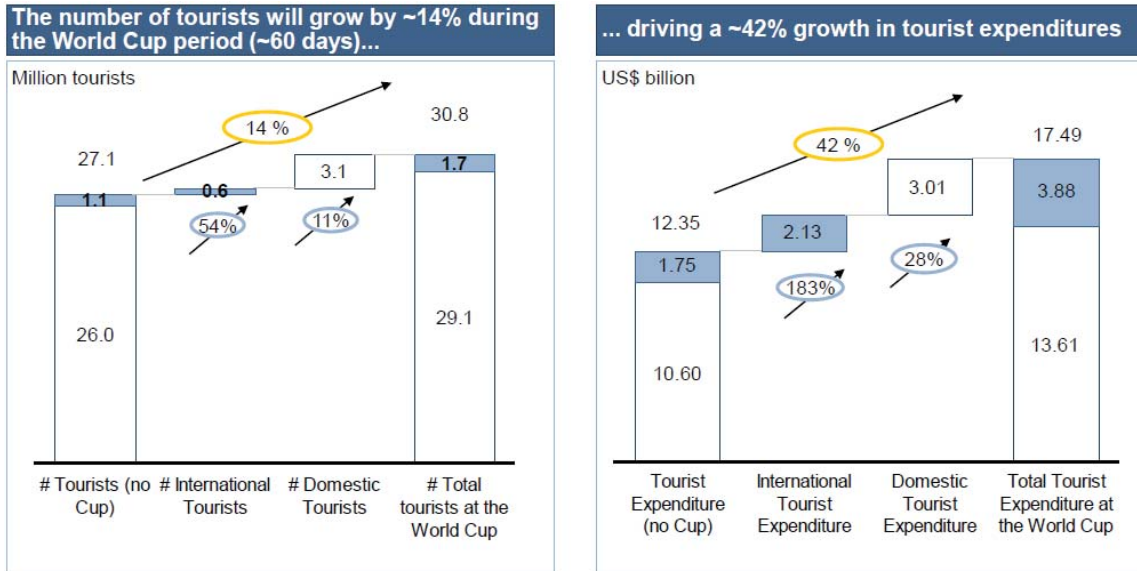
Table 8



Source: Ernst and Young Terco. (2011). *Sustainable Brazil*. P.5

The direct impact should be generated by the investments but also by an increase in consumption. This increase in the consumption should be due to domestic consumption (increased by new jobs created) and tourist consumption (domestic and international) being estimated at 4 million additional tourists.

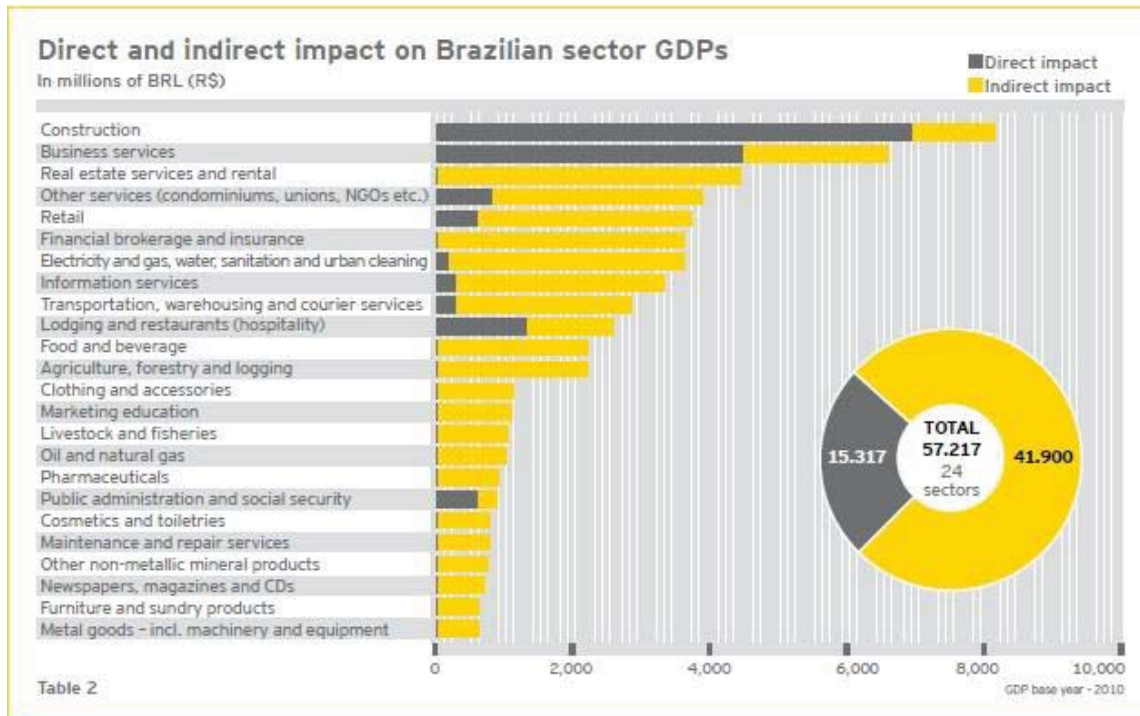
Table 9: Expectation of tourism growth



Source: Brazilian Ministry of Sports. (N.D). *world cup in Brazil Economic impact*.P.37

For such an event, some sectors are going to benefit more than others. For example, construction, food and beverage, business services, electricity, gas, water, sanitation, urban cleaning and information services will be the main sectors enjoying the consequences of the World Cup. Therefore, it is possible that on the total GDP of the country we might not see the differences but by taking a look in specific sectors, there might appear the benefit from the world cup.

Table 10



Source: Ernst and Young Terco. (2011). *Sustainable Brazil*. P6

As we can see some of the biggest sector in macroeconomy are impacted by the world cup but the microeconomic sector is impacted also. In the table hereunder, we can see that some small and medium company should beneficiate form the Cup.

Table 11

Sector	Total GDP per sector (R\$ million)	Sector GDP growth due to the Cup	Total impact (R\$ million)	Direct impact (R\$ million)	Indirect impact (R\$ million)
Textile	18,604.99	3.12%	580.47	0.07	580.40
Parts and accessories for motor vehicles	23,416.56	2%	469.23	3.87	465.36
Household appliances	4,193.7	10.24%	429.40	0.11	429.28
Electrical machinery, devices and materials	15,922.79	2.41%	384.20	42.78	341.42
Machinery and equipment, including maintenance and repair	31,675.18	0.84%	267.64	1.24	266.39
Wooden products – including furniture	11,182.77	2.32%	259.97	0.38	259.59
Leather goods and footwear	9,305.75	2.61%	242.70	0.16	242.54
Medical, hospital, measurement and optical devices/instruments	9,641.35	1.36%	131.44	0.60	130.83
Other transport equipment	9,494.36	0.86%	81.92	48.37	33.54
Trucks and buses	3,331.29	1.43%	47.62	37.41	10.21
Office machines and computer equipment	3,380.72	0.12%	3.95	0.21	3.74

These sectors includes small, medium and big companies.

GDP base year – 2010

Source: Ernst and Young Terco. (2011). *Sustainable Brazil*. P.26

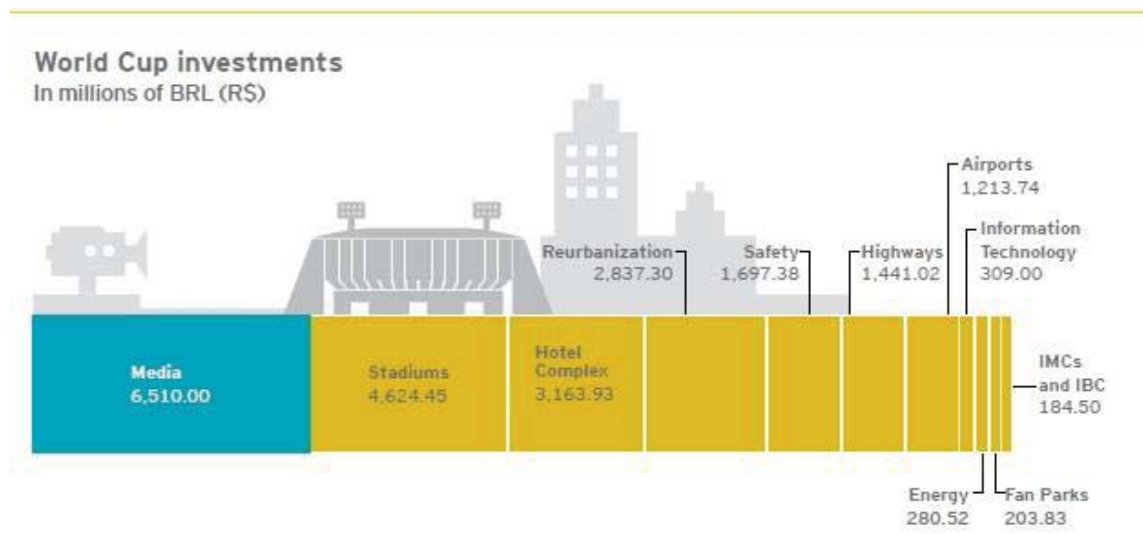
At the time of the bidding, Brazil stated that the event would be almost entirely privately funded unless for eventually transport, security or medical infrastructures.

The total amount of investment was planned to be around 22.46 billion R\$ with 4.62 billion for the stadiums including building new stadium in Natal, Recife and Salvador. 3.16 billion R\$ were to be invested in the expansion and adequacy of the hotel complex creating 19,493 new places but with a shortage of 62,397 at the beginning, the cities were to find other solutions to increase even more the accommodations in an alternative way (Ernst and Young Terco, 2011).

Being a worldwide event, the media and marketing was an important part of the investment. In order to broadcast everywhere in the world that it is on TV, radio or internet the investment amounted to 6.51 billion R\$ but accounted on the private sector. With this investment in media and broadcasting 309 million were supposed to be invested in information technology to be ready to deal with the large flow of data. 184 billion R\$ were to be invested in broadcasting centre (IMC and IBC) in each host city. (Ernst and Young Terco, 2011).

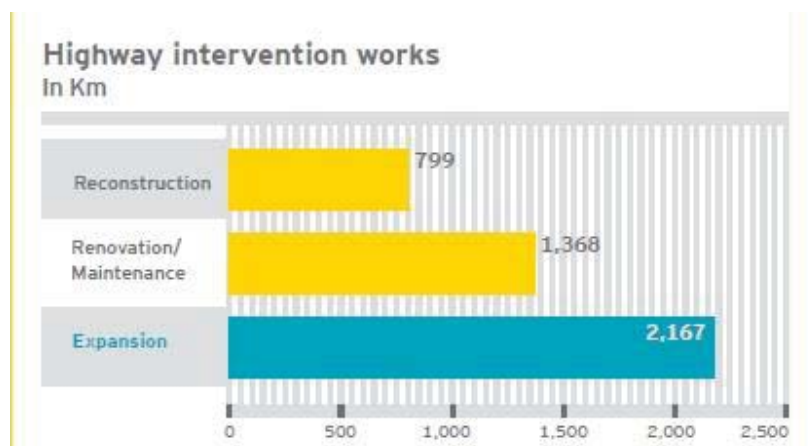
Brazil being a very large country and the 12 host cities being far from each other, investment were to be made to make the travel easier and safer. Renovation, maintenance and expansion of highways and airports was the main investment in infrastructure accounting for 1.21 billion R\$ for the airports works and for 1.44 billion for highways works.

Table 12



Source: Ernst and Young Terco. (2011). *Sustainable Brazil*. P.13

Table 13



Source: Ernst and Young Terco. (2011). *Sustainable Brazil*. P.14

In 2014, the Portal de Transparencia accounted the public expenditures to 13 billion USD and thinking that this was going to be the final expenses.

Table 14: Table of Budget

Area	Total budget (in BRL 1,000)
Airports	6,281,000
Communication tools	6,600
Tourist developments	180,221
Stadiums	8,005,206
Temporary structures (Confederations Cup)	208,800
Public transport	8,025,093
Other services (monitoring and volunteer programs)	41,443
Harbours	608,700
Public security	1,879,100
Telecommunications	404,602
Total BRL	25,640,765
(Total USD	13,354,565)

Source: Portal de Transparencia. (2014).
<http://www.portaltransparencia.gov.br/>

The 8 billion R\$ for the stadium were to be financed using BNDES loan for 4 billion and the 4 billion remaining thanks to the resources from state and municipal government and private partners.

With all those increase in investment and consumption, there is a negative impact that was predicted to occur on the balance of trade of Brazil. The more people consume, the more investment is made in constructions, the more imports there is and thus the balance of trade were expected to go down.

Infrastructure

The infrastructures of Brazil were old and not sufficient for a country who want to claim itself as one of the most powerful country in the world and be recognised as such. The FIFA World Cup was supposed to be the push to invest in airports, hostel facilities, sport facilities, roads, etc. All those infrastructures that are needed in any country who is growing.

The World Cup was therefore seen as an opportunity to go a step further and finally being able to be recognized at its fair value.

The infrastructures that enjoyed investments from the World Cup are the stadium, airports and urban mobility.

New stadiums and improvement of old ones had started for the FIFA confederation cup in 2013 and were made to be more modern and safer. These improvements are to increase the number of places and the quantity of utilization of each stadium and therefore increase revenue and jobs, adding 60 billion R\$ in the economy and 2 million jobs (Portal de Transparencia, 2014).

Airports are to be improved to welcome national and international tourism, not only for the world cup 2014 but also for the future hopping of a growing industry of tourism in Brazil. Airports are expected to be done for 2013 which leaves a very tight delay. Airports are a real challenge for Brazil, with the airports of Brasilia and Sao Paulo being saturated in normal condition and with only 5 million of tourist per year in Brazil. Those 2 airports are the connection to other regions and cities of Brazil. Which means that with a world cup involving a lot of travel within the country those 2 airports had to be on the top priorities. Brazil planned an expansion and construction of another terminal for the airport of Sao Paulo allowing to welcome 29.5 million (expecting 30.5 million of people during the world cup) of people instead of 20.5 without the works (National Union of Airlines, 2010). According to a study carried by the National union of Airlines and Alberto Luiz Combra Institute for Post Graduate Studies and Research in Engineering of the Federal University of Rio de Janeiro, the airport of Brasilia was the worst of all Brazil. Being already overcrowded with 12.2 million of passengers before the world cup while the maximum capacity was 10 million. The expansion works were to allow 18 million passengers to travel by this airport but the demand is already planned to be around 20 million soon after the world cup. Those investments might not be enough for a long term but only the time will tell us.

Urban transportation is a key investment for cities to develop themselves and reach a level infrastructures that will be beneficial for 62 million Brazilian. Investing in 42 projects (new road, access to airports, bus lanes, subway stations, Bus Rapid Transit and Light Rail Vehicle systems) in the 12 host cities was needed to improve the life and efficiency of cities (Portal de Transparencia, 2014).

Cities

With the agreement of FIFA, Brazil and the LOC (responsible for the preparation and management of the event in the cities) selected 12 host cities representing the 5 main regions of Brazil. Those cities were: Belo Horizonte, Brasilia, Curitiba, Fortaleza, Manaus, Natal, Porto Alegre, Recife, Rio de Janeiro, Salvador and Sao Paulo (Ernst and Young, 2010).

The World Cup being organized in 12 cities, they enjoyed more investments than others and were supposed to be able to improve their hotel facilities, airports, transports, etc. With the count of the population in those cities, around 12% of the population directly and 25% indirectly had to benefit from hosting the games.

Nonetheless, those economic consequences do not come without investment and commitment from those 12 cities. Investment were needed to make the event enjoyable for the fans but also to comply with the rules of FIFA for the stadiums, information technology, etc. (Ernst and Young Terco, 2011).

The improvement in the cities were to be for street lighting, paving of sidewalks, roads, renovation of street accommodations and urban spaces for disabled people, creation of new public areas and a global improvement (Ernst and Young Terco, 2011).

Brazil is well known for his problems with violence and it would be a challenge to change that vision to the world. Therefore, Brazil and the host cities planned to invest in public security for 1.70 billion R\$. This investment was focusing on vehicles, aircraft, communication technology systems, training, etc.

The cities had to think about meeting the expectations of FIFA and thus implement Fan Parks where the fans can meet and feast before and after the games.

Issues, Risks, challenges and opportunities

Improving the situation in host cities

Some of the investments are solely for the cup but others can and must be thought thoroughly to have a broader impact on the city. The need of each city differs and thus their investment priority also. Nonetheless it can be summed up in 7 main points that have to be taken into account to be sure that the policies are efficient and meet the need and expectations of the population and not only FIFA's.

Brazil is known for having a central power that is almost deciding for everything and letting very little marge of decision for local autonomy. The controls, feedbacks on actions are therefore very difficult to get and difficult to rely on. This problem can be encountered at every stage of the government and with the legacy of corruption in the country, working side by side seems to be a challenge. Indeed, all these problems in coordination and control of actions can be a real risk for the effectiveness of the event and might jeopardise the investment, actions and their legacies.

According to the study done by Ernst and Young Terco (2011) if the country fail to meet the need of cities, it may result in; poor quality of services, prices increase and thus loos of visitors, economic and human losses, bad image of the city or country.

Energy

Hosting the world cup is consuming a lot of energy in a very little time and in a proportion that is far from normal use. The country had to be prepared to have enough energy but not too much either otherwise is could have created a surplus that has the same effect than not having enough, the break down. Brazil has known some periods of break down in his biggest cities and had to be careful on the way to handle it. This part of the investment was financed by the program of the federal government for growth acceleration (PAC) and they were to receive 13 billion R\$ out of public resources. This funding was also accounting for telecommunication and improving the access to broadband (internet) for 40 million Brazilian and with subsidized prices until the World Cup (Ernst and Young Terco, 2011).

Transports

As said before in the work, the distance between cities are very long and people had to use planes in the country but also to get to the country. The airports needed to be improved but in a precise way thinking about the number of people traveling from abroad and from inside the country. But it's not all, because improving airports is a big investment that has to be planned with and impact on more than just 2 months of World Cup. Brazil is a growing economy and its development might be stopped if the wrong investments are done or the good ones are done but in a bad way (Ernst and Young Terco, 2011).

Stadiums

Even if the world cup is one year after the confederation cup in Brazil, a lot of requirements of FIFA had to be achieved by the time of the World Cup. As I wrote already about the problems of coordination between stages of power in Brazil, in this case it becomes even more difficult to meet the needs of everybody because FIFA and Clubs or private renting stadium had to find common ground on the investment needed and possible to achieve in time (Ernst and Young Terco, 2011).

Hotels

Even if this is a private sector concern, the government must intervene to make understand the private sector the need they have. So, communication between public and private sector was very important prior the start of the competition so that both meet their needs. Just like airports, investments in hotels and commodities had to be thought for long term and not only for the event of World Cup. Brazil is far behind some of the other countries in Latin America, Brazil has welcomed around 5 million of tourists per year while at the same time Mexico was welcoming 21.5 million of tourists. It allows Brazil a margin to work on, they know they could be able to attract as much tourists as Mexico in the coming years so they have to be ready (Ernst and Young Terco, 2011).

Safety

Violence in Brazil is famous but also in stadium so with the rules of FIFA and the world watching it was the time for Brazil to jump in and finally get over this bad image of a violent country. Again, this is something that had to be planned for a long term which could have been difficult knowing that the schedule delay was very short to change the entire mentality of a country (Ernst and Young Terco, 2011).

Public services

According to the study made by Ernst and Young Terco (2011), public services as electricity, water, telephone and street cleaning is a major problem in most cities in Brazil and very little had been done through the years. Therefore, this was a major point of attention for Brazil because they had little experience in it and this could completely jeopardise the ingoing of the event.

Support services

This is concerning taxi, food, retail, etc. everything that is involved with public policies but at the same time are independent. The cities had to deal with the increase of demand and offer without risking drawbacks just after the world cup due to the shortage of demand. Increase the offer and the demand but not the prices were one of the biggest challenge. (Ernst and Young Terco, 2011)

Efficiency of the investments

On every worldwide event, the main risk is to lose tracks and forget the first goal of a government that is to improve the situation of its citizens. Investments have to be measured and done with precaution in order to not loose investment on other very important subject for Brazilians, such as schools, health, hospitals. This is called the opportunity cost, meaning that jumping in the opportunity of hosting the World cup and getting some good consequences out of it must not overcome the needed investment and the loss by delaying them to after the world cup. As seen in other worldwide events, it is easy to get carried away and invest always more. At the end, the results of those investment must have a positive impact and not leaving cities or the country in a debt situation or with bigger problems than before.

According to Ernst and Young Terco (2011) Brazil was going to do a particularly risky bet due to his history of:

- Insufficient or incorrect budget
- Readjustment for errors in projects
- Readjustment for poor performances
- Cost due to delay or interruption of works
- Cost due change of policies

But these problems can always be dealt with good organization as long as Brazil is aware of its flaws.

However, those problems are major problems, they are microeconomic problems and they could be dealt with by Brazil and the stakeholders of the world cup. They are specific to the event of hosting the World Cup while at the same time some macroeconomic problems could occur that the stakeholders involved in the event could not foresee and therefore not influence. According to Ernst and Young Terco (2011), they are at the number of 4:

- International macroeconomic slow-down leading to a shortage of investment and visitors.
- National policies and taxes, influencing the flow of national tourism and every investment.
- National policies making the coordination between governments levels even more difficult.
- Unknown risks

The involvement, actions and relations with FIFA

The organizing partners

As mentioned before, FIFA is the organisation of football and they organise every major worldwide football event. The World Cup is the biggest event in the football world, it gathers people from everywhere in the world for one month of cultural sharing, emotions, parties and of course football games.

Organising such event is not an easy task and even if FIFA is nowadays a very powerful organisation it cannot do it alone by itself. With the years and the experiences, FIFA came up with the idea of organizing a world cup with the help of 4 organizers plus the country host itself (Regulations FIFA 2014 World Cup, 2013).

- 1) The organization FIFA itself with its president (at the time of the Word Cup) Joseph S. Blatter and the general secretary Jérôme Valcke.
- 2) The FIFA organising committee, selected by the FIFA executive committee with as chairman Eugenio Figueredo
- 3) Brazil Confederacao Brasileira de Futbol (CBF), representing the Brazilian football with as president José Maria Marin
- 4) The Local Organising Committee (LOC) set up by CBF but with the agreement of FIFA with as chairman José Maria Marin
- 5) Brazil itself, being the country host, they must invest in a lot of different areas in order to make this event the best possible.

The relations between partners and FIFA and their roles

Everybody has at least once heard about the constraining rules of FIFA. Every time there is a World Cup that is organized we hear complaints about the difficulty to work with FIFA and that the requirements are very harsh to achieve. FIFA organize the world cup by delegating to the FIFA organising committee, CBF and the LOC but FIFA is still the chief in command. Indeed, even if those organisations have the power and the responsibility to deal with every detail of the world cup, the budget, the schedule, FIFA must give its approval to accept a project in a definitive way.

This means that FIFA is behind every decision and can at any moment accept or refuse a project or even change the requirements to make them easier or stronger to be reached. The federation of football has the right of the final decisions those decisions cannot be contested once approved.

The LOC and CBF are working together to organize the event and reach the requirements and expectations of FIFA and Brazil but under control and supervision of FIFA. The relations between the LOC, FIFA and CBF are regulated by contracts but also and mainly by the regulations, directives, guidelines, circulars and statutes of FIFA itself. Once again this confirm that the federation of football has its hands on everything and that everybody is working for FIFA.

“Any rights associated with the 2014 FIFA World Cup that are not granted by the regulations and/or specific agreements to a participating member association in the preliminary or final competition, or to a confederation belong to FIFA.” (FIFA regulations for FIFA 2014, 2013)

The LOC is responsible and is empowered to manage the organization and the cost of the event (Ernst and Young, 2011). With the CBF, the LOC is also responsible for the safety (in cooperation with the Brazilian’s governments) and for getting every insurance policies (FIFA regulations for FIFA 2014, 2013).

According to the FIFA’s regulation document, the FIFA organizing committee is responsible for 5 main points:

- Supervising the preparation and the draw and formation of groups
- Administer the games in the preliminary and final stage of the world cup if associations fail to find an agreement and the schedule during the event
- Choose the stadiums where to play in agreement with LOC
- Administer any FIFA official during the event
- Manage everything concerning the final stage of the competition, doping, rules of the games, technical material used, protest, etc.

This committee has a particularity that makes it different with the LOC and CBF. The members of the committee being totally selected by FIFA’s member, it doesn’t need the approval on every decision unlike CBF and LOC. Its final decisions are not to be contested in any way by anyone.

Relations between FIFA and the country host

Now that I explained the relations between FIFA and the organizing partners I must point out the relations between the country host and FIFA. As we all know every 4 years a country is the host the biggest sportive event in the world but how does that work. It all start with the bidding process, while FIFA is calling for candidate to the organization of the world cup.

According to the website of FIFA (2017), the bidding process is divided in 9 steps:

- FIFA sends out request for expressions of interest
- Mas express an interest in bidding for a specific event
- FIFA sends out bidding information, including the Bidding manual and supporting documents
- FIFA workshop for interested bidders
- Mas submit bids in accordance with the Bidding Manual
- FIFA evaluates the bid submissions and identifies the selected candidate for approval
- FIFA recommendation
- FIFA announces the successful host for the event

With those preliminary steps, prior the organization of the event itself, we can understand that here again, FIFA is the one having all decisions in its hands. FIFA send the requests, hold the workshops, evaluate the country and then select, all alone. Nonetheless, this process highlight that countries are never forced to host an event, and that it is the decision of the country to present itself for hosting the event. This enlighten the situation of the relations between FIFA and the hosting country, since the very beginning it is clear that FIFA is not going to take a step down and he is not going to give the chance to anyone to make loose the opportunity of the biggest event on the world and the biggest source of income for FIFA (Financial report of FIFA, 2010). We are now aware that relations between organizing partners and FIFA, country host and FIFA are in one direction and controlled by FIFA.

With those information, it comes clear that FIFA and the country host have their own expectations for organizing the event and that it won't be easy for the country to take decisions in their favour if FIFA is reluctant. Nonetheless, they must share some of them to reach agreements and make that event profitable to the greatest number.

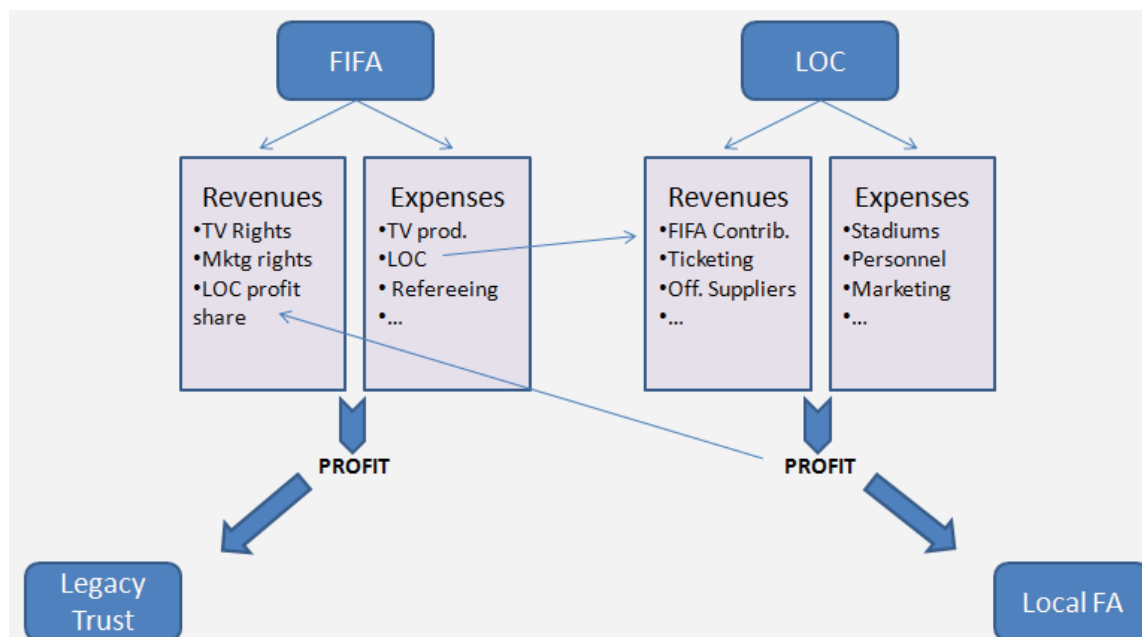
The income statement of FIFA and LOC

Now that I explained and clarified the relations between FIFA and its partners, I will focus on the sources of incomes of FIFA.

It gets its revenues from multiple agreements that guarantee a fix payment or a minimum with a part of the profit make. To organize the world cup, FIFA is spending money but it is taking care that it is profitable at the end, making profit for example, in 2006 and 2010 amongst other years (FIFA regulations for FIFA 2014, 2013).

The world cup represents around 90% of the incomes for FIFA during their 4 years of financial period, the two months of the world cup 2010 represented 92% of its incomes. Those incomes come from 2 different sources, FIFA itself and the LOC (Marc-Antoine RIOU, 2012).

Table 15 : FIFA income statement diagram



Source: Marc-Antoine RIOU. (2012). *FIFA World Cup 2014 and Olympics Games 2016 in Brazil*.P.10

FIFA is funding entirely the LOC and get a part of their revenue (FIFA financial report, 2014). The relation between them is consequently very close and specific. The composition of the LOC is of a management board (including FIFA general secretary) and a group of directors (people from local government, local football associations, representatives of FIFA and people from the labour and business community in Brazil. The LOC is where the most difficult decisions are going to be taken,

with official representing the interest of FIFA and officials representing interests of Brazil but with the money of FIFA.

I must here enlighten the situation and precise one of the most common misunderstanding around the organization of the World Cup. The LOC is representing the interest of FIFA and Brazil under the control and with the funds of FIFA but the LOC has been created to administrate the organization and planning of the event itself and will disappear after the world cup. Their scope is limited only to the event, they will not be part in decisions unrelated to the event, the will never invest in infrastructure, stadiums, hotels, etc. those are the scope of the Brazilian's governments, local or federal. (Marc-Antoine Riou, 2012)(Marilene de Paula, 2014)

Table 16

FIFA 's sources of income

Revenue	Expenses
<ul style="list-style-type: none"> • TV Rights <ul style="list-style-type: none"> – Europe – North America – Rest of the world • Marketing Rights • Hospitality Rights • Licensing Rights 	<ul style="list-style-type: none"> • Contribution to LOC • Contribution to Legacy Trust • TV Production • Prize money • Benefit for clubs • Team lodging and travel • Ticketing IT solutions • Refereeing matters • Insurance • Preliminary competitions • Other

Source: Marc-Antoine RIOU. (2012). *FIFA World Cup 2014 and Olympics Games 2016 in Brazil*.P.10

As we can see in this table representing the sources of incomes and expenses of FIFA, it is limiting its investment only in direct world cup related action. However, we see a point called, contribution to Legacy Trust which is a trust that FIFA decided to create to give back a part of their profit to the country host to support initiatives about social, football, development, etc. This legacy trust is to secure that the World Cup has a social impact that can last after the event and that is supported by FIFA's fund. 60% of the money from the legacy trust are to be spent to develop infrastructure in cities that haven't host a game. 30% are invested in football for children and women while 4% are

used for public health and 4 more for underprivileged communities. And the final 2% are for administrative costs (FIFA regulations for FIFA 2014, 2013).

FIFA is contributing to the costs of preparation for participating football associations, is paying business class air travel for 50 people from each country's football association only if they use partner companies of FIFA. If the association decide to use another company to travel than the one partner with FIFA, FIFA will not have to fulfil those obligations (FIFA regulations for FIFA 2014, 2013).

FIFA is also going to contribute for the hotels used by the national selections team, for 5 night before the first game and 2 nights after but it is only a contribution, FIFA will pay a percentage of the price (decided by the FIFA Organising Committee) (FIFA regulations for FIFA 2014, 2013).

If we take a look at the revenues we see that it is all about "rights". Indeed, FIFA is the owner of all rights related to the FIFA world cup and any events under the jurisdiction of FIFA. The rights are composed of financial, audio-visual, radio recording, reproduction, broadcasting, multimedia, marketing, promotional and everything coming from copyrights law. Therefore, every football association, players or partners must agree with the terms of FIFA to take part to the event (FIFA regulations for FIFA 2014, 2013).

The revenues of FIFA come from contracts and agreements reached before the event. However, FIFA doesn't only get its profit from its own income statement, as explained before, it receives a part of the profit from the LOC, most of the revenues come from ticketing that is handled by the LOC.

Table 17

LOC's sources of income

Revenue	Expenses
<ul style="list-style-type: none"> • FIFA Contribution <ul style="list-style-type: none"> – Cash Payments – Value In Kind • Ticketing • Official Suppliers 	<ul style="list-style-type: none"> • Stadium Operations <ul style="list-style-type: none"> – Temporary Structures – Power supply – Stadium rental – Security – Volunteers – Other • Personnel • Transport • Information Technology • Marketing • Accommodation • Insurance • Show production • Other

Source: Marc-Antoine RIOU. (2012). *FIFA World Cup 2014 and Olympics Games 2016 in Brazil*.P.11

As mentioned earlier in the work, the LOC is funded by FIFA thus this is part of their revenue even though it with this money that they will be able to pursue their objectives that are to organise the event in a practical way.

In this table representing the income statement of the local organizing committee we see that it gets its revenue from two more sources, the ticketing and the sponsorship from official suppliers. Being the organization administrating the event and representing at the same time Brazil and FIFA, it totally normal that they must handle the tickets and the different sponsorship. However, the revenue form ticketing must be entirely paid back to FIFA, it is the main source of income for the federation of football.

Even if FIFA is getting all the benefits coming from ticketing they discuss with the country host to try to make a social event. FIFA and Brazil discussed to give special prices for certain groups of the population. Brazil has a habit of according special prices to retired people and to children which FIFA decided to agree with. Half priced tickets are to be sold to aged, student and member of the Bolsa Familia (Brazilian social welfare programme). Lower prices should be allowed to Brazilians

(30 USD) and around 50,000 tickets were given free to children from the Bolsa Familia and another 50,000 to the construction workers of the stadiums (Financial reports FIFA, 2015).

The expenses are related to the operating costs of stadiums, transports, human resources, etc. (Marc-Antoine Riou, 2012) (Ernst and Young, 2011).

Sustainable World Cup

For some years now, FIFA is trying to have an impact on countries on a social, development, etc. point of view. But the impacts were not always positives and it forced FIFA to reconsider their way of working and implementing the event.

Organizing and managing the impacts of a worldwide event is not an easy task and even more when we try to make it sustainable. Indeed, there is no defined regulation yet to monitor and control the sustainability of an event of this size. Therefore, the organizer must create the regulations for himself and create its own scope of work. FIFA since the world cup 2010 has started to reconsider the way the event should impact the country host. And working side by side with the LOC as soon as they were chosen they started to implant their regulations concerning the sustainability of the world cup in the specific situation of Brazil. (FIFA, 2013)

The LOC and FIFA working together started to plan what could be done for a sustainable world cup by calling a consulting company specialist in sustainable event. Thanks to the work of the three together they managed to point out 4 points of specific attention that must be taken care of:

- The Brazilian government own agenda, being able to meet the expectations and need of the Brazilian population
- 2 international guidelines for sustainability
 - IOS 26000, gives guidance to act ethically, to be transparent, contribute to improve health and welfare. (FIFA, 2013)
 - Global Reporting Initiative (GRI), it is a network of NGO that share the same goal to create guidelines and help to be more sustainable and transparent. (FIFA, 2013)

The country can use these guidelines to assess her own work and give a direction in the work that they want to be done. Those 2 guidelines are no certificate and can only be used as help and as red wire during the process. It doesn't force the country or the organization to do anything as the

matter fact they could choose what guideline or what part of the guideline they want to follow and impose to themselves.

- Looking at other events in the past (FIFA, 2013)
- Analyse the expectations of each stakeholders involved so that everybody meet his needs in a sustainable way. (FIFA, 2013)

What we learn from those 4 objectives is that to make the event sustainable it has to be discussed with every group, people or organization that is involved by the world cup, in other words, the stakeholders. In an event as important as the world cup the number of stakeholders is enormous but to make the event sustainable, agreements must be reached and that's what make it so difficult to define specific boundaries and regulations for a worldwide event.

The stakeholders can be categorised in two groups. First, the key stakeholders, meaning those that have the biggest impact by their actions or that get the biggest impact by the actions of others. This includes FIFA, the LOC, Federal government, host cities, FIFA's commercial affiliates, stadium authorities, etc. Second, the other stakeholders with less impacts and power, NGOs, local communities, CBF and development institutions. (FIFA, 2013)

Those 4 points are to be considered to prepare the plan for a sustainable world cup but before planning any actions, FIFA and LOC must come up with a list of targets to be reached and issues to deal with. These targets must be constantly analysed on 2 axes. First, what is the impact on the world cup and second, what is the impact on stakeholders. But within those axes FIFA highlighted two different situations, the issues that FIFA can influence and the issues that are related to the influences of stakeholders.

Objectives and measures

Thanks to the analysis, FIFA and the LOC could develop objectives to be reached and measures to be taken (FIFA regulations for FIFA 2014, 2013).

- Organisational governance:

with the goal of leaving a positive legacy, FIFA and LOC will focus on their way of managing the event. Accountability, transparency, ethical behaviour, stakeholder's interests, rule of law, international norms of human rights are the principles they decide to follow during the entire event including the preparations. (FIFA regulations for FIFA 2014, 2013)

- Fair operating practices

Acting fairly with any other people, group or association involved. (FIFA regulations for FIFA 2014, 2013)

- Consumer issues

Protect the rights of consumers, health, safety, consumer education, data protection, etc. (FIFA regulations for FIFA 2014, 2013)

- Labour practices

Fair wages and benefits with good working conditions. (FIFA regulations for FIFA 2014, 2013)

- Human rights (FIFA regulations for FIFA 2014, 2013)
- Community involvement and development

Football has to be used as a way to create a better welfare in cities by including people and initiative around the sport and the game itself. This must help to develop education, health, social inclusion, civil security and anti-discrimination. (FIFA regulations for FIFA 2014, 2013)

- Environment

FIFA and LOC want to control and even reduce the environmental impact of the event by focusing on waste, water, energy, transportation, etc. and trying to raise awareness. (FIFA regulations for FIFA 2014, 2013)

Those objectives and measures are set up in a plan that can be modified at any time depending on changes. The plan is reviewed every 4 months by FIFA, the LOC and the CSR team.

As mentioned before in the work, FIFA is working with the Brazilian government to implement those actions. Indeed, the government has his own objectives concerning Brazil that it is with or without hosting the world cup (Cfr. infra P.33). FIFA can meet the needs and directives of Brazil on certain points and thus be able to have a better impact by working together.

FIFA and Brazil join their effort of 5 out of the 13 directives of Brazilian's government (FIFA regulations for FIFA 2014, 2013):

- Directive 4, work to protect the environment and promote a sustainable approach.
- Directive 5, fight against poverty and inequalities through the program Football for Hope that supports social development, and communities thanks to football.
- Directive 6 and 7, supporting long term employment
- Directive 10, due to the requirement for hosting games in the 12 selected cities, investment will be done that would not have been done otherwise and is therefore helping to improve quality of life.

Carbon footprints

FIFA wants the world cup to be sustainable and one of the main concern that arisen during the discussions was the CO2 impact. However, a methodology to measure and analyse the carbon footprint of a worldwide event doesn't exist yet. Consequently, since the world cup 2006, FIFA learns from his experiences and projects on environment protection. In 2006 and 2010 the carbon footprints have been calculated for the events by FIFA, LOC and a third party. Those analyses allowed FIFA to come up with a new set of methodologies to plan operational boundaries and reporting periods helping to measure the effect of the event on the CO2 emission. To see the real impact, FIFA and its partners decided to implement this analysis from June 2011 until the end of September 2014 and not only focus on the 2 months of the competition (FIFA carbon footprints, 2013).

The third party is here to give its professional opinion and to help in the practical implementation but this thesis being on the impact on Brazil, I am not going to analyses that more in depth, this would be for another thesis or work.

Those methodologies can be summed up in 8 points (FIFA carbon footprints, 2013):

- Produce a complete, relevant, consistent, accurate and transparent report
- Account for direct and indirect emissions
- Report, as far as possible, emissions from all Kyoto protocol greenhouse gases
- Set the project boundaries widely to incorporate emissions under FIFA/LOC's operational control and/or direct influence
- Set clear inclusion/exclusion criteria to decide on what is included and what is not included the scope
- Identify a consistent, relevant and good quality set of carbon emission factors that are to the extent of possible representative of the location and the setting of the event
- Provide the necessary information for the design a general frame of analysis
- Clearly document the uncertainty levels regarding the data sources

FIFA's requirements

This part of the thesis is a very delicate one and yet very important to understand. The world cup being a very important event with a lot of investment involved, there is always people or organization complaining about the usefulness of such event. FIFA is the association of football but with a lot of money circulating in its hands, people get easily convinced that the only purpose of FIFA is to get money.

FIFA and Brazil both suffer problems of reputation regarding ethics, money and corruption it is therefore very easy to let oneself manipulated and jump to quickly into conclusions.

Like everything, there is always a part of truth and a part of lies in what we say about FIFA's implications and requirements.

As I explained hereabove, FIFA is working in a very strict way with its partners and stakeholders but still has some projects to impact positively the country host, Brazil.

In this part, I am going to explain and highlight the different requirements of FIFA to organise the world cup in Brazil. This is only an unexhaustive list of requirements because as I explained, FIFA is delegating its work to many people but is controlling everything and can change decisions anytime. It is consequently very difficult to find reliable information on that matter and to be specific and precise concerning the requirements of FIFA.

FIFA wants to control every part of the organization of the world cup and has therefore many requirements for each partner and the country. Some of these requirements are to make the event the most enjoyable and secure possible for the fans and some are to allow FIFA to control its sources of income.

As mentioned before, Brazil agreed to make a special law (Lei Geral Da Copa) for the occasion of the world cup allowing some advantages to FIFA and its partners. But even if Brazil decided to vote this law while the country had already been accepted as host by FIFA, Brazil had already given in June 2007 an official guarantee agreement of 11 points that were the basis of this law. This law was to make relations easier and remove bureaucratic issues for FIFA and to prove FIFA that Brazil is ready to do everything to make the event work even if it can be sometimes at the expenses of Brazil. FIFA is using its position and its power to make pressure on governments of Brazil, federal or local but this remains business and it is Brazil's choice to bid for hosting the world cup. Even if it is true FIFA is very powerful and wants to control everything and put a lot of pressure, Brazil accepted the terms while bidding for the World Cup 2014.

This law was to allow an exemption of taxes for FIFA and its partners but this was only one of the points discussed in the law.

This law was also to make possible for FIFA to protect its image and brand the best way possible. Indeed, FIFA is a strong brand and has an important value. Therefore, by organizing such event, FIFA is putting its name in danger by being associated to every action undertaken for the world cup and cannot defend it perfectly because it is not only in its own hands. This is the reason why FIFA asked (like it was done in South Africa) to implement new specific crime in the penal code of Brazil to any violation of the image of FIFA and implement specific tribunal court during the period of the world cup. This proposition is in total contradiction with the Brazilian constitution (1988).

FIFA has amongst its partners, the beer brewing factory Budweiser and as partner of FIFA the company wants to make profit thanks to the world cup. But a problem was in the way, in Brazil it is

forbidden to drink and sell alcohol in and around stadiums. The federation of football wanted to lift that ban for the 2 month event so that its partner could make profit. This was also one of the main point of the Lei Geral Da Copa.

FIFA also asked to be in charge of the advertisement in and around the stadiums so that the spaces are only allocated to FIFA's sponsors. This is also against the constitution of Brazil with the liberty of doing business.

The stadiums and its surroundings are very important for FIFA and its partners, this is where the core of the event is happening and where all eyes are turned. Consequently, FIFA asked another point to be changed for the duration of the world cup, let FIFA control the sellers in and around the stadiums which source of worries for the Brazilian population because Brazil has tradition of having many street sellers around the stadiums.

And last but not least, as explained above, FIFA wants to be protected for any incident occurring during the event that is not the responsibility of FIFA.

This law that was based on the 11 points of the official agreement that of June 2007 and was voted the 5th of June 2012.

Besides the vote of the law that allowed exceptional rights and power to FIFA, there is like every football event some requirements for the TV rights, stadiums and surroundings, hotel, transport, airport, security, ticketing, etc.

Stadiums must follow some technical recommendations and comply rules of FIFA over security, safety, the field, accessory equipment, facilities, etc. Stadiums are accepted only if they have gone through FIFA's inspections in the 2 last years. New stadiums have also to be inspected before the first game and at least 6 months before. Renovated stadiums must be checked for approval at least nine months the first game. Those delays give very little time to Brazil to finish the work on stadiums, Brazil estimates to finish the work on the stadiums by 2013 which leaves very few space for mistakes and for many new inspections by FIFA (FIFA regulations for FIFA 2014, 2013).

Stadiums must be furnished with seats, if there is standing places, they must stay unoccupied during the games and therefore not be considered as place available.

The stadiums must be adapted to host the press and with all the technologies at their disposition which means improve the number of seats available, better internet connection, etc. But this is

not the only requirement for inside the stadiums, FIFA is welcoming many special guest and want the lodges to correspond to certain criteria in all certified FIFA stadium. Improvement that must be done are always discussed, presented and controlled by FIFA.

In the surroundings of the stadiums, as I already mentioned, FIFA is the one managing everything and they also required Brazil to install Fan parks. The Fan park are places where fans can gather before, during and after the game, to celebrate, eat, drink, etc. This was implemented for the first time in Germany 2006 and the results were above expectations with 18 million visitors in those fan parks while the total attendance figures were 3.4 million.

As for the stadiums, FIFA has some requirements for the cities host. Improve accessibility to internet, electricity (redundant transmission lines), public transports, hotel, security, etc.

According to FIFA's regulation for the world cup (2013):

"FIFA is the original owner of all of the rights emanating from the FIFA World Cup™ and any other related events coming under its jurisdiction, without any restrictions as to content, time, place and law. These rights include, among others, all kinds of financial rights, audiovisual and radio recording, reproduction and broadcasting rights, multimedia rights, marketing and promotional rights and incorporeal rights (such as those pertaining to emblems) as well as rights arising under copyright law whether currently existing or created in the future subject to any provision as set forth in specific regulations."

Which means that FIFA is the rightful owner of every rights concerning the event of the world cup, this is confirm what we saw in the financial report of 2010 explaining that FIFA's revenues are coming from TV rights, marketing rights, hospitality rights and licensing rights.

FIFA financial expectations

Thanks to this income statement we can see the different sources of incomes and revenues for FIFA and we realise that the revenue for FIFA depend a lot on the participation of fans that they are behind a screen or in the stadiums. But it depends also from private contracts that are made in the time before the world cup. It is therefore very difficult to quantify any expecting profit not having access to the private data of FIFA. Nonetheless, the expectations from the study made by

Ernst and Young (2011) must have be a good indicator for FIFA's expectations regarding number of visitors, of ticket sold, of TV rights, of ticketing and even impacts on Brazil.

The thesis is about the impact and the legacy from the world cup but for Brazil, so the actions and impacts on FIFA are interesting to understand the general context but is not going to be developed in depth in this work, maybe for a future work.

PART III: The results

Now I arrive at the final stage of this thesis, the results. I compiled with my research a lot of different information concerning Brazil as a country but also Brazil as host of the world cup. I analysed the expectations and goals of hosting the world cup for Brazil and the relations with FIFA, the organizer of the World Cup. Indeed, the world cup is not only an event of football, its including many different stakeholders that can be represented and influenced by the decisions and actions of FIFA and Brazil.

With all those information, I am now able to understand what expect FIFA and Brazil from the world cup and see if they managed to achieve them. Nonetheless, this thesis is focusing on the impact and legacy for Brazil, I am therefore, going to focus on the consequences positive or negative for Brazil and its development.

To do so, I am dividing this part in 4 in order to highlight the impact of the preparations and the event itself.

Results of the preparations 2007-2014, before the event

The main thing that arisen when I was reading about the world cup of Brazil was that the investments planned were high, as explained in part II. But those investments, around 10 billion in 2007 were supposed to be supported mainly by the private sector. Very quickly it appeared that counting only or even mainly on the private sector was impossible, the Brazilian government had to intervene by the means of the 2 federal banks and by using part of their budget. The different governments, federal or local were therefore not ready to endorse the organisation of those investment and for most of cities didn't start their projects before 2010-2011 and the cost rose with the delay getting shorter.

As mentioned before in the thesis, in every big event there is always people in favour and people against and even if on the acceptance day it was celebration day in Brazil, with a support of 79% in 2008 (Marilene de Paula, 2014) the support dropped very fast to 51% and impacted every decision taken by the government during the preparation time.

As I highlighted in the part II of the thesis, the investment had to be done in stadiums, hotels, airports, transportations, safety and security and in agreement with FIFA, I am therefore going to divide the analyse as such with those 5 points.

Starting by the stadiums, being the biggest investment planned and the main centre of attention during the world cup.

Stadiums

In 2012, Brazil is using 20,000 workers on the construction of stadiums spread on the 12 cities. The delay was not yet a problem at the time but was about to become one due to strikes and protest from some of the workers. But the workers were not the only cause of trouble for Brazil, indeed, a lot of people were living around stadiums and had to be displaced to let the constructions go on and to meet the requirements of FIFA. Moving people away from their houses because of the construction or improvement of stadiums rose a lot of concern among the population, NGOs, press national or international. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

So very soon after the start of the work, Brazil was encountering big problems. One, if not the main goal of Brazil with the organisation of the world cup was to show the world that they got rid of their past of dictatorship, corruption, human right violation, violence, etc. and that they are a real democracy capable to be amongst the most powerful country in the world.

The construction of stadiums was not only an opportunity for construction companies and worker to make profit and improve their situation, it was also the occasion for convicts to get a chance to go back into the society with a purpose.

An agreement made between Brazilian government officials and FIFA was allowing to use this opportunity of need of workforce to give a new chance to convicts and by the same occasion get cheap labor. This situation was also causing some trouble for the Brazilian government due to the rapport of Raquel Rolnik (Special rapporteur on human rights and adequate housing for the United Nations) stating that this was a kind a contemporary slavery. But even though the conditions could be categorized as modern slavery this was still a great opportunity for those convicts. The agreement was allowing the prisoners to get one day withdrawn from their sentence for every three days worked. The chosen prisoners had to go through a selection phase to be selected for the program. They were paid around the minimum wage in Brazil and was called by some a “great honour” to be part of the world cup. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

This was a good opportunity for Brazil that their world cup was also a social one and that not everything was negative. By this means Brazil was showing that the world cup was also the occasion to invest in its population. Even if this was also and mostly a financial opportunity for Brazil to reduce cost in the workforce, this had good consequences for the image of Brazil.

But even if this social program was beneficial in a social point of view, it was in the shadow of many social violation of labor and human rights.

Some example of reactions due to those abuse from the different state, cities emerged during the year 2012. In Sao Paolo workers went to strike to get the same wages and benefits than other workers in other stadium across the country. Even though the risk of being behind schedule was high it didn't stop the union to make the blockage. But Brazil is a big country, the cities can be very far from each other with sometimes a big gap in the working conditions and opportunities. This is making it very difficult to get a common reaction, plan and goal for every worker across Brazil. Indeed, while at the beginning of the manifestation and strikes, most of workers were having the

same requirements some could achieve separate agreement within their own city and therefore jeopardised the solidarity effort. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Even if many events were making the headlines of the news, the event was an opportunity for an entire sector, construction. According to the Interunion Statistics and Social Studies Department (DIEESE) the civil construction workers busy on construction sites dedicated to world cup's projects earned less than expected. Only 17% of those workers earned between 520 USD and 377 USD which represents a good and a minimum wage in Brazil. But even if the expectations were not met, the workers on world cup site earned between 0.78% and 7.35% more than other workers that didn't work on world cup related projects.

Still between 2009 and 2013, around 128,450 workers went on strike for a total of 26 times to get their overtime payed and other requirement guaranteed by the law. With all those protests going on, Brazil could not let the centre of the entire world cup be jeopardized because of strikes that were legitimate. With those actions, the workers managed to get medical assistance, higher wages, etc. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Another thing that tainted the beauty of the event was the death of 8 workers during the construction of stadiums. 6 out of the 8 died while stadiums were running late and way behind schedule.

Table 18: List of death by city

Arena Corinthians, São Paulo	Arena da Amazônia, Manaus	Estádio Nacional, Brasília	Arena Pantanal, Cuiabá
Ronaldo Oliveira dos Santos, 43; crane accident, Nov 2013	Marcleudo de Melo Ferreira, 22; after fall from roof, Dec 2013	José Afonso de Oliveira Rodrigues, 21; Jun 2012	Muhammad'Ali Maciel Afonso, 32; electrocution, May 2014
Fábio Luiz Pereira, 23; Mar 2014	Raimundo Nonato Lima da Costa, 49; Mar 2013		
Fábio Hamilton da Cruz, 23; Mar 2014	Antonio José Pita Martins, 55; crane accident, Feb 2014		

Source : Marilene de Paula. (2014). *The 2014 world cup: its legacy and challenges*. P.7

As mentioned hereabove, another issue that damaged the image of Brazil were the displacements. The Brazilian government is pretending that nothing wrong has been done but many different sources are highlighting that most of the displacements were forced. With the works, the removal of population and investment around stadiums, the price of land and housing went up. To the face of the world the surroundings of stadiums look good, modern and clean which was the objective of Brazil. This is the reason why so many manifestation occurred before the world cup, to allow the Brazilian to show the real consequences of the world cup and not only what the governments try to show.

With those information, I can say that this was maybe the best solution for Brazilian to get what they wanted because they understood what the government's objective was, showing how modern and good Brazil is. This was a real problem for the government because at the same it was highlighting only the issues and not the positive side but also was putting Brazil in danger regarding the schedule. The pressure was put on the government not only by its own population and press but also by FIFA, international population, press and organisations.

In 2012, already some stadiums were behind schedule and the fear of more strikes and more international pressure forced Brazil to make a statement stating that 5 stadiums were halfway

done and that only 2 were at only 20% ready. But this statement raised concerns because the organisation that has to control the government spending didn't agree with those number and that only 2 stadiums were halfway done. This was causing trouble again to the reputation and image of Brazil because being a country with transparent policies and results was part of the objectives. But starting already in 2012 to try to cheat the numbers to manipulate the world pretending that everything was fine was a step aside on transparency and therefore hurting one more time the image of Brazil. There were good intentions with the creation in 2007 of the transparency portal and the regular publication of data but with the fear of losing the support of FIFA for some cities or even the host of the world cup, Brazil started to get back to their flaws. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

As we are analysing the stadiums results, we have to wonder why Brazil decided to select 12 stadiums. Normally it is always 8 or 10 even if 12 is also an option given by FIFA but rarely selected by hosting countries. More concerns appear when we know that 4 stadiums had to be built from scratch and 4 out of the 12 cities don't have a real culture of football. This can be odd for a country such as Brazil but indeed, some cities don't have team on high level, not even in Serie B. Therefore, no team has the finance to use such stadium of a capacity of 40.000 seats and don't even have the fans to fill in the stadium. Those 4 stadiums are not going to be used after the world cup while Brazil could have chosen less stadium to be used for the world cup. But Brazil wanted to show off and got carried away on their expectations by seeing to big without real thinking. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Hotels

Even if for hosting a worldwide event accommodations are needed and are very important, there was not much headlines in the newspapers about the evolutions of the preparation for that matter. Maybe it is due to the fact that the investment in that sector is only supported by the private sector. Therefore, the economic consequences for the population is rather limited.

Nonetheless, as mentioned for the stadiums, in 2012 the preparations were behind schedule, even for the accommodations and FIFA was not pleased with the organization of Brazil and its way of dealing with delays. With the choice of 12 host cities, some had very little experiences with tourism and thus had not enough places in hotels or others for the expected number of tourist's

inflow. As for the stadiums, in 2012 FIFA was scared that everything might not be ready on time and that other solutions would have to be taken. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Even if the investment had to be done in the constructions of new hotels by the private sector, the public sector got involved by implementing a training program. Brazil wanted to show the world that they are ready to be part of the elite and their expectations, requirement and standards are the same than in any other developed country. With the Brazilian Institute of Hospitality and the Brazilian Hospitality Industry Association, Brazil came up with the program, Welcoming Cup. The training gave the opportunity to follow classes online and have practical activities 4 times a week during 4 hours in hotels. The official number of people that could enjoy this opportunity was about 306,000 people for the 12 host cities. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014) Nonetheless this is a great opportunity for Brazilians, it was limited to a small number of people because limited to the 12 host cities, the other cities could not improve their training concerning tourism, communication and international standards. Therefore, the gap between cities and rich and poor in Brazil got even bigger. This highlight once again that the objective of Brazil is more to showcase the world what they want to be seen than really invest in its population in a whole.

During the preparation time, in January 2010, the Brazilian federal government manage to deblock funds from the National Bank for Social and Economic Development (BNDES) to create the ProCopa Turismo program to help the hotel industry. During the 4 years following, 17 projects were funded for a total of 1.456 billion USD. Even with this help some hotels were not ready in time in Rio de Janeiro for example. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Airports

12 cities had to host games for the world cup and due to the size of the country and the fact that Brazil is in South America, airports were primordial. The airports are the first impression that tourist have on a country or a city and that's where the world cup had to start for the fans. To be able to welcome the inflow of fans, Brazil wanted to improve 13 airports. But in 2012, 10 of the 13 were extremely behind schedule. Nonetheless, the federal government and the president Dilma Rousseff decided to step forward and intervene to guarantee the necessaire investment to complete the stadiums on time. To do so the government decided to go from investments of 143

million USD planned in 2007 to end up reaching 3.7 billion USD by 2014. But the federal investments were not the only solution used by the president, she decided to open the airports to private investors for a contract of at least 20 years. This raised huge backlash, the party in hand of the country, the Workers' Party, has always been against private investment in airports. But that was not the only concern, the company chosen to operate the airports were small and inexperienced, many were doubting of any improvement in the management of the airports in the country even with those private investments. But only time is going to tell us who was right or wrong, because even if the results appear to be bad at short term we have to remember that those investors arrived in a time of trouble and thus cannot be blamed for every wrong doing. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

But even if the government was trying to reassure everybody for the completion of the infrastructures for the world cup, there still was problems of coordination, planning and management. Brazil didn't want the world to see that and was trying to hide the problems.

The airport governing body called Infraero was blamed by many association for its lack of commitment and planning. But not only during the world cup, already in 2009, some airports were having trouble to deal with the inflow of tourist and to manage them effectively leading to overcrowded airport, delays and flight cancellation. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

But even with all those problems, issues, the president had to maintain its faith in the preparation of the world cup so that the world cup do not fail before it even started. Indeed, FIFA could always withdraw the competition from being hosted in Brazil and that would have been disastrous for the all Brazil and for the legacy of all those investments.

Transports

The work in transport were very important to improve the situation in Brazil because in the 8 biggest cities of Brazil, around 20% of the population must travel during 2 hours to get to their job which affects the efficacy of the country. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Those projects were therefore very important but like in every sector bad news and inefficient planning and management occurred. Out of the 44 projects planned, 16 were cancelled. Most projects were about creating subways, railway and highways but only the cities of Recife and Fortaleza could finish their subway lines on time. With those cancelations, the initial budget of 11.6 billion R\$ decreased to 8 billion R\$. which even if this could look good because the spending got lower, the transportation systems were the only real investment that was going to be life changing for the all citizens of the host cities. Indeed, stadiums improvement are useful but only for people who loves football and who go see games while transport improvements are useful for a bigger part of the populations. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

While dropping the construction of their underground system, the cities created the Bus Rapid Transit system (BRT). This is a less costly solution but also less effective one. Indeed, the busses are going slower and cannot carry as much people at the time as a subway. Once again, protests happened against the management of the investment because these busses are not going to be long term solution for Brazil and those investments seemed to be wasted. But as always during the preparation, organization and management of the world cup, the Brazilian's government focused only on the image and the smooth running of the event. The government was intervening only on the projects that were really needed for the world cup and the rest was left aside without any consideration for the population. At the end of the world cup nobody could say if those projects that started already were going to be realised in the future.

Safety and security

As mentioned before, Brazil has a history of violence in some of its cities and none of the actions taken so far had been successful. As we all know, the favelas are the centre of violence and crimes in Brazil but not everybody living there is to blame. Therefore, taking actions against this issue is very sensitive for the population and the overall approval of actions of the government to host the world cup.

To tackle this issue in a new and effective way, a security agency has been created in 2010 to control and monitor the entire security of the world cup and confederation cup. Furthermore, every city was investing part of their budget on programs such as in Rio. In Rio, the government decided to create a new special task force with elite incorrupt police officer that would be working

and living in the favelas every day. This task force was getting all power to do what has to be done to stop violence, drugs and gangs to prosper in the city. This decision was seen as positive, proving that Brazil was finally ready to fight its issues but raised concerns for the legitimacy of the actions of this task force and the abuse of human rights. Some report comparing the police as death units appeared and were not facing any kind of consequences. A former officer even commented the situation as such “everyone knows the police here in Rio de Janeiro... nearly all of them abuse their authority ... The shooting cases you hear about, most of them are executions... It’s premeditated, very cold-blooded and calculated”. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

The actions to stop violence are first to control the touristic areas which leaves the population with mix feelings, is Brazil again trying to impress the world instead of really working on its issues? Once again when Brazil tries to tackle an issue the consequences are mitigated and the legacy remains difficult to see.

However, these actions worked perfectly and no incident were mentioned during the world cup and even on the years before, the criminal rate went down for the very first time.

Protests

As mentioned before, in almost every project, problems occurred and from those problems protest and strikes. The world cup preparation didn’t go smoothly for the governments, they had to deal with those protests that were slowing down the work while they were already behind schedule. Those protests were due mostly to the lack of management and preparation of the world cup. Indeed, most issues could have been handled without any problem if governments had planned better their projects and with better communication, coordination and consultation. A simple example is better than a long explanation, in Rio de Janeiro, one of the project was to destroy buildings, sports facilities, a school, a swimming park and an athletic track in order to build a parking for the world cup. But this is a nonsense, Rio was supposed to host the Olympic games in 2016 so why destroying training facilities and an athletic track that will be needed for the Olympics and create a parking that is not needed in any case for the world cup. Thanks to the fight of NGOs and other associations, the project was cancelled but this highlight perfectly the lack of real practical and long term thinking for the preparation of the World Cup. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Many protest, national and international were related to forced removal and evictions. Even if the federal government released in July 2014 a statement accounting the number of removal to 35,653, this number doesn't seem to be quite near the reality. According to Raquel Rolnik, UN Special Rapporteur on adequate housing for the world cup 2014, the number is not reliable because of the shortage of data for some cities. The National Coalition of Local Committees for a People's World Cup and Olympics (ANCOP) confirmed the feeling of Raquel Rolnik with the number of 250,000 impacted by the removals.

But the real problem of those removals, according to Raquel Rolnik, is that the basic right in such condition is that people cannot end up in a worst situation than before and in the case of Brazil most people were ending up in worst situation.

During the prequel of the World Cup, the FIFA Confederations Cup in 2013, about 864,000 people took the street to protest the poor organisation, corruption, high prices and lack of concern for the citizen's needs. This was causing huge harm to the image of Brazil but the reaction of the governments didn't help either. Indeed, the international press was reporting abuse and huge repression from the police.

Results of the 2 months of world cup

In spite of all the critics that arisen during the preparation of the world cup, the event was a success at least for FIFA and for the football side. Millions of fans went to Brazil and could enjoy good stadiums, good games and even some football records. FIFA's report mention that 3.17 million people were present in the stadiums which represents only 1% less than expected.

For FIFA, it was undeniable a financial success, with all the agreement in their favour they managed to obtain before the world cup this could not have ended up bad for FIFA. Between 2011 and 2014 FIFA made a profit of 5.718 billion (90% coming from competitions) and 2.428 billion coming only from the TV rights for the World Cup in Brazil but with total spending of 5.380 which allow FIFA to end their fiscal years with a result of 338 million of benefit. In 2014 FIFA managed to double their profit from 2010 (world cup in South Africa) with a record of 2.096 billion made just in 2014 (Financial report FIFA, 2015).

At the end of the world cup, Brazil published on its transparency website, Portal Transparencia, that the total spending was of 25,640,765 R\$ (13,354,565 USD).

Table 19: Table of budget

Area	Total budget (in BRL 1,000)
Airports	6,281,000
Communication tools	6,600
Tourist developments	180,221
Stadiums	8,005,206
Temporary structures (Confederations Cup)	208,800
Public transport	8,025,093
Other services (monitoring and volunteer programs)	41,443
Harbours	608,700
Public security	1,879,100
Telecommunications	404,602
Total BRL	25,640,765
(Total USD)	13,354,565)

Source: Portal de Transparencia. (2014). <http://www.portaltransparencia.gov.br/>

The period of the world cup was supposed to be an opportunity for a lot a Brazilian to enjoy from the inflow of tourist and make on 2 month the income of a year. Due to the world cup law, only a

few street vendors could work near the stadiums and benefit from the world cup. Over 350,000 street vendors already living with a low income were suffering from this re-planning regulation of the urban space around stadiums. In Sao Paulo, after a fight with NGOs and community organisation FIFA gave authorisations to 2,400 street vendors to work during the world cup but only 600 out of the 158,000 could at end be present at the Arena Corinthians (6 games were played there). In Belo Horizonte, only 400 out of the 25,000 vendors could sell their merchandise around the stadium and only accredited FIFA's merchandise. In every city the same happened, very few of the street vendors could sell during the world cup and what was supposed to be the opportunity of a lifetime became the disaster of their life, being banned to do their jobs during more than 4 years for some of them. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

To analyse the impact of tourism during the world cup, I am using a report from the Forum of Brazilian Hotel Operators (FOHB) indicating the occupancy rates of the hotel in the host cities. During the world cup the average rates was of 61% and increasing to 77% on the day before a game. The results are even better for cities with a history of tourism such as Rio de Janeiro (87%), Fortaleza (72%), Brasilia (68%) and even Recife (68%) but in some other region's capital like Cuiaba the occupancy rates were low and very disappointing. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

With the headlines being made internationally about Brazil not being ready, many countries like Belgium and the Netherlands decided to organize specific solution for their fans. Indeed, Belgium's football association used a partner to create a fan camp-camping to facilitate the accommodation of its citizens traveling in Brazil.

According to Vicente Neto, the president of Brazilian Tourism Institute (EMBRATUR) hosting the world cup in June and July created an unusual inflow of tourist for that period of the year. Even if there were some issues, the tourism was a real success for Brazil and the government achieved their goal by giving a good image of Brazil to the fans present in host cities. Most of the foreign fans were very pleased with the touristic infrastructure even though some hotels didn't reach the quality expected and they would be ready to come back in Brazil. The foreign tourists didn't spend as much as expected but still generated an increase in revenue. The revenue spent by foreign visitors were higher by 37.84% (1.58 billion USD) than usual at the same period of the year.

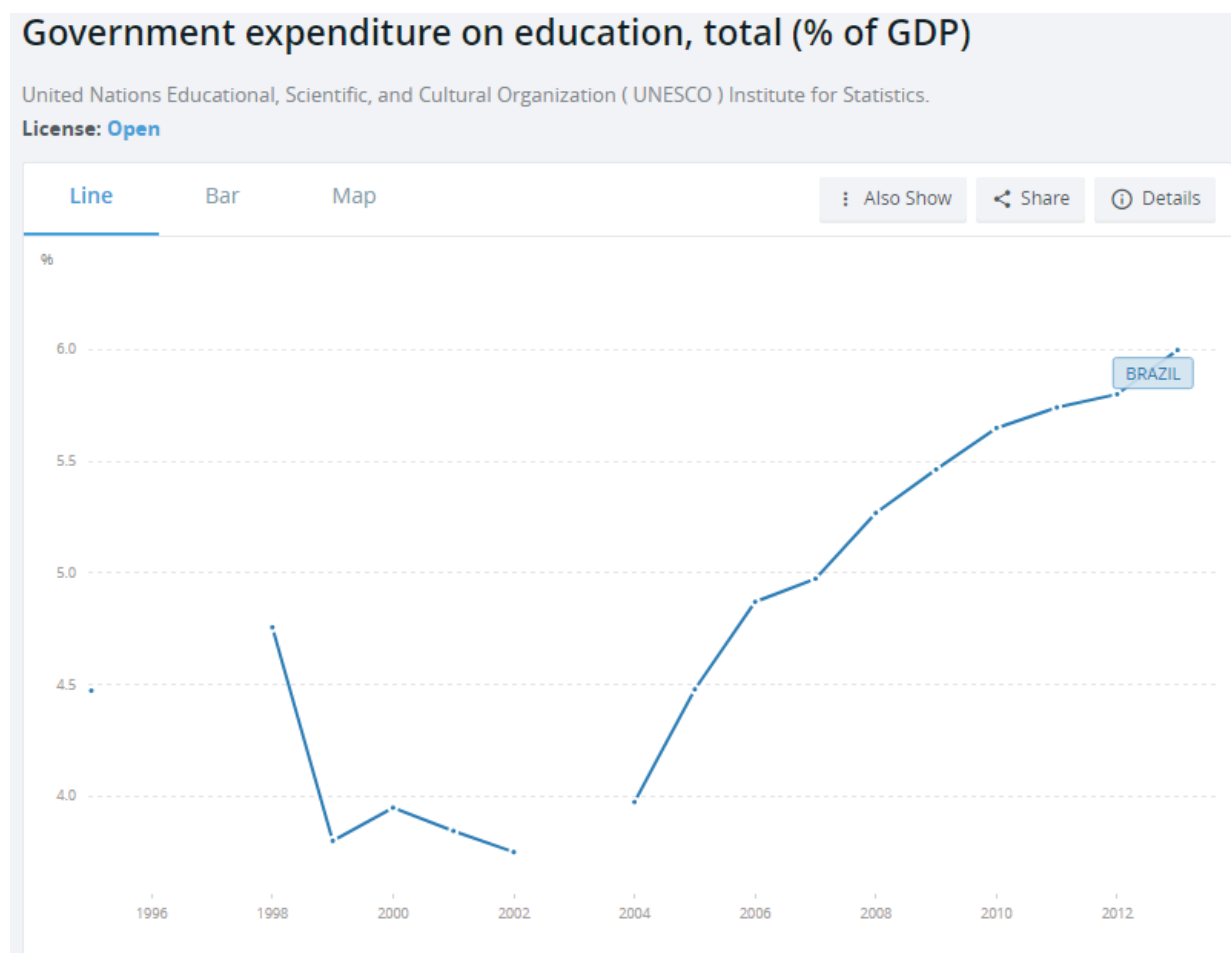
Concerning the transport of tourist during the world cup, only a few minor issues were encountered which was seen as a good result regarding the few number of projects realised in time.

Analysis of graphics and macroeconomic data of Brazil

With the analysis, done in Part I, of definitions and articles such as the one from Goff Peter, 2003 about economic development I selected some indicators that I think are relevant to analyse the evolution of Brazil through the years. Some have been analysed in Part I and here I am analysing others that are suspected to have had an impact from the world cup.

Education and employment

Table 20



Source: world data bank. (2017). *Government expenditure on education, total, public.*

<http://data.worldbank.org/country/brazil?view=chart>

This graph allows me to confirm that indeed, the Brazil's spending on education have risen since 2004 and they didn't stop because of the hosting of the world cup. Actually, even in 2011 after a slowdown in growth, it started a new rise to reach 6% of GDP. (OECD, 2016) (Santander, 2017)

This confirm that Brazil is concerned by the education of its population for at least 17 years now and that the arguments against the world cup pretending that the world cup was damaging the investment in the education is not funded on data. Even if it's true that the money used by the country for the world cup could have been used for education, it didn't have a bad impact on investment. Brazil with a GDP of 2465.2 billion USD (2012, which is higher than in 2016), the investment of 6% in education (lower than 2016) for the only year of 2012 represents 147.9 billion USD, knowing that the world cup investment amounted to 15 billion USD after 7 years of work. Those 15 billion represents only 10% of the investments made in education and to go even further, those 15 billion should be divided in 7 years which leads us to 2.14 billion a year that could have been invested in education. Then it represents only 1.44% of the investment made for education and not even counting that the spending for education are still growing. This allow me to realise that criticisms about the world cup investments as being damageable for the education in Brazil, are not valid and not funded on anything.

Nonetheless, the educational situation in Brazil is not without problem. Even with those rising investment, the reading performance, science performance and mathematic performance is doing very well (appendices 3, 4, 5). For the two first, after a rise until 2009, it stopped and is now remaining at the same level for many years but the problem is that it significantly lower than the result of the OECD average. However, the education level of adult Brazilians is rising at the same rate than the OECD average which is good and prove an improvement (appendices 6).

But this good result for the education of adults are hiding an important problem. The number of young people not being in training, education or employment is rising (appendices 7) which allow me to confirm what I have read about Brazil investing more in the tertiary education (appendices 8) than the primary and secondary which is leaving some young people aside.

Table 21

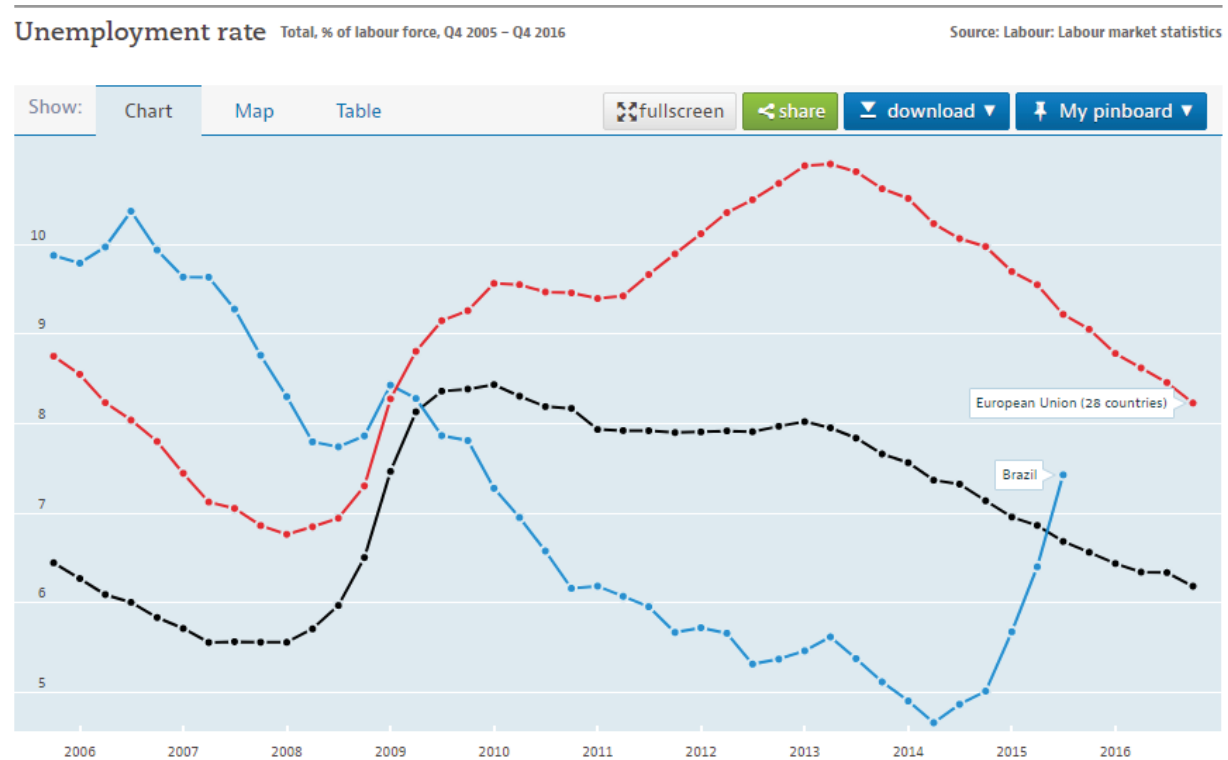


Source: OECD. (2017). *Part-time employment rate*. <https://data.oecd.org/brazil.htm>

This graph is very interesting but the data are not enough to give a precise and real analysis. But I am using it with assumptions and hypothesis hoping that in a future work more data are going to be available on that ratio. Because this ratio is showing us that between the year 2011 and 2014, the part-time employment rate grew up a lot which would make sense knowing that many people were hired during the world cup preparation. But it would be interesting to get the data of before 2009, to allow me to see if there was a difference before 2007 and the preparation time for the world cup. Even if the analysis found told us that the world cup was not leaving as many jobs as expected after the world cup, we cannot with this graph see if the growth was really due to the event. Indeed, as said, the data should show us the years after the world cup and even after the Olympics to see if the world cup really made a noticeable impact. I have to remind that Brazil suffered from a recession in 2013 and is only getting better now, so even if the results after the world cup are going down it would not be a proof that this rise was a world cup effect. Indeed, if

the results for the after world cup show us that there is a slow-down it might be a consequences of the recession and not of the end of world cup.

Table 22



Source: OECD. (2017). *Unemployment rate*. <https://data.oecd.org/brazil.htm>

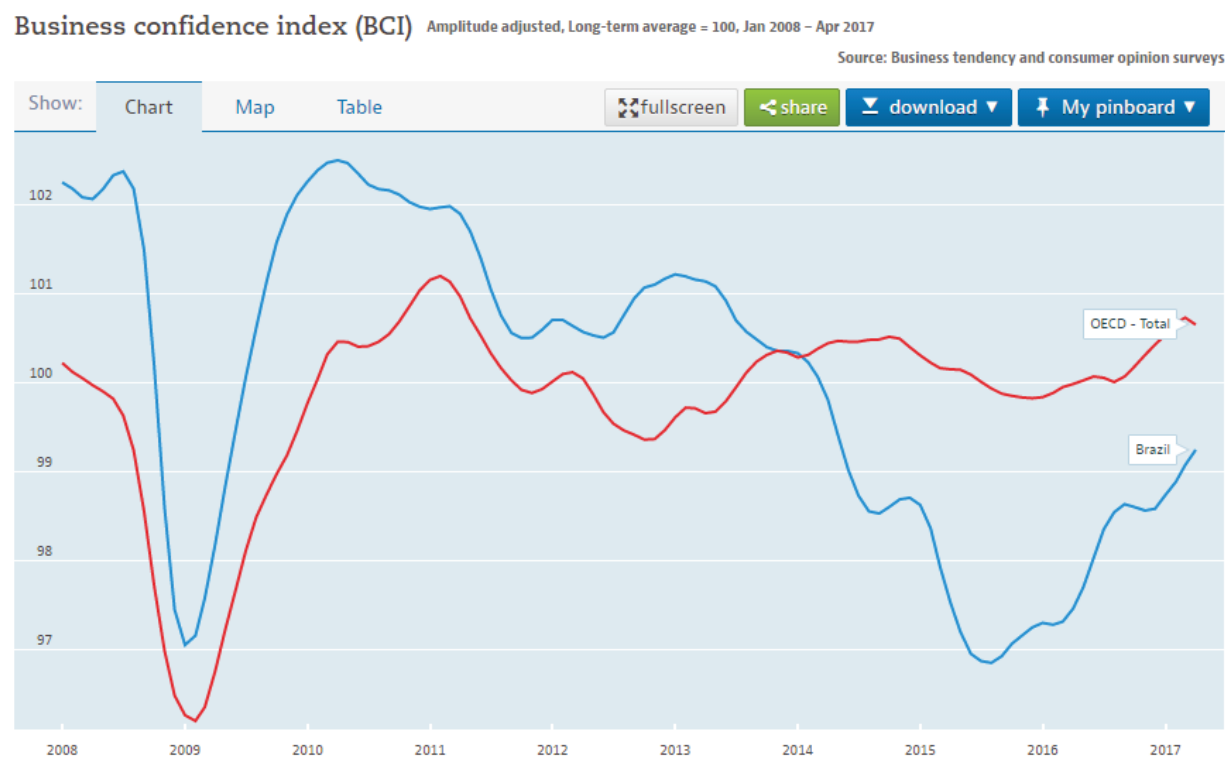
This graph however, is very helpful, the data are on a larger period of time but will not help me to understand the impact of the world cup. As mentioned before, Brazil was having a good economy very blooming and making it one the most important developing country. As we can see it here in the data, the unemployment rate was going down until the crisis in 2008 and was even meeting the rate of the European Union when Brazil managed to see growth climbing again soon after the financial crisis. Already in 2009, the unemployment rate went down again to reach its lowest point in 2014 while at the same time the rate was still growing for the European Union. This might be a consequence of the world cup, due to the investments that were made and all work done during this period.

Nonetheless, the incredible result of Brazil for that matter didn't continue and the unemployment rate is now rising strongly (even if predicted to go down in 2017). This issue arisen in 2014 while

the world cup was on its way and continued after. This is clearly showing us that the expectation of the world cup impacting the unemployment by creating long-term jobs and opportunities has failed. The world cup didn't impact the long-term jobs in a significant way that would benefit all Brazil. On the contrary due to a contraction of the Brazilian economy, the unemployment rate rose and any legacy concerning the world cup jobs has been destroyed. This graph confirms the information found during the research and preparation of the thesis, stating that Brazil was hit in its economy by multiple factors, Petrobras scandal, oil prices and export to China, all of them overpassed any economic legacy from the world cup.

Consumption

Table 23



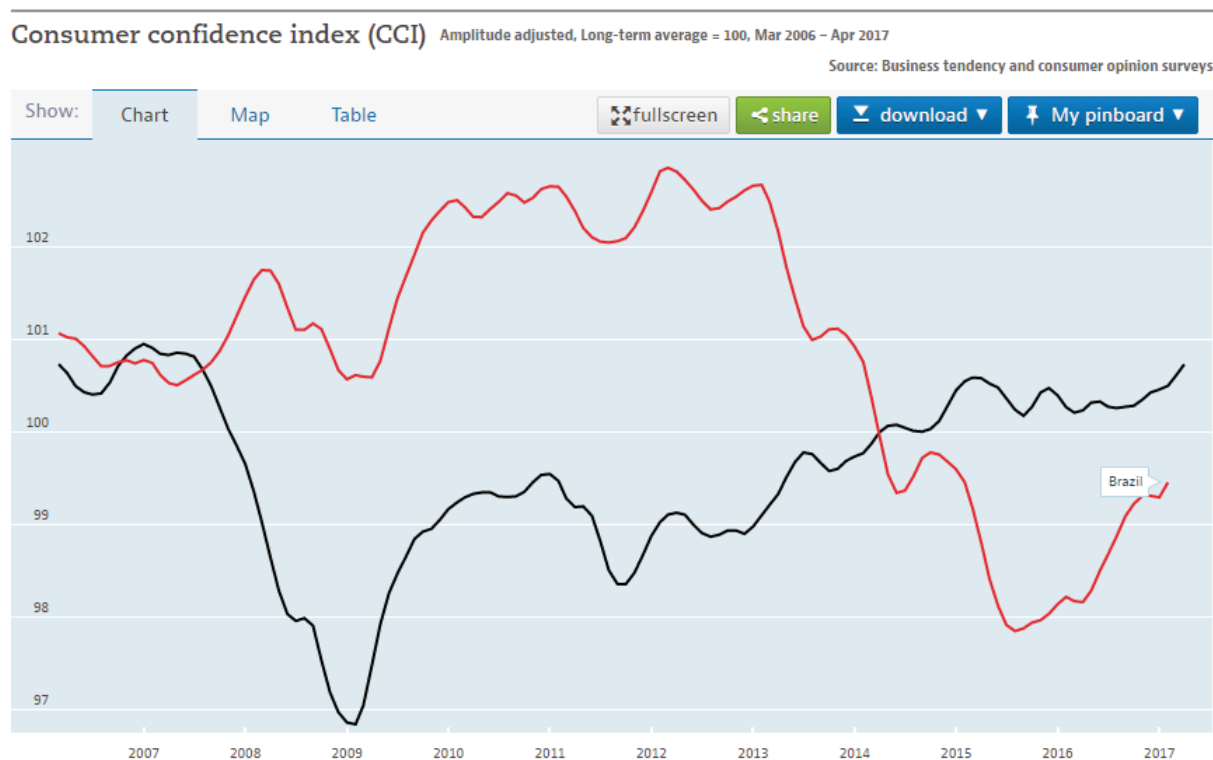
Source: OECD. (2017). Business Confidence Index. <https://data.oecd.org/brazil.htm>

The business confidence index is showing more or less the same result than the unemployment rate. Brazil was in a really good shape of economy and the business confidence was a result of it, doing even better than the OECD total until 2014. But the results are not showing before 2007, the

acceptance day so it's not possible to see a real impact due to the world cup hosting. The curb is following the one of OECD between 2010 and 2014 therefore I doubt that the world cup has had a significant impact on total Brazil's confidence index. Maybe a good idea for the future would be to analyse the data per city. Nonetheless, once again, the recession that stroke Brazil in 2013 has lead the confidence of companies to go down while at the same time the rest of the OECD was getting better results. This recession destroyed again the expectation of the world cup leading new companies to opportunities and to improve the economy. If the world cup has had an impact it's has been overpassed by this recession. However, the investment made between the years 2007 and 2014 for the world cup helped to maintain the good results of Brazil. In 2016, now that new policies have taken by the Brazilian government, the confidence go up again.

To conclude this graph analysis, we can see that Brazil suffered from it recession of 2013 and that it was so important that is overpassed the effort and direct benefit that had to bring the hosting of the world cup.

Table 24



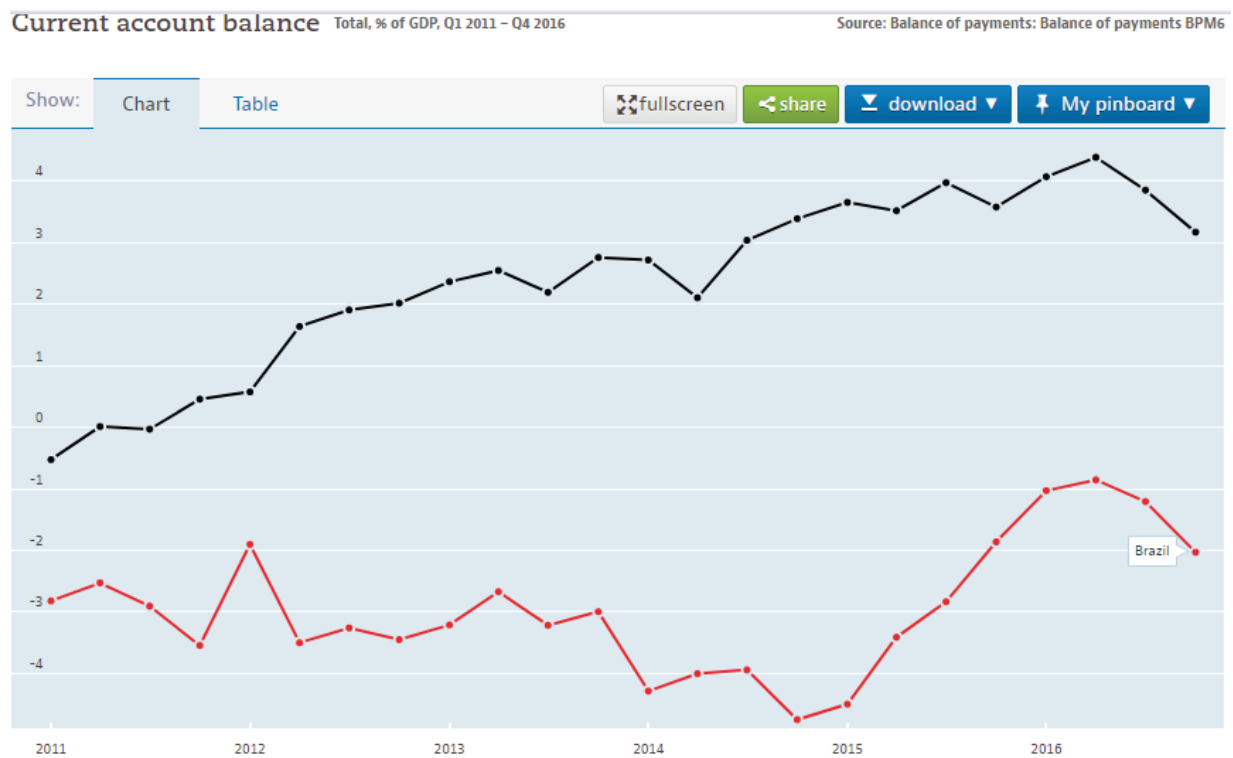
Source: OECD. (2017). *Consumer confidence index*. <https://data.oecd.org/brazil.htm>

The consumer confidence index is showing us the same results than the business confidence index, being that Brazil and Brazilian suffered from the recession in 2013 which masks the potential benefic results of the world cup in the economy.

The world cup appart, these graph show good hope in Brazil that is already in recovery to reach it results of before 2013.

Foreign relations

Table 25



Source: OECD. (2017). *Current account balance*. <https://data.oecd.org/brazil.htm>

The current account balance helps us to see the difference between the investments and saving of a country. But once again I could not find data of before 2011 which makes it difficult to see a difference between before the acceptance day and the preparation time and consequently say if there is a real impact from the world cup and its preparations. The higher the current account is the better it is for the country, indeed the current account is composed with the balance of trade

(appendices 1), the net income and the current transfer (Investopedia, ND). This results for Brazil indicates that Brazil a net borrower and was going before 2016 in the opposite direction than the average of OECD. Since 2016 the results are coherent with those of the rest of OECD but nonetheless it remains negative while positive for OECD. This means that Brazil get more in the country than they export or lend or gives.

However, Brazil is a borrower it is making sense knowing that the country is still developing and need huge investment in the country. I cannot consider these results as completely negative for Brazil but more just coherent with the economic situation of Brazil. Brazil investing to become a developed country and should sooner or later manage to stop being a borrower and become a lender country, but this must be seen in the future with the help of more data.

Concerning the world cup impact, I cannot draw conclusions because the data are only from 2011 and the investment made for the world cup started between 2007 and 2010. I cannot see if the current account balance went down due to the investment needed for the world cup or if the situation didn't change during this period. But my opinion would be that the world cup didn't influence the results because this is part of a strategy of Brazil to invest and take the help of foreign countries to be able in the decades coming to be self-sufficient and be a developed country like the others. The world cup was just a point in the Brazilian strategy of development. Moreover the 15 billion of investment made could not influence as much the economy a country that has a GDP of 2465.2 billion USD in 2012.

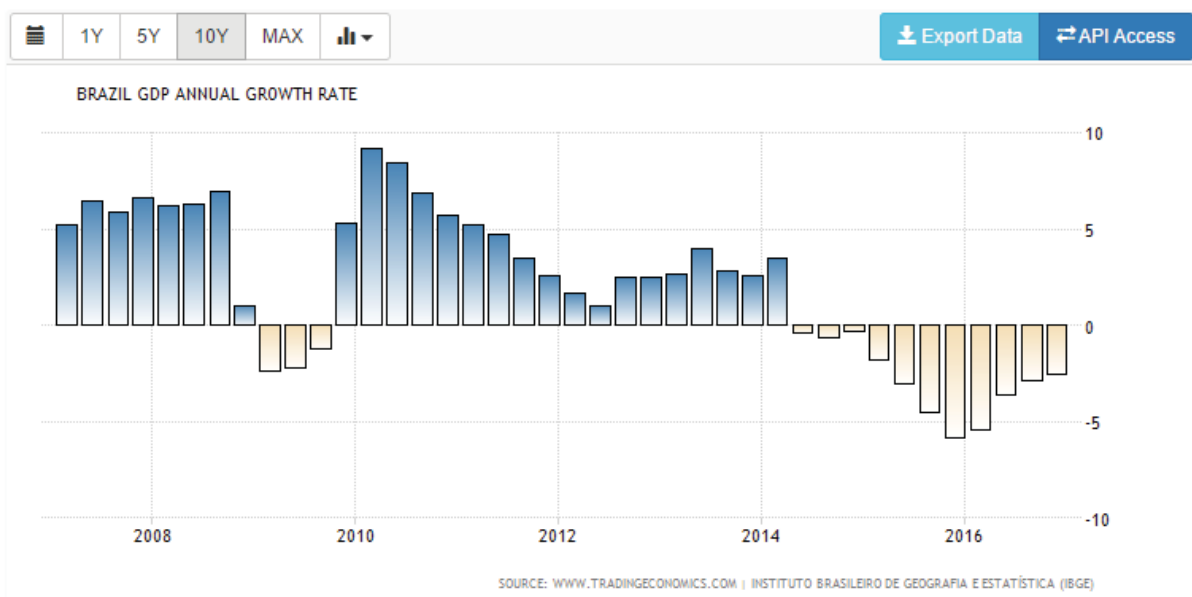
GDP

Table 26

Brazil GDP Annual Growth Rate

1991-2017 | Data | Chart | Calendar

The Brazilian economy shrank 2.5 percent year-on-year in the fourth quarter of 2016, following a 2.9 percent fall in the previous period and worse than market expectations of a 2.3 percent drop. It was the eleventh straight quarter of contraction, mainly due to sharp declines in both household consumption and fixed investment. In 2016 as a whole, the GDP dropped by 3.6 percent after retreating by 3.8 percent in 2015. GDP Annual Growth Rate in Brazil averaged 2.63 percent from 1991 until 2016, reaching an all time high of 10.10 percent in the first quarter of 1995 and a record low of -5.80 percent in the fourth quarter of 2015.



Source: Trading economy. (2017). *Brazil GDP Annual Growth Rate*.

<http://www.tradingeconomics.com/>

The GDP growth rate is a very interesting indicator for the economy of a country and also in this case to see the impact of the world cup. The Brazilian governments had hope that the world cup would give them a push in their development and their economy and even if the results allow Brazil to have 0.7 % of GDP from the world cup, this has had no impact on the economy. Indeed, Brazil suffered from the recession in 2013 and therefore any impact of the world cup, being a single event, were overpassed by the slow-down in the economy. Nonetheless, by looking at the results for 2014 (appendices 9) we clearly see that during the second, third and fourth quarter of the year that the GDP rise and stop its fall before falling again after. The world has had an impact

but not big enough to overpass the recession. This was predictable, Brazil being such a big country and with so many cities, the world cup involving only 15 billion USD of investment for 7 years and only 12 cities, it was not possible that the event would have the power to decide by itself of the direction of the economy of the country.

However, it is not because the event cannot influence the overall economy that it didn't have any impacts. Between the years 2008 and 2014, the GDP from construction never stopped rising (appendices 10) to slow down soon after 2014 and still going down now. The construction sector was impacted by all the investment made by the world cup and this graph show it perfectly.

The same happen with the services and transport sectors (appendices 11 and 12), growing up from 2008 until 2014 to sow down in 2015 and rise again for the 2016 Olympics. Those events cannot influence the overall economy but well some sectors that are part of the projects.

The impact of the world cup on GDP is not important but there is one, not every sector could enjoy profit from the world cup but. For my opinion, it is normal that an event cannot influence positively the entire economy, it can strengthen a position, a situation, some sectors but not more than that. Counting on a single event to improve the situation of a country is not possible.

Health

Table 27

Health expenditure, total (% of GDP)

World Health Organization Global Health Expenditure database (see apps.who.int/nha/database for the most recent updates).

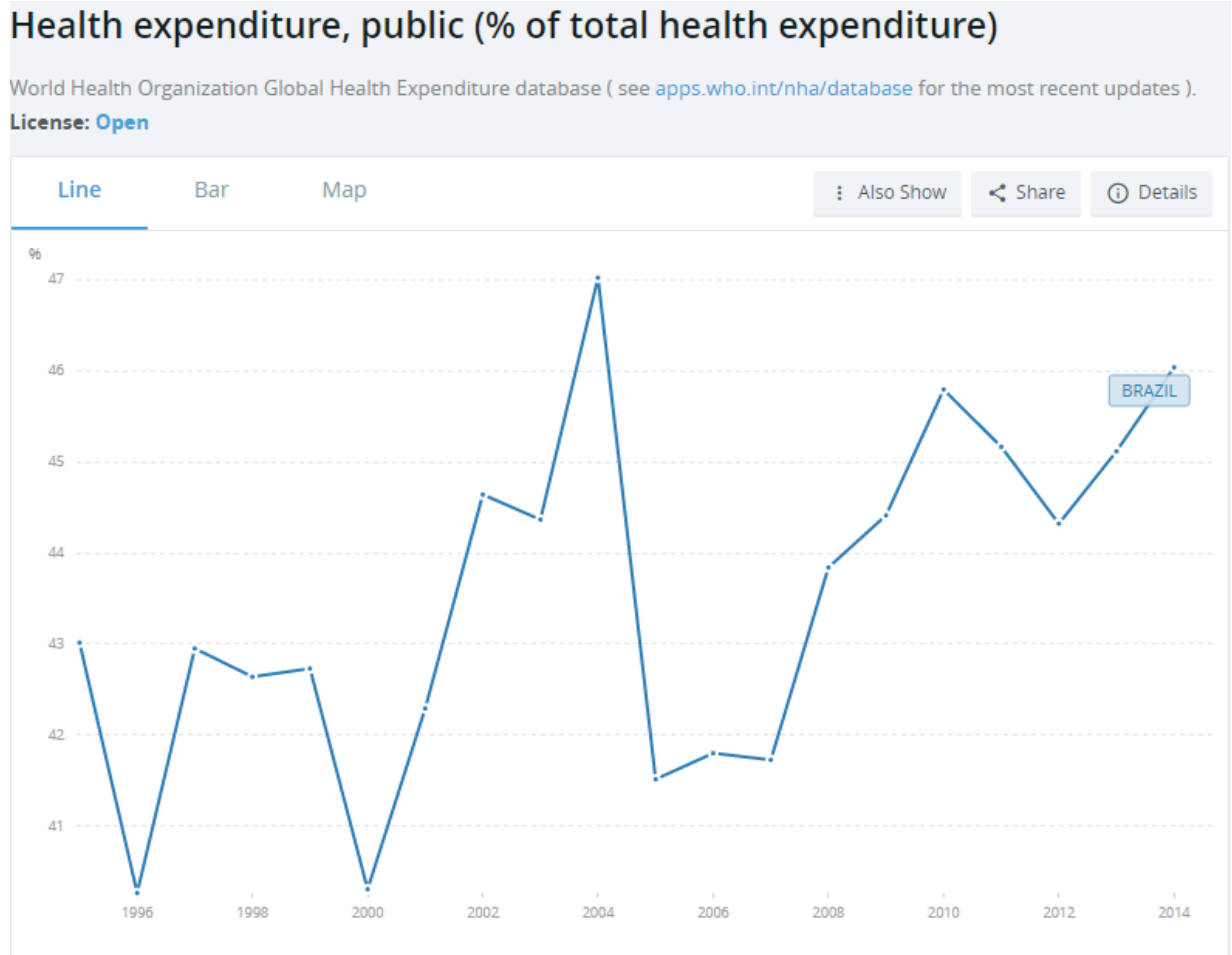
License: [Open](#)



Source: world data bank. (2017). *Health expenditure, total*.

<http://data.worldbank.org/country/brazil?view=chart>

Table 28



Source: world data bank. (2017). *Health expenditure, public*.

<http://data.worldbank.org/country/brazil?view=chart>

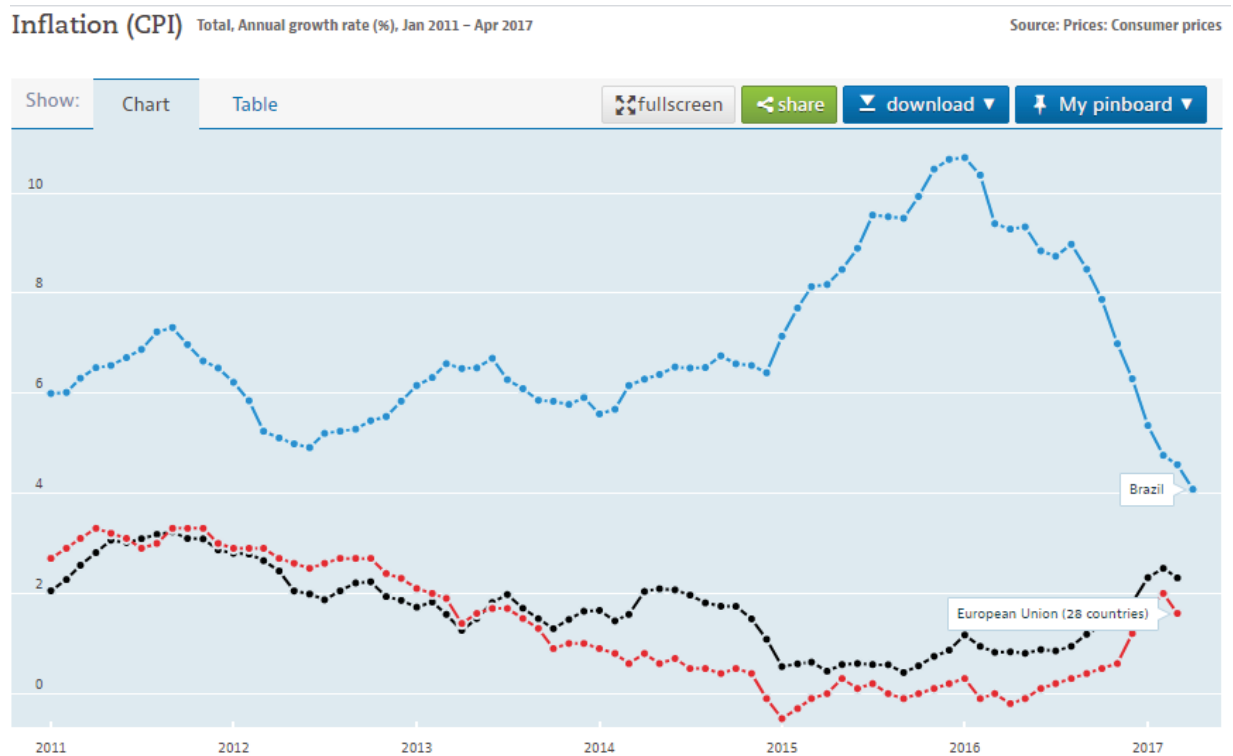
Concerning the health situation in Brazil, this graph is showing us that investments are not really stable but are rising since 2007 with a short slow-down in 2010. The private investments represent around 50% of the investment and while the public investments are still growing, the private one are stabilising at the same level. Even if those graphs show us that the situation of health investment is not very stable, we can clearly say that the world cup investment of 15 billion USD didn't impact in any way the investment for health in Brazil. If we take a look at the appendices 13, the results are positive for Brazil and the investment have impact.

Nonetheless, it is also important to notice that the situation is getting better but is still not reaching the level of developed countries. Many efforts have to be done to continue on this way and continue to increase the investments and results.

Concerning the world cup impact, as said before, the event didn't prevent Brazil to invest in health and actually the government even growth its investments. But I have to agree in a way with the protest concerning the investment made for the world that could have been used for the health system. Brazil could have invested in its health that is needs to be stabilized and improved instead in stadium or other useless infrastructures. However, even if I agree with the importance of investment that could have been better spend in health, I have to mention that the world cup investments didn't get bad consequences on health, actually it didn't get any influence in the health system. Consequently, the protests during the world cup stating that the event was using funds that had to be used for the health were not true. But those protesting against the misused of this amount of money are true and funded on real and practical data.

Others

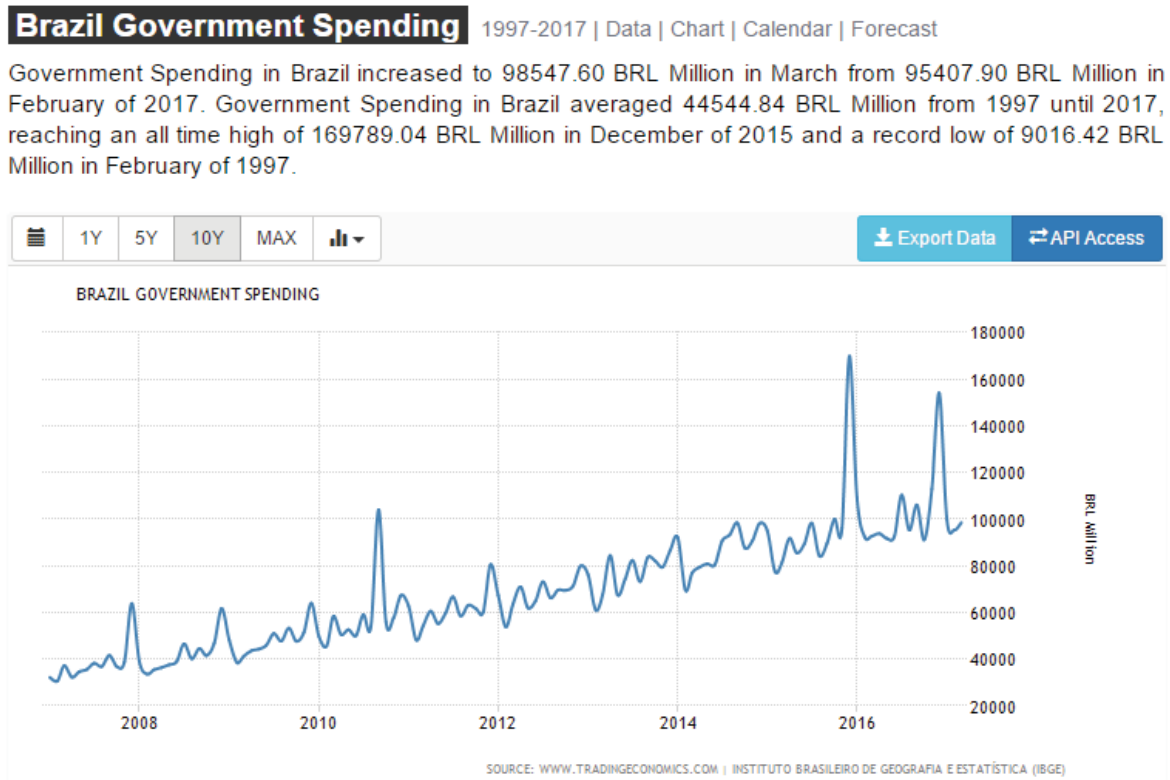
Table 29



Source: OECD. (2017). *Inflation*. <https://data.oecd.org/brazil.htm>

The Brazilian inflation has always been between 5 and 7 % between 2011 and 2014 with what seems to be a cycle but in 2014 it starts rising to make a jump in 2015 and skyrocket at more than 10% in 2016. This is due to the recession that has impacted Brazil in 2013. But after 2016, with the new president and its new policies, the inflation go down to reach its lowest point in 2017 and almost reach the rate of European Union.

Table 30

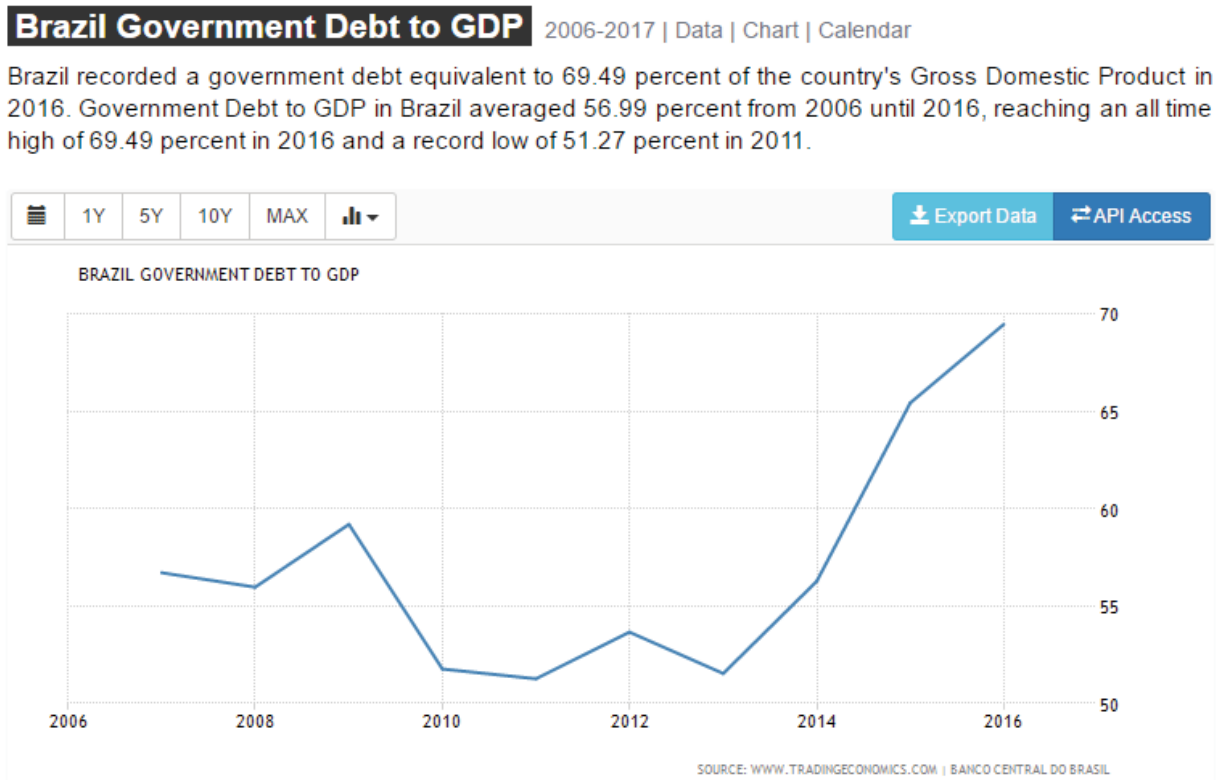


Source: Trading economy. (2017). *Brazil government spending*.

<http://www.tradingeconomics.com/>

The Brazilian government expenditures are rising and follow a trend but with some moment of reaching a peak. We don't see any rise of investment reaching a peak that could be due to the world cup. Indeed, the government spending being about 80-90 billion a year the investment of 15 billion spread on 7 years has no visible impact on the graph.

Table 31



Source: Trading economy. (2017). *Brazil government debt to GDP*.

<http://www.tradingeconomics.com/>

Brazil government debt to GDP's graph is an interesting one but to be able to make an analysis of the impact of the world cup more data would be required. Indeed, the graph starts in 2007 while to see the difference of debt due to world cup we should see a few more years before. The debt to GDP rise in 2013 but this is due to the slow-down in GDP that occurred since 2013 with the Brazilian recession.

Actual overview of Brazil

Brazil is having a recession since 2015 that come from a slow-down in the Chinese economy that hit Brazil in 2013 even though the forecast for 2017 are positive. This was due to, as explained before, the fall in prices of raw material and sells to China the main client of Brazil and also due to the bad confidence of consumers and investors. But also, due to the Petrobras scandal and the fall in oil prices. The inflation in 2015 of 10.7% was way above government's target of maximum 6.5%. Nonetheless, the situation is getting back on track, inflation is still high but is getting down thanks to new investment, and budgetary measures taken by the new president Temer. For example, the balance of payments current account deficit dropped in 2016 to 1.6% while reaching 4.3% in 2014. Many cities are in debt and even some states like Rio are almost in bankruptcy. And even the federal state is experiencing a rise of his debt to 80% of his GDP in 2016.

The after-world cup and Olympics has lead Brazil to a political crisis with corruption cases and the Petrobras scandal that came to light in 2016. The impeachment of the elected in 2014 President Delma Rousseff put Brazil in a situation of instability and loss of trust in their government by the population. This political problem arrived just after the world cup which saw already many manifestation of anger against the Brazilian governments.

At the arrival of the replacement of Rousseff, Temer decided to establish a budget readjustment to limit the spending and therefore control the debt. The government planned an election in 2018 while in the meantime trying to reform the pension system and the labour code. Nonetheless, the Petrobras scandal is every day showing more and more people implicated in cases of corruption. The world cup and the Olympics were to give a good image of Brazil that was rid of its passed but even during the year 2017, after the discovery of the Petrobras scandal, other corruption cases went to light. For example, the meat scandal that almost stopped all exportation of meat from Brazil in the rest of the world. Chile, China, the European union and others stopped every import of meat from Brazil for a couple of days due to a case of corruption in health inspection services. Thankfully the impact was short and the exportations could start again but this show how instable Brazil is right now and how dangerous the bad reputation of Brazil can be for the economy of the country.

Brazil is also having trouble with the abolition of his high level of inequality, still being one of the highest in the world, even if it went down since 2003 with the Gini coefficient falling from 58.1% to

51.5% in 2014). Brazil is working on its problems of inequalities with the income of the poorest 40% rising by 7.1% between 2003 and 2014 but the country still remains low in the ranking. Unemployment is low but still rose in 2016 and the differences between states is not getting smaller, on the contrary, some cities are in debt after the world cup while a few others managed to control their debt and even see it going down.

Since 2000, Brazil is investing in its education and health system. The investment in education is one of the highest in OECD and in Latin America with enrolment rate getting higher but as said with inequalities remaining. The investment in the health system is on the average of OCDE and growing every year even if the GDP is not with good result for the mortality rate under 5 years old and for mother's death at birth rate.

Brazil is a developing country that suffered from the economic crisis, economic hit from its exportations and its old daemon (corruption, etc.) but has done a lot to improve the situation socially, economically, ecologically and politically, even if sometimes the consequences are not as good as expected. But this is the burden of every country, and especially a developing one. Investing in education, health, ecology, politics, foreign relations development, etc. take a lot of time. Because the country wants and needs to invest in everything at the same time and is dependent on the world economy and world situation and evolution, sometimes the results are disappointing and new actions have to be taken.

PART IV: The legacy after the event 2014-2017

Economic

One of the main concern the population have about the world cup is its price of 15 billion USD and it is true that it is a lot higher than the previous world cup and even 5 billion more than originally expected. But the biggest complaint is that this money could and even should have been invested in education or health that is still far from those in Europe for example. These complaints are understandable due to the not yet effective health and education system but nonetheless, the investment in education and health never stopped growing even during the preparation of the world cup. The world cup and the investments related to it didn't get any impact on the investment made in the health sector, positive or negative. But the world cup was never supposed to have any impact on the health, therefore the world cup is not leaving any legacy concerning the health sector. Brazil's plan for the health sector that started decades ago didn't change for the world cup and continued its transformation and evolution.

One of the biggest hope for Brazil and the Brazilians was the creation of around 3.63 million jobs and add new income of 32.81 billion USD. However, it didn't go as planned, in 10 out of the 12 host cities, the public debt increased by 51% while in the other cities of Brazil the debt only increased by 20% or less. Nonetheless we cannot completely blame the world cup or FIFA for being the cause of such debt because host cities of Natal and Manaus saw their public debt decrease even though they were hosting the world cup as well. The jobs have mostly been part-time jobs and therefore stopped quickly after the world cup. More concerning is that in the process to make the event to FIFA's norms, Brazil destroyed a part of its economy by forcing the street vendors located around stadiums to stop working during the years of the preparations and even during the event. Thousands of people and families lost their only opportunity to make money and what was supposed to create jobs, destroyed some. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

The new jobs created didn't last long after the world cup, the companies and workers involved in the constructions of stadiums, airport, etc. could not continue due to the lack of projects and investments. However, those jobs didn't last after the world cup, the allowed people and companies to work on projects they are going to be proud of all their lives. Those investments

allowed companies to be part of projects that would never have happened or brought as much profit without hosting the world cup.

With the law implemented and voted just for the occasion of the world cup that was meeting most of the requirements of FIFA, Brazil lost between 2010 and 2014, 291 million USD in federal taxes (Federal Audit Court, 2014). Brazil's government rejects the responsibility and the idea of losing those taxes by pretending that it was necessary to host the event but this is not true, in 2006 in Germany, FIFA had to pay taxes and even a part of its profit. Brazil didn't benefit directly from the world cup but only from the presence of the event in the country.

This leads me to thinking that the biggest problem for the impact, consequences and legacies for Brazil was not FIFA or the world cup but more the governments in Brazil and their way to manage the development of their cities, states or even country. However, I must be moderate because Brazil suffered from the 2008 economic crisis like the rest of the world and got into a recession in 2013 just before the start of the world cup. Indeed, in 2013 Brazil started to suffer from an economic slow-down of its main partner, China. Consequently, Brazil entered in a recession and any positive effect, impact from the world cup have been overpassed by the recession. Even if the world cup was maybe, which I don't think so, creating new jobs, those opportunities have been destroyed due to the economic situation.

The only real legacy seems to be the constructions and the investment made to improve cities. However, even here the legacy is not nearly as well as expected at the beginning.

At the acceptance day, Brazil was stating that every investment was going to be made by the private sector but after 2, 3 years without finding anyone interested in investing alone, the states had to intervene. This lead Brazil to invest 15 billion USD in infrastructure of stadiums, airports, transportation system, etc. In 2010 Brazil starts the real planning and preparation with already 3 years lost and very quickly after, projects were abandoned or delayed to after the world cup.

Infrastructure

Nevertheless, the world cup remained an opportunity for many cities. Brazil's decision to host the world cup in 12 cities instead of 8 has had a mixed impact.

On the one hand, hosting in 12 cities instead of 8 allowed cities to ask for loans and investments that they would never have got otherwise. Some cities could finally invest in the improvement of their transportation services or urban areas or even airports, which was needed. Some cities understood the advantage of being host and asked funds for projects using as pretext the world cup while they knew that those projects would never be finished on time and that they weren't needed for the world cup. This became an opportunity to get the investments that were required to improve cities life.

For example, the host of the world and the Olympics in Rio allowed the city to get the resources to finally tackle the violence and drugs cartels in the favelas. But even if the numbers show that the violence went down before and during the world cup, soon after it came back, already during the Olympics the numbers were rising again.

The table hereunder is highlighting projects planned, done and cancelled for the transportation in the host cities.

Table 32: Projects done and cancelled for transportation

Host city	Investment (in BRL 1,000)	Construction/Improve ment	Cancelled projects
Belo Horizonte	1,405,600	a. Arrudas Boulevard/Tereza Cristina b. BRTs: Antônio Carlos/Pedro I; Área Central; Cristiano Machado c. Pedro II transport corridor d. Extension of Traffic Control Centre	1 project cancelled in 2012
Brasília	44,600	a. Extension of highway DF047 (airport access)	1 project cancelled in 2012
Cuiabá	1,719,400	a. Upgrade of roads and access to Arena Pantanal b. Mário Andreazza transport corridor c. LRT: Cuiabá/Várzea Grande	2 projects cancelled in 2012

Curitiba	466,200	a. BRT: Extension of South Green Line/Marechal Floriano b. Airport bus corridor/Bus and train stations c. Upgrade of bus and train station d. Upgrade of Marechal Floriano transport corridor e. Upgrade of Santa Cândida terminal f. New road monitoring system g. Upgrade/integration, Metropolitanas radial road	1 project cancelled in 2013
Fortaleza	617,156	a. BRT Alberto Craveiro Avenue b. BRT Dedé Brasil Avenue c. BRT Paulino Rocha Avenue d. Via Expressa/Raul Barbosa (new tunnels and flyover) e. New underground stations f. LRT: Parangaba / Mucuripe	
Manaus	–	–	–
Natal	472,248	a. Access to new airport São Gonçalo do Amarante b. Zona Norte/Rena das Dunas stadium transport corridor, c. Priority 2: Road construction, Via Prudente de Moraes	
Porto Alegre	33,309	a. 3 access road, Estádio do Beira Rio b. Upgrade of road infrastructure, Beira-Rio Stadium	11 projects cancelled in 2013
Recife	890,673	a. BRT: East-West-Branch World Cup city b. BRT: North/South – Igarassu/Tacaruna/city centre c. Caxangá East-West transport corridor d. Via Mangue transport corridor e. Underground station Cosme e Damião f. Flyover, highway BR 408 g. Underground terminal: Cosme and Damião	
Rio de Janeiro	1,866,600	a. BRT Transcarioca (Airport/Penha/Barra) b. Maracanã area redevelopment/upgrade of multimodal hub	

Salvador	20,625	a. Accessibility improvements
São Paulo	548,507	a. Upgrade of road infrastructure, Zona Este development area
Total		8,084,918 USD 4,204,160

Source: Portal de Transparencia. (2014). <http://www.portaltransparencia.gov.br/>

As we can see from this table, many projects planned have been cancelled but others have been delayed to after the world cup.

I am going here to make a summary of the infrastructures that are giving a legacy to host cities and how these legacies are influencing them.

Stadiums

Concerning the stadium, 4 cities decided to build a new one from scratch, Sao Paula, Cuiaba, Manaus and Recife. The three last one have built a new stadium but has no team in the premier division ready to use them, they are therefore useless. One other city experience the same situation of stadium too big for the teams in the city, Brasilia. Those 4 cities were aware that after the world cup no football team would be able to take over the use of those stadiums. Therefore, they remain with very costly stadiums but with no use for anybody. Even cities who have teams that could use stadiums have trouble to find agreement with the teams to pay for the stadium maintenance. For example, the very famous stadium of Maracanã is not used by any of the teams of the city due to a lack of agreement with the city. Consequently the 2 teams of the city play in another stadium away from the city and the Maracanã is abandoned and never used. All cities experience difficulties to cover the cost of maintenance of stadium and have to allow birthday, weddings, etc. to be celebrated in the stadium or even used a bus parking. Some stadiums like the one of Cuiaba had to be closed for repair just after the world cup which forced even more cost. For a total of 8 billion R\$ the investment in stadium does not leave any positive legacy, most stadium are never or very little used and do not allow cities to make money out of them. The last hope is to sell stadiums to private investors but until now none has been interested in investing. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Airport

Many airports extension were build and not completely finished for the world cup excepting the one of Sao Paulo and the one of Curitiba. Nonetheless, all the extensions works are now done besides in Fortaleza were the project has been abandoned and leave a legacy from the world cup. Those airports extension were more than needed in some cities and will help Brazil to welcome the inflow of tourist growing year after year. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

The airports are going to leave a legacy in Brazil and be used for many years to welcome tourist, international or national.

Transport

Transportation projects are the one with the most delays, change of plans and even abandon. But some project arrived on time and as planned, in Belo Horizonte for example, the Move was finished in 2014 and is now improving the transportation in the city.

In other city like Cuiaba, Recife, Rio or Sao Paulo, projects of light railway or subway line extension or elevated freeway have been build but not on time. Nevertheless, this remain a positive legacy from the world cup. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

Even if projects were replaced by others, like in Manaus or Fortaleza, changing from a new subway line to a BRT line (Bus Rapid Transit) has helped the cities to improve their transportation systems.

Tourism

As I said before in the work, the host of world cup has created in 2014 a new season for tourism but with the Olympic games being in 2016, it is impossible yet to say if it created any impact and left any legacy. The future will tell us if it had an impact to a long-term and not just only on the 2 months of the event.

Politics

The most important legacy that got Brazil from the world cup is the infrastructure but if we see it in a positive way. If we look the negative way, the most important legacy is the political one. Not because of the lack of organisation, the forced removal or the over investment but because of the many cases of corruptions. Indeed, as mentioned before, Brazil is suffering from a bad reputation of high level of corruption. The world cup didn't change those habits even if Brazil expected it to be the proof to the world that they were done with their old daemons. Without mentioning it again, the Petrobras scandal that is involving many politicians and big companies that saw the impeachment of Delma Rousseff, Brazil is now investigating irregularities in the process of stadiums call for tender. (Elissa Josefina Ronquillo, 2012)(Marilene de Paula, 2014)

A legacy from the world cup even if it is a bad one is the instability and lack of confidence for politics in Brazil.

My conclusion would be that the world cup didn't meet the expectations of Brazil and Brazilians for the economic development. The boost in jobs creation were only limited to the time of the world cup and even some jobs were lost due to decisions taken without consideration of the long-lasting impacts.

Economic analyst from LCA economics consultant, Celso Toledo confirmed my conclusion with this statement "the world cup is an event that enhances welfare but is of little economic relevance, especially in large countries like Brazil. If it has some impact at all, I think it was a negative one. It was like an extended holiday." (Celso Toledo, 2014).

I have to agree with him on the fact that it didn't bring much to the economic development of Brazil because according to the number published by the ministry of tourism and the institute of economic research foundation (FIPE) the world cup only injected 30 billion R\$ instead of the 142 billion R\$ expected. Those 30 billion represents only 0.7% of the GDP of Brazil in 2013 which is almost nothing and furthermore, this injection were between 2007 and 2014 and in only 12 out of 5564 cities in Brazil which limits the impact. But by mentioning the fact that only 12 cities could really enjoy from those 30 billion injected in the economy I have to point out that because those 30 billion are not spread on all cities, the impact is bigger for each city enjoying from it. This has therefore a positive impact for the 12 host cities even if disappointing if we compare with the investment and expectations.

CONCLUSION

To conclude this work, I have to first remind what the objective of the thesis was. I was trying through researches and analysis to understand if hosting the world cup could give a boost to the development of Brazil.

To answer the question, I divided my work in 4 parts. The first part to allow me to understand the context. The second to understand the reason, risk and opportunities of Brazil to host the world cup and the relation with FIFA. Following with the results of the world cup and end up with the legacy.

After going through all those steps, I can finally say if my hypothesis was correct or no. The answer is no, the world cup didn't give a boost to the development of Brazil but to explain why, I have to divide it in two points.

The first point is highlighting the fact that the world is a single event and with the investment of 15 billion in 7 years for 12 cities. Indeed, the situation of Brazil, being one of the most important economy in the world makes the hypothesis irrelevant. Brazil has a GDP/year around 2000 billion, with more than 3000 cities and 200 million of people, the impact of investments of 15 billion in 7 years for 12 cities not representing 60 million of people are obviously very little. After realizing that most investment were in stadiums airports and transports, I realised that only a few sectors could enjoy from this kind of single event. Therefore, at the best, the world cup would have given a boost for some sectors and then stop after the world cup if nothing was made to continue and enrich the legacy.

The second point is the unstable macroeconomic situation in Brazil that evolved during the preparation of the world cup and continued until now. Brazil suffered from a slow-down of the Chinese economy in 2013. The country was the main importer from Brazil and when China decided to reduce its imports, Brazil saw its entire economy slow down. But that is not the only problem, the oil is one of the main export of Brazil and added with the slow-down of the Chinese economy, the hit was twice. The hit even became three time as hard due to the Petrobras scandal. The company represented 12% of GDP of Brazil and was promising 200,000 new jobs with new projects and investments but with the scandal, all those investments failed to happen. Furthermore, the company was losing money for the very first time. All those conditions put

together, it didn't leave any chance to the world cup to leave any substantial impact on the development of Brazil.

Nonetheless, even if the answer to the hypothesis is negative I want to go a bit further because there is still much to say about the legacies of the world cup. The research question, what are the impacts of the world cup on Brazil, made me find the answer for my hypothesis but made me find many other information.

The world cup was expected to leave a legacy in Brazil but at the end it didn't work as well as expected. The Brazilian government was very naïve on many points.

First thinking that only the private sector would need to invest while in every other world cup the country had to invest. This led to many problems, the investments and projects didn't start before 2009, the country had to invest and the pression of FIFA was leaving very little margin to Brazil. If the problem of FIFA was not enough, the population was rising complaints about the way the world cup was handled.

Second, Brazil was expecting many legacies from the world cup but was not worrying about anything else than finish on time and meet the requirements of FIFA. Brazil must have thought that everything was going to be a piece of cake, without realising that the event was worldwide and that Brazil, even if it was the country host, worked for FIFA and not with FIFA.

My opinion about the overall legacy of the world cup is very bad. The economy couldn't benefit due to too many agreements that were giving everything to FIFA and its partners but also due to the number of jobs that have been destroyed during the preparation times. Indeed, some jobs and some sector bloomed such as construction, tourism and services but it didn't leave any legacy after the world cup or at least not yet.

The infrastructures leave a legacy to the cities but even there, it is mitigated. The airports and transports have improved but with many change or even abandon of plans. The stadiums are the worst legacy that remains from the world cup, as almost none of them are used and therefore are money consuming instead of money providing.

As far as the tourism is concerned, the results were good during the world cup's months but as soon as it was over it came back to normal. It increased again for the Olympics but to be able to say if the tourism sector get a legacy from the world cup we will have to wait a few more years.

The last but not least was the political legacy, the after-world cup saw the most instable years in Brazil for a long time due to corruption. The trust and faith in government has dropped and Brazil is now unstable economically and politically.

After working on this thesis, I now am ready to give some recommendations concerning countries hosting a worldwide event such as the world cup:

- The event must be considered as an extra opportunity, the country cannot place all its hopes in an event
- The event becomes an opportunity if it's prepared in such manner
- The plans and the investments must start before the acceptance day, countries cannot wait to be sure to host the event to start investing and planning
- The event must help to continue the investments in already existing projects and not be a reason to create new projects
- The projects must be needed and done even without the event
- The projects must be thinking to leave a long-lasting legacy
- The projects and investments must consider the possibility of a degradation of the country's economy and its consequences
- The relations with the partners must be clarified and perfectly understood before the bidding

To end that conclusion, I am going to take a critical opinion on my work and analyse the limits.

The theme of the thesis was very interesting and helped me to be more aware of the kind of impact that can have the organization of a worldwide event. I am also more aware of the kind of relationship that can have a country with organization, the countries rarely have the power in their hands.

The analysis of a country and impacts of an event is very difficult because a lot of different data can be found but all of them are aiming one specific aspect of the issue. Finding relevant, precise information that was not going to make me reach 200 pages was a real challenge. The most difficult part was to make a choice in which information use and which leaves for a more in depth work. Doing a thesis of 80 pages imposes boundaries in the work and forced me to get to the point.

Making a thesis on a country is already difficult due to the amount of data that can be found but even more with a country like Brazil. With lack of transparency and his huge history of corruption, it becomes very difficult to rely on governmental data. The same can be said about FIFA.

After working on my thesis on the way I did, I realise that looking for the impacts of the world cup should not be made on the country but more on the cities that hosted the event and the sectors that have been involved. Therefore, the impact would be more visible and a better conclusion could be taken. But with a thesis of about 80 pages going so much in depth was not possible, maybe a future work could make that analysis and based on the result of my thesis to know what and where to look at.

Nonetheless making this thesis, as difficult as it was, make me proud of ending my master with new knowledge and capacities that many people might not have.

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