Leading by Example: Brazil’s International Development Cooperation

Esther Brimmer
February 2016
Introduction

In the first decade of the twenty-first century, Brazil increased its provision of development assistance to other countries. Eschewing traditional, hierarchical, donor-recipient frameworks, Brazil provides “international development cooperation.” This working paper asks what lessons does the Brazilian example provide for international development assistance policy? It will argue that the cooperative peer-to-peer approach is an important model for a changing world economy and that such assistance has enhanced Brazil’s international profile, but that the country needs to embed evaluation more deeply in its programs. In recent decades, Brazil has become a much wealthier country. Providing assistance to others is an example of being a stakeholder in the international system, but it must be done well and its impact evaluated over time.

Brazil's international development cooperation

Measuring the amount Brazilian development cooperation given by public sources is difficult. Assistance is provided by several agencies and in multiple forms. This analysis focuses on assistance from official sources, not private foundations or non-governmental organizations, although, as will be noted, Brazilian definitions vary from those traditionally used. Unlike long-time developed country donors, such as the United States and the United Kingdom, which are home to the Agency for International Development (AID) and the Department for International Development (DFID) respectively, Brazil does not have a separate agency for official international aid. Instead, Brazil delivers assistance through existing national agencies which serve multiple purposes. The major components of international development support may be divided into four categories: programs though key federal organizations, technical support provided by civil servants, contributions to multilateral development organizations, and trilateral partnerships.

Two key federal institutions are the Banco nacional do desenvolvimento (Brazilian Development Bank, BNDES) and the Agência Brasileira de Cooperação (Brazilian Cooperation Agency, ABC). BNDES was founded in 1952 to finance development within Brazil. It provides financing for development projects in other countries, but only if they use Brazilian exports. In 2013, BNDES disbursed R$194 billion topping an earlier high of R$168 billion in 2010. These totals more than tripled the R$47.1 billion disbursed in 2005.¹ Complementing then President Luis Inácio Lula da


The other major official agency is the Agência Brasileira de Cooperação (ABC) which is part of the Ministry of External Relations. ABC coordinates technical cooperation projects with countries and international organizations. ABC’s programs are guided by the Ministry’s foreign policy priorities. In a 2010 report, Brazil’s ABC and the Instituto de Pesquisa Econômica Aplicada (IPEA) determined that Brazil’s international development contributions were R$1.6 billion or US$ 923 million, an increase of 92.1% since 2009; two-thirds went to multilateral assistance and one third to bilateral assistance (IPEA 2010).

A significant element of Brazilian international support is technical assistance by civil servants who provide expertise in their area of specialty. Thus, Brazil draws directly on its own models of development and the very people who are conducting those models to offer assistance to other countries. This approach has the practical benefit of not generating costs of wholly new expert development personnel while reinforcing the peer-to-peer aspect. Brazilian officials herald the horizontal nature of their work which reinforces Brazil’s self-image. In February 2015, Foreign Minister Luiz Alberto Figueiredo told the Brazilian Senate:

The Brazilian Cooperation Agency of the Ministry of Foreign Affairs is a fundamental arm of our foreign policy action and is responsible today for hundreds of technical cooperation project actions in about 100 developing countries. It is our face of solidarity, it is our face of international insertion as a friendly country that is present, and not just present, but collaborating in the development of countries across the Third World (Figueiredo 2014).

Brazil has renowned programs for technical support in areas of its own domestic strengths: agriculture and health, embodied by the international work of EMBRAPA and FIOCRUZ respectively. The Brazilian Agricultural Research Corporation (EMBRAPA) was founded in 1973 to advance agricultural research in Brazil. The results of its work helped the country develop its own geographic interior. EMBRAPA is connected to the Ministry of Agriculture, Livestock and Food Supply. The Fundação Oswaldo Cruz (FIOCRUZ) has deep roots; its predecessor organization was founded in 1900. Connected to the Ministry of Health, FIOCRUZ has conducted important research on tropical diseases. Its work has benefited Brazil and many countries with similar climates.

Brazil also provides assistance though international organizations. In addition to paying its assessments as a member of the United Nations, Brazil makes voluntary contributions to international organizations, especially those that are relevant to policy priority areas such as development and agriculture. Brazil provided $83 million to the United Nations Development program in 2013. Not surprisingly, the Brazilian Director-General of the Food and Agriculture Organization Dr. José Graziano da Silva tuned to EMBRAPA to help Food and Agriculture Organization (FAO). In 2015, EMBRAPA agreed to loan a technical expert to FAO to help identify ways the Brazilian model could be applied elsewhere. The project will assist to small farms by adopting the Brazilian practice of using lessons from research on tropical agriculture to boost cultivation. FAO Director-General da Silva commented, “Food security is our top priority, and to
reach that goal, we need improved and sustainable agricultural production ... EMBRAPA has an important contribution to make towards achieving that goal... (FAO 2013)”

In addition, in 2014, Brazil gave $150,000 to FAO to support its Multilateral Trust Fund of the International Year of Family Farming. The funds helped family farmers and civil society attend the October 2014 Global Dialogue on Family Farming held in Rome. Many major international conferences are held in cities where international organizations are based such as Geneva, Rome or New York. Travel funds enable representatives of non-governmental organizations and people to attend.

Brazil often undertakes “triangular cooperation” in which Brazil and another country, or an international organization, cooperate on a development initiative in a third country. This model enables additional resources to be brought to bear. In some situations, Brazil may gain stature by partnering with another influential entity. For the other donor, the project can be a way to deepen relations with Brazil. Triangular programs can also be a contribution to international order by bolstering the capacities of international organizations. Such programs reinforce Brazil’s position as a stakeholder in the international order.

In addition to the United Nations, there are other multilateral fora. India, Brazil and South Africa, which formed IBSA in 2003, have banded together to support the India, Brazil and South Africa Facility for Poverty and Hunger Alleviation administered by UNDP. The IBSA Fund provided $27 million from its founding in 2006 to 2014 (UNDP 2014). Each of the three IBSA countries contributes $1 million a year. The IBSA Fund has focused on the least developed countries including Burundi, Cambodia, Guinea-Bissau, Haiti and Vietnam (IBSA Dialogue).

**Contrast with traditional development assistance**

Brazil’s conception of international assistance differs from traditional aid models. Many of the world’s wealthiest countries are members of the Organization for Economic Cooperation and Development (OECD). The OECD’s Development Assistance Committee (DAC) is a leading forum for setting standards and comparing best practices in assistance. The OECD analyzes member states’ aid donor data and issues authoritative comparisons. Although Brazil could qualify according to national income, so far it has chosen not to join what is seen as a rich-countries’ club. Brazil not being part of the DAC makes comparing its data to other donors more difficult. The OECD defines official development assistance as “provided by official agencies” and “a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)(OECD).” The latter qualification is less applicable to technical cooperation than to loans or other financial assistance.

**Role of human rights, conditionality**

The horizontal partnership approach to development assistance raises concerns among advocates for human rights, labor standards and environmental protection. Over the decades
many country and international organizations donors have added conditions on the use of their assistance to foster practices which they believe enhance economic and social development. These mechanisms used the leverage of funding to require the recipient country to enact certain policies or to meet standards of conduct. These prerequisites could be seen as a vehicle for encouraging responsible behavior and social improvement, or could be interpreted as an arrogant manifestation of inequality reflecting the donor’s values. Yet the latter view implies that providing money does not have values attached. However, the provision of aid is different from regular economic activity. Aid programs provide money with some arrangement that is more generous than normal private sector credit. This aid is intended to accomplish a goal. Embedded in that goal is a premise of how to build the good society. Conditionality makes explicit the values and principles underlying the aid.

Changing patterns of assistance

Brazil should consider how to ensure that its technical assistance model does not erode human rights, labor and environmental standards. Brazil does not have to copy other donors’ methodologies, but it should seek not to undermine the notion of tailored conditionality. Brazil’s development model may be able to support important values in a different way. The fact that Brazil’s early 21st century economic surge came during a period of democracy may be an indirect contribution to international human rights. This growth may be a counterpoint to the view that authoritarian government is better for economic growth. In less than a decade, Brazil lifted tens of millions people from poverty through innovative government programs. Of course, we cannot prove what might have happened otherwise. Still the newly less poor have fueled the purchase of goods and services. As former foreign minister and permanent representative to the United Nations New York, Antonio de Aguiar Patriota has written,

...under presidents Luiz Ignácio Lula da Silva and Dilma Rousseff, 40 million Brazilians have been brought out of poverty. Perhaps even more significantly, the recent improvements in Brazil’s Human Development Index have taken place in a fully democratic environment (2014).

Brazil’s economic growth has slowed significantly, and revelations of the extent of corruption have marred Brazil’s example making it less attractive. Still the country accomplished rapid growth and improvement in human well-being giving it international credibility on development issues.

South-South assistance

The Brazilian approach is consistent with programs of other newly developed providers. Some developing countries consider themselves to be in the “Global South.” The term is one of sentiment not geography. It loosely describes counties that might have been labeled “Third World” in the Cold War, and which separate themselves from the developed “North” even though they may not be in the Earth’s southern hemisphere. After all both India and Nigeria are north of the Equator.
Brazil champions cooperation among countries in the South, but is not alone in this approach. Others such as India provide technical support based on their own development model. Yet it is China which has pioneered alternative modes of development assistance. China rejects the conditionality that is a validating tenet of traditional development assistance. Advocates for human rights, labor standards, and environmental protections value conditionality on aid as a hard-won mechanism to enhance global adherence to minimum benchmarks of decency and well-being. Yet China has the wealth to finance its version of development aid. Chinese funds will underpin the new Asian Infrastructure Investment Bank and the BRICS New Development Bank. Beijing may eschew conditionality and focus on technical support as member states craft these new institutions’ operating standards.

International development aid has morphed and matured over the past sixty years. In the 1950s, the International Bank for Reconstruction and Development (the World Bank) focused on large infrastructure projects. The United States, European and other wealthy Western countries gave most of the financial assistance and led the Bank. Large infrastructure or agriculture programs increased indicators like gross national product, but did not necessarily address the distribution of income within countries. Human misery might persist amid economic development. By the 1970s, donors were focused on meeting basic needs of people. In the first decade of the 21st century, renewed emphasis on food security underpinned a new generation of socially inclusive agricultural programs. The United Nations Millennium Development Goals agreed to in 2000 delineated targets for a concerted, global effort to meet people’s needs. In recent years, key donors such as the World Bank and the United Kingdom focus their resources on reducing extreme poverty. World Bank president, Dr. Jim Yong Kim, has set an ambitious goal to reduce the number of people living on less than $1.25 a day to less than 3% by 2030.

Sustained work to reduce poverty can work. Over the decades several countries—and their citizens—did become wealthier. Instead of poor countries, in places like India or Brazil there are poor areas within increasingly middle class societies. For the more developed developing countries, poverty reduction may remain important, but economic growth and investment have a new saliency. These countries can attract private investment; indeed, some gain visibility as “emerging markets.” Their leaders want to build infrastructure to enable them to enjoy higher value economic activity. For them technical support is a more relevant type of assistance. Brazil’s approach is one of several examples of this genre of aid.

The horizontal, peer-to-peer approach may fit evolving economic and political relationships. Decades ago, donors were rich countries and recipients were poor. Many poor countries were former colonies which received aid from organizations within the former colonial power. Now the gap between “donor” and “recipient” may be less wide. The implicit legacy of guilt may not, or no longer, be present. After all, Brazil was not a colonial power in sub-Saharan Africa, a region where it now provides assistance. The newer horizontal model also fits the early 21st-century world in which power is becoming more diffuse. Rich, wealth countries are not the only centers of power. China has become a world player. India’s international role is growing as well. Countries like Mexico, Indonesia, Nigeria, and Turkey are regional leaders.²

² They have been labeled the “MINT” by Jim O’Neill the same investment banker who coined the term “BRIC.”
Even the global discussion is moving away from the classic donor-recipient model to more of a partnership for progress. The fifteen-year United Nations Millennium Development Goals adopted in 2000 were built on a donor-recipient, us-them framework. The post-2015 successor Sustainable Development Goals presume an “all of us” approach, which all UN member states would adopt. As the host of the original 1992 United Nations Conference on Environment and Development (the Earth Summit) and the 2012 United Nations Conference on Sustainable Development (Rio+20) summit, Brazil has been an important shepherd of this process.

**International influences**

Brazil’s *Fome Zero* program and the *Bolsa Família* have influenced international approaches to human development. Brazil has drawn on its experience to inform is work in international organizations. As Guilherme Cassel, Minister of State for Agrarian Development (2006-2010) noted in a 2011 report:

> The commitment to promote regional integration, South–South cooperation, and a renewed international agenda led to the active participation of Brazil in different international initiatives: Latin America without Hunger 2025, Brazil-Africa Dialogue on Food Security and Rural Development, reform of the Committee on World Food Security of the United Nations Food and Agriculture Organization (FAO), among others (2011).

Brazil nominated Dr. José Graziano da Silva who spearheaded the Fome Zero program, to be the Director-General of the United Nations Food and Agriculture Organization (FAO). He was elected by the member states in June 2011 from a field of five candidates. In 2015 he ran unopposed for a second four-year term. His 2011 campaign goals included, “ending hunger, shifting to more sustainable food systems, and making food management fairer (Graziano da Silva 2015).” He continued to note that during his first term, “We elevated our global goal from reducing hunger to eliminating hunger, food insecurity and malnutrition (Ibid).” The focus on fighting hunger extended beyond the FAO itself. In 2014, the UN Secretary-General Ban Ki-Moon launched the global Zero Hunger Challenge.

In 2014, Deborah Wetzel, the World Bank Country Director in Brazil highlighted the impact of Brazil’s example on the World Bank policy:

> The implementation of the *Bolsa Familia* Program and *Brasil Sem Miséria* Plan have generated a wealth of lessons and knowledge on social assistance and poverty reduction that should be systematized and shared among policy makers, managers and technicians of social programs from around the world. Therefore, there is room to accelerate and expand the learning experience from the social policy in Brazil, including informing about innovative solutions which are implemented... (2014)
The Need for Evaluation

Whether providing cash or services, development programs need evaluation. Although Brazil does not use the term “donor,” it is a relevant concept when assessing results. The first question is whether the assistance provided met the intended objectives. A rigorous assessment of outcomes matched to clear goals can yield an answer. Another question would be, did people in the recipient country benefit? There may be other goals too, such as bolstering exports. Was that goal met too? The recipient should have to account for the money spent consistently over time. Money is always a temptation; regular audits can deter and detect diversions of funds. Even in-kind technical support should be scrutinized. The time of technical experts is valuable; moreover, there is an opportunity cost to the donor for staff to be away from their normal jobs. Traditional donors have grappled for years about how best to evaluate the impact of development assistance. Groups such as the OECD DAC try to help donors share best practices. Nongovernmental organizations, media and scholars can also evaluate and critique development programs.

Conclusion

Brazil’s transformation from an aid recipient to a donor/partner is remarkable. That it chose to allocate some of its prosperity to assistance internationally supports the notion that Brazil can be a contributor to international order. Brazil gains prestige and influence, but also enhances development in other countries. Its own domestic example of reducing poverty and inspire others, but it should further improve its ability to evaluate the effectiveness of technical assistance. Such improvements could be good for Brazil’s balance sheets and may provide lessons for others.
References

http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/The_BNDES_Abroad/


