

Brazil: an emerging aid player

Lessons on emerging donors, and South-South and trilateral cooperation

Key points

- Brazil's aid to developing countries is expanding, with the country set to overtake smaller DAC donors and even to catch China and India.
- Lessons from other emerging donors and from trilateral cooperation could help Brazil to address the political, institutional and technical constraints to its aid programme.
- The Brazil example shows the need for evidence on the quality, impact and value-added of aid from emerging donors, based on criteria defined by recipient countries rather than traditional donors.

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Emerging aid donors, such as China, India and, increasingly, Brazil, are changing the international aid architecture and challenging some of its tenets, such as the current consensus on 'aid effectiveness'. Once, aid flowed in one direction from the richest industrialised nations to the developing world – a strict 'North to South' aid stream. Things are now more complex, with aid moving across the South, and old definitions of developed and developing losing their meaning.

The volume of aid from emerging donors reached between \$9.5 and \$12 billion in 2006: 7.8% to 9.8% of total aid flows, according to a UN estimate (UN, 2008). Debates on emerging donors, South-South cooperation (SSC) and how these relate to the 'aid effectiveness' principles defined by the Paris Declaration and the Accra Agenda for Action, are sparking interest among development practitioners in the run up to the Fourth High Level Forum on Aid Effectiveness, to be held in Busan, South Korea, in 2011.

Yet little is known about the development cooperation practices of emerging donors or, most importantly, the impact of their aid in recipient countries. This paper fills some of these gaps by reviewing the institutional set up of Brazil's aid programme and the implications of its rise in the aid scene on debates around emerging donors and development cooperation. It draws on a study produced by ODI on Brazilian technical cooperation for development commissioned by the Brazilian Cooperation Agency and funded by the UK Department for International Development (Cabral and Weinstock, 2010).

Brazil's emerging aid programme

Brazil's provision of aid to developing countries is not new, as the country has been active in SSC for at least 40 years. Yet, over the past few years, its development cooperation has seen the volume of resources and the number of country



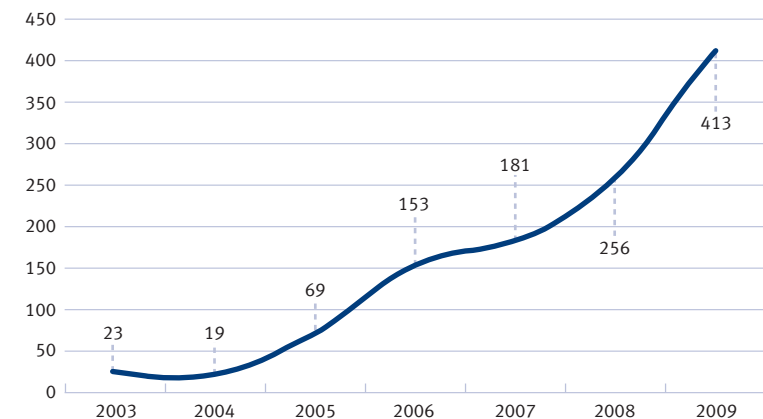
Brazil now has a real presence in the international aid landscape, alongside other G5 countries.

partners and technical projects increasing significantly (Figure 1). It now has a real presence in the international aid landscape.

There is no official figure for Brazil's aggregate development assistance, though a study by the Brazilian Institute for Applied Economic Research should be published in late 2010. Current calculations suggest that Brazilian aid is around \$1 billion per year. Technical cooperation accounts for about \$480 million, including \$30 million provided in 2010 by the Brazilian Cooperation Agency (ABC), the government body responsible for technical cooperation, and an estimated \$450 million for in-kind expertise provided by the many Brazilian institutions involved in technical cooperation (Cabral and Weinstock, 2010). Brazil also manages a peacekeeping mission in Haiti (\$350 million) and makes in-kind contributions to the World Food Programme (\$300 million), in addition to humanitarian assistance and contributions to multilateral development agencies. The country provides loans to developing countries, although it is not clear whether these can be categorised as development assistance.

If the \$1 billion estimate is correct, it puts Brazil in the same league as India and China, which disbursed around \$1 billion and \$2 billion

Figure 1: Number of technical cooperation projects initiated by Brazil annually, 2003-2009



Source: ABC.

respectively in 2006 (UN, 2008). It puts Brazil ahead of smaller OECD-DAC donors like Finland, Ireland and Portugal, all of which committed around \$0.9 billion in 2008, according to the latest OECD-DAC data.¹

Brazil's technical cooperation – the transfer of knowledge, technologies and skills to promote development – is dominated by support for agriculture, health and education, which accounts for half of technical cooperation. Brazilian policies in these fields have been particularly successful, providing attractive models for developing countries.

Capitalising on linguistic and cultural affinities, Lusophone countries have been the main recipients of Brazilian SSC, with Mozambique, Timor-Leste and Guinea Bissau topping the list of beneficiaries between 2005 and 2010. Countries in Latin America and the Caribbean, particularly Haiti, Paraguay and Guatemala are also important recipients. Brazil is now pushing the focus of SSC beyond these historical partners, with a wave of cooperation agreements being brokered across the globe.

Foreign policy and, to some extent, economic interests have played a major part in energising Brazil's development cooperation. The country wants a permanent seat on the UN Security Council and to have influence in international relations, in line with its successful economic trajectory. The country's successful businesses are eager to expand their operations overseas. With these aims in mind, and in response to growing demand for Brazil's assistance, President Lula da Silva has expanded Brazil's diplomatic presence worldwide and development cooperation has followed suit, with new SSC initiatives originating from official country visits made by the President and the Minister of Foreign Affairs. Technical cooperation with developing countries is, therefore, emerging as an important operational instrument of Brazilian foreign policy.

Some features of Brazilian development cooperation are particularly appealing to developing countries. Above all, Brazil's own policy experiences are

relevant to their development processes. Second, the technology and expertise offered by Brazil is a good match for the level of economic and institutional development and the climatic conditions of developing countries. Third, Brazil benefits from a political neutrality derived from its lack of a dominant colonial past. Fourth, the absence of aid conditionality. And finally, Brazil is both a recipient and a provider of aid which, arguably, gives it a better understanding of the needs and constraints facing developing countries as aid recipients. Some of these features are not exclusive to Brazil and can be said of other emerging donors, as well as some traditional donors – India and China are both providers and recipients of aid and Scandinavian countries and Ireland do not have a colonial past. Combined, however, they give Brazil some comparative advantages in the aid scene, as suggested by the increasing demand for Brazilian cooperation from developing countries.

The constraints to Brazil's aid programme

The rapid expansion of Brazil's aid programme does have a down side. It is putting significant strain on Brazilian cooperating institutions. Their activities are, in turn, constrained by the existing institutional framework as well as capacity weaknesses.

Brazil's cooperation system is fragmented. There are many Brazilian institutions involved in the provision of development cooperation, from the Ministries of Health and Social Development, to public research institutes and private institutions, but coordination between them has been limited. ABC was created in 1987 to oversee and coordinate technical cooperation, but it has struggled to do this effectively, not least because of its limited autonomy. ABC is not an aid agency as such, but a department of the Ministry of Foreign Affairs (known as *Itamaraty*) with no financial or human resource management autonomy. It is, therefore, entirely subordinated to foreign policy and vulnerable to the high staff turnover that characterises *Itamaraty's* diplomatic service. This has limited the Agency's ability to develop a cooperation policy, provide effective coordination or be strategic and efficient in deploying human and financial resources.

The country lacks a legal framework to regulate the provision of development cooperation by the government. Existing legislation only covers cooperation received from foreign bilateral or multilateral organisations. With a legal framework that is lagging behind, ABC's international projection is handicapped by its incapacity to perform basic development assistance functions, such as procuring goods and services for the benefit of developing countries.

Finally, there are important technical deficiencies. There is a chronic lack of monitoring and evaluation (M&E) across all cooperation programmes. There is, at present, no regular consolidation of information on the volume of assistance being provided and the qualitative information about project performance is insufficient. Projects are typically analysed

from an administrative perspective (e.g. missions held, activities carried out, people involved) rather than against standard performance criteria such as cost-efficiency, sustainability or impact. This gap, coupled with the lack of analytical experience among staff (most are either from the diplomatic service or project managers), has compromised the ability to produce in-depth reviews of country experiences and generate best practice guidelines.

Unless these deficiencies are addressed, Brazil's participation in international fora and debates on development will be limited to diplomatic representation, as the country can offer little or no technical substance at the moment.

But what are the incentives to address these constraints and turn Brazilian cooperation into a well-structured and coherent aid programme, in a country where there is no domestic constituency for development cooperation with poorer countries? Those with their eyes on Brazil's activities overseas are focused on the country's economic or political objectives. Therefore, despite the political rhetoric of altruism, which is common among donors, Brazil's development cooperation struggles to find legitimacy beyond such objectives.

Trilateralism, Brazil and traditional donors

Brazil's relationship with traditional donors is changing as it shifts from being a recipient to a provider of aid. This can be seen in the emergence of trilateral, or triangular, cooperation: a three-party arrangement between a traditional donor, providing financial and development assistance expertise, a pivotal country (an emerging donor, such as Brazil), providing technical assistance, and an aid recipient. According to Fordelone (2009), this can be an effective way to promote development by bringing together the complementary strengths of emerging donors providing low cost expertise that matches the needs of beneficiary countries, and traditional donors with funding and years of know-how in development assistance. However, there is limited evidence on its impact and value from the beneficiary's perspective.

Brazil is involved in a growing number of trilateral projects, with both bilateral and multilateral agencies – Japan and the International Labour Organisation being its main partners in terms of numbers of joint projects. ABC currently manages 88 such initiatives across 27 countries, particularly Haiti, Paraguay and Mozambique. Trilateral cooperation projects already represent one fifth of Brazil's technical cooperation projects and the portfolio is likely to grow.

There are clear motivations for Brazil's interest in trilateral cooperation. Partnering with multilateral organisations and working under multilateral mandates confers legitimacy to Brazilian technical cooperation projects, for example. There are operational advantages associated with benefitting from partners' global networks and facilities. Partnering

with bilateral donors is a way to access cutting-edge technologies and expertise on areas where Brazil lags behind, while scaling up its assistance to developing countries. In such cases, Brazil insists that its partnerships follow a balanced division of labour, to ensure that any resulting visibility is split evenly between both providers.

Although the Brazilian Government has some reservations about triangular cooperation, fearing a dilution of its policy independence and of any political benefits, it is trying to set up trilateral agreements with all bilateral agencies represented in Brasília.

Emerging issues

Brazil may have some comparative advantages as an emerging donor, but has yet to prove the quality of its development cooperation programme, particularly in terms of impact in beneficiary countries. Assessing impact requires greater knowledge on its portfolio performance, but current weaknesses in M&E, transparency and accountability limit performance and quality analyses. The lack of reliable and accurate data on aid volumes and their impact is a common problem amongst emerging donors – a problem that is now widely recognised.

Moving forward, however, the discussion about the performance of emerging donors is likely to be biased towards the criteria and practices of traditional donors, as suggested by recent efforts to link SSC with the 'aid effectiveness' agenda by the OECD-hosted Task Team on SSC (Box 1). Are emerging donors willing or able to endorse this agenda and its underlying aid management principles? Brazil has expressed its desire to distance itself from a process it sees as dominated by a 'rigid view' of the international development system and that reproduces the models and practices of traditional donors (Brazil, 2008). Like other emerging donors, it is a middle-income country with many unresolved socio-economic issues. In such a context, the appropriateness of establishing development cooperation as a policy area on its own right remains a delicate issue and, as a corollary, the discussion on the most adequate institutional framework to support it lacks deeper exploration. It is not, therefore, appropriate to use the criteria of donors with mature aid programmes to assess the quality of Brazil's emerging development assistance.

Trilateral cooperation is a useful testing ground for how emerging and traditional donors can work together to benefit developing countries. Yet, pressure to align their standards and practices is likely to be a source of contention as some emerging donors, such as Brazil, are likely to resist frameworks that could undermine their political neutrality. There is also a danger that trilateral arrangements are dominated by the agendas of the donors and that the interests of beneficiary countries are overlooked, simply reproducing the inconsistencies found in traditional aid programmes. Nonetheless, trilateral cooperation could be a way to strengthen the coop-

Box 1: Task Team on South-South cooperation

The Task Team on South-South cooperation (SSC) is a platform to document, analyse and discuss synergies between aid effectiveness principles, as defined by the 2005 Paris Declaration and the 2008 Accra Agenda for Action, and the practice of SSC. It brings together partner countries, especially middle income countries, donors, civil society, academia, regional and multilateral agencies. It is hosted by the Working Party on Aid Effectiveness of the OECD-DAC, chaired by Colombia and co-chaired by Egypt with support from the World Bank Institute and regional platforms in Asia, Africa and Latin America and the Caribbean. The Task Team has promoted debates and documented experiences with SSC. It organised a recent side-event on the topic at the 2010 UN Development Cooperation Forum and published an overview of 110 SSC experiences. The overview paper reviews SSC in the light of the five aid effectiveness principles – ownership, alignment, harmonisation, managing for development results and mutual accountability – and presents triangular cooperation as a tool for mutual learning for South-South and North-South cooperation on aid effectiveness.

Source: TT-SSC, (2010)

tries rather than traditional donors' standards (the same should indeed apply to aid from traditional donors). Such analyses are dependent, however, on data availability and accessibility, and therefore on improvements in monitoring and evaluation practices of emerging donors' aid programmes.

There is a pressing need for more comparative research on emerging donors' institutional structures and policy frameworks. Do other emerging donors' aid programmes face the political and institutional challenges found in Brazil? Are these typical of emerging donors or a Brazilian peculiarity? We need a comparative analysis across emerging donors of a similar size and nature, so that these can be contrasted with the past experience of more mature donors that have been through similar transformations. An interesting contrast would be between countries that are simultaneously aid recipients and providers, and between these and, for example, Japan in the 1960s, the decade when Japan began its transition from aid recipient to aid donor (Furuoka et al., 2010). Comparative analyses on Asian emerging donors are already being undertaken (e.g. Sato et al., 2010) and there is scope to build on such work.

Filling these knowledge gaps would help unpack the still elusive concepts of emerging donors and South-South cooperation, shed light on differences and similarities with traditional donors and North-South cooperation and, thereby, push the debate one vital step further. These are some of the issues the new Brazilian government, taking office in January 2011, may want to consider if committed to upgrade its development cooperation programme and make it more than a foreign policy instrument.

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eration programmes of emerging donors. Despite the recognised flaws, traditional donors have 50 years of experience in delivering aid and have insights into the challenges facing emerging donors, including institution-building, performance monitoring and accountability. Trilateral cooperation could also be used, as argued by Mehta and Nanda (2005), to detach emerging donors' development cooperation from national politics, or, in Brazil, detach development cooperation from the whims of foreign policy.

Policy next steps

An important step forward would be a critical analysis of the quality and impact of emerging donors' development cooperation programmes in beneficiary countries, including forms of SSC and trilateral cooperation. Although the Task Team on SSC (2010) has initiated some documentary work, in-depth analyses of performance are still missing, and, crucially, so are the perceptions of recipient countries. The selection of criteria to assess the quality of emerging donors' aid should originate primarily from recipient coun-

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