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Brazilian development cooperation in Africa: opening up the debate on an emerging policy issue*

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During Lula's administration, development (or South-South) cooperation emerged as an important foreign policy instrument, helping to consolidate bilateral relations across the globe and gradually contributing to a recalibration of forces in the architecture of international development. But Brazilian development cooperation is still a concept in the making. The analysis of Brazil-Africa encounters helps illustrating some of the outstanding issues for reflection in the path towards establishing Brazilian cooperation as a fully-fledged policy domain.

* This brief text summarises the main issues analysed in a study for Cindes on Brazilian development cooperation in Africa: Cabral, L. (2011) "Cooperação Brasil-África para o desenvolvimento: caracterização, tendências e desafios", published as Breves Cindes 59, available at www.cindesbrasil.org

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Africa is currently the main destination of Brazilian technical cooperation. In 2010, this region accounted for 57% of resources spent in technical cooperation projects. There are projects in implementation in 38 countries, although Portuguese-speaking countries are the top beneficiaries, having absorbed 74% of resources channelled to the continent in 2010. Africa is also the region where growth in technical cooperation projects has been the strongest, with budget execution more than doubling between 2009 and 2010. The portfolio covers a broad range of themes, but there is significant concentration of resources around three sectors: agriculture, health and education and professional training represented more than 60% of resources spent in the 2003-2010 period. These are areas where Brazil has got a record of successful public policies that African countries are eager to replicate, such as research in tropical agriculture, AIDS treatment and school-feeding programmes.

Besides technical cooperation, Brazil also draws on other forms of cooperation, in Africa as well as other world regions. It offers humanitarian assistance to countries facing emergencies, it forgives debt to highly indebted countries, it grants scholarships for foreigners to study in Brazil, it supplies concessional export credits and it makes contributions to international and regional multilateral organisations working in development.

Debt relief and export credits to Africa have been showing some recent dynamism, in line with the expansion of private investment and lending from Brazilian private companies and financial institutions. The cancellation or restructuring of sovereign debt is a necessary step for partner countries to access new lending from the Brazilian banking system. Given the outburst of new investment opportunities in Africa, particularly in the oil, mining and construction industry, there are strong incentives to put past debt in order. Cape Verde, Mozambique and Nigeria

have had their debts to Brazil forgiven and there are on-going negotiations for the relief or restructuring of the debts of Guinea-Bissau, the Democratic Republic of Congo, Senegal, Tanzania and Zambia.

Concessional export credits are still in small number in Africa but are expected to increase significantly over the coming years. This cooperation modality is part of the Federal Government's Export Financing Programme (PROEX) and consists of a direct payment to the exporter by the Bank of Brazil, the executing agency, with resources from the National Treasury. An interest rate of 2% is used (or the Libor if it is lower than 2%) and a grace period of 3 to 5 years is allowed. The grant element of these loans is normally 35%. Countries currently benefiting from this modality include Angola, Cape Verde, Ghana, Mozambique, South Africa, S. Tome and Principe and Zimbabwe.

A new modality of Brazilian cooperation combines technical cooperation with a concessional lending facility to support African farmers in buying Brazilian agricultural machinery and equipment. This modality adapts the Brazilian *Mais Alimentos* programme to the African context, with the aim of improving productivity, rural incomes and food security. *Mais Alimentos Africa* has to date been launched in Ghana and Zimbabwe, with agreed loans of 95 and 98 million dollars, respectively. Other countries are lined up to host the programme. The Brazilian Foreign Trade Chamber, CAMEX, has recently approved 640 million dollars worth of export credits to support the expansion of this programme across the continent.

The bulk of export credits is provided by the Brazilian Development Bank (BNDES), Brazil's Exim. Although the loans provided by BNDES aim primarily at the promotion of Brazilian exports abroad and their terms are said to be non-concessional, the

dividing line between them and the concessional component of PROEX is rather thin. Regardless of their eligibility as development assistance, these expanding loans to Africa are an important part of the backdrop against which to analyse Brazilian development cooperation.

As Brazilian cooperation with Africa, and indeed the rest of the world, expands and gains sophistication, it becomes important to reflect on a number of issues that need tackling in the process of turning development cooperation into a policy issue on its own right.

Firstly, the scope of Brazilian cooperation needs to be clarified. To date, government reports on the topic refer only to four modalities of cooperation for development: technical assistance, scholarships for foreigners, emergency relief and contributions to international and regional development organisations. Debt relief, concessional export credits and the sporadic financial grants provided by the Brazilian government have not yet been subject to any scrutiny, compromising transparency and accountability on the subject matter. An open debate within Brazil on the criteria to include or exclude certain flows and transactions with developing countries would be welcome. This would be a good opportunity to engage with an emerging constituency on development policy made of researchers as well as practitioners from the civil society realm.

Secondly, and related to the above, there needs to be clarity over the institutional framework governing cooperation and reflect on its suitability to respond to a very quickly expanding demand. The segmented and multipolar nature of Brazilian cooperation poses real challenges to coordination and undermines clarity over the rules of the game. Leadership and institutional coordination of development cooperation is not unambiguous. Although there is a coordinating agency for technical cooperation, the Brazilian

Cooperation Agency (ABC), its political leverage is limited and its role is fundamentally one of operational coordination. Political guidance over technical cooperation emanates from the Ministry of Foreign Affairs (MRE), as well as the individual sectoral ministries involved in actual projects. As for the other modalities, although MRE has an implicit political guidance function, other governmental institutions play key roles: such as the Ministry of Finance over decisions related to debt relief and export credits, or the Ministry of Industry and Trade through its influence over CAMEX in export credit operations. For the sake of transparency and accountability, a coherent institutional map should be put in place, with clear attributions for the different players on matters concerning development cooperation.

Thirdly, and following from the above, clear policies and commitments for Brazilian cooperation are in short supply. Besides a number of principles said to guide Brazilian practices – such as demand-driven cooperation and no interference in the sovereign affairs of the partner country – there is a lack of explicit policies and objectives driving cooperation. A common argument is that the principles of cooperation Brazil has set for itself are not compatible with having a pre-defined policy. Yet, being demand-driven and non intrusive should not be an excuse for not being held accountable. Being accountable, not only to those Brazilian cooperation is supposed to benefit but also to domestic constituencies, requires a well-defined policy framework (with principles, objectives, clearly identified beneficiaries and targets), which provides the basis for tracking interventions and assessing their outcomes and value addition.

Fourthly, and this is a specific point on Brazil-Africa relations, the suitability of Brazilian models and experiences to the realities of the African continent should not be taken for granted. On the one hand, the Brazil-Africa affinities and mutual understanding

are often overstated as, in reality, knowledge about contemporary Africa is scarce in Brazil and the influence of afro-descendants in Brazilian political institutions is fairly limited. On the other hand, the idea that Brazilian successes can be emulated across the continent through government-to-government arrangements overlooks the importance that state-society dynamics have played in driving Brazilian policy and delivering successes. These dynamics are not so easy to transfer, and certainly not via the diplomatic route. Hence the need for broadening discussions on development cooperation beyond the government apparatus and bringing on board civil society and social movements so as to make cooperation more of a public policy matter.

As the experience advances and Brazilian development cooperation becomes more prominent, changes in the political and institutional framework are inevitable, even if only marginal. As Brazilian domestic constituencies become more interested, informed and demanding on this topic, opening up the debate on such changes becomes fundamental, not only for a matter of transparency and accountability, but also to grant greater legitimacy and political sustainability to the options taken.