

Five missions for transformative development in Brazil: the ABDE 2030 Plan For Sustainable Development¹

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In March 2022, the Brazilian Development Association (ABDE)

launched the ABDE 2030 Plan for Sustainable Development, featuring public policy proposals to harness USD380 billion in investments by 32 Development Finance Institutions (DFIs) for the implementation of the Sustainable Development Goals (SDGs). The plan is based on an interdisciplinary, non-Eurocentric epistemological/theoretical approach combining quantitative and qualitative analysis tools aligned with United Nations (UN) recommendations.

The first part of the Plan assessed the stage of implementation of the SDGs in Brazil and the contribution of the DFIs to their environmental, social, economic, and institutional aspects. It found that the achievement of the 2030 Agenda targets in Brazil is seriously compromised: seven out of the 17 SDGs have regressed or will probably not be met, eight are stagnant, and only one has advanced or already been fulfilled. Brazil's North and Northeast regions present the most significant bottlenecks, but all regions are lagging behind in the fulfilment of SDGs 2 (zero hunger) and 5 (gender equality).

The background study also established that although the DFIs contribute to the environmental, social, economic, and institutional dimensions of the SDGs, there is still room for a more balanced internalisation of the SDGs in the DFI system, aligned with the objectives and initiatives already under way in these institutions. To this end, it is necessary to increase the awareness of the DFI system regarding the 2030 Agenda, the understanding of these institutions about the synergies across SDGs, and how DFIs can maximise positive synergies and minimize negative trade-offs.

Based on an understanding of national and regional bottlenecks, the background study for the plan highlighted the need for the DFIs to define strategies to channel investments to sectors with high transformative potential, but also to clarify which sectors need investment to accomplish intra-sectoral 'structural transformation' or even disinvestment. As in the analysis of bottlenecks to the achievement of the SDGs, these strategies should consider the sectoral opportunities in each macro-region, identified based on the financing profile of the DFIs and the potential for complexity gain, job creation, and fostering SDGs as a whole.

To fulfil Brazil's potential for transformative development, the background study recommends assembling a development strategy that coordinates and guides the DFIs around five missions: (i) a digital, intelligent, and inclusive future; (ii) an ecosystem of innovation in bioeconomy and for the Amazon; (iii) engaged agribusiness; (iv) sustainable infrastructure and cities; and (v) the healthcare sector as a driver of development.

The mission approach reverses the logic of implementing development policies by prioritising the choice of problem over the choice of strategic sectors, as is commonly seen in vertical policies (Mazzucato 2018). Instead, the solution is jointly built by different actors, public and private, encouraged by horizontal policies.

In this sense, in addition to the five strategic missions for Brazil's transformative development, the background study also proposed measures to strengthen the institutional structure and coordination of the DFIs. These measures were classified into six main themes: (i) the dissemination of the role of DFIs; (ii) the internalisation of the SDGs in the institutional and regulatory frameworks of the DFIs; (iii) coordination with strategic actors; (iv) adequacy of the institutional and regulatory framework of DFIs; (v) resources for diversifying DFI funding; and (vi) strengthening the use of 'blended finance' and guarantees for innovative instruments.

The methodological approach of the background study is innovative, putting Brazil at the forefront of planning for the implementation of the 2030 Agenda from a financing perspective and contributing to its dissemination and replication both within the country and abroad.

References:

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Mazzucato, M. (2018). "Mission-oriented innovation policies: challenges and opportunities". *Industrial and Corporate Change*, Vol. 27, No. 5, 803-815.

Note:

1. This IPCid One Pager is a condensed version of Vasquez et al. (2022).