

BRIDGING THE ATLANTIC

Brazil and Sub-Saharan Africa
South-South Partnering for Growth



THE WORLD BANK



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South–South Partnering for Growth



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Foreword

Africa and Brazil were united by geography eons ago and by shared history since the sixteenth century, when they were linked by the transatlantic slave trade until slavery's abolition. A hiatus in relations developed until African countries gained political independence, when a new relationship began to develop between Brazil and especially the Lusophone African countries. With Brazil's rise as one of the world's largest economies and with the advent of strong growth and dynamism in African economies, the relationship between Brazil and Africa has continued to burgeon, even beyond Lusophone African countries to other countries on the continent, and spans trade, investment, and knowledge transfer. *Bridging the Atlantic—Brazil and Sub-Saharan Africa: South–South Partnering for Growth* describes this growing engagement. Under the leadership of President Lula da Silva, ties between Brazil and Africa deepened and under the new Brazilian President, Dilma Rousseff, these ties are continuing to strengthen. From the African side, leaders have continued to engage and deepen partnership with Brazil.

For us at the World Bank, this report is timely because it comes on the heels of our newly approved Africa strategy, “Africa’s Future and the World Bank’s Support to It.” Our strategy highlights leveraging partnerships, knowledge, and finance, particularly with emerging growth-pole countries such as Brazil. We envisage this report as crucial in providing the knowledge base that will enable us, African governments, and the Brazilian government to continue to forge concrete partnerships that will generate win-win outcomes for the two regions—in, for example, areas of social protection, tropical agriculture, energy/bioenergy, vocational training, and tropical medicine.

We look forward to the lively discussions and concrete partnerships that dissemination of this important work will bring.

Obiageli Ezekwesili
Vice President, Africa Region
World Bank

Preface

The international economy is going through great changes. Developed economies—Japan, the European Union, and the United States—face a reduction in economic dynamism—for different reasons. Developing countries—led by China, India, Brazil, Argentina, Turkey, South Africa, and Russia—have growth accelerating, with prospects of further expansions in income, domestic employment, and investment between the main emerging economies.

In recent years, there has also been a revival on the African continent, albeit patchy. The International Monetary Fund estimates that the economies of Sub-Saharan Africa, having grown 5.4 percent in 2010, will expand 5.2 percent in 2011 and 5.8 percent in 2012. The Middle East and North Africa, having grown 4.4 percent in 2010, should expand 4 percent in 2011 and 3.6 percent in 2012.

In this reconfiguration of the global economy, Brazil has promoted a policy of diversification of its international integration, engaging with developing countries in Latin America, Southeast Asia, and Africa. The former president, Luiz Inacio Lula da Silva, made 12 trips to Africa, visiting 21 countries. In the opposite direction, Brazil received 47 visits of African kings, presidents, and prime ministers from 27 nations.

Brazil's diversification policy remains the mandate of President Rousseff. In her first year in office, she visited Angola, Mozambique, and South Africa. The government also plans to design a special strategy for closer ties with the African continent to facilitate exports of goods and services (mostly engineering), by creating new mechanisms to guarantee credit lines (a commodity account, for example, to facilitate payments). As *Bridging the Atlantic: Brazil and Sub-Saharan Africa, South-South Partnering for Growth* shows, trade with Africa grew slowly between 2003 and 2008, and then fell between 2009 and 2010, with the worsening of the global economic crisis and the aggressive actions of the Asian countries in the region.

President Rousseff also stresses the importance of Brazilians leaving “a legacy to Africa” in the form of technology transfer, manpower training, and social programs. Brazilian cooperation for development involves humanitarian aid and bilateral or multilateral interventions. Brazilian institutions act as partners in training to develop and strengthen institutions. It is thus encouraged by political solidarity, historical and cultural affinities, economic and political interests, and the knowledge produced by exchange and experimentation through partnerships. The portfolio of Brazilian cooperation projects in Africa covers agriculture, health, education, training, e-government, public administration, environment, information technology, urban development, sanitation, biofuels, air transport, tourism, justice, culture, human rights, and sports.

According to a recent survey, almost 60 percent of Brazilian technical co-operation resources went to African countries in 2010. This World Bank study, in cooperation with IPEA, sheds light on relationships that are deepening and changing, producing different dynamics in the international integration of people, and promoting development partnerships.

Marcio Pochmann
President IPEA

Acknowledgments

This report is a product of a collaborative effort between the World Bank (Africa Region and Brazil Country Management Unit) and the Brazilian Institute of Applied Economic Research. Susana Carrillo of the Africa Region Capacity Development and Partnerships Unit (AFRCP) led the effort, with key contributions from Eduarda Passarelli Hamann, Fernanda Lira Goes, José Flávio Sombra Saraiva and Keith Martin. Additional contributions were provided by Rogerio Carneiro de Miranda, Luiz T.A. Maurer, Creomar Lima de Carvalho de Souza, and James Augusto Pires Tibúrcio. Tijan Sallah, Manager, AFRCP, Africa Region and Marcos Macedo Cintra, Acting Director, Studies and International Political and Economic Relations, IPEA, provided overall strategic direction for the report.

The team acknowledges the following individuals for their interest and support: Minister Nedilson Jorge, Director, Africa Department, Brazilian Ministry Foreign Affairs; Minister Marco Farani, Director, Brazilian Cooperation Agency (ABC); Ambassador Mauro Vieira, Brazilian Embassy, Washington, DC; Marcelo de Oliveira Ramalho, Pedro Augusto Franco Veloso, Fabiana Moreira, Filipe Nasser, Ricardo Monteiro, Fabio Rocha Frederico, and Eduardo Frighetto. The team is also grateful to Makhtar Diop, the World Bank Country Director for Brazil and Boris Utria of the Brazil Country Office for their support and guidance during the team's information-gathering mission to Brazil.

The team thanks the Brazilian Executive Director at the World Bank, Rogério Studart, and Pedro Saldanha for their helpful suggestions. Special recognition also goes to Yanick Brierre, Parveen Moses, Guadalupe Costa de Sousa Lima, and Fabiola Vasconcelos for their administrative support.

We extend our sincere gratitude to all the peer reviewers for this study: Luiz T.A. Maurer, Jorge Saba Arbache, and Professor Jonuel Gonçalves; as well as peer reviewers at the concept review stage: Monica Sawyer, Jorge Saba Arbache, Ana Margarida Fernandes, McDonald Benjamin, Shantayanan Devarajan, Richard Cambridge, Eleoterio Codato, Rogerio Carneiro de Miranda, Luiz T. A. Maurer, and Barbara Weber. We wish to acknowledge the contribution of World Bank colleagues who also provided comments on the report: V.S. Krishnakumar, Sally Dormeyan, Monica Sawyer, Waafas-Ofosu Amaah, Aileen Marshall, Gaiv Tata, Clara de Souza, Celestin Monga, Dirk Bronselaer, Soheyla Mahmoud and Gilles Garcia.

We are also most grateful to many government officials from Africa and Brazil, and to representatives of the private sector and nongovernmental organizations, for their interest in our study and for the interviews they provided. In this connection we thank Ambassador Luis Fernando de Andrade Serra, Ambassador Jorge Ramos, Ambassador Fernando Simas Magalhães, Ambassador Jorge Geraldo Kadri, Ambassador Maria Elisa Teófilo de Luna,

Ambassador Antonio José Maria de Souza e Silva, Ambassador Maria Dulce Silva Barros, Ambassador Pedro Carneiro de Mendonça, Ambassador Martin A. Mbeng, African Union Ambassador Amina S. Ali, Alfonso Chambe, Raoul Daoundy, Felipe Santa Rosa, Cesar Augusto Maia, Carlos Cuenca, Madagagne Diallo, Minister Milton Rondó Filho, Samantha Hamada Possi, Augusto Souto Pestana, Daniel Machado da Fonseca, Lucia Helena Monteiro Souza, Giuliana Magalhães Rigoni, Carlos Bielschowsky, Hélio Chaves, Demerval Bruzzi, Eduardo Botelho Barbosa, Mauro Teixeira de Figueiredo, Luciano Ávila Queiroz, José Roberto Ferreira, Luiz Eduardo Fonseca, Francisco Basilio, Antonio Carlos do Prado, Ladislau Martin, Guilherme Brady, Francesco Perry, Gabriela Geraldine Bastos, Iara Cristina da Silva Alves, Thomas Cooper Patriota, Fernando Meirelles de A. Pimentel, Artur Lacerda, Ludmila Silva, Paulo Roberto de Oliveira Araújo, Sergio Foldes, Romulo Tavares Ribeiro, Luciana Ferreira de Machado, Vivian Santos, Vinicius Vidal, Luis Henrique D'Andrea, Julia Helida Falcão Costa, Vitor de Lima Magalhães, Hussein Ali Kalout, Rodrigo Peixoto Moreira Penna, Ruderico Ferraz Pimentel, Paulo Roberto Freitas Fonseca, Ricardo Carneiro Gurgel Nogueira, Arlindo Castanheira, Brasil Geraldo Filho, Ana Luisa Guéron, Marcos Ozório, João Roberto Vasconcelos, Ana Maria Amorim Marcos Ozorio de Almeida, Adriano Ubisse, Frederico Lamego de Teixeira Soares, Gustavo do Vale Dias Rosa, Bruna Blanquiere Lessa-Bastos, Guilherme Mercês, William Pamplona Figueiredo, Simone Saisse Lopes, Gabriel Ferraz, Claudia Teixeira dos Santos, Jarbas Miranda de Sant'Anna, André Garcez Ghirardi, Miguel Angel Pérez Peña, Andrew De Simone, Luiz Jordão, Luis Carvalhal, Marcos Borges, Ana Carolina Uzeda, Flávio Henrique Drummond Mattos, Claudio Frischtak, Paulo Sotero, Fatima Berardinelli, Adriana de Queiroz, José Luiz Rangel Sampaio Fernandes, Sintia Said Coelho, Luiz Claudio Barbosa, Lucia Maria Graça Rabelo de Assunção, Alicio Rodrigues Boaventura, Ana Flávia Granja e Barros, Iara Costa, Rodrigo Pires de Campos, Letícia Pinheiro, Maurício Parada, Alexandre dos Santos, Carlos Pereira, Amadou Diaw, Richard Maponya, and Gavim Joachims.

Special thanks also go to several World Bank Group colleagues. Shantayanan Devarajan (Chief Economist of the Africa Region) chaired all review meetings and provided several helpful inputs along the way. Christophe de Gouvello, Ileana Boza, Antonella Bassani, Thierry Tanoh (IFC Vice-President), Jessica Poppele, Makhtar Diop, and Boris Utria gave us their time for interviews. Thanks also to Michel Wormser and Colin Bruce for their support in this work.

We are grateful, too, to our editors, Steven Kennedy and Bruce Ross-Larson and to Marcia Corteletti Loureiro for the translation of this document into Portuguese.

Acronyms and Abbreviations

ABC	Brazilian Cooperation Agency (Agência Brasileira de Cooperação)
APEX	Agency for the Promotion of Exports and Investments (Brazil)
ASA	Africa–South America Initiative
BNDES	National Economic and Social Development Bank (Banco Nacional do Desenvolvimento Econômico e Social (Brazil)
BRICS	Brazil, Russia, India, China, and South Africa
CECAT	Center for Strategic Studies and Training in Tropical Agriculture at EMBRAPA (Centro de Estudos Estratégicos e Capacitação em Agricultura Tropical) (Brazil)
CEF	Caixa Econômica Federal (Brazil)
CNPq	National Council for Scientific and Technological Development Conselho Nacional de Desenvolvimento Científico e Tecnológico (Brazil)
DEAF/MFA	Africa Department (Departamento da África), Ministry of Foreign Affairs (Brazil)
DfID	Department for International Development (United Kingdom)
EMBRAPA	Brazilian Agricultural Research Corporation (Empresa Brasileira de Pesquisa Agropecuária)
EU	European Union
FDI	Foreign direct investment
FIOCRUZ	Oswaldo Cruz Foundation (Fundação Oswaldo Cruz) (Brazil)
G-7	Group of Seven
G-20	Group of 20
G-77	Group of 77
GDP	Gross domestic product
GNI	Gross national income
IBSA	India–Brazil–South Africa
IDA	International Development Association
IFC	International Finance Corporation
IPEA	Institute of Applied Economic Research (Instituto de Pesquisa Econômica Aplicada) (Brazil)

IRBr	Rio Branco Instituto (Instituto Rio Branco) (Brazilian foreign service school)
IT	Information technology
MDA	Ministry of Agrarian Development (Ministério do Desenvolvimento Agrário) (Brazil)
MDIC	Ministry of Development, Industry, and Foreign Trade (Ministério do Desenvolvimento, Indústria e Comércio Exterior) (Brazil)
MDS	Ministry of Social Development and Fight Against Hunger (Ministério de Desenvolvimento Social e Combate à Fome) (Brazil)
Mercosur	Common Market of the South (Mercado Común del Sur)
MFA	Ministry of Foreign Affairs (Brazil)
MIGA	Multilateral Investment Guarantee Agency (World Bank Group)
NGO	Nongovernmental organization
ODI	Overseas Development Institute (United Kingdom)
OECD	Organisation for Economic Co-operation and Development
OECD/DAC	OECD Development Assistance Committee
SACU	Southern African Customs Union
SENAI	National Service for Industrial Apprenticeship (Serviço Nacional de Aprendizagem Industrial) (Brazil)
SENAR	National Rural Learning Service (Serviço Nacional de Aprendizagem Rural) (Brazil)
TCDC	Technical Cooperation among Developing Countries
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme



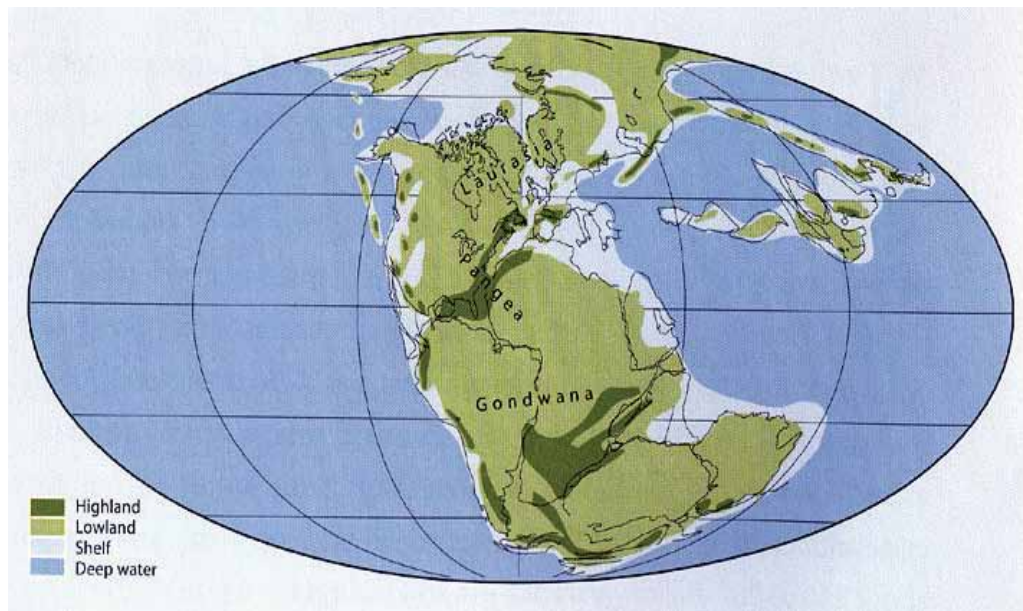
Executive Summary

Bridging the Atlantic is a descriptive study about Brazil's involvement with counterparts in Sub-Saharan Africa over the last decade through knowledge exchange, trade, and investments. The objective of the study is to understand these relations better with the intent to forge concrete and mutually beneficial partnerships between Brazil and Sub-Saharan Africa. Two elements explain the focus on the last decade. First, although Brazil and Sub-Saharan Africa have interacted with one another for at least 200 years (chapter 2), only in the last decade was a more robust engagement built, through stronger partnerships and long-term projects. Second, neither in Brazil nor Africa was there a practice of collecting, organizing, and analyzing data on early partnerships, a serious obstacle to obtaining reliable information.

Brazil and Sub-Saharan Africa are natural partners, with at one point a shared geography and later a shared history. About 200 million years ago, Africa and Brazil were parts of the landmass of Gondwana (figure ES.1). Between the sixteenth and early nineteenth centuries, the transatlantic slave trade united the two regions until slavery's abolition. Now, the two areas are reestablishing connections that will affect each other's prosperity and development in major ways. This renewed engagement reflects new, positive realities in the evolution of development cooperation; Africa's rapid growth in recent years; and Brazil's rise as a global economic power interested in intensifying its ties—cultural and commercial—with Africa.

SOUTH–SOUTH COOPERATION IS TRANSFORMING DEVELOPMENT ASSISTANCE

The traditional North–South model of development aid, challenged since the 1970s, has given way to alternative arrangements for financial and technical cooperation among developing countries. The 1990s brought a broad recognition that previous models had failed to promote development and tackle the root causes of poverty. In search of alternatives, and to increase their bargaining power in the new century, developing countries began to devise

Figure ES.1 Millions of years ago, Africa and Brazil were joined in a single landmass

Source: Natural Resources Canada 2007.

new arrangements. On the economic front, the creation of the Group of 20 (G-20) in December 1999 reflected the new role of large developing economies in the global architecture, and, in 2001, the four growing economies of Brazil, Russia, India, and China were joined under the “BRIC” label. In late 2010, after the group had held two summit meetings, South Africa joined the group, now known as “BRICS.” On the political front, the India-Brazil-South Africa (IBSA) Dialogue Forum was established in Brazil in mid-2003 as a space for the three emerging multiethnic and democratic global players to exchange knowledge and reinforce common interests. Other groups continued to emerge or grow, such as the Africa and South America Cooperation Forum, the Common Market of the South (Mercosur), and the Southern African Customs Union.

Over the past decade, Africa has become a continent of opportunities, with positive economic trends and improved governance. The continent is now often portrayed as a new frontier for those seeking partners and markets. The growth of some African countries, their resilience to recent global crises, and policy reforms that have strengthened markets and democratic governance are increasing trade and investment. Yet despite these positive trends, many African countries still face an enormous infrastructure gap, are vulnerable to climate change, and suffer from weak institutional capacity. Hence aid remains one of the main sources of development support in several countries on the continent, and transfers and exchanges of knowledge are still urgently needed.

The administration of Luiz Inácio Lula da Silva (2003–10) revived Brazil’s interest in Africa and set it on a surer footing, as part of a larger goal of expand-

ing Brazil's global profile. For example, President Lula da Silva visited Africa during his tenure 12 times, taking in 21 countries, something unprecedented among Brazil's past leaders.

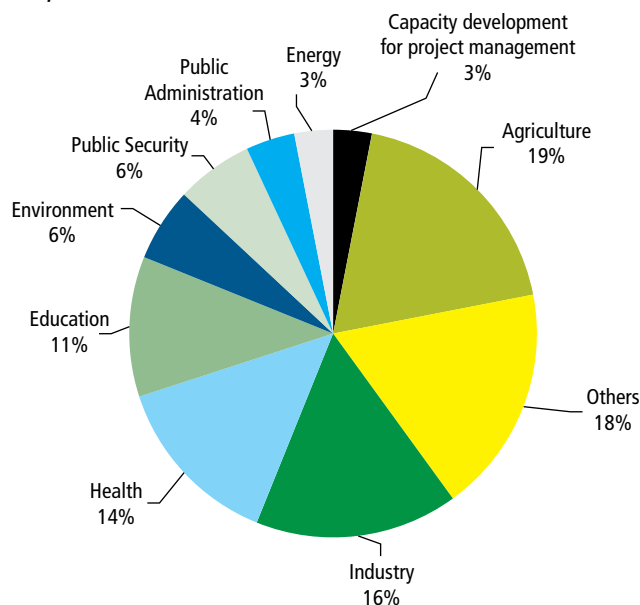
Traditionally, studies of Brazil–Africa relations have tended to concentrate on the links of both Brazil and Africa to countries in the Northern hemisphere. While these North–South studies have contributed to an understanding of Brazil and Africa in an international context, they have also distorted the cultural, political, and social history that binds Brazil and Africa, including the legacy of the transatlantic slave trade. Research on Brazil–Africa relations has brought new perspectives to the traditional pattern of North–South analysis by looking at the South Atlantic as a channel of cultural transfers or political and social experiences, rather than as a geopolitical ocean like the North Atlantic. Such research has shown that strong connections, cultural identities, and common patterns were created by the long-term experiences of Africa in Brazil and vice versa, and improved the historiography of Brazil–Africa relations.

THE NEW AFRICA AND THE NEW BRAZIL HAVE COMPLEMENTARY INTERESTS

Since the turn of the twentieth century, Africa has become one of the major fronts of Brazil's international agenda. Africa is rapidly changing and Brazil has expressed growing interest in supporting and taking part in African development. Brazil's intensified engagement with Africa demonstrates both geopolitical ambition and economic interest, but its strong historical ties and affinities with Africa set it apart from the other original BRIC countries. Brazil's economic growth, its increasing role as a global player, its success in narrowing social inequality, and its development experience offer lessons for African countries. African countries are therefore increasingly seeking Brazil's cooperation, technical assistance, and investment. Brazilian international enterprises, nongovernmental organizations, and social groups are including Africa in their plans. *In other words, the new Africa coincides with a global Brazil.* Moreover, in the past five or six years, the Brazilian “Black movement” has helped to develop a new set of public policies and norms, including new federal institutions on racial issues, mandatory study of Afro-Brazilian and African history and culture in public and private schools and universities, and incentives to increase the number of Afro-descendants attending the Instituto Rio Branco, Brazil's renowned school of diplomacy.

Complementing these strong historical and cultural links, Brazilian technology seems to be easily adapted to many African nations because of geophysical similarities in soil and climate, among other things. Brazil's recent successes on the social and economic fronts have attracted attention from many African countries beyond the Portuguese-speaking nations with which Brazil has historical connections. Brazil now has 37 embassies in Africa, up from 17 in 2002, a rise matched by the increase in African embassies in Brazil: since 2003, 17 embassies have opened in Brasilia, adding to the 16 already there, in the largest concentration of African embassies in the southern hemisphere.

Figure ES.2 Main areas of Brazil's involvement in South–South cooperative arrangements, 2009



Source: ABC 2009.

Note: Shares are percentages of total project portfolio.

Countries in Sub-Saharan Africa have requested cooperation from Brazil in five key areas: tropical agriculture, tropical medicine, vocational training (to support the industrial sector), energy, and social protection (figure ES.2). (Areas of less interest include higher education and sports.)

Tropical agriculture. The Brazilian Agriculture Research Corporation (EMBRAPA)—with the Brazilian Cooperation Agency (ABC) and several other Brazilian research institutions—has engaged with local partners in implementing model projects in agriculture that aim to replicate successes in the Brazilian savannah (*cerrado*) and improve agricultural development and agribusiness. Examples include the Cotton Four Project (Benin, Burkina Faso, Chad, and Mali), the project on Technical Support to the Development of Agricultural Innovation in Mozambique, and the Rice-Culture Development Project in Senegal.

Tropical medicine. As of 2011, Brazil has 53 bilateral agreements on health signed with 22 African countries. Brazil's approach to HIV/AIDS treatment and other prevalent diseases, including malaria and sickle cell anemia, is highly regarded by African peers. The Oswaldo Cruz Foundation (FIOCRUZ), a Brazilian institution for research and development in the biochemical sciences, is leading partnerships with local institutions in Africa. As well as running model projects on tropical medicine, FIOCRUZ is partnering with the government of Mozambique to build a pharmaceutical plant to produce generic drugs to treat HIV/AIDS and other diseases. The plant will enable Mozambique to export to neighboring countries.

Vocational training. The Brazilian National Service for Industrial Apprenticeship (SENAI) has built vocational centers in Cape Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe, and has recently established partnerships with Angola, Congo, and South Africa to address vocational training for promoting industrialization and supporting youth-employment policies.

Energy. Sustainable energy is another area in which Brazilian expertise has gained the attention of several African nations. Successes in agriculture were not enough to reduce poverty. Thus, public policies that promote economic growth and social inclusion are at the heart of Brazil's sugarcane production—for example, local and family-based farms have been helped to produce energy (ethanol). The Brazilian private sector is also involved with energy issues in Africa. A good example is BIOCUM, a joint venture between the Brazilian firm Odebrecht, the Angolan state company Sonangol, and the Angolan firm Demer. An investment of US\$400 million aims at using sugarcane to produce sugar, ethanol, and power.

Social protection. Despite the huge challenges faced by policy makers in a country known for having one of the largest income-inequality gaps in Latin America, a few programs offer social protection. Since 2003, policies aimed at fighting hunger and marginalization have been implemented, one of the most successful being the Zero Hunger initiative, which includes several programs (such as the renowned Bolsa Família) sponsored through a strong partnership among 12 ministries and agencies. The Brazilian experience in social protection is now being adapted and replicated in other developing countries, including Angola, Kenya, and Senegal, with activities to build conditions for more inclusive growth.

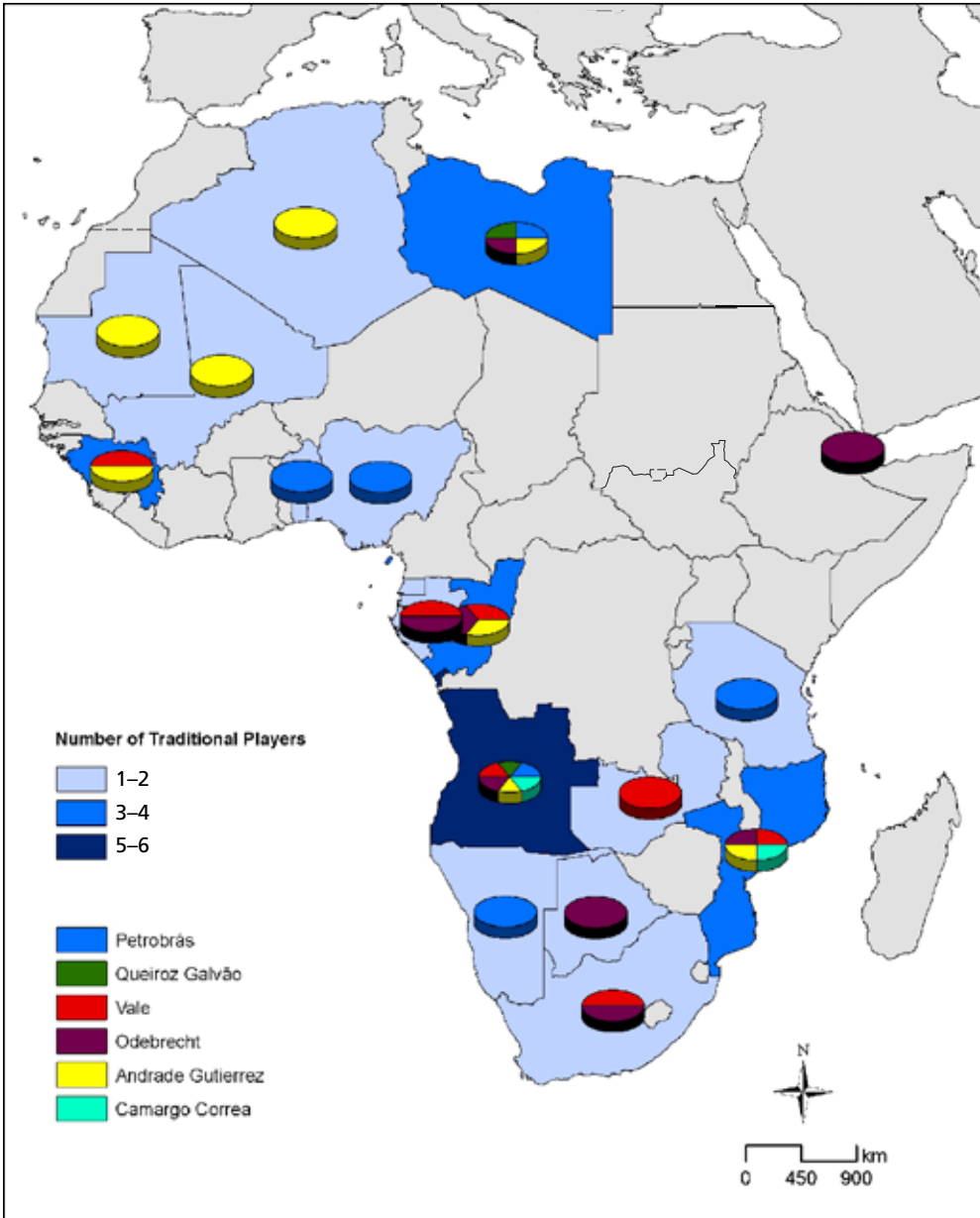
Since most projects between Brazil and African countries began fewer than 10 years ago, proper evaluation of the outcomes still falls short. Initial results have, however, often been positive, highlighting the potential for more sustained and longer term engagement.

THE PAST DECADE HAS WITNESSED UNPRECEDENTED GROWTH IN BRAZIL'S ECONOMIC RELATIONS WITH AFRICA

Brazil's trade with Africa increased between 2000 and 2010 from US\$4 billion to US\$20 billion, creating a propitious environment for the Brazilian National Economic and Social Development Bank (BNDES) to launch measures for furthering trade between the two regions on the basis of Brazilian loans. The stimulus given to Brazilian exports has also been central to the expansion of trade. In 2008, stimulus programs for Brazilian companies active in Africa (under an initiative known as Program Integration with Africa) resulted in the disbursement of R\$477 million (approx. US\$265 million), a sum that jumped to R\$649 million (approx. US\$360.5 million) the following year.

Brazilian private investment in Africa emerged in the 1980s and has now reached such an extent that Brazilian corporations are present in almost every

Figure ES.3 Brazilian corporations in Africa, 2010



Source: Prepared by authors.

area of the continent, concentrated in infrastructure, energy, and mining (figure ES.3). The Brazilian presence stands out because of the way Brazilian corporations do business. They tend to hire a local workforce for their projects, favoring the development of local capacity, which ultimately raises the quality of services and outputs. The leading Brazilian companies in Africa by invest-

ment and sales volume are Andrade Gutierrez, Camargo Correa, Odebrecht, Petrobras, Queiroz Galvão, and Vale.

Given the favorable business environment for Brazilian investment in Africa, the Brazilian Export Agency has been fostering small and medium enterprises in Africa—through business fairs, for example. At one event in April 2010 in São Paulo, Brazilian and African companies signed contracts and closed deals worth about US\$25 million in sectors such as food and beverages, clothing and footwear, automotive, electronics, housing and construction, and cosmetics.

The trends analyzed in this report indicate that, overall, Brazil and Africa are jointly developing a model of South–South relations that could benefit both.

THE RELATIONSHIP BETWEEN AFRICA AND BRAZIL OFFERS USEFUL LESSONS FOR THE WORLD BANK AND OTHER INTERNATIONAL ORGANIZATIONS

The World Bank Group has played a peripheral role in forging the growing relationship between Brazil and Sub-Saharan countries, although this is now changing under the Bank’s renewed Africa Strategy. South–South cooperation will play a key role in the future, through partnerships, knowledge exchange, and finance. But better tools and incentives are needed if the Bank is to systematically incorporate and leverage South–South engagement in implementing this strategy, particularly in investment and trade.

While relations between Brazil and Africa have greatly intensified over the past decade, substantial obstacles remain—in particular, a knowledge gap on both sides of the South Atlantic. Most Brazilian individuals and companies—including many small and medium enterprises—have limited and often outdated information on Africa; what information they have is often limited to Angola, Mozambique, and occasionally South Africa. Many non-Lusophone African countries are faced with language obstacles when obtaining information from Brazil, especially from the government, since such information is rarely available in English or French. Another impediment is that—despite the geographic proximity of West Africa and eastern Brazil—there are few direct flights between the two, and bureaucracy on both sides can slow maritime trade to 80 days instead of a possible 10. The World Bank could assist in overcoming these obstacles, enabling the Africa–Brazil relationship to expand and bring additional benefits to all sides.

The growing relationship between Africa and Brazil reveals broader lessons for the World Bank and other international players, who would do well to strengthen support for South–South initiatives overall. There are, of course, unique historical, cultural, and geographic aspects of the Brazil–Africa case that make the willingness of Brazil (to share its successes) and the interest of African countries (to learn from Brazilian experiences) fertile ground for the Bank to demonstrate its role as connector and knowledge facilitator.

The World Bank could also play a direct role in catalyzing South–South cooperation through promoting the participation of Brazilian companies (and

those in other emerging markets like India and South Africa, for example) in the Bank's procurement, particularly in Africa. This would have the beneficial effect of bringing more directly relevant experience from Brazilian companies to Africa, as well as signaling the growing role that emerging nations are playing in the Bank. Through the Enterprise Outreach Services—which aim to strengthen the World Bank Group's relations with the private sector so as to inform and promote the participation of private companies—the Bank could organize awareness-raising workshops in Brazil (as it does for European and U.S. firms) about the Bank's products and services to foster private sector investment in Africa.

Other ways in which the Bank could strengthen Brazil–Africa relationships are by:

- Supporting South–South collaboration—providing support to the parties (Brazilian government or private sector, African governments or private sector) for specific South–South projects, through lending, guarantees, or other forms of assistance. This could entail, for example, expanding projects that originated in bilateral relations between Brazil and a given African country to other African countries. A Brazilian technical assistance project in Mozambique may, for instance, be highly relevant to Tanzania; the Bank could help disseminate information on that project, either through Bank staff or by funding Brazilian or Mozambican experts to apply the experience in Tanzania. The Bank could also facilitate broader knowledge and best-practice exchange between Brazil and Africa, particularly Lusophone countries, given the interest among African countries in Brazilian best practices. It would be equally beneficial to promote joint applied research between African and Brazilian academic and learning institutions.
- Examining the current and potential impact of the Bank's traditional activities of relevance to South–South cooperation through the prism of that cooperation. Relevant areas include the investment climate, governance, agriculture, health, education, and justice. As an example, Brazil's highly successful program on HIV/AIDS and malaria prevention and treatment are directly relevant to the Bank's initiatives.
- Improving coordination across Bank regions and between sectors and regions by setting up cross-regional teams (for example, between the Latin America and the Caribbean Region and the Africa Region) to exchange experiences and implement specific South–South activities, sometimes with initiatives already under way.
- Systematically incorporating measurable South–South dimensions into country assistance strategies, country partnership strategies, country assistance evaluations, and so on. Also, evaluating whether specific internal incentives or mechanisms to support South–South cooperation (such as through work programs and job evaluations) could be useful, while not creating new bureaucracies. As part of this exercise, it would be useful to gather and disseminate successful examples of Bank work in this area,

such as the Brazil Country Management Unit’s work program for South–South cooperation, to help streamline such activities in a more systematic and strategic way across the Bank.

- Systematically consulting with the Brazilian government as well as with other major emerging-nation governments involved in South–South cooperation as practitioners or donors, such as the BRICS nations, to get their views on how Bank support could be made more relevant and effective. The objective would be both practical and strategic—namely, to help the Bank overcome the perception among some stakeholders that it does not sufficiently recognize and understand their contributions to development. A specific example could be the exploration of a joint program between the World Bank Group and BNDES to support Brazilian trade and investment in Africa.
- Within the Bank, expanding the focus of actual South–South activities from the World Bank Institute to other areas (particularly infrastructure, investment climate and private sector development, governance, health, and education) and including more technical assistance and lending in these areas (in addition to knowledge exchange). In particular is the need for more activities directly related to investment, private sector development, and job growth, which so far seem to be outside the main scope of South–South activities contemplated in Bank programs.
- Exploring where there are specific areas or aspects of programs that relate to South–South development projects that could benefit from joint work programs or goals, because coordination between the Bank, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency remains a challenge for supporting South–South cooperation. Two among many examples are greater alignment between the Bank and IFC country offices in key emerging markets for the promotion of sustainable South–South investment and better training, and incentivizing Bank (and IFC) staff in country offices to “cross-sell” the guarantee services of the Multilateral Investment Guarantee Agency.
- Further strengthening coordination with other multilateral bodies, particularly the newer South–South mechanisms, for the Bank to be an effective player in South–South cooperation, overcome some stereotypes in developing countries, and avoid duplication of efforts. The Bank, for example, is in an excellent position to facilitate an annual global South–South development summit, preferably in an emerging or developing country.

REPORT METHODOLOGY

Data were gathered between October 2010 and August 2011 by a research team of nine professionals from the World Bank as well as the Brazilian Institute of Applied Economic Research (IPEA) and the University of Brasilia, both of which are Brazilian state institutions. Leading sources included official docu-

ments (mainly international treaties and Brazilian legislation), nonofficial documents, projects, reports, books, articles, speeches, analyses, e-mail exchanges, and interviews. In the research period, the team interviewed 22 high officials of the World Bank Group, 62 representatives of the Brazilian government, and about 20 representatives of African governments who had had previous connections with Brazil. Interviews were also carried out with 16 representatives of the private sector and 15 experts from universities and nongovernmental organizations in Brazil and Africa. In total in this period, interviews were conducted with more than 130 professionals in Accra, Bamako, Bissau, Brasilia, Dakar, Maputo, Praia, Pretoria, Rio de Janeiro, and Washington, DC. A Bank mission visited Brasilia and Rio de Janeiro in December 2010 to conduct live interviews with about 50 professionals, and follow-up conversations were conducted in Washington, DC, or through video or audio conferences. The team depended on the availability of the authorities during the data-collection period, and not all the requested meetings could be held.

The report comprises six chapters that offer descriptive and analytical information on the characteristics, trends, constraints, and qualitative relationships between Sub-Saharan Africa and Brazil, as well as some policy implications of this relationship.

Chapter 1 provides a background to the new global financial and political architecture, highlighting the main characteristics of the international system for development cooperation, including North–South and South–South channels, as well as the rise of Brazil as a global actor in the last decade. It also presents Africa as a continent marked by rapid economic and demographic growth, which has opened up new intra- and intercontinental opportunities. Africa has recently established stronger connections with a few emerging players, and this report concentrates on how Brazil and Africa are exploiting these new possibilities.

Chapter 2 looks at the historical links between Brazil and Africa, going beyond linguistic connections with the Portuguese-speaking countries to include the legacy of slavery and other important cultural and political manifestations of the ties that bridge the two sides of the Atlantic. The historical links and the subjective similarities identified in chapter 2 help us to understand the type of connections explained and analyzed in chapters 3 and 4.

Chapter 3 focuses on how and why Brazil moved from an aid recipient in the 1960s to an aid provider in 2010. The main characteristics of Brazil's cooperation in international development are also highlighted, especially its engagement with South–South cooperation within South America and Africa. It then analyzes some of the motivations and modes of operation of the Brazilian government's recent engagements with Africa.

Chapter 4 identifies the key areas of Brazilian expertise being shared with African counterparts, as summarized above. It demonstrates how Brazilian technology is easily adaptable to Africa, based on similar geological and climatic conditions and resonances between the political and socioeconomic backgrounds of Brazil and some African societies. Although it is the longest chapter

of the report, offering details on why and how Brazil–African cooperation has evolved, it does not claim to offer an exhaustive list of current initiatives—because they are dynamic, and because of limited space and time.

Chapter 5 offers an overview of the current trade and investment trends in Sub-Saharan Africa that involve the Brazilian government and the private sector. While there has been a rapid and significant growth in commercial interactions, they remain rather limited when compared with China’s role in Africa, for example. The chapter therefore highlights the enormous opportunity for further interaction.

Chapter 6 presents conclusions and offers policy-related suggestions on how the World Bank’s Africa Region might strengthen South–South collaboration between Sub-Saharan Africa and Brazil. It also recommends mechanisms to sustain and amplify dialogue between Sub-Saharan Africa and Brazilian counterparts for the purpose of raising capacity in key sectors in Africa.



The New Global Financial and Political Architecture

KEY MESSAGES

- The world's financial and political architecture has changed enormously in the past 10 years.
- Brazil, Russia, India, China, and South Africa (BRICS) and other emerging economies play a significant role in Africa's growth, contributing to development and prosperity on that continent.
- Africa is a continent of opportunities as its resilience to global economic shocks and its democracies become stronger. But it still faces a wide infrastructure gap, is vulnerable to climate change, and suffers from weak institutional capacity.

THE INTERNATIONAL SYSTEM OF DEVELOPMENT COOPERATION

International development as we know it today is a relatively new concept. While the idea of gaps between rich and poor countries dates back to the mid-nineteenth century or earlier, development concerns at that time were included in national or bilateral agendas. The first instruments of international development cooperation were forged primarily by the West and North, setting up dichotomies both ideological (West versus East) and economic (the industrialized North versus the poor South).

A more comprehensive and formal system of international development emerged only after the Second World War, with the creation of international political, economic, and security institutions. In the mid-twentieth century, the World Bank, the International Monetary Fund, and regional development banks helped to promote the ideas of multilateralism and internationalism in the service of economic and social development.

In the following years, other multilateral institutions placed development issues on the agenda. For example, in 1961 the United Nations (UN) General

Assembly launched the first “Decade of Development,” in which member states were required to support an overall process to accelerate economic growth and social progress in developing countries. Industrialized states would ideally contribute to reducing the gap between rich and poor economies through transfers of international capital to the global South.

During the 1960s, postcolonial wars added more actors to the North–South divide. In Africa alone, 17 countries became independent during that decade. The number of developing countries was larger than ever. To meet some of their development needs, the United Nations Conference on Trade and Development (UNCTAD), in its first session in 1964, formalized the Group of 77 (G-77)—a group of 77 developing member states. UNCTAD became a forum for intergovernmental deliberations and analytical research devoted to integrating developing countries into the world trade system. The G-77 today remains the largest conglomeration of developing countries in the UN. Despite challenges, the G-77 has served as a space for articulating common economic interests of what used to be called the “Third World.”¹

In the mid-1960s and early 1970s, throughout the developing world, several theories emerged to explain underdevelopment, poverty, and related issues. The most famous of these was the “dependency theory” advanced by Latin American intellectuals. Some dependency theorists (such as Ruy Mauro Marini, Theotônio dos Santos, Vânia Bambirra, Orlando Caputo, and Roberto Pizarro) took a Marxist approach, while others (including Fernando Henrique Cardoso and Enzo Faletto) adopted a Weberian approach. Despite their differences, the main argument of the dependency theorists departed from the premise that “underdevelopment” was not a preliminary stage on a path that would end in “development.” Instead, dependency theorists believed that there was a mutually reinforcing relationship between “central” (developed) and “peripheral” (under- or less-developed) countries. Peripheral countries, by adopting certain models of economic growth (for example, by remaining primarily agricultural exporters), reinforced their own dependency on central countries and, as such, were held as “hostages” of the international market, with limited power to make their own decisions. In a world governed by such dynamics, real modernization and real development were not likely to become a reality (Cardoso and Faletto 1969; Machado 1999; Duarte and Graciolli 2007).

Despite criticism from the dependency theorists, developing nations continued to strive to improve their lot using existing mechanisms. Throughout the 1970s, developed nations such as France, Germany, Italy, Japan, Spain, and Switzerland began to provide substantial financial aid and technical cooperation to “Third World” countries, including Brazil. And in the following 20 years, in parallel to these North–South channels, horizontal channels began to form between developing countries. Lacking financial resources and political strength, the developing countries would depend on multilateral forums to

¹See “The Group of 77 in the United Nations” www.g77.org. As of 2011, the G-77 has 133 members, including every country in Africa as well as economies as large as Brazil, China, India, and South Africa.

move forward, a prominent example the initiative known as Technical Cooperation among Developing Countries (TCDC), which was formalized by resolutions of the UN General Assembly. This embryonic mechanism for South–South cooperation received its conceptual and operational framework from the Buenos Aires Plan of Action of 1978, which aimed to further explore TCDC activities in specific sectors (UNDP 1995).

But the new approach was not perfect. By the mid-1990s, there was broad recognition that the previous models had failed to promote development and to tackle the root causes of poverty. In search of alternatives, and to increase their bargaining power in the new century, developing countries began to make new arrangements. On the economic front, the G-20, created in December 1999 with some developed countries as members, shed light on the new role of large, developing economies in the global architecture.² In 2001, an analyst at Goldman Sachs devised the BRIC label to refer to the four growing economies of Brazil, Russia, India, and China, and the label stuck (Goldman Sachs 2001, 2003). On the political front, the India-Brazil-South Africa (IBSA) Dialogue Forum was established in Brazil in mid-2003 as a space for these three multiethnic and democratic global players to exchange knowledge and pursue common interests.

These alternative arrangements were strategically aligned with the world vision elaborated by Luiz Inácio Lula da Silva, Brazil’s president from 2003 to 2010, and his minister of foreign affairs, Celso Amorim, who aimed to find new spheres of political articulation for an intermediate power such as Brazil. According to this world vision, the traditional decision-making centers did not represent the developing world—not even its emerging economies. Consequently, new arrangements were needed so that emerging players could be more active and exert more influence when dealing with themes of global interest.³

Today, after decades of consolidation, it seems that the discourse of South–South cooperation has achieved a certain level of maturity and the minimum financial and human resources required to promote meaningful change. UNCTAD’s (2010) report, *Economic Development in Africa 2010*, stresses that South–South cooperation is attractive to African countries because it promises an alternative to the problems of existing foreign-aid mechanisms and represents a new dimension of international economic, financial, and trading systems that African countries

“Building these informal groups [or South-South arrangements] will help bring change to formal institutions.”

—Celso Amorim, 2010 (Minister of Foreign Affairs, 2003–10)

² See www.g20.org and appendix 1. Although created in 1999, until 2008 the group was a rather more technical arrangement through which finance ministers and governors of central banks used to meet. It was the financial crisis of that year that sparked the need for an upgrade, when heads of government and state would gather at full-fledged summits.

³ Interview with Fernando Simas Magalhães, former head of the Africa Department (Departamento da África or DEAF) in the Brazilian Ministry of Foreign Affairs and current Brazilian ambassador to Ecuador, May 2011.

can influence. According to the report, South–South connections significantly increase the region’s bargaining power in other international negotiations, such as those related to international trade or climate change.

In parallel with the innovative South–South arrangements that gained momentum in the 2000s, countries of the North began to address some of the counterproductive aspects of traditional technical cooperation, such as disregard for local ownership, disconnection with reality, and unconcern for sustainability (de Haan 2009). Along these lines, the Paris Declaration on Aid Effectiveness of 2005 and the Accra Agenda for Action of 2008⁴ advocated for a new framework, supported by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC). The Paris Declaration brought together more than 100 ministers and other high-level representatives whose aim was to take far-reaching actions to monitor and reform the ways aid is delivered and managed, while the Accra Agenda provided a plan for implementation. These two documents represent the normative framework for international cooperation today, with the overall goal of improving the impact of aid on local problems.

During the Accra Agenda negotiations, high-level Brazilian officials insisted on greater emphasis on South–South cooperation, pointing out that the original draft did not highlight the mechanism as a legitimate channel of international development. The final version of the agreement reflected Brazil’s concern, and the resulting commitments stressed the importance of establishing more efficient partnerships for international cooperation. The Accra Agenda highlights the central role of partnering South–South countries and the need to align partners’ strategies and to harmonize the plans and goals of donors—both with one another and with partners (for example, when making decisions about levels of need, the efficient division of labor, and collaborative behavior).⁵

So-called non-OECD approaches, such as the TCDC initiative and other South–South arrangements, do not seek to replace traditional strategies of cooperation in international development.⁶ Rather, they represent a complementary channel with reinforcing—not mutually exclusive—goals. UNCTAD highlighted the need to focus on complementary practices in *Economic Development in Africa 2010*, calling on participants to “ensure that cooperation with developing countries complements existing partnerships with developed countries—developed countries have been and will continue to be important development partners for Africa” (UNCTAD 2010: 103).

Unfortunately, coordinating South–South cooperation with North–South aid raises various issues, such as aid effectiveness, with which traditional donor

⁴See www.oecd.org/dataoecd/11/41/34428351.pdf and [www.oecd.org/document/18/0,3746,en_2649_3236398_35401554_1_1_1_1,00&&en-US\\$01DBC.html](http://www.oecd.org/document/18/0,3746,en_2649_3236398_35401554_1_1_1_1,00&&en-US$01DBC.html).

⁵Brazil’s approach to South–South cooperation is not aligned with the definitions of the Paris Declaration nor the Accra Agenda, since Brazil’s technical support does not include transfers of financial resources, nor does it contain conditions.

⁶UN General Assembly Resolution A/RES/58/220, February 19, 2004.

countries are still struggling even after decades of cooperation in development. Such issues require further discussion among donor countries.

THE EMERGENCE OF BRICS

By the eve of the twenty-first century, several trends pointed to the emergence of Brazil, Russia, India, and China—large market economies that came to be known as the BRICs. In 2000, the BRICs had a 23.3 percent share of the world’s gross domestic product (GDP), with real GDP growth that exceeded that of the Group of Seven (G-7) (Goldman Sachs 2001). In 2001, Goldman Sachs suggested that in 10 years the BRIC countries (mainly China) would have a major impact on the world economy. Indeed, between 2003 and 2010, trade among the BRIC countries swelled from US\$38 billion to US\$220 billion (MFA 2011) and, notwithstanding the global financial crisis, the expectation is that, by 2032, the BRIC economies will account for more than half the world economy (Beattie 2010). Although the concept was created in 2001, it was only in 2007 that the first high-level intergovernmental meeting took place, in Ekaterinburg, Russia. South Africa was invited to join the four original BRICs in 2010; the group is now known as BRICS, reflecting its five-nation membership.

Despite their economic performance, each of the BRIC economies faces serious internal challenges. The chief economist in the World Bank’s Africa Region stressed that “each . . . still has significant pockets of poverty. . . such as Western China or the Indian states of Bihar and Uttar Pradesh” (Devarajan 2010).⁷ Such pockets are home to hundreds of millions of people. In fact, inequality is one of the most striking characteristics of these countries and, as a consequence, their GDP per capita remains low.⁸

But Brazil stands out. According to a recent study by the Getulio Vargas Foundation,⁹ Brazil is the only country among the BRIC nations that is managing economic growth while decreasing social inequality. Moreover, Brazil’s per capita income grew an average of 1.8 percent faster than its GDP in 2003–09. The foundation also shows that, while income inequality is growing around the world, it is decreasing in Brazil and Latin America. Brazil ranked first among 146 countries in terms of expectations and optimism for living conditions in 2014. Figure 1.1 compares the original BRIC formation and the G-7 over time.

⁷ For more information on the roles played by labor market and social policies in shaping and addressing inequalities in emerging countries, see OECD (2010a).

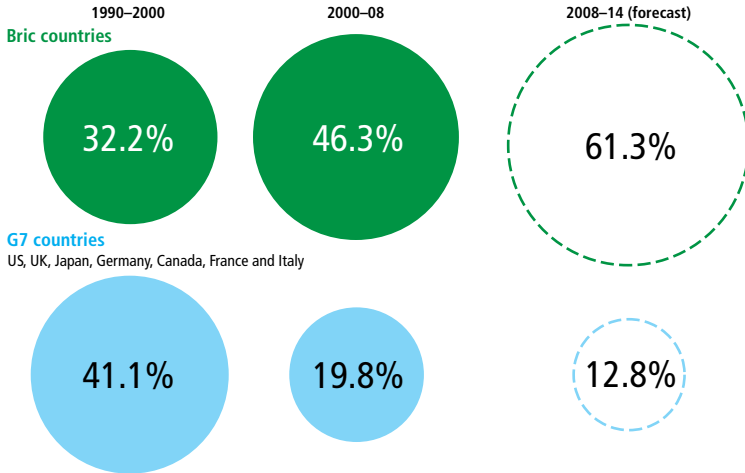
⁸ In May 2011, *Forbes* released the new rankings of the world’s billionaires. The fact that the BRICs together produced 108 of the 214 new names on the list is further evidence of the immense gap between the rich and poor in these four emerging economies. According to *Forbes*, “These four nations are home to one in four members, up from one in ten five years ago. Before this year only the U.S. had ever produced more than 100 billionaires. China now has 115 and Russia 101” (www.forbes.com/2011/03/08/world-billionaires-2011-intro.html).

⁹ Fundação Getulio Vargas. “Os Emergentes dos Emergentes: Reflexões Globais e Ações Locais para a Nova Classe Média Brasileira” (<http://www.fgv.br/cps/brics/>).

Figure 1.1 The BRIC countries versus the G-7

Bric countries will soon contribute over half the world's growth . . .

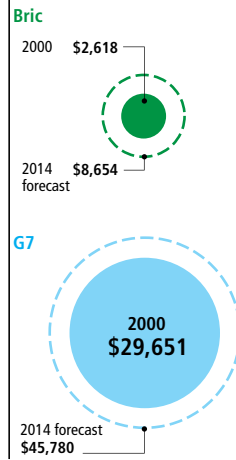
Share of global GDP growth (% based on purchasing power parity \$ terms)



Source: IMF

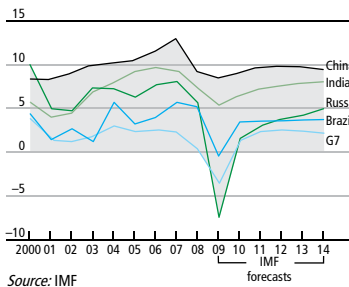
. . . but relative to population, they remain poor

GDP per capita (purchasing power parity \$)



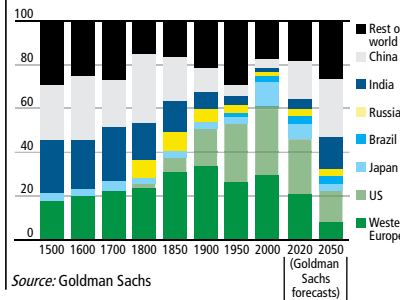
The Brics are on track to overtake developed economies in size before 2050 . . .

GDP growth (annual % change)



Source: IMF

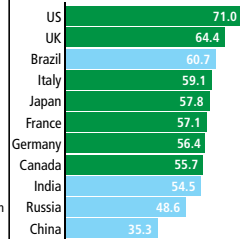
Share of world GDP (%)



Source: Goldman Sachs

. . . but private consumption remains relatively weak

Household consumption expenditure, 2008 (as % of GDP)



Source: UN

Source: *Financial Times* (www.ft.com/cms/f7062fa0-039e-11df-a601-00144feabd0.gif), citing the International Monetary Fund and Goldman Sachs. Reprinted with the authorization of the *Financial Times*.

Although they have held three summit meetings, the BRIC nations are only loosely constituted, and they do not follow a common set of principles or act as a single player on the world stage. The fundamental divides run deep—from their historical and cultural differences to their political systems and the ways they participate in the world economy (de Almeida 2009; Standard Bank 2010). In their relations with the global South, however, the BRICS symbolize an alternative channel of international cooperation, bringing different terms to the table.

Without abandoning its traditional partners, Africa is opening its frontiers to rapidly emerging South–South mechanisms. Trade between the original BRIC countries and Africa grew nearly 10-fold between 2000 and 2009, from US\$16 billion to US\$157 billion, while world trade in the same decade tripled

(from US\$13.1 trillion in 2000 to US\$32.2 trillion in 2008) (Standard Bank 2010). According to the OECD (2010b), developing countries—in particular the emerging economies of the BRICS group—are increasing their direct investment in Sub-Saharan Africa, notably in key sectors such as mining and infrastructure, despite the perception that Africa still represents a high-risk business environment. Those investments are contributing to economic growth through job creation, improvements in labor-force capacity, and access to new technologies.

Each BRIC country has its own drivers for engaging with Africa, apart from the common goal of gaining access to natural resources. Brazil has historic ties with Portuguese-speaking African countries and those located along the Atlantic coast (such as Benin, Nigeria, and Togo). Brazil is also concerned with strengthening its role as a representative of the global South. India is searching for market diversification, is hoping to improve its development-assistance programs, and is interested in strengthening its own historical ties with Africa (IBSANEWS 2011). China seeks access to resources and markets, to be sure, but also seems concerned about cultivating its own diaspora on the African continent. Russia is reviewing its involvement in Africa during the Cold War and is now trying to reforge its aid programs (Reuters 2009). While Russia is studying its new role in Africa, Brazil and India are seeking opportunities for new South–South arrangements that do not include China or Russia.

Undoubtedly China is the most significant player among the BRIC nations. As a share of its total exports, it doubled its exports to other developing nations from 15 percent in 1999 to 30 percent in 2008, and Standard Bank (2010) estimates that a quarter of China’s exports to developing economies goes to Africa.

South Africa’s adhesion to the BRIC group was celebrated during a summit in Sanya, China, in April 2011, further boosting the economic and political potential of what is now BRICS. Some have questioned the membership of South Africa. In a recent interview, the creator of the BRIC acronym, Jim O’Neill of Goldman Sachs, emphasized that there are other emerging countries with larger economies and better performances than South Africa, such as Indonesia, Mexico, the Republic of Korea, and Turkey (BBC 2011). O’Neill argued that the four original countries were brought together only because of their potential for development and growth, and this does not seem to be the case with South Africa. The new member’s GDP is one-sixteenth that of China, and its population of 50 million is small compared with the other BRIC countries. Others, however, suggest that South Africa will secure the ties that the original BRICS had already established with Africa, improving the political impact of what was purely an economic club, and allowing these emerging economies to represent the developing world on three continents and thus counterbalance the influence of the West and North (*Guardian* 2011).

Other South–South forums that have emerged in recent years facilitate or strengthen the connections between Africa and Brazil, in particular the IBSA Dialogue Forum, the Africa and South America Cooperation Forum, the Common Market of the South (Mercado Común del Sur or Mercosur), and the Southern African Customs Union (appendix 2).

SUB-SAHARAN AFRICA: A NEW FRONTIER?

Sub-Saharan Africa comprises 48 countries with different socioeconomic landscapes. Its diversity includes 1,000 languages and dialects (one-sixth of the world's total) and several climatic zones and ecoregions. With a population of 841 million growing at 2.3 percent a year, Sub-Saharan Africa is expected to reach a total population of about 1.5 billion by 2050, making Africa by far the world's fastest-growing continent (UNDESA 2009).

From the late 1950s until quite recently, Africa's relations with other countries of the global South focused on political issues. In the last few years, the emphasis has shifted to economic issues, and more countries in the region are showing a keen interest in furthering relations with other countries of the South as a way to enhance growth, reduce poverty, and integrate with the global economy. African governments share the hope that South–South cooperation can play an important role in addressing the region's development challenges (UNCTAD 2010). Africa is a major recipient of foreign aid, and many governments in the region are disappointed with existing aid mechanisms, either because commitments go unfulfilled or because conditions imposed on aid skew policy choices. South–South partnerships avoid the policy conditions associated with aid from traditional donors. In addition, developing countries perceive South–South cooperation as an important spur to innovation and technological change (UNCTAD 2010).

Today, Sub-Saharan Africa is increasingly considered a region of high potential with growing markets, as it leaves behind its image of stagnancy and poverty. The 1990s saw the introduction of a series of economic and institutional reforms that attracted more foreign investment, despite the economic crisis in East Asia. This dynamism continued throughout the 2000s. The World Bank's *Global Economic Prospects* (World Bank 2011a) estimated a GDP growth rate of 4.7 percent in 2010 for Sub-Saharan Africa, and projected 5.3 percent growth in 2011 and 5.5 percent in 2012, up from a recent low of 1.7 percent in 2009. According to this report, the recovery in 2010 resulted mainly from external factors, such as rising commodity prices, growing foreign direct investment (FDI), stronger export volumes, a recovery in tourism (owing to the 2010 soccer World Cup in South Africa), and an increase in traffic to major tourist destinations such as Cape Verde, Kenya, Mauritius, Seychelles, and Tanzania.

Growing interest in the region is reflected by increasing FDI. After a decline of 12.3 percent in 2009, FDI recovered by 6 percent in 2010, reaching US\$32 billion (World Bank 2011a). Three of Sub-Saharan Africa's largest economies—Angola, Nigeria, and South Africa—were recipients of 40 percent of the FDI. Flows were mainly directed to extractive industries in the Democratic Republic of Congo, Ghana, Mozambique, Niger, and Zambia, and to fragile states such as Guinea-Bissau, Liberia, and Sierra Leone. Manufacturing was also a large recipient of greenfield investments (41 percent in metals, transport equipment, and food and beverages), as was services (including banking, telecommunications, and transportation).

The political landscape of Sub-Saharan Africa has also seen important developments. After independence, Sub-Saharan countries tended to evolve in three

stages: consolidation of authoritarian rule by the mid-1970s, crisis management under authoritarian rule in the late 1980s, and an outburst of democratization starting in the 1990s. Between 1960 and 1970, most countries of the region achieved independence from their former colonial masters. African institutions at independence were fragile, and pluralism was not a common practice. In fact, by the late 1970s most African countries had authoritarian regimes. By the late 1980s, only five countries in Sub-Saharan Africa had multiparty systems: Botswana, the Gambia, Mauritius, Senegal, and Zimbabwe (Ndulu and O’Connell 1999). Succeeding an African political landscape that had been dominated by “neopatrimonial states,”¹⁰ current political trends point toward more open and democratic states that feature increased political participation, implementation of governance reforms, stronger institutional environments, a decrease in the number and frequency of conflicts, and growing levels of public investment in social services such as health and education.

REMAINING CHALLENGES

African countries withstood the recent global economic crisis better than most countries elsewhere in the developing world. Many are benefiting from booming prices for copper, gold, and oil, but important challenges must be met if present growth rates are to continue and the continent is to remain on the path of inclusive development. Obstacles are inherent in democratization, the impact of climate change, the recent increase in food costs, consolidation of governance reforms, elimination of corruption, the massive investments required to boost infrastructure, regional integration, and the increasing role and contribution of information technology.

Achieving better governance

In 2011, 21 countries in the region have held or will hold presidential, legislative, or local elections. The way these elections are conducted (that is, if fairly and transparently) will largely influence the countries’ prospects for sustained economic development. Recent experiences in Côte d’Ivoire, the Democratic Republic of Congo, Kenya, and Zimbabwe showed that democratization has not always resulted in peaceful transitions. Ethnicity has been used “as the axis for political mobilization” (Kimenyi 2011), and a high concentration of power in the executive “gives the president immense powers to distribute benefits to supporters at the expense of other citizens” (Kimenyi 2011).

¹⁰“In neopatrimonial regimes, the chief executive maintains authority through personal patronage, rather than through ideology or law. In contemporary neopatrimonialism, relationships of loyalty and dependence pervade a formal political and administrative system and leaders occupy bureaucratic offices less to perform public service than to acquire personal wealth and status. The distinction between public and private interests is purposely blurred. The essence of neopatrimonialism is the award by public officials of personal favors, both within the state (notably public sector jobs) and in society (for instance, licenses, contracts and projects)” (Bratton and Van de Walle 1994).

Several countries, such as South Africa, have advanced their institutional reform agenda and improved governance by modifying regulatory frameworks, using transparency and accountability mechanisms, providing more spaces for civil society participation in development processes, and working to improve access to information. In the April 2011 parliamentary elections in Nigeria, for example, the government invested US\$580 million to set up a transparent voting system. That investment “set a record for public spending on elections” (*Economist* 2011). The effort has made elections more transparent, but the institutions in the legislature and judiciary remain weak, the population views the courts as biased and corrupt, and limited access to government data under the Official Secrets Act makes transparency and accountability hard to achieve.

Other countries, such as Ethiopia, Liberia, and Uganda, have passed information laws but implementation remains controversial. Increased availability of data on the impact of poor governance and corruption in the development of a country, governance indicators, and corruption indexes have strengthened accountability and made citizens more aware of the impacts of poor governance and corruption in their daily lives. More serious efforts, however, are required by African governments to tackle corruption and collusion, which limits open competition.

In the business environment, the *Doing Business 2011* report (World Bank and IFC 2010) reveals that about half of all 2009/10 trade-facilitation reforms took place in Sub-Saharan Africa. That development reflects the strategic importance of regional integration, including existing initiatives such as the Southern African Customs Union. According to the report, 27 of 47 Sub-Saharan economies carried out 49 reforms to improve their business environment. Three countries in the region—Cape Verde, Rwanda, and Zambia—were among the top 10 most-improved reformers in the year, based on the number and impact of changes to business regulations for local firms between June 2009 and May 2010.

Building adequate infrastructure

Sub-Saharan Africa lies at the bottom of all developing regions in infrastructure development.¹¹ The fact that so many of its countries are landlocked (40 percent of the population lives in landlocked countries) has made infrastructure and access to transport a strategic priority for economic growth and development.

Infrastructure is crucial for growth. Across Africa, it contributed about 1 percentage point to per capita economic growth from 1990 to 2005, compared with less than three-quarters of a point for other structural policies. That contribution was almost entirely attributable to advances in mobile telephony. The deterioration in the quantity and quality of power infrastructure over the same period actually retarded growth (Foster and Briceño-Garmendia 2009).

¹¹ This section is based on Aker and Mbiti (2010), Calderón and Servén (2010), Escribano, Guasch, and Pena (2010), Foster and Briceño-Garmendia (2009), and World Bank (2011b).

Empirical evidence and analytical work show that a lack of adequate and reliable infrastructure, such as water and electricity, constrains private sector development and increases inequality. “In most African countries, particularly in the lower-income countries, infrastructure emerges as a major constraint on doing business, depressing firm productivity by about 40 percent” (Escribano, Guasch, and Pena 2010). The power sector leads the infrastructure deficit: only about a quarter of the population has access to electricity, and power consumption remains as low as one-tenth of that in other developing regions.

Problems abound in other sectors as well. The proportion of the population with access to potable water has increased in the past decade to almost 60 percent, but water storage will require further expansion from 200 cubic meters per capita to at least 750 cubic meters. Water distribution for agriculture must be improved because only 6 million hectares are equipped for irrigation, and these are concentrated in a few countries. Transportation and access to roads will require further investment and stronger institutions to manage investment, operations, and, particularly, maintenance. Only 29 percent of roads in the region are paved, and only one-third of the rural population lives within 2 kilometers of an all-season road. To fulfill its role in interregional cooperation, the transport sector needs a standardized and coordinated approach to strengthen trade and promote economic development.

According to the World Bank (2011b), the cost of readdressing Africa’s infrastructure deficit is estimated at US\$38 billion per year, with an additional US\$37 billion per year needed for operations and maintenance, for a total of US\$75 billion—a sum equivalent to about 12 percent of Africa’s GDP. That total exceeds current funding by about US\$35 billion per year. Mobilization of both public and private financing is critical for infrastructure development.

In information and communications technology, there has been a significant increase in the use of mobile phones, with 60 percent of the population having mobile-phone coverage. Between 2002 and 2007, mobile-phone subscriptions increased by 49 percent annually (Aker and Mbiti 2010). But these same levels of coverage were not seen for Internet access. There are barely 2 million subscribers to private Internet service providers, with about 12 million using public Internet facilities. Further expansion of networks and other connectivity options will contribute to boosting economic development and integration with global markets. In the case of Brazil and Africa, a submarine cable of 12,800 gigabits is expected in 2013 to connect Mozambique and South Africa with Fortaleza (Ceará) in the north of Brazil.¹²

Preparing for climate change

Agriculture remains the main source of employment and export earnings in Sub-Saharan Africa, accounting for about 30 percent of GDP (IFPRI 2009). The majority of the population still lives in rural areas and depends on traditional agriculture for its livelihood. Rain-fed agriculture, combined with poor

¹² <http://manypossibilities.net/african-undersea-cables/>.

infrastructure, exposes the region to high levels of climate-change vulnerability. Some of the predicted serious effects of climate change in Africa by 2050 include declines in rice yields by 14 percent, wheat by 22 percent, and maize by 5 percent; a worsening ratio of water consumption to requirements; a food shortage in the region that will strip 500 calories from the average daily diet (a 21 percent decline); and an increase in the number of malnourished children from 33 million to 52 million (IFPRI 2009). This prognosis calls for new investments in agricultural infrastructure and stronger policies and institutions.



The History of Brazil–Africa Relations

KEY MESSAGES

- Brazil has strong historic, social, and geopolitical bonds with Africa; in recent years, economic connections have emerged.
- Brazil has revived its Africa policy in the twenty-first century, even as Africa has changed substantially.
- Brazil and Africa are forging a model of South–South relations.

Traditionally, studies of relations between Brazil and Africa have tended to concentrate on the links of both to countries in the northern hemisphere. While these North–South studies have contributed to an understanding of Brazil and Africa in an international context, they have also distorted the cultural, political, and social history that binds Brazil and Africa, including the legacy of the transatlantic slave trade.

This chapter, instead of concentrating on links between the “center” and the “periphery,” examines the historical background of South–South relations between Brazil and Africa. It illuminates the connections, cultural identities, and common patterns created by the long-term experiences of Africa in Brazil and of Brazil in Africa.

Several authors have brought new perspectives to the traditional pattern of North–South analysis by looking at the South Atlantic as a channel of cultural transfers or political and social experiences, rather than as a geopolitical ocean like the North Atlantic. These perspectives have improved the historiography of Brazil–Africa relations. The global dimensions of the African diaspora (Harris 1982); merchant capitalism and the slave trade (Miller 1988); Brazilian perceptions of the South Atlantic routes as “Mediterranean” channels of peace and trade (Saraiva 1996); and human perspectives of the South Atlantic transfers, including slave trade movements (Alencastro 2000)—these constitute the new historiography of Brazil–Africa relations and form the background for this chapter.

FIVE PERIODS IN THE HISTORY OF BRAZIL–AFRICA RELATIONS

Brazil–Africa relations may be divided into five distinct and unequal periods. The first covers Brazil’s colonial history from the sixteenth to the early nineteenth century. Starting with the transatlantic slave trade, links between Brazil and Africa—including trade in goods, economic and social interactions, and exchanges of ideas and skills—expanded during this period. Portuguese historians, such as Oliveira Martins (1880) and Jaime Cortesão (1933), pointed out that large parts of the Guinea Coast and Angola were directly dependent on Brazil during the eighteenth century.

The second period, which began in 1822 with Brazil’s independence, is characterized by a gradual marginalization of relations between Brazil and Africa. A silence grew between the two after Portugal signed the Treaty of Acknowledgment of Brazilian Independence in 1826. With the ending of the slave trade and the acceleration of Europe’s penetration of Africa, Brazil put the African continent aside and concentrated instead on international relations with Latin America, Europe, and North America. This pattern continued until the 1950s.

The third period includes the fading of European colonialism in Africa and many new developments within Brazil. In the late 1950s, the relationship between Brazil and the United States began to create conditions favorable to a rekindling of relations between Brazil and Africa. Brazil had to adapt its foreign policy to an international environment that included newly independent African governments. But the Brazilian stance on Portuguese colonialism in the African continent—a type of hesitant support for anti-colonialism, constrained by traditional relations with the former colonizer—continued to block its rapprochement with these newly independent African states. Brazil’s foreign policy toward Africa would eventually have to cut this Gordian knot.

The fourth period extends from January 1961 to the mid-1980s, during which time many significant changes took place in Brazilian foreign policy. This period, except for the years immediately following Brazil’s 1964 military coup, saw an active political and economic rapprochement with Africa. The late 1970s and 1980s witnessed a relatively strong flow of capital and goods across the South Atlantic. From Brazil’s point of view, the South Atlantic became an important focus of both foreign policy and commerce. Brazil’s recognition as the government of the People’s Movement for the Liberation of Angola (Movimento Popular de Libertação de Angola or MPLA) on November 11, 1975 (the same day the Portuguese left Angola and the MPLA unilaterally declared the country’s independence), ahead of progressive African countries such as Nigeria and Tanzania, was to be a turning point for Brazil’s relationship with Africa.

During the fifth period, which extends into the twenty-first century, Africa has become one of the major fronts of Brazil’s international agenda. The continent is rapidly changing, and Brazil has gradually expressed more interest in supporting and participating in African development. The administration of President Luiz Inácio Lula da Silva (2003–10) revived Brazil’s interest in Africa and set it on a surer footing, as part of the search to extend Brazil’s global influence. The new, global Brazil coincided with the emergence of the new Africa described in the previous chapter.

Two convergent discourses of solidarity are available to justify Brazil's new rapprochement with Africa. The first emphasizes the direct cultural and historical affinities with the black people of the African continent and cultural transfer. The second emphasizes the ethnic and cultural affinities with the Lusophone countries of Africa. The possibilities created by community of language has remained a specific aspect of Brazil's policy in Africa into the twenty-first century, as demonstrated by initiatives to enhance the Community of Portuguese Language Countries (Comunidade dos Países de Língua Portuguesa), which includes social and cultural cooperation with Angola, Cape Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe.¹³ The emphasis on language marks an important difference between Brazil's rapprochement with Africa and the policies of China and India.

THE SOCIAL, POLITICAL, AND CULTURAL HISTORY OF BRAZIL–AFRICA RELATIONS: SLAVERY AND BEYOND

Contacts between Brazil and Africa began in the sixteenth century against the background of Portuguese colonization. Under Portuguese rule, the African coastline supplied slaves for colonial Brazil's sugarcane plantations. The arrival of the first Africans in Brazil dates to about 1530, but transfers of enslaved Africans to Brazil become more significant after 1550, when sugarcane plantations became better organized. So great was the demand for African slaves in Brazil that it diverted the Portuguese slave trade from the Spanish-American colonies (such as Mexico, Peru, and Santo Domingo) to Brazil (Goulart 1949). A transatlantic trade structure was created in which capital accumulation based on exploitation of cheap slave labor ruled the economy.

This was just the beginning of a long history of slave trade between Africa and Brazil, however. Year after year, the annual import of Africans to Brazil increased, ranging from 1,000 a year in the sixteenth century to a record 60,000 in 1848 alone. Smugglers continued to bring slaves into Brazil after the slave trade (but not slavery) was formally banned in 1850. Goulart estimates the total number of Africans transported as slaves to Brazil at 3,500,000–3,600,000, while Curtin (1969) puts the figure at 3,646,800.

Brazil's African slaves had varied origins. Most were transplanted from the western coast of Africa, though some came from as far east as Mozambique. The zone known as the Slave Coast, which spanned the coast from around modern-day Togo to Nigeria, was where Portuguese and Brazilian traders conducted negotiations for slaves not only for sugarcane production, but also for exploitation of mines in the seventeenth century and for work on coffee plantations in the eighteenth and nineteenth centuries.

Common items traded for slaves on the African coast included tobacco, gold, sugar, and *cachaça* ("firewater" or sugarcane alcohol), which came from Brazil. But the history of Afro-Brazilian relations also includes exchanges of

¹³ See Comunidade dos Países de Língua Portuguesa website, www.cplp.org/.

other, less important commodities, such as salt, cloth, and Asian spices, as well as the social transfer of skills, and political and cultural exchanges. For instance, many Brazilians went to Africa as soldiers, sailors, administrators, and merchants. Prominent Brazilians became administrators in Portuguese colonies in Africa—the governors João Fernandes Vieira, André Vidal de Negreiros, and Baron José de Oliveira Barbosa in Angola were all Brazilian (Rodrigues 1961).

Not all Africans traveling to Brazil were slaves. In 1750, King Tegnabessou of Dahomey sent a diplomatic mission to Brazil to persuade Brazilian merchants to keep the Luso–Brazilian slave trade concentrated in Whydah rather than in Dahomey—even though Dahomey had conquered the Kingdom of Whydah some years before. Other Dahomean missions to Portugal stopped in Brazil in 1795, 1796, and 1800. Two successive governors-general of Brazil, Dom Fernando José de Portugal and Dom Francisco da Cunha Mendes, welcomed the African ambassadors and discussed with them a proposed monopoly of Brazilian trade on the Slave Coast. At the time, envoys of African rulers were given full diplomatic honors in Brazil (Almeida Prado 1955).

Relations between Brazil and Africa reached a turning point in 1648, when Portugal took back Angola from the Dutch with an expedition that departed from Rio de Janeiro. Alongside the Portuguese, the mission included Brazilians who strengthened the ties between Brazil and the areas of Africa under Portuguese rule. Over time, Angolan relations with Portugal diminished while relations with Brazil intensified; by the mid-1800s, the substantial trade out of Cabinda was proceeding directly with Rio de Janeiro, with no intermediation by Portugal. Angola became increasingly dependent on Brazil from the sixteenth century to the beginning of the nineteenth century. During that time, Rio de Janeiro became an important and dynamic entrepôt in South America. Salvador Correia de Sá e Benevides, the commanding officer of the expedition that ousted the Dutch, was a member of the dominant aristocracy of Rio de Janeiro and a landowner in the region of Tucumán, near the mines of Potosí, Bolivia, in the Andes. At that time, Rio de Janeiro was the door to the slave-trade corridors extending into the south of Brazil, the River Plate area, and the mining regions dominated by Spain in South America.

Angola in effect became an appendix of Brazil in the eighteenth century. In 1770, Martinho de Melo Castro, Portugal's foreign minister, wrote that he could not tolerate the fact that Brazil had control over all trade and navigation between the two sides of the Atlantic to the total exclusion of Portugal. In his view, the Brazilians had developed two branches of trade: first, the legal and useful slave trade—and second, the illegal trade of Asian and European goods.

The close relations continued, however, into the nineteenth century. Following Brazil's independence in 1822, Benguelan traders were tempted by the idea of a political union between Brazil and Angola. A movement of emancipation was organized in Luanda and Benguela between 1822 and 1826, with the explicit aim of turning Angola into an overseas province of Brazil. The traders requested that the new Brazilian monarchy ensure the continuation of the special relationship they had enjoyed during previous centuries. In 1822, two

Angolan members of the Portuguese parliament joined the Brazilian independence movement and moved to Brazil as representatives of Angola, resigning their seats in the Portuguese parliament (Santos 1979).

The United Kingdom, which had acted as the mediator between Portugal and Brazil in the negotiations that followed independence, did not favor the idea of direct political links between an independent Brazil on the one hand, and Angola, West Africa, and Mozambique on the other. Citing humanitarian and commercial reasons, it preferred a free South Atlantic Cone, with no barriers to its interests in the region. Brazil thus came under constant pressure from British interests not to accept the union with Angola. The negotiations conditioned Portuguese and British recognition of Brazilian independence on complete cessation of political ties between Brazil and Angola. The result is embodied in the third clause of the treaty signed by Portugal in 1826 (with British mediation) acknowledging Brazilian independence: “His Imperial [Brazilian] Majesty promises not to accept proposals by any Portuguese colonies to join the Empire of Brazil” (Saraiva 1996).

AFRICAN DESCENDANTS IN BRAZIL: CONTRIBUTIONS TO CONTEMPORARY SOCIETY

In the years after Brazil abolished slavery in 1888, few people of African descent penetrated Brazil’s intellectual and political circles. Cultural traits, values, and beliefs of African origin remained alive in popular culture, but interest in the African continent was virtually excluded from what was regarded as high culture.

Brazil’s class society inherited the patterns of race relations that had developed under slavery, and the liberated slaves still encountered the inequalities they had faced during the time of slavery. A market economy, free labor, and institutional modernization did not erase these structures (Fernandes 1969). Economic and educational disadvantages, combined with the system of alliances, bargaining, and patronage that recruited the political and diplomatic elites, marginalized Brazilians of African descent and deprived them of the benefits of modernity and progress. Such obstacles needed to be removed, rather than deepened, and access to education broadened.

The tone of Brazil’s dominant, liberal culture was derived from the contradictions of the “*bourgeois gentilhomme*,” who lived in Brazil but had Europe as his point of reference. This planter class used slaves to produce goods for the international market, keeping one eye on profit and the other on gentility. The same contradiction extended to the precarious alliance between African descendants, among whom were the so-called mulatto (ethnically mixed) intellectuals, with the ruling classes of entrepreneurs, and in the alliance between the rural oligarchies of men of modest origins with the power elite.

Some mulatto intellectuals simultaneously criticized and embraced the contradictions of their situation. One of them, Luís Gama—born of a slave

mother and a white father, and sold as a slave but later emancipated—mocked in his verses the conceited elite who denied their African roots. Yet this did not prevent him from becoming one of them.

Another prominent mulatto writer in the late nineteenth century was Machado de Assis, who depicted with irony the white world to which he belonged. In one of his books, *Memórias Póstumas de Brás Cubas*, the author presents a funny and tragic picture of a member of the white liberal Brazilian community whose characteristic trait was volubility (Schwarz 1990). The range of intellectual European references in the universalist discourse of the book's protagonist was a perfect example of the glibness that characterized the elite as a whole. This cultured discourse swept under the carpet the legacy of slavery, and studiously ignored the legacy of Africa.

Some scholars explored the survival of African culture in Brazil, including the vestiges of African languages and religions, in the early twentieth century. Raymundo Nina Rodrigues, who based his best-known book, *Os africanos no Brasil*, on personal observations and interviews with Africans in Brazil, was a pioneer of these Afro-Brazilian studies (Nina Rodrigues 1982). Although a mulatto himself, and despite being one of the few authors to devote attention not only to the presence of African culture in Brazil but also to the African continent itself, he fell prey to ideas of “scientific racism.” Scholars such as Manuel Raymundo Querino, Arthur Ramos, Evaristo de Moraes, Gilberto Freyre, and Edison Carneiro subsequently produced substantial studies of the role of African culture in Brazil.

Cultural and social inequality affected Brazil's relations with African nations. When, in the second half of the twentieth century, Brazil began to revive its interest in Africa, Brazilian society still had not come to terms with its African descendants and the African legacy. Widespread criticism of the cultural hierarchy inherited from slavery led to a rather naïve discourse on rapprochement with Africa, much of which remained blind to the fact that Brazil, in spite of its historical and cultural links with the continent, was dismally ill-equipped to build a new relationship with it. For instance, when professional diplomats of African descent were needed to enact the new Brazilian foreign policy, none were to be found. And there were virtually no Brazilian experts on the history and cultures of the African continent at Brazilian universities.

In recent years, the Brazilian “Black movement” has helped to develop a new set of public policies and norms, including the creation of new federal institutions on racial issues.¹⁴ One initiative, made part of Brazilian law in 2003, stipulates that “Afro-Brazilian and African history and culture” become a compulsory subject in public and private schools. The law is a major step forward for the Brazilian Black movement, though it faces constraints in full implementation because of a lack of professionals with the required teaching expertise. Several universities are now responding to the new call by train-

¹⁴For example, the Secretariat for Policies to Promote Racial Equality (Secretaria de Políticas de Promoção da Igualdade Racial or SEPPIR) was created in March 2003, and directly linked to the Office of the President (www.seppir.gov.br/).

ing a new generation of teachers. The Department of History at the Catholic University of Rio de Janeiro, for example, created two new mandatory courses for its undergraduates in 2008: Africa I, covering the Atlantic slave traffic and sixteenth-, seventeenth-, and eighteenth-century Africa; and Africa II, on contemporary Africa.

Also in the past few years, several universities have begun to target admissions efforts toward particular groups, including Afro-descendants. Innovative affirmative-action programs were needed, and the National Council for Scientific and Technological Development (Conselho Nacional de Desenvolvimento Científico e Tecnológico or CNPq), with the Ministry of Foreign Affairs (MFA), created a special scholarship for Afro-descendants applying to the Instituto Rio Branco (IRBr), the renowned Brazilian diplomatic school. Rather than granting access under a traditional quota system, the program provides teaching assistance to increase beneficiaries' chances in the highly competitive admissions process. Ten months before the exam, the IRBr candidate receives a monthly stipend of US\$1,500 from the government to prepare for the exam.

FROM A FICKLE PAST TO A PROMISING FUTURE

The history of relations between Brazil and Africa is long and deep. The South Atlantic was the stage on which Brazil's contacts with Africa ebbed and flowed from the sixteenth to the early twenty-first century. The contacts resonated with elements of Brazil's national identity. Cultural discrimination, both official and unofficial, muddied the waters. But Brazil has revived its African policy in the twenty-first century, even as Africa has changed substantially. Together, Brazil and Africa are forging a model of South–South relations.

There are conceptual, as well as practical, innovations in Brazil's new policy of rapprochement with Africa. One is the abandonment of culturally discriminatory attitudes in favor of a more structural and pragmatic approach to cooperation with the new African elites. Another is the activism of civil society, both in Brazil and in Africa, as nongovernmental groups develop new channels of cooperation for development. A third innovation is the emphasis on trade, cooperation, and political exchanges between stable democratic states, which does not forget Brazil's political and emotional debt to Africa, incurred through the centuries-long slave trade.



Brazilian Views of Africa

KEY MESSAGES

- Brazil is emerging as a new global actor, recognized as a provider of technical cooperation.
- Technical cooperation is an essential tool of Brazil's foreign policy.
- African countries are eager to learn from Brazil's successes.
- The Brazilian government has defined Africa and South America as priorities on its development cooperation agenda.

A PENDULUM SWINGING FROM NORTH TO SOUTH

Since the 1950s, Brazil has received aid in the form of technical cooperation, an important tool to support development (table 3.1). In fact, Brazil still receives aid from traditional donors such as Germany, Japan, Spain, and the United States. Between 2003 and 2010, some 1,800 projects were implemented in the country with an overall budget of US\$600 million. The most active sectors for traditional (North–South) donor cooperation were the environment, agriculture, urban development, energy, health, and public management (MFA 2011).

In the last decade, Brazil's sustained economic growth, successful poverty reduction strategy, and falling unemployment rate—alongside its environmental policy, democratic governance, and growing focus on human rights and racial equality issues—have positioned the country well in the global context. In the words of Foreign Minister Antonio Patriota, “Brazil has more resources to invest when the country is managing its internal affairs well” (Patriota 2011).

Brazil's GDP per capita growth rate averaged 3.6 percent during 2003–08, a steep increase from the 0.5 percent estimated in 1998–2003 (OECD 2011). Exports and imports, in absolute terms and as a share of GDP, also saw a large rise. (Appendix 3 continues the story through 2010.)

Brazil's success can be explained by several factors, including its economic stability and democratic system of government. In addition are the international scope of the Brazilian Workers' Party and the personal charisma of Brazil's former president, Luiz Inácio Lula da Silva. The country's economic growth,

Table 3.1 Selected cooperation agreements between Brazil and developed countries by year of signature, 1950–2011

Year	Country	Year	Country
1950	United States	1975	Canada
1962	Israel	1978	Norway
1963	Germany	1984	Sweden
1966	Portugal	1989	Spain
1967	France—1st agreement	1996	France—2nd agreement
1968	Switzerland	1997	United Kingdom
1970	Japan	1997	Russia
1972	Italy		

Source: MFA 2011.

“Once, aid flowed in one direction from the richest industrialized 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” (ODI 2010).

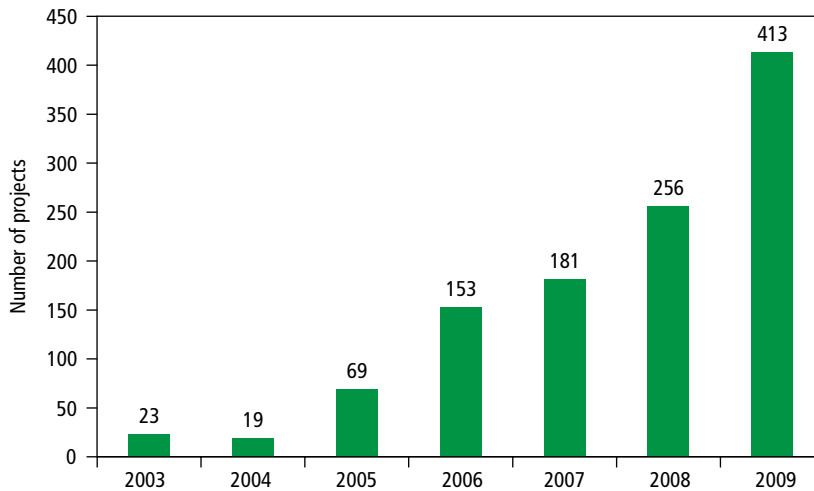
with the rise of international demand for innovative Brazilian social technologies, coincided with the beginning of Lula’s tenure in 2003. At that time, the federal government elaborated a series of new public policies (and adapted and revised older policies) that would later be internationally recognized as successes (ActionAid 2010).¹⁵ In 2004, a number of Brazilian institutions started “internationalizing,” a process that involved a new set of priorities, such as increasing Brazil’s role as a global actor. By 2005–06, Brazil was already a provider—no longer only a recipient—of development cooperation.

This new role was embraced by Lula. By the end of 2010, he clarified that “development cooperation is not limited to the interaction between donors and recipients: We understand it as an exchange between similar actors, with mutual benefits and responsibilities” (IPEA 2010a). In fact, during his eight years as the head of government, Lula was able to share a strong political message with his counterparts in the global South, especially in Africa: Brazil should be seen as a trustworthy partner and not simply as another donor.

That message generated increased interest in learning from Brazilian successes. A major contributor to the country’s growing reputation as a global knowledge provider and partner was Lula’s vision of a new global economic order and multipolar world. Celso Amorim was Lula’s minister of foreign affairs (2003–10) and one of the architects of Brazil’s new role as a global player. Under Amorim, Brazil’s foreign policy sought alternate centers of power, new

¹⁵Action Aid, for example, published a report in 2010 that ranked Brazil first among developing countries for its progress in achieving the Millennium Development Goals before the target year of 2015 (http://www.actionaid.org.uk/doc_lib/hungerfree_scorecard.pdf).

Figure 3.1 Number of technical cooperation activities coordinated by the ABC, 2003–09



Source: ABC 2009.

platforms for action in areas of global relevance, and new forums where developing countries might mobilize and exert more influence.¹⁶ Brazil's efforts toward South–South cooperation demonstrated a strong normative component: the creation of a new world order supported by a set of principles and guidelines, such as the rule of law and democracy, with the caveat that such principles and guidelines should not become conditions for dialogue or negotiation with the countries involved. To a large extent, that vision was reflected in several arrangements in which Brazil took part after 2003, such as BRICS; the IBSA Dialogue Forum; the Africa–South America Initiative (ASA); and other multilateral forums created or reinforced to congregate developing countries.

In 2006, Amorim stated that “technical cooperation is an essential tool of foreign policy” (Schmitz and others 2010). Subsequently, the Brazilian Cooperation Agency (ABC) underwent major reforms to coordinate and operate better the new tasks implied by that statement. In 2007, Minister Marco Farani became the new head of the ABC, sharply boosting the number of technical cooperation activities (figure 3.1).

Brazil played a dual role by both receiving and providing technical cooperation; in other words, it did not lose its role as a recipient when it became a provider of such cooperation. In fact, Brazil received US\$2 billion in technical cooperation between 2001 and 2009. A report published by the Brazilian Institute of Applied Economic Research (Instituto de Pesquisa Econômica Aplicada or IPEA) indicates that between 2005 and 2009, Brazil provided US\$1.7 billion in technical assistance (IPEA 2010a). This suggests that during the past decade Brazil has strengthened its role as a channel between North and South.

¹⁶ Interview with Fernando Simas Magalhães, May 2011.

Brazilian cooperation in development initiatives reinforces the new paradigm of South–South cooperation, unlike the tied development assistance typically provided through North–South mechanisms. Although Brazil participates in several OECD committees that focus on sectors such as agriculture, statistics, trade, investment, and public governance (OECD 2011a), for international cooperation, Brazilian officials tend to outline criteria different from those defined by the OECD. As a relatively new provider of technical cooperation, Brazil has made a strong effort to avoid some of the mistakes and biases it observed as an OECD aid recipient.

In technical terms, Brazil’s cooperation in international development consists of the totality of nonrefundable resources invested by the Brazilian federal government in foreign countries or in international organizations active in international development (IPEA 2010a).¹⁷ By this definition, Brazil as a participant in international development differs from the OECD in two key ways: first, Brazilian resources are nonrefundable, while the OECD’s cooperation has concessional financial terms; second, Brazil also contributes to multilateral institutions that include and are led by developing countries, while the OECD’s contributions seem to reach only multilateral organizations whose most influential members tend to be from the North.¹⁸ Despite the differences, however, some of the principles that OECD sets for its international cooperation also appear in Brazilian practices, such as transparency, anticorruption, and accountability.

THE PRINCIPLES GUIDING BRAZIL’S PARTICIPATION IN GLOBAL DEVELOPMENT

Brazilian cooperation in development is guided by a set of principles aligned with the Brazilian Constitution and its traditional foreign policy. Those principles emphasize, among other things, nonintervention and respect for sovereignty, solidarity (or “nonindifference,” as former Foreign Minister Amorim used to say—a view that remains a legacy of his time), and the transfer of knowledge and technology without conditions. Although no single policy governs Brazil’s development cooperation, several guiding principles, characteristics, and political implications are summarized in table 3.2.

Two other points distinguish Brazilian cooperation in international development: pace and scale. According to many Brazilian officials, it is the country’s long-term endeavor to establish partnerships, share knowledge, and contribute

¹⁷Official development assistance (ODA) is defined by the OECD as: “Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries (‘bilateral ODA’) and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions. Lending by export credit agencies—with the pure purpose of export promotion—is excluded” (OECD 2003).

¹⁸Differences highlighted in IPEA (2010: 17).

Table 3.2 General principles of Brazil's role in global development cooperation

Principles	Political implications
Solidarity in diplomacy (<i>"diplomacia solidária"</i>)	In its international relations, Brazil must follow the principle of "cooperation among peoples for the progress of mankind," set out in the Federal Constitution (Article 4, IX).
Attention to the demands of developing countries	This principle is key to Brazilian diplomacy, reflecting other guiding principles set out in the Constitution, such as <i>national independence, self-determination of the peoples, and equality among states</i> (Article 4: I, III, and V); in Brazil's South-South cooperation approach, these principles are reflected by the fact that demands and needs are identified in partnership with national counterparts.
Avoidance of direct conditions	As a rule, conditions are not imposed on South-South activity planned or implemented by the Brazilian government.
Avoidance of direct transfers of money	On the one hand, this principle emphasizes the transfer and exchange of technology and knowledge and thus avoids losses of funds to corruption, diversion, and so on. As Cameroon's ambassador to Brazil has put it, "What Brazil has to offer is not money, it is knowledge." ^a On the other hand, Brazil's current legislation does not allow, as a rule, the direct transfer of public money to other governments except through multilateral organizations, which is usually done through the UN system—the best example being the partnership between the ABC and United Nations Development Programme (UNDP).
A comprehensive approach and broad participation (use of networks, engagement with civil society, and support for the country's membership in multilateral fora)	A common approach is the use of networks to deal with cross-sectoral themes. Consultative forums are used, not only in international affairs but also domestically, such as the National Council for Food Security (Conselho Nacional de Segurança Alimentar), which has representatives from 19 ministries and 36 civil society organizations. Multilateralism is a key element of Brazil's foreign policy and thus of the country's cooperation in international development.

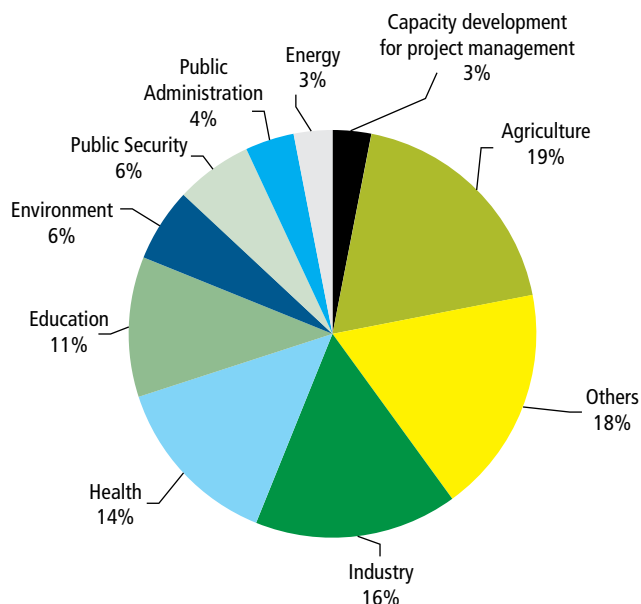
a. Interview with Martin Mbarga Nguete, Cameroon's Ambassador to Brazil, December 2010.

Source: Information consolidated by the authors after interviews with several Brazilian government representatives.

to processes that lead to sustainable development. This has been highlighted by agencies as various as the Brazilian Agricultural Research Corporation (Empresa Brasileira de Pesquisa Agropecuária or EMBRAPA), the Superior Court of Justice (Superior Tribunal de Justiça), the Ministry of Health, and the Under-Secretariat of Energy and High Technology of the MFA. Each of these, in its own area of expertise, emphasizes the need to concentrate on a few projects, opting for development at a slow but sure pace. With such an approach, they argue, the chances of success are higher due to the time invested in building trust and in developing tailored approaches and real partnerships. But the activities conducted are sometimes difficult to replicate, and other countries with similar demands may have to wait for future agreements to be made.

A large portion of Brazilian cooperation is implemented in a decentralized way, though since 2007 there are ongoing efforts to bring most (if not all) of

Figure 3.2 Main areas of Brazil's involvement in South–South cooperative arrangements, 2009



Source: ABC 2009.

Note: Shares are percentages of total project portfolio.

the existing and new projects under the umbrella of a single entity: the ABC, the technical arm of the MFA. Though the ABC was created in 1987 to organize the technical cooperation *received* by Brazil, it now also has the mandate to elaborate, approve, implement, and monitor South–South activities *provided* by the country (ABC 2010).

Half of Brazilian technical cooperation takes place in the areas of agriculture, health, and education (figure 3.2). Other activities include vocational training for industrial development, the environment, public security, public administration, energy, and industry.

It is no coincidence that these key sectors are those in which Brazilian public policies have recently proved successful. Although not explicitly shown in figure 3.2, vocational training is one of the most relevant and promising sectors of Brazil's development cooperation. Strengthening human capacity not only increases ownership, but also creates links that go beyond the governmental sphere and, as a consequence, are not vulnerable to changes in political dynamics.

STRENGTHENING THE LINKS BETWEEN BRAZIL AND AFRICA

Brazil and Africa are natural partners and asymmetric geographic twins separated by the Atlantic Ocean.

Brazil's strategy for development cooperation aims at promoting economic growth and social inclusion by strengthening human capacity and government institutions. Concrete impacts are still being assessed by the governments themselves but the chances of success are high. Because the problems faced by Brazil in past decades overlap with many of those today in countries from the global South, the solutions found through Brazil's innovative public policies tend to be useful to southern countries. This is especially true in Africa and South America, where cultural, historical, demographic, geological, and socio-economic links with Brazil are strong.

Brazil shares historical memories with most African countries, having survived decades and even centuries of inequality through colonization, slavery, oppression, and humiliation, leading to harsh conditions of extreme poverty, weak institutional capacity, and difficulties in providing public goods. As a result of its own past, and without the colonial "upper hand" of many northern countries, Brazil has decided to take a different approach in its new role as an aid provider (Oliva 2009).

History has connected Brazil to other Portuguese-speaking countries, mainly in Africa,¹⁹ but also Timor-Leste and areas in India (Goa) and China (Macau). Connections on the linguistic front have opened the door to shared cultural expressions in the fields of music, literature, television, and even cuisine. In Africa specifically, the Portuguese colonists also connected Brazil to countries in the Gulf of Guinea, such as Benin, Ghana, Nigeria, and Togo,²⁰ from which local people were taken as slaves to Brazil, the only Portuguese colony in South America. Today, Brazil has the second-largest African population in the world, in absolute numbers, behind only Nigeria. The 2010 national census shows that 50.7 percent of the Brazilian population is of African descent (of a total 2010 population of about 191 million).²¹

Geology and geography also play a large role in Brazilian support of Africa's development. At the opening session of the first ASA Summit in Abuja (2006), President Lula da Silva declared that the Atlantic Ocean was no more than "a river" between two continents (UOL Notícias 2006). Owing to their similar latitudes, Brazil and Sub-Saharan Africa share similar climatic conditions, allowing ample scope for shared knowledge in areas such as tropical agriculture and medicine. The Brazilian and African Atlantic coasts share similar soil compositions and wind, tide, and rain patterns. Petrobras, the Brazilian oil company, found the same type of oil in both Bacia de Campos (Rio de Janeiro, Brazil) and Obgía (Bayelsa State, Nigeria).²²

On a more systemic level, as seen in chapter 1, Brazil has recently shown its interest in democratizing institutions of global governance. It thus provides

¹⁹The five Portuguese-speaking African countries are Angola, Cape Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe.

²⁰Common family names in both Benin and Brazil include Souza and Pereira, and the first president of Togo, Sylvanus Olympio, was of Afro-Brazilian ancestry (Amos 2001).

²¹Instituto Brasileiro de Geografia e Estatística, <http://www.ibge.gov.br>.

²²Interview with Petrobras representative, December 2010.

incentives for African countries—and for its South American neighbors—to become members of and to actively participate in international organizations, with the aim that their participation will help bring about a more inclusive approach to global governance. But Brazil needs to strengthen its own position in global governance, and it can do so by giving—and receiving—support from less-developed countries that see Brazil as a genuine representative of the global South. As an African diplomat noted, “Brazil is the seventh-largest economy in the world, and it needs to be respected by international organizations as such.”²³ By many accounts, Brazil will grow to be the fifth-largest economy within the next decade (Patriota 2011; O’Neill 2011).

BRAZIL’S FOREIGN POLICY TOWARD AFRICA DURING THE LULA DA SILVA ADMINISTRATION (2003–10)

Presidential diplomacy played a large role in the government’s focus on Africa under President Lula da Silva. During his first administration, Lula launched a foreign policy initiative that gave greater weight to relations between Brazil and Africa. Several presidential speeches and remarks by top officials revealed a strong political mandate that guided most federal institutions to either create or reinforce their ties according to the new priorities.²⁴

Lula’s initiative to enhance Brazil’s relations with Africa not only sought to build strategic partnerships in the region but was also related to a 2002 electoral commitment to the Brazilian Afro-descendant population to give more attention to issues related to the links between Africa and Brazil, such as the role of the African diaspora.

Change was the first word used by Lula during his first speech as president, delivered on January 1, 2003, before the Brazilian Congress. He went on to emphasize the need “to strengthen the deep ties that unite us to the African continent and our willingness to actively contribute to the development of Africa’s enormous potential.” In November of the same year, Lula made his first trip to Africa and visited Lusophone São Tomé and Príncipe, Angola, and Mozambique, and Namibia and South Africa, reinforcing Brazilian ties with non-Lusophone countries. Lula pointed out that Brazil, as the strongest Lusophone economy in the world, has a “historical debt” to Africa (BBC 2003). From this perspective, Brazil–Africa relations constitute a “political, moral and historical obligation” (MFA 2007), and Brazil must make concrete gestures to support the continent.

During his eight years as president, Lula carried out 12 missions to Africa (table 3.3). Most of these missions were joined by private-sector representatives, evidence of a new aspect of Brazilian foreign policy toward Africa. This approach also served to strengthen the relationship between the Brazilian

²³ Interview with Alfonso Chambe, Economic and political adviser at the Embassy of Mozambique, Brasília, June 2011.

²⁴ Interview with by Minister Nedilson Jorge, head of DEAF, Itamaraty, December 2010.

Table 3.3 African countries visited by Brazilian presidents, 2000–10

Year	Visited countries
2000	Mozambique
2001	None
2002	None
2003	São Tomé and Príncipe, Angola, Mozambique, Namibia, South Africa, Egypt, and Libya
2004	São Tomé and Príncipe, Gabon, and Cape Verde
2005	Cameroon, Ghana, Nigeria, Guinea-Bissau, and Senegal
2006	Algeria, Benin, Botswana, South Africa, and Nigeria
2007	Burkina Faso, Congo, South Africa, and Angola
2008	Ghana and Mozambique
2009	Libya
2010	Cape Verde, Equatorial Guinea, Kenya, Tanzania, Zambia, South Africa, and Mozambique

Source: Prepared by IPEA based on information from the MFA.

government and the private sector. These visits to the continent not only had a symbolic meaning, but also attracted other South American countries to Africa. Mercosur now has two agreements for trade and cooperation on the continent, one with Egypt and the other with southern African countries.

As well as Lula himself, advisers and diplomats made several visits to Africa. Celso Amorim, for example, made 67 official visits to 34 African countries during his time with the Lula government (table A5.1, appendix 5). Amorim and Samuel Pinheiro Guimaraes, Secretary General of the MFA, gave priority to Africa when preparing Brazilian diplomats. The growth of governmental interest in Africa expanded the Brazilian diplomatic presence on the continent. Seventeen Brazilian embassies were opened or reopened in Africa during Lula's tenure, giving Brazil official representation in 37 of the 54 African nations.²⁵ Brazil created 400 positions for new diplomats during Lula's administration: before 2005, Brazil had 997 active diplomats, today, 1,397. Lula also restructured the Department of African and Middle Eastern Affairs within the MFA, creating a specific Africa Department with three divisions and its own budget.

African heads of state and ministers reciprocated Lula's visits by traveling to Brazil more often (table A5.2, appendix 5). The exchange of visits continued through the end of Lula's government. In 2010, the final year of the Lula administration, African ministers made 15 visits to Brazil, accounting for more than 30 percent of the year's visits to Brazil (table A5.3, appendix 5).

The new President Dilma Rousseff (whose term began on January 1, 2011), with less than one year in office, has carried out her first visit to Africa, to participate in the IBSA Dialogue Forum in South Africa. (She also stopped in

²⁵ As of June 2011, two of these 37 embassies, officially opened in 2010 (Lilongue and Free-town), were not operational.

Angola and Mozambique.) This is a strong political message and confirms that the new government's agenda in Africa will remain a priority.

Many journalists and representatives of the Brazilian media accompanied the presidential delegations to Africa, providing information on the missions and on the overall context of the visited countries. Since limited information on Africa is one of the challenges that must be tackled if the Brazil–Africa relationship is to move forward, these visits were an important channel to disseminate knowledge about African initiatives relevant to Brazilians.

Brazil also renegotiated several African nations' debt during the Lula administrations (Rizzi and others 2011). This financial action exceeded US\$1 billion and accounted for almost 75 percent of the total debt renegotiated by the Lula administrations. The actions were guided above all by the idea of partnering for development and overcoming social and economic asymmetries (IPEA 2010a).

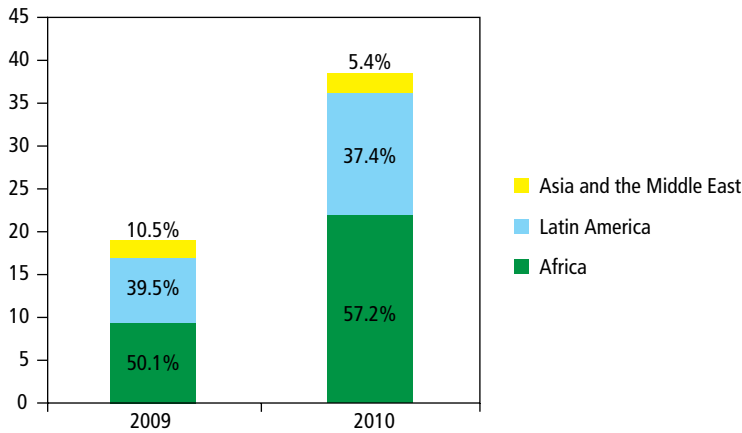
Cooperation initiatives were developed in tandem with other high-level strategies. Brazilian participation in joint committees, forums, and ministerial meetings climbed steeply (table A5.4, appendix 5). Brazil became involved in many multilateral forums with developing countries, especially those related to South–South dialogue and Africa, as seen in its engagement with the Community of Portuguese Language Countries and the presence of Brazilian guests at some African Union meetings. Both initiatives provided an important opportunity for Brazil to share common concerns with African partners.

Another example of governmental incentives for improving relations was the ASA Summit, conceived by Lula and President Olusegun Obasanjo of Nigeria in 2005 during Lula's official visit. President Obasanjo's initial suggestion was restricted to a Brazil–Africa summit, which later became the Africa–South America biregional mechanism. Modeled after the South America–Arab Countries Summit, the ASA Summit is intended to increase dialogue between the two southern regions (table A5.5, appendix 5).

Brazilian presence in Africa also increased as a result of the interest of several African governments in what Brazil was doing at home, especially under Lula's presidency. Poverty reduction strategies (such as Zero Hunger) and cash transfer programs (such as Bolsa Família) immediately caught the attention of several countries, such as Ghana, which was the first to formally request Brazilian support for similar social programs. In July 2009, Lula was a guest of honor at the Thirteenth African Union Summit held in Sirte, Libya, in recognition of Lula's and Brazil's serious commitment to Africa (Amorim 2010). In July 2011, current President Dilma Rousseff appointed Lula to represent Brazil at the Seventeenth African Union Summit in Malabo, Equatorial Guinea. In his speech, Lula emphasized that “the picture often shown of Africa suggests a wrong image, of poverty and misery, an image full of prejudices . . . but we, Latin Americans and Africans, want to be treated with equality of conditions and to take part in the production of wealth in the world.”²⁶ This type of interest, with the fact that Brazil's development cooperation reacted to target-country demands, have fortified Brazil–Africa ties (ABC 2009).

²⁶Government of the Republic of Equatorial Guinea 2011.

Figure 3.3 Brazilian investments in international development projects, share per continent, 2009–10



Source: ABC 2009, 2011.

Note: The total amounts, in 2009 and 2010, respectively, were for Asia and the Middle East US\$2,012,682 and US\$2,082,674; for Latin America US\$7,575,235 and US\$14,437,785; and for Africa US\$9,608,816.64 and US\$22,049,368.

Africa is the Brazilian government's priority by number and value of international projects. In 2009, 50 percent of Brazil's international development projects, managed by ABC, were destined for African countries (figure 3.3). In 2010, the share increased to almost 60 percent, totaling more than US\$22 million.

The number of high-level Brazilian diplomatic posts in African capitals rapidly increased during Lula's presidency, especially during his second term (2007–10). The government had decided to create stronger networks between Brazil and Africa not only with individual countries but also with regional organizations, such as Africa's regional economic commissions and the African Union. The goal was to generate synergy and, above all, to deepen coordination of projects under implementation. In terms of the number of embassies in Africa, Brazil ranks seventh in the world and, in the western hemisphere, second only to the United States (Patriota 2011). The opening of new embassies in Africa was matched by an increase of the number of African Embassies in Brazil. Since 2003, 17 embassies have opened in Brasilia, adding to the existing 16.

In an additional effort led by the government to build stronger connections with Africa, in 2006, Brazil hosted the Second Conference of Intellectuals from Africa and the Diaspora in Salvador, Bahia.

THE CHALLENGES AHEAD

The expansion of Brazil's influence on the African continent in the past seven or eight years is even more impressive considering the internal economic constraints of both Africa and Brazil—not to mention those posed by the current

configuration of the international system. The term “Africa risks” describes the material constraints on any type of activity on the continent, conducted by anyone—external or internal—and are not specific to Brazil. Human resources are scarce, especially for highly skilled work, and it is hard to identify trusted local partners. There is a need for land reform and regular, reliable access to water, electricity, and communications (telephone and Internet). Equally important, transportation is extremely costly and time consuming, adding another layer to the complexity of doing business and of promoting sustainable development in most African countries, as described in chapter 1.

Brazil faces the paradoxes typically shared by large developing countries. Brazilian legislation, to a large extent, still reflects a former self-image as a “Third World” country. While this view may be outdated and off the mark, Brazil remains in need of institutional mechanisms that facilitate—or, at least, do not impede—outgoing development cooperation.

As an emerging economy, the country faces enormous challenges in its normative and administrative framework for development cooperation (ODI 2010), as well as in its resources—human and financial. It is difficult, for example, to organize and approve large projects, whether to be carried out inside or outside the country, and credit lines are inadequate for enterprises of all sizes. There is also a strong need to raise domestic awareness of the importance of taking part in South–South cooperative arrangements. Although 8.5 percent of the Brazilian population is still living in extreme poverty (Agência Brasil 2011), the country succeeded in moving 20.4 million Brazilians out of poverty in less than a decade (2003–10) (Fundação Getúlio Vargas 2010). In so doing, it has accumulated expertise that could be shared with other southern countries facing similar challenges.

But Brazil’s involvement in Africa is hindered by a lack of information, lack of connectivity, and poor management of expectations.

Information on Africa is limited in Brazil. The average Brazilian often reveals a negative and stereotyped image of the African reality; the same is true for African perceptions of Brazil. Trade and investment between the two partners do not therefore fulfill their potential. While civil society organizations have an important role to fill in raising awareness, the institutional culture within governmental bodies needs to change on both sides in order for Brazil and Africa to reap the promised benefits of their South–South alliance.

The main obstacle, however, is poor connectivity—in communications and transportation—between Africa and Brazil (or most of the rest of South America, for that matter). Fixed-line and mobile-phone calls are relatively expensive in both Brazil and Africa compared with Europe or the United States, largely because of the persistence of monopolies. Equally, lack of adequate transportation dampens attempts by Brazilians and Africans to do business or to deepen their cooperation. Maritime routes and air flights between Brazilian and African cities are insufficient in number and frequency. It should take a Brazilian ship 10 days to cover the short distance from a major Brazilian port

(Rio de Janeiro or Santos) to Bissau, but because of red tape and indirect routes the voyage can take 80 days.²⁷

The few flights between Brazil and Africa are usually overbooked and are either in the hands of European airlines, such as Turkish Airlines, or African airlines, such as TAAG Angola Airlines and South African Airways. A Brazilian diplomat noted: “It is a pity that the Brazilian airlines do not ‘see’ Africa—they are losing lots of money because the flights are always full.”²⁸ A lack of direct flights is also a problem—a flight from Accra to São Paulo, for example, may stop in Frankfurt, Germany, taking more than 30 hours to reach its final destination,²⁹ though a direct flight from Dakar would take only 3.5 hours to reach Recife or 5 hours to reach Rio de Janeiro. There are a few direct flights, however, such as the daily flight connecting Johannesburg to São Paulo flown by South African Airways, which connects Africa not only to Brazil but also to other South American cities such as Bogotá and Lima.

Key to the renewal of Brazil–Africa relations is the intelligent management of expectations. Brazil’s activities in Africa have grown rapidly in a short time. An increased diplomatic presence, as well as many development projects in various stages of implementation, has raised expectations on both sides. In such circumstances, any small problem with Brazil’s capacity to deliver or to produce positive results on either side can be damaging.³⁰

The contemporary international system also presents a series of obstacles to a strong partnership between Brazil and Africa. Some obstacles, such as monopolies and the fragmentation of international cooperation in Africa, are already on the agenda of organizations such as the OECD but still require further attention and concrete solutions. Others require a profound revision of international political and economic dynamics.

The South–South cooperation model between Sub-Saharan Africa and Brazil stands as an alternative to traditional cooperation. The systematic dissemination of lessons learned as well as monitoring and evaluation reports could contribute much to the international debate on South–South cooperation.

²⁷ Interview with Jorge Geraldo Kadri, Brazilian ambassador to Guinea-Bissau, May 2011.

²⁸ Interview with Pedro Santa Rosa, Brazilian Minister-Counselor in Pretoria, May 2011.

²⁹ Interview with Luis Fernando Serra, Brazilian ambassador to Ghana, May 2011.

³⁰ Interview with Fernando Simas Magalhães, May 2011.



The Knowledge Connection

KEY MESSAGES

- Innovative social-protection programs in Brazil have helped 20 million people move out of extreme poverty in less than a decade.
- Brazil is recognized as the world leader in tropical medicine and agriculture.
- Brazilian technology is easily adaptable to those parts of Africa that share similar geological and climatic conditions.
- The main areas in which Brazil provides technical assistance to Africa are tropical agriculture, tropical medicine, vocational training, social protection, and energy.

Brazil's knowledge exchange with Sub-Saharan countries is focused on agriculture, health, vocational training, and social protection. These areas have seen significant expansion and accumulated expertise in the past three decades, becoming the backbone of Brazil's technical cooperation in international development. In particular, they expanded at an unprecedented pace and scale under President Lula da Silva's tenure (2003–10).

In the past few years, energy, especially biofuel, has emerged as another priority on the Brazil–Africa agenda. Brazil's significant technological advances in the energy field demonstrate strong potential for further cooperation with the global South, especially with Africa, since the continent's gaps in energy constrain sustained growth and development. There is also increasing demand from African countries for Brazil's expertise in other areas, such as building the capacity of public servants in management, leadership, and strategic planning as well as improving the development and management of insurance markets (figure 4.1).

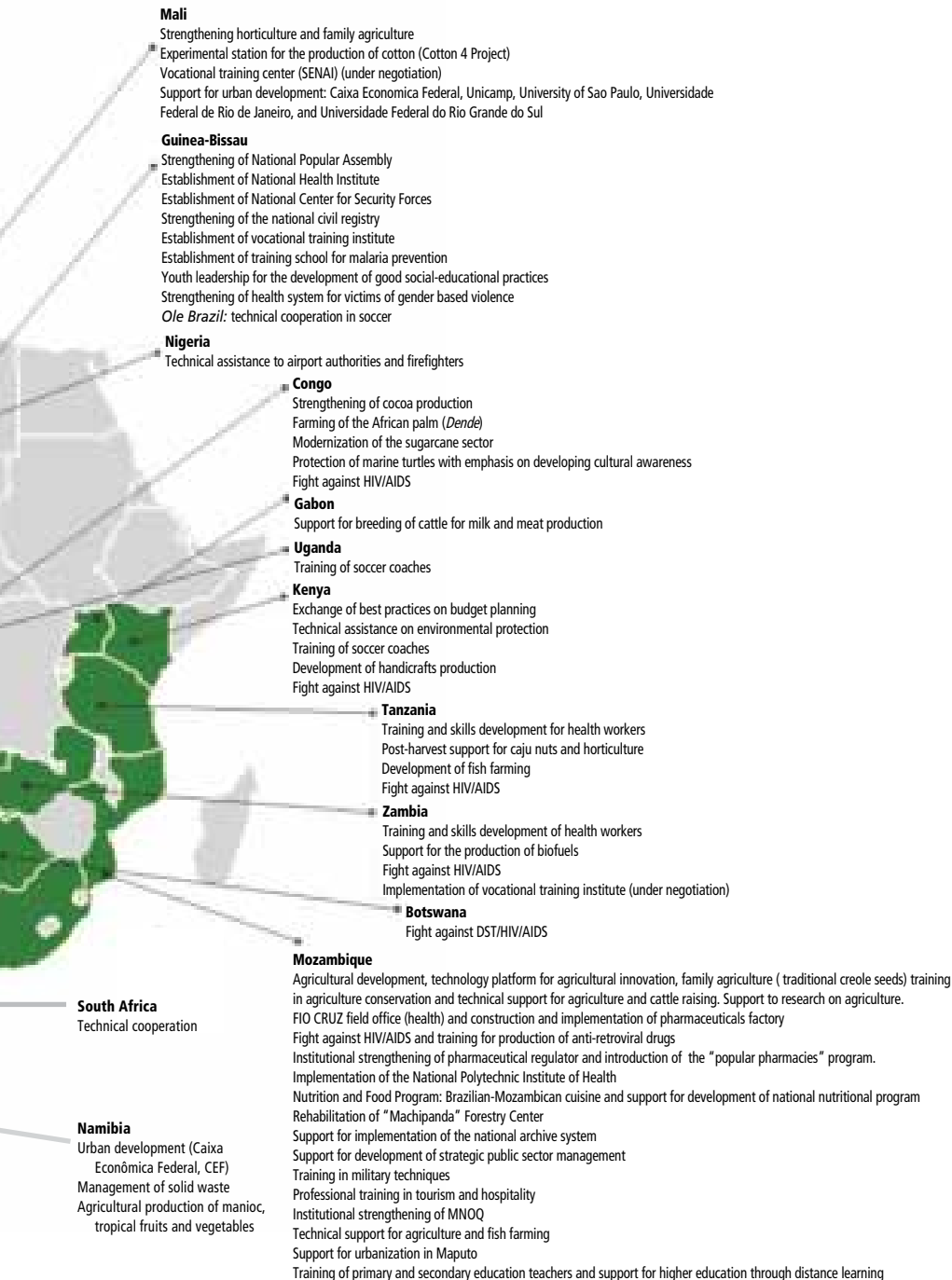
This chapter highlights Brazilian experience and good practices that are attracting attention from other developing countries, especially those in Sub-Saharan Africa. Further joint research on approaches, implementation mechanisms, and evaluation of results would be beneficial.

Figure 4.1 Brazilian international cooperation in Sub-Saharan Africa, 2000–11

Brazilian International Cooperation in Sub-Saharan Africa 2000–2011

Executed, Ongoing and Under Negotiation
 Source: ABC/Brazilian Ministry of Foreign Affairs • Designed by Ipea





TROPICAL AGRICULTURE AND FOOD SECURITY

Brazilian agriculture benefits from several geological and climatic advantages due to the nation's large territory, tropical location, and biodiversity. The past 10 years of political and macroeconomic stability, along with the elimination of import substitution favoring domestic production, have contributed to agricultural growth. Recent structural reforms have "included the privatization of state-owned enterprises, the deregulation of domestic markets, and the establishment of the Mercosur customs union with other South American countries," while "policy changes included deep tariffs cuts and the elimination of non-tariff barriers to trade" (OECD 2005).

With food exports valued at US\$54 billion a year, the World Trade Organization ranks Brazil as the third-largest food exporter in the world, trailing only the European Union (EU) and the United States (WTO 2009). The increase in Brazil's farm production during the past 10 years has been substantial.

Between 1996 and 2006, the total value of the country's crop rose by 365 percent from R\$23 billion (approx. US\$12.8 billion) to R\$108 billion (approx. US\$6 billion). Its beef exports increased tenfold in a decade, overtaking Australia as the world's largest exporter. It has the world's largest cattle herd after India's. It is also the world's largest exporter of poultry, sugar cane and ethanol. Since 1990, its soybean output has risen from 15 million tons to over 60 million. Brazil is now the world's biggest beef exporter. It is also the leading international supplier of sugar, coffee, orange juice, ethanol, tobacco and chicken. It ranks second in soybean exports and fourth in pork and cotton (*Economist* 2010).

This growth was achieved with little subsidy from the state—just 5.7 percent of total farm income in 2005–07, compared with 12 percent in the United States, 26 percent across OECD countries, and 29 percent in the EU (*Economist* 2010). Table 4.1 shows projections of Brazil's global market share.

The agricultural development policies adopted during President Lula da Silva's tenure, such as the National System for Food and Nutritional Security, further affected agricultural development and food security, helping the country to achieve the Millennium Development Goals for poverty and hunger five years ahead of schedule (IPEA 2010b).

Innovative policy reforms that boosted agricultural productivity also increased social inclusion and reduced poverty and inequality. These included the creation of networks for citizens' wider participation in development, the expansion of public markets, and increased support to family-based agriculture (85 percent of credit operations linked to family-based agriculture is financed by public banks such as Banco do Brasil, Banco Nordeste, and Banco Amazônia).

In contrast to Brazil's productivity, several African countries import both food and energy. Though about 60 percent of Africa's population depends on

Table 4.1 Brazil's global market share projections (%)

	2009/10	2014/15	2019/20
Sugar ^a	47	47	50
Green coffee ^a	27	27	27
Soybeans	30	33	36
Soybean meal	22	21	20
Soybean oil	21	16	18
Corn	10	11	13
Beef	25	31	30
Pork	12	14	14
Poultry	41	48	48

a. There are no projections, so market share is maintained constant.

Source: The Economist Intelligence Unit 2010, based on data from the U.S. Department of Agriculture 2010; Food and Agriculture Policy Research Institute 2009; and AGE/Ministry of Agriculture, Fisheries, and Food Supply 2010.

agriculture (ADB 2011),³¹ the sector is characterized by low productivity, poor infrastructure, and lack of qualified labor. Thus, some innovative practices relating to food security and family-based agriculture in Brazil are being adopted by other countries with tropical agriculture. The fact that much of Sub-Saharan Africa has similar geological and climatic conditions to Brazil (figure 4.2) makes it an ideal collaborator in the development of joint research and projects. Noting Brazilian successes, many Sub-Saharan countries have requested Brazil's support in agricultural development.

The key governmental institutions responsible for Brazil's recent agricultural successes are EMBRAPA and the Ministry for Agrarian Development (Ministério do Desenvolvimento Agrário or MDA).³²

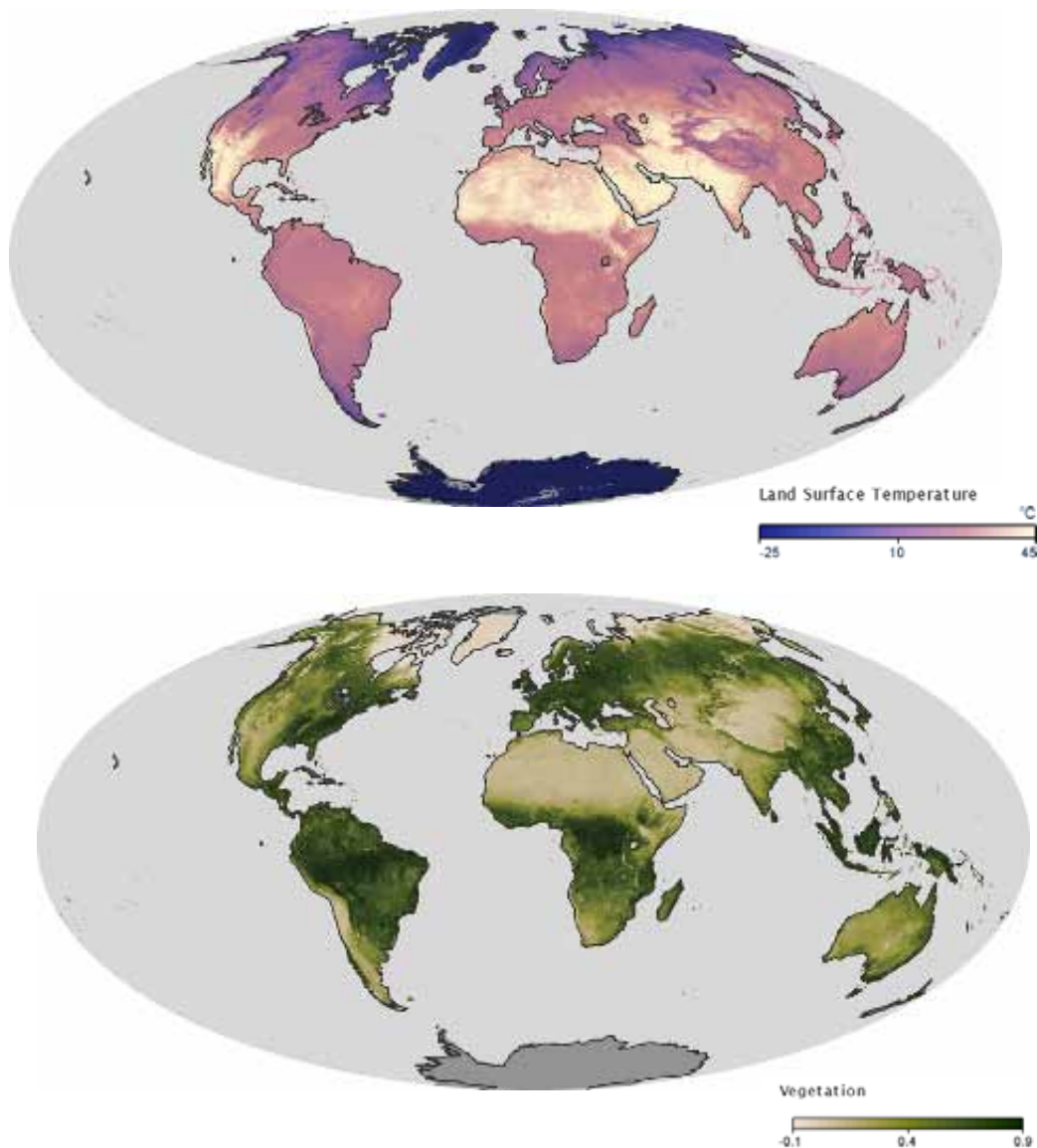
EMBRAPA

EMBRAPA was established in 1973 as part of the Ministry of Agriculture, Fisheries, and Food Supply. Its mission is "to provide feasible solutions for the sustainable development of Brazilian agribusiness through knowledge, technology generation and transfer in order to increase productivity and support agriculture in the Brazilian territory." The institution has generated and recommended more than 9,000 technologies for Brazilian agriculture, reduced production costs, and helped Brazil to increase food supply while conserving

³¹The urban population in Africa was 36 percent in 2000 and rose to 38 percent by 2005 (ADB 2011).

³²In addition to the work of the Ministry of Agriculture, Fisheries, and Food Supply.

Figure 4.2 Global land surface temperature and vegetation, May 2011



Source: NASA Earth Observatory, <http://earthobservatory.nasa.gov/>.

Note: Greenness is based on several factors: the number and type of plants, how leafy they are, and how healthy they are. In places where foliage is dense and plants are growing quickly, the index is high, represented in dark green. Regions where few plants grow have a low vegetation index, shown in tan.

natural resources and the environment and diminishing Brazil's dependence on external inputs. With 38 research centers, 13 central divisions, and 3 service centers, EMBRAPA is present in almost every Brazilian state, each with its own ecological conditions. It has 9,248 employees, including 2,215 researchers (74 percent with doctoral degrees, 18 percent with master's degrees, and 7 percent

with postdoctoral degrees). It coordinates the Sistema Nacional de Pesquisa Agrícola (National Agricultural Research System or SNPA), which includes universities and most public and private entities involved in agricultural research in the country. Its 2010 budget was R\$1.8 billion (approx. US\$1 billion).

EMBRAPA is one of the world's leading tropical-agricultural research institutions. Its technological innovations initiated the transformation of the Brazilian savannah (*cerrado*), and it is now focusing on areas such as biotechnology and bioenergy. EMBRAPA has therefore strengthened its international connections—it has 78 technical cooperation agreements with 56 countries and foreign institutions (mainly in agricultural research), as well as 20 multilateral agreements with international organizations. Internationally, it has innovated virtual laboratories, through LABEX, placing researchers in well-known agricultural research institutions abroad to contribute to strategic areas for agricultural development.

Coordinating activities with the ABC, EMBRAPA has increased its presence in Sub-Saharan Africa in recent years. It opened its Africa office in Accra, Ghana, in 2006, with a mandate to coordinate all requests from its African partners and contribute to the continent's agricultural development. In view of increasing demands, EMBRAPA has since set up a coordinating unit in each country with current projects.

EMBRAPA's collaboration with African countries is carried out mainly through three instruments: so-called structuring projects, technical training, and the Africa-Brazil Platform for Agricultural Innovation.

“EMBRAPA maintains projects in international cooperation in order to improve knowledge of technical and scientific activities or to share knowledge and technology with other countries.”

— Francisco Basilio Freitas de Souza,
Director, International Relations
Secretariat, EMBRAPA

Structuring projects

Structuring projects are a fundamental means of Brazilian support to Africa. In line with Brazil's unique approach to bilateral cooperation, such projects are customized to local biome and economic conditions. Much time is invested in jointly identifying local needs, and there are continuous participatory consultations with local stakeholders during all phases of a project. According to the ABC, these projects are conceived with a long-term perspective and seek to forge social development in partner countries through capacity-development facilities ranging from experimental farms to vocational training centers, allowing for sustained capacity development of a larger local audience over longer periods of time, with long-lasting effects on specific socioeconomic segments of the population.

In addition, some projects have a regional impact and facilitate South–South experience exchanges. In agricultural projects, for example, the Cotton Four experimental station in Mali receives technicians from Burkina Faso, Benin, and Senegal; the rice station in Senegal will benefit from technicians from Guinea-Bissau, Mali, and Mauritania (Itamaraty 2011a; ABC 2011). These, and the project on Technical Support to the Development of Agricultural Innova-

tion in Mozambique, are the three main structuring projects carried out with EMBRAPA and supported by the ABC—as now discussed.

The Cotton Four Project

This project was conceived in 2008 to support the development of the cotton industry in the “C-4 countries”—Benin, Burkina Faso, Chad, and Mali—which all face losses arising from subsidies used in the international cotton market (ABC 2010). Based on the underlying principles of South–South cooperation, the project has a strong capacity development component. The objectives of the project, which supports the World Trade Organization’s Cotton Initiative, are:

- To provide tools for the four governments to enable them to address issues of developing an autonomous cotton industry. For example, nine Brazilian cotton varieties developed by EMBRAPA over the past 20 years are being tested and adapted in Mali (ABC 2010).
- To transplant Brazilian technologies for increased profitability and quality to the C-4 countries, given the similarities in soil and climatic conditions.
- To increase the quality of life and food security of farmers. For example, the ABC suggests that farmers can use Brazilian-developed crops that have been adapted to local conditions “in order to supply consumer markets with better quality produce” (ABC 2010).

Important successes have been achieved in the four countries despite difficulties such as poor communications, high employee turnover, limited and expensive local technology, inappropriate use of chemicals, lack of soil samples for analyses, farming techniques that erode soil fertility, loss of soil potential, and low-quality seeds. Mali built one laboratory for biotechnology in the experimental station, which will be equipped with financial support from the ABC. A second laboratory for biological control will be built by EMBRAPA, also with financial support from the ABC. These initiatives are helping to integrate plague management into the production process in the four countries. In 2009, cotton yields increased from 1,000 kilogram/hectare (kg/ha) to 3,000 kg/ha, with an additional 10 percent increase achieved in 2010. But a third consecutive year of planting will be required before there are sufficient data to develop technical recommendations to start large-scale production (ABC 2010). If successful, chances for replication are good in other countries with low cotton productivity and similar soil, climatic, and rainfall conditions (such as Ghana and Uganda) that want to be included in the Cotton Four Project.

According to the Brazilian government, the “structuring” nature of this project involves local capacity building and allows for expansion into other areas related to the cotton industry, such as livestock, cereals, and handicraft. Fifty-six researchers from the C-4 countries have participated in technical training on cotton genetic improvement, direct planting, and integrated plague management. One of the project’s aims is to “acquire knowledge to integrate the different components of an agro-ecosystem to promote rational utilization of natural resources, promoting studies on integration with shorter-cycle crops so farmers

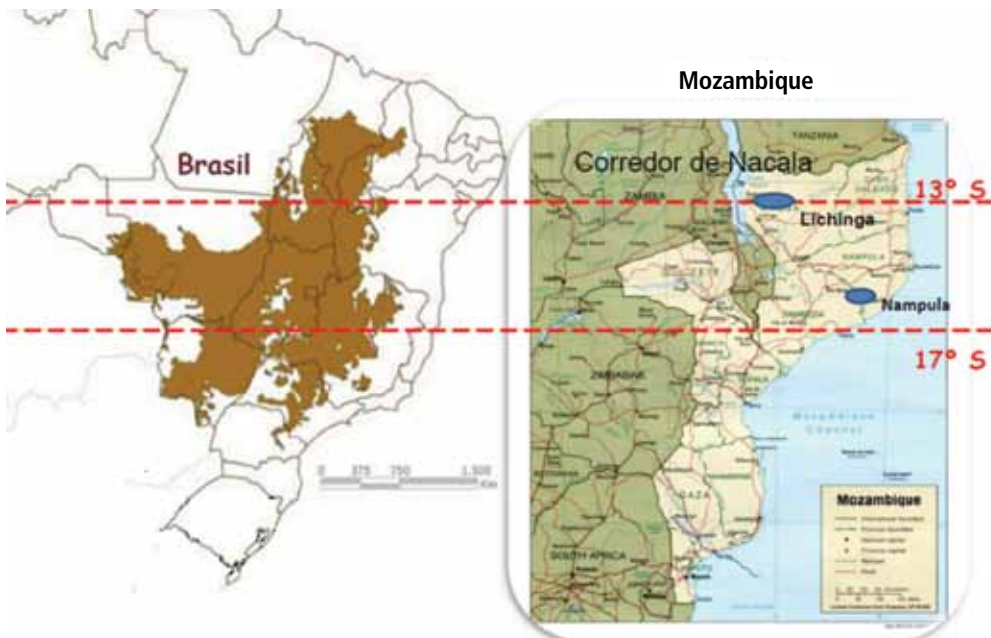
can have a quicker return for their investment. . . . Its capacity to embody the concepts of South–South cooperation makes it an innovative initiative among other international cooperation efforts in the field of agriculture” (ABC 2010).

Technical Support to the Development of Agricultural Innovation in Mozambique

This project is the first structuring project implemented since 2010 through trilateral cooperation among the Agricultural Research Institute of Mozambique, EMBRAPA, and the United States Agency for International Development, which is executed by EMBRAPA’s headquarters, EMBRAPA Solos, EMBRAPA’s monitoring via satellite, EMBRAPA Cerrados, EMBRAPA Hortícolas, and EMBRAPA Institute for Capacity Development on Tropical Agriculture—CECAT, created in 2010. The project has five different components: institutional strengthening of the Agricultural Research Institute of Mozambique, seed systems, territorial management, monitoring, and information and communications.

Two other structuring projects are in the design phase. The first is Improving Technical Research and Technology Transfer Capacity for Agricultural Development in the Nacala Corridor Project in central Mozambique (figure 4.3), which is being designed by technicians from Brazil, Japan, and Mozambique. This project seeks to improve research capacity and knowledge transfer to support agricultural development of the corridor. The expectation is to replicate the positive transformation of the Brazilian *cerrado* into a productive

Figure 4.3 Comparative map of Brazil and Mozambique



Source: EMBRAPA. The brown section on the Brazilian map represents the “cerrado” ecoregion.

agricultural area, to build competitive capacity, and to create a sustainable and environmentally sound solution to local and regional agricultural development.

The second is the Technical Support to Food Security and Nutrition Project, which aims to strengthen strategic capacity for horticultural production and distribution in order to support food security projects developed in the context of the Global Initiative for Food Security and Nutrition as well as to consolidate family-based agriculture. The project will have three components: production systems, postharvest systems, and processing and socioeconomics.

Underlying the collaboration are the similarities in Brazil's and Mozambique's geological and climatic conditions, jointly identified opportunities for technology sharing and learning, and a common vision of the future with a focus on developing business opportunities.

Rice-Culture Development Project

EMBRAPA's third structuring project is in Senegal. Launched in 2010, the US\$2.4 million project was jointly developed by the Senegalese Institute for Agricultural Research (Institut Sénégalais de Recherches Agricoles) and

EMBRAPA's rice-and-beans unit in San Antonio de Goiás, Brazil. The project seeks to support and transfer technology to Senegal as it moves toward self-sufficiency in rice production by improving productive systems. Activities include mechanization of production, training, and capacity building of Senegalese technicians, and experimenting with 10 different varieties of rice developed by EMBRAPA's rice-and-beans unit for irrigated cultures at intermediate elevations and highlands.

EMBRAPA's capacity to use its various technical units and expertise developed in Brazil is an important contribution to African countries as they benefit from the know-how developed under similar geological and climatic conditions. The strategic relevance of this project is because rice is the basic staple of the Senegalese: annual average consumption is 74 kg per person compared with 44 kg in Brazil. Though numbering 800,000, Senegalese rice farm-

ers (mainly small-family units) do not produce enough to meet local demand. In 2007, 80 percent (820,000 tonnes) of Senegal's local consumption was imported, and 16 percent of the trade deficit reflected rice imports.³³

"So if you were asked to describe the sort of food producer that will matter most in the next 40 years, you would probably say: one that has boost output a lot, looks capable of continuing doing so; one with land and water in reserve; one able to sustain a large cattle herd; one that is productive without massive state subsidies; and maybe one with lots of savannah, since the biggest single agricultural failure in the world during the past decades has been tropical Africa. And anything that might help Africans grow more food would be especially valuable. In other words, you would describe Brazil."

The Economist 2010.

³³ See Embrapa (n.d.).

In addition to the structuring projects, Brazil has projects throughout Africa that focus on training and agricultural research, run via bilateral partnership agreements with Angola, Cape Verde, Republic of Congo, Ghana, Guinea-Bissau, Nigeria, Tanzania, and Togo.

Technical training

The second instrument used by EMBRAPA to support other countries is technical training through CECAT. It offers four courses in which African peers have taken part: Brazilian agriculture—research in agriculture, forage production and pasture, good practices in agriculture, and livestock production; seed production; production systems for family-based agriculture, community-based seed production, and water-resources conservation in small properties and farms; and soy production (ABC 2010). In October 2010 alone, 45 technicians and researchers from 20 African countries participated in CECAT training events.

Africa-Brazil Platform for Agricultural Innovation

The third instrument is the Agricultural Innovation Marketplace, launched in 2010 to strengthen ties between EMBRAPA and African researchers. One hundred and twenty-five African specialists from 15 African countries met in Brasília for this initiative in October 2010. Joint projects were designed through a dedicated website, to be implemented in Africa.³⁴ Applicants could seek up to US\$80,000 for their projects, which were selected through a competitive process. The subjects of the projects selected included fostering knowledge sharing for integrated natural-resource management in the agricultural landscapes of southern Africa (Mozambique); sweet sorghum varietal adaptation for ethanol production (Kenya); rehabilitation of degraded rangeland using planned grazing in arid and semiarid lands (Kenya); pesticide leaching and loss to groundwater in coastal vegetable cultivation (Togo); cotton varieties and pest management (Tanzania); ecology and nutritional potential of native food tree species used by local communities (Burkina Faso and the Brazilian Amazon); and a food security and conservation strategy in the context of climate change (Burkina Faso).

Through this instrument, African and Brazilian researchers promoted South–South collaboration and greater innovation for agricultural development in Africa. The marketplace now has participation of the ABC, the Forum for Agricultural Research in Africa, the International Fund for Agricultural Development, the United Kingdom Fund for Agricultural Development, and the World Bank.

³⁴ For more information, see Africa-Brazil Agricultural Innovation Marketplace website, www.africa-brazil.org/.

Ministry of Agrarian Development

The MDA formulates and executes policies that promote family-based agriculture, increasing both the well-being of rural workers and Brazil's food supply. Its areas of engagement are land reform, credit and income generation, technical assistance, and rural extension to family-based agriculture. The MDA's beneficiaries include 4.1 million family-based productive units in the country, which produce 70 percent of the food consumed in Brazil. Its main programs are:³⁵

- The National Program to Strengthen Family-based Agriculture (PRONAF), which provides credit lines for family-based agriculture in 96 percent of Brazilian municipalities.
- The National Policy of Technical Assistance and Rural Extension (PNATER), which, through partnerships with public and not-for-profit organizations, disseminates knowledge and technology for rural development, production-systems enhancement, and family-unit management. Between 2003 and 2009, the program, which had 14 thematic networks on strategic issues related to family-based agriculture, reached 2.5 million families.
- The Food Acquisition Program (PAA), which acquires the produce of family-based agriculture and donates it to low-income and highly vulnerable families affected by food insecurity. The program also helps farmer organizations to stockpile food to be sold under favorable market conditions. Between 2003 and 2009, the program benefited 764,000 farmer families and suppliers while donating food to 52 million needy individuals.
- The Price Guarantee to Family-based Agriculture Program (PGPAF), which guarantees prices and production activities, stimulates produce diversification, and articulates several agricultural schemes and trade policies.
- The More Food Program, which mobilizes funding and provides loans for machinery and other agricultural inputs. The loans typically have 10-year maturities, grace periods of up to three years, and 2 percent interest rates.
- The National Biodiesel Program for Family-based Agriculture, which seeks to promote sustainable production and use of biofuel, based on competitiveness, quality, guaranteed safe supply, and diversification of raw materials through enhancing local production capacity. It seeks to promote social inclusion.

³⁵ABC 2010. Other MDA programs that may be of African interest in the future include the Citizens Territories, a multiministerial program that focuses on promoting economic development and rural citizenship programs that benefited 1,852 municipalities in 2009; and the National Land Reform Policy, which allowed for settlement of almost 575,000 families on more than 25,000 acres of land and developed 3,386 projects between 2003 and 2009.

- The National Land Credit Program, which provides long-term loans to farmers for acquiring or expanding land for family-based agriculture (74,000 families benefited from this program between 2003 and 2009). The African Institute of Agrarian Studies (AIAS) and the Brazilian government are negotiating an agreement in this area.

Programs such as these, combined with Brazil's willingness to share its accumulated expertise and knowledge, translate into opportunities for bilateral or "triangular" (North–South–South or international organization–South–South) cooperation on strategic areas for Sub-Saharan Africa's development.³⁶

An example of the Brazilian approach to knowledge sharing is the "Brazil–Africa Dialogue on Food Security, Fight against Hunger and Rural Development," held in Brasília in May 2010 by the ABC in collaboration with the Food and Agriculture Organization of the United Nations and the World Food Programme. Launched by former President Lula da Silva, the dialogue was attended by representatives from 45 African countries (including 39 African ministers of agriculture), Brazilian and African nongovernmental organizations (NGOs), and international organizations such as the African Development Bank, the World Bank, and the Forum for Agricultural Research in Africa. Participants discussed Brazilian experiences in sustainable agricultural, fisheries, and aquaculture development; agroforestry activities and management of hydrological resources; improvement of rural infrastructure, commercialization of agricultural products, and access to markets; support for family-based agriculture; hunger reduction and increased food production; research, development, and dissemination of agrarian technology; institutional capacity development in food security and nutrition; development of comparative models for Africa with the use of adapted technologies; and development of strategies to attain food and nutritional security.

The dialogue was instrumental in strengthening bilateral cooperation between Brazil and Africa and for institutionalizing a permanent dialogue on food security, the fight against hunger, and rural development.

A plan of action approved during the meeting included such activities as joint implementation of 10 pilot programs in five African subregions, the establishment of an Afro-Brazilian Center of Excellence in bioenergy, and the capacity building of African technicians.³⁷

Subsequently, in November 2010, the Brazilian Chamber for Foreign Commerce approved a US\$640 million credit line for African countries (US\$240 million to be disbursed in 2011 and US\$400 million

"Brazil is providing a direction and hope for Africa. The country managed, through the implementation of strategic policies and programs, to achieve the challenge of improving the quality of life of citizens. These programs can be adapted to Africa."

Kwasi Ahowi, Minister of Food and Agriculture, Ghana (ABC 2010)

³⁶Interview with Makhtar Diop, World Bank Country Director for Brazil, June 2011.

³⁷See MFA (2010).

in 2012) to finance agricultural equipment for family-based agriculture. This credit line was a component of the More Food Program, which is managed by the MDA.

In January 2011 Ghana signed a technical cooperation agreement that allowed the country to access US\$95 million at a 2 percent interest rate with a 10-year maturity and three-year grace period. The fund would allow Brazilian companies to purchase agricultural equipment to support family-based agriculture for 171 centers that were part of the programs in Ghana. The purchase of equipment was matched by technical assistance provided by the MDA. Ghana's agricultural sector is responsible for 36 percent of the nation's GDP and employs the majority of its population. It has 1.8 million family-based farms responsible for 80 percent of its domestic production. Zimbabwe also signed a similar agreement for US\$98 million in January 2011, and Kenya, Mozambique, Rwanda, and Senegal are negotiating agreements. This initiative is seen as a strategic step to strengthening family-based agriculture in Africa (Africa 21 2011).

A series of capacity-building activities (for example, seed planting for family farms—box 4.1) across different strategic themes identified during the dialogue were carried out through October 2010 by EMBRAPA, MDA, and others throughout Brazil benefiting 35 African countries. Pilot projects are being run in Côte d'Ivoire, Ethiopia, Ghana, Malawi, Mozambique, Niger, and Senegal, with support from the ABC, MDA, and CG-Fome (a body of the MFA responsible for humanitarian assistance and the fight against hunger in foreign countries). In June 2011, Brazil announced the new program of

Box 4.1 Seeds for life: Brazil–Africa

In May 2010, farmers from Mozambique, Namibia, and South Africa visited Brazil to learn about the annual cycles of planting and harvesting of Creole (native) seeds. The visit was organized under the aegis of the 2007 Technical Cooperation Agreement signed between the government of Brazil and the African Union. The exchange allowed for the development of community seed banks and training in the recovery, multiplication, storage, and use of Creole seeds in family farming, with the goal of strengthening family farming in the three African countries.

The African farmers experienced first-hand family-based agriculture by visiting the Catalã, in the state of Goiás, where they were hosted by the Popular Peasant Movement (Movimento dos Trabalhadores Rurais Sem Terra or MST), formed by more than 1 million family farmers throughout the cerrado region. From peers in the state of Santa Catarina in the south of Brazil, the African farmers learned biodiversity conservation strategies and organic farming techniques. A group of Brazilian farmers visited three African countries to work with local farmers and provide further training on using Creole seeds. The Brazilian government facilitated the purchase of organic seeds for seeds banks.

Source: Interview with the director of Trust for Community Outreach and Education, South Africa, June 2011.

capacity-building activities (24 in total to be carried out by 20 different Brazilian institutions) related to food security. These activities are open to African and other developing countries.

Also supporting capacity development for African peers is Brazil's National Rural Learning Service (Serviço Nacional de Aprendizagem Rural or SENAR), an autonomous, state-supported agency funded by compulsory monthly contributions from rural producers. SENAR's vocational and agricultural training allows rural workers to stay in rural areas, increase production, and improve their quality of life.

Continuing education is a central component of its programs and, between 2007 and 2010, it trained more than 21 million rural workers. In 2010, SENAR's programs were opened to participants from Africa in fields such as agriculture and agricultural industry, aquaculture, forestry, pastoral farming, service provision, gathering, livestock production, and forestry, as well as community organization, health, sports, and culture. African professionals that took part in any of these programs were grouped according to similarities between their home countries and SENAR's regional administrations in the Brazilian states of Ceará, Goiás, Minas Gerais, and Paraná. These states have the soil and climatic conditions of the semiarid climate, the *cerrado*, and the Atlantic forest. For each biome, SENAR offers tailored programs that are applicable to African realities. Seventy African technicians from 35 African countries have been in these programs (ABC 2010).

The private sector is also exploring the similarities in climate and geology between Brazil and Africa. Recent experience of a Brazilian agribusiness, Pinesso, and its Sudanese counterpart, Agadi, is an illustration of an innovative joint venture that aims at producing cotton and soybeans in Sudan. The Sudanese government has guaranteed tax exemption for Pinesso to import the machinery and other equipment, Agadi is responsible for financing, and Pinesso provides agricultural techniques and new technologies (Pinesso 2010).

The initial phase included the cultivation in 2010 of about 988 acres of cotton and 247 acres of soybeans, and the expectation is to achieve 247,105 acres in four years, equally shared between the two crops, with a total investment of US\$200 million (Felismino 2010). When questioned about the risks of developing this initiative in an unstable country such as Sudan, Gilson Pinesso, the Pinesso Group president, argued that the conditions to produce cotton in Sudan are good: first, the soil near the River Nile is fertile, reducing the amount of fertilizer needed; second, there is sufficient water below the soil and regular rainfall from June to September; and third, the production costs for cotton in Sudan are lower than in Brazil (Felismino 2010). Sudan has some of the most fertile terrain in the region, promising strong returns on investment. Ways to attract more private investors are still to be developed.

Vocational training

Along with EMBRAPA, the National Service for Industrial Apprenticeship (Serviço Nacional de Aprendizagem Industrial or SENAI) benefited from technical cooperation during the 1970s. It was created in 1942 to support industrial

development in Brazil following the adoption of import-substitution policies. Funded through mandatory contributions from about 120,000 private enterprises, SENAI is globally recognized for the quality of its vocational training as well as its approach, which is attuned to Brazil's industrial requirements. SENAI's sophisticated structure allows it to provide timely and targeted support as part of the private sector's long-term vision and the nation's development objectives, while its sector technical committees encourage industry participation to ensure that the design of its skills development programs, professional curricula, and courses are aligned with industry requirements. The committees include representatives from private industries, factories, union leaders, governmental bodies, academia, and vocational training.

SENAI has 471 fixed and 326 mobile training units around the country, and provides services on location at 55 client sites. (See also box 4.3 below.) It is well placed to service industrial needs in remote areas that have a variety of geological, climatic, and geographic conditions, including the Amazon and *cerrado*. Its integrated approach to developing a labor force—basic education combined with professional training—contributes to ensuring a sustained and consistent response to individual, industrial, and societal requirements.

Distance learning is a strong component of SENAI's programs. In 2010, the distance-learning program—2010 e-Learning Brazil—received national recognition for its contribution to developing Brazilian society. The institution has 14 distance-education centers for vocational training around the country with courses including entrepreneurial development, sustainable environmental protection and security in the workplace, information technology (IT), workers' legislation, and intellectual property rights. One innovative approach fostering regional development is training (on topics such as river navigation, use of renewable energy, water and residual treatment, and IT) on board a ship, which allows SENAI to reach coastal and riverside communities that do not otherwise have access to educational facilities.

The National System for Professional Evaluation evaluates SENAI's learning products along two lines. The System for Evaluation of Professional and Technical Education (Sistema de Avaliação da Educação Profissional e Tecnológica or SAEP), created in 2010, evaluates the quality of its courses and their impact on the development of the participants, industry, government, and society as a whole. The Evaluation of Students' Performance (Avaliação do Desempenho de Estudantes or PROADE) aims to evaluate the development of SENAI's graduates in the labor market, so as to ensure that the right competencies are developed.

SENAI's mission has a public service component: it has established partnerships with the government at the federal, state, and municipal levels, with key Brazilian engineering and infrastructure companies such as Odebrecht and Camargo Correa, and the Social Industrial Service (Serviço Social da Indústria or SESI). These partnerships aim to support social projects for poor and disadvantaged populations through youth training for sexually abused youth groups, among others. Working with the National Justice Council (Conselho Nacional de Justiça), the institution also provides technical training to prisoners to prepare them for reintegration into society.

SENAI's global partnership

SENAI is joining other Brazilian institutions as a provider of international technical assistance. It has 48 international partnerships with 25 countries, which have so far led to 29 projects, five of them in Sub-Saharan Africa (figure 4.4).

The experience that SENAI has acquired from adapting its programs to requirements in Brazil allows it to share its knowledge with other developing countries. It now provides technical advice on strategic planning, structuring, organizing, and running vocational training centers as well as training of trainers, managers, and technical personnel.

With the ABC, SENAI has set up 10 vocational training centers globally—five in Sub-Saharan Africa (Angola, Cape Verde, Mozambique, Guinea-Bissau, and São Tomé and Príncipe). Two others are being opened in South Africa (box 4.2) and Angola.

The Brazil-Angola Vocational Training Center, in Cazenga, supported national reconstruction through training and rehabilitation of the demobilized labor force as Angola's 40-year civil war wound down. Between 1999 and 2006, it trained more than 3,000 Angolans in fields such as diesel mechanics, civil construction, apparel making, and IT. The center's training methods and operational know-how were ultimately transferred to the National Employment and Training Institute of Angola (Instituto Nacional de Emprego e Formação Profissional de Angola), which continues to provide training and to contribute to the social reintegration of the demobilized population.

Several other SENAI projects are being carried out in partnership with African countries and with support from the ABC.

Figure 4.4 SENAI's global presence: projects and partnerships



Source: SENAI International Relations. Institutional brochure, 2010.

Box 4.2 Youth skills and entrepreneurial development in Soweto

“So, I have decided to dust off my boots and get back out into the trenches again. I’m starting an institute that will train youth in basic skills development and entrepreneurship.

When I visited Brazil and saw the work of SENAI, I knew I did not have to re-invent the wheel. We will be partnering with SENAI and adapt their *know-how* to our needs. Our countries have similar problems and several commonalities. SENAI’s tools, like the learning mobile units, will be easily adapted in our country.”

— *Interview with Richard Maponya, July 2011*

South Africa reflects the continental pattern of an enormous unemployment challenge. The problem is particularly concentrated among the country’s youth, for whom lack of experience is all too often exacerbated by lack of skills. The result is a growing cohort of young people with severely limited access to formal sector employment, and few means to do anything about it. The fourth quarter, 2009 Labour Force Survey reported that 4.165 million economically active South Africans were unemployed, of which 3.037 million (74.2 percent) were youth between the ages of 15 and 34 years. Of the total unemployed, 2.544 million had not completed secondary school.

Soweto—an acronym for the South Western Townships—is within the administrative region of the city of Johannesburg, about 15 kilometers southwest of Johannesburg’s Central Business District and 10 kilometers south of the Roodepoort Central Business District. Thanks to its proximity to Johannesburg, the economic hub of the country, it is also the most metropolitan township in the country—setting trends in politics, fashion, music, dance, and language. With a population of about 1.25 million people, and a land area of some 153 square kilometers, Soweto represents more than 40 percent of the population of the city of Johannesburg, making it an important section within the city and the most populous urban residential area in the country. According to Dr. Maponya, “Too many of our youth are being left behind. Millions of them are walking the streets of our country and they have never held down a job. They have never known what it is like to earn a pay check. They have never known the dignity of what it is like to say I am somebody. I am a technician, I am a plumber, I am a carpenter, and I am a teacher.”

Working with the government of South Africa and SENAI, the Maponya Foundation is opening a vocational training center in Soweto. The skills development program will include areas such as communications and mathematical literacy within the context of business and retailing; specific occupations such as work in textiles, welding, and so on; and basic occupational skills including building construction, maintenance and repairs, plumbing, electricity, and garden landscaping. Nine other centers are planned throughout the country during the project’s second phase.

Source: Maponya Foundation.

Mozambique. The National Employment and Vocational Training Institute in Maputo, with SENAI, is establishing a National Vocational Training Center based on the Brazilian model.

São Tomé and Príncipe. SENAI is supporting the government to establish a Reference Vocational Training Center offering courses on construction, electricity, sewing, mechanics, and computer skills. This initiative will also support training of trainers for instructors and managers, as in SENAI's other partner countries in Africa.

Guinea-Bissau. SENAI, the ABC, and the Ministry of Public Administration and Labor are running a project to structure and strengthen the nation's vocational training system and to establish a vocational training center in Bissau, which is now operational and provides courses in civil construction (general construction, roofing, painting, plumbing, tiling, and so on), electrical installations, industrial sewing, electrical appliance repair, cooling system repair, personal computer maintenance and repair, baking, and metalwork.

Cape Verde. With the government of Cape Verde, SENAI supported the establishment of the National Vocational Training Center of Praia. The center offers six courses: metalwork, food, electricity, plumbing, civil construction, and IT.

Other recently launched SENAI initiatives include establishing the Brazil-Angola-Japan Vocational Training Center (via trilateral cooperation); strengthening civil construction in the Republic of Congo; and establishing the Brazil-South Africa Vocational Training Center.

Youth vocational training in Sub-Saharan Africa is required to support economic growth and socioeconomic development. Vocational training centers are also providing youth with the knowledge and skills needed to open small businesses. How this critical mass of skilled labor will contribute to the development of the social and physical infrastructure of Africa remains to be evaluated. But SENAI's partnerships with African governments have so far resulted in nine new projects in development; eight projects under negotiation; 74 instructors trained in local partner institutions; 173 managers/administrators trained to support the development of vocational training centers in Africa; more than 6,500 enrollments; and more than 420 courses.

An additional line of SENAI's work in Africa involves providing educational and technical services to Brazilian companies. This started in 2007 with SENAI supporting Odebrecht in launching the Integrated Center for Technical Education (CINFOTEC) in Luanda with the government of Angola. After two years of working with SENAI, CINFOTEC is now offering integrated solutions for professional development, technology transfer, consultancy, research, and technical assistance in areas such as meteorology, mechanics of production, electricity, mechatronics, IT, and communications.

In 2008, Vale requested SENAI to support the design of a training program to respond to the skilled-labor requirements for its carbon mine in the district of Moatize, province of Tête, Mozambique. Vale identified projects that had been offered in Brazil that could be adapted for local labor skills. The program

Box 4.3 SENAI in numbers

- SENAI has 797 operational units (471 fixed and 326 mobile) and a network of 200 laboratories.
- Twenty-seven areas of expertise make SENAI one of the most diversified vocational training institutions in the developing world. Areas of expertise are metal mechanics, printing, metrology, mining, nonmetallic minerals, oil and gas, polymers, chemistry, cooling and air conditioning, workplace security, IT, telecommunications, textiles, food and drink, automation, automotive, cellulose and paper, civil construction, leather and footwear, electronics, energy, gems and jewelry, management, wood and furniture, and the environment.
- In 2010, SENAI had 2,362,312 registered students, up 59 percent from the previous year.
- Up to 80 percent of registrants took advantage of SENAI's free registration offer in 2010.
- In 2010, the Distance Education Program had 419,257 registered students, 50 percent more than the previous year.
- SENAI has 22,595 employees—41 percent teachers, 30 percent technicians, and 29 percent administrators.

Source: Based on official information from SENAI.

provides training in mechanical and electrical maintenance, welding, and mining equipment operation.

In 2011, Petrobras Tanzania Limited requested SENAI's services to carry out a training program with the government of Tanzania and local organizations. The Vocational Educational and Training authority of Tanzania is to select 50 professionals to participate in the training-of-trainers' programs. After training, these professionals will maintain Petrobras Tanzania's electrical and mechanical installations in the city of Mtwara, where the firm is to start exploring for deep-sea oil.

HEALTH AND TROPICAL MEDICINE

The right to health is included in the 1988 Brazilian Constitution, requiring appropriate policies and mechanisms to enforce this right for all Brazilians. One practical example is the production and free distribution of drugs for HIV/AIDS treatment. Innovative solutions in Brazil's health sector include successful mass-immunization campaigns, the development of national milk-bank networks,³⁸ and advanced research to fight diseases such as sickle-cell anemia and malaria.

³⁸ Rede Nacional de Bancos de Leite Humano website, www.redeblh.fiocruz.br/cgi/cgilua.exe/sys/start.htm?tpl=home.

Table 4.2 Selected small-scale health projects implemented in Africa, with support from the Brazilian government, 2011

Partner countries	Diseases combated
Angola, Cameroon, and the Democratic Republic of Congo	Malaria
Botswana, Ghana, Kenya, Liberia, Sierra Leone, Tanzania, and Zambia.	HIV/AIDS

Source: Mateos 2011.

Table 4.3 Structuring projects focused on health: Brazil–Africa development cooperation

Partner countries	Structuring projects	Brazilian investment, US\$ '000 (2010)
Angola	Pilot project in the Program to Fight Anemia	240
	Technical support to implement a center of hygiene and epidemiology	490
Ghana	Support to implement a national system for treating sickle-cell anemia	c. 7,000
Mozambique	HIV/AIDS pharmaceutical plant	23,000
São Tomé and Príncipe	Support to the nascent Program to Prevent and Control Malaria in São Tomé and Príncipe	600
Senegal	Support to the existing National Program to Fight Anemia in Senegal	250

Source: ABC 2009.

All 12 of Lula da Silva's presidential missions to Africa included a health component,³⁹ and as of 2011, Brazil has 53 bilateral agreements on health signed with 22 African countries. Small-scale projects on malaria and HIV/AIDS arising out of these agreements are listed in table 4.2.

Small-scale projects, carried out in specific countries, were at the heart of Brazilian cooperation on health until 2008, when a new approach encouraged the development of structuring projects (Mateos 2011; ABC 2010). As in agriculture, such projects typically aim at enabling critical human resources and strengthening relevant local and national institutions and have proven to have stronger impact than small-scale projects. Activities are designed based on a longer-term approach, emphasizing local engagement and capacity development. Some structuring projects in health are listed in table 4.3.

Two of these projects deserve special attention for their significant impact on the local population. The government of Mozambique, in partnership with Brazil, is building a plant to produce generic drugs for treating HIV/AIDS and other diseases. This is undoubtedly the largest project involving Brazil's development cooperation, with an investment of about US\$23 million. A re-

³⁹Interview with Eduardo Botelho Barbosa, special advisor for international affairs to the minister of health, December 2010.

Box 4.4 Oswaldo Cruz Foundation

The Oswaldo Cruz Foundation (FIOCRUZ) is a world-respected institution of the Brazilian government, recognized for its technical expertise throughout Latin America. It ranks among the most engaged actors in Brazil's international cooperation projects.

Created in the 1900s and reformed in the 1970s, FIOCRUZ is linked to the Ministry of Health and has more than 7,500 employees. Its main activities include research; development of vaccines, medicines, and diagnosis kits; and social projects.

When Brazil was building its national capacity in health in the 1980s, FIOCRUZ was the recipient of technical support from several foreign agencies, such as the Canadian International Development Agency, Japan International Cooperation Agency, National Institutes of Health/Centers for Disease Control and Prevention (United States), Institut Pasteur (France), Institut National de la Santé et de la Recherche Médicale (France), and the Institut de Recherche pour le Développement/Centre National de la Recherche Scientifique (France).

Since 1994, however, after a meeting with ministries from the Community of Portuguese Language Countries, FIOCRUZ began to provide technical cooperation in health for the first time. A snapshot of its main partners in 1996 suggests a combination of actors and networks that remains to this day and includes multilateral institutions, such as the Pan-American Health Organization, as well as Brazilian governmental agencies, such as the ABC, Coordination for the Improvement of Higher Education Personnel (CAPES), and the National Council for Scientific and Technological Development (CNPq).

Source: FIOCRUZ website, www.fiocruz.br/cgi/cgilua.exe/sys/start.htm?sid=3; interview with José Roberto Ferreira and Luis Eduardo Fonseca, FIOCRUZ representatives, December 2010.

gional office (box 4.4) of the Oswaldo Cruz Foundation (FIOCRUZ, Fundação Oswaldo Cruz) was officially installed in Maputo in 2008 to facilitate coordination on the ground, and is the first field office opened abroad. According to FIOCRUZ, during the first phase, equipment and drugs will be brought from Brazil, packing will be done in Mozambique, and drugs will be distributed in the country free of charge. This phase includes the development of local expertise and labor capacity to run the factory. During a second phase, scheduled for 2012–13, drugs will be produced in the factory. By this time Mozambique is expected to be able to choose where and how to buy most of the formula components.⁴⁰ Today, the director is Brazilian, but the goal is to transfer authority to the Mozambican government in the near future.

The second large health-focused structuring project is with the government of Ghana. A hemophilia and sickle-cell anemia treatment center will be built in Accra.⁴¹ The center will have dedicated space for research and training and will be opened to other countries in the region. The initial phase was carried out in 2009 and focused on training the local workforce and acquiring materials.

⁴⁰ Interview with Eduardo Botelho Barbosa, December 2010.

⁴¹ Interview with Luis Fernando Serra, Brazilian ambassador to Ghana, June 2011.

Construction began in January 2011,⁴² and the center is expected to open in 2013–14. The project will benefit not only Ghana, but will also serve as a reference to other countries in the region, such as Benin, Burkina Faso, and Nigeria (ABHH 2010).

ENERGY

About the time of the first oil shock in 1973, Brazil was dependent on imports for about 80 percent of its oil needs. But investments in both oil and biofuel production (to reduce oil consumption) (figure 4.5) allowed Brazil to declare oil self-sufficiency in 2006. At the end of 2007, Brazil announced the discovery of large oil reserves in the presalt layer along the coast,⁴³ which guaranteed that its natural resources would be more than enough to fulfill domestic needs. Brazil has thus been able to revise its international energy strategy to that of an oil exporter, achieving an average production of 2 million barrels per day in 2009 (Petrobras 2009).

The rapid growth of global energy consumption, the limited availability of fossil sources, and the geopolitical risks of oil dependence, together with social and environmental concerns, provided a major incentive for Brazil to deepen its search for alternative sources of energy. Biofuels have proven to be of major relevance because they cause less environmental damage and promise new markets for farmers (*New York Times* 2011; MME 2011). In fact, in the past decade alone, the global production of biofuel increased from 16 billion liters (in 2000) to more than 100 billion (in 2010) (IEA 2011), mainly led by the two largest biofuel producers: the United States (46 percent of the world's share) and Brazil (42 percent) (World Bank 2008; EIA, 2009).

Sugarcane and soybeans are at the heart of the Brazilian biofuel industry, for the production of ethanol⁴⁴ and biodiesel,⁴⁵ respectively. Favorable geological and climatic conditions, with targeted public policies, have helped Brazil to become the largest sugarcane producer in the world (FAO 2009). The original sugarcane plants were fragile and not all the soil in the country was suitable, but the plants have since been genetically modified by EMBRAPA and the Centro Tecnológico de Piracicaba to be more amenable to cultivation and biofuel production.

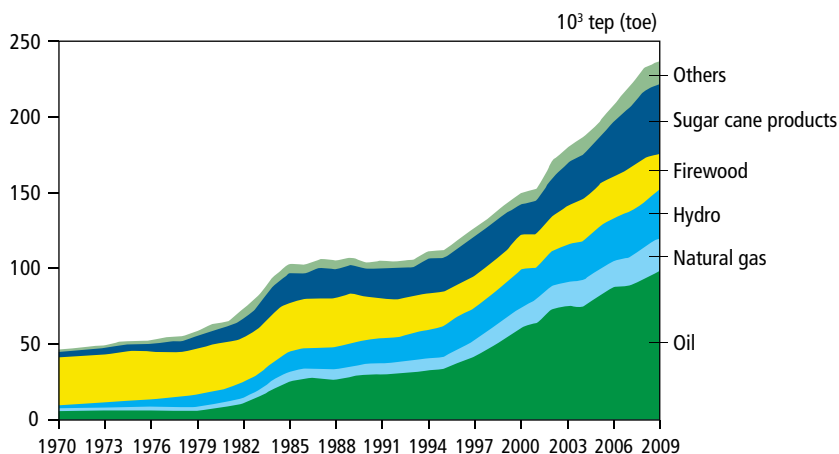
Until the 1990s, the prevailing argument was that poverty reduction would be a consequence of trade liberalization, the growth of agribusinesses, and the decline of agricultural employment rates (World Bank 2008: 38). But success

⁴² Partnership between Ministry of Health, Hemominas, Universidade Federal de Minas Gerais, and the ABC.

⁴³ Interview with André Ghirardi, senior advisor on international issues to the Petrobras Presidency in December 2010.

⁴⁴ Ethanol has been produced in Brazil (out of sugarcane) since the 1970s, when the Pro-Alcohol program was launched.

⁴⁵ Sugarcane is at the core of ethanol production, and 83.6 percent of biodiesel is produced from soy oil (MME 2011).

Figure 4.5 Energy production in Brazil by source, 1970–2010

Source: MME 2010: 15.

in agriculture was not enough to reduce poverty. From the mid-1990s to the mid-2000s, social policies such as Bolsa Escola (under Fernando Henrique Cardoso's administration) as well as the Zero Hunger and Bolsa Família (under Lula's administration) empowered and engaged small producers, stimulating not only economic growth but also social inclusion. It was also recognized that sugarcane has a peculiar characteristic that helps involve local farmers: it is not easy to export, unlike crops such as soybeans, and so local use and processing were recommended, as without an industry at the community or local level, production was likely to be lost. This fact, together with advancements in biotechnology, justified public policies to strengthen the productivity of family-based agriculture to produce energy. This is one area where Sub-Saharan Africa can eventually benefit from Brazil's experience.

Brazil is the world's . . . most efficient producer of biofuels, based on its low-cost production of sugarcane. But few other developing countries are likely to be efficient producers with current technologies. . . . Increased public and private investment in research is important to develop more efficient and sustainable production processes based on feedstocks other than food staples (World Bank 2008: 17.)

Soybean production is a different story. When the world trade of the crop doubled from 1994 to 2004, Argentina and Brazil were the countries that best responded to the new opportunity (World Bank 2008: 62). As of 2011 Brazil is still the second-largest producer of soybeans in the world (FAO 2009). Environmental issues, however, are of concern because deforestation has increased the need for open land to cultivate soybeans (World Bank 2008).

There is criticism involving the production of biofuel and the competition for land needed for food production. But the Brazilian government argues that bioenergy has a significant role to play in Brazil and in a continent such as

Table 4.4 Sources of energy: Potential areas for collaboration and knowledge exchange between Sub-Saharan Africa and Brazil

Area	Topic	From Brazil to Africa	From Africa to Brazil	Jointly
Oil & Gas	Synthetic fuels			
	Deep water exploration and production			
Coal	Pulverized bed combustion			
	Super-critical technologies			
	Coal-to-liquids			
Biofuels	First generation ethanol			
	Second generation ethanol			
	Charcoal production			
	Charcoal gasification and cogeneration			
	Biodiesel			
	Efficient cooking stoves			
Power/Demand	Power sector reform			
	Demand-side management			
	Smart metering			
	Power crisis management			
	Rural electrification/energy savings			
Hydropower	Operation of large hydro-thermal systems			
	Concession for use of water/royalties			
	Multiple use of water/transboundary issues			
	Greenhouse gas emissions in hydro reservoirs			
Wind	Regulatory mechanisms to foster wind power			
	Access to grid and pricing			
Solar	Concentrated solar power			
	Solar water heaters			
Nuclear	Uranium enrichment			
	Pebble bed reactors			

Source: Prepared by Luiz Maurer, IFC 2011.

Africa, where many countries depend on imports for food and energy. In this sense, the Brazilian model is adaptable to some African countries, especially those with abundant land near the tropics. Several agreements on energy have been signed by government and private investors (RTS 2008), and joint projects are under way in Sudan and Zimbabwe, where Brazilian ethanol plants have been installed. New plants will also be set up in Angola and Ghana (Itamaraty 2011b: 37).

A few energy initiatives between Brazil and Sub-Saharan countries stand out (and see table 4.4). In 2007 the Brazilian government signed a memorandum of understanding on issues related to biofuels with the West African Economic

and Monetary Union⁴⁶ (Portugal Digital 2011). This memorandum called for feasibility studies to analyze bioenergy production in the countries in this grouping. A study from Senegal (which is facing an energy crisis), finished in early 2011, aimed to decrease the country's dependence on one single source of energy, and research verified the feasibility not only of sugarcane-based bio-fuels, but also of fuels based on peanut bark and jatropha as well as solar and wind.⁴⁷ In 2011, EMBRAPA and ABC presented their initial proposals to the government of Senegal; a final decision is awaited.

Brazil could also share its experiences in power crisis management, power sector reform, and large power-systems. Other more efficient approaches to rural electrification and energy-saving schemes could be jointly developed for areas in Brazil with similar conditions as those in some areas of Sub-Saharan Africa.

Petrobras, the Brazilian state-owned oil company, is the eighth-largest publicly traded company in the world, according to *Forbes* (Petrobras 2011a). It has activities in 28 countries, including Angola, Benin, Gabon, Nigeria, Namibia, Senegal, and Tanzania. In Africa's west coast, for example, Petrobras's main goal is to find light oil, reflecting the company's strategy to seek opportunities in deep and ultradeep waters in the region (Petrobras 2011b). The company has also invested in biofuels since at least the 1970s, when it started to market ethanol in its service stations in Brazil. It has recently started biodiesel production, as the company's strategy is to develop technologies that ensure global leadership in that area.⁴⁸ Cooperation on biofuels started with Angola and Mozambique, and is an area in which other African nations could benefit.

The Brazilian private sector has also started to work on energy issues through joint ventures in other Southern countries, including Africa. A good example is BIOCUM (Companhia de Bioenergia de Angola), a joint venture between the Brazilian firm Odebrecht, the Angolan state enterprise Sonongol, and the Angolan firm Demer. An investment of US\$400 million aims at using sugarcane to produce sugar, ethanol, and power. The impact on the Angolan economy is expected to be large, both because the country imports 80 million tonnes of sugar a year and because the project is already producing 565 megawatts (MW) of energy. The plant was built by Odebrecht with funding from the National Economic and Social Development Bank (Banco Nacional de Desenvolvimento Económico e Social or BNDES).

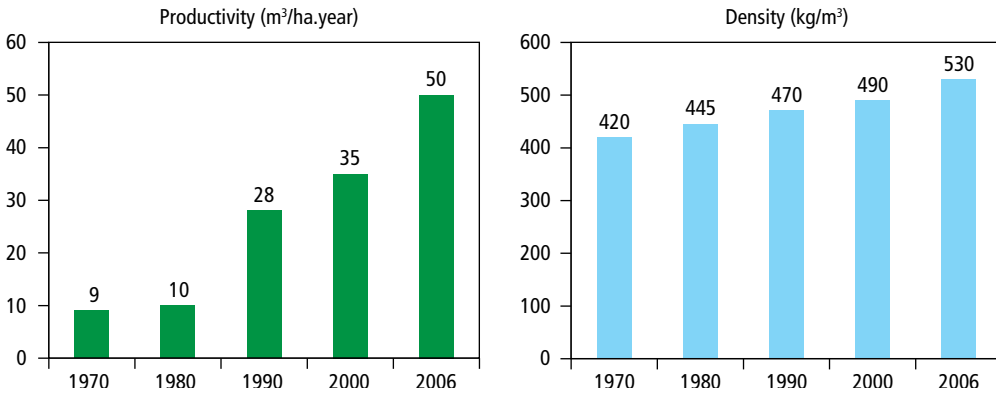
Another area of energy in which Brazil has advanced knowledge that is highly relevant to Africa is charcoal. Sub-Saharan Africa produces and consumes about 25 million tonnes of charcoal annually (more than any other region in the world), while Brazil produces and consumes about 9 million tonnes annually (more than any other country in the world) (FAO 2009). Although in Africa charcoal is primarily used for cooking in urban households, in Brazil

⁴⁶ Comprising Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

⁴⁷ Interview with Luis Fernando Serra, June 2011.

⁴⁸ See Petrobras (n.d.).

Figure 4.6 Productivity and tree density across Brazilian eucalyptus plantations, 1970–2006



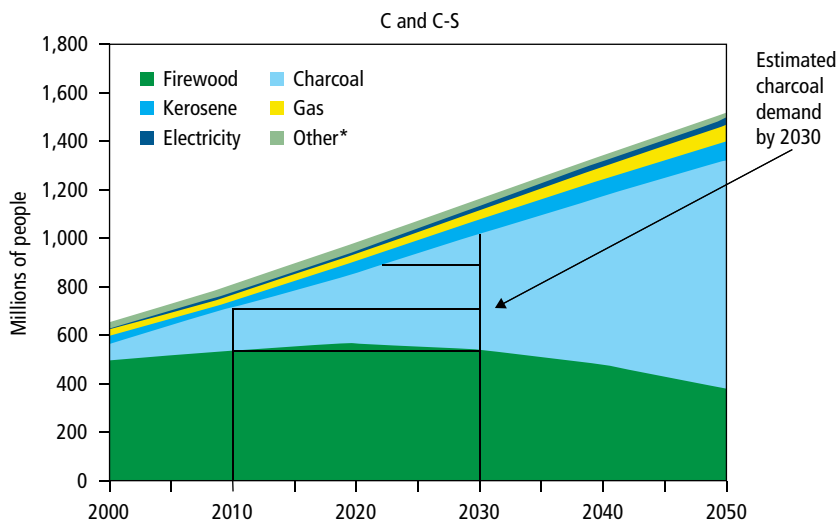
Source: Latorre and Henriques 2008.

nearly all of it is used for pig-iron and ferroalloy production. But despite that, Brazil’s charcoal lessons may still be valuable to Africa.

Over the past 40 years the Brazilian charcoal industry has been developing ways to produce charcoal efficiently and sustainably. For instance, efforts by private companies and public universities have increased the productivity and quality (tree density) of dedicated fuelwood plantations (figure 4.6), reducing the dependence on natural forests for charcoal.

The estimated annual demand for charcoal in Sub-Saharan Africa will double from 25 million tonnes in 2009 to nearly 50 million tonnes by 2030 due to the region’s fast-growing population and urbanization rates, persistent poverty, and price volatility of fossil-based cooking fuels (figure 4.7). But Af-

Figure 4.7 Estimated future growth in charcoal demand for Sub-Saharan Africa



Source: IEA 2004; Bailis, Ezzati, and Kammen 2005.

Note: “C” stands for “charcoal” and “C-S” stands for “charcoal under sustainable production”

ican charcoal production is still mainly based on traditional, inefficient, and unsustainable methods, and contributes to deforestation. Cooperation with Brazil on charcoal technology could therefore greatly enhance Africa's capacity to produce charcoal more efficiently and sustainably. Such modernization could transform Africa's inefficient charcoal sector into a strategic development sector that would see reforestation, higher charcoal productivity, and even co-generated electricity.

SOCIAL PROTECTION

Brazilian policy makers seem to understand that while economic growth may solve some issues related to poverty, it will not necessarily reduce inequality. The 1988 Constitution states that "social protection" is a right.⁴⁹ Despite the huge challenges faced by policy makers in a country having one of the largest income-inequality gaps in Latin America, a few programs have been launched to promote social protection rights, especially in the mid-2000s. From 2003, policies aimed at fighting hunger and marginalization were carried out, one of the most successful the Zero Hunger Program (figure 4.8). Launched in 2003, it includes several programs sponsored through a strong partnership among 12 ministries and agencies coordinated by the Ministry of Social Development and Fight against Hunger (Ministério de Desenvolvimento Social e Combate à Fome or MDS).

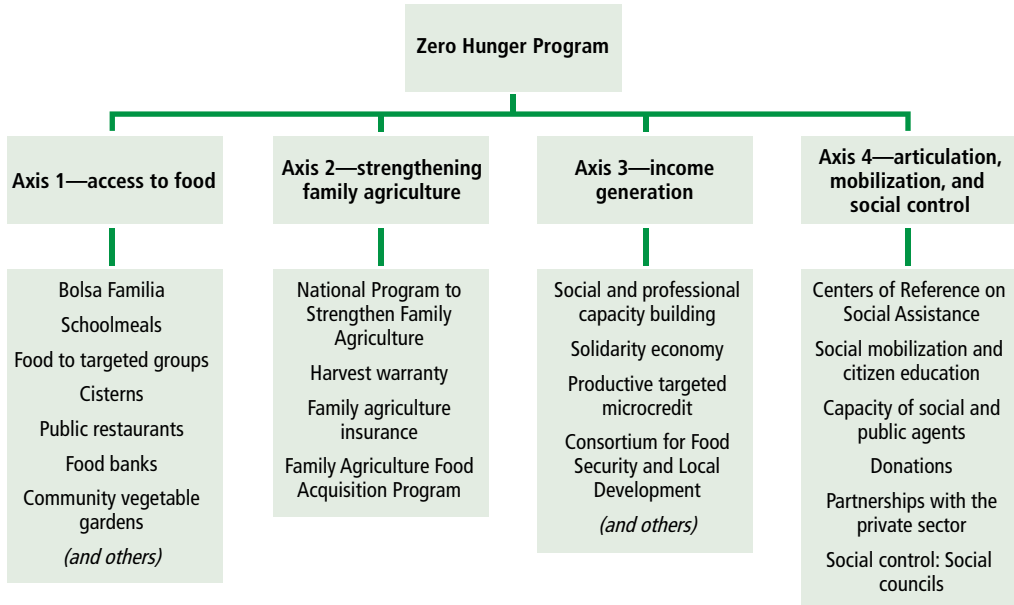
The most comprehensive and best-known program under Zero Hunger is Bolsa Família, a conditional cash-transfer program created as an institutional umbrella for several existing social projects. Bolsa Família follows three basic guidelines: to provide its beneficiaries with immediate relief from poverty through direct cash transfers; to help families overcome the intergenerational cycle of poverty with conditions that involve children and youth in each family that benefits; and to boost families' progress and development through complementary social projects related to issues such as adult literacy and income generation (MDS 2009). Bolsa Família's purview is intersectoral, covering education, health, and prevention of child labor (or the recovery of children from child labor). Another characteristic is its decentralization and shared management across agencies and levels of government. Each participating ministry oversees social assistance, health, and education at the state and municipal levels, monitoring conditions in its own fields of expertise.

As of 2011, Bolsa Família has registered 19 million families across the country (figure 4.9).

The experience of Zero Hunger and other Brazilian social projects is being adapted and replicated in other developing countries. The MDS, since its creation in 2004, has had institutional contacts with more than 60 countries,

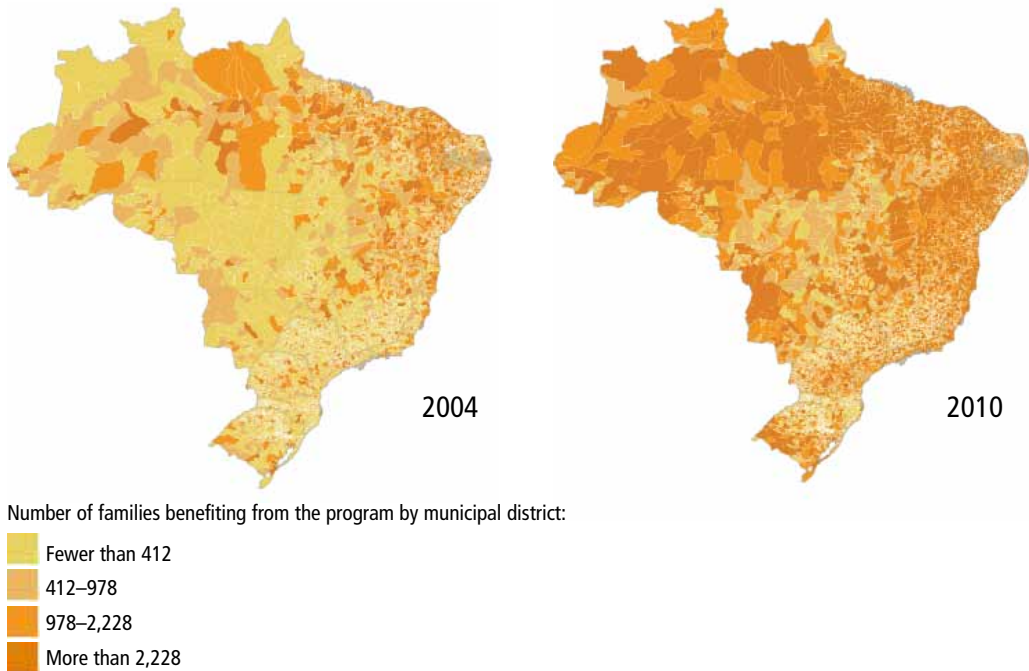
⁴⁹In 2010 the right to food was explicitly included in Article 6 of the Brazilian Constitution, with other social rights, such as education and health. This seems to be the apex of a process that started almost 10 years before.

Figure 4.8 Zero Hunger Program: axes and implementing bodies



Source: Zero Hunger official website (<http://www.fomezero.gov.br/estrutura>).

Figure 4.9 Bolsa Família's expansion, 2004–10



Source: MDS 2004; 2010.

including Angola, Kenya, and Senegal, to build conditions for more inclusive growth. In Angola in 2009, the government turned its focus to protecting and promoting the rights of vulnerable people, fighting poverty and hunger, and reducing regional disparities.⁵⁰ In Senegal in 2005, joint projects were started in, for example, food and nutrition security, family-based agriculture, biodiesel, hydropower resources, and the quality of agricultural products.⁵¹ In Kenya, a program was expected to launch in 2011.⁵²

OTHER AREAS OF EXCHANGE

Tropical agriculture, tropical medicine, and vocational training are the largest areas of exchange between Brazil and Africa; energy also receives much attention. But projects in other areas, such as higher education and sports, could also have a significant impact.⁵³

Higher education

Cultural and educational activities have long been part of Brazil's involvement with Africa, though they were traditionally organized and run by civil society organizations focused on primary education in Portuguese-speaking countries. During the mid-2000s, however, the Brazilian government decided to strengthen higher education in Africa, for its links to human capacity and sustainable development. The use of IT as well as innovative pedagogical tools, such as Paulo Freire's methods,⁵⁴ contributed to strong demand from African countries to learn from the Brazilian experience and replicate some of its programs. In fact, the Brazilian position in education, especially its focus on higher education, could well help to fill the vacuum of higher education and vocational training suffered by most of Sub-Saharan Africa (ACBF 2011).

Four relevant higher-education initiatives connecting Brazil and Africa stand out.⁵⁵ The first is the Open University of Mozambique, a joint effort

⁵⁰ Letter of intent, August 2009 (www.mds.gov.br/sobreministerio/relacoesinternacionais/infografico/documentos/Carta-de-Intencoes-Para-Republica-de-Angola.pdf [in Portuguese]).

⁵¹ Memorandum of understanding, June 2005 (<http://mds.gov.br/sobreministerio/relacoesinternacionais/infografico/documentos/Memorando-de-Entendimento-Brasil-Senegal.pdf>).

⁵² An MDS mission was sent to Kenya at the end of February 2011, as requested by the Kenyan government, to collect information on what could be done in the country on the issue of cash transfers (MDS 2011).

⁵³ Brazil and Sub-Saharan countries have also developed smaller initiatives in affirmative action, information technology, justice, database creation and management, primary education, and language (Portuguese), to mention a few.

⁵⁴ Paulo Freire was a well-known Brazilian educator who created teaching methods for adults and workers to empower them and reduce the dependence on (and oppression by, to use his words) of the dominant culture.

⁵⁵ Other important initiatives at the federal level include support from the Coordination for the Improvement of Higher Education Personnel (CAPES) to open the first public university

launched in 2011 by four Brazilian and four Mozambican institutions in the fields of math, biology, pedagogy, and public administration. The initiative includes a joint academic project, with half the curricula developed by Mozambican universities and the other by Brazilian universities; a mix of online and onsite learning; and dual certification with diplomas from both universities. Brazil committed to an initial investment of US\$30 million over nine years with the potential for renewal, representing the country's largest cooperation activity in education. Most of this contribution will be for scholarships in Mozambique. The project is benefiting 700 Mozambican students in three centers (Maputo, Beira, and Lichinga), and in five years an estimated 10,000 students will have taken part.

The second initiative is the Federal University for Luso-Afro-Brazilian Integration (Universidade Federal da Integração Luso-Afro-Brasileira or UNILAB).⁵⁶ Created in 2010, it was officially launched on Africa Day (May 25), in 2011 in the city of Redenção (Ceará), the first Brazilian district to abolish slavery.⁵⁷ It aims to offer access to higher education to students and teachers from Portuguese-speaking African countries, and hopes to reinforce the positive historical and cultural links between Brazil and Lusophone countries in Africa and elsewhere.⁵⁸ This is the first initiative of its kind and, given its recent launch, local impacts remain to be seen. It is, however, possible to anticipate positive outcomes, not only for African students, but also in reinforcing the African dimension of Brazilian history.

The third approach is the creation of scholarships for undergraduate and graduate students from developing countries to study in Brazilian universities (PEC-G and PEC-PG, respectively).⁵⁹ Between 2003 and 2010, Brazil granted scholarships to 4,300 African undergraduate students from 20 countries and 237 African graduate students from 14 countries. This program still faces challenges, especially at the undergraduate level, such as incompatible levels of education and inadequate funding to cover living costs in Brazil for the four or five years of the course.

The fourth dimension consists of creating or strengthening direct dialogue between Brazilian and Sub-Saharan African universities—the Universidade Federal de Viçosa is a good example of more comprehensive engagement. From the initial personal connections between Brazilian researchers and professors and their counterparts in Africa, this university developed a more institutionalized approach than others during the past few years. Multidisciplinary teams are now working with African peers to identify constraints and priorities in

in Cape Verde in late 2006 (CAPES 2006); and the Africa Program, from CNPq, to stimulate research projects directly in Africa to promote technological and scientific development (Portal Brazil 2010).

⁵⁶ Unilab, www.unilab.edu.br/.

⁵⁷ The city of Redenção abolished slavery in 1883, before the Federal Law, or Lei Aurea, did in 1888 (www.unilab.edu.br/Home/UnilabnoBrasil.aspx).

⁵⁸ Unilab Global, www.unilab.edu.br/Home/UnilabGlobal.aspx.

⁵⁹ Programa Estudante Convênio de Graduação (PEC-G) and Programa Estudante Convênio de Pós-Graduação (PEC-PG).

areas such as school meals and agricultural productivity (needed, for example, in São Tomé and Príncipe) and techniques for online education (as required in Mozambique, for instance). The comparative advantage of this university is in agrarian sciences, in which several projects are being consolidated. For example, a multidisciplinary team is working with peers in the Gambia and Zambia to identify demands of zoonosis and agro-livestock, respectively. On its international missions, university staff are usually supported by the ABC.⁶⁰

Upcoming initiatives include the creation of the Brazil–Africa Center in Dakar, Senegal, undertaken by the Institut Supérieur de Management to promote joint academic research, seminars, and curriculum development.⁶¹

A few bilateral agreements between Brazilian and African universities have also been signed, but are limited in scope. The University of Brasília, for example, has bilateral agreements with universities in three countries: Cape Verde (Universidade do Cabo Verde), Mozambique (Universidade Pedagógica de Moçambique, Universidade Zanbeze, and Universidade Eduardo Modlane), and South Africa (Gauteng Shared Services Center). These agreements allow for joint seminars, student exchanges, and joint research, among other pedagogical activities. Another example is the cooperation agreement among the Catholic University of Petropolis in Rio de Janeiro, University of São Carlos in São Paulo, Federal University of Viçosa in Minas Gerais, and Makerere University in Kampala for joint bioenergy projects, an initiative supported by the ABC. A recent agreement for developing joint programs has been signed by the State University of Bahia and the Kimpa Vita University, Uige (Angola).

Sports

Sports play an important role in both Brazil and Africa and are strengthening the connections between the two. Twenty-one sports agreements, especially in soccer, were signed between Brazil and Africa in the past 10 years. The partnership, however, goes beyond organizing friendly soccer matches between national teams.⁶² Projects to further social inclusion through soccer were implemented in Angola, Botswana, and Mozambique, and professional athletes from and Liberia, Tanzania, and Zambia have been invited to go to Brazil to receive soccer training (Itamaraty 2011b: 36). Kenyan soccer coaches also took part in training activities carried out by Brazil and, recently, Benin signed an agreement with Brazil for long-term youth soccer training and strengthening coaches' training.

⁶⁰ Interview with Prof. Luiz Claudio Barbosa, Universidade Federal de Viçosa, February 2011.

⁶¹ Interview with Amadou Diaw, president, Institut Supérieur de Management, Senegal, July 2011.

⁶² Friendly matches were played between Brazil and Botswana (2008), Zimbabwe (2010), and Tanzania (2010).



Brazilian Foreign Direct Investment and Trade with Africa

KEY MESSAGES

- Two main types of Brazilian company operate in Africa: large companies present since the 1980s, and small and medium enterprises (SMEs) only recently engaging there.
- Brazilian foreign direct investment (FDI) in Africa has grown in the past decade and still has the potential to rise much further.
- Brazil–Africa trade has increased substantially in the past 10 years. But many challenges remain, associated with limited communications, logistical difficulties, bureaucracy, and lack of transparency. The main sectors of trade are mining, oil and gas, and infrastructure.

THE ROLE OF BRAZILIAN DEVELOPMENT INSTITUTIONS

Brazilian development banks have played an important role in bringing Brazil closer to Africa. Among these, BNDES deserves special mention: its incentives and disbursements to Sub-Saharan Africa have increased hugely over the past decade.

Trade between Brazil and Africa climbed from around US\$4 billion in 2000 to about US\$20 billion in 2010 (table 5.1), with a steep rise from 2003. With Sub-Saharan Africa, it increased from US\$2 billion to US\$12 billion over the same period. This environment helped BNDES to launch measures to further trade between the two regions, making possible the use of Brazilian loans.

The stimulus given to Brazilian exports has also been central to the expansion of trade. In 2008, incentives for Brazilian companies to export to Africa (under the Program Integration with Africa or Programa Integração com a África) led to the disbursement of R\$477 million (approx. US\$265 million), rising to R\$649 million (approx. US\$360.5 million) in 2009 (PDP 2010). This increase can be attributed to the strengthening of the Productive Development Policy (PDP), established in 2008 with the purpose of promoting the cycle of national economic expansion, even during international financial crises.

Table 5.1 Brazilian trade with the world, Africa, and Sub-Saharan Africa, 2000–10 (US\$)

	2000	2001	2002	2003	2004	
World	110,969,460,353	113,888,349,663	107,681,303,968	121,528,871,507	159,512,859,906	
Africa	4,252,876,098	5,319,020,146	5,036,174,214	6,149,521,057	10,425,741,453	
Sub-Saharan Africa	2,054,751,728	3,275,132,745	3,009,938,102	3,759,498,378	6,498,713,052	
	2005	2006	2007	2008	2009	2010
World	192,129,063,582	229,148,973,892	281,269,740,902	371,139,076,664	280,642,073,593	383,563,775,541
Africa	12,630,456,924	15,536,861,331	19,903,591,657	25,919,298,556	17,152,899,842	20,407,917,230
Sub-Saharan Africa	7,072,242,226	10,158,144,627	13,128,537,975	16,877,688,204	11,036,725,854	12,190,937,300

Source: Prepared by IPEA based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

The PDP provided BNDES with a certain direction and framework for action internationally. Its directives led to practical measures for strengthening commercial relations and Brazilian direct-investment flows into Africa. This focus on practical solutions, which emphasized commercial and infrastructure-related activities, is the result of the opportunities spotted for the presence of Brazilian organizations, public or private, in Africa.

This presence, guided by the government via BNDES, placed the bank at the center of the interaction between domestic corporations and the African market. One of the goals of the PDP was to choose a small number of corporations—usually three—capable of engaging in activities in Africa.

Another goal of the PDP was signing a three-year agreement (2009–12) between BNDES and the Brazilian Agency for the Promotion of Exports and Investments (APEX). The agreement's aim was a policy of diversification for Brazilian exports to Africa. The process was facilitated by the granting of financial benefits (close to US\$500 million, in 2008) to certain domestic companies (table 5.2).

The Brazilian government launched its Export Stimulus Program (PROEX) in 1991 to stimulate the search for new markets for domestic products as a result of the Action Plan Implementation Oversight Report. In August 2011, the PDP was replaced by the Larger Brazil Program (Programa Brasil Maior) 2011–14, with the objectives of developing the productive capacity and competitiveness of Brazilian industry. The new plan—built on the Industrial, Technology and Trade Policy (Política Industrial, Tecnológica e de Comércio Exterior or PITCE) and the PDP—is more comprehensive than previous policies because it includes a series of measures to promote investment and innovation, support trade, and protect national industries.⁶³

Aside from these export-stimulus initiatives, importance was also given to measures that allowed Brazilian companies to work on infrastructure projects in Sub-Saharan Africa. Though information is scarce, this strategy shows the importance of BNDES's role in broadening domestic capital in the region (PDP 2010).

⁶³ Brasil Maior website, www.brasilmaior.mdic.gov.br/.

Table 5.2 PROEX funding of exports to Africa, 2007–08

Year	PROEX funding (US\$ million)	Supported exports (US\$ million)	Number of corporations benefiting
2007	194.35	2,279.44	38
2008	38.25	436.23	35

Source: Prepared by BNDES based on Proex Equalização.

BNDES's role in expanding Brazilian businesses in Sub-Saharan Africa is also seen in the development of sugarcane-based ethanol processing plants. In 2006, a US\$1.5 billion credit line to Angola (*Valor Econômico*, June 10, 2008) was developed, resulting in a strategic partnership agreement between Angola and Brazil in the context of the Afro-Brazilian policy and increasing Brazilian influence in the new African ethanol industry. A credit line of US\$3.5 billion was opened in 2010 to Brazilian companies working in Ghana and Mozambique (Barros 2010). With this initiative, the Brazilian government began involving its African partners as key players in expanding its worldwide biofuel supply.

Ghana, through Brazilian funding and expertise, gained access to the Swedish biofuel market. Via a tripartite agreement involving Brazil, Ghana, and Sweden, BNDES financing of \$260 million was obtained to enable the Ghanaian corporation Northern Sugar Resources to plant 30,000 hectares of sugarcane in the north of the country. Odebrecht started building a processing plant that was committed to purchasing the sugarcane produced, according to the Ministry of Development, Industry, and Foreign Trade (Ministério do Desenvolvimento, Indústria e Comércio Exterior or MDIC), while the Swedish government, via AB Svensk Etanolkemi (Sekab), pledged to buy all the ethanol produced by the plant over 10 years (*A Tarde* 2008).

A move is under way to establish a consistent strategy for BNDES's activities in Africa, supported by Brazilian foreign policy. Since 2003 this process has gradually been strengthened and has resulted in actions of a technical nature. With the creation of the PDP and other development instruments managed by BNDES and other development banks, these initiatives have been harmonized since 2008. Another example is the presence and activities of the Brazilian Caixa Econômica Federal (CEF) in Angola and Mozambique, through international technical cooperation for the development of housing projects.

In other activities, at the end of 2010, Banco do Brasil and Bradesco, two of the biggest Brazilian banks, announced their partnership with the Portuguese Banco Espírito Santo in launching joint activities and supporting Brazilian companies in Africa. Since the two Brazilian banks already provide services for SMEs in Brazil, it is likely they will also extend credit to expand SME business in Africa.

BNDES and CEF recognize that there are still important challenges ahead. The lack of guarantees from African partner countries limits development of BNDES's activities, while legal limitations prevent the CEF from offering credit outside Brazil.

BRAZILIAN COMPANIES IN AFRICA

FDI

Although the Brazilian government has been prioritizing FDI in Africa (it increased from about US\$69 billion in 2001 to US\$214 billion in 2009—table 5.3), Africa has not been a major destination for foreign investment from private Brazilian firms over the past decade. Brazilian FDI in Sub-Saharan Africa amounted to only \$281 million in 2001 and \$124 million in 2009. It is possible that some funds get to Africa through a “triangular diversion” via countries such as the Bahamas and the Cayman Islands, but the data cannot confirm this.

Some African countries were named in central bank data in 2001–06. But during 2007–09, few African countries were—most were, instead, relegated to the “other” category. But two of the countries in this category—South Africa and Angola—host the largest concentration of Brazilian FDI in Africa (Angola was the larger, especially in energy, mining, and infrastructure, given the presence of Petrobras and Vale as well as the construction companies Andrade Gutierrez, Camargo Correa, Odebrecht, and Queiroz Galvão).

According to the United Nations Conference on Trade and Development (UNCTAD) *Global Investment Trends Monitor* (January 2011), although global

Table 5.3 Brazilian Foreign Direct Investment abroad, 2001–09 (in millions of US\$)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Direct investment greater than or equal to 10%, by country									
African countries									
South Africa	8				0	2			
Angola	265	18	22	24	17	20	73	58	124
Countries of possible triangular diversion									
Bahamas Islands	5,954	6,958	6,565	7,825	7,449	9,259	9,341	9,531	10,291
Cayman Islands	14,785	16,465	15,097	13,930	15,113	20,284	31,212	31,024	36,268
Total direct investment greater than or equal to 10%	42,584	43,397	44,769	54,027	65,418	97,715	111,339	113,755	132,413
Intercompany loans, by country									
African countries									
South Africa	0		0		1				
Angola	9	12	3	10	1	1			
Countries of possible triangular diversion									
Bahamas Islands	216	326	360	409	377	101	288	62	197
Cayman Islands	3,814	7,696	7,151	12,389	11,387	14,539	25,212	37,981	27,319
Total intercompany loans	7,104	11,026	10,123	15,169	13,842	16,460	28,547	41,914	32,110
Total Brazilian capital abroad	68,598	72,325	82,692	93,243	111,741	152,214	190,205	204,005	214,017

Source: Prepared by IPEA based on data from Brazil's Central Bank.

flows were largely stagnant in 2010, developing countries' markets allowed foreign investors to increase their profits. FDI inflows to Africa peaked in 2008, alongside a commodities boom, before falling by 14 percent in 2010.

The expectation is that as more Brazilian companies do business with Africa, some of them will relocate to the continent, and Brazilian FDI in Africa will become more relevant in the medium and long term.

The traditional players

Brazilian private investment in Africa began in the 1980s, and early investors are the Brazilian corporations with a presence in Africa. Although they are found across the continent, their activity is concentrated in infrastructure, energy, and mining in Sub-Saharan Africa (figure 5.1). These traditional players—the leading Brazilian companies in Africa by investment and sales—are Andrade Gutierrez, Camargo Correa, Odebrecht, Petrobras, Queiroz Galvão, and Vale. Marcopolo also warrants a mention for its approach (box 5.1).

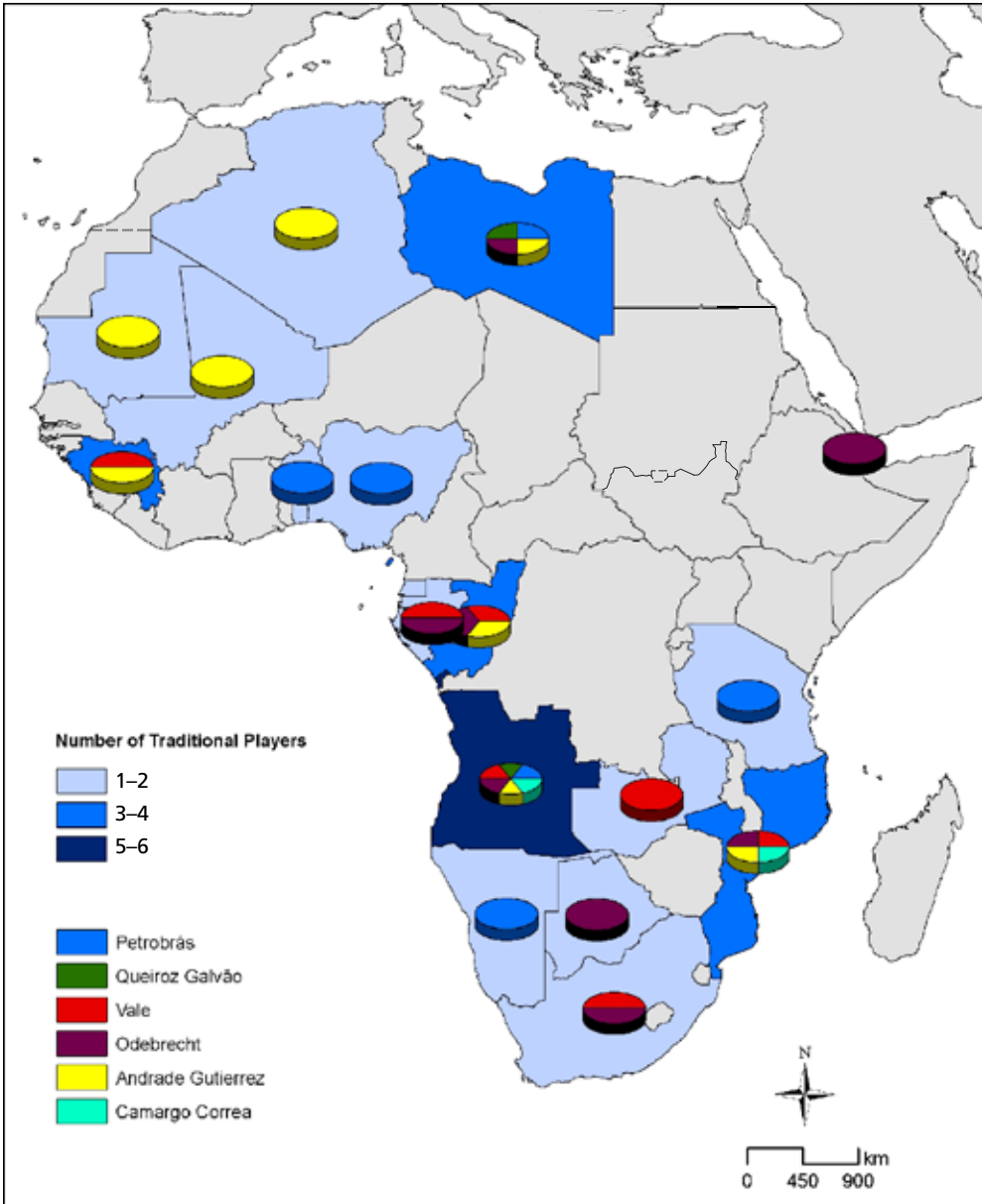
The Brazilian presence in Africa stands out because of the way Brazilian corporations do business (Reuters 2011). Their business models tend to hire locals for their projects and develop local capacity, which improve the quality of services and outputs. Brazilian businesspeople from Odebrecht in Angola, for example, confirmed that strategic positions are not only held by Brazilians, but also by locals. The number of Africans hired in Brazilian firms is so high that Odebrecht has become the largest private employer in Angola.

Odebrecht is the Brazilian construction company with the largest number of projects in Africa, with a presence in South Africa, Angola, Botswana, the Democratic Republic of Congo, Djibouti, Gabon, Liberia, Libya, and Mozambique. It has partnered with governments and other foreign companies as well as established consortiums with other Brazilian contractors in Africa. Its diversified activities include projects related to oil and gas exploration, infrastructure, construction of residential condominiums, urban planning, diamond mines, and food distribution. One of its first projects was in Angola, with the 1984 construction of a dam in Capanda, Malange. Since then, the company has undertaken business activities in many countries in the region, including building the Letsibogo dam in Botswana, drilling for oil in the Democratic Republic of Congo, providing oil-well services in Gabon, constructing container and fuel terminals in Djibouti, and constructing a coal mine at Moatize, Mozambique (with Vale), including settlements for families forced to move by the new mine.

Andrade Gutierrez is active largely in construction in Angola, Algeria, Cameroon, the Democratic Republic of Congo, Guinea, Equatorial Guinea, Libya, Mali, Mauritania, and Mozambique. It has been doing business in Africa since 1984, building roads and housing as well as being involved in urban planning.

After the construction company Camargo Correa opened offices in Angola in 2006, it was hired as the contractor for many projects. Many of them entailed urban planning and building housing, roads, and power lines. One of the company's largest projects involved a consortium of foreign and local companies for producing cement. In Mozambique it is involved in constructing the Mphanda

Figure 5.1 Brazilian corporations in Africa, 2010



Source: IPEA.

Nkuwa hydroelectric project on the River Zambezi. It is also part of a consortium—headed by Odebrecht—building a coal mine at Moatize, Mozambique. Recently, it was announced that the company would undertake road and drainage infrastructure work in Angola with a credit line from BNDES.⁶⁴

⁶⁴Africa 21 2011.

Box 5.1 Marcopolo: Brazilian manufacturing in Africa

The Marcopolo Group, established in 1949, has four brands (Marcopolo, Ciferal, Volare, and Banco Moneo). The company is the third-largest manufacturer of bus bodies in the world, whether for tourist or urban transport. Marcopolo has factories in seven countries, including four in Brazil and two in Africa—Egypt and South Africa.

The presence of Marcopolo in Pietersburg, South Africa, began in 2000. The following year, it transferred its facilities to Johannesburg, and in 2008 it began its activities in Egypt.

Marcopolo stands out for its unique profile. While many established Brazilian players have been concentrated in infrastructure, mining, and oil for about 30 years, Marcopolo entered the African manufactured-goods market only about a decade ago.

Marcopolo may be a good example for the many Brazilian companies that follow Brazilian delegations on missions to Africa, especially as it not only exports to Africa but has also set up a physical presence there.

Source: www.marcopolo.com.br.

The construction company Queiroz Galvão is engaged in civil construction work in Angola and Libya. It has undertaken projects related mainly to building and rehabilitating roads.

Vale has been active in African mining since 2004. The company has offices in Angola, the Democratic Republic of Congo, Gabon, Guinea-Bissau, Mozambique, and South Africa. It announced in October 2010 that it would be investing US\$15 billion–US\$20 billion in projects in Africa over the following five years, with more than US\$2.5 billion already invested (Reuters Africa 2010). The company has acquired mining companies in South Africa and the Democratic Republic of Congo, particularly in copper and cobalt mining (Época Negócios 2008). In Mozambique, Vale has officially begun metallurgical and thermal coal-mining activities at Moatize (Verdade 2011). The company has pledged to invest another US\$4 billion beyond the US\$2 billion it has invested since its purchase of a coal-mining operation in 2004 (Katerere 2011). In Angola, Vale focuses on identifying suitable areas for copper and nickel mining. Through the corporation GeVale Indústria Mineira Ltda and a consortium involving Vale and the Angolan group Genius, the company is active in the Moxico Province that borders Zambia, mining one of the world's largest copper veins, which, with Katanga in the Democratic Republic of Congo, forms the copper belt. In Guinea (Conakry), Vale has purchased 51 percent of BSG Resources (Guinea) Ltd., which holds iron ore concessions in the country (Reuters Africa 2010).

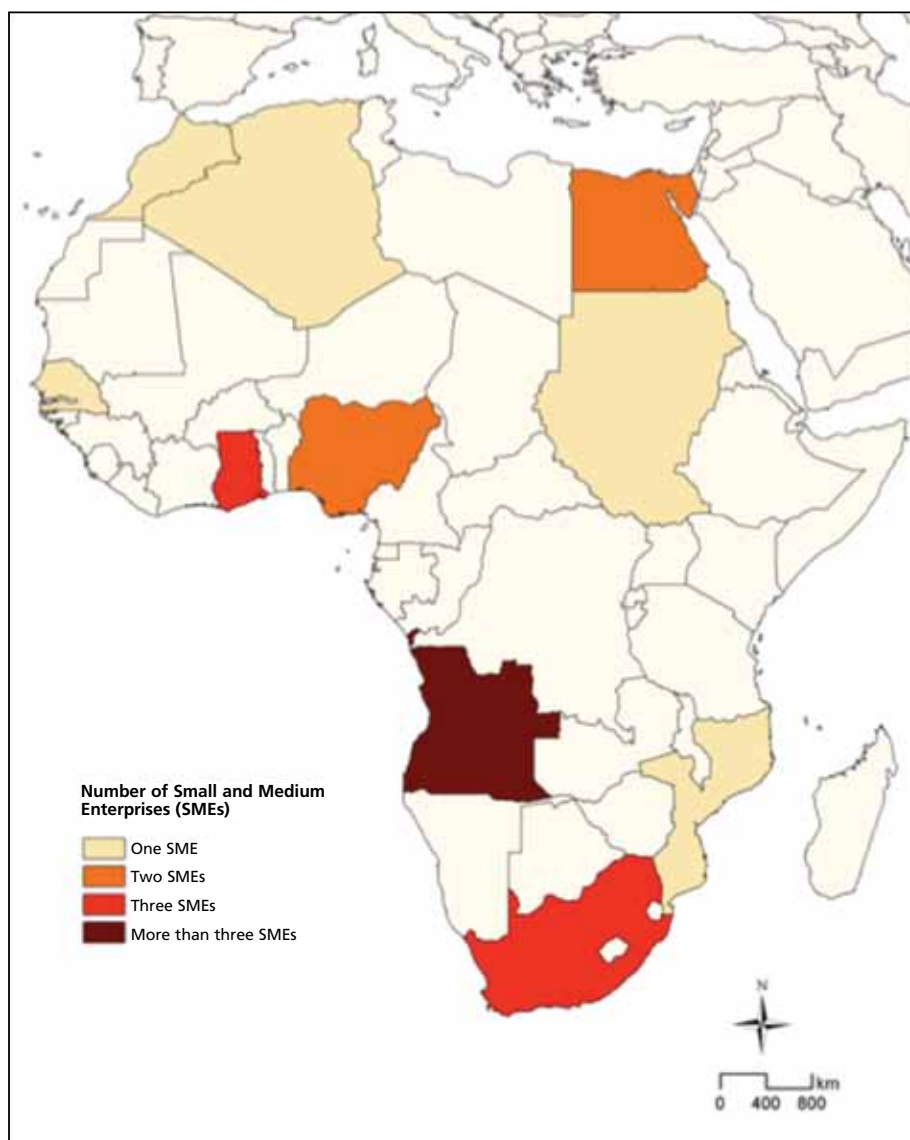
Since April 2008, Petrobras has taken a more assertive posture than in the past. Its activities focus on prospecting for and extracting oil, especially in deep and ultradeep waters, with operations in Angola, Libya, Nigeria, and Tanzania. The company recently acquired a 50 percent stake in a 7,400 square kilometer block off the Benin coast to search for light crude (Petrobras 2011a). In

Namibia, it has acquired a 50 percent stake in a block for exploration in deep and ultradeep waters (Petrobras 2011b).

SMEs in Africa

In the context of Africa’s favorable business environment, APEX has been fostering Brazilian SMEs in Africa through various fairs, alongside Brazilian firms (figure 5.2). “Brazil Trade Africa” was one such event, held in São Paulo; over 70 Brazilian companies met with entrepreneurs from African

Figure 5.2 Brazilian SMEs in Africa



Source: Authors.

countries and closed deals amounting to about US\$25 million. According to *Tendências e Mercados* 2010, these were in sectors such as food and beverages, clothing and footwear, automotive parts, electronics, housing and construction, and cosmetics.

The highest number of Brazilian SMEs is in Angola, where APEX opened a business center in 2010; operations began in January 2011. Since 2009 Angola and Brazil have formalized their intent to internationalize SMEs through the Angolan National Agency for Private Investment (Agência Nacional para o Investimento Privado or ANIP) and the Brazilian Agency for Industrial Development (Agência Brasileira de Desenvolvimento Industrial or ABDI). Some Brazilian SMEs are already in Africa (table 5.4), and others are interested in working there.

Table 5.4 The Brazilian SMEs in Africa, by country and sector

Countries	Start of activities	Investment	Employees	Sector	Presence	Comment
Algeria	—	—	—	Food	Export	—
Angola	2007	—	—	Food	3 stores: Luanda	Pioneering
	—	—	—	Education		—
	2009	—	—	Civil construction	Factory: Luanda	—
	—	—	—	Civil construction		—
	—	—	—	Agriculture	Representative	30% of the production directed to Angola
	2010	—	150	Supermarket	Stores in Luanda	—
	2010	—	—	Cassava processing	Factory (project)	—
	—	—	—	Machinery for ceramic industry	Export	—
	2009	—	—	E-commerce	Software	Partnership with Yanis
Ghana	2009	—	—	Civil construction	2 hydroelectric / ethanol plant (projects)	Fifth-largest construction company in Brazil
	2009	—	—	Equipment		—
	2009	—	—	Sugar	Plant (project)	Plans to build 10 plants in the country
Morocco	2007	—	—	Footwear	Export	—
Mozambique	2007	—	—	Sugar	Plant	70,000 tonnes of sugar
Nigeria	2011	—	—	Company for IT solutions. Mobile telephony.	Software	Bidding at Nigeria's Central Bank
Senegal	2011	US\$13 million	300 (est.)	Horticulture	Farms	Largest producer of melons in Brazil
South Africa	—	—	350 (only 6 Brazilians)	Utilities	Factory: Germinston	Largest Brazilian company in South Africa
Sudan	2009	—	—	Food		Exports of halal goods
Various	—	—	—	Food		Export
	—	—	—	Export	Several products	International trade representative

Source: Prepared by IPEA.

— is not available.

With the aim of studying and supporting the development of micro and small enterprises, the Tri-Nations Summit Meeting, which brings together South Africa, Brazil, and India, was initiated in 2006 under the IBSA Dialogue Forum. Managers and technicians from the Brazilian Service to Support Micro and Small Enterprises (Serviço Brasileiro de Apoio às Micro e Pequenas Empresas or SEBRAE), the Small Enterprise Development Agency (SEDA) of South Africa, and the National Small Industries Corporation of India have encouraged the Incubation Crusade Program to identify incubators and technology parks that can house entrepreneurs and companies from Brazil, India, and South Africa. This initiative aims to help in internationalizing these companies and their services.

APEX signed a cooperation agreement in 2011 with the Angolan National Purchasing Office (Central de Compras de Angola or CENCO), which is responsible for the Program for Restructuring the System for Logistics and the Distribution of Essential Goods to the Population (Programa de Reestruturação do Sistema de Logística e de Distribuição de Bens Essenciais à População or PRESILD). This is a public initiative by the Angolan government to bring basic consumer items to the population and to stabilize supply chains. Brazil, through its SMEs, is in an advantageous position in this promising consumer market. A key strategy of the Secretary for Foreign Trade in MDIC is to assist the entry of Brazilian companies into the Angolan market and to foster partnerships with Angolan (and other African) companies.

TRADE BETWEEN BRAZIL AND AFRICA

Over the past 10 years, the need for market diversification and the favorable international economic environment has reintegrated Africa with its Brazilian trade partners. In 2000, all 53 countries⁶⁵ on the African continent represented 3.83 percent of Brazilian trade with the world, of which 1.85 percent was with the 47 countries of Sub-Saharan Africa (table 5.5). At that time, Brazil's main trade partners were the European Union (29.95 percent) followed by the United States (23.81 percent), South America (19.93 percent), and Asia (16.21 percent). China accounted for 2.08 percent, a share greater than for Sub-Saharan Africa.

Ten years later, the scenario had changed somewhat. Diversification can be seen in the data for traditional partners such as Europe (down to 25.46 percent), South America (down to 15.74 percent), and the United States (down to 12.18 percent) and for emerging markets such as China (up to 14.70 percent) and Africa (up to 5.32 percent), of which 3.18 percent was accounted for by Sub-Saharan Africa.

Trade patterns

Despite the growth of trade between Brazil and the world, which went from nearly US\$111 billion in 2000 to about US\$383 billion in 2010, trade between

⁶⁵South Sudan is not included.

Table 5.5 Breakdown of Brazil's global trade, 2000–10 (%)

Country and region	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Africa	3.83	4.67	4.68	5.06	6.54	6.57	6.78	7.08	6.98	6.11	5.32
Sub-Saharan Africa	1.85	2.88	2.80	3.09	4.07	3.68	4.43	4.67	4.55	3.93	3.18
Africa—others	1.98	1.79	1.88	1.97	2.46	2.89	2.35	2.41	2.44	2.18	2.14
Central America	2.82	2.88	3.54	3.62	3.96	3.70	3.55	3.13	2.79	2.64	2.65
South America	19.93	17.27	14.09	14.76	15.75	16.68	18.24	17.96	16.96	16.48	15.74
Asia	16.21	17.70	19.90	21.56	21.40	23.16	24.17	24.55	27.79	31.44	34.06
China	2.08	2.84	3.78	5.50	5.74	6.34	7.15	8.31	9.82	12.86	14.70
Asia, except China	14.13	14.86	16.12	16.06	15.67	16.82	17.01	16.24	17.97	18.58	19.36
Europe	29.95	30.54	30.68	30.11	29.15	27.47	26.34	28.32	26.91	26.69	25.46
European Union	26.92	27.11	26.98	26.15	25.41	23.46	22.28	23.79	22.16	22.42	21.32
Europe, non-EU	3.03	3.43	3.70	3.95	3.74	4.01	4.07	4.53	4.75	4.27	4.14
United States	23.81	24.10	24.14	21.94	20.02	18.56	17.29	15.72	14.44	12.81	12.18

Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

Brazil and Africa has not yet reached 10 percent of that amount: the largest share was 7.08 percent in 2007 (the largest share for Sub-Saharan Africa was also in 2007, at 4.67 percent).

In quantitative terms, total trade between Africa and Brazil set a record in 2008, with US\$26 billion, of which US\$17 billion was for Sub-Saharan Africa (table 5.1). In 2000, the region accounted for 48.31 percent of this trade, having reached 65.96 percent in 2007. From 2008 (65.12 percent) to 2010 (59.74 percent), the share decreased because of political disturbances in countries in North Africa.

Africa's share of bilateral trade with Brazil during the past decade nearly doubled between 2000 and 2009 (figure 5.3). Even so, there is plenty of room for enhancing this relationship. In 2002, Africa accounted for 4.68 percent of Brazil's trade with the world. In the first year of President Lula da Silva's new administration (2003), growth rose to 5.06 percent. The year 2007 was the best in relative terms, at 7.08 percent, while in absolute terms 2008 was best, with trade of nearly US\$26 billion.

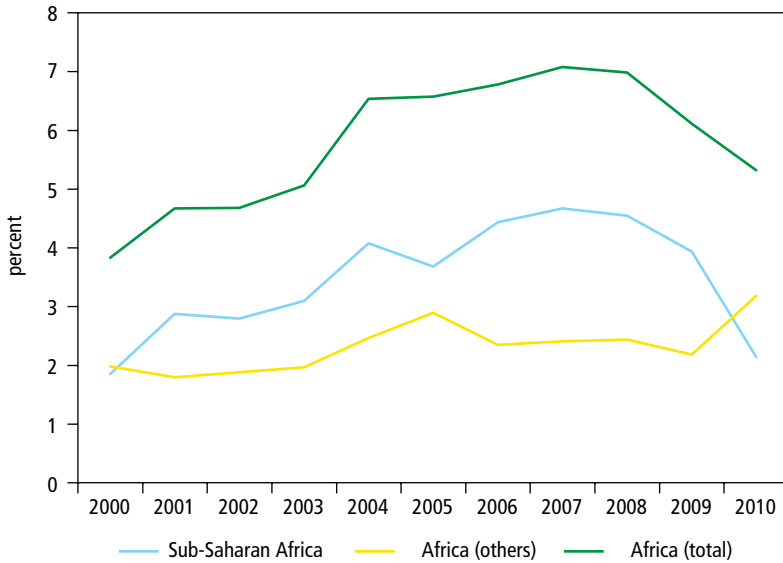
The African share of Brazil's trade declined between 2008 and 2010 (6.98 percent to 5.32 percent), stemming from a fall in commodity prices. (Growth was seen from 2000 to 2008.) Although there was some decline in levels in 2009

Table 5.6 Sub-Saharan Africa's share in Brazilian trade with Africa (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Exports	62.31	62.29	65.60	66.34	63.14	66.51	65.50	69.31	68.56	64.20	53.22
Imports	41.84	61.15	54.62	56.61	61.78	46.56	65.27	63.43	62.90	64.49	65.05
Trade	48.31	61.57	59.77	61.13	62.33	55.99	65.38	65.96	65.12	64.34	59.74

Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

Figure 5.3 Africa’s share in Brazilian trade



Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

(to US\$17 billion), due to the international financial crisis and the fall in commodity prices, a turnaround took place in 2010 (to US\$20 billion).

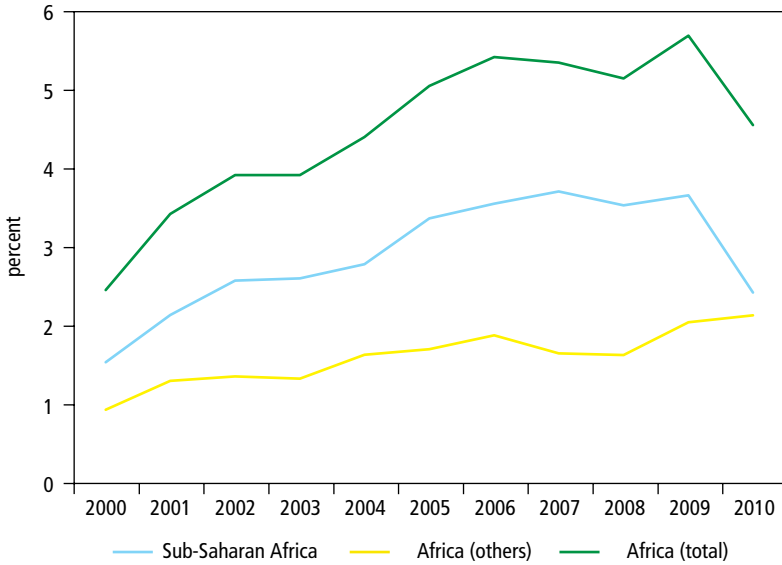
Exports

Africa received only 2.44 percent of Brazilian exports in 2000. By 2010, this share had almost doubled to 4.54 percent. In percentage terms, the highest share was reached in 2009, at 5.68 percent, which shows that Africa had become a viable alternative for Brazilian investors, promoting market diversification (figure 5.4). Exports increased in the period from 2000 (US\$1.3 billion) to 2008 (US\$10.1 billion), with a slight decline in 2009 (US\$8.6 billion) and a return to growth in 2010 (US\$9.1 billion). The decrease in 2009 can be explained by the same factors that caused a simultaneous fall in imports. There was also the consolidation of a greater Chinese presence in Africa, including operations that competed against the Brazilians in several sectors such as infrastructure, mining, and energy.

Brazilian exports to Africa between 2000 and 2010 consisted primarily of resource-intensive manufactured goods, technological products, and primary products. Primary goods showed continuous growth of 10 percent over this period, and accounted for almost 30 percent of Brazilian exports to Africa (figure 5.5). The share of primary products in Sub-Saharan Africa more than doubled, in relative terms, from almost 10 percent in 2000 to 20 percent in 2010 (figure 5.6).

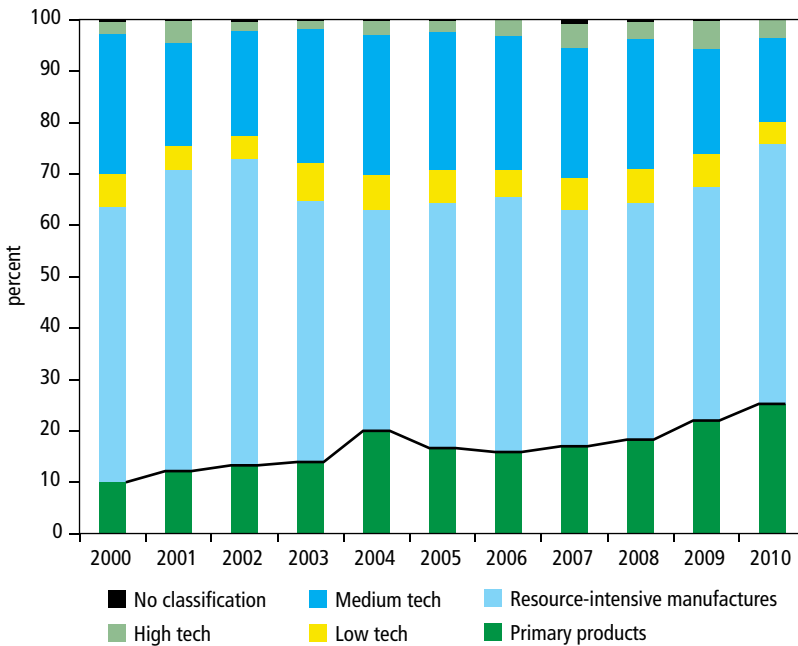
The Sub-Saharan countries were accountable for most of Brazil’s exports to the continent during the past decade. Thus, exports may have been leveraged by

Figure 5.4 Africa's share in Brazilian exports

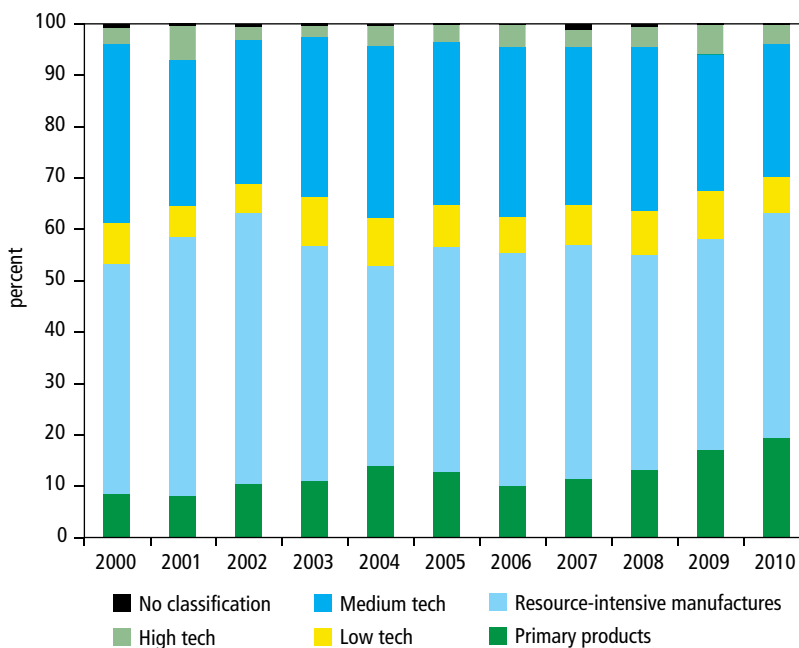


Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

Figure 5.5 Brazilian exports to Africa by classification



Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

Figure 5.6 Brazilian exports to Sub-Saharan Africa by classification

Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>)

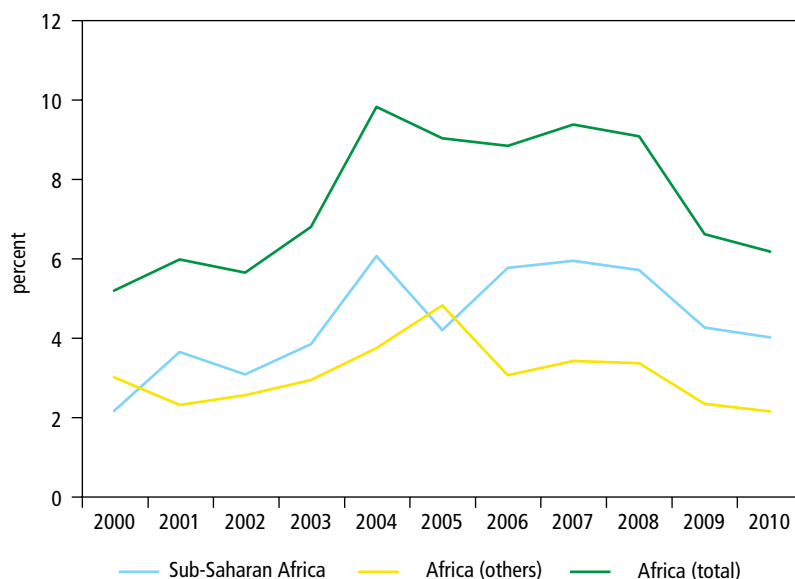
Sub-Saharan Africa, which, in 2007, had its largest share of exports from Brazil, at 3.7 percent. Since then, the region has begun to lose ground to countries in North Africa (Figure 5.4).

Even within Sub-Saharan Africa, Brazilian exports were concentrated in just five countries, which accounted for 51.36 percent of the total volume for the period of 2000–10; South Africa alone accounted for 18.93 percent.⁶⁶ The main exports were sugar and honey, rice, meat, vegetable oils, refined oil, and vehicles and automotive parts.

Imports

Africa's economic growth of the past two decades has spawned an emerging middle class with growing demands for products and services. In countries such as Angola, where the middle class represents 38.1 percent of the population, the depiction and dissemination of the Brazilian way of life (*jeitinho brasileiro*) through Brazilian soap operas (*novelas*) has influenced people's choices (AfDB 2011). Flights from Luanda to Rio de Janeiro or São Paulo are booked months

⁶⁶The other four countries are Nigeria (15.05 percent), Angola (12.53 percent), Ghana (3.26 percent), and Senegal (1.58 percent).

Figure 5.7 Africa's share in Brazilian imports

Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

in advance, as Angolan tourists visit Brazil and are eager to buy Brazilian goods.⁶⁷

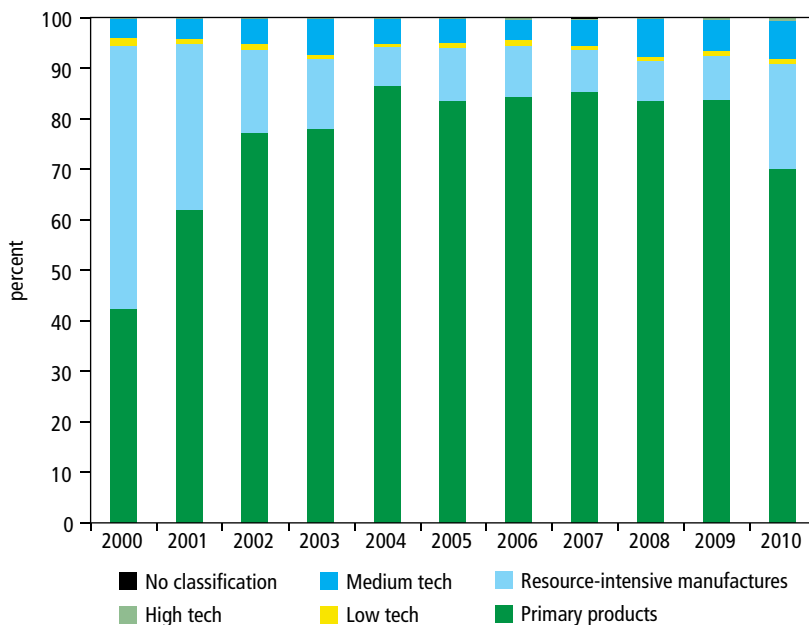
Africa provided 5.21 percent (US\$2.9 billion worth) of Brazilian imports in 2000, which grew to 9.84 percent (US\$6.1 billion) in 2004 and 9.10 percent (US\$15.7 billion) in 2008—an over fourfold increase. There was a further upward trend in the last two years of the decade (figure 5.7).

Sub-Saharan Africa, for its part, accounted for 2.18 percent (US\$1.2 billion) of Brazilian imports in 2000. There was continuous growth after 2000, and in 2004 the figure reached 6.08 percent (US\$3.8 billion). The fall in 2005 to 4.21 percent (US\$3.1 billion) was quickly readjusted, and in 2006 the figure rose to 5.78 percent, though there was a further period of decline from 2008 (5.72 percent) until 2010 (4.03 percent).

Brazilian imports from Africa during the period consisted mainly of primary products, which in 2000 made up 40 percent of the total, rising to about 70 percent in 2010. The share of low- and medium-technology products was lower, together not exceeding 10 percent of imports throughout the entire period (figure 5.8).

The top five sources in Sub-Saharan Africa provided 59.53 percent of imports. Nigeria alone accounted for 46.81 percent—its main products being

⁶⁷ Interview with the former Angolan Minister for Economic Cooperation, August 2010.

Figure 5.8 Brazilian imports from Africa by classification

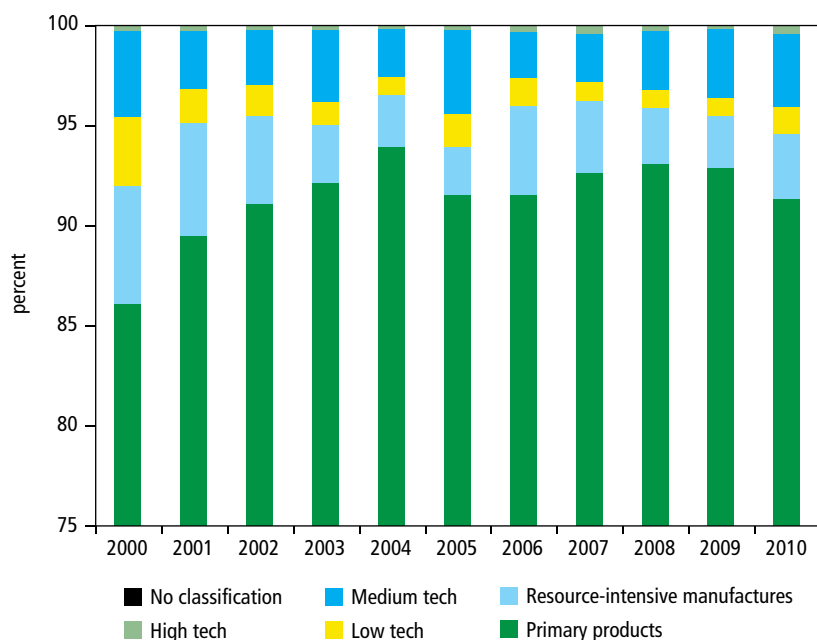
Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

crude and refined oil as well as natural and manufactured gas.⁶⁸ Imports from Sub-Saharan Africa followed the same pattern as for the rest of the continent (figure 5.9).

Sub-Saharan Africa also managed to increase its share of Brazilian imports, especially in 2004, when it almost tripled the share compared with 2000. Given that Brazil's imports from the whole of Africa (as well as from other regions) declined over that period, this increase is noteworthy.

Brazil is still facing constraints to trade and investment in Africa. In the 2010 discussions on the next PDP (2011–14), it was noted that Africa had an important role to play in Brazilian growth. Cultural and historical links, as well as Brazil's technical and institutional expertise, were recognized. But constraints were also identified, including the inexperience of Brazilian companies abroad, lack of knowledge of the realities of Africa, limited credit, lack of good infrastructure for moving people and goods in Brazil and in Africa, as well as corruption and poor legal frameworks in many African countries. Several officials, both Brazilian and African, pointed out that communication channels and transportation for people and products are key constraints. In addition, some African countries are still classified as fragile and others are in a transi-

⁶⁸ The other four countries were Angola (5.65 percent), South Africa (5.53 percent), Congo (0.96 percent), and the Côte d'Ivoire (0.57 percent).

Figure 5.9 Brazilian imports from Sub-Saharan Africa by classification

Source: Prepared by authors based on data from the UN Comtrade database (<http://comtrade.un.org/db/>).

tional phase, and Brazilian firms would require sizable investment to train the local workforce and develop human capital.

Brazil and Africa need to work together so as to improve funding for African business missions to Brazil, implement strategic approaches to attract Brazilian investors to Africa, and increase African nations' knowledge of Brazil. A more targeted approach at the state level in Brazil is also required. The development of a Brazilian strategy for Africa would be an important contribution and complement to Brazilian foreign policy efforts. Such a strategy would not be complete if it did not raise awareness of relevant issues among local stakeholders in the nations involved.

TRENDS AND FUTURE PROSPECTS

Trade between Brazil and Sub-Saharan Africa has increased greatly over the past 10 years, directly related to the deepening of political relations between the two sides. The main products are in energy (oil and gas), agriculture (food and fertilizers), cattle (beef), mining (iron ore), and automobiles (vehicles and parts). Brazil's 10 leading trading partners in Sub-Saharan Africa are Nigeria (32.83 percent), South Africa (11.43 percent), Angola (8.68 percent), Ghana (1.47 percent), the Democratic Republic of Congo (0.77 percent), Senegal (0.71

percent), Côte d'Ivoire (0.69 percent), Cape Verde (0.45 percent), Benin (0.42 percent), and Mauritania (0.41 percent). These countries accounted for 57.87 percent of total bilateral trade with Sub-Saharan Africa over the period. This shows that Brazilian trade is concentrated within a specific group of countries (the majority non-Lusophone), and so has room for greater diversification and stronger relations with other African countries.

Despite the expansion in trade, FDI from Brazil to Africa has shown only a limited increase. The drivers of this restrained behavior, as well as measures that might boost FDI, are important themes for future research.

The change in Brazil's administration in January 2011 has not shifted the nation's focus on South-South cooperation (*Carta Capital* 2011). Associated initiatives will remain a Brazilian foreign-policy priority, especially efforts to develop closer ties with Africa (Patriota 2011), which was demonstrated in the first visit of President Dilma Rousseff to South Africa, Angola, and Mozambique, after only 10 months in office, in October 2011. Current operations converge with the initiatives of the previous government, suggesting that Brazilian diplomatic moves toward Africa will at a minimum maintain existing political ties, if not deepen them. In fact, President Dilma Rousseff named former President Lula da Silva as the chief representative for the Brazilian delegation at the last African Union Summit in July 2011. In addition to confirming Brazil's interest in Africa, this confirms Lula's personal interest in Brazil-Africa issues.

Actors involved in Brazilian initiatives in Africa, such as development institutions, are continuing their operations in Africa, not only in credit projects and foreign trade, but in scientific and technical partnerships. Many of these activities are planned for a period beyond a single governmental term of office. Brazilian investors thus face the problem that some African governments might default, leaving debts to be assumed by the Brazilian government (as has happened before).

Another area of interest is the development of an African middle class. Many Brazilian SMEs are targeting this market, especially in the Portuguese-speaking countries (AfDB 2011). Brazilian companies that have traditionally done business in Africa are prepared not only to increase their investment but also to diversify their areas of operation.

In sum, incentives provided to boost Brazilian exports to Africa in the past decade helped to develop a conducive business environment and to increase trade between the two regions. These successes augur well for continued progress in the short and medium term.



Conclusions, Lessons and Policy Recommendations

KEY MESSAGES

- Africa's growing populations and economies, alongside the improved governance of its countries, make it a continent of opportunities. But it still faces a wide infrastructure gap, vulnerability to climate change, and weak institutional capacity. Africa's strengths and challenges offer prospects for South–South trade and investment, from which Brazilians and Africans alike can benefit.
- The fact that Brazil shares historical, cultural, economic, and climatic similarities with large parts of Africa—and that it has largely overcome similar developmental challenges in the past 50 years—make its technical support of particular value, especially in poverty reduction, agriculture, health, renewable energy, vocational training, infrastructure, and mining. Demand for Brazil's support is growing across Africa.
- For Brazil, the intensification of its cooperation with Africa has important economic, geopolitical, and domestic dimensions that reflect the country's larger ambitions as a global player, as well as its desire to give back to the homeland of a large share of its population.
- Africa's growing trade and investment relationship with Brazil—such as its increasing ties with China, India, and other emerging markets—represents new opportunities both for the continent and the World Bank.
- The World Bank has played a peripheral and incidental role in this relationship, in part due to structural impediments. This is, however, changing through the implementation of the renewed Africa Strategy and its pillars. Based on the analysis of the Brazil–Africa case, it is clear that South–South collaboration will play a key role in the future—through partnerships, knowledge exchange, and finance. But better tools and incentives are needed for the Bank to systematically incorporate and leverage South–South engagement in implementing this strategy, particularly in investment and trade.

CONCLUSIONS

As the previous chapters have illustrated, the past decade has witnessed unprecedented growth in Brazil's political and economic relations with Africa. This reflects a shift in focus in Brazil's foreign relations with other emerging markets and developing countries, as initiated by President Lula da Silva in 2003. The renewal of relations between African nations and Brazil is significant, not only when seen against the backdrop of their shared history, but also within the broader framework of a new South–South architecture.

Brazil's strong historical ties and affinities with Africa differentiate it from the other original BRIC countries, and China and Russia in particular (chapter 2). Brazil and Africa share a colonial history (along with a common language, in the case of the former Portuguese colonies); the pernicious effects of the slave trade on economic development; grinding rural poverty; overburdened cities whose burgeoning growth is unguided by proper planning or oversight; common climatic conditions and dependence on natural resources; and challenges in areas such as infrastructure, land reforms, justice, and wealth distribution.

As Brazil overcomes many of these challenges to become a more prosperous, developed country, its experience offers lessons for African countries that are quite different from those offered by Western Europe, the United States, or even China. South–South cooperation ideally emphasizes principles of mutual respect, sovereignty, and cooperation. This contrasts with the traditional model of North–South relations, in which developing countries receive aid linked to economic and political conditions from developed countries that often include their former colonial rulers. New multilateral South–South tools—such as the IBSA Fund for Alleviation of Poverty and Hunger—are in effect sidestepping established mechanisms and organizations (including the World Bank), in part because the traditional institutions are perceived to be dominated by developed countries' interests.

In Africa's case, the entrance of new players from emerging markets—particularly in trade and investment—is creating new opportunities and new threats. On the one hand, the influx of new trading partners allows many nations, especially those with natural resources or large populations, to diversify potential partners and strengthen their bargaining position. On the other, new competition raises the stakes for many smaller, resource-poor countries in Africa to find areas of comparative advantage. Additionally, some companies and governments in the new, emerging markets endeavoring to trade with African nations have not fully embraced multilateral efforts to improve governance and transparency, which may delay or derail recent progress on these issues in many African countries. This is one area where the World Bank can leverage its unique position by supporting sustainable South–South investment and trade with Africa.

African countries are increasingly seeking Brazil's cooperation, technical assistance, and investment (chapter 4), especially in areas where Brazil's experience is particularly relevant for Africa, such as poverty reduction (for example,

Zero Hunger and Bolsa Família), agriculture, health (particularly HIV/AIDS, malaria, and maternal health), renewable energy (hydroelectric and sugarcane-based ethanol), infrastructure, deep-sea oil drilling, and mining. An excellent example of how this cooperation can support local development and Brazilian interests in Africa is seen in the vocational training programs run in five countries by SENAI. In at least two cases—Odebrecht in Angola and Vale in Mozambique—Brazilian companies sought SENAI's assistance in developing training programs to overcome a lack of qualified local staff, avoiding the need to bring in expatriates to perform these jobs.

Whereas Lusophone countries—particularly Angola, Guinea-Bissau, and Mozambique—have a longer history of seeking such assistance, many other African countries have approached Brazilian government agencies and organizations in the past decade, including Benin, Burkina Faso, Chad, Malawi, Ghana, Mali, Senegal, and South Africa. Brazil's main aid agency, the ABC, now devotes 50 percent of its limited funds to Africa. However, both the ABC and other institutions, including sector ministries that carry out technical assistance such as EMBRAPA, face budgetary constraints and a lack of qualified experts who can meet the African states' growing demands. Brazil would therefore benefit from more extensive cooperation with the World Bank and other bilateral and multilateral aid agencies.

How does Brazil now view Africa? Consistent with the broader South–South framework and the country's own approach, Brazil's position is more of a partner than a donor (chapters 3 and 5). Even as it graduates from being an aid recipient to take on a more active funding role in multilateral institutions such as the World Bank and the International Monetary Fund, the country is reluctant to provide direct financial aid to African countries, preferring technical assistance, cooperation projects, training, guarantees, and other instruments to support the countries in question as well as Brazilian private and public partners. Brazil also favors expanding multilateral efforts led by developing countries, such as the ASA Summit and the inclusion of South Africa in the BRICS group.

Reflecting Brazil's own domestic growth model, which mixes a dynamic private sector with targeted support by BNDES and other government agencies and institutions, the country's recently intensified engagement with Africa demonstrates both geopolitical ambition and economic interest. Brazil's private sector—engaged in Africa since the 1980s—has relied heavily on government support for its African exposure, particularly in construction, where Brazilian companies have generally built publicly financed infrastructure projects. Trade and investment missions highlight both the newfound importance of Africa and the close relationship between the public and private sectors, with Brazilian debt relief to the continent exceeding US\$1 billion. Another unique aspect of Brazil's role is that it has also fostered triangular (North–South–South) relations, which involve both Africa and developed countries. One example is the Community of Portuguese Language Countries. This is another area that the World Bank could explore in terms of possible support.

The statistics on Brazil's investment and trade in Africa (chapter 5), speak for themselves. For example, Brazil's trade with Sub-Saharan Africa rose from

US\$2 billion in 2000 to US\$12 billion in 2010. Investment and trade have become more diversified by geography and sector. Ten years ago, the main focus was Lusophone Africa, especially Angola; now trade and investment partners include countries as diverse as Guinea, Namibia, South Africa, and Sudan, though the strongest relationships are still with the Portuguese-speaking nations. While 10 years ago, investment was driven primarily by Brazilian construction companies, it now reaches mining, agribusiness, manufacturing, and aircraft industries.

The geopolitical dimension of the Brazil–Africa relationship is also important. Stronger economic and political ties have already led to some important victories for Brazil on the world stage. These include its position as future host of the Olympics and World Cup and the recent election of a Brazilian (José Graziano da Silva) as director-general of the Food and Agriculture Organization of the United Nations. In all three cases, it appears that an overwhelming number of African countries voted in Brazil’s favor. Brazil also leverages its relationships with African nations in forums such as the World Trade Organization and the UN, its goal being to obtain a permanent seat on the UN Security Council.

Brazil is engaged in a complicated and multifaceted relationship with other BRICS nations, especially China. Though China has become Brazil’s largest trading partner—in buying natural resources and selling manufactured goods—there is a strong sense that Africa is a “battleground,” where Brazilian construction and mining companies compete with their Chinese counterparts for markets and resources.⁶⁹ On one of his last trips to Africa as president, President Lula da Silva made this clear by speaking of China as a rival on the continent and showing pride in Brazil’s comparative advantages as a partner.⁷⁰

While relations between Brazil and Africa have greatly intensified over the past decade, major obstacles remain (chapters 3 and 4)—particularly a very wide knowledge gap on both sides of the South Atlantic. Most Brazilian individuals and companies—including many SMEs—have limited and often outdated information on Africa; what information they have is often limited to Angola, Mozambique, and occasionally South Africa. For example, few Brazilians know that Nigeria’s population is likely to overtake Brazil’s in the next decade, or that Ethiopia has a population larger than that of Germany. And many non-Lusophone African countries face language obstacles when obtaining information from Brazil, especially from the government, since such information is rarely available in English or French. Another impediment is that—despite the geographic proximity between West Africa and eastern Brazil—there are few direct flights between the two, and bureaucracy on both sides can slow maritime trade to 80 days from a possible 10. The World Bank could

⁶⁹In early July 2011, for example, Vale was competing against China’s Jinchuan, both of which had made offers to buy out Metorex, a South Africa–based copper and cobalt company with important concessions in the Democratic Republic of Congo. www.dci.com.br/Vale-deve-ficar-fora-de-leilao-pela-companhia-africana-Metorex-1-380539.html.

⁷⁰While in Tanzania, President Lula da Silva was quoted as saying that Brazil’s products are of better quality and that Brazil, unlike China, employs local labor forces (Lima 2010).

assist in overcoming these obstacles, enabling the Africa–Brazil relationship to expand, bringing additional benefits to all sides.

The growing relationship between Africa and Brazil reveals broader lessons for the World Bank and other international players, who would do well to strengthen support for South–South initiatives overall. While there are, of course, unique historical, cultural, and geographic aspects of the Brazil–Africa case, there are also many commonalities with other South–South relationships—including those between African countries and India and China. With this in mind, we now turn to the broader implications for South–South cooperation, particularly for the World Bank’s evolving role in it.

LESSONS FOR WORLD BANK GROUP SUPPORT FOR SOUTH–SOUTH COOPERATION

Over the past few years, “South–South” has become a catchphrase across the development community, including the World Bank Group. Its importance is reflected in the prominent mention it receives in the new (March 2011) Africa strategy, “Africa’s Future and the World Bank’s Support to It”;⁷¹ in the 16th Replenishment of the International Development Association (IDA);⁷² and in other recent documents from the World Bank, the Multilateral Investment Guarantee Agency (MIGA), and the International Finance Corporation (IFC). Not only does this signal the growing importance of the South–South relationship but also the fact that the Bank itself is changing; emerging or developing countries, such as China and Brazil, are playing an increasingly prominent and confident role as donors and participants in management discussions over the future of the organization’s activities.

The potential for the Bank to play a significant role in supporting and leveraging South–South cooperation is immense. On the one hand, it has a direct physical presence in nearly all developing countries and emerging markets. In Africa, for example, it has a far greater presence (in number of countries it is in and number of professionals in those countries) than Brazil does.⁷³ For South–South cooperation, importantly, the Bank has already established relations with agencies in emerging markets such as Brazil, India, and China that are now being sought by African countries for support. Furthermore, many Bank staff are themselves from emerging or developing countries, with technical expertise

⁷¹ For example, pp. 6 and 7. http://siteresources.worldbank.org/INTAFRICA/Resources/Africa_s_Future_and_the_World_Bank_s_Role_in_it.pdf.

⁷² IDA16: *Delivering Development Results*, World Bank, February 15, 2011 (modified March 18, 2011). <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:22495227~menuPK:6827445~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>.

⁷³ Brazil now has diplomatic representation in 37 African countries, which includes North Africa; according to the World Bank’s website, as of July 2011, the Bank partners with 47 Sub-Saharan countries and is involved in 506 projects there.

directly relevant to South–South cooperation. But, as mentioned above, there is a perception that the role of the Bank (and other traditional development players) is under challenge from China and other emerging markets, particularly in Africa.⁷⁴

Since 2008, the World Bank’s involvement in individual South–South cooperation projects involving Brazil has increased. The World Bank office in Brasilia has received more than 50 requests for support for South–South cooperation projects between Brazil and countries across Africa and from other continents in sectors ranging from education to land management and climate change. These initiatives have the strong support of the World Bank Country Director for Brazil and his staff. Even though they were not directly embedded in the 2008–11 Country Partnership Strategy,⁷⁵ the new Strategy emphasizes Brazil’s role in South–South cooperation, particularly in health. It also includes a pilot initiative—a US\$30 million World Bank loan to Brazil and a US\$10 million IDA technical assistance credit for an economic development project with Mozambique involving various Brazilian ministries and agencies, which could be expanded to other African countries. It also refers to an initiative being undertaken within the Africa–Brazil Agricultural Innovation Marketplace, administered by EMBRAPA and supported by a three-year US\$1.5 million Development Grant Facility. These initiatives are not directly coordinated with the Bank’s Africa Region yet, but are mainly coordinated by the Brazil Country Management Unit. It will be important for the Country Partnership Strategy itself, and the South–South activities related to Africa, to enjoy the active involvement of the Bank’s Africa Region, to maximize potential benefits across the region and avoid duplication of efforts.

The most concrete aspect of South–South support within the Bank has been the establishment of the South–South Experience Exchange Facility managed by the World Bank Institute. Since its creation in 2008, it has promoted many knowledge-exchange activities between countries, including Brazil and a few African nations.⁷⁶ Knowledge exchange is one of the areas where the Bank can leverage its experience and connections to expand the benefits of South–South cooperation. But this facility is clearly not sufficient to cover the increasing demand for the Bank’s technical support across sectors (ranging from private sector development to irrigation).

⁷⁴As of July 2011, the World Bank’s Africa Region website reflected this perception, featuring a BBC “Hardtalk” interview with Africa Region Vice President Obiageli Ezekwesili held on June 8, 2011, under the title “World Bank Not Losing to China in Africa” (<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,menuPK:258649~pagePK:158.889~piPK:146815~theSitePK:258644,00.html>, linking to <http://news.bbc.co.uk/2/hi/programmes/hardtalk/9507801.stm>).

⁷⁵The document mentions Brazil’s potential in South–South cooperation and the World Bank Institute as a potential partner in that effort, but without significant elaboration of the mechanisms that could be used (p. 31).

⁷⁶<http://wbi.worldbank.org/sske/sske/donors>.

As our review of internal Bank documents and interviews with staff⁷⁷ have shown, there is still a large gap between the strategies outlined on paper and those put in practice, for several reasons. First, the structure of the Bank, particularly with respect to the regions, is an issue—there is neither organized interaction nor joint work plans between the Africa Region and the Latin America and the Caribbean Region, for example. Similarly, sector teams do not appear to be focused, in an organized manner, on linking across regions to support South–South projects.

Second, both at the IDA level and across the Bank at large (as well as perhaps the broader development community), there is an ongoing debate about what makes South–South cooperation different from North–South cooperation. On the one hand, as illustrated above, Brazil and other emerging countries are eager to emphasize the differences between their “new” approach—which stresses respect for sovereignty, noninterference in domestic affairs, rejection of tied aid, and an emphasis on technical cooperation—and that of traditional North–South cooperation (which in this view includes the World Bank Group). But in practice, much South–South cooperation is performed in ways identical to traditional development support. This makes the task of discerning specific IDA or Bank mechanisms tailored to supporting, and learning from, such cooperation more complicated—but no less necessary.

Furthermore, as with any other organization, work tends to flow toward those areas for which specific goals and incentives are set. As far as our research has shown, the Bank is generally not linking work programs, performance evaluations, or other incentives to performance in South–South cooperation, nor are there cost centers or units dedicated to this area. While few would suggest creating a new bureaucracy just for South–South cooperation, it is worth examining whether its absence is an impediment and, if so, how appropriate incentives could be developed.

On IDA, the replenishment document repeatedly mentioned both the importance of South–South development and IDA’s role in it. On stakeholder consultations, for example, the report stated that participants⁷⁸ “noted IDA as having a unique global role, especially as a convener of development partners and a connector of South–South experience” and that participants requested IDA to intensify capacity building of staff and country counterparts by “facilitating South–South dialogue.” The report and IDA representatives also acknowledged the increasing role that China, Brazil, and other prominent emerging markets are playing in IDA’s replenishment process specifically and

⁷⁷ Among the documents reviewed were the latest country assistance evaluation, country assistance strategy, country partnership strategy, and interim strategy note for five African countries (Angola, the Central African Republic, Mozambique, Nigeria, and Senegal) and Brazil; interviewees included Shantayanan Devarajan, Chief Economist, Africa Region; Makhhtar Diop, Country Director, Brazil; Antonella Bassani, Director, IDA Resource Mobilization Unit; and Ileana Boza, Global Head, Business Strategy and Client Development, MIGA.

⁷⁸ Participants are representatives of donor governments and borrower countries.

in IDA more broadly.⁷⁹ But as in other areas of the Bank, there seem to be few activities directed specifically at South–South support. Staff from the IDA Resource Mobilization Office (CFPIR)⁸⁰ questioned the necessity of particular mechanisms, suggesting that IDA programs can be applied equally to all stakeholders, whether from developed or emerging nations. This, however, runs counter to participants’ comments and experience to date, which show that both new donors and recipients want an intensified and differentiated focus on South–South issues.

One of the areas where the Bank could play a direct role in fomenting South–South cooperation is through promoting the participation of companies from emerging markets in World Bank procurement, particularly in Africa. This would have both the beneficial effect of bringing more directly relevant experience from Brazilian companies to Africa, as well as signaling the growing role that emerging nations are playing within the World Bank itself. Through the Enterprise Outreach Services⁸¹—which aim to strengthen the World Bank Group’s relations with the private sector so as to inform and promote the participation of private companies—the Bank could organize awareness-raising workshops in Brazil (as it does for European and U.S. firms) about the Bank’s products and services to foster private sector investment in Africa. Another way of promoting private sector engagement would be to increase the number of liaison officers in Brazil, to become part of the Private Sector Liaison Officers Network.⁸² Out of the 27 states in Brazil, only two are represented: the Federations of Industries of Rio de Janeiro State and of the State of São Paulo.

Private sector development, especially investment and trade, is probably the most neglected area of South–South cooperation in the Bank’s new approach: at least in Brazil’s case, there has been virtually no activity. Of the 37 South–South activities for fiscal 2009/10 and 2010/11 mapped out by the Bank’s Brazil office,⁸³ none directly targeted private sector development. Several (such as energy/mining, urban transport, and road sector/procurement) may have had an indirect impact on investment and trade, but overall this area requires more focus, particularly since some initiatives—including joint Bank–IFC analysis of the investment climate, as expressed in *Doing Business* indicators—would be able to add significant value.

Among all the Bank group members, the IFC has developed a specific initiative—funding of US\$1 million for South–South cooperation focused on investments in Africa. This South–South Emerging Markets to Africa initia-

⁷⁹ Interview with Antonella Bassani, Washington, DC, June 7, 2011.

⁸⁰ Interview conducted in Washington, D.C., July 2011.

⁸¹ World Bank, “Enterprise Outreach Services,” <http://web.worldbank.org/WBSITE/EXTERNAL/OPPORTUNITIES/ADVISORYSERVICES/EXTEOS/0,,menuPK:575141~pagePK:64168427~piPK:64168435~theSitePK:575135,00.html>.

⁸² <http://web.worldbank.org/WBSITE/EXTERNAL/OPPORTUNITIES/ADVISORYSERVICES/EXTEOS/0,,contentMDK:20663353~pagePK:64168445~piPK:64168309~theSitePK:575135,00.html>

⁸³ LC5 CMU—List of S-SC Activities 2009–12 (internal World Bank document).

tive is designed to catalyze investments from a variety of countries (including Brazil, China, and India) in Sub-Saharan Africa.⁸⁴ This builds on the IFC's efforts to develop partnerships with Chinese and Indian companies, with a focus on moving toward a more systematic approach, with dedicated staff and resources. Clearly, the IFC—both for its financial expertise and its experience in the investment climate and technical assistance—can be an important partner for companies from emerging markets, and the initiative could deepen the relationship between the IFC, its private sector clients, and investee countries. It would be important, however, to coordinate this IFC initiative more fully with the World Bank Africa Region to build on and reinforce the Bank's efforts in investment and trade for the region.

MIGA, for its part, has incorporated the issuance of guarantees—namely political risk insurance—for South–South investments as one of its key strategic targets. Since many investor countries from the South—such as Brazil, Russia, and Mexico—lack their own national political risk insurance mechanisms, and private insurance remains scarce and expensive for many African countries perceived to be higher risk, MIGA can play a catalytic role for such investments. But since it is not a provider of finance, its role is ancillary. Until recently, MIGA's lack of presence outside Washington, DC, hampered its ability to reach out directly to South–South investors; the recent opening of its Singapore office is, in part, aimed at identifying and supporting investors from emerging markets in Asia.⁸⁵ Beyond this, outreach relies on “finders” and brokers, as well as the IFC offices. Bank staff in local offices often have limited knowledge of MIGA's services, though they could play an important role in disseminating them. These impediments, as well as the lack of any particular incentives for MIGA support of South–South investments, have held back growth in this important segment. Nonetheless, in fiscal year 2010, six of the 19 projects that MIGA supported were considered South–South, although they only accounted for about 11 percent of the dollar amount of guarantees issued.⁸⁶

POLICY RECOMMENDATIONS AND NEXT STEPS

The World Bank has tremendous potential to support South–South cooperation in knowledge exchange, trade, and investment to all its stakeholders' benefit, but it is still at the early stages of realizing this potential. The recommendations below are made in the spirit of moving the Bank closer to its goals

⁸⁴Interview with Thierry Tanoh, IFC vice president for Sub-Saharan Africa, Latin America and the Caribbean, and Western Europe, July 26, 2011; reference is to the IFC's strategy and budget for fiscal year 2012.

⁸⁵Interview with Ileana Boza (Washington, DC, June 13, 2011). The office does not focus exclusively on emerging market companies from Asia, but also those from Japan, Australia, and so on.

⁸⁶South–South issuance was US\$159 million out of total MIGA issuance in fiscal year 2010 of US\$1.464 billion. www.miga.org/documents/10ar_highlights.pdf.

in this regard: using its resources efficiently and effectively to recognize and support the rising role of emerging market players in development, particularly in Africa.

It is useful to distinguish the different roles that the Bank can and should play in Brazil–Africa relations (and South–South cooperation more broadly). These are:

- Directly supporting the parties (Brazilian government or private sector, or African governments or private companies) for specific South–South projects, through lending, guarantees, or other forms of assistance.
- Expanding projects that originated in bilateral relations between Brazil and a given African country to other African countries. For example, a Brazilian technical assistance project in Mozambique may be highly relevant to Tanzania; the Bank could help to disseminate information on that project, either through Bank staff, or by funding Brazilian or Mozambican experts to apply the experience in Tanzania.
- Facilitating knowledge and best-practice exchange between Brazil and Africa, particularly with Lusophone countries, given the interest among African countries in Brazilian best practices. It would be equally beneficial to promote joint applied research between African and Brazilian learning institutions.
- The Bank’s Africa Region should establish mechanisms to facilitate the contribution of the diaspora in Brazil to the Bank’s knowledge agenda and capacity development efforts in Sub-Saharan Africa. Equally, the Africa Region should reach out to private firms and contractors from the diaspora to promote their participation in the Bank’s projects in Sub-Saharan Africa.
- Playing a facilitating role for strengthening the African Union and Brazil dialogue on the diaspora and helping the African Union to reach out to other countries in the Latin America and the Caribbean Region.⁸⁷

We make the following recommendations to the Bank:

- Examine the current and potential impact of the Bank’s traditional activities relevant to South–South cooperation through the prism of that co-

⁸⁷ The Bank signed a memorandum of understanding with the African Union Commission in September 2008. This shows that relations with the diaspora form one of five priority areas of partnership and engagement between the Bank and the Commission. The Bank provided two grants to support the Commission’s Citizens’ and Diaspora Directorate to implement its global diaspora program. The first grant supported the regional coordinating functions in representation missions in the United States, the Caribbean, South America, Australia, Asia, the Middle East, and the Gulf. The second supported a study to allow better understanding of the diaspora in Latin America and the Caribbean. One of the key recommendations of the study was to set up a “dedicated Diaspora Mission in Brazil, to serve as a platform and coordination clearing house for all Afro descendant Diaspora initiatives in Central, South America and the Caribbean” (Moses 2011).

operation. Areas include the investment climate, governance, agriculture, health, and education. As an example, Brazil's highly successful program on HIV/AIDS and malaria prevention and treatment are directly relevant to the Bank's initiatives.

- Improve coordination across Bank regions and between sectors and regions by setting up cross-regional teams (for example, between the Latin America and the Caribbean Region and the Africa Region) to exchange experiences and implement specific South–South activities, sometimes with initiatives already under way.
- Systematically incorporate measurable South–South dimensions into country assistance strategies, country partnership strategies, country assistance evaluations,⁸⁸ and so on. Also, evaluate whether specific internal incentives or mechanisms to support South–South cooperation (such as work programs and job evaluations) could be useful, while not creating new bureaucracies. As part of this exercise, it would be useful to gather and disseminate successful examples of Bank work in this area, such as the Brazil Country Management Unit's work program for South–South cooperation, to help streamline such activities in a more systematic and strategic way across the Bank.
- Systematically consult with the Brazilian government as well as with other major emerging-nation governments involved in South–South cooperation as practitioners or donors (such as the BRICS nations, as well as Mexico, Saudi Arabia, and Turkey) to get their views on how Bank support could be made more relevant and effective. The objective would be both practical and strategic—namely, to help the Bank overcome the perception among some stakeholders that it does not sufficiently recognize and understand their contributions to development. One example could be the exploration of a joint program between the World Bank Group and BNDES to support Brazilian trade and investment in Africa.
- Within the Bank, expand the focus of actual South–South activities from the World Bank Institute to other areas (particularly infrastructure, investment climate and private sector development, governance, health, and education) and include more technical assistance and lending in these areas (in addition to knowledge exchange). In particular, we stress the need for more activities directly related to investment, private sector development, and job growth, which so far seem to be outside the main scope of South–South activities contemplated in Bank programs.
- Reexamine current dissemination and marketing efforts to ensure that companies based in emerging markets have an equal chance of being contracted, particularly for projects outside their own country or region. Our impression, based on conversations in Brazil, is that Brazilian companies, at best, are aware of procurement opportunities within Brazil, but not in Africa, Asia, or elsewhere.

⁸⁸ Many Bank documents contain references to South–South cooperation without enumerating or measuring such activities.

- Explore where there are specific areas or aspects of programs that relate to South–South development projects that could benefit from joint work programs or goals, because coordination between the Bank, IFC, and MIGA remains a challenge for supporting South–South cooperation. Two among many examples are greater alignment between the Bank and IFC country offices in key emerging markets for the promotion of sustainable South–South investment and better training, and incentivizing Bank (and IFC) staff in country offices to “cross-sell” MIGA’s guarantee services.
- Further strengthen coordination with other multilateral bodies, particularly the newer South–South mechanisms, for the Bank to be an effective player in South–South cooperation,⁸⁹ overcome some stereotypes in developing countries, and avoid duplication of efforts. The Bank, for example, is in an excellent position to facilitate an annual global South–South development summit, preferably in an emerging or developing country.

In conclusion—as this study on Brazil–Africa knowledge exchange, trade, and development illustrates—emerging markets will play an ever greater role in Africa’s economic and political future. The Bank’s role is changing and will need to evolve even more quickly to remain relevant and proactive, rather than peripheral and reactive. The Bank will therefore have to overcome internal and external obstacles, real and perceived, which it can best do by consulting its own shareholders from emerging markets and developing nations. The World Bank has long been Africa’s premier development partner, and has the right tools to continue playing that role. But to realize its potential, it will need to update its tools and how it uses them. The result should yield strong, positive results for all its stakeholders.

⁸⁹ For example, the OECD’s *African Economic Outlook 2011*, which included a chapter on Africa’s emerging markets, was prepared with, as well as the OECD, the African Development Bank, the UN, the African Economic Community, and the European Investment Bank—but not the World Bank.



Appendixes

APPENDIX 1. THE G-20 MEMBERS

The G-20 is made up of the finance ministers and central bank governors of 19 countries and the European Union namely Argentina, Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, and the United States of America.

To ensure that global economic forums and institutions work together, the Managing Director of the International Monetary Fund (IMF) and the President of the World Bank, plus the chairs of the International Monetary and Financial Committee and Development Committee of the IMF and World Bank, also participate in G-20 meetings on an ex-officio basis. The G-20 thus brings together important industrial and emerging-market countries from all regions of the world. Together, member countries represent around 90 per cent of global gross national product, 80 per cent of world trade (including EU intra-trade) as well as two-thirds of the world's population. The G-20's economic weight and broad membership gives it a high degree of legitimacy and influence over the management of the global economy and financial system.⁹⁰

APPENDIX 2. SOUTH–SOUTH FORUMS

IBSA—India, Brazil, and South Africa

IBSA, a trilateral arrangement between India, Brazil, and South Africa, was officially launched in June 2003, in the aftermath of a G-8 meeting in Evian, France. Unlike the BRICS grouping, the IBSA arrangement was formally conceived to be a framework for coordinated action among the three emerging economies, which would have a major role in the contemporary world order. Trade among

⁹⁰ www.g20.org.

the three, for example, increased from US\$3.8 billion in 2004 to US\$15 billion in 2010 (IBSANEWS 2011).

The reasons for the new IBSA grouping are related to the main common features of the three members—their democratic political regimes, the condition of their developing economies, and their capacity to work on a global scale. The Brasilia Declaration, its constituent document,⁹¹ established that IBSA would be a framework for political coordination and cooperation in key sectors such as agriculture, culture, education, energy, health, science and technology, trade, and transport.

Another relevant characteristic is its Fund for Alleviation of Poverty and Hunger, which plays the most significant role in IBSA's relationship with Africa. Established in 2004, the fund is a pioneer mechanism of South–South cooperation for several reasons.

First, it is demand driven—interested beneficiary governments must request assistance from the fund. Second, unlike traditional aid projects, fund projects are planned and implemented without conditions (IBSANEWS 2011). Third, the goal of the program is to finance innovative, replicable, and scalable projects to alleviate poverty and hunger in low-income countries; some of the IBSA group's recurrent concerns include capacity building, sustainability, and knowledge sharing among southern experts and institutions.⁹² Finally, projects must be implemented in collaboration and consultation with the United Nations Development Programme (UNDP), national institutions, or local governments.

Each of the three IBSA members contributes US\$1 million a year to the fund. Three projects have been finalized, one in Guinea-Bissau (agriculture), one in Cape Verde (health), and one in Haiti (waste management). New projects have been approved for Burundi, Cambodia, and the Occupied Palestinian Territories, and are currently under execution.

Africa and South America Cooperation Forum

Another multilateral forum in which Brazil is involved is the Africa and South America Cooperation Forum. First considered in April 2005 and launched in November 2006, it aims to stimulate the capacity for sustainable development among and within its members through strategic South–South partnerships.⁹³ The minimal institutional framework for collective action includes high-level meetings every two years and ministerial meetings on specific themes organized into working groups, each cochaired by an African and a South American country.⁹⁴

Despite their similar conditions, the two regions present differences that go beyond economics to include a political, cultural, and ideological dimension.

⁹¹ The Brasilia Declaration is available in English at http://ibsa.nic.in/brasil_declaration.htm.

⁹² <http://tcdc2.undp.org/IBSA/about/about.htm>.

⁹³ www2.mre.gov.br/asa/.

⁹⁴ www.itamaraty.gov.br/temas/mecanismos-inter-regionais/cupula-america-do-sul-2013-africa-asa.

This was evident during the third Africa–South America (ASA) Summit, held in Venezuela in September 2009, where former Brazilian president Lula da Silva suggested that “the integration between the two regions will only happen with respect to the political habits of each country.” In light of the global financial crisis and recent events in North Africa, it remains to be seen how this arrangement will evolve.

Mercosur and the Southern African Customs Union

Another important link between Brazil and Africa is the incipient connection between the Common Market of the South (Mercado Común del Sur or Mercosur) and the Southern African Customs Union (SACU).

Mercosur was officially launched in March 1991 to integrate South America economically, politically, and socially. It has Argentina, Brazil, Paraguay, and Uruguay as members; Venezuela should become a member in the near future, pending Paraguay’s approval. Bolivia, Chile, Colombia, Ecuador, and Peru are associate members.⁹⁵ Hence Mercosur covers almost all the territory of South America.

Mercosur has experienced ups and downs throughout its 20-year history, including major difficulties as political and economic crises affected its members. The arrangement has not advanced in the last five years on the political front it has been complemented by a new regional institution, the Union of South American Nations (Union de Naciones Suramericanas or UNASUR), created in May 2008.⁹⁶ In its path to establishing a southern common market, however, Mercosur has succeeded in creating a free trade area, a common external tariff, and a common trade policy (customs union) among its members.

Recently, Mercosur developed a few initiatives connecting South America to Africa, more specifically with SACU, whose members are Botswana, Lesotho, Namibia, Swaziland, and South Africa. The long-standing and prominent presence of South Africa in its subregion provoked an agreement between Mercosur and the country, in December 2000, to create a free trade area.⁹⁷ Mercosur and SACU signed a preferential trade agreement a few years later in December 2004.⁹⁸ An updated and revised version was signed in April 2009 in which SACU gave Mercosur preference in the purchase of over 1,000 SACU-produced products, while reducing duties on the import of over 1,000 goods from Mercosur in sectors spanning agriculture, plastics, chemicals, textiles, and equipment.⁹⁹

⁹⁵ www.mercosul.gov.br/perguntas-mais-frequentes-sobre-integracao-regional-e-mercopol-1/sobre-integracao-regional-e-mercopol/.

⁹⁶ www.pptunasur.com/inicio.php?menu=30&idiom=1 (in Spanish).

⁹⁷ The full agreement is available at www2.mre.gov.br/dnc/AQ_RAS_Assinado_Ing.pdf.

⁹⁸ www.sacu.int/traden.php?include=about/traden/bilateral.html.

⁹⁹ www.africa21digital.com/noticia.kmf?cod=8314506&canal=402.

Appendix 3. Brazil: Main economic indicators

Table A3.1 Brazil: Main economic indicators

	2008	2009	2010 ^a
	Annual percentage growth rates		
Gross domestic product	5.2	-0.6	7.7
Per capita gross domestic product	4.1	-1.1	6.7
Consumer prices	5.9	4.3	5.6 ^b
Average real wage ^c	2.1	1.3	2.4 ^d
Money (M1)	-3.5	12.0	18.6 ^e
Real effective exchange rate ^f	-3.3	1.7	-15.2 ^g
Terms of trade	3.6	-2.4	15.0
	Annual average percentages		
Urban unemployment rate	7.9	8.1	6.8 ^h
Central government operating balance / GDP	-1.2	-3.6	-2.1
Nominal deposit rate	7.9	6.9	6.8 ⁱ
Nominal lending rate	38.8	40.4	38.6 ^j
	Millions of dollars		
Exports of goods and services	228 393	180 723	230 567
Imports of goods and services	220 247	174 678	242 445
Current account	-28 192	-24 302	-45 296
Capital and financial account ^j	31 161	70 952	91 296
Overall balance	2 969	46 650	46 000

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2010.

^c Workers covered by social and labour legislation, private sector.

^d Estimate based on data from January to September.

^e Twelve-month variation to October 2010.

^f A negative rate indicates an appreciation of the currency in real terms.

^g Year-on-year variation, January to October average.

^h Estimate based on data from January to October.

ⁱ Average from January to October, annualized.

^j Includes errors and omissions.

Appendix 4. Brazil–Africa official meetings and visits

Table A4.1 African countries visited by Minister Celso Amorim (2003–10)

Year	Visited countries
2003	São Tomé and Príncipe, Angola, Mozambique, Namibia, South Africa, Egypt and Libya
2004	São Tomé and Príncipe, and Egypt.
2005	Cape Verde, Guinea Bissau, Senegal, Nigeria, Cameroon, Tunisia, Algeria, Kenya, Ethiopia, Mozambique, South Africa, Gabon, Morocco, Ghana, Angola and Tanzania
2006	Algeria, Benin, Botswana, South Africa and Nigeria.
2007	Burkina Faso, Congo, South Africa and Angola.
2008	Ghana, Guinea Bissau, São Tomé and Príncipe, South Africa, Libya, Algeria, Morocco, Tunisia, Cape Verde, Mozambique, Zimbabwe, and Zambia.
2009	Egypt, Cape Verde, Libya, Tunisia, Morocco, Mali, Equatorial Guinea, Togo, and Guinea Bissau.
2010	Cape Verde, Equatorial Guinea, Kenya, Tanzania, Zambia, South Africa, Angola, Libya, Mozambique and Democratic Republic of Congo.

Source: Ministry of Foreign Affairs. Prepared by IPEA.

Table A4.2 Visits from African Heads of State and Heads of Governments to Brazil (2003–10)

Year	Country	Authority	City	Motivation	Total visits per year
2003	Guinea Bissau	PM Marco António Pires	Brasília	Working visit and presidential inauguration	5
	Cape Verde	PR Pedro Pires	Brasília	Working visit	
	Burkina Faso	PR Blaise Compaoré	Brasília	Working visit	
	South Africa	PR Thabo Mbeki	Brasília	Working visit	
	Cape Verde	PM José Maria Neves	Brasília	Working visit	
2004	Uganda	PR Yoweri Museveni	São Paulo	Bilateral side meeting (XI UNCTAD)	4
	Namibia	PR Sam Nujoma	São Paulo	State visit	
	Mozambique	PR Joaquim Chissano	Brasília	State visit	
	Morocco	King Mohammed VI	Brasília	State visit	
2005	Angola	PR José Eduardo dos Santos	Salvador and Brasília	State visit	11
	Mauritania	PM Sghair Ould M'Barek	Brasília	Bilateral side meeting (ASPA Summit)	
	Djibouti	PR Ismail Omar Guelleh	Brasília	Working visit	
	Algeria	PR Abdelaziz Bouteflika	Brasília	State visit	
	Dem Rep. Congo	PR Denis Sassou Nguesso	Brasília	State visit	
	Botswana	PR Festus Mogae	Brasília	State visit	
	The Gambia	PR Yahya Jammeh	Brasília	State visit	
	S. Tomé and Príncipe	PR Fradique Menezes	Brasília	State visit	
	Cape Verde	PM José Maria Neves	Brasília	State visit	
	Nigeria	PR Olusegun Obasanjo	Brasília	State visit	
Cape Verde	PR Pedro Pires	Brasília	Working visit		
2006	Ghana	PR John Kufuor	Brasília and Salvador	State visit	6
	Senegal	PR Abdoulaye Wade	Salvador	Bilateral side meeting (II CIAD)	
	Botswana	PR Festus Mogae	Salvador	Bilateral side meeting (II CIAD)	
	Equatorial Guinea	PR Teodoro Obiang Mbasogo	Salvador	Bilateral side meeting (II CIAD)	
	Cape Verde	PR Pedro Pires	Salvador	Bilateral side meeting (II CIAD)	
	South Africa	PR Thabo Mbeki	Brasília	Working visit and IBSA Summit	
2007	Senegal	PR Abdoulaye Wade	Brasília	State visit	5
	Libya	PM El-Baghdádi El-Mahmúdi	Brasília	Working visit	
	Benin	PR Boni Yayi	Brasília	State visit	
	Mozambique	PR Armando Guebuza	Brasília	State visit	
	Guinea Bissau	PR João Bernardo Vieira	Brasília	Working visit	
2008	Equatorial Guinea	PR Obiang Mbasogo	Brasília	Official visit	1

Table A4.2 (continued)

Year	Country	Authority	City	Motivation	Total visits per year
2009	Namibia	PR Hifikepunye Pohamba	Brasília and Rio de Janeiro	Official visit	9
	São Tomé and Príncipe	PM Joaquim Rafael Branco	São Paulo, Brasília and Salvador	Official visit	
	Senegal	PR Abdoulaye Wade	Salvador	Working visit	
	Mozambique	PR Arnaldo Guebuza	Rio de Janeiro and Brasília	State visit	
	Nigeria	PR Umaru Yar'Adua	Brasília	State visit	
	Sierra Leone	PR Ernest Koroma	Brasília and Rio de Janeiro	Official visit	
	Malawi	PR bingu Wa Mutharika	Brasília	Official visit	
	South Africa	PR Jacob Zuma	Brasília	Official visit	
	Cape Verde	PM José Maria Neves	Brasília	Working visit	
2010	Liberia	PR Ellen Johnson-Sirleaf	Brasília	State visit	7
	Mali	PR Amadou Touré	Brasília	State visit	
	South Africa	PR Jacob Zuma	Brasília	Side meeting and IBSA Summit	
	Angola	PR José Eduardo dos Santos	Brasília	Working visit	
	Cameroon	PR Paul Biya	Brasília	Working visit	
	Guinea Bissau	PR Malam Bacai Sanhá	Brasília	Working visit	
	Zambia	PR Rupiah Banda	Brasília	State visit	
Total					48

Source: Ministry of Foreign Affairs. Prepared by IPEA

Table A4.3 Visits to Brazil of African foreign ministers as share of visits by all foreign ministers, 2003–10

Region	2003	2004	2005	2006	2007	2008	2009	2010	Total
Africans Visits MFAs	2	4	13	12	3	7	11	15	67
Total visits of MFAs	17	29	24	35	25	39	44	47	260
Africa / Total (%)	11.80%	13.80%	54.20%	34.30%	12.00%	17.90%	25.00%	31.90%	25.80%

Source: Ministry of Foreign Affairs. Prepared by IPEA.

Table A4.4 Brazil–Africa Multilateral Meetings (2003–10)

Event	Date	Location
I Trilateral Joint Commissions of the India-Brazil-South Africa (IBSA) Dialogue Forum	5–6/Jun/2003	Brasília
IV Trilateral Joint Commissions of the India-Brazil-South Africa (IBSA) Dialogue Forum	28/Mar/06	Rio de Janeiro
VII Trilateral Joint Commissions of the India-Brazil-South Africa (IBSA) Dialogue Forum	31/Aug/09	Brasília
III United Nations Alliance of Civilizations	27–29/May/2010	Rio de Janeiro
Ministerial Meeting of the General System of Trade Preferences (GSTP)	16/Dec/10	Foz do Iguaçu

Source: Ministry of Foreign Affairs. Prepared by IPEA.

Table A4.5 Meetings of the Community of Portuguese Language Countries (Comunidade dos Países de Língua Portuguesa) and Africa–South America Initiative

Event	Date	City
3rd Conference of Heads of State and Government of the CPLP	16–17 July 2000	Maputo, Mozambique
4th Conference of Heads of State and Government of the CPLP	31 July–1 August 2002	Brasília, Brazil
5th Conference of Heads of State and Government of the CPLP	26–27 July 2004	São Tomé, São Tomé and Príncipe
6th Conference of Heads of State and Government of the CPLP	16–17 July 2006	Bissau, Guinea-Bissau
7th Conference of Heads of State and Government of the CPLP	25 July 2008	Lisbon, Portugal
8th Conference of Heads of State and Government of the CPLP	25 July 2010	Luanda, Angola
First Summit of Heads of States of the ASA	30 November 2007	Abuja Nigeria
Second Summit of Heads of States of the ASA	26–27 September 2009	Isla Margarita, Venezuela

Source: Prepared by IPEA based on information from the MFA.

Note: ASA = Africa–South America Initiative; CPLP = Community of Portuguese Language Countries.



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