

GIVING KNOWLEDGE WITH NO STRINGS ATTACHED: BRAZIL'S USE OF
TECHNICAL COOPERATION AS A FOREIGN POLICY TOOL AND THE CASE OF
'BIOFUELS DIPLOMACY'

by

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ABSTRACT

Since the mid-2000s, Brazil became deeply committed to transferring biofuels-related knowledge to as many countries as possible. Through bilateral and multilateral technical cooperation agreements, over 80 countries in the world have demonstrated their interest in learning from Brazil's unique experience with mass-scale use of biofuels – especially sugarcane-based ethanol. The initial puzzle of why was Brazil *fostering* potential competitors is made even more intriguing by a particular characteristic: Brazil was transferring knowledge without demanding anything in return.

This dissertation takes the empirical case of why Brazil has chosen to provide biofuels-related knowledge through no-strings-attached technical cooperation as a springboard for other reflections, with two in particular. First, why do countries provide technical cooperation in the context of development assistance? Second, why would a country give something to another country without demanding anything in return? The argument developed is that a country committed to providing unconditional and untied technical cooperation is strategically prioritizing mid/long term diplomatic over short term commercial gains, counting on the expectation of reciprocity from its recipients.

The analysis is based upon academic literatures involving power, foreign policy analysis, development assistance, South-South Cooperation, so-called 'emerging' donors, and Brazilian foreign policy. The Brazilian biofuels' case is developed from academic literature, official documents, and almost 100 interviews done in Brazil with diplomats, civil servants, and academics; a significant portion of this data originated from material available only in Portuguese.

Among key contributions, this study demonstrates how technical cooperation has been – and continues to be – used as a foreign policy tool. Countries can seek different gains from the provision of knowledge, and it is necessary to look at domestic forces pushing policymakers to choose which interest(s) they will prioritize. The empirical analysis sheds light on the power dynamics underneath the act of giving with no demands. The material also sheds light on similarities and differences among strategies pursued by Brazil, China, India and South Africa. Finally, the study makes significant contributions for the still sparse English-based literature on Brazilian foreign policy and its path to becoming a reference in biofuels.

PREFACE

This dissertation is an original intellectual product of the author, Déborah Barros Leal Farias. The fieldwork reported in chapters 5, 6, and 7 was covered by UBC Human Ethics certificate number H11–02524–A002 (“Technical Cooperation as a Foreign Policy tool”), initially approved in October 12, 2011. The Human Ethics certificate number H12–02524 (“Technical Cooperation - Mozambique”) was issued in November 2, 2012 but was terminated without being used (the fieldwork did not take place). A list of publications arising from the work conducted for this dissertation is provided below.

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LIST OF ABBREVIATIONS

ABC	<i>Agência Brasileira de Cooperação</i> (Brazilian Cooperation Agency)
ACP	African, Caribbean and Pacific Group of States
ALALC	<i>Asociación Latinoamericana de Libre Comercio</i> (Latin American Free Trade Association)
ARF	African Renaissance Fund
ASA	Africa – South America Summit
ASEAN	Association of Southeast Asian Nations
AU	African Union
BAPA	Buenos Aires Plan of Action
BASIC	Brazil, South Africa, India and China
BMZ	<i>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung</i> (Germany's Federal Ministry for Economic Cooperation and Development)
BNDES	<i>Banco Nacional de Desenvolvimento Econômico e Social</i> (Brazilian Development Bank)
BRIC	Brazil, Russia, India and China
BRICS	Brazil, Russia, India, China and South Africa
CAA	Clean Air Act (USA)
CBI	Caribbean Basin Initiative
CEPAL	<i>Comisión Económica para América Latina</i> (same as ECLAC – United Nations Economic Commission on Latin America and Caribbean)
COMECOM	Council for Mutual Economic Assistance
CNAT	<i>Comissão Nacional de Assistência Técnica</i> (Brazil's National Commission for Technical Assistance)
CPLP	<i>Comunidade dos Países de Língua Portuguesa</i> (Community of Portuguese Speaking Countries)
DAC	Development Assistance Committee
DFID	Department for International Development (UK)
DPA	Development Partnership Administration (India)
ECDC	Economic Cooperation among Developing Countries
ECLAC	United Nations Economic Commission on Latin America and Caribbean (same as CEPAL – <i>Comisión Económica para América Latina</i>)
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of West African States
EMBRAPA	<i>Empresa Brasileira de Pesquisa Agropecuária</i> (<i>Brazilian Enterprise for Agricultural Research</i>)
ENAP	<i>Escola Nacional de Administração Pública</i> (Brazil's National School for Public Management)
EPA	Environmental Protection Agency (USA)
EPAct	Energy Policy Act (USA)
EU	European Union
FAO	Food and Agricultural Organization

FFV	Flex–fuel vehicles
FIDES	<i>Fonds d'Investissements pour le développement économique et social</i> (France's Investment Funds for Economic and Social Development)
FIESP	<i>Federação Indústrias Estado de São Paulo</i> (Federation of the Industries of the State of São Paulo, Brazil)
FIOCRUZ	<i>Fundação Oswaldo Cruz</i> (Oswaldo Cruz Foundation)
FOCAC	Forum for China–Africa Cooperation
FRG	Federal Reformulated Gasoline (USA)
FTAA	Free Trade Agreement Area for the Americas
FTC	Free Standing Technical Cooperation
GDP	Gross National Product
GHG	Green House Gas
GNI	Gross National Income
IAC	<i>Instituto Agronômico de Campinas</i> (Campinas' Agronomic Institute, Brazil)
IADB	Inter–American Development Bank
IATI	International Aid Transparency Initiative
IBF	International Biofuels Forum
IBSA	India, Brazil, and South Africa Forum
IDA	International Development Association
IEA	International Energy Agency
IEC	Independent Electoral Commission (South Africa)
IICA	Inter–American Institute for Cooperation on Agriculture
ILUC	Indirect Land Use Change
IMF	International Monetary Fund
IPEA	<i>Instituto de Pesquisa Econômica Aplicada</i> (Institute of Applied Economic Research)
IRTC	Investment–Related Technical Cooperation
ITEC	Indian Technical and Economic Cooperation Program
LDC	Least Developed Country
Mboe/d	Million barrels of oil equivalent per day
MDA	<i>Ministério do Desenvolvimento Agrário</i> (Brazil's Ministry of Agrarian Development)
MDIC	<i>Ministério do Desenvolvimento, Indústria, e Comércio</i> (Brazil's Ministry of Development, Industry, and Commerce)
MDS	<i>Ministério do Desenvolvimento Social</i> (Brazil's Ministry of Social Development)
MDGs	Millennium Development Goals
MENA	Middle East & North African
MERCOSUL	<i>Mercado Comum do Sul</i> (Southern Common Market)
MMA	<i>Ministério do Meio Ambiente</i> (Brazil's Ministry of Environment)
MME	<i>Ministério de Minas e Energia</i> (Brazil's Ministry of Mines and Energy)

MPOG	<i>Ministério do Planejamento, Orçamento e Gestão</i> (Brazil's Ministry of Planning, Budget, and Management)
MRE	<i>Ministério das Relações Exteriores</i> (Brazil's Ministry of External Relations)
MTBE	Methyl tertiary butyl ether
NAM	Non–Aligned Movement
NAM–CSSTC	Non–Aligned Movement Centre for South–South Technical Cooperation
NGO	Non–Governmental Organization
OAS	Organization of American States
ODA	Official Development Assistance
OECD	Organization for Economic Co–operation and Development
OEEC	Organization for European Economic Co–operation
OPEC	Organization of the Petroleum Exporting Countries
PALAMA	Public Administration Leadership and Management Academy (South Africa)
PCRD	African Union's Post Conflict Reconstruction and Development
PEI	<i>Política Externa Independente</i> (Brazil's Independent Foreign Policy)
PIBAC	<i>Programa de Incentivo aos Investimentos Brasileiros na América Central e no Caribe</i> (Brazilian Investment Incentive Program in Central American and Caribbean)
Planalsucar	<i>Plano Nacional de Melhoramento de Cana–de–Açúcar</i> (National Plan for Improving Sugarcane)
PPP	Purchasing power parity
PT	<i>Partido dos Trabalhadores</i> (Brazil's Workers Party)
PUC/RJ	<i>Pontifícia Universidade Católica do Rio de Janeiro</i> (Pontifical Catholic University of Rio de Janeiro)
UN	United Nations
UN–GA	United Nations General Assembly
UN–SC	United Nations Security Council
UnB	<i>Universidade de Brasília</i> (University of Brasília)
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNICA	<i>União da Indústria de Cana–de–Açúcar</i> (Brazil's Sugarcane Industry Association)
UNIDO	United Nations Industrial Development Organization
UNOSSC	United Nations Office for South–South Cooperation
USAID	United States' Agency for International Development
R\$	Brazilian Real (currency)
REDD	Reducing Emissions from Deforestation and Forest Degradation
RIDESA	<i>Rede Interinstitucional de Desenvolvimento do Setor Sucroalcooleiro</i> (Interinstitutional Development Network for the Sugar & Alcohol Sector)
RFS	Renewable Fuel Standard (USA)

SADPA	South African Development Partnership Agency
SAE/PR	<i>Secretaria de Assuntos Estratégicos da Presidência da República</i> (Brazil's Secretariat of Strategic Affairs for the Presidency)
SDH	<i>Secretaria de Direitos Humanos</i> (Brazil's Secretary of Human Rights)
SICA	<i>Sistema de la Integración Centroamericana</i> (Central American Integration System)
SIDS	Small Islands Developing States
SSC	South–South Cooperation
SUBIN	<i>Subsecretaria de Cooperação Econômica e Técnica Internacional</i> (Brazil's Sub– Secretary of International Economic and Technical Cooperation)
TCDC	Technical Cooperation among Developing Countries
TFC	Total Final Consumption
Tr/Po	Translated from Portuguese
Tr/Sp	Translated from Spanish
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

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“Everyone you will ever meet knows something you don’t”

Bill Nye

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Thank you all for helping me make this dream come true.

*To my family,
For you are my past, my present, my future.*

1. INTRODUCTION

“Knowledge is Power”
Francis Bacon (1561–1626)

This thesis revolves around the connections that exist between foreign policy motivations and the provision of development assistance (a.k.a ‘foreign aid’). It seeks to understand countries’ choices to give aid in light of their foreign policy goals. The main puzzle this research is concerned with is why a country would choose to emphasize *technical cooperation* – essentially the exchange of knowledge and know-how – in its provision of development assistance, particularly through *unconditional* and *untied* agreements. Simply put: *what is the (foreign policy) logic behind giving knowledge with no strings attached?* In order to answer this question, this thesis looks at Brazil and its provision of development assistance mostly through unconditional and untied technical cooperation agreements. Particular attention is given to policy of sharing knowledge regarding biofuels under this structure.

Technical cooperation has a fundamental place in the realm of development assistance. Initially known as ‘technical *assistance*’¹, it was the very first instrument used for the explicit purpose of helping other countries develop. Technical cooperation has continued to be embraced by donors even as most have significantly increased their provisions of development assistance through other mechanisms, particularly grants and loans. A sustained policy of providing technical cooperation is an easier endeavor compared to grants and loans, given its relative availability to a greater group of (potential) donor countries. The fact that every country has *some* unique knowledge (particular experience or ingenious solution) to share, and that many countries face similar issues, it is safe to say most countries in the world – both developed and developing – have provided some type of knowledge to another country (via technical cooperation) at least at some point in their history.

While there has been more visibility of the technical cooperation flowing from developed countries (e.g., US, Japan, Sweden) to developing countries, there is a plethora of under-reported and understudied technical cooperation agreements that occur *between*

¹ In 1959 there was a change in the official UN nomenclature, as the UN General Assembly expressed the wish that the term be replaced by the term ‘technical cooperation’ (UN–GA, 1959), with most countries following suit. While it is not incorrect to use ‘technical *assistance*’ (a few countries still do) it can be seen as an anachronous choice.

developing countries themselves. There is growing assurance that developing countries, as a group, have an entire range of modern technical competencies. Centres of excellence in key areas have increased national and collective self-reliance, and there is concrete 'South-grown' expertise to be shared (World Bank, 2008; UN-GA, 2009a).

Most developing countries tend to deal with similar problems (e.g., poverty; inequality; high child mortality rates), and some might 'bond' over particular situations, such as: countries that share related environmental characteristics or concerns, like rising sea levels; neighboring countries handling transborder problems (e.g., drug trafficking); or countries dealing with delicate issues related to a particular cultural or historical background, such as post-conflict reconstruction, etc. Existing examples of this South-South Cooperation (SSC) include: the agreement between Costa Rica, Bhutan, and Benin to share knowledge over sustainable tropical forest management; Kenya's help to South Sudan in developing technical capacity to run the new government; not to mention the immense volume of initiatives undertaken in the past decade by Brazil, China, and India with other developing countries. Because of these features, technical cooperation can be seen as a ubiquitous feature in the provision of development assistance.

Paradoxically though, technical cooperation is not a topic of great investigation in the literature concerning development assistance. Most of the academic attention goes to money-based mechanisms, such as grants, loans, debt forgiveness, etc. Some elements inherent to technical cooperation might be at fault for this, with two of them deserving particular attention. First, these agreements tend to be characterized by small scope, breadth, and budget. When compared to financial assistance mechanisms, technical cooperation is poised to have a much more limited capacity to effectively help a country *develop*.² So while these agreements can be useful for helping to overcome *some* specific problem, or fill a knowledge gap in *some* area, they (typically) have a narrow capacity to leverage broad transformations. Second, technical cooperation agreements generally involve non-controversial topics, which tend to fly under the radar of most political debates, media coverage, or public interest. Hence, by themselves,

² There is a growing literature on understanding the effectiveness of development assistance actions, asking *how* and *how much* the assistance given translates into concrete development for the recipients – i.e. improved social and/or economic indicators. Important works in this area include Hansen & Tarp (2000), Bourguignon & Sundberg (2007), Doucouliagos & Palgam (2008; 2009), and Moyo (2009). Finding answers is of undisputed importance, but it is not the goal of the present research.

each agreement generally has little reach, limited potential for structural changes in the recipient's development, and low visibility.

But despite these 'weaknesses', technical cooperation agreements still continue to be part of almost all countries' foreign policy mechanisms for providing development assistance. There are four main possibilities for why technical cooperation is such a ubiquitous part of development assistance. While the motives are non-exclusionary, it is common that some (or one) reason will be more prevalent than the others in guiding a country's decision to offer technical cooperation.

First, due to its continuous use as a mechanism for providing 'foreign aid', offering technical cooperation has become intrinsic to the idea of providing development assistance itself: it is used because 'everyone who is a donor offers it' and 'it's always been done'. Second, for most developing countries that want to provide development assistance, technical cooperation is probably the *only* option available for nations with few resources, which simply *can't* offer much else to others even if they wanted to (except for an occasional help in emergency situations): 'we can *only* offer technical cooperation'. Third, technical cooperation might be used because it *develops*. Under this logic, sharing knowledge promotes best practices and real solutions. In this case, there is an underlying altruistic bent: 'it is offered because it works' and 'it helps the recipient's development'. The fourth reason – the one which will be explored in depth in this research – is providing technical cooperation *to gain something in return*.

The first two motives only concern the donor, as it asks itself 'what can I provide [in the context of development assistance]?'. The next two involve thinking about the nature of the relationship with the recipient: 'what do I, as a donor, *expect* from providing technical cooperation?' – the question this thesis is most interested in. There is a great deal of academic debate over the broad theme of why give 'foreign aid' in the first place (which will be explored in chapter 2). This thesis accepts that countries might be motivated to offer technical cooperation for purely altruistic reasons. However, it assumes that most donors' initiatives are actually attached to *some interest*: donors do in fact seek to gain something from recipients when they agree to provide technical cooperation (even if it is not publicly admitted).

The idea that countries' foreign policies are motivated by 'gaining power' and that they seek to support 'the national interest' is not new (Morgenthau, 1962; Hook, 1995). But

countries can want different things out of their development initiatives, so these answers are not sufficient. Therefore, the question becomes ‘if donors want to gain something, *what kind* of gain are they looking for?’. Assuming there are different types of gains, which could be accrued, allows for a yet deeper layer of analysis: ‘*what leads* donors to tend to prioritize a particular type of gain over other(s)?’. These two questions are original and relevant, and follow Wendt’s (1999:133) call for more empirical research to be done to investigate “what kinds of interests state actors actually have”.

This thesis begins by positing a parsimonious approach towards self-interests sought from providing development assistance in general and technical cooperation in particular, dividing it in two basic categories: **commercial** and **diplomatic gains**. The former is straightforward: the primacy is to accrue profits for companies from the donor country. Thus, ‘commercial gains’ involve seeking concrete returns - *making money* - through the process of selling/buying goods and services.

‘Diplomatic gains’, on the other hand, will be the term used to designate a broad range of gains that are mostly intangible (albeit very much real and sought-after in foreign policy), and harder to be secured (as they usually based upon a social element of gratitude and/or recognition). As chapter 2 will detail, they are related to the concepts of ‘soft power’ (Nye, 1990a, 1990b, 2004, 2011) and “middle power’ diplomacy’ (Evans, 1989, 2011; Evans & Grant, 1991, 1995; Cooper et al., 1993). Examples of ‘diplomatic gains to the donor State include:

- recipient’s votes and/or implicit support for the donor in international *fora*;
- donor’s improved regional/international image as a ‘do-gooder’;
- strengthened bilateral/regional relations between donor and recipient(s);
- donor’s increased regional/international legitimacy as a *necessary* voice regarding a certain topic; etc.

It is important to highlight a particular boundary: the present analysis is concerned mainly about gains for *the State*, not for the individual actor engaged in the policy. This means it consciously brackets the analysis of policymakers motivated by *personal* monetary gains (in the form of bribes or side-payments). Also, the word ‘diplomatic’ has been chosen over ‘*political* [gains]’ in order to highlight the focus on the State, foreign

policy, and the international context. Nonetheless, significant connections between national and international politics will be explored, as domestic normative and institutional factors inform foreign policymaking in a “two-level” process decision-makers are simultaneously engaged (Putnam, 1988).

For this thesis, it is assumed that 1) donors would like to accrue *both* diplomatic and commercial gains from their initiatives; but 2) in each agreement, the donor can give primacy to *only one* of these gains, while concurrently minimizing the chances of the other.³ This does not mean that the donor does not value both diplomatic and commercial gains, nor that these gains are mutually exclusive – it just means the donor has to opt between what it wants *more*. The argument posited is that the optimal way to achieve *diplomatic gains* through technical cooperation is by proposing agreements that have *no strings attached*.

Development assistance instruments, in general, can be provided with or without particular characteristics: ‘conditionalities’ and/or ‘tied’ agreements. To the first point, donors can *condition* their provision of development assistance by demanding that the recipient promote specific institutional changes so that the aid can be transferred. Conditionalities can be of political nature (like related to democracy or strengthening institutions) or have an economic focus (such as macroeconomic reforms or trade concessions), and do not need to be directly related to the effectiveness or the goal of a particular development initiative. To the second item, when donors ‘*tie*’ the assistance it means the recipient has to purchase – exclusively from the donor – certain goods and services related to the projects. ‘Tying’ an agreement means placing clear commercial provisions that benefit the *donor* over a specific development-based initiative.

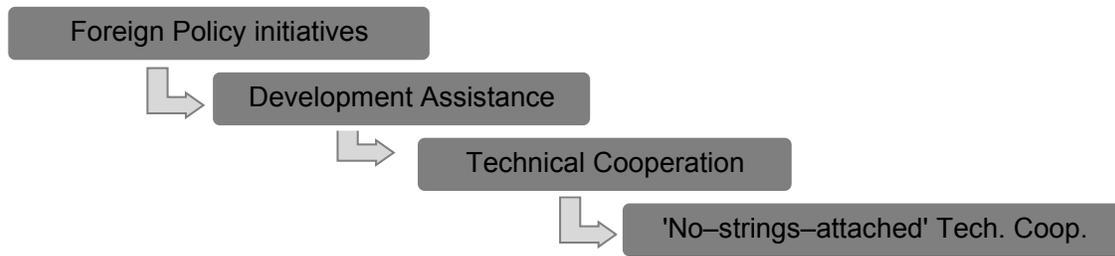
Each one of these ‘attachments’ is independent from one another. Each donor can choose how it wants to provide its development assistance: 1) with conditionalities and ties; 2) unconditional but with ties; 3) conditional and untied; or 4) unconditional and untied. This last combination is the one which will be detailed in this thesis, and serve as a synonym for what is meant by ‘no-strings-attached’ technical cooperation.

To summarize what has been presented so far, development assistance is one out of the many foreign policy initiatives a country has to achieve its goals. Development

³ These assumptions have been derived from academic literature and interviews on recipients’ general perceptions of development assistance.

assistance can be provided by various mechanisms – one of which is technical cooperation. And technical cooperation can be arranged through different combinations: with/without conditionalities and with/without ties. This thesis is interested in why countries choose to provide technical cooperation agreements that have no conditionalities and no ties in the context of their foreign policy goals (Figure 1).

FIGURE 1 – FOREIGN POLICY GOALS THROUGH NO-STRINGS-ATTACHED TECHNICAL COOPERATION



1.1. 'NO-STRINGS-ATTACHED' TECHNICAL COOPERATION

Conditionalities and ties always take away some level of the recipient's autonomy, inasmuch as they limit the recipient's options. This thesis assumes that, *ceteris paribus*, recipients will always tend towards a no-strings-attached arrangement. This derives from the understanding that placing conditionalities and ties onto technical cooperation agreements will *reduce* (although not necessarily eliminate) diplomatic gains for the donor from its interaction with the recipient.

In the case of unconditional and untied technical cooperation agreements, donors' expectations of gains (whether commercial or diplomatic) are not formalized. This means they are not written in the agreements, and consequently they are not legally binding under International Law⁴ – if they were binding, they would not be *unconditional* or *untied*. Of course, behind-the-scenes *quid pro quo* 'commitments' might be established, which are known in International Law as 'gentlemen's agreements'. But what matters the most here is that, in these cases, there are no formal commitments made by the State, as they rely solely upon vows between the individuals involved in the negotiation. Hence, they are *not* legally binding and a recipient's compliance cannot be demanded by the donor. This is certainly one of the reasons for the unattractiveness of a no-strings-

⁴ Under the rules of the International Court of Justice, customary law and principles of International Law – both unwritten – are not only considered sources of International Law, they have (*a priori*) the same status as treaties. However, the two former sources don't seem applicable to cases involving development assistance (or technical cooperation).

attached arrangement – it has no ‘teeth’. It is not an ideal path for donors who seek *guarantees* in realizing foreign policy goals embedded in their provision of development assistance. If a donor wants the recipient to assure it will open its markets or promote democracy, having the opportunity to place conditionalities but not doing so might seem nonsensical. If the immediate gain sought by the donor through technical cooperation is a commercial one – such as selling equipment or a particular service – then untied technical cooperation is a missed opportunity.

Nonetheless, even if the donor does not ask for anything, there is also another mechanism at play, one which is frequently overlooked and that explains why donors still expect to gain something from the recipient even if nothing is openly expressed. It is the notion that social norms regarding ‘gift’ retributions (Mauss, 1966[1923]) and reciprocity (Keohane, 1986) can prompt the receiver to ‘pay back’ the donor (in some way) under the implicit assumption that it is the right thing to do – an idea which will be explored in greater depth in chapter 2. Diplomatic gains for the donor can be then based upon the *social expectation* of the recipient’s feeling of gratitude.

Still, even if a strategy of proposing technical cooperation with no-strings-attached can be deemed rational for generating diplomatic gains, it can be argued to be a weak mechanism. From this disillusioned view, such an agreement – even if satisfying for the recipient – may amount to little more than a nominal strengthening of relations between those involved, with the only practical consequence being the exchange of some technicians or bureaucrats, and thus a limited impact. In a worst case scenario, no exchange even occurs, with the agreement serving as just a symbolic piece of paper stating that cooperation *can* occur at some point, with no assurance that it even will.

However, this logic overlooks a long-term, big picture dynamic. It appears fair to say that *one* technical cooperation agreement will probably not impact substantially the relationship among two countries. Nonetheless, this is narrow way of seeing things. A scenario in which two countries sign several technical cooperation agreements (all arranged without conditions or ties) over many themes and which the recipient believes are helping its development can have an enormous potential to strengthen bilateral relations. If donor and recipient are neighboring countries, this can generate even more resonance. A sustained policy of helping-thy-neighbour can mean in-practice less problems for both, such as: less illegal trafficking (drugs, people, stolen goods, weapons,

etc.); less potential for conflict among border communities; better management of the bordering natural environment; and/or (potentially) more commerce between the two. Promoting solid relationships with several neighbours can generate diplomatic gains for a donor in the entire region. This dynamic could also be extended to outside of the donor's immediate geographic location: crafting positive relations with several recipients in another region can indirectly improve the donor's status with that entire region.

In this same line of thought, a donor which executes many agreements in a single niche area – like hunger, poverty, health, technological innovation, or post-conflict rebuilding – can also generate considerable diplomatic gains. It can help the donor be recognized as a legitimate voice in a certain area, potentially leading to a perception that it is a necessary actor in international negotiations over that particular theme. Of course, there are no guarantees that any of these gains will happen because of a series of unconditional and untied technical cooperation agreements. Still, it is logically reasonable to state that there is an increased chance that they will. This bigger picture naturally calls for a more ample timeframe. There is an inherent lag between negotiating an agreement, signing it, putting it into practice, and being able to measure its success. So an agreement signed today most likely will not generate immediate diplomatic gains for the donor. Then again, building an image – whether it is of a 'do-gooder', 'legitimate actor', 'trustworthy partner', or 'benevolent regional leader' – is not something that typically emerges from a single action or that happens in a short timeframe.

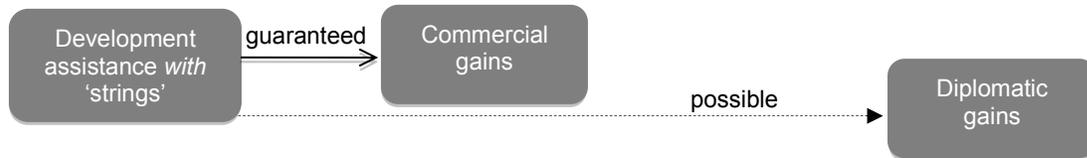
This bigger picture reveals that commercial gains can be sought in tandem with diplomatic gains. However, in this scenario they are a consequence of giving unconditional and untied technical cooperation. In this proposed win-win scenario, the recipient would obtain knowledge with no-strings-attached, and 'thank' the donor out of its own volition and in its own terms and timeframe. While this could come through support for the donor's position in an international organization, it could also mean favouring the purchase of goods and services from the donor – whether in relation to the agreement itself or in other areas – because it *wants to*, as opposed to because it *has to*.

A donor's best chance at securing commercial gains via technical cooperation is to prompt agreements that are conditional to macroeconomic changes and lock-in the recipient's purchases. On the other hand, a donor's best chance at reaping diplomatic gains is by not demanding anything back from the recipient. A visual representation

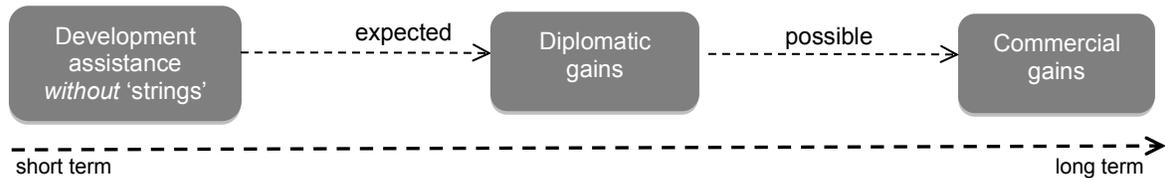
could be depicted as the following: in Scenario I, commercial gains for the donor can be seen as guaranteed, and conceived with a rather short-term timeframe; in Scenario II, diplomatic gains are expected and commercial gains are possible, but the timeframe is longer (Figure 2).

FIGURE 2 – SCENARIOS: DEVELOPMENT ASSISTANCE, COMMERCIAL AND DIPLOMATIC GAINS

SCENARIO I



SCENARIO II



A synthesis of the argument so far is that a country that is committed to providing unconditional and untied technical cooperation as part of its development assistance framework is strategically prioritizing (mid/long term) diplomatic over (short term) commercial gains, counting on the expectation of reciprocity from its recipients. Assuming this assertion is correct, there is yet another question to be answered: *what leads a donor to prioritize diplomatic over commercial gains?* After all, if countries would want both diplomatic *and* commercial gains to accrue from their foreign policy interactions, what drives them to choose to emphasize one over the other? Attaching 'strings' (or not) to technical cooperation reflects different preferences, as it improves the odds for one type of gain but lowers the odds for the other. Assuming this is not a haphazard decision, there are important dynamics which deserve investigation.

1.1.1. LOGIC BEHIND PRIORITIZING GAINS

This thesis looks at foreign policy decision-making as a process that reflects and interacts with both domestic and international elements, based on the (no longer controversial) understanding that domestic politics and international relations interact in a profound manner (Gourevitch, 2002:309). There is no single theory of domestic politics

to explain international cooperation (Milner, 1992:494). The one that makes more sense for this thesis is related to institutional theories of the state, such as bureaucratic and organizational politics, which focus on domestic decision-making structure (*idem*).

The character of domestic political institutions may condition both the preferences of a state and its ability to negotiate internationally. The national interest in this case depends on how political institutions shape actors' preferences and condition their access to decision-making forums (Milner, 1992:494)

Following Lancaster (2006:4), “the purposes of foreign aid are frequently as much the result of what happens inside of a donor government’s borders as what happens outside them”. This research posits that three key forces will impact a country’s foreign policy decision to prioritize diplomatic gains (through unconditional and untied technical cooperation agreements) over commercial gains: ideational, institutional, and positional forces. While each one alone won’t necessarily lead to a specific outcome, the combination of these three is poised to set a particular path.

Weber’s (1946 [1922–1923], 280) interesting metaphor of ideas serving as switchmen – by determining the tracks along which action will be pushed by the dynamic of interests – serves as a good starting point for understanding ‘ideational forces’. Ideas can serve as blinders, reducing the number of conceivable alternatives and obscuring the other tracks from view. Hence, this thesis abides by Goldstein & Keohane’s understanding:

Like Weber, we do not argue that ideas *rather than* interests (as interpreted by human being) move the world. Instead, we suggest that ideas as well as interests have causal weight in explanations of human action. (Goldstein & Keohane, 1993:3–4)

Ideational forces can (consciously or unconsciously) guide decision-makers to prefer the no-strings-attached approach. This can be a reflection of *principled beliefs*, which can be defined as “normative ideas that specify criteria for distinguishing right from wrong and just from unjust” (Goldstein & Keohane, 1993:9). In this case, the absence of conditionalities or ties can be a reflection of foreign policy decision-makers’ belief that placing ‘attachments’ to development assistance in general (and technical cooperation in particular) is wrong or unjust. Then again, a decision to place ‘attachments’ can be based upon principled beliefs just as well. This can come as a reflection of an understanding from the donor’s side that there is nothing problematic about these ‘attachments’, and that they are normal and accepted practices of providing

development assistance. If the basic *ethos* that guides foreign policy decision-makers is one directly connected to promoting the country's trade, then untied agreements would be conceived of as bad policy; if the accepted belief system is one that demanding ties will harm the donor's relationship with the recipient(s), decision-makers will likely prefer the 'no-strings' arrangement. But values alone might not determine the final policy: the role of domestic institutions is of great significance, especially the bureaucratic dynamics related to foreign policy decision-making.

If many institutions have a voice in foreign policy making but they all hold similar values for deciding over 'attachments' in technical cooperation (e.g., 'there is nothing wrong with tied aid'), their shared vision will lead to a rather clear path (such as 'tied agreements'). But in most cases, this congruence among interests is not present. As foreign policy tends to interface with many domestic policies, this means institutional tensions and conflicts are common. In many countries, for instance, the lines between which bureaucracy should have the main voice in the country's final decision over a particular subject can be quite blurred. And not all of those who see themselves connected to foreign policymaking will necessarily hold the same view (or even have a clear opinion) of what is 'the right thing' to do when it comes to providing assistance to other countries. While they can all claim to be committed to making decisions based on their country's 'national interest', in practice this can mean significantly different choices – if not opposing strategies.

In most countries, foreign policymaking in regards to the provision of development assistance involves (sometimes fierce) competition between two (or more) institutions, each one holding their own particular understandings of which priorities the country should have in mind when providing help to other countries. Compounding to different belief systems, some institutions embody projects and visions that call for a longer timeframe than others; some are more pressured by interest groups; some seek decisions based primarily on 'technical' analyses; not to mention the fact that when it comes to giving aid, some would want to help the country's own poor before helping others abroad (or not provide aid at all).

The bottom line is that usually there are internal forces that concurrently advocate for their particular vision, either calling to *push towards* or *pull away from* prioritizing diplomatic gains vis-à-vis commercial gains. The final decision will most likely follow the

ideas of whoever has the strongest voice over this particular matter. So if the ‘winner’ happens to be a bureaucratic institution directly concerned on, for example, trade promotion, technical cooperation agreements will most likely be tied.

If in a particular country only one bureaucratic institution is the locus for foreign policymaking and is relatively isolated from outside pressure, the institution’s normative understanding over how to provide development assistance will most likely set the path to be followed and repeated over time. So if ‘the’ foreign policy making institution – based upon its values – pushes for diplomatic gains (and it has no real challengers to this position), this will probably be the outcome.⁵

Every organization has a culture, that is, a persistent, patterned way of thinking about the central task of and human relationships within an organization. (...) Like human culture generally, it is passed from one generation to the next. It changes slowly, if at all. (Wilson, 1989:91)

Going one ‘level’ up, the final decision on how to provide development assistance (and technical cooperation) can also be very influenced by the country leader’s role in determining foreign policy. While some presidents/prime–ministers actively exert a prominent role in crafting their own vision of foreign policy, others can be aloof towards international relations, embracing what is recommended by its most trusted source on the issue. Most commonly, this tends to be the Ministry of External Relations (or its equivalent), although in practice it is not unusual to have this institution be overrun by other voices – which could be the Ministry of Trade, the leader’s political party, the Senate, or a ‘kitchen cabinet’ of close advisers. Once again, this highlights the assertion that particular normative and institutional elements inside of each country are deeply interconnected and essential for understanding each one’s final foreign policy decisions.

The third key element to understanding what influences foreign policy decision–makers to opt for (un)conditional or (un)tied technical cooperation is what this thesis will call ‘positional forces’. Here, this will refer to 1) the idea that actors (e.g., countries, firms, individuals) belonging to a particular social structure have a *position* within this arrangement; and 2) it is assumed that all actors’ seek to either maintain or improve their position. This thesis argues that where countries see themselves (i.e. their ‘position’)

⁵ Authors who focus on US foreign aid (such as Lancaster, 2006) highlight the important role private business interest groups have in the country’s foreign policy in general, and foreign aid in particular. This model does reflect the reality of some other countries as well, but it is not a general rule as it will be seen in throughout this research.

within the international system, and – more importantly – how they react to this position, can contribute to the decisions made in regards to giving preference to diplomatic or commercial gains. For example, a country might seek to improve its ‘international position’ through a more prominent role in international organizations, or place itself in a key position within a ‘network’ of countries interested in the same theme. In most cases, the support from other countries is required to achieve these goals.

Positioning can also imply behavioural expectations from others. As chapter 3 will show, ‘Southern’/developing countries tend to perceive conditionalities as something ‘traditional’ donors do. Conversely, countries abiding to the South–South Cooperation framework are expected to provide all of their development assistance unconditionally. Thus, if ‘rich’ developing countries – such as Brazil, China, and India – wish to maintain their legitimacy as part of the ‘South’, they will be expected to provide development assistance with no conditionalities. In this context, unconditionality is a strategy to mitigate negative impressions accruing from an asymmetric South–South relationship between ‘powerful’ and ‘powerless’ developing countries. Highlighting a ‘Southern’ identity would allow greater ease for emerging donors to portray their development assistance as different from ‘traditional’ donors, and a us–versus–them type of discourse. However, the same cannot be said for explaining *untied* development assistance. As it will be show, South–South Cooperation does not explicitly preclude the use of commercial ties in aid provisions, i.e., untied assistance is not a central part of a ‘Southern’ identity.

Diplomatic gains from technical cooperation are more likely to be sought by countries who believe they have a better shot at improving their position – *gain power* – in the international system through non–coercive ways, i.e. based upon ‘soft power’. This could be because the country simply does not *have* coercive power sources, such as nuclear weapons, strong military, significant economic weight). Another possibility it that a non–coercive approach can be adopted as purposeful strategy to establish/strengthen a particular positive image, such as ‘good international citizen’, non–threatening neighbour, and trustworthy partner.

This abovementioned approach goes hand–in–hand with countries embracing a so–called “middle power’ *diplomacy*’, whose characteristic method is to build coalitions with ‘like–minded’ countries usually revolving around ‘niche diplomacy’, and is typically

motivated by 'good international citizenship' (Evans, 1989). As chapter 2 will detail, 'niche diplomacy' refers to the concentration of foreign policy resources in specific issue areas best able to generate returns, rather than trying to cover the field (Evans & Grant, 1991:323); and 'good international citizenship' involves the pursuit of national interests through cooperation and involvement addressing international problems. This specialization in particular areas is expected to improve a country's power as it becomes a go-to reference – i.e., a *necessary player* – in international debates over the theme, resembling a hub-and-spoke model (Figure 3), or at least enhance its position among the network of those interested in the subject (Figure 4).

FIGURE 3 – HUB-AND-SPOKE NETWORK MODEL

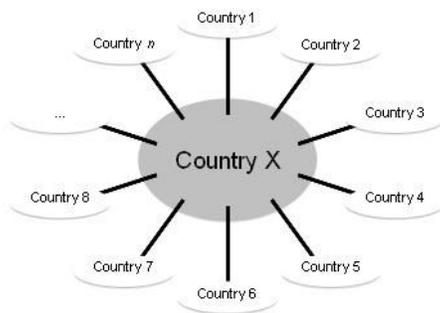
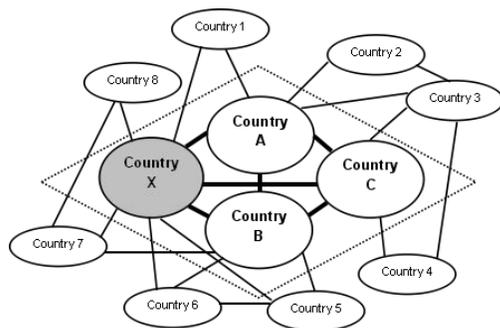


FIGURE 4 – NETWORK MODEL, KEY-PLAYERS



To summarize the arguments made, countries that choose to provide *unconditional* and *untied technical cooperation agreements* are prioritizing *diplomatic gains* over commercial gains. There are usually few – if any – *guarantees* that these gains will occur, with donors relying on *social norms of reciprocity* as a motivation for the recipients to 'pay back'. A particular combination of *domestic and international elements* – related to *ideas and values*; *bureaucracy and institutions*; and a country's *position in the international system* – will make decision-makers more likely to value diplomatic gains over commercial gains.

1.2. 'NO-STRINGS-ATTACHED' TECHNICAL COOPERATION: BRAZIL'S BIOFUELS DIPLOMACY

Providing technical cooperation agreements with no strings attached – no conditionalities and no ties – is the norm for agreements among most developing countries. One fundamental element stands out as the explanation: the absolute majority of them simply *don't have* the capacity to demand conditions or ties from others. In other words, even if they *wanted to*, they most likely would *not be able to* impose anything, lacking the means to attach any sort of demands to other developing countries. Again, this does not mean that developing countries can't (or at least don't try to) demand conditionalities or ties from its peers. But when this does happen, most of the time it encompasses a dyad, in which there is a weighty asymmetrical power between the countries involved, and/or the knowledge that the donor has is of significant value to the recipient, giving the donor the opportunity to 'impose' its preferred arrangement over the recipient.

This thesis' is intrigued with countries that are in a position to systematically demand conditionalities and ties but *choose not to*. When one looks at the reality of countries that *can* set conditionalities and/or ties, then the 'no-strings-attached technical cooperation' arrangement no longer is the norm. As a matter of fact, the conditional-and-tied arrangement began *as the standard* for powerful donors, as almost all developed countries began offering technical cooperation with clear commercial ties, a structure which remains the same for still many powerful providers. While the call for 'traditional' donors to untie their development assistance has been visible in the past decades, and some indeed have reduced them significantly (at least in nominal terms), tied technical cooperation is still undeniably pervasive. This is probably one of the most significant reasons for a common assumption seen in the literature, which in general posits that countries seek primarily commercial gains in their technical cooperation agreements – after all, it has been the typical arrangement adopted by developed countries since the idea of foreign aid emerged some six decades ago.

These impressions have been strengthened by the fact that some – although *not all* – of the 'rich' developing countries, which have now begun to provide significant volumes of development assistance are also tying their technical cooperation provisions. While 'emerging donors' like China and India condemn the demand of conditionalities (under

the argument that they interfere with countries' sovereignty) and shun *receiving* tied aid, they appear rather comfortable *providing* tied aid to other developing countries.

Brazil and South Africa – also 'emerging donors' – have chosen to embrace unconditionality in their development assistance structure too. Unlike China and India, they have put “more real emphasis on development assistance as a partnership, and seem to identify more closely with the states to which they provide assistance.” (Rowlands, 2008: 2; emphasis added). They have followed a similar approach to that of 'weak' developing countries: they do *not tie* their assistance – such as technical cooperation – to the purchase of their goods or services. This leads to an intriguing empirical puzzle: *why would an 'emerging donor' choose to provide untied technical cooperation agreements, forfeiting the opportunity to secure commercial gains?* This question leads to this research's case study: Brazil and its technical cooperation agreements regarding biofuels – the major component of what will be referred here as 'biofuels diplomacy' .

Brazil is a country with increasing global relevance. Its GDP is now roughly the same as the UK's⁶. Taking up half of South America's landmass, it is the world's 5th largest country. It also ranks the 5th in world population (over 200 million people), with over 50% of that now *middle* class consumers. Brazil boasts a strong regional presence while maintaining a peaceful relationship with its 11 bordering nations⁷. It is also holder of unique knowledge in important areas. In the words of the Director of Strategic Studies Institute of the US's Army War College, Douglas Lovelace Jr, given Brazil's growing regional and global influence, it is imperative that policymakers “achieve a fine-grained understanding of Brazilian foreign policy and the motivations that drive its leaders” (Brands, 2010: iii).

In regard to development assistance, the Brazilian case is incredibly intriguing. According to the Economist (2010a), without attracting much attention, Brazil is “fast becoming one of the world's biggest providers of help to poor countries”. More than any other developing country (aside from China and India), Brazil's numerous elements of strength easily leave room for taking advantage of power asymmetries when negotiating with 'weaker' developing countries. It is in the position to impose conditionalities and ties

⁶ Source: World Bank database (http://databank.worldbank.org/data/download/GDP_PPP.pdf).

⁷ The last war Brazil fought in the continent was with Paraguay, in the mid-1860s.

in its development assistance projects. But as confirmed through archival research and fieldwork, it deliberately chooses *not* to.

Also, Brazil's focus on technical cooperation is remarkable. This mechanism sits at the center stage (and not on the sidelines) of its policies concerning development assistance. Brazil's extensive tradition in technical cooperation among developing countries, its broader scope of action, and higher volume of initiatives provide an incomparable case.

Brazil has desired knowledge and know-how in a variety of areas, with most of what is shared revolving around social policies (e.g., poverty reduction, primary health), research in tropical agriculture, rural development, and other activities that can be characterized under the banner of 'human development'. Brazil's publicly 'owned' knowledge in this area has the capacity to play "key role in promoting capacity development in developing countries" (UN-GA, 2009a:3).

But Brazil's choice of providing unconditional and untied technical cooperation is not limited to 'human development' issues. One area where the country's government has engaged with eagerly has been over biofuels, particularly sugarcane-based ethanol⁸: since the mid-2000s, Brazil has signed technical cooperation agreements related to biofuels with over 50 countries. The majority of these have been with developing nations, especially those located close to the tropics.

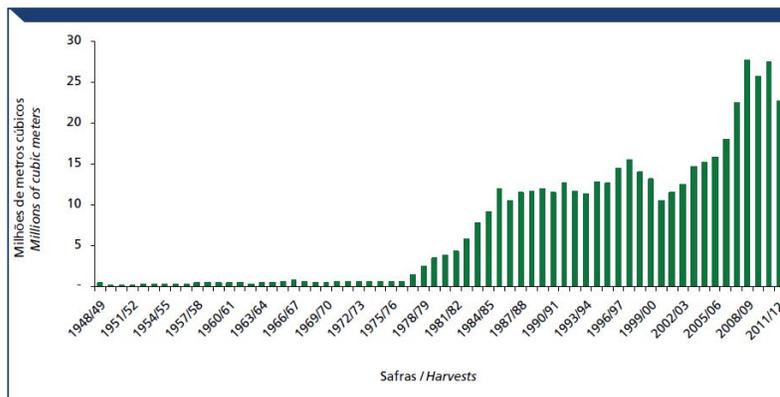
Brazil's knowledge and experience with ethanol from sugarcane is unparalleled. For almost four decades now, the country has embraced a mass scale production, distribution, consumption, and regulation of ethanol as a substitute for gasoline in such a level that *no other country in the world* comes even close to comparison. The National Program for Alcohol (*Programa Nacional do Álcool – Pró-Álcool*) was introduced in 1975; at the time, it was the *number one oil importer within developing countries* and ranked seventh in the world (Santana, 2006). Since then, it is estimated that ethanol consumption has saved the Brazilian government somewhere around \$280 *billion*⁹ in oil

⁸ Any kind of fuel that derives directly from living matter can be generally labeled a *biofuel*. This includes fuel derived from plants (e.g., sugarcane, corn, beet, wheat, etc.), agricultural and forestry residue (a.k.a. lignocellulosic biomass), algae, food waste, animal and vegetable oils, etc. These resources can be transformed into liquid biofuels (e.g., ethanol, biodiesel, and methanol) or gaseous biofuels (such as methane).

⁹ Unless indicated otherwise, all monetary values are expressed in US\$ Dollars.

imports and substituting close to 2.3 billion barrels of crude oil consumption (Nastari¹⁰, *apud* Freitas, 2012). As of mid-2014, about 90% of all passenger vehicles produced in Brazil have a flex-fuel motor¹¹, which allows the car's engine to run on *any* blend of gasoline and ethanol; all gas stations throughout Brazil's 8.5 million km² territory offer ethanol. Because of R&D improvements – mostly publicly funded – and gain in scale (Figure 5), the total area necessary for producing ethanol is equivalent to only *half of a percent* of Brazil's territory (MAPA, 2013).

FIGURE 5 – ETHANOL PRODUCTION IN BRAZIL



Source: reproduced from MAPA (2013)

Unlike ‘human development’ projects, which seek to improve people’s lives, there are undeniable *market* and *profit* components related to biofuels. Nonetheless, the Brazilian government has treated technical cooperation agreements over ethanol in the same manner it has done so for agreements over poverty mitigation, reduction of child mortality, and improved agricultural techniques for small scale farming in semi-arid climates: with no conditions and no conditionalities, begging the question ‘*why?*’.

The confidence to state that 1) *Brazil’s technical cooperation agreements have been unconditional and untied* and 2) *Brazil’s technical cooperation agreements over biofuels have been unconditional and untied* comes from the archival and field research undertaken. Over 50 diplomats and federal civil servants were interviewed in anonymity, many of which had *personally* worked on the ground with technical cooperation transfers in various areas. All interviewees stated that they had never been involved in or come across any tied project, and had never sensed any direct presence or pressure coming

¹⁰ These numbers were presented by Plinio Nastari – the President of Datagro, one of Brazil’s most well-known sugar & ethanol consultancy firms – in the 13th International Energy Meeting organized by FIESP (the State of São Paulo’s Industry Federation).

¹¹ Source: ANFAVEA.

from private interests in regards to any of their activities. As a matter of fact, some of them (both diplomats and civil servants) *criticized* the ‘no–strings–attached’ approach on the lines that ‘everyone does it [secures commercial gains]’, and the Brazilian government was missing out – or simply “being stupid”, as one candid interviewee said – on a solid commercial opportunity.

While some Brazilian experts and academics knowledgeable in this area were suspicious of the lack of ties or conditionalities, none was able to indicate any concrete case where ties/conditionalities did exist. Most of these interviewees correctly pointed out the government’s interest to strengthen commercial ties with other Southern countries, and mentioned loans provided by the Brazil’s National Bank for Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social – BNDES*). However, a closer analysis – including interviews with BNDES’ analysts – revealed that 1) there is no indication whatsoever of a direct link between technical cooperation agreements and BNDES loans; and 2) these loans are *not* provided in the same context as that of ‘development assistance’, but rather, through a narrow definition of financial support for national private companies, as by law, BNDES only provides resources to *Brazilian* companies wishing to expand their international presence and cannot provide loans directly to national governments.

Powerful Brazilian companies in the extraction and construction fields – such as Vale, Petrobrás, Odebrecht, Camargo Corrêa, and Andrade Gutierrez – do have a significant international reach, and greatly benefited from BNDES’ support. But their presence abroad began in the 1970s, predating Brazil’s bold role as a provider of development assistance (which began in the early 2000s). The growth of these Brazilian multinationals in developing countries might be *correlated* to Brazil’s development assistance program; but according to the data collected, to assert a causal link between them would be unfounded. So while Brazilian money has been flowing towards other developing countries, it can be claimed with a great degree of certitude that there is a very high level of bureaucratic *detachment* between trade and aid policies – i.e. there is no direct causal link between Brazil’s technical cooperation programs and BNDES’ loans, as seen in the country’s increasing interaction with African nations¹²:

¹² “From 2000 to 2012, trade between Brazil and Africa grew from \$4.9bn to \$26.5bn. Africa’s share of Brazil’s international trade has doubled from 3 per cent in the 1990s to about 6 per cent today. In the diplomatic sphere, Brazil now has 37 embassies in Africa, up from 17 in 2002. Since

There are *few signs of integrated trade, FDI and aid activities in Brazil's links with Africa*. The major feature of these links is that imports are dominated by oil, exports by market access, FDI by opportunities in commodities and infrastructure, and aid by cultural ties. *Countries receiving the majority of aid are not the same as those receiving FDI, nor are there commonalities between major trade and FDI partners.* (UN, 2010:42; emphasis added)

In the specific case of biofuels, the legal documents (i.e. the biofuels technical cooperation agreements) were analyzed individually. None of them included any clauses regarding conditionalities and ties. Again, diplomats and civil servants with direct connection to these particular agreements all stated (in anonymity) that there were no commercial ties to the knowledge transfers, some even questioning the rationale behind this approach.

In light of these facts, Brazil's technical cooperation agreements regarding biofuels will be used as the 'hard test' for this thesis' analysis. This is justified by 1) Brazil uniqueness as a 'donor' of development assistance, and 2) its commitment to a no-strings-attached model even in cases that clearly have a profit component to the knowledge shared. So while the theoretical puzzle asks '*why give knowledge with no strings attached?*', the empirical case study allows two more specific questions: 1) *why is Brazil providing knowledge with no strings attached?*, and 2) '*why is Brazil specifically providing knowledge regarding biofuels with no strings attached?*'. After all, what can explain the puzzling decision to not take advantage of the country's economic power and leadership in biofuels, binding the transfer of knowledge to their own gain?

The argument proposed is that Brazil's foreign policy conception over development assistance is purposefully directed towards prioritizing *diplomatic* gains. The particular case of biofuels highlights how much this priority is a core characteristic of Brazil's current foreign policy, given that the no-strings-attached approach to the transfer of knowledge over a theme with clear opportunities for immediate commercial gains is truly puzzling.

This thesis does not contest the argument that the Brazilian government has commercial interests related to its decision to transfer knowledge to developing countries, including in the case of biofuels. The expansion of Brazilian companies in developing countries in the last 10 years is remarkable, and the government certainly is interested in creating a

2003, 17 African embassies have opened in Brasília, adding to the 16 already there, making the Brazilian capital home to the largest concentration of African embassies in the southern hemisphere." (Green, 2013).

favourable space for even more growth. However, the argument posited is that commercial gains regarding biofuels are expected to come *indirectly* from technical cooperation, as a *consequence of diplomatic gains* from the recipients, especially improved bilateral relations and/or support for Brazilian positions in international fora regarding biofuels and ethanol.

Along with these state-to-state dynamics lie two discrete but powerful broader consequences of Brazil's numerous agreements over biofuels. First, the strengthening of Brazil's position as a *necessary* voice over this matter in international negotiations; and second, possibly allowing Brazil to claim *legitimacy* in representing the interests of *producers* of sugarcane-based ethanol (all developing countries) vis-à-vis ethanol consumers (mostly developed countries). These diplomatic gains would arise from the subtle development of a hub-and-spoke network structure, with Brazil sitting at the center.

The empirical case leads to a question: *what has lead Brazil to systematically prioritize diplomatic over commercial gains, including in the case of agreements over biofuels?* The answer is in the interconnected domestic and international forces – ideational, institutional and positional – that together foster Brazil's particular use of unconditional and untied technical cooperation as a foreign policy tool, as summarized below.

Ideational forces.

Ideational forces appear to be *necessary but not sufficient* to explain Brazil's 'no-strings-attached' approach towards development assistance. Brazil has a strong identification with the principles of South-South Cooperation (SSC) and history of condemnation of conditionalities. These provide a strong explanatory power for the country's stance to provide unconditional development assistance. The issue is framed under the concept of non-interference, which is deeply ingrained in the country's foreign policy ethos. There is an all-around normative understanding that it is *wrong* to demand conditionalities, i.e. even if well intentioned, they are still represent little more than a blatant contempt for the recipient's national sovereignty.

Nonetheless, SSC ideational forces are much weaker in explaining Brazil's decision to provide untied technical cooperation agreements. After all, other emerging donors –

such as China and India – are strong defenders of South–South Cooperation principles, placing commercial ties under the argument of ‘mutual interest’.

Institutional forces

As analyzed with detail in chapter 7, Institutional forces provide a very strong case for explaining Brazil’s decision to provide *unconditional* and *untied* development assistance, since both appear to be deeply connected to the country’s particular domestic foreign policy making institutional structure. Three elements deserve close attention.

First, the country’s legal structure, particularly the Constitution. This document explicitly enunciates the principles which should guide the country’s international relations, including: national independence; people’s right for self–determination; non–intervention; equality among states; and ‘cooperation among people for the progress of humanity’. The document does not explicitly state ‘unconditionality’ or ‘untied cooperation’ as principles, but these two can be easily derived as corollaries to the broader ideals espoused. This is even more so for the case of ‘unconditionality’ as it has become analogous to ‘non–intervention’, i.e., conditionalities, by nature, a forced breach into another country’s sovereignty. This sets the status quo strongly in favour of providing unconditional assistance, although the effect is weaker in regards to *untied* assistance.

The second institutional element to be considered is the governmental structure in charge of foreign policymaking. The main actors in Brazil’s provision of technical cooperation are: the Presidency, Ministries and Federal Institutions (such as the Brazilian Cooperation Agency, ABC), bureaucrats, and Congress. Presidents legally hold the ultimate voice in the country’s foreign policy strategies. Since the 1960s, the country’s Presidents have supported unconditionality; President Rousseff (in power since 2011) signaled – but did not act upon – the possibility of incorporating human rights’ considerations as conditions for Brazil’s partnerships. President Lula (2003–2010) visibly embraced and promoted the untied character of the country’s cooperation; again, President Rousseff hinted at some change albeit with no follow–up action. Brazilian Congress has traditionally been distant – perhaps even *absent* – from foreign policy issues in general, leaving the Presidency with a broad opportunity to independently set the direction and tone of the country’s international relations. Aside from the President, the traditionally most important foreign policymaking actor is the Ministry of External Relations (a.k.a *Itamaraty*), known for its insularity and being second only to the

Presidency in strategizing the country's foreign interaction. The Brazilian Cooperation Agency (ABC) is fully embedded inside of this Ministry, thus bound to embrace diplomatic interests first and foremost. In the current (and traditional) structure, the Ministry of Trade and Development is *not* a relevant direct player in Brazil's development assistance programs, which contributes to maintaining the untied status quo.

Third, non-governmental actors include non-governmental organizations (NGOs), private interest lobbies and associations, public opinion, media, academia, and such. In the Brazilian case, the country's development assistance program is not a topic of great prominence for most of these actors. This is not the same as saying none of them have had debates over the matter or that these actors do not care about (or are oblivious to) the issue. Academic interests are obviously the great exception, and there has also been a relevant and growing interest in the print media over the theme since the late 2000s. Except for (faint) calls by some NGOs and print media – which are mostly only read by Brazil's elite – there is no major questioning over Brazil's choice of unconditionality. Overall, Brazil's provision of technical cooperation is not a mainstream issue. Adding to this dynamic, for-profit interests do not appear to be directly pressuring *Itamaraty* (or ABC) to untie agreements. The literature and fieldwork indicate that profit-oriented actors – mostly large scale Brazilian multinationals (e.g., Petrobrás, large construction conglomerates) – with commercial interest abroad tend to make their case directly to the Presidency. These companies in particular appear to be interested in governmental action that creates a more receptive environment for Brazilian investment, and *not* in direct gains from technical cooperation. Under this light, unconditional and untied agreements actually serve their interests: the diplomatic gains it generates facilitates the environment for accruing commercial gains.

Finally, because the knowledge Brazil shares through its technical cooperation agreements is *public*, the state holds the exclusive prerogative to provide it in the way it wishes to. In the case of ethanol, the information shared is the one that the *state* has, as most of the research and development (R&D) over the years on sugarcane has been conducted under governmental sponsorship. The know-how regarding public policies related to the mass use of ethanol is also 'owned' by the state, which allows it great leeway in choosing *what* to share, *how* to share, and *with whom* to share information. As the fieldwork showed, the promotion of biofuels (particularly ethanol) through technical cooperation agreements was in fact led in most part by the *State*. Brazilian private

interests share a role in some aspects of this, but more in the big picture of what was sought; there is no indication that they actively pushed to government to secure immediate commercial gains from the recipients. Tying the agreements would work not only against the country's diplomatic goals from promoting ethanol it would actually *harm* more profitable long-term commercial gains (even if these were uncertain).

Positional forces

The final point has to do with Brazil's position in the international system. As the country's economic power and political influence grew significantly in the 2000s, Brazilian leaders have been set on continuously reaffirming the country's 'Southern' identity and developing country 'status'. Non-interference is at the core of South-South Cooperation, and conditionalities (both economic and political) are seen as a hallmark of 'traditional' donors' approach towards development assistance. Thus, in order to maintain legitimacy as a 'Southern'/developing nation, one has to *behave* like one. If Brazil wishes to position itself as a voice for 'development' developing countries, this demands not only 'talking-the-talk' but also 'walking-the-walk'.

Brazil's ongoing quest for a permanent position in the United Nation's Security Council is a well-known example of the Brazilian leaders' desire to strengthen the country's position in the international system. But it would be too simplistic to limit Brazil's entire rationale for no-strings-attached technical cooperation to this single interest *alone*. Recent bids to have Brazilians in the position of directors of international institutions have successfully placed José Graziano da Silva as the head of the Food and Agricultural Organization (FAO), and Roberto Carvalho de Azevêdo as director-general of the World Trade Organization (WTO). While it would certainly be a stretch to claim that Brazil's strategy no-strings-attached technical cooperation was *responsible* for these 'victories', it appears reasonable to affirm that Brazil's overall image as a legitimate voice for developing countries has benefited from and been strengthened with this strategy – something highlighted by Brazilian diplomats during interviews.

Chapter 5 will provide details on how the idea of placing Brazil as a global reference for *development* gained great prominence in the early 2000s. Presidents Lula and Rousseff have actively sought to transform Brazil's domestic social and economic successes into power on the international stage. Both administrations have promoted Brazil as a legitimate and innovative voice for development to build coalitions overseas, especially

within the global South. During the Lula–Rousseff period Brazil has positioned itself as the main (or ‘co–main’) representative of those identifying as developing countries. This can be understood as part of a strategy of “autonomy through diversification”—an adherence to international norms and principles by means of South–South alliances and agreements with non–traditional partners (Vigevani & Cepaluni, 2007:1313).

Brazil’s foreign policy leans towards a ‘*niche diplomacy*’ approach – something considered emblematic of “middle power’ diplomacy’. This means it favours the concentration of bureaucratic resources in a small range of issue areas likely to yield most results. The country’s desire for power in the regional and international stages has been historically sought through multilateral fora – another typical strategy of ‘middle powers’. As chapter 2 will show, there are meaningful academic difficulties in working with the concept of ‘middle powers’; and in chapter 4, these conceptual uncertainties gain an even higher level of complexity when overlapped with yet another concept with unclear borders: emerging donor. Nonetheless, it seems possible to state that Brazil generally *acts as if* it were positioned in the international system as a ‘middle power’, thus embracing a “middle power’ diplomacy’. While the concepts of ‘soft power’, ‘middle power’ and “middle power’ diplomacy’ are not easy to work with from a definitional point of view they still generate useful explanatory power.

As chapter 6 will show, Brazil’s ‘biofuels diplomacy’ is interpreted as a case of ‘niche diplomacy’, i.e. leveraging the country’s knowledge on ethanol and biodiesel for a broad array of interests beyond the initial goal of transforming ethanol into a commodity. Since sugarcane can only be grown in a cost–efficient manner in countries with a similar climate to that of Brazil, and most tropical countries are also ‘Southern’/developing countries, there is an open opportunity to link the knowledge transfer over sugarcane–based ethanol to promoting Brazil’s diplomatic relations with these nations. This structure also positions Brazil in a favourable spot if it decides to claim legitimacy to speak for most tropical ethanol *producers*, and frame the debate as one of developing countries’ quest for energy independence, rural development, renewable energy, etc. While this thesis does not claim that developing countries will allow Brazil to speak *for them*, the hub–and–spoke structure is nonetheless favourable for Brazil.

Ultimately, Brazil’s desire for improving its position in the international system – whether in International Organizations or in the global biofuels ‘network’ – appear to be

significantly contingent to the amount of support it is able to amass. Since it has *relatively* less power sources than most traditional and some emerging donors, strategies such as ‘buying’ support or coercing others to side with Brazil cannot be used extensively. One available path to obtain support is by actively investing in non-coercive strategies, such as strengthening partnerships, mitigating the risk of being labeled a hypocrite, and establishing credibility as a ‘good international citizen’. While there are no *guarantees* that unconditional and untied technical cooperation will lead to an improvement in Brazil’s position, as chapter 2 will show, there is a valid logic behind this approach.

As a final point, it is important to make clear that this thesis is interested in understanding the *logic(s)* underlying Brazil’s foreign policy decision to provide unconditional and untied technical cooperation. Thus, the effectiveness of this strategy - i.e., what has Brazil tangibly accrued from this policy? - is discussed at times, but is *not* the focus of this thesis.

1.3. METHODOLOGY

The broad contours of Brazil’s foreign policy and of its South–South Cooperation have a long and rich literature (especially in Portuguese). Nonetheless, the specific topic of Brazil as an ‘emerging donor’ has only recently begun to be studied¹³. When it comes to focusing on Brazil’s use of technical cooperation as a foreign policy tool, only one study is really thorough: Puente (2010), who presents a historical and descriptive approach¹⁴. In regards to biofuels ‘diplomacy’, some have begun to write short analyses about the subject – such as Paiva (2010), Hochstetler (2012), and Moraes & Mattos (2012). However, none of these studies shares this thesis’ objective to provide a deep understanding of what pushes the government to provide the knowledge with no strings attached.

In order to pursue the proposed questions, the research is structured upon a single–*N* qualitative approach, focusing on the collection of data primarily through archival research and interviews, with content analysis being used to make sense of the data

¹³ One of the main reasons for this delay was the lack of data, as the first detailed compilation of numbers was published by the government (through IPEA) in 2010. Works prior to this report include Campos (2007), which would be one of those responsible for the IPEA report; Landau (2008); and Lopes (2008), focusing on ABC’s role.

¹⁴ Reviewing the literature on Technical Cooperation, Scott (2009:1) finds “ it is striking that there are very few publications from Southern institutions or resources authored by Southern nationals”.

collected. Besides academic publications in both English and in Portuguese, the research makes extensive use of speeches and declarations of Brazilian government officials and legal documents, including Brazil's technical cooperation agreements related to biofuels. All material originally published in Portuguese and Spanish has been translated to English by this thesis' author; translated portions will be indicated by "Tr/Po" when translated from Portuguese, and "Tr/Sp" when translated from Spanish.

The archival data provided a substantial knowledge base for hypotheses formulating. But to confidently assess the validity of the initial logic proposed, it was necessary to take a step further and speak to those directly involved with the issues at hand. After all, individuals' beliefs and most of the unwritten human, political and institutional dynamics between bureaucracies can be best – if not *only* – captured in detail by directly engaging with subjects with close knowledge.

In order to acquire this fine grain understanding, fieldwork research and face-to-face interviews took place in Brazil between October/2012 and January/2013. The goal was to conduct 'elite interviews'. In this particular case, the 'elite' were defined as individuals with expertise and and/or direct experience with the thesis' main themes: Brazilian foreign policy and foreign *policymaking*; development assistance; technical cooperation agreements; and/or international policies and arrangements regarding biofuels.

For decades now, numerous authors have demonstrated elite interviews' ability to generate reliable and valid data for political analyses (Huitt & Peabody, 1969; Dexter, 1970; Gorden, 1980; Moyser & Wagstaffe, 1987; Kingdon, 1989; Hammer & Wildavsky, 1989; Beamer, 2002; Tansey, 2007). Elite interviewing, by its very nature, provides a subjective account of an event or issue. The interviews weren't conducted with a view to establish 'the truth', in a crude, positivist manner, but to provide "an insight into the mind-set of the actors who have played a role in shaping the society in which we live and an interviewee's subjective analysis of a particular episode or situation" (Richards, 1996:199–200).

Interviews were semi-structured. This allowed for better opportunities for probing and providing the respondent considerable freedom to expand on a given question (Huitt & Peabody, 1969:28–29). The strategy was to move from more general questions to more specific ones (Dexter 1970; Kingdon, 1989), taking into account each interviewee's personal knowledge, experience, and willingness to provide detailed information. *All*

interviews were conducted in Portuguese and further translated to English by this thesis' author.

In total, the data covered the knowledge and experience of over 90 people.¹⁵ There were 63 individual interviews: 19 diplomats; four employees from ABC (non–diplomats); 24 federal public servants from seven different Ministries and three different federal government agencies, almost all working *directly* with international cooperation. Another set of data came from being allowed to participate in a course specifically designed for federal public servants working with international cooperation. Organized by the *Escola Nacional de Administração Pública – ENAP* (Brazil's National School for Public Management), the course “Foundations and Practices of Brazilian International Technical Cooperation” had close to 30 participants from nine Ministries and ten federal government agencies. Because of the request for a Chatham House rule¹⁶ to be applied over opinions expressed during the workshop, individual names and organizational affiliations have to remain fully undisclosed.

Diplomats were the main target groups sought–after regarding the values, history, inter and intra–bureaucratic arrangement, and goals of Brazilian foreign policy and development assistance strategy. Interviews covered senior (Ambassadors and Ministers), middle (Counselors), and junior level (Secretaries) members of the diplomatic corps¹⁷. Another very important group of interviewees were members of the Brazilian Cooperation Agency (ABC), for obvious reasons; here, two decision–makers (top ranking diplomats) and 11 of the agency's operational staff (civil servants working directly with implementing projects) shared their personal experiences regarding Brazil as a 'donor' of 'development assistance'¹⁸.

Because the research posits the importance of Brazil's institutional foreign policy framework as a significant factor for the fostering of 'no–strings attached' technical

¹⁵ See Appendix - List 1, for more details. Although not included in the list of official interviews, diplomats serving the Brazilian Consulate General of Vancouver – notably Amb. Sergio Florencio and Cons. Cristina dos Anjos – provided invaluable knowledge and help with archival material and contacts with high ranking diplomats in Brasília.

¹⁶ Under this structure, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

¹⁷ Ambassadors have at least 20 years of service in the diplomatic corps; Ministers have over 15; and Counselors, at least 10 of service. Source: Decreto 86.019/1981.

¹⁸ The Ministry's (and ABC's) position is very clear: Brazil does not want to be labeled a 'donor' or to say that it is providing 'development assistance'; it sees itself as a 'partner' and uses the expression 'cooperation for development'.

cooperation, it was necessary to go beyond the cadre of diplomats and those under their direct control¹⁹. Even if technical cooperation is understood as a foreign policy tool, the Ministry of Foreign Relations has to reach out to other actors as it does not ‘own’ the knowledge being shared: the ministries and agencies are the one who have it.

By early 2013, essentially all of Brazil’s 24 ministries had an internal division specifically dedicated to international affairs²⁰. This suggests an increased need for inter–ministerial bureaucratic interactions, as this situation creates somewhat of a juxtaposition of competencies and priorities which may not always be identical (Figueira, 2010, 16–19; Tr/Po). Adding to this, Brazilian technical cooperation is almost exclusively implemented by federal civil servants, not private consultants²¹.

In Brazil, working in the civil service – particularly in the federal sphere – is a very sought after professional choice. Not only does it tend to pay better and provide more benefits than the private sector, it also has a very high degree of job security. The end result is that the great majority of federal public employees that deal with technical cooperation and international affairs tend to be professionally prepared to work in their areas, increasing even more the importance of their analyses of Brazil’s foreign policy.²²

Two sets of interviews were done with civil servants involved with technical cooperation agreements. The first set was comprised of 22 individual interviews with civil servants from seven Ministries and three government agencies (IPEA, EMBRAPA, and BNDES), most of them assigned to their institution’s international affairs department; two members of the Presidency’s Office were interviewed regarding specifically the government’s biofuels’ policy and strategy; 11 academics, two employees of International Organizations with office in Brazil; and two members of the diplomatic corps from African countries.

The second data set was obtained from the ENAP’s course “Foundations and Practices of Brazilian International Technical Cooperation”. All of those participating in the

¹⁹ ABC is not an independent agency, finding itself totally immersed and under the control of the Ministry of External Relations.

²⁰ The only exception was the Ministry of National Integration.

²¹ Having knowledge being transferred by public employees seems to be quite the norm in South–South Cooperation mechanisms, given that most developing countries tend to share public policy experiences and knowledge fostered through public institutions.

²² A recent exam to hire 750 public employees for the Brazilian Revenue agency drew over 120,000 candidates, with the starting monthly salary of approximately 20 minimum wages.

workshop had (at least) a bachelor's degree – and about half of them were International Relations majors. This fostered very engaging debates as many were familiar with the history and directions of the country's foreign policy, the better understanding of Brazil's position in the international context, as well as their own role within the domestic structure of foreign policy. Their overall professional qualifications also raised quite refined questions and criticisms over Itamaraty's handling of technical cooperation that transcended a simple petty inter-bureaucratic feuding.

At total then, counting both individual interviews and participants of the workshop (but leaving aside diplomats and those at ABC), 58 federal public servants from 12 Ministries (plus the Presidency's Office) and 10 federal government agencies were interviewed. Hence, the interviews covered the international activities of half of Brazil's Ministries, based upon those with the most involvement with technical cooperation agreements. The civil servants spoken to comprised both of "rank-and-file" and managers of their institutions' international advisories. This is a significant aspect of the collection of interviews as it incorporates the views and experiences of many who work "hands-on" with technical cooperation within the government but are not decision-makers themselves. This material allowed a more thorough analysis of the inner-bureaucratic workings involved in conceptualizing and implementing technical cooperation agreements, as well as interesting comparisons between what is said in the official discourse and what the perception of those who deal with the exchanges themselves.

Brazilian scholars were interviewed as well, mostly from the *Universidade de Brasília* (UnB) and *Pontifícia Universidade Católica do Rio de Janeiro* (PUC/RJ). Almost all of the 11 spoken to have relevant publications dealing with the topics covered in the thesis. What is particularly interesting is that many of these scholars have had – or still have – experience inside the federal government²³. This is quite common for scholars teaching in Brazil's capital, where there is a much narrower gap between scholars and practitioners than that described by Nye (2009). Some have advised/consulted for Ministries, government agencies, or even the Presidency during a period of time; some of them are frequent lecturers for junior diplomats²⁴. This in-and-out circulation between

²³ Professors from public universities – such as UnB – are legally employed as civil servants, so their work for the government does not count as *private* consultancy.

²⁴ New diplomats spend their first two years as students in a course run from inside the Ministry of External Relations (*Curso de Formação*); it is taught by both diplomats and academics (many of

government and academia obviously strengthens their knowledge of how things ‘really’ work inside the government and what kind of ideas and values are preached and practiced in foreign policy.

Notwithstanding this analytical framework, this proposed study (as with any scientific research) carries its own set of limitations and weaknesses. Two main issues appear to be the most relevant. First, the assertion that Brazil is ‘unique’ because it does not demand conditionalities or ties relies on what is made *public*. Even if all technical cooperation agreements available are silent in this regard, does not mean there can’t be *secret* agreements. Just because the diplomats and civil servants interviewed said they never seen any case of conditionalities or ties does not mean these don’t *exist*. Perhaps the specific individuals interviewed truly did not know about ‘back’ deals, while a different set of individuals would have told different stories. Or even, there is the (odd) chance that *everyone* lied during their interviews. This research recognizes these possibilities. But at the same time, it leaves these doubts aside based on the belief that even if secret agreements did/do exist, they would most likely be an exception and not a rule, as they seem to carry too much of an unnecessary political risk of being exposed.

The second issue addresses a much broader problem concerning foreign policy analysis. As already said, this thesis is based upon the supposition that logical thinking and thought-out scenarios are the starting point from which foreign policy decisions are made. In other words, a country’s (such as Brazil) policy for providing development assistance (such as technical cooperation) is not a *random* result. While this research is aware that some policy elements can originate from the inference of ‘non-purposeful’ events, this thesis will analyze ongoing policies as conscientious choices.²⁵

In the end, the combination of archival research with relevant interviews allows for an original and valuable understanding of Brazil’s choices as an emerging donor. It represents an important step in theory building for those interested in development assistance in general (and technical cooperation in particular), in what is being done by emerging donors in general (and Brazil in particular), contributing to minimize the lacuna of knowledge in this area.

them from the University of Brasília’s Institute for International Relations – the most traditional in the country).

²⁵ It is worth reading Halle’s (1964) dilemma on how to teach foreign policymaking, and how to make sense of the series of ‘accidents’ by giving order to order ‘chaos’. The fact that he uses the case US’ decision to provide foreign aid came to be makes his piece even more noteworthy.

1.4. BASIC BOUNDARIES AND DEFINITIONS

The questions proposed are located amidst a scenario of proliferation and fragmentation of aid channels in the past two decades, which has contributed to the complexity of global governance of development assistance (World Bank, 2008:viii).²⁶ Three main factors are responsible for this new scenario. First, the number of countries that are now ‘donors’ has increased substantially: while only some half dozen countries gave ‘foreign aid’ in the late 1940s, this number today is somewhat closer to 60 (World Bank, 2008:11)²⁷. Brazil, China, and India are among these ‘new’ and relevant providers, collectively referred to as ‘emerging donors’.

Second, the line between aid *recipients* and *donors* is blurry. In the late 1990s, when the Millennium Development Goals (MDGs) were first agreed upon, the world appeared evenly divided: there were countries that had to achieve the goals themselves and others that had to help them do so (Zimmermann & Smith, 2011:722). The 2000s brought about enormous changes to this structure, as ‘emerging donors’ began to systematically provide a significant volume of development assistance. Nonetheless, as a testament to rising complexities, they still continue to *receive* development assistance to deal with their own poverty issues (OECD, 2012c).

Third, countries and international organizations (such as the World Bank) are no longer the only actors in this area. The role played by private actors has grown visibly in this period, whether by financing and executing their own aid projects (e.g., Bill & Melinda Gates Foundation) or monitoring what and how aid has been provided, such as the work conducted by the International Aid Transparency Initiative (IATI); not to mention the crescent number of initiatives undertaken by sub-national government units (i.e., states, regions, provinces, municipalities).

This research opts to look specifically at development initiatives undertaken by *countries*.²⁸ The rationale behind this decision is simple: development assistance will be

²⁶ “Global governance is governing, without sovereign authority, relationships that transcend national frontiers” (Finkelstein, 1995:369). For more thorough debates on the concept, see Weiss (2000) and Dingwerth & Pattberg (2006).

²⁷ This thesis uses the term ‘development assistance’ synonymously for ‘foreign aid’ and ‘development cooperation’, albeit being aware of the contentious nature of this choice. For more on the debates over terminology see Bauer (1993); Burnell (1997); Breuning (2002); Rowlands (2008); Lengyel & Malacalza (2011); and Mawdsley (2012a, 2012b).

²⁸ Some minor attention is given to the actions of international organizations, but only as they represent the result of its *member–countries*’ interests.

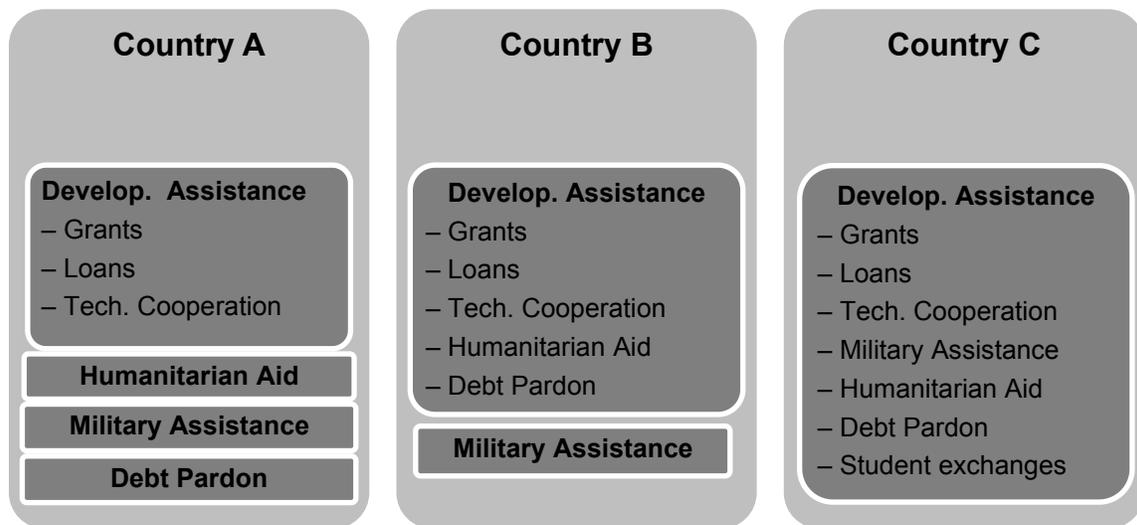
studied *within the context of foreign policy*, an area where countries are the only actors to have legitimacy and legal capacity to act upon. Each actor engaged in development assistance has its own interests and motivations for providing development assistance, but none has the innate authority to speak – much less to sign agreements – on behalf of a sovereign country.

The research also brackets the question of how recipients of Brazilian aid ‘truly’ feel about the country’s position as a development assistance provider/partner. In order to answer this question properly, a *much* broader research structure would have been necessary: fieldwork in a number of partnering countries; interviews with key actors in each country (e.g., civil servants, politicians, academics, private sector); analyses of Brazil’s bilateral relationship with each selected country, and the latter’s support for Brazil’s interests in international organizations, etc. Due to time and financial constraints, this line of investigation was not pursued in the present research.

Because this thesis looks at country–to–country engagements, the development assistance initiatives considered here are those provided through some sort of *formal agreement* – i.e. written and generating some legal consequences for its signatories. This makes them *treaties* according to International Law: Article 2.1 (a) of the Vienna Convention on the Law of Treaties (1969) states that “treaty” means an international agreement concluded between States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation”. The term ‘agreement’ can have both a generic and specific meaning. When used as a specific term (such as in ‘technical cooperation agreement’), it designates a particular the name given to a treaty that has a somewhat narrow scope of subject–matter. Commonly, it is used to designate instruments of a technical, administrative, cultural and educational character; they may or may not be subject to ratification by countries, depending on each one’s domestic legislation and the legal structure of the agreement itself. Not all international arrangements between parties that materially focus on technical cooperation are officially *named* ‘technical cooperation *agreements*’. The title assigned to international instruments has normally no overriding legal effects, as it “may follow habitual uses or may relate to the particular character or importance sought to be attributed to the instrument by its parties” (*UN Treaty Collection*, undated).

Providing Development assistance. Development assistance can be provided in many ways. Technical cooperation, grants, and loans are traditional mechanisms for this purpose. However, there is no unified legal or academic definition regarding whether *other* initiatives can also count as development assistance or not. Some countries see development assistance (grants + loans + technical cooperation) as a separate category from debt pardons, humanitarian aid, and military assistance. Other donors embrace a broader definition do development assistance, and include many (or all) of the latter initiatives under *their* particular interpretation (Figure 6), an issue that will be detailed in chapters 3 and 4.

FIGURE 6– EXAMPLE OF DONOR’S INTERPRETATION OF DEVELOPMENT ASSISTANCE MECHANISMS



A good starting point for a definition comes from the OECD’s Development Assistance Committee (DAC) and its definition of what it calls ‘Official Development Assistance’ (ODA):

Grants or loans to countries and territories on the DAC List of ODA Recipients (developing countries) and to multilateral agencies which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms (if a loan, having a grant element of at least 25 per cent). In addition to financial flows, *technical co-operation* is included in aid. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g., pensions, reparations or insurance payouts) are in general not counted. (OECD DAC Glossary, undated; emphases added)

This definition is helpful inasmuch as it is the agreed upon definition used by DAC’s 25 member–countries and the 13 non–member countries who choose to report their development assistance activities to DAC. The numbers and characteristics of Official

Development Assistance matter for at least two very important reasons. First, it captures what traditional donors do, which is still the bulk of worldwide international development activities. Second, having a single template used by so many important countries undoubtedly facilitates comparative and historical analysis by researchers, inasmuch as it identifies qualitative standards of aid transfers, establishes guidelines for reporting and monitoring ODA flows, and compiles these data in annual tables that provide a statistical basis for cross-national comparison (Hook, 1995:xiii).

However, while the definition for what should be counted as development assistance is now rather straightforward for these countries, it was not an easy one to arrive to in the first place. In a testament to the difficulty of defining the specific contours of development assistance, it was in 1965 - five years after its creation - that the DAC introduced measures to define what should be considered as 'aid'. The term 'Official Development Assistance' was only defined and adopted in 1969, as it finally became detached from its categorization until then of "Other Official Flows". Only in 1972 would the definition become firmer, remaining the one currently used. Simply put: it took *twelve* years for DAC countries (not even 20 members at the time) to come up with a unified definition of what ODA should encompass.

DAC's definition of what counts under the rubric of development assistance *cannot* be automatically transplanted for all donors, as many countries – including Brazil, China, and India – explicitly reject this understanding. Countries that do not adopt the DAC/ODA definition display an array of diverse interpretations to what *each one* considers to be 'the' mechanisms for providing development assistance. While the core elements that constitute ODA – grants, loans and technical cooperation – seem to be always be included in every non-DAC countries' definition, other categories that are treated separately for DAC countries are frequently built-in within the measurement and evaluation of development assistance by non-DAC donors²⁹. These might include initiatives such as: humanitarian aid; debt relief; provision of goods (i.e., medications, food, clothing) or services (i.e., doctors, technicians); country contributions to international development organizations (i.e., UNDP, FAO) and regional banks (i.e.,

²⁹ This thesis follows Mawdsley's (2012:257) concern that as a 'residual' category, the concept of *non-DAC members/donors* might erroneously "promote the normative centrality of DAC, while suggesting a peripheral location, or unfulfilled aspiration for the remainder". For the sake of parsimony, the term 'non-DAC' will be used through this thesis with the clear understanding that it does *not* signal some sort of sub-category vis-a-vis DAC membership.

IADB); scientific and technological cooperation; and scholarships for foreign students. Adding to the complexity, the concept of 'South–South Cooperation' (SSC), adopted by the UNDP and by many developing countries (to be discussed in depth in chapter 3), calls for an even *wider* net of activities that represent international cooperation towards development:

South–South Cooperation is a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can take place on a bilateral, regional, sub–regional or interregional basis. Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts. Recent developments in South–South Cooperation have taken the form of increased volume of South–South trade, South–South flows of foreign direct investment, movements towards regional integration, technology transfers, sharing of solutions and experts, and other forms of exchanges. (UNDP What is SSC?; undated)

Different countries have different thoughts regarding what is or should be categorized as 'mechanisms of providing development assistance'. This issue highlight the reality that large–*N* direct comparisons – or even small–*N* comparisons between non–DAC members – of the total volume of countries' reported engagements in 'international development' can be very misleading if the definitional discrepancies are not dealt with in the data analysis. This study does not aim to compare all variations that exist, or investigate why particular items are included or not included in countries' definitions, but rather aims to conceptualize why a country will *privilege* one (or a few) mechanisms over others.

Technical Cooperation. Defining technical cooperation as an instrument of international development is not a straightforward task. As well posited by Arndt (2000:158), "technical co–operation is a bit like poverty: difficult to define precisely; but one knows it when one sees it". There is no shortage of definitions employed by different agencies and individuals. The working definition of technical cooperation for this research looks at *agreements between states that are focused upon exchanges of (existing) knowledge aimed at fostering development*, as this covers the core of existing definitions (Burnell, 1997; Arndt, 2000; Browne, 2002; IMF, 2003; DFID, 2012; UNDP, *What is SSC?*; *OECD DAC Glossary*). So while financial aid – such as grants and loans – can be seen as a mechanism to close resource gaps of developing countries, technical cooperation is a way to compensate for skills (Browne, 2002:1).

There is no consensus on what the precise boundaries or relationship between 'technical' and 'scientific/technological' cooperation is. This thesis will use the term 'technical cooperation' to identify exchanges of *existing* knowledge, whilst the latter used for partnerships to *create new* knowledge. Hence, the expression *technical cooperation agreement* will from herein designate formal (written) understandings between States, whose content is centered upon the exchange of knowledge, i.e. the main goal is to transfer knowledge.

Some international organizations (such as the IMF and the OECD) specifically divide technical cooperation in two categories: 1) free-standing technical cooperation (FTC); and 2) investment-related technical cooperation (IRTC). FTC is "the provision of resources aimed at the transfer of technical and managerial skills or of technology for the purpose of building up general national capacity without reference to the implementation of any specific investment projects"; IRTC "denotes the provision of technical services required for the implementation of specific investment projects" (IMF, 2003). This research will only deal with the free-standing kind. Ajayi & Jerome (2002:23) go further and propose a detailed categorization of technical cooperation, divided in eight types. While this research will not use these sub-divisions, they open up opportunities for future research.

The actual training and know-how exchange can be done by specialists and consultants hired for that specific purpose, or rely on public servants with firsthand experience. Pragmatically, technical cooperation aimed at promoting development involves initiatives such as: sharing innovative technologies; providing details and helping to reproduce and adapt successful public policy projects; or offering training and capacity building for public servants. In many cases, for a knowledge exchange to effectively occur, the recipient might have to purchase some type of equipment or good (such as machinery, software, or laboratory equipment) deemed necessary for the project; these cases are of great interest for this thesis.

Also, these agreements typically include details over financial matters related to covering costs and expenses associated with the provision of the knowledge transfer, with the money coming from the donor alone (quite common), both the donor and the recipient (less common) or from third parties (less common). The volume of money involved can vary dramatically: it can be very small, such as just enough to cover travel and

accommodation expenses for a few public servants for some days abroad; or involve very large sums, as in the case of projects involving large-scale training, a long term timeframe, and with broad national reach.

As a final point, chapter 6 will provide the specific boundaries and definitions related to biofuels. But it can be anticipated that it will *not* be the purpose of this study to discuss all contentious elements involved in the debates relative to producing or using biofuels in large scale. Issues such as the impact of biofuels' production in food prices, the links between biofuels' production and climate change, water usage, and land grabs are of undeniable relevance, but they are not part of the topic under investigation. So the question of whether Brazil's initiative of stimulating the production of biofuels in developing countries is positive or not – whether from a social, environmental, or economic angle – will be consciously left aside given the need to limit the research's scope.

1.5. THESIS OUTLINE

This thesis is divided in eight chapters. Following this introductory chapter, the next chapter provides a theoretical overview of development assistance in general and technical cooperation in particular. This thesis' focus is on how these mechanisms are used in the context of foreign policy, thus most relevant academic literature comes from the field of International Relations. Studies over countries' power – e.g., how it is gained, sought, exerted – are brought into the analysis, with particular attention to the concepts of 'soft power', "middle power' diplomacy' and 'niche diplomacy'. Finally, because there is a particular attention to technical cooperation provided with no conditions or no ties, a logical structure is presented to investigate possible gains from this strategy.

Almost all donors provide development assistance (and technical cooperation) within one of two frameworks: chapter 3 looks at both 'traditional' donors and the OECD's DAC model and developing countries' South-South Cooperation. The chapter present a historical account of the rise of development assistance – focusing on technical cooperation – within each of these structures; its goal is to help understand the background of values and principles, how the 'frameworks' have evolved over the years, and how countries abiding to these models have, in practice, provided their development assistance. As it will be shown, abiding to a particular framework indicates general patterns, but does not *determine* behaviour – i.e. technical cooperation is provided in

different ways – with/without conditionalities or ties – among countries within the same ‘block’.

Chapter 4 builds upon the previous chapter’s analysis of donors abiding to the SSC framework, and focuses on a subcategory of ‘Southern’ countries: *emerging donors*, with a focus on Brazil, China, India, and South Africa. These nations – particularly the first three – are responsible for blurring (even more) the tenuous line between developed and developing countries. Despite the term ‘emerging’, these countries have a significant history of providing development assistance. What is relatively new is their prominent political and economic importance in the international system, and their unprecedented expansion in partnerships and initiatives. Thus, the chapter begins with an understanding of these nations under certain categories: emerging countries, BRICS–members, and ‘middle powers’. The chapter then details China, India, and South Africa’s histories and current overall patterns as providers of development assistance. The chapter is necessary to 1) reinforce the point that there are similarities and differences in donors’ choices *within* each aid provision framework, and 2) compare how each of these countries deals with the provision of technical cooperation in particular – and their positions over conditionalities and commercial ties in their provision of technical cooperation.

The following three chapters deal specifically with the case study: Brazil as a donor and its decision to *give* knowledge without securing any immediate gains. They will investigate what have been Brazil’s motivations for such a choice. Chapter 5 begins with the broad contours of Brazil’s path to becoming an ‘emerging donor’; the basic facts and figures: *what* (has been given), *how* (which mechanisms), and *how much* (has been spent); and the main characteristics of its technical cooperation, such as main recipients and areas of expertise shared.

Chapter 6 builds upon the previous chapter to deal exclusively with Brazil’s provision of biofuels-related knowledge – all within unconditional and untied arrangements. The chapter’s main goals are to understand 1) why the Brazilian government chose to give knowledge on this matter in the first place, and 2) why it did so without *demanding* anything from the recipients. It begins by focusing on the case’s broad contours: why countries would want knowledge on biofuels, and – more importantly – why would countries consider the *Brazilian* knowledge on this area particularly valuable. Then, the

chapter explains the process which led Brazil to become a reference in biofuels, and finishes with a close look at the country's biofuels technical cooperation agreements. This sequence allows a contextual understanding of Brazil's 'biofuels diplomacy' – i.e., the use of unconditional and untied agreements in Brazil's international pro-biofuels strategy.

Chapter 7 provides a thorough analysis of the drivers behind Brazil's overall policy of *giving knowledge* via unconditional and untied technical cooperation agreements. It provides a logical and empirical analysis of why Brazil has prioritized diplomatic gains (and *possible* commercial gains) over immediate commercial profits which could have been obtained from tying agreements. The chapter addresses three forces pushing for this choice: ideational (ideas and principles), institutional (legal structure, governmental and non-governmental actors), and positional forces (Brazil-as-Southern-partner and Brazil-as-a-development-leader).

Finally, chapter 8 concludes the thesis, beginning with a summary of the main arguments and findings. It then provides a brief analysis of some empirical diplomatic and commercial gains possibly accrued from Brazil's provision of unconditional and untied technical cooperation. The chapter ends by reflecting upon the research's findings for the literature in the fields covered, a discussion on potential weaknesses of the research, and, finally, areas for further exploration.

2. DEVELOPMENT ASSISTANCE AND TECHNICAL COOPERATION: THEORETICAL OVERVIEW

Writing in the early 1960s, Hans Morgenthau stated: “of the seeming and real innovations which the modern age has introduced into the practice of foreign policy, none has proven more baffling to both understanding and action than foreign aid” (Morgenthau, 1962:301). To claim that the goal of this chapter would be to ‘solve’ this puzzle, answering the thorny question of ‘why countries provide foreign aid?’, would be simply too ambitious. However, it is feasible to conceptualize the possible logic(s) that might drive countries to engage as donors, and what they might seek to gain from their actions.

This thesis’ broad interest is to understand why countries choose to provide unconditional and untied technical cooperation in their development assistance programs. The answer is sought in the context of the donor’s foreign policy interests. This chapter’s goal is to provide a literature review of links between foreign policy and development assistance, as well as highlight the conceptual framework adopted for explaining why a country – such as Brazil – would choose to give no–strings–attached technical cooperation under the expectation of accruing diplomatic gains. The analysis’ main theoretical reference relates to the concept of *power*, drawing mostly from academic debates in the field of International Relations.

Understanding countries’ actions when trying to reach their foreign policy goals has been one of the central themes in International Relations. The simplest way of trying to understand this connection is to observe the goal at hand – e.g., increase trade, influence World Health Organization (WHO) negotiations, stop Iran from having nuclear weapons – and the action taken (Figure 7).

FIGURE 7 – FOREIGN POLICY GOAL AND ACTION, SIMPLIFIED



Inasmuch as this analysis might yield interesting results, it bypasses the richness of the black box involving the decision–making process related to actually *choosing* a certain action. The concept of choice necessarily implies that other options were available. Unfolding the link between foreign policy challenges and actions calls for a deeper look into the connections between three important elements: resources, tools and strategy. In

a nutshell, resources indicate *what* is available in terms of power for a particular country; the tools relate to *how* the available resources can be used; and strategy sits in the middle, filtering the options available in order to make the final decision of *which* tool will be chosen and put into action. Table 1 is a non-exhaustive list with examples of what these elements can actually be in practical terms:

TABLE 1 – FOREIGN POLICY: RESOURCES, STRATEGIES AND TOOLS

<i>Resources</i>	<i>Strategies</i>	<i>Tools</i>
Nuclear weapons	Coercion	Declare war
Expressive army	Deterrence	Institute no-fly zone
Large GDP	Protection	Impose naval blockade
High GDP per capita	Co-optation	Permit/deny access to air space
Large middle class	Cooperation	Permit/deny access to territory
Market (e.g., large, expanding)	Attraction	Join/leave alliance
Positive business environment	Agenda setting	Blackmail
Strategic geographic position	Bandwagoning	Bribes
Positive political values	Defiance	Propaganda
Stable political environment	Opposition	Permit/deny access to market (e.g., FTA)
Valuable natural resources	Free-riding	Sign/Opt out of certain treaty
Legitimacy in certain interest areas	Emulation	Use of International Law (e.g., panel WTO)
Knowledge in certain interest areas		“Name & shame” techniques
Leadership in certain interest areas		Recognize State (e.g., Taiwan)
“Moral leadership”		Humanitarian Aid
“Admirable culture”		Grants
Regarded as regional leader		Loans
Vote in International Organizations		Technical cooperation
Relevance within certain IOs		
Few/no enemies		
Perceived as “honest broker”		

Even the most ‘powerless’ countries have some resources to work with, i.e. they still have some options for action. Thus, the resources available to a certain country delimit the *scope* of tools accessible for foreign policy making but do not determine its final choice. The first step to understanding how a country can formulate its foreign policy begins by evaluating its resources inasmuch as this is related to power. Seen here in a broad manner, resources are not limited to simply material elements, but include the full spectrum of elements that can be used to generate an impact over other actors in the international scenario. Resources can range from traditional material elements (such as size of military, GDP, and population) to incorporating intangible resources as well (culture, moral reputation, political values, etc.).

A country's resource 'basket' is not static. It changes over time due to both planned and unplanned events. The success of the Manhattan Project gave the US the ability to incorporate nuclear threat to its list of resources, while experiences of economic crisis by many Latin American countries, during the 1980s, constricted their foreign policy options. In this sense, an evaluation of the overall resources that hold meaning for foreign policymaking available to a country is always bound to be a snapshot of a particular timeframe. This way, decision-makers have to work in the short run with resources at hand, while at the same time investing on amplifying the resource base in the long run.

Resources can arise from unintended circumstances or deliberate actions. For example, a country's culture usually not arise in order to fulfill a particular foreign policy goal, but it can still be an element of foreign policy importance - even if 'involuntary'. On the other hand, possession of nuclear weapons is not haphazard: it has always originated from purposeful actions. Countries are always deliberately seeking to increase or improve their power resources through various ways, with history revealing both successful and disastrous outcomes, such as through conquering territory (e.g., 19th century 'Scramble for Africa'), economic dynamism (e.g., Singapore), or attempting to increase the size of their population (e.g., Nicolae Ceausecu in Romania).

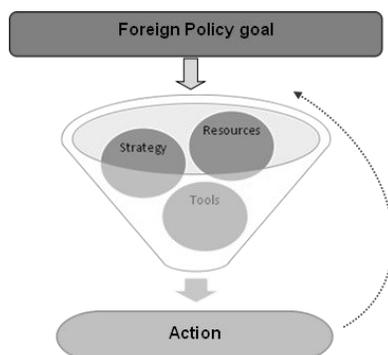
Some resources are extremely costly – or even impossible – for some countries to obtain. For instance, currently, Japan is highly unlikely to be accepted to the Organization of the Petroleum Exporting Countries (OPEC) because it has no oil; and the Czech Republic, because it is in the middle of Europe, cannot articulate its foreign policy as if it had a maritime pass way between the Atlantic and Pacific Oceans. This does not mean these realities are static, as the situations would change: Japan could suddenly discovered it had oil or become a confederation with an OPEC member; just as the Czech Republic could - in theory - conquer Panama. The point is that there are some resources that are virtually unattainable or excessively costly to be effectively constructed through deliberate action.

The process of defining which resources a country actually has is not a straightforward exercise. Determining the possession of some elements is easier in some cases more than others, such as if it has nuclear weapons or not; a vast or minute territory; or large or small GDP. Unsurprisingly, there are much greater obstacles in regards to assessing the possession of intangible elements. To what extent can decision-makers' beliefs that

their country is, for example, ‘respected’, ‘a moral leader’, ‘regional leader’, ‘emerging power or ‘indispensable’ really be sure that this is what is *seen* by other actors? There is a much higher probability of faulty conclusions in this latter evaluation, although it should not be assumed that all sorts of possibilities can be taken seriously. It is hard to conceive North Korean decision–makers sincerely seeing international ‘moral leadership in human rights’ as one of the country’s power resource, and quite impossible for El Salvador’s leaders to formulate its own foreign policy under the belief their country is a ‘Latin American leader’. On the other hand, it would be very acceptable for Iceland to use its standing on gender equality as a legitimate political asset when participating in international negotiations over this issue, and for Brazil present itself as a reference for knowledge regarding tropical agriculture and ethanol production (as it will be discussed in chapters 5, 6, and 7).

Once policymakers have a goal in mind and are reasonably aware of which resources the country has, the next step is determining how to best ‘translate’ these resources into concrete actions. After all, having a large GDP or a strategic geographic position are assets but are not foreign policy tools in themselves. There needs to be a strategy to use a particular asset in a particular way. For example, the United States – the world’s #1 GDP – can use offer greater access to its market – or threaten to block access to it – in order to achieve a foreign policy goal. Knowledge can be used for fostering cooperation between two nations, but depending on the knowledge one has, it can be also be used as a tool to blackmail. And as countries use particular approaches to reach their goals, two important feedback routes appear: 1) results reinforce or refrain decision–makers from repeating choices; and 2) both positive and negative results will eventually broaden or reduce the resource ‘basket’ available. Thus, the simple image presented in Figure 7 is more complex in reality, as depicted in Figure 8.

FIGURE 8 – FOREIGN POLICY GOAL AND ACTION, DETAILED



The possibility of international engagement through many means relates to the concept of *substitutability* in achieving foreign policy goals, here defined as “the existence of a set of alternative modes of response by which decision makers could deal with some situation” (Starr, 2000:128). Hence, different policies might be directed toward the same goal, and decision-makers select policies that best achieve those goals (Palmer et al., 2002:6). Bringing this understanding to the provision of development assistance, this means countries can choose different instruments – such as grants, loans, and/or technical cooperation – to achieve the same goal. At the same time, different goals can be sought from the same instrument.

Of course, countries can only choose to be providers of what they actually have or can make available to provide for. As already alluded to, a country that is very poor – such as those classified as ‘Least Developing Country’ (LDC) like Chad or Haiti – will have a very hard time providing for any type of assistance to other countries whatsoever. Countries with substantial amounts of financial assets, valuable knowledge, or simply the capacity to provide things such as material goods or services will be able to cooperate and provide assistance in a variety of ways; for these, there are many possible ‘substitutions’ which can be made. Each country’s individual choice over which mechanism(s) to privilege can only be understood through a close analysis of its own particular situation.

Finally, just because a country has a variety of mechanisms available to use for providing development assistance does not mean it will use all of them (or even use any at all). This particular point will be relevant once Brazil’s technical cooperation agreements are examined in chapters 5–7. Just because this country has knowledge on tropical agriculture or biofuels does not mean it has to share it with other countries, nor is it obliged to provide information under the banner of ‘international development’, much less do so without formally accruing some sort of gain.

Adding to these choices, policymakers also have options regarding how the mechanism will be used. As mentioned in chapter 1, conditional and tied aid are independent from one another. Because countries will have different motivations for their engagement in this arena, they will choose the course of actions they believe to better fit their ‘national interests’. In any case, from the provider’s point of view, there are potential gains – commercial and/or diplomatic – that can originate from (un)conditional and (un)tied assistance. As this chapter will show, the combination is unconditional and untied

assistance as it is the weakest from the point of view of securing concrete gains. However, this arrangement might be a fruitful one if a donor is willing to bet on its chances of reaping benefits that can come from giving–with–no–strings–attached – particularly in the case of providing technical cooperation for development.

In order to conduct this analysis, this chapter is divided in three sections. The initial section will look at the existing theories that deal with the question of *why* countries provide development assistance, focusing on debates from four major viewpoints: Realism, Structuralist/Dependency Theory, Idealism/Liberalism, and constructivism. The second section deals with relevant connections between power and development assistance, particularly non–coercive sources and uses of power ('soft power'), and foreign policy behaviours linked to "middle power" diplomacy' and 'niche diplomacy'. The third section discusses how power can be attained under the logic of *gift–giving* (i.e., giving without demanding anything in return) using Mauss' *The Gift* (1966[1923]) as a theoretical reference. Logical expectations for commercial and diplomatic gains are developed under four scenarios: conditional, unconditional, tied, and untied development assistance; finally, the section ends with an analysis of what kind of gains can be accrued from giving technical cooperation.

2.1. IR THEORIES ON DEVELOPMENT ASSISTANCE

The literature in the field of International Relations (IR) brings varied explanations as to why countries choose to provide development assistance. While scholars from each of IR's major schools of thought present their own interpretation for answering this question from a conceptual framework, when it comes to explaining a concrete scenario, each one might only be able to provide a *partial* explanation.

Realism

The general sense from Realist scholars is that foreign aid is essentially a tool to enhance the donor's national power and security. Simply put: decisions regarding development assistance are fundamentally based upon the giver's self–interests, with the recipient's development not being a priority. In this light, "foreign assistance should primarily, if not exclusively, be designed to facilitate donor's interests", and are appropriate only to advance donor interests (Hook, 1995:34–35). Examples of development provision based on self–interest have been reported by various authors (e.g., McKinlay & Little, 1977; Schraeder et al., 1998; Woods, 2005; Alesina & Dollar,

2005). The provision of 'tied' aid in particular is understood an undisputed act of self-interest, as it seeks to increase donor's exports and protect its balance of payments (Hoadley, 1980).

Using the US in the first decade of the Cold War period as a reference point, Liska (1960:14) posited: "Foreign aid is today and will remain for some time an instrument of political power". For him, *politics* was the governing factor, not an incidental factor which could be dispensed with: foreign aid was all about facilitating donors' interests, with humanitarian goals being de-emphasized.

Foreign aid is not something to be done, as a Government enterprise, for its own sake for the sake of others. The United States Government is not a charitable institution, nor is it an appropriate outlet for the charitable spirit of the American people. (Liska, 1960:127)

In regards to the particular role of foreign aid as a source of power, Morgenthau (1962:301) stated: "[The] United States has interests abroad which cannot be secured by military means and for the support of which the traditional methods of diplomacy are only in part appropriate". He then provided his own typology for foreign aid: "[H]umanitarian foreign aid, subsistence foreign aid, military foreign aid, *bribery*, prestige foreign aid, and foreign aid for economic development"; more importantly, he added that "of these distinct types, *only humanitarian foreign aid is per se non-political*" (Morgenthau, 1962:301; emphasis added). Later on and following the same line of thought, Gilpin added that even if some humanitarian values were present,

[t]he primary motives for official aid by governments have been political, military, and commercial. The donor's desire to establish spheres of political influence, to bolster military security or to obtain economic advantage has influenced the nature and patterns of aid. (Gilpin, 1987: 311–312).

Given this research's puzzle and proposed argument addresses diplomatic gains, the Realist approach brings strong explanatory power to Brazil's reasoning over particular choices in providing development assistance. If countries act based upon their self-interest, giving no-strings-attached technical cooperation serves Brazil's interests: better relationships with recipients; expectation for more support in International Organizations; improved legitimacy and authority to speak in behalf of developing countries in certain areas, etc.

As chapters 5 and 6 will show, given the material collected, there is little doubt over Brazil's self-interest in providing development assistance. Nonetheless, the Realist approach fails to explain one key element. Assuming every country's 'national interest'

involves seeking *both* commercial *and* diplomatic gains, what explains a country's choice to prioritize one over the other? In other words: why would Brazil *prioritize* diplomatic gains (through unconditional and untied agreements) if securing commercial gains is also in its interest? At the same time, why have other countries prioritized commercial gains (by conditioning and tying their agreements) if they also want diplomatic gains? To say that a country wants one thing more 'because it wants one thing more' is not an explanation.

The Realist reasoning is also weak in explaining why Brazil is not taking advantage of the opportunity to condition or tie its help when it *can*. And as it will be detailed in the case of biofuels, this approach's explanatory power is perhaps even more problematic when considering Brazil's decision to provide significant knowledge means creating *competition* for its own domestic producers – not to mention the purposefully missed opportunity to attach the transfer to concrete commercial gains for Brazilian companies.

Despite these flaws, the general point that Realism makes in highlighting 'national interest' and the quest to gain 'power' as motivators for providing development assistance provide a theoretical framework for understanding the broad contours of Brazil's embrace of no-strings-attached technical cooperation. This chapter's upcoming sections on the foreign policy strategies of 'middle powers' and the idea of 'soft power' will expand on *how* these motivations matter.

Structuralist/ Dependency Theory

After the 1950s, a series of international talks and negotiations between developing countries questioning their position in the international system began to take place, including the Bandung Conference, New International Economic Order, and the G-77. In tandem emerged an academic literature providing analytical support for a position which perceived the world as divided by the haves and have-nots. It became especially in vogue with developing countries, serving as the theoretical base for 'South-South Cooperation' (detailed in chapter 3).

The Structuralist/Dependency Theory approach, similar with Realists, suggests the State's self-interests determine characteristics of foreign aid. But unlike Realists, Structuralists argue that development assistance is a consequence of *capitalism*, not simply each individual country's 'national interest'. Aid is yet another capitalist tool used by elites/ the core to exploit the marginalized/periphery (Weissman, 1975; Wood,

1986).³⁰ The perception that the world's economic structure is framed around a problematic 'North–South' productive system developed at length by the academic literature on Dependency Theory (e.g., Prebisch, 1949; Frank, 1966; Cardoso & Faletto, 1971; Galtung, 1971; Wallerstein, 1974). Strongly influenced by Marxist historical structuralism, their worldview is based upon the concepts of metropolis and periphery, with the latter being subjugated by the former (Abdenur, 2002:63).

Brazil's decision to seek a 'non–predatory' approach to its development assistance can be partially explained through this framework: the country's foreign policy continues to embrace the perception of a world divided between those who have power and those who don't, actively pushing for a multipolar system and more representation for the voice of the marginalized. Brazil's South–South engagements are strongly articulated around horizontality and respect for the recipient's sovereignty. The majority of its technical cooperation actions focus on *human* development, particularly sharing ingenious solutions for mitigating poverty. Adding to all of this, this current pattern and increased volume in actions has occurred during the tenure of two presidents from the leftist-leaning *Partido dos Trabalhadores* (PT). Under this light, there is a good degree of explanatory power for understanding why Brazil pursues a no–strings–attached model to giving technical cooperation.

However, closer scrutiny reveals several weaknesses. First of all, it is increasingly difficult to see countries such as Brazil, China and India as being part of the international system's 'periphery'. As it will be covered in chapter 4, the level of power these countries have now and are projected to have in the next decades seriously defies their position as 'victims of the capitalist system'; quite the contrary: they are *active* capitalist *players*. Even if their undeniable 'developing country' problems are taken into account – high levels of absolute poverty, income inequality, corruption, etc. – they are still "monster countries" (Kennan, 1993). Claiming to be the 'first' among *equals* (*primus inter pares*) does not guarantee horizontal South–South relationships, particularly in cases of significant power asymmetry between the 'rich developing donor' and the recipient nation.

Still, embracing the Southern and developing *identities* matters. Like Brazil, China and India are very vocal in identifying themselves under these two interconnected categories.

³⁰ Peter Bauer was one of the most vocal critics of this understanding, arguing that developed countries gave aid out of post–colonial *guilt*; see 'Western Guilt and Third World Poverty' in Bauer (1981:66–76).

These three countries all speak of a world that continues to be divided between North/developed and South/developing countries ('us-versus-them'), and do not impose conditionalities onto its development assistance projects. Nonetheless, when it comes to attaching commercial *ties* to their initiatives, China and India differ from Brazil significantly: while they place ties, Brazil does not. Thus, embracing a 'haves/have-nots' worldview is insufficient to explain why commercial ties exist (or not) in emerging donors' policies.

A final point relates to Brazil's internal politics. As it will be seen in chapters 5 and 7, providing unconditional technical cooperation has been present in Brazil's foreign policy predating President Lula and Dilma Rousseff's presidencies by decades, and not a consequence of a leftist 'anti-capitalist' ideology. For some experts, the difference between Brazil's policy for providing development assistance (and technical cooperation) during Cardoso's (1995–2002) and Lula's (2003–2010) administrations would be more related to *volume* of projects undertaken than the characteristic of the mechanisms, as the technical cooperation give was unconditional and untied before the PT came to power.³¹

In the end, there are too many problems: categories are increasingly inadequate (who is in the 'core'/'periphery' nowadays?; where to emerging donors fit in this division?); main causal link is weak (i.e. is capitalism still the key driver?); and variation among emerging donors (such as Brazil's choices vis-à-vis those of China and India) cannot be properly explained. Just because a country says it identifies itself as 'South' does not necessarily lead to a no-string-strings attached approach – just as a country *not* identifying as 'South' does not automatically imply in conditionalities or ties. There is no direct causal link between a 'Southern identity' and attachments made to development assistance projects.

That said, Structuralism/Dependency Theory is instrumental for tracing the origins of the South–South *discourse*. The worldviews and principled beliefs under this banner continue to be shared by most emerging donors in how they tend to frame their provisions of development assistance. Hence, this approach will be useful mainly for understanding the ideas and concepts that feed Brazil's foreign policy in general, and development assistance in particular.

³¹ Not to mention the curious fact that Cardoso was one of Dependency Theory's most renowned authors; however, he did not embrace his academic work in justifying or explaining his policy/political choices (in any area).

Idealism/Liberalism

Idealist/Liberal interpretations tend to look towards the altruistic side of countries' decision to provide development assistance. Some authors explicitly highlight the moral 'paradigm' of helping others being the main driver for actions undertaken. For Zinkin (1978:272), "aid is charity; if it is not charity, it is not aid". Lumsdaine (1993:3), in similar lines, argued "humanitarian concern in the donor countries formed the *main basis* of support for aid" (emphasis added). Under this view, once aid policies of more numerous smaller donors were considered, the altruistic dimensions of global foreign aid could be revealed (Hook, 1995:36).

Another line of interpretation within the Idealist/Liberal approach emphasizes the process of international *cooperation* and interdependency to solve 'global public goods'³², while not dismissing some level of donor self-interest. This angle tends to be frequently highlighted in material produced by International Organizations involved in international development, such as the UNDP:

International aid [can be seen as] an investment in public goods; (...) *International aid is the point at which moral values and enlightened self-interest intersect*. The moral imperative behind aid is reflected in many value-based systems of thought. Enlightened self-interest underlies the security rationale for aid. Poverty does not automatically feed terrorism. Neither does inequality. Yet political leaders in rich countries increasingly recognize that failure to address the perceived injustices that perpetuate mass poverty in an increasingly prosperous global economy does pose a security threat. (UNDP, 2005:78–79; emphasis added)

As with the other theoretical frameworks discussed, this one comes with its own strengths and weaknesses. To start, there are issues related to some of the definitions pertinent to the analysis. Even if countries frequently give to others out of what appears to be moral and ethical beliefs (such as following natural disasters), there is still room for debate as to 1) if these actions should be categorized as '*humanitarian*' assistance (not *development* assistance); 2) what relationship is there between humanitarian and development assistance (i.e., is humanitarian aid a *type* of development assistance or do they belong in separate categories?); or even 3) when countries decide to help other

³² Global public goods can be defined in the following way: "Global public goods must meet two criteria. The first is that their benefits have strong qualities of 'publicness'—that is, they are marked by non-rivalry in consumption and non-excludability. These features place them in the general category of public goods. The second criterion is that their benefits are quasi universal in terms of countries (covering more than one group of countries), people (accruing to several, preferably all, population groups), and generations (extending to both current and future generations, or at least meeting the needs of current generations without foreclosing development options for future generations)" (Kaul et al., 1999:2–3).

nations in dire need, if are they doing so out of 'true' ethical and moral concerns or because of calculated gains/losses of *inaction* (expectation from voters, international image, influx of immigrants, geopolitical concerns, etc.). Hence, the assertion that 'a donor is motivated to provide development assistance with no strings attached due to moral/ethical reasons: *it is the right thing to do*' is difficult to evaluate as it hinges on a series of definitions that are also hard to define and measure: what is precisely meant by 'aid', 'humanitarian assistance', or 'development assistance'?; how does one measure altruism?; whose moral/ethical values?, etc.

Nonetheless, the Idealist/Liberal framework could help explain one aspect of Brazil's provision of 'global public goods' with no conditions or ties. If the knowledge Brazil has is valuable for reducing poverty and mitigating human suffering, then sharing it through technical cooperation with no strings attached seems very reasonable from a moral/ethical perspective. After all, unlike private goods which hold no/little expectation of being freely shared among competitors, global public goods do not have exclusive owners, are seldom zero-sum in consumption, and can rarely be denied those who decide not to contribute to the supply of the goods themselves (Albin, 2003:367). But while this can be used to explain Brazil's actions towards transferring its knowledge towards combating AIDS, deforestation, or hunger, it does not serve as a good framework to understand why the country chooses to transfer knowledge over such a clearly *commercial* issue, as in the case of biofuels.

Another point this logic does not grasp properly is that almost all donors (including Brazil, China, and India) don't seem to be provide development assistance based primarily on the recipients' *need* for development, but upon more strategic calculations. A close look at Brazil's bilateral partnerships, for example, reveal that factors such as geographic proximity, historical ties, and economic engagement matter (Bermeo, 2010;1). If the goal was to primarily to assist in human development, the prioritized partnerships would be with Least Developed Countries (LDCs) - which is not the case.

Constructivism

The issue now becomes how to make sense of these partial explanations. The argument that a donor such as Brazil seeks self-interested gains ('power') in its international development actions is based upon a Realist analysis of why countries are donors. In (apparent) contrast, its choice of sharing knowledge without conditionalities or ties is very close to Idealists' point: countries can (and do) help people in other countries by

giving (no-strings-attached), and cooperate towards win-win results. Adding to these accounts, Structuralists' conception of a world divided between developed/developing countries – and its impact on how development assistance is given – is very much part of Brazil's diplomatic discourse and practice. Nonetheless, each one of these approaches has issues in their explanatory power which can't be ignored.

Realism, Structuralism, and Idealism/Liberalism all introduce valid elements that (partially) explain Brazil's choices in international development. A fruitful way to connect the strengths and weaknesses from each of these theories is to bring in a constructivist 'lens'. But before addressing why or how constructivism can help to connect the dots, a note on 'analytic eclecticism' would be beneficial here:

[V]iewing social inquiry solely through the lens of competing research traditions risks excessive compartmentalization of knowledge unless some effort is made to illuminate connections and complementarities between the various problems, interpretations, and mechanisms posited by different research traditions. (...) The value-added of eclectic scholarship thus lies not in neglecting existing research traditions but in self-consciously engaging them in pursuit of empirical and conceptual connections that recognize the complexity of international life in ways that no single research tradition can. (Katzenstein & Sil, 2008:116–118)

As stated, Realism provides a strong explanatory power as to what guides countries' choices in how to provide development assistance: they are (usually) motivated by self-gain. The focus on the State, its calculations over national interest, and a recognition that (potential) donors are materially constrained places the analysis under a Realist framework. This research abides by the assertions that foreign aid is "first and foremost a technique of statecraft" (Baldwin, 1966:3), which "may productively be viewed as a microcosm of nation-states' broader efforts in foreign affairs" (Hook, 1995:34).

Nonetheless, this still leaves open the question of what prompts countries to have *different* self-interests. As said by Wendt, "[Th]e distribution of power matters, but *how* it matters, the *meaning* it has for the actors, depends on what game they are playing" (Wendt, 1999:107). This thesis posits that to understand Brazil's choices, Structuralism and Idealism/Liberalism can be incorporated to the analysis (even if with less weight), inasmuch as many of their *concepts* feed Brazil's identity and discourse regarding development assistance. But the main thrust of explanation for *all* countries' choices over how to provide development assistance and technical cooperation (without/without

conditionalities or ties) occurs when Realism – particularly Classical and Neoclassical Realism³³ – is combined with constructivism.

There are many forms of constructivism, but its essence lies upon the *social construction of identities and interests* (see Adler, 2002). Unlike other ‘-isms’ (such as Realism, Structuralism, or Liberalism) constructivism is not a *theory* of International Relations. It is an *approach* which looks at processes, rather than a substantive outcome (Hopf, 1998:196). The socially constructed nature of world politics is now broadly accepted, and what remains contestable between Constructivists and others is *how* (not ‘whether’) this insight affects the study of world politics, both in its methodology and in its substance (Hurd, 2008:301–302).

Wendt (1999:1–2) conceptualizes a ‘thin’ version of constructivism, conceding that international reality is a product of *both* socially constructed and material elements. A ‘thin constructivist’ lens makes sense of material and ideational factors, which co-inform a country’s particular approach towards providing foreign aid. It is the approach that will be used for this thesis. One fundamental fact highlights why adopting a ‘thick’ constructivist approach (‘ideas all the way down’) to explain countries’ decisions over foreign aid is not recommended: there are undeniable material constraints to providing foreign aid. Countries’ calculations are inescapably based upon what they *can* give, not simply what they *would like to* give. As said, most countries in the world do not have the means to structure a policy of giving grants or loans to other countries simply because they don’t have the money to do it or the knowledge to share. Just as South Sudan can’t have a structured policy for being a provider of grants and loans to other countries (they don’t have the means), Iceland is very unlikely to provide technical cooperation over the production of tropical fruits in semi-arid climates (they *don’t have* the knowledge). These realities can surely change in the future, but *at this moment in time*, these material constraints exist and are incontestable.

Once material limitations are taken into account, the next step is to comprehend the ways in which a country provides development assistance. For this, it is necessary to understand the ideas, concepts, and values that form its foreign policy. This entails 1)

³³ Classical Realism is not sub-school of Realism: “it *is* the realist tradition in all its diversity as it unfolded prior to the publication of Waltz’s *Theory of International Politics*”, which then introduced the idea of *neorealism* (Wohlforth, 2008:136). *Neoclassical* Realists look at the “gritty details of foreign policy that marked classical realism while also benefiting from the rigorous theorizing that typified neorealism” (*idem*, 140).

comprehending the values and political forces that shape its diplomatic contours to find out *what* it wants, and out of these, which one(s) are prioritized; as well as 2) looking into how the country's decision-makers see their country's position within the international scenario and the tools available to decide *how* to act. While the first point is finding out 'what do we [as a country] want *more?*', the second is '*how* can we get what we that?'. A constructivist approach is extremely helpful in finding these answers.

By making interests a central variable, constructivism explores not only how particular interests come to be, but also why many interests do not. The tautological, and therefore also true, most common, and unsatisfying explanation is that interests are absent where there is no reason for them, where promised gains are too meager. Constructivism, instead, theorizes about the meaning of absent interests. (Hopf, 1998:176)

Realist theory and constructivist epistemology are not incompatible. Various authors have now advocated for this position (Wendt, 1999; Guzzini, 2000; Barkin, 2003, 2010; Sterling-Folker, 2004). When constructivism is understood as a set of assumptions about "*how to study* politics" – rather than assumptions about "*how politics work*" – it is clearly compatible with a variety of paradigms, including Realism (Barkin, 2003:338).³⁴

A State's interests cannot be mechanically deduced from international anarchy and the distribution of material resources (Adler, 2002:102). Policies are made on the basis of inferences about each other's intentions (pessimistic or optimistic), which are tested and revised against of what those intentions really were in a continuous process of interacting with reality (Wendt, 1999:108). This points to the Foreign Policy Analysis (FPA) literature, whose most important contribution to IR theory – according to Hudson (2007:7) – "is to identify the point of theoretical intersection between the most important determinants of State behaviour: material and ideational factors", with this point of intersection being *human decision-makers* (and not the state). Social constructions like culture, domestic institutions and bureaucracy are essential to fully understand what informs countries *policymakers'* foreign *policymaking* processes (Snyder, Bruck & Sapin, 1954; Sprout & Sprout, 1957, 1965; Rosenau, 1966; Hudson, 2005, 2007).

The aforementioned tautology "country X prefers diplomatic gains *because it prefers diplomatic gains*" is not an acceptable 'explanation'. Numerous Realists scholars share the understanding that *non-material* factors play a key role in shaping states' interest.

³⁴ Wendt explicitly self-identified as a Realist, while adding "interests should not be seen as an exclusively 'Realist' variable. What matters is how interests are thought to be constituted" (Wendt, 1999:113–114).

These include Thucydides, Clausewitz, and Morgenthau (also Wolfers, 1962; Carr, 2001[1964]; Waltz, 1979; Gilpin, 1987; Strange, 1987), for whom “identities and values were more important determinants of policy than the constraints and opportunities of the external environment” (Lebow, 2004:345). Morgenthau’s point on what *constitutes* a state’s particular interest and *how* this is pursued is of great significance for this thesis:

“[Realism] does not endow its key concept of interest defined as power with a meaning that is fixed once and for all. (...) [*T*]he kind of interest determining political action in a particular period of history depends upon the political and cultural context within which foreign policy is formulated. The goals that might be pursued by nations in their foreign policy can run the whole gamut of objectives any nation has ever pursued or might possibly pursue. (Morgenthau, 1960[1948]:11; emphases added)

A Realist–Constructivist framework also allows important elements of both the Structuralist and Idealist/Liberal explanations to be taken in. The end result is a theoretically sound account, not a forced or implausible patchwork of IR theories. The Structuralist vision of the world – divided in core/periphery, North/South, developed/developing – can be incorporated under the *ideas* that inform Brazil’s foreign policy, the vision of where it sits in the world, and what it perceives to gain from embracing this world vision in its discourse.

The choice of approaching this through a ‘developing country’ *identity* matters for its strategy of gaining power in the international system. This fits well with Schirm’s (2012) evidence that emerging powers’ leadership crucially depends on followership, as the inclusion of interest and /or ideas dominant *in the other country* (in this case, the recipient) into “an emerging power’s leadership project is a necessary condition for this other country to accept the policy positions, shift in power and/or status desired by the emerging power and to follow its lead” (Schirm, 2012:213). This approach will help better grasp the interesting illustrative case study that is Brazil’s foreign policy, one which

highlights how a State with limited military and economic power capabilities might attempt to leverage its idea–generating capacity to construct a vision of the regional system and quietly obtain the active acquiescence of other regional states to a hegemonic project. (Burges, 2008:65)

A nuanced understanding of how States’ interest is crafted also concedes that a donor can gain *through* cooperation, i.e., giving with no–strings–attached can be a form of achieving the donor’s self–interest. The existence of payoffs to cooperation does not disprove the idea that state behaviour is egoistic (Lumsdaine, 1993:17). While the main driver to provide development assistance can be to gain *something*, it is very well possible that this ‘something’ be better obtained through a strategy of cooperation (as

opposed to coercion). There is no *a priori* reason to suppose that transfers cannot assist the recipients just because they are offered on grounds that include self-interest (Burnell, 1997:3), inasmuch as egotistic ends may be achieved by means that benefit larger collectivities, from the community and State levels to the entire global population (Hook, 1995:184). Hence, the provision of development assistance and the goal of gaining power are intrinsically intertwined, as expected by Realists. But *how* donors seek power and for *what purpose* begs a contextual understanding, at which point a constructivist approach is essential.

2.2. POWER THROUGH DEVELOPMENT ASSISTANCE

The study of power within the discipline of International Relations is marked by an extensive and rich literature. Power is a ubiquitous element in the study of the relationship between nations. It is also a highly contested topic of inquiry and subject to a myriad of analyses. It is more than a variable or a process to be accounted for; it is a *question* to be investigated (Mattern, 2004:345). The concept of power can be studied through a variety of angles. These include (but are not limited to):

- what *is* power?;
- how can power be *defined*?;
- how can power be *classified*?;
- how can power be *measured*?;
- *who* has power (and according to which criteria)?;
- power *for what?* (lead coalitions?; generate profit?; make the world a better place?);
- power *over whom* (all/some)?;
- power through *which means* (through coercion or attraction)?;
- how is power related to *influence* (are they synonymous)?; and
- power within which *timeframe* (immediate, mid or long-term gains)?.

While a thorough investigation of each of these debates will not be pursued in this research, it is important to acknowledge their importance, and discuss the ones that are pertinent to the issues this dissertation investigates. If it is claimed that Brazil provides unconditional and untied technical cooperation so to increase its power in the international system, then 'gaining power' needs to be fleshed out.

This section looks at two ways in which the quest for power intersects with development assistance. First, the use of development assistance as a non-coercive ('soft')

mechanism to gain power. Second, as a way to gain power in particular *loci* by becoming a prominent actor in a specific group (e.g., regional, ‘Southern’ countries, francophone nations) or theme (e.g., water management in semi–arid climates, peacekeeping missions, climate change). This latter use of development assistance as a means to strategically gain power in discrete areas can be conceptualized as ‘niche diplomacy’, and is closely related to the concepts of ‘middle powers’ and ‘middle power’ diplomacy’, both of which will be briefly investigated. ‘Niche diplomacy’ bears great resonance to Brazil’s approach towards technical cooperation, and will be discussed with greater depth in chapters 5–7.

2.2.1. NON-COERCIVE (‘SOFT’) POWER

Realism has many times been described as a theory whose focus is not only entirely upon power, but one where power is narrowly conceived. Realists’ would value the issues related to the politics of *force* – a.k.a. ‘power politics’ (*Machtpolitik*). As stressed by Baldwin (2002) and Barnett & Duvall (2005), during the Cold War many in the field of International Relations neglected other forms of power besides *coercive* power. Power was conceptualized not merely upon material elements (tangible ‘things’), but primarily those of military value, such as tanks and bombs. This occurred under a scenario where the conduct of international relations would take place “by force, or the threat of force, without consideration of right and justice” (Wight, 2002[1946]:29). In this context, States would be mainly (if not *solely*) concerned about the military capabilities necessary to maximize their security. While it is true that some realists’ writing – such as Neo–Realists Stephen Waltz and John Mearsheimer – are overwhelmingly dedicated to these issues, it would be incorrect to state that *all* Realists see power from this perspective.

So–called Classical and Neoclassical Realists generally see State power as being comprised of a larger gamut of sources. Military capabilities matter, but they are not the only expression of a nation’s power; the ability to impose and coerce are important, but so are a country’s capacity to attract and cooperate. For these scholars, power comes “in a multiplicity of forms – such as moral authority, force, and even care – and can be expressed in a multiplicity of fashions – for instance through material, ideational, symbolic, and linguistic means”, with each of these forms affecting “the conduct and dynamics of international politics differently” (Mattern, 2004:345). Thus, notwithstanding the undeniable importance of coercive instruments and practices for foreign affairs, to understand a country’s power and use of power in its foreign policy choices requires

going beyond a narrow conception of power and the incorporation of other sources and mechanisms.

Many self-described Realists have pointed out how complex and multifaceted power analysis can be (Barkin, 2003). In 1945, Albert Hirschman stressed the importance of economic dynamism and *influence* as a source of power. Lasswell & Kaplan (1950:77) talked about power as being defined relationally, not as a simple property: “to have power is to be taken into account in others’ acts (policies)”. For them, “it is of crucial importance to recognize that power may rest on various bases, differing not only from culture to culture, but also within a culture from one power structure to another” (Lasswell & Kaplan, 1950:85). Around the same period, Morgenthau, described power as comprising “*anything* that establishes and maintains the power of man over man”, thus covering “*all social relationships which serve that end, from physical violence to the most subtle psychological ties by which one mind controls another.*” (Morgenthau, 1960[1948]:11; emphases added). In his preface to *Politics Among Nations*’ 1960 edition, his disagreement over a reductionist interpretation of power was very clear:

Against the misunderstanding of the central element of power, which, after having been underrated to the point of total neglect, now tends to be equated with material strength, especially of a military nature, I have stressed more than before its immaterial aspects, especially in the form of charismatic power, and have elaborated the discussion of political ideologies. (Morgenthau, 1960[1948]: ix)

Around the same time, Bachrach & Baratz’s (1962; 1963) and Wolfers (1962) wrote about the need for a more nuanced understanding of power. Bachrach & Baratz (1962:952) highlighted “the power to limit the scope of negotiations”, which they saw as the ‘second face of power’. Wolfers (1962) contested the constant evocation to only the *coercive* side power when one discussed the common usage of the term ‘power’ in International Relations. For him, trying to influence friendly countries with promises or benefits was often a more effective instrument than making threats.

It is appropriate, therefore, to distinguish between *power* and *influence*, the first to mean the ability to move others by the threat of infliction of deprivations, the latter to mean the ability to do so through promises or grants of benefits. The distinction between power and influence or ‘power politics’ and ‘influence politics’ does not mean that the two can be clearly separated in practice; as a rule they will be found to go hand in hand. (...) [*Influence’s*] usefulness as an instrument of foreign policy is far from negligible and in some situations, especially where demands are to be made on friendly nations, it outstrips power. (Wolfers, 1962: 104–105/108, emphasis added)

In 1985, Baldwin emphasized the need to observe both positive sanctions (actual or promised rewards) and negative sanctions (actual or threatened punishments) as means to exercise power, as the first were often overlooked as sources of power. He classified the means of exercising power ('influence') in the international system in four categories: symbolic, economic, military, and diplomatic. For him, power did not have to be necessarily understood as a zero-sum game. This works well with the idea of giving technical cooperation with no-strings-attached: the giver's power is enhanced *through* – and not *taken from* – the recipient.

In the context of the Cold War's aftermath, Joseph Nye (1990a, 1990b) coined a two-fold categorization of power: 'hard power' and 'soft power'. This distinction has transcended academia and became incorporated into mainstream language – "soft power is everywhere" (Kearns, 2011:65). Nye's most thorough definition of soft power is "the ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes" (Nye, 2011:20–21). While military power and economic power were used to *command* ('hard power'), 'soft power' served to *co-opt*. This process involves the attractiveness of a country's culture, political ideals, policies, and the ability to establish a set of favorable rules and institutions that govern areas of international activity – these are all considered critical sources of soft power (Nye, 1990a, 1990b, 2004).

The concept of 'soft power' resonates with some important aspects of the provision of no-strings-attached development assistance. Soft power uses "a different type of currency (not force, not money) to engender cooperation – an attraction to shared values and the justness and duty of contributing to the achievement of those values" (Nye, 2004:7). The provision of knowledge through technical cooperation can easily be framed as an example of 'a different type of currency to engender cooperation', especially if done by a developing country under the banner of shared 'South' values.

Nonetheless, there are some important distinctions which makes the strategy of giving technical cooperation with no conditions or ties strongly connected but *not identical* to the Nye's definition of 'soft power' resources/behaviour. For Nye, 'soft power' would be at work when a country is persuaded to go along with another "*without any explicit threat or exchange* taking place", and the behaviour being determined by "and observable but *intangible* attraction". While command power ("the ability to *change* what other *do*") rests on coercion or inducement, co-optive power ("the ability to *shape* what others *want*") is

based upon the attractiveness of a country's culture and values, or the ability to manipulate the agenda (Nye, 2004:7), as presented in Table 2:

TABLE 2 – HARD/SOFT POWER BEHAVIORS AND RESOURCES, ACCORDING TO NYE

	Hard Power			Soft Power		
Spectrum of Behaviors	Command	Coercion	Inducement	Agenda Setting	Attraction	Co-opt
Most likely resources	force sanctions		payments bribes	institutions	values culture policies	

Source: Reproduced from Nye (2004:8)

Given Nye's definitions, using the provision of 'no-strings-attached technical cooperation' as a synonym for 'soft power behavior' yields some conceptual caveats. Giving knowledge without demands is certainly not a coercive practice. However, it can be easily categorized as an *explicit exchange* meant to *induce* the recipient to (somehow) return the 'gift'. According to the table above, this would fall under the label 'Inducement', hence an exercise of 'hard power' (even if in a mild version). Also, the provision of any kind of bilateral development assistance is an observable and *tangible* resource. While knowledge is an intangible good, the actual exchange of knowledge between two countries can only take place if certain concrete things occur: a signed agreement between States and individuals have to be designated to transmit the knowledge – not to mention the typical need for material goods (e.g., lab facilities, software, computers). If tangible resources are an expression of 'hard power', then technical cooperation agreements (even if unconditional and untied) can be placed under Nye's definition of 'command-seeking behaviour'.

Many scholars have criticized Nye's choice to link *hard* power behaviour (seeking command) with *tangible* resources; and attaching *soft* power behaviour (seeking to co-opt) with *intangible* resources (see Kroenig et al., 2010; Zahran & Ramos, 2010; Kearn, 2011; Rothman, 2011; Stone & Ganguly, 2013). Examples of why Nye's categorization can be conceptually problematic are not hard to find. For instance, values and norms are intangible, but a country can try to *impose* them; also, norms are commonly used in the international system in name-and-shame campaigns to explicitly – and *forcefully* – discourage a country's particular activity or policy. On the other hand, countries can use many 'hard' resources (including weapons and money) to attract, whether by providing humanitarian aid, interest-free grants, or military cooperation against common threats such as illegal drug or weapons trafficking. To be fair, Nye has shown his awareness to

this “imperfect relationship” since the beginning, but has maintained “the association is strong enough to allow for the useful shorthand reference to hard and soft power” (Nye, 1990a:182).

This has not been enough to dispel the confusion generated from the frequent amalgamation of discussions over defining characteristics of soft power with empirical observations (Baldwin, 2013:289). The hard/soft power division ultimately reflect ideal types; in practice, soft and hard power techniques are frequently mixed (Haugaard, 2011:6). In order to make the term ‘soft power’ explicitly connected to the provision of ‘diplomatic gains from unconditional and untied technical cooperation’, one possibility would be for this own thesis to propose a *particular* use of the term. Rothman (2011:50) correctly states that other scholars have defined ‘soft power’ using a variety of resources: the use of information (Armistead, 2004), philanthropy (Jenkins, 2007), or diplomacy (Kurlantzick, 2007), although this could lead to a debate over ‘conceptual stretching’ (Collier & Mahon, 1993) by reducing the usefulness of the concept in analytical and policy research.

The bottom line is that using Nye’s original categorization of hard/soft power can be conceptually problematic for understanding the behaviours and resources donors seek through bilateral (unconditional and untied) technical cooperation agreements. But the concept is still useful for this research in at least two points. First, it highlights the non-coercive nature of seeking power through ‘gifts’. Second, ‘soft power’ (under Nye’s understanding) is very adequate for ‘diplomatic gains’ accrued *diffusely*. As briefly mentioned in chapter 1, ‘diffuse diplomatic gains’ relate to the spillover effects of a donor’s actions in country ‘X’ to other countries – whether in same region or globally. These gains are about increasing legitimacy over a particular issue or being recognized as an informal leader to speak in behalf of a group of countries (such as ‘developing countries’). In this case, the concept of ‘soft power’ – with its intangible resources and attraction through values – makes sense. As an example, it is worth quoting Celso Amorim, Brazil’s former Minister of External Relations (2003–2010), who once said that “*Brazil’s great skill is to be friends with everyone*” (BBC, 2010; emphasis added).

2.2.2. ‘NICHE DIPLOMACY’ & ‘MIDDLE POWER’ DIPLOMACY’

The origin of the term ‘niche diplomacy’ can be traced to former Australian foreign minister Gareth Evans, who defined it as the concentration of “resources in specific issue areas best able to generate returns worth having, rather than trying to cover the

field” (Evans & Grant, 1991:323). It refers to specialization, somewhat echoing classic economists Adam Smith and David Ricardo’s idea of ‘comparative advantage’. ‘Niche diplomacy’ can be pursued by any country, but it has a characteristic generally associated with small and ‘middle powers’:

Niche diplomacy, though often associated with very small countries, has in fact been more fully developed by countries that have sufficient size and capacity to play notable roles on the international stage, but are not strong enough to impose their positions or solutions... Very large powers too may develop niche diplomatic and other particular capabilities. The difference is that great powers, unlike small or middle-sized countries, lack either the necessity or the incentive to do so. They usually can exert influence, as well as exercise power, across the board. (Henrikson, 2005:67).

The research on ‘niche diplomacy’ is strongly connected to academic discussions related to so-called ‘middle powers’ (Evans & Grant, 1991/1995; Cooper, Higgott & Nossal, 1993; Potter, 1996/1997; Jordaan, 2003; Henrikson, 2005; Baç, 2007; Evans, 2011). This thesis embraces Evans’ (1989; Evans & Grant, 1991, 1995) distinction between ‘middle power’ and ‘middle power diplomacy’, situating the analysis on ‘niche diplomacy’ on the latter concept, i.e. ‘niche diplomacy’ is a characteristic *method* of ‘middle power diplomacy’. But in order to understand this distinction or address links between ‘niche diplomacy’ and development assistance, it is necessary to first understand the concept(s) of ‘middle power’.

Middle Powers

The term ‘Great Powers’ has been common in diplomatic parlance since at least the mid-18th century (Buzan, 2004:58)³⁵. At the same time, there was an acknowledgment that even if some countries were not part of ‘*The Great Powers*’, they could still be *some* ‘great powers’. Holbraand (1971:78) notes that the German term *Mittelmacht* – literally translated to ‘*middle power*’ – appears in the “political writings of earlier centuries, not least in those of the nineteenth, where German writers in particular used it”, but with a different understanding than that of contemporary use. Reaching even further back in time, in 1589 Giovanni Botero wrote in *Ragion di Stato* about countries with sufficient strength and authority to stand on their own without the need of help from others, i.e. ‘middle powers’.

Notwithstanding this diplomatic history, the academic literature in the field of International Relations regarding ‘in between’ actors in the international system began to

³⁵ Leopold Van Ranke (‘*Die Grossen Mächte*’) wrote about it in 1833, so did Simonds & Emeny (1937).

develop in the early post–World War II years. The term ‘middle powers’ began to appear in academic pieces right after the creation of the United Nations:

A security organization from which the most important of the smaller powers were absent would make little sense. If a Liberia, a Lebanon, or a Luxembourg refused to join, the damage would not be irreparable. But the case would be different with Belgium, Brazil, and Canada. These and the other powers which it has now become popular to call the "*middle*" powers, especially when acting together, could and did develop effective opposition to certain of the original Dumbarton Oaks Proposals and to various other expressions of united will of the Five Powers" (Fox, 1946:24; emphases added)

Glazebrook (1947) appears to have been the first to explicitly analyze this group as a unit.³⁶ He broadly defined them as those “which make no claim to the title of great power, but have been shown to be capable of exerting a degree of strength and influence not found in the small powers” (Glazebrook, 1947:307). For him, the UN member countries which would be recognized as ‘middle powers’ were: in Europe, Belgium, the Netherlands, and Poland; in the Americas, Argentina, Brazil, Canada, and Mexico; and in the Pacific, Australia, and India (*Ibid*). As the Cold War progressed in the 1950s and the international system became increasingly centered upon the two super–powers (United States and the Soviet Union), attention to these ‘middle’ players in the literature somewhat receded.

In the second half of 1960s, in light of the *détente* and the concomitant emergence of the Third World, the theme would regain a greater academic visibility. For example, Waltz (1964) mentions ‘middle powers’ in the context of a stable bipolar world; Rothenstein (1968) and Fox (1969) also engage with ‘middle powers’ in light of their attention to small countries. One of the most important pieces to appear in this period was written by Keohane (1969). His definition involves a four–tiered classification, based upon ability to impact the international system: 1) a *Great Power* is a State “whose leaders consider that it can, alone, exercise a large, perhaps decisive, impact on the international system”; 2) a *secondary power* is a country “whose leaders consider that alone it can exercise some impact, although never in itself decisive, on that system”³⁷; 3) a *‘middle power’* is a country “whose leaders consider that it cannot act alone effectively but may be able to have a systemic impact in a small group or through an international institution”; and 4) a small power is a nation “whose leaders consider that it can never, acting alone or in a

³⁶ Wolfers mentions the term in a 1945 article, but only briefly (Wolfers, 1945).

³⁷ The ‘*secondary powers*’ category was used by Keohane (1969) and Holbraad (1971), but never gained mainstream popularity.

small group, make a significant impact on the system” (Keohane, 1969:296). From then on, the idea of ‘middle powers’ would be researched continuously, gaining an even greater level of attention after the end of the Cold War (e.g., Chaudhuri, 1969; Holbraad, 1971,1984; Pratt, 1990; Cooper et al. 1993; Cooper, 1997; Chapnick, 1999; Jordaan, 2003; Cooper & Mo, 2013).

Over the years there have been interesting ‘re-brandings’ of the ‘middle powers’ concept, leading to a variety of likeminded expressions, which include: ‘intermediate powers’ (Vandenbosch, 1964; Zakaria, 1997; Hurrell, 2000; Hirst, 2006); ‘middlepowermanship’ (Cox, 1989); ‘monster countries’ (Kennan, 1993); ‘great peripheral States’ (Guimaraes, 1999; Tr/Po); ‘new titans’ (*The Economist*, 2006); ‘second world’ and ‘swing States’ (Khanna, 2008). Nonetheless, ‘middle powers’ remains the most widely used term.

Moving on from terminology, two fundamental challenges remain in this area: 1) ‘which countries should be classified as ‘middle powers’ (and based on what criteria)?’, and 2) ‘what are the expectations of foreign policy behaviour for ‘middle powers’?’. Beginning with the first challenge, the literature clearly shows there is no agreed upon single template for gauging countries’ ‘middle power’ status, and trying to come up with a list of such “is an exercise fraught with peril” (Evans, 2011). Cooper et al. (1993:17–19), described three approaches for ‘middle power’ classification, although two of them has not gained much traction. One highlights geography, i.e. a country physically in the middle of the system’s great powers. There would be two variants of this approach: one suggesting that ‘middle powers’ are countries powerful in their (geographic) regions; the other, that these would be the country ideologically ‘in the middle’ of polarized great powers. The second approach is a normative one, which takes ‘middle powers’ as potentially more virtuous than those ‘above’ or ‘below’ them.

The most commonly used approach outlined by Cooper et al. (1993) – one which is still easily seen two decades later – has been to rank countries within some sort of power hierarchy by taking into account a series of ‘objective’ measures (Table 3). Countries would then be placed within a range of very powerful to very powerless – with some literally in the *middle* of the range, with not too much or too little power. While common, this approach has serious drawbacks. To begin, each researcher can choose which variables it finds to be the ‘right’ ones; even if there is agreement on which variable to use, a different weight could be attributed to each one, leading to different results. Not to

mention the obvious problem of defining the ‘ideal’ cut–off line between big, middle, and small powers.

TABLE 3 – COMMON VARIABLES FOR ASSESSING COUNTRIES’ POWER

Variable	Examples
<i>Military</i>	Expenditures (absolute values and relative to GDP); nuclear weapons; overall machinery available; potential soldiers
<i>Economic</i>	GDP, GDP per capita, GDP annual growth, middle class’ purchasing power
<i>Population</i>	Size, population growth, age (young/aging), inequality, poverty levels, educational level
<i>Geography</i>	Size of landmass; strategic location; abundance of natural resources (e.g., oil/gas, minerals, arable land, water,)
<i>International ‘participation’</i>	Permanent seat in the UN Security Council; leadership/weight in certain international organizations (ex: IMF); part of G7/G20; regional leadership

One visible consequence of this approach is the enormous variation in which countries should be classified as ‘middle powers’. No country identified as such appears to have been spared at some time by someone questioning of whether it deserves or not to be called as such, as even the most common examples of ‘middle’ countries (Australia, Canada, and Norway) have been subject to political or academic scrutiny over their ‘middle’ status - e.g. “Canada is not a typical middle power” (Potter, 1996/7:28). And with the criteria for national effectiveness and global influence in such a state of flux, it is difficult to say which nations are the current great powers (Kennedy, 2013).

Many countries are powerful in some aspects, but relatively weak in others, which has led to an enormous dissonance towards their classification as ‘middle powers’ – whether because they deserve to be in an ‘upper’ (great power) or ‘lower’ (small powers) category. Japan and Germany have been labeled ‘middle powers’ (e.g., Otte & Greve, 2000; Soyea, 2005), as have Saudi Arabia (Shahi, 2013) and relatively much ‘weaker’ countries such as Chile (Evans, 2011) and Vietnam (Park et al., 2013) - begging the question if makes sense to have Germany and Vietnam in the same ‘power’ category. As chapter 4 will detail, China, Brazil, India, and South Africa are also frequently labeled as ‘middle powers’ (while this is rarely the case for Russia), again raising doubts over the category’s boundaries. Table 4 shows just how much variance there is between these countries in regards to some ‘power variables’.

TABLE 4 – COMPARING POWER VARIABLES OF SELECTED (POSSIBLE) MIDDLE POWERS

'Sources' of Power		Japan	Germ.	China	India	Brazil	Chile	Vietnam	S. Arabia
Military	Nuclear Weapons	–	–	X	X	–	–	–	–
Economy	GDP, PPP (rank, 2013)*	5	6	3	4	8	43	39	20
	GDP p capita, PPP (rank, 2013)*	36	29	121	168	105	73	169	44
	Income level**	High	High	Upper–middle	Lower–middle	Upper–middle	High	Lower–middle	High
Population	Size (rank)*	11	18	1	2	6	65	15	47
	% pop. living <\$2/day**	–	–	27.21% (2009)	68.76% (2010)	10.8% (2009)	2.7% (2010)	43% (2008)	N/A
Geography	Size (rank)*	62	63	4	7	5	38	66	13
	Energy (availability)	High Import.	High Import.	High Import.	High Import.	Self–Suffic.	High Import.	Self–Suffic.	#1 oil Exporter
Internat. particip.	Permanent seat UNSC	–	–	X	–	–	–	–	–
	G–7	X	X	–	–	–	–	–	–
	G–20	X	X	X	X	X	–	–	X

Source: (*) CIA Factbook; (**) World Bank

Ultimately, Hurrell (2006) highlights one crucial point about why numbers alone are not enough to determine which countries belong – or not – to the *great* powers tier: the socially 'constructed' facet of being seen *by others* as belonging to this 'group':

Being a great power has never been solely about the possession of large amounts of crude material power. It has been closely related to notions of legitimacy and authority. A state can claim great power status, but membership of the club of great powers is a social category that depends on recognition by others: by your peers in the club, but also by smaller and weaker states willing to accept the legitimacy and authority of those at the top of the international hierarchy. (Hurrell, 2006:4)

'Middle Power Diplomacy'

Given this unclear picture, the use of 'middle power' as a concept for academic purposes is directly contingent to each researcher's chosen definition of what the 'right' boundaries should be. In several occasions since the late 1980s (e.g., Evans, 1989, 2011; Evans & Grant, 1991, 1995), Evans has suggested moving on from attempting to classify countries as 'middle powers' and looking instead at 'middle power *diplomacy*' (see also Cooper et al., 1993). For Evans, the characteristic method of 'middle power diplomacy' is

coalition building with 'like-minded' countries [and] usually revolves around '*niche diplomacy*'. (...) By definition, middle-powers are not powerful enough in most circumstances to impose their will may be persuasive enough to have like-minded others see their point of view, and act accordingly" (Evans & Grant, 1991:344; emphasis added)

The same author posits the *characteristic* motivation for 'middle power diplomacy' as one of 'good international citizenship': a belief in the utility, and necessity, of acting cooperatively with others in solving international problems. However, an important qualification is that this characteristic should not be equated to a foreign policy of "boy scouts doing good deeds":

[Good international citizenship] is not something separate and distinct from the pursuit of national interests. On the contrary, 'being, and being seen to be, a good international citizen' should itself be seen as a third category of national interest, right up there alongside the traditional duo of security and economic interests (Evans, 1989:42)

Under this logic, the end result of being seriously committed to international problem-solving is that national interests gets advance through two paths. First, through reciprocity: a country helping another solve a problem makes the recipient more willing to reciprocate on other issues. Second, through reputational benefits, since "the perception of a being a country willing to take principled stands for other than immediately self-interested reasons does no harm at all to one's own commercial and wider political agendas" (Evans, 2011; see Evans & Grant, 1991, 1995). Ultimately, for 'middle power diplomacy' to be effective, four main factors are involved: 1) real opportunity for potentially effective action; 2) physical capacity to follow through; 3) a degree of intellectual imagination and creativity applied to the a issue, and the ability to lead by the force of ideas; and 4) credibility on part of the country applying in order to avoid the risk of being changed with hypocrisy (Evans, 2011) (Table 5).

TABLE 5 – 'MIDDLE POWER' DIPLOMACY – SUMMARY OF TYPICAL CHARACTERISTICS*

Method	Niche Diplomacy
Motivation	'Good international citizenship'
Advancing National Interests	1) Reciprocity 2) Improved Reputation
Effectiveness	1) Opportunity 2) Capacity to follow through 3) Innovative solution for particular problem 4) Credibility

* Based on Evans (1989, 2011) and Evans & Grant (1991, 1995).

An additional element can be added to the logic of 'middle power diplomacy' through 'niche diplomacy': the creation and/or strengthening of networks. Networking can be defined as "a quiet, methodical business. To have a 'niche' – or privileged or protected corner – in diplomacy, as in business or any other activity, requires wide recognition as well as a secured position" (Henrikson, 2005:70). A network structure "provides power to

achieve preferred outcomes *with* other players rather than *over* them” (Nye, 2010). The power that flows from networks “is not the power to impose outcomes. Networks are not directed and controlled as much as they are managed and orchestrated.” (Slaughter, 2009:99).

Networks create power in a manner well suited for specialization. A country which embraces a diplomatic niche is naturally seeking a prominent or leadership power position vis-a-vis all interested in the topic, and particularly in regards to other like-minded countries. The ability to make the maximum number of valuable connections is essential, and so is having “the *knowledge and skills* to harness that power to achieve a *common* purpose” (Slaughter, 2009:100; emphasis added). Nye’s following example is particularly relevant for this study:

in a hub-and-spokes network, power can derive from being the hub of communications. (...) If the points in the rim are not directly connected to each other, their dependence on communication through the hub can shape the agenda. (Nye, 2011:17)

Ultimately, moving away from ‘middle power’ as a *hierarchical* position to a *behavioural* definition allows a better analysis of choices regarding the use of technical cooperation as a foreign policy tool. To begin, it lessens the burden of determining hard boundaries for who would be ‘in’ or ‘out’ of the analysis. Of course, this does not mean that determining who behaves as a ‘middle power’ is a straightforward feat – it is not. But the list of characteristics thought to identify ‘middle power’ behaviour can be said to be clearer and more well-defined in the literature, thus allowing a *relatively* easier assessment of which countries fall under this category in a particular moment in time.

In tandem, the concept of ‘middle power *diplomacy*’ (as opposed to ‘middle power’) creates a smoother path for developing expectations related to the provision of development assistance and technical cooperation. As the next chapters will show, countries labeled as ‘middle powers’ (whether developed or developing countries) have used these foreign policy tools with varying interests in mind. But the juxtaposition of ‘middle power diplomacy’ and ‘niche diplomacy’ to the use of technical cooperation yields more robust results.

As a general rule, it can be assumed that all countries would prefer to have a good reputation among their peers than a bad one. However, this does not mean that all countries will actively *seek* this positive image. Even among those who do, there will be variance in how important this is for their foreign policy strategy. Thus, countries which

place a high priority on their reputation as ‘good international citizens’ can be seen as being naturally more likely to seek diplomatic rather than commercial gains from technical cooperation agreements. The claim is not that they will *always* frame agreements unconditionally and untied. As will be discussed in the next section and detailed in chapter 3, ‘good governance’ conditionalities are mostly seen in a very positive light by traditional donors, while the opposite is true in the context of developing countries. Donors will act in a way which increases their image *for the group* they are ‘targeting’.

At the same time, technical cooperation is inherently well suited for a strategy of ‘niche diplomacy’. Technical cooperation is, in its very essence, the exchange of ‘*unique*’ knowledge (including practices, experiences, and technologies). A country’s homegrown and tested approach which is deemed successful for solving a problem ‘without borders’ is likely to foster outside interest from countries also facing that same problem. Again, if the donor places a high value on its image as a ‘good international citizen’ and is strongly interested in becoming the leader (or at least a major reference) in the problem–area, then sharing its knowledge with no conditionalities or ties will serve as a way to increase its diplomatic gains from the initiative.

Thus, countries with valuable expertise in specific ‘public goods’ – e.g., poverty alleviation, access to basic health in remote areas, anti–corruption strategies, post–conflict reconstruction, protection of biodiversity, water management, rural agriculture – can take the opportunity to promote themselves as key players in that particular debate. The more a country invests in providing aid linked to its ‘niche’, the more it can solidify its international image in that area. The ‘effectiveness’ of this diplomatic strategy is likely to increase if no direct commercial ties are attached to what is given by helping lower suspicions of hypocrisy. These dynamics will become quite clear in the next chapters, particularly in the analysis of Brazil’s use of technical cooperation as a foreign policy tool (chapters 5, 6, and 7).

2.3. THE POWER OF ‘GIVING’ DEVELOPMENT ASSISTANCE

There is power inherent to the act of giving. In the context of development assistance this means specific social dynamics are established between the donor and the receiver when the former provides the latter with grants (non-refundable, by definition), builds a stadium, gives medication, or transfers knowledge with no *stipulation* for compensation.

A useful theoretical framework to understand how power can be accrued from providing no-strings-attached technical cooperation starts by looking at the concept from an anthropological and sociological perspective. In *The Gift*, Mauss (1966[1923]) looks at the importance of social reciprocity and exchanges, inasmuch as these demonstrate the existence of “means of expenditure and exchange *other than economic ones*” (Mauss, 1966[1923]:75; emphasis added). His work is considered to be “the first systematic and comparative study of the widespread custom of gift exchange and the first understanding of its function in the articulation of the social order” (Evans-Pritchard, 1966:ix).

While Mauss looked at so-called “archaic” societies and their processes of gift giving, the conclusions he reached have useful resonance for conceiving development ‘gift-giving’ among countries. His study found that quite often gifts are neither spontaneous nor disinterested, as they are “for the most part counter-prestations made not solely in order to pay for the goods and services, but also to maintain a profitable alliance which it would be unwise to reject” (Mauss, 1966[1923]:71). Hierarchies can be established through the process, since “to give is to show one’s superiority, to show that one is something more and higher, that one is *magister* [master]”. At the same time, this dynamic can create an interest from the recipient to give back in order to signal a horizontal relationship, as “to accept without returning or repaying more is to face subordination, to become a client and subservient, to become a *minister* [minor, subservient]” (Mauss, 1966[1923]:72). In other words, the recipient might *want* to – as opposed to being or feeling *forced* to – retribute in order to bring ‘balance’ to the relationship.

The main difference from gifts and commodity exchanges is that in the former, some element of interpersonal dependence is still present, as the giver remains ‘attached’ to what is given. Receiving a gift also indicates interest in developing or maintaining a social relationship between the parties involved. An exchange of commodities, on the other hand, does not imply residual obligations or relationships (Gregory, 1982). Gifting is also different from lending inasmuch as the expectation of the loan’s return is explicitly expected “at the very moment of the drawing up of a contract capable of ensuring that the acts it prescribes are predictable and calculable” (Bourdieu, 1977:5). And while there is the expectation of reciprocal gifting, the means and the timing of the reciprocation is uncertain as the relation between giver-recipient is unmediated and un-institutionalized. Giving is then characterized by “strategic ambiguity and the power to transform a relation

of domination into one of generosity and gratitude” (Hattori, 2001:637–640). Drawing on Bourdieu, Prof. Adriana Abdenur (interview) highlighted the fungibility of capital related to giving technical cooperation, whereby its provision is expected by the donor (such as Brazil) to amass good-will which will be later on capitalized. Here, the rhetoric of solidarity allows a donor to invest in one political capital it will later on ‘discount’ in the another form, i.e., the fungibility of ‘cooperation capital” vis-à-vis ‘diplomatic’ capital.

The issue of whether the recipient interprets the gift as domination or generosity demands attention, for it is not always straightforward. First of all, there is concern over *debts* disguised as *gifts*; here, the latter is used to euphemize the former, with an almost exact correspondence between the debtor–creditor relation of ‘structural adjustment’ loans and the donor–recipient relation of grant foreign aid (Hattori, 2001:646–648). Second, even if there is no imposition of a gift ‘repayment’, the *attitude* towards giving matters as a condescending approach can work against the donor: “unlike solidarity, which is horizontal and takes place between equals, charity is top–down, humiliating those who receive it and never challenging the implicit power relations” (Galeano, 1998:312).

Because of these suspicions, sometimes recipients might be hesitant to receive international development ‘gifts’ from a (potential) donor. They might wish to escape *symbolic domination*, which Bourdieu (1990:127) refers to as “the gentle invisible violence, unrecognized as such, chosen as much as undergone”; or perhaps a potential feeling of inferiority that can be attached to receiving charity (Korf, 2006; Lindner, 2006:82–87; Baldwin, 1986:365; Mawdsley, 2012a). This echoes the warning that when nations are involved in (apparently) altruistic acts, “suspicion of hypocrisy will be easily aroused; the self–righteous claims of pure benevolence, by hurting the pride of others, will diminish the desirable effect of greater amity” (Wolfers, 1962:77). These concerns are visible in Brazil’s foreign policy and its approach to international development, and will be explored in later chapters.

As a final point, it is worth mentioning Keohane’s (1986) approach to the issue of reciprocity. For him, reciprocity had a *specific* and a *diffuse* meaning. The typical meaning of reciprocity in economics and game theory would be of ‘specific reciprocity’. This refers to situations in which “specified partners exchange items of equivalent value in a strictly delimited sequence. If any obligations exist, they are clearly specified in terms of rights and duties of particular actors” (1986:4). By contrast, in ‘diffuse

reciprocity' the equivalence is less precise, the sequence of events is less narrowly bounded, and it "involves conforming to generally accepted standards of behaviour" (*idem*). What this means is 1) the notion of reciprocity used by Mauss – and the one here adopted – is mostly related to Keohane's 'diffuse reciprocity'; and 2) the 'standards of behaviour' would come from unwritten social norms of interaction related to 'gift-giving'. The phenomenon of 'silent understanding' or 'mutual interests' – often based on bilateral relations which go beyond the donor–recipient aid relationship – plays an important role in why countries would choose to *give* to others (Jepma, 1991:19). Recipients are not *obliged* to 'pay back' the donor, but there is a common social expectation that it *should* occur.

Milner's (1992:469) analysis of the connections between cooperation and reciprocity is noteworthy. As expected by game theorists, iteration and the prospect of rewards for cooperating matter for this process: "Cooperation arises tacitly; it evolves over time as the actors' expectations converge." In her understanding, some authors – like Axelrod (1992) and Keohane (1992) – argue that cooperative behavior may be more likely when countries pursue a strategy of reciprocity, because they know they will be punished for defecting and rewarded for cooperating (*idem*). However, in a no-strings-attached provision of development assistance, the diffuse nature of reciprocity makes a recipient's 'defection' much harder to establish. Donor sanctions are also much less likely given that nothing was *formally* demanded. Even if an informal deal exists, sanctions would be hard to impose; the donor is probably limited to foot-dragging in ongoing agreements or signing less agreements with the recipient in the future.

Having covered theoretical debates over how power can be exerted through development assistance in general terms, the next step involves a more fine-grained analysis. The following sub-section focuses specifically on what can be expected from conditional, unconditional, tied, and untied development assistance – particularly technical cooperation. The goal will be to understand how each one of these four arrangements can generate (commercial and/or diplomatic) gains for the donor. Simply put: if donors are motivated by self-interest, and each characteristic chosen for delivering development assistance can impact the chances of gaining more of one thing, but less from the other, what combination has the greater potential to maximize the donor's commercial or diplomatic gains?

2.3.1. GAINS FROM CONDITIONAL, UNCONDITIONAL, TIED AND UNTIED AID

The combined approach of unconditional *and* untied provision of international development deserves a closer look inasmuch as it is a somewhat 'unique' combination for donors (and the one adopted by Brazil). After all, it is the weakest in securing immediate commercial profits and the most optimistic about the likelihood of 'soft-power' resources, like a better image or strengthened bilateral relationships, being transformed into some sort of concrete gains in the mid/long term. Pure altruism could be the possible explanation for the choice of giving development assistance with no conditionalities or ties. But this research assumes that in the context of foreign policymaking, donors do take into consideration potential gains they could obtain from giving aid.

As addressed in chapter 1, donors not only have to choose which mechanism(s) they will use to provide development assistance, but they also face another set of choices: whether to place conditionalities (or not), and whether to 'tie' (or not) what is provided. Conditionalities refer to donors demands that the recipient undertake specific structural/systemic level changes, like adopting economic liberalization policies, or demanding more democratic political procedures. It can be defined as "situations in which the commencement of cooperative actions is conditioned to the adaptation of the host country to a certain type of public policy" (Lengyel & Malacalza, 2011:15).³⁸ On the other hand, tying 'development assistance' is about the donor's decision over the sourcing of goods and services: if it will be restricted or free from restriction (Clay et al., 2008:4). Agreements are negotiated between potential donors and recipients, but assuming the donors have the upper hand – which is the typical case as they are the ones incurring the costs of providing something – recipients will always be in a weaker position to control the final outcome.

Choices produce intended and unintended consequences; and some choices are more likely to produce certain gains than others. Whether the unintended effects of the actions (or inactions) of donors tends to be beneficial or detrimental to the interest of those affected is an empirical question (Baldwin, 2002:279). Confronted by the need to choose:

³⁸ The authors highlight the distinction between the abovementioned *political* conditionalities (the ones under investigation here) and *procedural* conditionalities, which refer to "specific issues regarding the legal terms of an agreement, the financial conditions, the management of funds, the purchase of materials and the forms of implementation" (Lengyel & Malacalza, 2011:15).

[N]ations, like individuals, must weigh the costs and benefits that seem likely to attend each path. Whether the issues are economic or military, they must pick the strategy that seems best to serve their interests. Sometimes, of course, the choice is straightforward, for the payoffs that result from the different options clearly dictate a specific course for rational self-interested actors. (...) In other situations, however, states find rational logics for competing options. (Stein, 1990:20)

Given the complexity of what is being analyzed, this research bundles up donors' gains into simply two categories: commercial and diplomatic gains (this one subdivided in bilateral and diffuse). This research follows the understanding that not all national purposes are mutually incompatible; that is, it is not necessary that one nation's purposes be accomplished at the expense of another set of national purposes (Snyder et al., 1954). Hence, commercial and diplomatic gains should not be seen as either/or categories, but more as within a range of more-less important priorities that the donor has regarding its foreign policy goals.

'Commercial gains' refer here essentially to profits that can be made by the donor and its domestic companies through international development initiatives. This can come from having the recipient provide a better business environment for the donor (e.g., less monopolies), institute special trade opportunities, become a captive market for the donor's goods and services, etc. 'Diplomatic bilateral gains' means strengthening the relationship between donor and recipient, which can be (eventually) translated in votes in multilateral fora, more willingness to work constructively over bilateral issues, military alliances, etc. There is a reasonable chance that commercial benefits can also come from these improved relations (such as a bilateral trade agreement), but there is no guarantee they *will*. 'Diplomatic diffuse gains' encompasses the effects of a donor's actions as they reverberate in other countries (regionally and internationally), with the donor country gaining legitimacy over an issue or being accepted as an 'indispensable' actor in certain negotiation. Even if the gains here are essentially intangible and symbolic (e.g., measuring "recognition" would be no easy task, if at all possible), the expectation is that these benefits all carry the *potential* to be translated into more concrete gains – such as diplomatic bilateral gains and/or commercial gains.

According to this structure, commercial gains are concrete and usually an end in itself. A country seeks commercial gains *to make money* for its domestic companies – i.e., increase its overall economic power. A donor could try to obtain diplomatic gains from this action, but it appears unlikely that a country would seek commercial gains from an international development action *in order to* improve its international image. On the other

hand, diplomatic gains (particularly diffuse) are generally a means to an end. Their main attribute is the capacity to be *transformed* into something else: the malleability to become votes, solutions for shared problems, military protection, or even commercial gains. The more diffuse the gain, the less certainty of fungibility from symbolic to concrete benefits.

This leads to an evaluation of what kind of gains are more likely to occur when a country chooses to provide assistance that is conditional, unconditional, tied, or untied. Given the focus on self-interest, the likelihood of gains is evaluated only from the *donor's* perspective, also leaving aside debates involving the effectiveness of development assistance provided. The following will detail each case, with Table 6 providing a summary. The goal here is not to quantify the real life effectiveness of each one characteristic vis-à-vis actual gains obtained by a donor. The 'likelihood of gains' presented is an exercise of conceiving the *relative* possibilities for gains under each characteristic and evaluating them (qualitatively) as *strong*, *weak*, or *unclear*.

TABLE 6 – POTENTIAL FOR COMMERCIAL AND DIPLOMATIC GAINS

		CHARACTERISTIC					
		CONDITIONALITIES			TIES		
		CONDITIONAL		UNCONDITIONAL	TIED	UNTIED	
		Market C.	Political C.				
LIKELIHOOD OF GAINS	Commercial gains	Strong	Weak	Weak	Very Strong	Weak	
	Diplomatic gains	Bilateral	Weak	Weak	Strong	Weak	Very Strong
		Diffuse	Weak	Unclear	Unclear	Weak	Strong

As stated, it is assumed that donors wish to attain both commercial and diplomatic gains from their provision of development assistance. While both are in countries' self-interest, practice shows that only one can be prioritized. Donors must choose if they wish to condition (or not) and tie (or not) what they provide, and each choice affects the chances for commercial/diplomatic gains. If a country's priority is to maximize its chances for commercial gains, then the best choice is to provide a development assistance mechanism with market conditionalities and ties. If diplomatic gains are the main goal, then untied agreements certainly have the greatest potential. The chances for *bilateral* diplomatic gains are improved if there are also no conditionalities, although this improvement is not as certain for diffuse diplomatic gains. The following paragraphs will explain how these conclusions were reached.

Conditional development assistance

TABLE 7 – POTENTIAL FROM CONDITIONAL AGREEMENTS

		CONDITIONAL	
		Market Conditionalities	Political Conditionalities
Commercial gains		Strong	Weak
Diplomatic gains	Bilateral	Weak	Weak
	Diffuse	Weak	Unclear

Conditional development assistance represents a straightforward mechanism to ensure that donors' interests are followed by the recipients (Table 7). They involve changes at the systemic levels of economy and public policy that are insisted upon by donors, commonly framed as being for the recipient's *benefit* (Burnell, 1997:21). Because the donor has the 'power of the purse', it has the upper-hand in placing conditionalities. The wider the asymmetry between donor/recipient, the 'tighter' the conditionalities can be to reflect the donor's interest, such as securing commercial advantages like better tariffs or differential quotas. Conditionalities can also focus not on market issues but on 'do-good' political practices. In this case, in order for the recipient to obtain (or continue to obtain) the assistance, they have to guarantee/show the donors their intent on improving their stance on issues such as: protection of human rights, improved environmental protection regulations, and strengthened democratic institutions.

The existence of *market*-oriented conditionalities and *non-market*-oriented conditionalities means that while the former has a strong potential for commercial gains, the latter is weak, i.e. political conditionalities are not expected to lead to commercial gains. The perspective for diplomatic bilateral gains from any conditionalities is weak, assuming recipient countries prefer *not* to have any obligations forced onto them in order to receive assistance – even if the conditionalities are for a morally 'just' cause. As will be discussed in chapters 3 and 4, 'Southern' recipients have vocalized their utter dissatisfaction with conditionalities (of any kind) for decades and only provide *unconditional* development assistance.

Still, it is possible to conceive some sort of gains from conditionalities (whether market oriented or not) for the policymakers in the recipient country. As predicted by Putnam (1988), there is always the chance that the recipient's leader (and/or main decision-makers) was already interested in implementing the changes proposed by the conditionalities, but did not act on them out of fear of domestic retaliation. But justifying changes to the status quo due to an *external* demand, can allow those in power to say

that they *had* to change things because it was demanded by ‘the Other’ (e.g., ‘the Donor’, ‘the Market’, ‘the International System’, ‘Structure of development assistance’):

International negotiations sometimes enable government leaders to do what they privately wish to do, but are powerless to do domestically. (...) [T]his pattern characterizes many stabilization programs that are (misleadingly) said to be ‘imposed’ by the IMF. (Putnam, 1988:456–457)

In such case, the leader of the recipient country could feel (privately) grateful to the donor for allowing it to take the blame even if the conditionalities were desired by and of mutual benefit to both parties. Still, this situation is not the same as ‘improving relations *between the countries*’. Such an initiative could easily backfire if the donor’s image in the recipient’s population erodes significantly, with potential long-term negative consequences.

Market-oriented conditionalities are expected to generate weak diplomatic diffuse gains. The only possibility here would be the support obtained from similarly-minded countries who would be pleased with the changes. However, it is unclear whether ‘do-good’ political conditionalities which bind the assistance to ‘positive’ values will create diffuse gains. Some outside countries might value it as a worthy stance, for example, conditioning transfers to guarantees there will be no gender or ethnic discrimination towards those who will benefit from the assistance given. In this situation, a donor country with this profile can promote its image as a legitimate promoter of human rights in the international stage. Nonetheless, there is no shortage of criticism to even these conditionalities. They are frequently accused by recipients of obstructing democratic ownership and development effectiveness of recipient countries (UN-ECOSOC, 2008:10); and imposing policies that ignore the fact recipient governments should be primarily accountable not to donors but to the *people they serve* (Accra Statement 2002). So even if the conditions are normatively justified and well-intentioned, they run the risk of being seen as condescending, and interfering in the country’s sovereignty. For this reason, political conditionalities are labeled *unclear* in their likelihood to create diplomatic diffuse gains for the donor.

Unconditional development assistance

TABLE 8 – POTENTIAL FROM UNCONDITIONAL AGREEMENTS

		UNCONDITIONAL
COMMERCIAL GAINS		Weak
DIPLOMATIC GAINS	BILATERAL	Strong
	DIFFUSE	Unclear

Unconditional 'assistance' means the donor country places no demands upon the recipient in regards to changes in their internal policies (whether related to market of 'good governance') (Table 8). Motivations for recipient-oriented unconditionality tend to be based upon a normative interpretation that every country is entitled to its own sovereign decisions, as helping others should not be used as a justification to interfere in other countries. It can also be justified as abiding to sovereignty as a recognized principle upheld by International Law.

While South-South Cooperation principles place unconditionality is normatively 'superior' to conditional assistance, this perception can be challenged. After all, a donor might consciously use this as a disguise to its 'true' intentions of improving its relations with authoritarian regimes and countries considered international pariahs, so as to gain preferential access to a recipient's resources or to strengthen political or military alliances, for example. Some authors (e.g., Manning, 2006; Naim, 2007) are concerned about the negative potential that unconditional agreements could have, as they could lead to recipients seeking specific donors so that they can go on ignoring the protection of human rights or environmental standards. However, there seems to be little concrete evidence of this on a systematic basis (Zimmermann & Smith, 2011:732).

The first implication is that unconditional international development is overall weak in its ability to generate direct commercial benefits for the donor. After all, there are no guarantees that the recipient's macro-economic structure will change in a manner that is ultimately favourable to the donor. Still, if the recipient sees unconditionality as a sign of the donor's respect for sovereignty, the recipient might show its 'gratitude' by facilitating or privileging the donor in money-related issues. The highest chance for commercial gains for the donor in unconditional arrangements appears to be cases involving international 'pariahs' – such as Sudan and North Korea. If there is only one country (or just very few countries) willing to donate substantially to a State who is shunned by the international community, one can argue that conditionalities don't even need to be written. In this specific case, the recipient's dependence upon the donor would most likely have a direct effect in other areas.

Just as it is unclear whether conditional international development produces diplomatic diffuse gains, so it is unclear with unconditional international development – and for the same reasons. While a donor can be praised by other countries for respecting a recipient's sovereignty and capacity to self-determination, if the recipient is a known

abuser of human rights, for instance, unconditionality can work against the donor from this point of view as it can be labeled an ‘enabler’ of abuses by proxy. This is particularly the case for non–democracies with unconditional ‘aid’ for other non–democracies, with many categorizing China’s unconditional development assistance to many African nations in this problematic light (which will be discussed again in chapter 4).

Tied development assistance

TABLE 9 – POTENTIAL FROM TIED AGREEMENTS

		TIED
COMMERCIAL GAINS		Very Strong
DIPLOMATIC GAINS	BILATERAL	Weak
	DIFFUSE	Weak

Providing ‘tied’ aid means whatever goods and services are necessary for the fulfillment of the agreements have to be acquired by the recipient from the donor’s companies (Table 9). This can be made very explicitly in the agreement or through an attempted ‘disguise’. In this latter case, the donor imposes very particular technical standards/designs that is very hard to find outside of the donor country, or by fostering information asymmetries that purposefully reduce the chances of a fair competition for lowest prices. In other words, if the donor consciously structures the agreement to lock–in commercial gains, with the recipient’s option being forcefully restricted to the donor’s advantage, the assistance is tied.

Tied development assistance is most likely to bring immediate commercial gains to the donor, even more than market–oriented conditionalities. As a matter of fact, it is difficult to conceive of tied ‘aid’ that *does not* seek commercial gains for the donor: its own *raison d’être* is to bind the provision to the purchase of goods and services only from the donor country. While it is possible to speculate tied cooperation that is not tied to good and services produced by the donor, this would certainly be a rare exception, but could occur: for example, a donor tying the assistance to purchases from other countries in the recipient’s region in order to foster regional integration.

On the other hand, tied provisions are expected to be weak in producing diplomatic gains. The overall agreement in the literature is that tied ‘aid’ tends to be detrimental to the recipient in many ways. It has been “clearly documented that tied aid raises the cost of goods, services and works by 15% to 30% on average”, not to mention the indirect costs of “inhibiting the ownership and responsibility of partner countries in aid supported development” (Clay et al., 2009:1). For instance, in the mid–2000s food aid was

overwhelmingly *tied* – with at least 90% or more falling into this category – even though the actual costs of *local* purchases were calculated to be approximately 46% less than those of tied aid certainly serves as an example of critiques to this structure (OECD, 2006a). The more the recipient finds the terms unfair, the lower the chances of diplomatic gains and the higher the chances of bilateral diplomatic losses for the donor.

Still, one can imagine a situation, even if unlikely, where a ‘sensitive’ good or service (such as a specific technology) is desired but not (freely) available in the market. An example could be a country trying to gain knowledge related to nuclear technology: even if the recipient *has to* purchase from the donor, it might do so very gladly. In such a case, bilateral diplomatic gains for the donor could easily occur as the recipient could see itself as a privileged partner from the (tied) agreement. The major impediment for this sort of gain is that most goods and services related to international development are *not* ‘sensitive’. In light of all these factors, it is hard to anticipate diplomatic diffuse gains from tied development assistance.

Untied development assistance

TABLE 10 – POTENTIAL FROM UNTIED AGREEMENTS

		UNTIED
COMMERCIAL GAINS		Weak
DIPLOMATIC GAINS	BILATERAL	Very Strong
	DIFFUSE	Strong

Untied international development simply means that the recipients are not obliged to purchase any goods or services from the donor for the provision of aid (Table 10). This fourth characteristic seems to be the one less discussed in literature, one possibility being that it is not the usual choice for donors. When this choice is evaluated, it is usually framed as coming from a donor’s altruistic stance. Under this light, untied aid is “seen as typically a case of what Kaufmman & Pape (1999) call ‘costly moral international action’, i.e., an action that not only can be justified on moral grounds but actually *impairs the material interests of the acting state*” (Nina, 2006:13, added). Compared to tied aid, untied development assistance is undoubtedly much weaker in increasing the chances for immediate profit, since the donor is explicitly forfeiting a concrete opportunity for immediate commercial gains. However, this is not the same as saying it *can’t* generate commercial gains – much less that this action ‘impairs’ the donor’s material interests.

Donors can choose untied agreements so as to maximize diplomatic gains. Recipient countries prefer untied international development, for many reasons: savings and benefits to the local economy; stronger sense of ownership and control over the initiative; the belief that it is not being 'exploited' and that the help is genuine, etc. This characteristic in development assistance initiatives can easily lead to a stronger bilateral relationship between donor and recipient. Hence, untied 'aid' presents a strong chance for diplomatic bilateral gains for the donor. Support from the recipient can serve many purposes for the donor, such as general support – and votes – in international organizations and willingness to cooperate regarding shared problems. It can also lead to a better business environment for the donor and its commercial interests in the recipient country.

The economic effects of untied aid still have not been studied extensively, although already noted by Schonherr & Vogler–Ludwig (2002) for more than a decade now. But there is evidence supporting a 'good will' hypothesis for untied aid yielding commercial gains: it appears that recipient countries are more willing to buy goods and services from donors that provide them with untied aid (Arvin & Baum, 1997; Arvin & Choudhry, 1997; Vogler–Ludwig et al., 1999; Schonherr & Vogler–Ludwig, 2002; Zarin–Nejadan et al., 2008). Again, this does not mean an improved relationship *will* be 'translated' into tangible gains; nor is there any indication of *when* or specifically *how* it will occur. In the end, it is a bet that the donor country has to be willing to take. Of course, it could be argued that there risks involved for *any* type of aid provided. What is unique in this case is that the risks are relatively greater.

One element which can increase the odds for any diplomatic gains from untied aid is *continuity over time* – i.e., a long–term perspective is best suited for analyzing diplomatic gains. As explained by Arvin & Baum:

[G]iving untied aid generates a stock of goodwill for a donor. The idea parallels the marketing literature where brand loyalty (or goodwill) may be created through advertising (...). Unlike tied aid, untied aid benefits the donor through future exports generated by building and maintaining a stock of goodwill in the recipient country. (Arvin & Baum, 1997:72)

There is a significant chance of diplomatic diffuse gains for the donor from untied assistance, with a strong resonance to Nye's understanding of 'soft power'. Over time, this continuous supply of untied assistance can create/strengthen a positive image of 'benevolent' and 'non–predatory' partner not only from its current recipients but also with potential recipients, and even with other *donors*. A positive spill–over effect with non–

partners means that the cost/benefit of each of the donor's actions with its partners is improved inasmuch as it reduces the 'price of influence'. According to Hook, "the fundamental principle of aid giving as 'the price of influence' has been accepted by nearly all industrialized countries, which have added the fiscal and institutional components of foreign aid to their diplomatic arsenal" (Hook, 1995:21). Then again, as in diplomatic bilateral gains, there is uncertainty over the conversion of gratitude in to concrete gains. In the end, there is only an increase in the *opportunity* for the donor to reap benefits from its position.

2.3.2. 'GIVING' TECHNICAL COOPERATION

As any development assistance mechanism, in principle, technical cooperation can be conditional or unconditional, and tied or untied. From the donor's perspective, the provision of *unconditional* and *untied* development assistance shows the best prospects for fostering diplomatic gains. Commercial gains are possible as well, but unlike conditional/tied agreements, the process is indirect, subtle, and has weak guarantees (if any at all).

The likelihood of gains from providing unconditional and untied technical cooperation agreements increases with certain conditions: 1) the *volume* of initiatives undertaken; 2) the *diversity* of recipients, and 3) the 'desirability' of the knowledge shared. A donor which has several agreements with each one of its many recipients (in many areas of the world), regarding knowledge considered to be 'exclusive' or 'the most efficient' can be expected to generate diplomatic gains much more easily (and with greater certainty) when compared to a donor with few agreements with a couple of recipients regarding a theme which many donors know about.

A significant and systematic provision of no-strings-attached technical cooperation with a variety of recipients is poised to generate/strengthen the donor's positive image with each one of the recipients, as well as with others. Still, giving without asking for anything in return can easily have recipients become suspicious of the donor's 'real' intentions. Using Arvin & Baum's (1997) terminology, a donor which claims to operate – or wishes to be *seen* as operating – a 'diplomacy of good-will' will only be credible if recognized by the recipient(s) as such. For this to happen, there has to be consistency in how the donor *continuously* gives without demanding payback to *all* recipients, regardless of their potential for valuable 'retributions'.

A collection of technical cooperation agreements promoted by a single actor with many partners can also alter collective dynamics in the international sphere: it has the ability to create a 'hub-and-spoke' interaction model. Here, the International Relations literature on network analysis is helpful (Hafner-Burton et al., 2009; Hafner-Burton & Montgomery, 2006, 2009, 2010; Kahler, 2009; Sikkink, 2009; Lazer, 2011)³⁹.

Network analysis concerns relationships defined by links among nodes, which can be individuals or corporate actors (such as organizations and States), and addresses the associations among nodes, rather than the attributes of particular nodes. Ties between nodes can be channels for transmission of both material and non-material products – such as information, beliefs, and norms – where persistent patterns of association among nodes create structures that can define, enable, or restrict the behaviour of nodes. More importantly, the relationship between networks and *power* are of great importance for the proposed study.

The perspective of network analysis suggests that *countries skilled at building and exploiting their position in multiple networks* – particularly mid-level, open, and connected powers – *may gain in influence vis-à-vis poorer countries with less central network positions* (Hafner-Burton et al., 2009: 574)

Providing technical cooperation with no-strings-attached over the same issue establishes and reinforces the donor country's position as a central node in a network based upon a particular knowledge. The power related to *what* is being transmitted cannot be understated. It would be a mistake to overlook Foucault's (1977) call for attentiveness to the exercise of power, where to 'put something in its place' means limiting what will be an adequate or proper knowledge of it. The instrumental use of scientific knowledge for the achievement of political goals is discussed substantially in a growing body of literature, such as in: Latour (1987); Haas (1989, 1992, 1997, 2004); Harrison (1991, 2002, 2006); Beck (1992); Litfin (1994); Skolnikoff (1994); Jasanoff & Wynne (1998); Weingart (1999); Wagner (2002); Grundmann & Steher (2003); Jasanoff (2004); Stehr (2005); Weiss (2005); Grundmann (2007); Bloodgood (2008); and Lahsen (2009).

This brings back chapter 1's reference to Weber (1946[1922–1923]:280) and metaphor of ideas serving as switchmen, acting as blinders which reduce the number of conceivable alternatives. Also relevant is Goldstein & Keohane's (1993) point of how

³⁹ While these propose a qualitative approach to the subject, others – such as Wasserman & Faust (1994) and Knoke & Yang (2008) – tackle the subject with quantitative techniques.

knowledge influences policy when 1) the causal beliefs that they embody provide road maps that increase actors' clarity about goals and end-means relationships; 2) they affect outcomes of situations in which there is no unique equilibrium; and 3) they become embedded in political institutions. Hence, a country that provides the same knowledge to a significant number of recipients is in a better position to, over time, *frame* the international debate over that particular issue (on the concept of framing, see Entman, 1993). Table 11) summarizes the possibilities for diplomatic gains from unconditional and untied technical cooperation:

TABLE 11 – DONOR’S PERSPECTIVE FOR DIPLOMATIC GAINS FROM TECHNICAL COOPERATION

	Single receiver	Multiple receivers	International scenario
Short run	Perception of benevolent action from the giver’s part	Formation/strengthening of giver’s regional presence	Increased awareness from other countries of potential for partnership with giver
↓	Formation/strengthening of: bilateral relationship; increased chances of economic gains; common discourse on issue area (centered on giver’s discourse); mutual understanding over “good practice” on issue area	Formation/strengthening of: network over theme (centered on giver’s interests) in international fora; increased number of players with common discourse on issue area (centered on giver’s discourse); increased number of players with mutual understanding over “good practice” on issue area (centered on giver’s practice)	Formation/strengthening of: network of likeminded actors; International recognition of giver’s power/expertise in issue area; giver seen as ‘indispensable’ actor on issue; giver’s discourse becomes reference (sole or one of the most relevant) for international debates elevation of country’s international status; formation/strengthening of bargaining power of those ‘within’ the network vis-à-vis those outside
	Long run	Strong opportunity to frame the debate over a particular theme with all recipients	Increased opportunity to frame international debate over a particular subject

One final point relates to the potential for *domestic* gains from fostering a high volume of agreements, resonating with Putnam’s (1988) domestic/international dynamic. As pointed out by an interviewee [A20], these initiatives can serve as a way of “externally validating domestic policies”. It would allow government officials to claim: “look at all these countries interested in what we are doing!”, thereby strengthening domestic legitimacy and allowing it more room to mute the opposition – i.e. “who are *you* to question our domestic strategies [when everyone else wants to follow us]?”.

The following chapters will address concrete cases of development assistance (and technical cooperation) provision. Many of the theoretical elements presented in this

chapter will be both implicitly and explicitly present throughout the analyses to come. As it will be show, even if countries provide development assistance with 'national interest', their actual policies will vary. This will be very clear in how different nations have chosen to address technical cooperation.

3. INTERNATIONAL DEVELOPMENT AND TECHNICAL COOPERATION

The provision of knowledge for another country's development has taken place since the early days of international development initiatives.⁴⁰ Nonetheless, there have been many important variations in this provision, such as: the importance of technical cooperation within a donor's overall international development policy (vis-à-vis other mechanisms); the gains sought to be obtained through technical cooperation; the characteristics of the technical cooperation agreements (conditional, unconditional, tied, or untied); and the effectiveness of the technical assistance provided.

This chapter argues that to understand these differences, one must contextualize donors' attitudes towards providing international development as a whole, inasmuch as technical cooperation is *one* mechanism within this broader framework. So the particular characteristics of a specific donor's provision of technical cooperation must be seen as part of a bigger picture of what its interests and values are towards being a development donor in the first place.

When it comes to the norms around the provision of international development, donors have almost always embedded their approach within one of two 'frameworks': 1) DAC/ODA and 2) South-South Cooperation (SSC). The DAC/ODA paradigm refers to Official Development Assistance (ODA), the term used by the Development Assistance Committee (DAC), which has been the *locus* of convergence between traditional aid providers in the Organization for Economic Co-operation and Development (OECD). And notwithstanding the polyphony among non-DAC donors, South-South Cooperation has been the most significant counterpoint to the rules and values adopted by DAC/ODA donors. As it will be shown in this and following chapter, States' interests in providing development assistance have never been identical among all countries under each paradigm. In many cases, countries' *own* interests and approaches have changed – sometimes significantly – over time. Still, a general rule has been that donors don't tend to switch *frameworks*.⁴¹

⁴⁰ The act of countries pursuing knowledge abroad from their *own* development has a much longer history though; seeking "modernization", for instance, in the 18th century Russia brought in experts and technology in substantial quantities from Western Europe, as Japan did in the second half of the 19th century (Browne, 2002:7).

⁴¹ South Korea is the most prominent exception: it went from having a development program based on the spirit of South-South Cooperation in the 1980's (one of the founding members of

DAC/ODA was chosen as a short-hand reference to *developed* countries' general approach to development assistance, while South-South Cooperation will be used to designate *developing* countries' general approach to development assistance. Working with these broad and complex definitions is not an easy task, and there are important gray areas to consider. The main reasoning behind juxtaposing DAC members to developed countries/donors' rests upon the fact that *all* of DAC's 25 members countries are considered high income countries (i.e. 'developed countries') by the World Bank (see Table 12).

According to the World Bank⁴², there are a total of 56 'High Income countries', 31 of which are members of the OECD (Table 12). There are six 'high income countries' – Estonia, Hungary, Israel, Poland, Slovak Republic and Slovenia – that are OECD members but not (yet) members of DAC; all of these currently choose to report their ODA numbers to the DAC, and "are working to align their co-operation programs with EU principles and commitments, which, in turn, are closely aligned with DAC principles" (Smith et al., 2010:5). For this study then, these countries will be placed as 'attached' members of the DAC to the extent that they might not be members *de jure* but all indications are that they are members *de facto*, and don't reject the DAC's principles and norms. Hence, referencing 'developed countries' in the context of development assistance as 'DAC members' has a substantially solid base, and will be used in this research.⁴³

the G77, and a very active member for most of the time) to becoming a member of the OECD in 1997 and of DAC by 2009.

⁴² Source: World Bank's list *How we Classify Countries* (<http://data.worldbank.org/about/country-classifications>).

⁴³ Aside from the particular cases involving *quasi*-members of the DAC, there are also countries which are not members of the OECD (by consequence, are not DAC members either) but chose to report their development assistance numbers to DAC, such as Russia and Romania (for full list see Appendix – List 3).

TABLE 12 – HIGH INCOME COUNTRIES, OECD AND DAC MEMBERSHIP (2014)

	High Income	OECD member	Reporting to DAC		High Income NOT reporting to DAC
			DAC member	Non DAC member	
Andorra	x				x
Antigua and Barbuda	x				x
Australia	x	x	x		
Austria	x	x	x		
Bahamas, The	x				x
Bahrain	x				x
Barbados	x				x
Belgium	x	x	x		
Bulgaria				x	
Brunei Darussalam	x				x
Canada	x	x	x		
Chile	x	x			x
Croatia	x				x
Cyprus	x			x	
Czech Republic	x	x	x		
Denmark	x	x	x		
Estonia	x	x		x	
Equatorial Guinea	x				x
Finland	x	x	x		
France	x	x	x		
Germany	x	x	x		
Greece	x	x	x		
Hungary		x		x	
Iceland	x	x	x		
Ireland	x	x	x		
Israel	x	x		x	
Italy	x	x	x		
Japan	x	x	x		
Korea, Rep.	x	x	x		
Kuwait	x			x	
Latvia	x			x	
Liechtenstein	x			x	
Lithuania	x			x	
Luxembourg	x	x	x		
Malta	x			x	
Mexico		x			
Monaco	x				x
Netherlands	x	x	x		
New Zealand	x	x	x		
Norway	x	x	x		
Oman	x				x
Poland	x	x		x	
Portugal	x	x	x		
Romania				x	
Qatar	x				x
Russian Federation	x			x	
San Marino	x				x
Saudi Arabia	x			x	
Singapore	x				x
Slovak Republic	x	x		x	
Slovenia	x	x		x	
Spain	x	x	x		
St. Kitts and Nevis	x				x
Sweden	x	x	x		
Switzerland	x	x	x		
Thailand				x	
Trinidad and Tobago	x				x
Turkey		x		x	
United Arab Emirates	x			x	
United Kingdom	x	x	x		
United States	x	x	x		
Uruguay	x				x
TOTAL	56	34	25	19	17

In order to address these issues and develop the argument proposed, this chapter focuses on the empirical dynamics of development assistance provided first by DAC members, then does the same for SSC. It builds upon the previous chapter's attention to theories and abstractions to incorporate a first layer of 'real-life' evolution of international development. Instead of asking hypothetically 'why' and 'how' countries *can provide* international development, the goal is to look at why and how countries *have provided* international development – with a continuous focus on technical cooperation. This is relevant for the overall analysis because 1) it details the international development model which traditional donors have adopted for their provision of development assistance; and 2) it provides empirical knowledge to better understand how technical cooperation has been conceived and used by 'traditional' donors. The findings from the first section (DAC/OECD) will be then contrasted to the general South–South Cooperation framework, and then to the paths embraced by emerging donors (chapter 4), and Brazil's profile as a donor (chapters 5 and 6).

3.1. “TRADITIONAL” DONORS: DEVELOPMENT ASSISTANCE COMMITTEE (DAC)

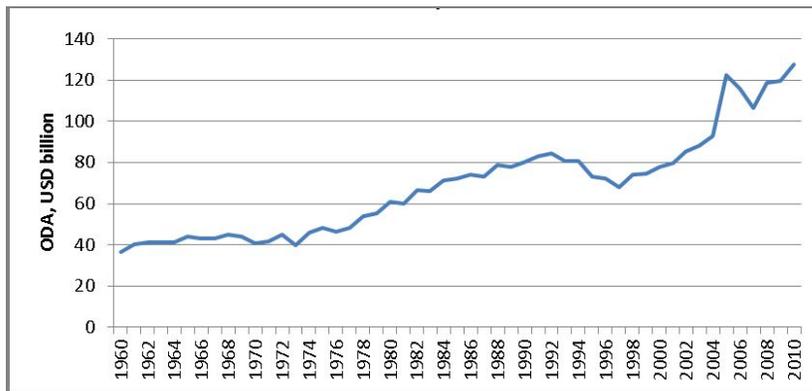
This section will begin by exploring the history and reasoning behind development assistance of some of the member countries to the Development Assistance Committee (DAC), to then focus on the DAC itself. Created in 1961, the DAC was a reconstituted version of the 1960 Development Assistance Group (DAG). DAC's goal was to create a forum for consultations among providers of development assistance, which at the time were almost all members of the OECD. For over 50 years now, the DAC has grouped the world's main donors, defining and monitoring global standards in key areas of development (OECD, 2010:3). While the DAC was never *absolute* in the power to direct donor activity, it has played an undeniable key role in many aspects:

[It has been] instrumental in defining terms and concepts in development assistance, identifying best practices, and providing a framework within which bilateral donors can interact with a higher degree of synergy than if they had been left to their own devices. The attempt at coordination, or at least the professed confidence in it, is arguably a key dimension of traditional donor norms and a statement of intent regarding the desirability of addressing the development agenda collectively” (Rowlands, 2008:4)

As already stated, Official Development Assistance – the term used by DAC members for the provision of development assistance – is done through grants, loans and

technical cooperation.⁴⁴ Total DAC flows of ODA rose steadily from 1960 to 1990, with a decrease “due to fiscal consolidation in donor countries after the recession of the early 1990s”, and peak moments in 2005 and 2006, due to exceptional debt relief operations for Iraq and Nigeria (OECD, 2010:71–72); see Figure 9. Statistics suggest that funding specifically for technical cooperation has fluctuated around one quarter of overall Official Development Assistance (ODA) over the last 50 years, but with major variations among donors. In absolute terms it represents a significant expenditure, nowadays plausibly in the \$25 billion/year range. (OECD, 2011b:10–11).

FIGURE 9 – NET ODA DISBURSEMENTS, TOTAL DAC COUNTRIES



Source: based on data from OECD (2011b)
 *at 2009 prices and exchange rates

It is possible to group DAC countries’ approach to technical cooperation into three ‘generations’ (Morgan, 2010, *apud* OECD, 2011a:5). The first one would be prevalent in the first decades – from the 1960s until the early 1980s – and characterized mostly by: being heavily donor driven, gap–filling at the level of individuals, use of industrialized world’s concept of ‘good practice’, and highly tied to commercial gains.

⁴⁴ The full definition of technical cooperation used by DAC for accountability purposes is: “Technical Co–operation is the provision of know–how in the form of personnel, training, research, and associated costs. Used without qualification, the term Technical Co–operation (sometimes referred to as technical assistance) is a generic term covering contributions to development primarily through the medium of education and training. There is, however, a distinction that is relevant to the compilation of statistical data, between free–standing TC (FTC) and investment–related TC (IRTC). Free–standing technical co–operation comprises activities financed by a donor country whose primary purpose is to augment the level of knowledge, skills, technical know–how or productive aptitudes of the population of developing countries, i.e. increasing their stock of human intellectual capital, or their capacity for more effective use of their existing factor endowment. DAC statistical reporting under technical co–operation items includes only free–standing technical co–operation. This relates essentially to activities involving the supply of human resources (teachers, volunteers and experts: technical cooperation personnel.), or action targeted on human resources (education, training, advice). Associated supplies are also classified as technical co–operation” (OECD, Glossary).

In regards to untying development aid (in general), the very first debates began already in the early 1960s: in 1962 the DAC's chairman called for "joint efforts to reverse the trend towards more tying of aid", and the next year it adopted a "Resolution on the Terms and Conditions of Aid" *recommending* "appropriate terms" for aid (World Bank, 2008:33). In 1969 the so-called "Pearson Report" came out against tying aid or at least limiting it to the identifiable external expenditure of projects receiving assistance. (Caine, 1970). However, the first set of *rules* for DAC members concerning tied aid was only reached in 1974, when 10 members subscribed to a "Memorandum of Understanding on Untying of Bilateral Development Loans in Favour of Procurement in Developing Countries". However, the agreement never became fully operational "as the oil crises diverted attention to more pressing issues" (OECD, 2001:4). In a broad sense, progress on untying aid would prove to be difficult until the end of the Cold War. Most importantly, for the present research, efforts towards untying development aid did *not* include technical cooperation agreements, but exclusively grants and loans.

In the second generation, from the 1980s until the 2000s, the DAC (and most donors) began to focus more on the ideas of ownership, efficiency, capacity development, and a call for untied agreements. One result was that between the turn of the century and 2008, the proportion of untied bilateral aid rose progressively from 46% to 82% (OECD, 2010). But once again, the untying of *technical cooperation* was left as an exception, with most aspects of it becoming increasingly managed and implemented by 'outside' (i.e. non-government) contractors. So while in 2001 the DAC reached an agreement on a recommendation to untie ODA to the *least* developed countries by 2002 (and to non-LDC Highly Indebted Poor Countries by 2008) – and only after "after intensive discussions" – there were some activities "*notably technical co-operation* and food aid, where it [was] recognized that untying would pose more delicate problems for some donors than for others" (OECD, 2001:5; emphasis added). Thus, DAC donors can *opt* to untie their technical cooperation agreements.

In respect of investment-related technical co-operation and free standing technical cooperation, it is recognized that DAC members' policies may be guided by the importance of maintaining a basic sense of national involvement in donor countries alongside the objective of calling upon partner countries' expertise, bearing in mind the objectives and principles of this Recommendation. *Free-standing technical co-operation is excluded from the coverage of the Recommendation*" (OECD, 2008:5; emphasis added)

Another important characteristic of this period is that after the end of the Cold War, the idea of conditioning development assistance to 'good governance' goals became a

common feature among DAC donors. One of the first milestones in this regard came already in 1991 when the OECD Ministerial and the DAC High Level produced a document that emphasized “the importance OECD countries attach to promoting human rights, democratization, open and accountable government institutions and the rule of law and reduction of excessive military expenditures.” (OECD, 2006a:24). This characteristic would go on through the next decades, remaining present in most DAC donors’ current development assistance projects.

The ability of traditional donors to condition aid on the adoption of reforms increased with the demise of the Soviet Union (Dunning, 2004:419). With the end of the Cold War, not only could ‘national security’ no longer serve as a justification for spending on foreign aid, but the rationale behind international assistance had to be reconceived to focus on ‘new’ issues if it was to continue to be funded – hence the focus on promoting economic and political transitions, addressing global problems, furthering democracy, and managing conflict (Lancaster, 2006:48; see also: Doornbos, 2001).

With the new millennium, the criticism over what development assistance was achieving in practice – as opposed to achieving on paper – grew significantly. The gap between ‘real’ aid – i.e. “resources transferred aimed at creating long-term sustainable development” (Stokke, 1996:56) – and ‘formal’ aid (i.e. everything formally labeled as ‘foreign aid’) reached the forefront of the debates over development assistance. Donors’ incentives would increasingly become more structured to favor support for – or at least favour the *appearance* of support for – certain development goals, while still shy of actually achieving them, with “little oversight either by domestic actors within donor states or internationally to monitor the congruence of actual policy with the rhetorical statements” (Breuning, 2002:375).

The third (and current) generation in traditional donors’ approach to development assistance would come about in the early 2000s – and can be seen still as an *emerging* process (Morgan, 2010). Two very important issues characterize the contemporary reality of traditional donors’ development aid: 1) concerns over ‘aid effectiveness’, and 2) the undeniable importance of non-traditional donors to the development aid ‘governance’. The topic of effectiveness began to be addressed in 2003 with the ‘Rome Declaration’, which established commitments for donors and focused on harmonizing donors’ procedures and practices in order to reduce transaction costs for recipient countries. Then in 2005, *the Paris Declaration on Aid Effectiveness* was signed, containing a long list of commitments to implement monitorable actions to increase effectiveness. Other commitments would be made later on – particularly the Accra

Agenda for Action (2008) and the Busan Partnership for Effective Development Cooperation (*Busan*, 2011) – all focusing on improving aid effectiveness.

Looking specifically at the current broad structure of technical cooperation agreements within DAC donors, it appears that there has been little change over the decades, especially when compared to the explicit changes to terms and principles linked to providing development-oriented grants and loans. Technical cooperation remains more tied than aid in general: in 2009, 64% of all bilateral technical cooperation was reported untied, 22% tied, and 14% not reported, which “significantly undermines transparency and leads to increased lack of trust regarding the real extent of untied aid” (OECD, 2012b:54). Since reporting expenses on technical cooperation is optional for DAC donors, these numbers cannot be taken at face value – the expectation is of tied technical cooperation being much *higher* in practice. In any case, notwithstanding calls for untying all bilateral aid, including technical cooperation and food aid, as called for by recipient countries and NGOs (e.g., ActionAid, 2003), these exceptions remain within the DAC framework.⁴⁵

Recipients complain about this opaqueness of donors’ practices in relation to technical cooperation, arguing that the system of ‘bundling’ technical cooperation within a package of foreign aid prevents recipients from being able to make informed choices and identifying the different types of costs related with different types of technical cooperation (ECDPM, 2006; Watson et al., Wangwe & Madete, Ajayi & Jerome, *apud* Scott, 2009:3). A common perception among recipients is that most of DAC donors’ technical cooperation still leads to a supply-driven structure that is frequently “poorly aligned with partner government priorities” (OECD, 2012a:54; see also Browne, 2002:8–9). Adding to this scenario, studies have shown that tying aid increases the costs of goods and services by 15%–30% on average (and up to 40% for food aid) reducing the overall effectiveness of aid flows (Tarnoff & Lawson, 2011:19).

Another related issue raised by the many recipients of traditional donors’ technical cooperation is its tendency to rely (or *over-rely*) upon consultants – almost always exclusively from the donor country – and the often concurrent poor alignment with the recipients’ needs and domestic realities. These two elements have been deemed

⁴⁵ According to ActionAid (2003:8), it was the US government who lobbied the strongest for food aid and technical cooperation exemptions within the current OECD aid untying policy.

responsible for the failure to properly translate technical cooperation into an adequate instrument for capacity–building (Berg, 1993).

Even if well–intentioned, the critiques to ‘expatriate’ expertise are many. It is frequently seen as insensitive to local realities; generating little domestic learning, memory, or capacity–building; and in many occasions, serving more the donor’s than the recipient’s development interests (Helleiner, 2000:15). More critical assessments reported the frustration of expatriate consultants not only taking jobs from nationals, but sometimes “being paid 20 to 30 times the national salary” (Singh, 2002:64); or simply being seen as *incompetent*, usually being “too young, inexperienced, culturally insensitive and completely lacking in knowledge of the local context in which they have arrived” (Scott, 2009:3). Nonetheless, despite criticism and various policy commitments to reform technical cooperation practice among DAC donors, the bottom line is that there appears to be little evidence of meaningful change, and technical cooperation has been highly tied in practice.

Still, it is essential to keep in mind that analyses of the DAC numbers, principles, and actions are not enough to capture each member’s individual approach towards development aid or technical cooperation. As already alluded to, just because countries are members to the DAC and follow their guidelines does not mean that they have been a block in terms of interests and actions. There is significant deviation, with nation–states’ varying sometimes widely in practice, reflecting the independent prerogatives of each one, revealing much about national interest and its role in guiding foreign–policy behaviour (Hook, 1995:4). Because this research is focused on the use of technical cooperation as a *foreign policy* tool, the next section will explore aspects of individual ‘traditional’ donors’ approach towards development assistance and technical cooperation.

3.1.1. TRADITIONAL DONORS: TECHNICAL COOPERATION & FOREIGN POLICY

The conception and the practice of development assistance and technical cooperation precede the creation of the Development Assistance Committee by almost twenty years. And over the decades after its creation, countries within the DAC’s ‘umbrella’ have made different choices, such as: to *if* and *how* to characterize their development aid in regards to conditions and ties; their level of commitment and financial engagement; the ‘preferred’ recipient countries; as well as in their most used mechanism of ODA. This section will explore these variations in three parts. The first one covers what can be seen

as ‘the early years,’ pre–DAC; the second between the 1960’s until the end of the Cold War; and the post–Cold War and contemporary period in the last subsection.

Early years: From World War II to the 1950s

The phenomenon of development assistance in its modern day understanding – essentially countries helping others countries to develop – had its first steps at the end of World War II. While short term–relief aid to mitigate human suffering and palliative actions based on religious beliefs both have more extensive histories, direct actions to overcome other countries’ ‘structural’ impediments to growing were only introduced during in the second half of the 1940s – most notably with the Marshall Plan (1947) and the Point Four (1949). Nonetheless, some important moves towards *rationalizing* international aid–for–development can be found during World War II. According to Elliot Roosevelt (1946:36), his father – US President Franklin Delano Roosevelt (FDR) – had the following conversation with United Kingdom’s Prime Minister Winston Churchill during the Atlantic Conference, in August of 1941:

FDR: I am firmly of the belief that if we are to arrive at a stable peace it must involve the development of backward countries. Backward peoples. How can this be done? It can’t be done, obviously, by eighteenth–century methods. Now–

Churchill: Who’s talking eighteenth–century methods?

FDR: Whichever of your ministers recommends a policy which takes wealth in raw materials out of a colonial country, but which returns nothing to the people of that country in consideration. *Twentieth*–century methods involve bringing industry to these colonies. *Twentieth*–century methods include increasing the wealth of a people by increasing their standard of living, by educating them, by bringing them sanitation–by making sure that they get a return for the raw wealth of their community.

(...)

FDR: The peace, [“said Father firmly”, according to E. Roosevelt], cannot include any continued despotism. The structure of the peace demands and will get equality of peoples. Equality of peoples involves the utmost freedom of competitive trade...

Whether or not this conversation took place in these words, the result of the Conference did reflect something very close to it. The two leaders agreed to abide by certain common principles, such as: to endeavor to further the enjoyment by all states “of access, on equal terms, to the trade and to the raw materials of the world which *are needed for their economic prosperity*”; the “desire to bring about the fullest collaboration between all nations in the economic field with the objector securing, for all, *improved labor standards, economic advancement and social security*”; and that after the final

destruction of the Nazi tyranny, they hoped to see established a peace which would “afford assurance that all the men in all the lands may live out their lives in *freedom* from fear and *want*” (Atlantic Conference, 1941; emphasis added). Elements of this same “spirit” would also appear in the United Nations’ Charter (1945), whose Preamble called for the employment of “the international machinery for the promotion of the economic and social advancement of all peoples”. While no significant action was directly derived from any of these documents immediately, they still represent an important signal of how this idea began to appear formally in the international stage – and how it was initially pushed by the United States.

By the end of the 1940’s came the Marshall Plan, a milestone in the history of development assistance; as succinctly stated by Frank & Baird (1975:135), “the use of public funds on subsidized terms to assist in the development and growth of sovereign nations has no significant precedent before the Marshall Plan”.⁴⁶ Aiming specifically for *economic* recovery and development, it was officially called the “European Recovery Program”. The Plan was approved in 1948 by the United States’ Congress, and would in the end provide approximately \$13 billion in financial aid (mostly grants) for several countries in Western Europe until 1951.

There is no shortage of diverging explanations of what was the ‘real’ cause behind the United States’ decision to help these countries. The variation in accounts for “*why* the Marshall Plan?” alone underscores the complexity of understanding and dissecting which forces matter to motivate development assistance in theory and in practice. There is an overall consensus that altruism was *not* the Plan’s purpose, but authors still debate whether the main reasons were of mostly economic or political interests; and even when one of these is considered the most prominent, there is no agreement over *which* economic or political interest was the most important one.

Making the case for economic drivers, Gimbel (1976:04) argued that the Plan was *not* conceived by long-range planners “as a response to the Soviet Union or as an element in the Cold War”. Hogan (1987:xii) saw the Plan as an “international projection of the corporative political economy that had evolved in the United States”, whose forces had been present long before the second postwar era. Wood (1986:36) also dates the origins

⁴⁶ These authors also make reference to the overseas capital flow from European countries in the late 19th century and in the first half of the 20th century – but whose destination was limited to their colonial possessions.

of the Plan to before 1947, but highlighted how the fear of postwar depression was pervasive among US policymakers during the war.

On the other hand, the diplomatic driver “hypothesis” also has its strong defenders. Lancaster (2006:5) was blunt in stating that “foreign aid began as temporary expedient of Cold War diplomacy” and that it was *not* driven mainly by commercial interests or a desire to spread capitalism. In the same line, Milner & Tingley (2010:200) argued that “[t]his instrument [foreign aid such as the Marshall Plan] has been a primary way for the United States to engage other nations in pursuit of its foreign policy goals”. Perhaps one of the most known assertions in the regards of connecting the Marshall Plan to the beginnings of Cold War actions was made by US’ President Truman himself, who declared the Marshall Plan and the “Truman Doctrine”⁴⁷ to be “two halves of the same walnut” (Offner, 2002: 213).

The Marshall Plan became the prelude of many other projects, as it led to a widespread belief that “the combination of capital and technical assistance could transform economies in a very short time” (World Bank, 2008:31). Strengthening this positive view was the realization that from a foreign policy-wise perspective the Plan was an initiative which could be packaged in a very positive light: one of altruism, even if it would eventually come under great suspicion and criticism.

[The Marshall Plan] must be regarded as a political masterstroke that its designers succeeded in presenting it to the American population and to the recipient countries as a generous offer to help. In reality, the package of measures was the prototype of all future development help. In it, help is conceived for the first time as pure self-help, though it nevertheless remained a public gesture of giving. World politics had never before been so elegant. The boundaries between giving and taking were blurred to the point of unrecognizably. There were two benefits stemming from this ‘help’: economic-material and political-legitimizing. (Gronemeyer, 1992:65)

As the Marshall Plan advanced from paper to reality, another milestone in the evolution of international development took place in the turn of the decade. In his 1949 Inaugural Speech, President Harry Truman stated that the US’ program for “peace and freedom” would emphasize four major courses of action; the fourth point was that the country should “embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas” (see Truman 1949a). So while the United Nations took its first

⁴⁷ The “Truman Doctrine” came about as President Truman called for Congress to support efforts in Greece and Turkey to stop authoritarian/communist expansion in Europe.

steps into the promotion of technical assistance as a means of development slightly *before* the Point Four⁴⁸, this US policy marked the first time ever that the idea of knowledge transfers was explicitly incorporated into a country's *foreign policy*.

So while the Marshall Plan was a landmark for development assistance in general, "Point Four" represented the "birth" of technical cooperation as a foreign policy tool in the context of development assistance. Right after the announcement of Point Four, there would be much speculation as to what where the "real" intentions behind the US' decision to go in this new direction. Unsurprisingly, those connected to Administration placed it under a very positive and altruistic light. In 1952, for instance, Secretary of State Dean Acheson summarized Point Four as being about preserving the "American dream" by exporting "the American revolution" (Acheson, 1952). President Truman would declare that there was nothing of imperialism in the concept of Point Four as "we [US] do not propose to dominate other people, or exploit them, or force them to change their ways of life" (Truman, 1952). It could be seen as a declaration regarding the "concept of maintaining the peace of the world through technical assistance to underdeveloped areas" (Raushenbush, 1950:16). But this was not how most analysts saw the use of technical cooperation in US' foreign policy. Most academic interpretations are similar to Pierce's (2007:256) view: "Truman's primary concern was neither financial nor humanitarian. His main objective was the expansion of the power (which included the unity) – of the free world". In other words: technical cooperation was conceived as a means of seeking primarily diplomatic–political gains in the context of the Cold War.

The birth of Point Four appears to be much more haphazard than how it was portrayed then by the US Administration or by political analysts afterwards. Working at the State Department at the time, Louis Halle offered a detailed first–hand account of how the Point Four came to be. He talks about how at sometime in November 1948, a routine message from the President's speech–writing assistant requested the State Department to send over any proposals it had for the content of the inaugural address. After three proposals were given, a question was raised: "any more?", which was followed by the exchange below (Halle, 1964:15–16):

⁴⁸ In 1948 the General Assembly passed Resolution 200, entitled "Technical assistance for Economic Development", where it stated that "the technical assistance furnished shall not be a means of foreign economic and political interference in the internal affairs of the country concerned and shall not be accompanied by any considerations of a political nature".

There was a pause while everyone searched his mind. The Deputy Director ended the pause by asking: how about technical assistance for underdeveloped countries (...)? That's a good idea, said the Director of Public Affairs. Put it down, Ben [Hardy].

So "Point Four" was set down without further discussion, and there the meeting adjourned.

When the four points proposed for inclusion in the President's address went up through the Department's clearance-machinery, the fourth was discarded. (...) Any responsible officer was bound to ask what through and analysis had entered into the proposal of a program for giving technical assistance to countries all over the world. What countries specifically? On what scale? How much would it cost? Until at least rough answers to these questions were available (...) it would be irresponsible to have the President announce it. So the first three points, without the fourth, were sent to the White House.

(...) A few days later, the Director of Public Affairs received a call from the presidential assistance [who said] the President would like to have something in his speech that is just a bit original.

At this juncture, without proper time for reflection, the Director of Public Affairs (...) [said] there had been a fourth point, but it had been thrown out.

What was it?

The Director told what it was.

That's great, said the voice from the White House, and "Point Four" went back again.

So what was initially a "public-relations gimmick, thrown in by a professional speech-writer to give the speech more life" (Halle, 1964:17), ended up being *the* "Point Four".⁴⁹ To the surprise of the Administration, newspapers dramatized "Point Four" in their headlines – the New York Times called it the "World Fair Deal" (NYT, 1949). The State Department was "caught flatfooted" as officials simply did not know "what in the hell [*sic*]" President Truman had on his mind; as a matter of fact, even the Secretary of State Dean Acheson first learned about Point Four in the inaugural speech – and was one who "apparently saw no anti-Soviet profit" in it (Beisner, 2006:212–213). Hence, President Truman's explanation, given less than a week after the inaugural speech, which explained Point Four had been in his and the Government's mind "for the past two of three years, ever since the Marshall Plan was inaugurated", and the claim that it originated with the Greece and Turkey propositions, having "stud[ied] it ever since" was simply untrue (Truman, 1949b).

The origins of America's technical assistance as a foreign policy tool reveals it was not an immediate product of foreign policy strategic *planning*. While this is interesting in many ways, it is relevant to this particular research for at least two important reasons: 1)

⁴⁹ For an even more detailed account of Point Four's origin (including some slight variations), see Hechler (1996: 114–120).

there was no *a priori* definition on how the agreements would be implemented (i.e. conditional, unconditional, tied, untied), which means that in principle, they could have gone in any direction; and 2) this story matters inasmuch as presidential diplomacy also played an important role in many countries' approach – such as Brazil's approach during the Lula tenure – to the use of technical cooperation as a foreign policy tool. Both elements will be explored later on the case study analysis (chapters 5 and 6).

By the early 1950s, America's discourse over aid began to not only be about development but also about communist containment, which is unsurprising given the latter was the most vivid topic in the country's foreign policy at the time. The overarching logic was that economic development of 'friendly' nations contributed to a list of politically good things (for the US), such as: democracy, peace, non-communist governments, good will, and international understanding (Packenham, 1973:47–48); in tandem, technical assistance was framed as also promoting economic development which – more importantly – ultimately meant benefits for the US. Even so, for the following decades until the end of the Cold War, numerous US development initiatives would be embedded within a broad logic of Soviet/communist containment – even if economic interests were many times the (co)main driver of the process. Given the quite clear reality that US' promotion of development abroad was not a product of altruism, but of the donor's national interests, it should not come as a surprise that in the early days implementing technical cooperation initiatives there were those with strong words against technical assistance and Point Four, such as: “no policy of the United States in living memory had done more to create suspicions and resentment in Asia and Middle East than Point Four” (Groseclose, 1953:26).

As the 1950s advanced, the United States would not stay for long as the sole donor of development assistance. While from 1946 to 1959 the US was clearly the biggest donor, accounting for almost 60% of aggregate DAC aid, France represented 22% of all DAC assistance - the largest foreign aid program at the time in relative terms (vis-a-vis GDP), and the United Kingdom around 8% (World Bank, 2008:25). Other countries would slowly but surely join the US as providers of international development initiatives, although not always with the same motivations as the US.

The Soviet Union was one that clearly took action in order to 'counter' the US in these early days of the Cold War. Since the Marshall Plan was opened to *all* European countries – including those under the Soviet sphere of control and some did show

interested in it – in 1949 the Soviet Union (together with Bulgaria, Czechoslovakia, Hungary, Poland, and Romania) launched the Council for Mutual Economic Assistance (COMECOM/CMEA). Most of the Soviet program of providing aid and technical assistance began in 1953, after the death of Stalin, rising significantly at the end of the decade. Geographically, it was less ambitious than the US program, and concentrated mostly on developing countries in the periphery of the Communist bloc. There was much Soviet attention given to technical cooperation within their development assistance actions, with Soviets taking “pride in their training of native technicians” (Goldman, 1965:350). But as they (and many other developed countries) would soon realize, simply transplanting donors’ solutions to solve recipients’ problems could not only be extremely ineffective but do very little in terms of any actual *development*.

The tropical climate in most developing countries further complicates the process and jeopardizes even simple operations. Proper maintenance is a problem even in temperate zones, but in Africa and Asia it is a major challenge. Thus Russian–built roads wash away in the rains of Indonesia and Russian equipment rusts on the docks of Guinea, Ghana, India and Indonesia. Even when machinery has been installed, heat and humidity accelerate the normal process of deterioration and hamper repair work. In the 100–degree sun of Mali, a useless Soviet crane, its hoist separated from the cab, sits impotent at the portal of the Russian–financed stadium; apparently there are no suitable repair facilities nearby and it is too enervating to attempt to make repairs manually. (Goldman, 1965:352–353)

As the Cold War took shape as the dominant concern of the bipolar world, foreign aid became intrinsically entangled in it – as would the expanded use of technical assistance as a foreign policy tool. The competition between superpowers for more alliances and influence over as many countries as possible would not only be sought through traditional military partnerships or sheer domination: development assistance would serve as means of attracting and rewarding ‘friends’. But how successful this policy was in producing the desired gains is questionable: Goldman (1965:357) concluded that both the US and the USSR had realized by the early 1960’s that a recipient’s acceptance of their foreign aid did not assure acquiescence with the donor’s policies, friendship or even gratitude – much less ‘eternal’ gratitude (as perceived in the USSR–China relationship).

By the early 1950’s the seeds of “aid rivalry” had been sown (Hook, 1995:25). Some authors actually take a position that were it not for the Cold War there would have been no foreign aid programs, as it would have been impossible to generate the domestic political support in the donor countries necessary to sustain foreign assistance for more than four decades (Griffin, 1991:647). However, this seems to be an overstatement.

After all, many other countries would become donors for diverse and non-‘ideological’ reasons, even if under the shadow of bipolar rivalry.

France and Britain’s motivations for foreign aid appeared to be much more connected to maintaining their presence and influence in their former colonies than anything else. If anything, it can be said that they actually had more reasons to be *concerned* about US aid and its potential to overtake the former colonizers’ ‘privileged’ space. On the other hand, for most Nordic countries – Norway, Sweden and Denmark – analysts often point to their shared values and norms, such as sponsoring missionary activities abroad as significant motivations for international development assistance (Lancaster, 2006: 30). And as for Germany⁵⁰ and Japan, it can be said that their desire to become donors was in part economically motivated and in part acted as “conscience money”, to re-establish their own self-respect and regain the moral approval of the civilized world (Niblock, 1970:553).

Development Assistance as the “New Normal”: 1960s – 1980s

Notwithstanding all of these events taking place in the 1940s and 1950s, it was in the 1960s that development assistance fully blossomed, with the establishment of the institutional basis for the contemporary aid regime. It was from then on that almost all developed countries began to systematically engage as donors and structure their own bureaucracies to provide this assistance; and that the idea that “rich nations [should accept] a measure of responsibility for the progress of the poor” became the norm (Woods, 1966:207).⁵¹ It was also at this time that several international organizations became big players in providing development as well: the World Bank’s International Development Association (IDA); the creation of the United Nations Conference on Trade and Development (UNCTAD); and the already discussed OECD’s Development Assistance Committee (OECD – DAC). Contributing to this *zeitgeist*, in 1961 the United Nations declared the 1960s as the ‘Development Decade,’ fitting well to the reality of fast-paced decolonization.⁵²

⁵⁰ ‘Germany’ will be used here to reference both *West* Germany (Federal Republic of Germany) in the 1949–1990 period and the “unified” Germany (since 1990); the former German Democratic Republic will be referred to explicitly as *East* Germany.

⁵¹ George Woods was the president of the World Bank between 1963 and 1968.

⁵² In 1950 the United Nations had 60 member countries; 10 years later it would be 99 members (in 1960 alone 17 new countries joined the UN); by 1975 this number would reach close to 150. (<http://www.un.org/en/members/growth.shtml>).

The United States would continue to play a major role in the realm of development assistance – both as an individual donor and as a force in the burgeoning multilateral development world. By the early 1960s, provision of foreign aid was very much ingrained in US foreign policy. And until the end of the Cold War, it would continue to be embedded within two reinforcing logics: providing aid to poor countries was 1) a mechanism to attract countries to the US' sphere of influence and 2) generate profits for American companies.

The United States did not limit its interest over development assistance to internal rearrangements and bilateral engagements. The idea of the abovementioned UN Decade of Development, for instance, was proposed to the UN General Assembly by President Kennedy himself. Also, the US began a process of engaging with other aid donors through a coordinated effort, as already in the late 1950s it begun to apply pressure on European countries for more substantial development aid contributions (Pharo, 2003:528). In 1961, the Organization for European Economic Co-operation (OEEC) – created under the auspices of the Marshall Plan – was reorganized, becoming the Organization for Economic Co-operation and Development (OECD). One important difference between these two was that the OECD now included non-European members – hence the US would be able to join it, which would provide a direct avenue for influencing the organization. The Development Assistance Committee (DAC) would become the main point of conversion for assistance by developed countries.

In this same period, the International Development Association (IDA) was established as part of the World Bank, and began to provide concessional loans. It was created following the initiative of then US Secretary of the Treasury Robert Anderson, under President Eisenhower's leadership (Kennedy, 1969). One of the most important goals was to “get other developed countries to begin to share more of what had come to be seen as the aid burden”, with the US as by far the most important donors of initial IDA contributions, at 42% of the total (Gwin, 1997:206–207). Hence, there was no shortage of US pressure in having the “aid burden” – a term still used by DAC – shared among other donors (World Bank, 2008:25).

And so a series of factors converged towards the systematic growth in provision of development assistance by developed countries. Not only was the US ‘instigating’ developed countries to participate (and with greater volume), but the expectation that all developed countries *should* engage in helping developing countries became ‘normal’. By

the 1960s, most European countries' economies had recovered from post-war problems, which allowed for further engagement. And as more and more countries decolonized, more opportunities to 'help' – and seek economic and diplomatic gains – emerged as well.

During the 1960s, most developed countries began to establish specific, in some cases independent, development cooperation structures. Between 1960 and 1963 alone, the UK, France, Canada, Germany, Japan, Sweden, Switzerland, Belgium, Denmark, Norway, and the Netherlands created ministries or agencies to manage their development cooperation programs (World Bank, 2008:26–27).⁵³

By the 1970s, development assistance was fully established in almost all developed countries' foreign policies. During this decade and the next, other important changes would take place in the universe of developed country donors. In the 1970s, there was a significant redistribution in the pattern of countries' provisions, with the relative weight of the US, France and UK falling considerably, and the substantial increase in the volume of aid among others Nordic countries and Japan. While the US, France, and the UK accounted for an average of close to 90% of all ODA provided between 1946 and 1959, their relative weight declined substantially in the 1970s and 1980s, stabilizing at slightly over a third of total net flows by the 2000s (World Bank, 2008:25). Different countries continued to give different priorities to and *within* their development assistance programs: the US and France aimed at a variety of diplomatic purposes, Japan pursued commercial and diplomatic interests, and other traditional donors sought a mix of purposes, including humanitarian intentions (Lancaster, 2006:43).

In the case of the United States, the beginning of the (relative) decline in money available for development assistance can be traced to 1971. It was then that the Senate rejected foreign aid funding for the fiscal years 1972 and 1973, marking the first time since World War II that either chamber of Congress had rejected this sort of authorization.

At the same time, domestic political debates in Northern European Countries and in Japan led to opposite outcomes, with aid budgets being substantially *increased*. By the mid to late 1970s, Sweden, Netherlands, Norway, and Denmark were already providing

⁵³ Among the major donors of the time, only Italy did not have a dedicated agency or a department for development cooperation.

over 0.7% of their Gross National Income (GNI) towards developmental aid.⁵⁴ The biggest change came in Japan: in 1978 it launched its first ‘doubling-of-ODA’ plan; by 1984 it was the second largest DAC donor, and would become the largest by 1989 (World Bank, 2008:31).

One important shift that occurred in the 1980s – the so-called ‘Lost Decade’ for most Latin American countries – was the increased use of macroeconomic conditionalities in bilateral and multilateral development assistance, particularly in regards to grants and loans. The World Bank and International Monetary Fund (IMF) “joined forces with major bilateral donors, and ‘like-minded’ governments (including the Nordic ones) fell in line” by the end of the decade (Stokke, 2009:319); this had great impact upon recipients inasmuch as recipients had to agree to IMF conditions before they could receive assistance from bilateral donors. Still, highlighting the variations within donors’ choices, until the 1980s, France and the UK “each developed its own quite stable aid policy, an original mixture brewed from its history” (Pacquement, 2010:§63); and did not always follow ideas proposed by the World Bank (Cumming, 2001).

Post–Cold War

Contrary to the widespread expectations that foreign aid flows would weaken or disappear with the demise of the Cold War, the scope and complexity of aid relations actually increased in the 1990s (Hook, 1995:3); this trend has continued since, with the current international development assistance scenario being even more multidimensional.

The end of the Cold War would affect individual DAC donors’ structure of development assistance – but not in the same way. While some DAC donors would be affected more directly than others by this phenomenon, the post–Cold War period and its ‘new’ issues – e.g., calls for democracy, good governance, globalization – would indirectly impact all donor countries’ approaches towards development assistance.

As already stated, one of the most common features to emerge in the 1990s was traditional donors’ incorporation of political conditionalities to their concession of development assistance. However, when it came to untying aid, countries within DAC would adopt significantly different levels – as illustrated by Table 13).

⁵⁴ For a detailed history of the ‘ideal target’ of 0.7% ODA/GNI, see Clemens & Moss (2007).

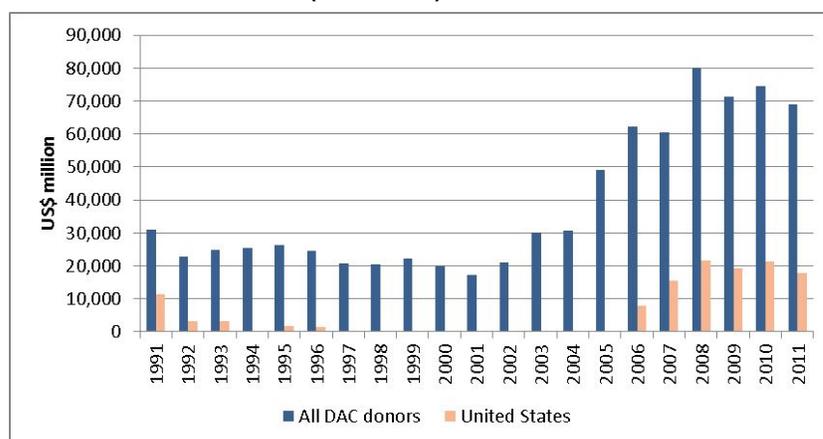
TABLE 13 – AVERAGE UNTIED AID RATIO* 1995–1999

Over 90%	90%–50%	50%–25%	Under 25%	No data
Japan Sweden Switzerland	Norway Portugal Netherlands Germany Finland Denmark	Canada Italy Australia United Kingdom France Austria	Spain United States	Belgium Greece Ireland Luxembourg New Zealand

* Untied bilateral ODA as percentage of total bilateral ODA
 Source: OECD, 2001:4

According to the OECD’s statistic database, there are significant variations in the overall levels of tied aid for DAC donors since the 1990s, especially low levels of tied aid until the early 2000s then a significant increase by mid–decade. But once the numbers are seen in detail, the changes appear to be mostly attributed by the United States, which did not report its levels between 1997 and 2004 (see Figure 10); and even if impacting only slightly, the fact that some countries began to report their tied aid levels at different times (e.g., South Korea, starting in 2006; United Arab Emirates, in 2009), or simply did not report in certain years (such as Italy between 2002 and 2004) also contribute to the overall variation.

FIGURE 10– UNTIED ODA (REPORTED)

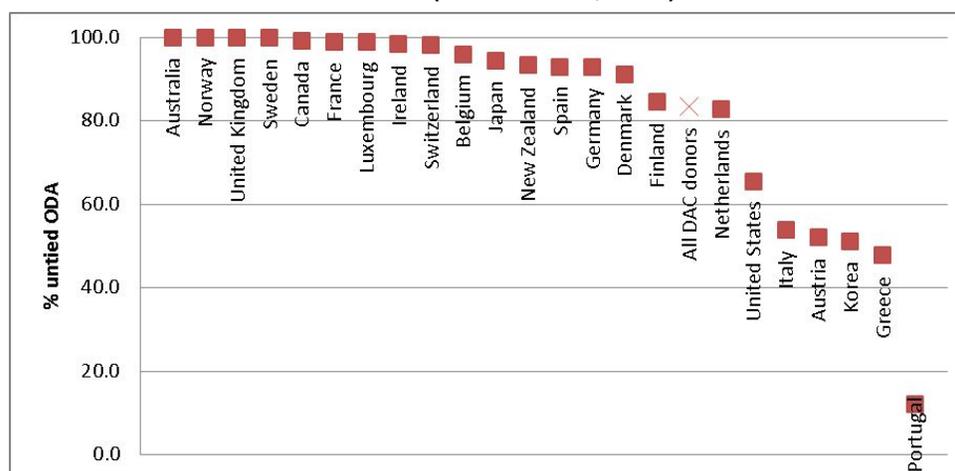


Source: based on data from OECD’s Creditor Reporting System (CSR)

By the early 2010s, almost all individual DAC donors appeared to be completely unttying their ODA grants and loans. According to the OECD database for 2011, Australia, Norway, and the United Kingdom reported to be providing *fully* untied ODA grants and loans; Canada, France, Ireland, Luxembourg, Sweden, and Switzerland all indicated their levels to be above 98%. Still, while the total DAC average for untied ODA was 83%, the US’ was only 65%. So while the majority of DAC countries are now practically

untying all their ODA grants and loans, the US stands with the minority of ‘laggards’ (Figure 11).

FIGURE 11 – LEVEL OF UNTIED ODA (AS REPORTED, 2011)



Source: based on data from OECD's Creditor Reporting System (CSR)

One argument used by many donors to explain why they are not able to commit to higher untying ratios is that tying would help maintain public support for aid budgets (especially in periods of budget pressure), or cite unfair competition from non-DAC donors' whose development assistance is also tied (OECD, 2012b:7). In the particular case of the US – still the highest overall ODA donor in the world in absolute value – this might be explained as a reflection of the “perception of policymakers that maintaining public and political support for foreign aid programs requires ensuring direct economic benefit” to the country (Tarnoff & Lawson, 2011:19).⁵⁵

One the most intriguing aspects of tied and untied aid from DAC donors is that these numbers explicitly *do not* include technical cooperation (nor food, humanitarian, or military aid). As made clear in the DAC's own statistics regarding Tying Status of Bilateral ODA, “members have agreed that administrative costs and technical co-operation expenditure should be disregarded in assessing the percentages of tied, partially untied and untied aid”.⁵⁶ Hence, the ‘real’ level of untied development assistance, broadly understood, is not reflected accurately in the numbers presented above, meaning that a DAC country's level of untied ODA cannot be interpreted as signaling its level of untied technical cooperation.

⁵⁵ For analyses on the domestic politics of aid, see Fleck & Kilby (2006), Milner & Tingley (2010), and Tingley (2010).

⁵⁶ Source: OECD online statistics (<http://stats.oecd.org/Index.aspx?datasetcode=TABLE7B#>)

Unsurprisingly, there is great speculation as to what their 'true' level is once tied technical cooperation is added to the picture. After all, if countries have a substantial volume of tied technical cooperation programs in their overall development aid structure and this tying status is not reported, "donors will appear more untied than they really are, with CRS statistics thus not presenting an accurate, comprehensive and comparable picture of tying status" (OECD, 2012b:8). According to ActionAid (2004:43), for instance, while the DAC figures suggested that in 1999 less than 12% of aid was untied, they argue that once technical cooperation was included, this figure would rise to over 50%.

In the case of the US, their level of tied technical cooperation appears to be quite significant, although precise figures are difficult to come across. It has been reported that of the top 100 firms used as consultants by USAID in 2000, more than 80 were US companies, accounting for 87% of the contract values, with the remainder being nearly all multinationals with offices in the US (ActionAid, 2006:37). According to Oxfam America, the bulk of that funding went to US consultants, "whose real expertise is often knowing how to adhere to complex US procurement and administrative procedures rather than having knowledge of context or the focus on long-term poverty reduction orientation" (Oxfam America, 2008:24). And it is not uncommon to find strong words from those in recipient countries, such as: "USAID is notorious for using US inputs, especially consultants. 'All the money goes home' is a popular saying with USAID" (Oxfam America, 2009:2); and:

The policy of USAID is to first give priority to US Consultants and providers of US technical assistance, which means consultants who are American citizens or citizens of other countries but working for American organizations, is given preference and priority in being selected. This is in accordance with the "Buy American Act". (Rahman, 2003; apud ActionAid 2003:07)

Adding to the complexity of finding precise numbers on untied aid in general – and untied technical cooperation agreements in particular – is the issue of *informal* tying. As already said, a serious analytical problem is that there is no way of making broad assertions as to the donors' power of *imposing* the purchase of its goods and services in order to provide technical cooperation. In other words, there is little way of knowing just by assessing the literature or official documents if a recipient is buying from firms from the donor country because it is *de facto* forced to (because of 'disguised' ties, such as through NGOs), or because it finds it is easier, or simply because it is interpreted by the recipient as the 'proper' thing to do (as per the 'gift retribution' logic).

Investigations of formally untied projects have shown that a high proportion of the contracts were still awarded to firms within the donor country (Clay et al., 2009); it is hard to believe that this is simply a coincidence. In 2009, 89% of US untied aid procurement contracts were still awarded to US firms (Brautigam, 2011b:2). In Australia, for instance, “while officially adopting an untied aid program, informal aid continued, with Australian companies receiving the majority of aid contracts” (Aid Watch, 2008). A similar finding was made for other OECD countries with ‘low’ levels of untied aid:

In Germany, tenders under 200,000 euros are not even advertised, while tenders over 200,000 euros (apart from those in a special category) are only advertised in a German speaking newspaper. Information on the GTZ website about future tenders is only available in German, making it difficult for non-German firms to even identify potential opportunities. In France, according to UNESCO, only French professionals are sent as part of French technical assistance programmes. Even where donors no longer officially tie their aid, it is still common to find the bulk of donor contracts being awarded to host country firms. In the UK, for example, at least 80% of the contracts awarded by DFID HQ in 2005–06 were awarded to UK firms, and of the remainder the bulk went to firms from OECD countries. (...) In Sweden, another country which has untied much of its aid, firms are still lobbying the government to access aid funds. (ActionAid, 2006:35)

Finally, Scandinavian countries – particularly Norway – are helpful in highlighting current variations among DAC donors. Scandinavian countries have commonly been “held up as examples of ideal donors” due to their overall generous levels of ODA and with limited geo-strategic interests to divert their efforts toward narrower self-interested objectives (Rowlands, 2008:5). One explanation has been that because of a lack of colonial heritage, “Nordic countries [have] to rely on more abstract motives for its aid to developing countries during its inception, which in this case [is] ‘international solidarity’” (Danielson & Wohlgemuth, 2005:520).

But Nordic countries should not be taken as a block of pure humanitarianism. When talking about Denmark’s motivations for development assistance, Olsen (2005) says that despite the fact that the country is usually listed as one of the few who focus on being in-tune with what recipients want, this does not mean that there are only altruistic motives guiding its development policy as “quite considerable business interests are present as well” (Olsen, 2005:190). As a matter of fact, Denmark and Finland have been found to tie their aid more closely to the interests of their private sectors than in Norway and Sweden. In Denmark in particular, aid untying had a history of being strongly opposed by the business community as well as by the government, and the aid community, even though it did begin a process of untying in the mid-2000s (Selbervik &

Nygaard, 2006:3–6).⁵⁷ Norway however, by all accounts seems to be in effect driven by a non-commercial logic – even if not necessarily altruistic.

During most of the 1980s and 1990s, the government took pride in Norway being the OECD country that provided the most development assistance in relative terms. In 2001, the Minister for International Development gave this pride an extra twist: the development policy represented an important part of the image of Norway that was formed outside of the country, where Norway's oil fortune and welfare were well known. (Stokke, 2005:452).

As detailed by Selbervik & Nygaard (2006:6), in Norway, it has been difficult to even “gather parliamentary acceptance for endeavors to promote economic interests to any large extent”, where “economic self-interest has been perceived to be at variance with humanitarian concerns, and there has been an explicitly expressed fear that this could tarnish Norway's reputation in important circles in poor countries”. This can be exemplified by the declaration that this ‘style’ of development policy “counteracts a picture of Norway as a country where self-interest, materialism and egoism rule the ground” (Proceedings of Parliament, *apud* Stokke, 2005:452). Even more interesting is the following assessment:

Norway's model is to pick a few global themes on which it has a ‘special competence’ and expand them globally. (...) In this it is somewhat like the south-south co-operation that is all the rage at Busan, more of an exchange of knowledge and expertise than a funding of specific large-scale costs. Perhaps Norway's relatively small size enables it to play a more horizontal role in its development partnerships. (Glennie, 2011)

When the case of Brazil-as-donor is looked at more closely, it will be visible that there are many overlaps in its motivations and strategies with Norway – something quite unexpected, given their significantly different histories, cultures, economic backgrounds, etc.⁵⁸ Nonetheless, a possible link might be found in their common ‘middle power’ and ‘niche diplomacy’ (mentioned in chapter 2), as both countries might be strategically using their provision of development assistance as a foreign policy tool to craft and improve their international image. One high-ranked Brazilian diplomat made a specific reference to this overlap, jokingly saying Brazil wanted to be “the dark Scandinavian” [A20].

⁵⁷ In the 1990s, the Danish government actually declared that a certain percentage of its ODA should be returned to Denmark, in what was dubbed the ‘return percentage’ (which should be as high as possible); for more on Danish aid, see Olsen (2005).

⁵⁸ An interesting fact is that Brazil is currently the largest beneficiary of Norwegian aid, which is focused on forest conservation and management through REDD (Reducing Emissions from Deforestation and Forest Degradation).

3.1.2. TRADITIONAL DONORS: AN ASSESSMENT

As already stated, this thesis' goal is not to present a thorough comparison of various countries' motivations and choices in their provision of development assistance. Nonetheless, it is important to understand the broad scenario in order to situate what appears to be Brazil's 'uniqueness' as a provider of development assistance, particularly unconditional and untied technical cooperation.

Ultimately, some broad patterns emerged over the years of developed countries' approach towards development assistance, which was certainly made more cohesive from their membership in the OECD's Development Assistance Committee. According to Rowlands (2008:5), the emphasis on tied aid and particular patterns of geographic dispersion of aid would be "manifestations of the dominance of strategic and commercial interests as the motivation and operating principles for the assistance programs of traditional donors".

While this does appear to be a quite reasonable interpretation of the broad scenario, important nuances become more apparent once a deeper analysis is undertaken. DAC membership has, with time, provided some degree of harmony in how its member-countries approach development assistance. But harmony is certainly not a synonym to homogeneity. General assertions can be made for the sake of parsimony, but should not be taken as straightforward depictions of all country's motivations or strategies regarding development assistance.

The findings demonstrate synchronic and diachronic variations among developed countries' use of development assistance (including technical cooperation) as a foreign policy tool. Enough evidence was given to state that it is incorrect to claim that *all* developed countries provided (or continue to provide) development assistance or technical cooperation in the *same* manner or with the *same* intentions. Even if DAC countries appear to be comfortable with political conditionalities, and most are on their way to (officially) fully untying their ODA, there appears to be important variations in providing development assistance, which ultimately reflect in their choices regarding how they provide technical cooperation in practice.

The same caution against generalizing all donors' actions based upon their development assistance 'framework' is valid for dealing with countries engaging in South-South Cooperation, as it will be shown in the next section. This awareness of nuance and

variation will be explored with more depth in chapters 4 and 5 when assessing the choices made by emerging donors (such as Brazil, China, India, and South Africa), which are frequently – and problematically – treated as a homogeneous unit, as if all were led by similar logics and interests in what they wish to attain from providing development assistance. Just as there are similarities and variations among DAC donors, the same process exists for those linked to SSC.

3.2. INTERNATIONAL DEVELOPMENT AND TECHNICAL COOPERATION: SOUTH–SOUTH COOPERATION

With the traditional/DAC–donors approach towards providing development assistance already covered, the next step is to look at the other framework for providing development assistance: South–South Cooperation (SSC). This research works with the basic assertion that SSC is adopted by practically all non–DAC donors in regards to their provision of development assistance, including technical cooperation.

As this section will detail, the concept of SSC began as a ‘response’ from a few – and mostly recently decolonized – developing countries to the foreign aid that was beginning to be provided by developed countries in the mid–1950s.⁵⁹ While the number of developed countries grew only slightly from the end of World War II, the absolute number of new developing countries increased exponentially. As such, this research is especially pertinent, considering that the studying of ‘traditional’ donors’ histories, approaches, and values is an easier task than doing the same for the substantially more heterogeneous group of developing–country donors.

Using UN membership as a measure for statehood, we find there are currently 193 countries in the world; given that only 25 are official members of DAC, this means that 168 are *not* DAC–member countries. As a general rule, non–DAC donor countries share the following characteristics: 1) they are not High Income countries and 2) do not abide to the principles and norms of the DAC. The majority of non–DAC countries embrace the concepts of South–South Cooperation (although some more emphatically than others), with the most notable exception being non–DAC European donors. There are also some non–DAC countries in somewhat of a ‘twilight’ zone: while they have not ‘renegaded’ their South–South bonds in discourse, they voluntarily choose to report their ODA to the

⁵⁹ No former colony whose independence occurred post–WW2 is currently a member of the DAC.

DAC (even if they are not DAC members), such as Kuwait, Saudi Arabia, Thailand, Turkey, and the United Arab Emirates (see List 3 in Appendix).

The non–DAC–donor category embraces under the same roof much more extreme variations in countries’ capabilities of providing development assistance than the DAC–donor category. Using World Bank data as reference on Gross Nation Income (GNI) per capita, there are 36 countries in the world considered Low Income (GNI per capita of \$1,035 or less). The majority of developing countries currently find themselves in the ‘Middle Income’ bracket: 48 countries are considered Low–Middle Income economies (GNI per capita between \$1,036 and \$4,085), and another 55 are Upper–Middle Income economies (GNI per capita between \$4,085 and \$12,615). None of this latter category are DAC members, but five voluntarily report to it: Bulgaria, Hungary (OECD member), Romania, Thailand, and Turkey (OECD member). While Mexico is an OECD member, it chooses not report to the DAC.

In regards to High Income countries (GNI per capita of \$12,616 or more), the assessment is the following: out of a total of 56 countries, there are 25 High Income non–OECD countries, nine of which report to the DAC, and 16 which do not report (see List 2, in Appendix). A close observance to these 16 High–Income/non–OECD/non–DAC reporting countries, reveals that *none* of them have the meaningful capability or history of providing development assistance in expressive levels: almost all are small States (either small islands or microstates, such as Andorra, Bahrain, and San Marino). And out of the nine High Income non–OECD–but–DAC–reporting countries, four are members of the European Union (Cyprus, Latvia, Lithuania, and Malta) and one (Liechtenstein) has a special agreement with it; three are middle–eastern countries: Kuwait, Saudi Arabia, and United Arab Emirates; the final one is Russia. The lesson from these numbers is that the variation among developing countries is significant and must be seriously taken into account for any analysis of their broad engagement as providers of development initiatives.

A first assessment of the real–life scenario is that there are many developing countries that have practically no means of providing any ‘assistance’ whatsoever, which is particularly the case for the Least Developed Countries (LDCs)⁶⁰. Again, it does not

⁶⁰ Least Developed countries are those with not only a low income per capita but also with severe economic vulnerability and human resource weaknesses (i.e. problematic indicators related to population health and nutrition, such as high adult illiteracy high child mortality rates, and life expectancy).

mean they cannot assist in any way, as they have – but when this occurs, the likelihood is of a one-time, small or symbolic initiative, and usually related to humanitarian crisis; such was the case for Myanmar’s donation of \$50,000 for Thailand’s 2011 devastating floods, and Bolivia’s pledge to send food staples and blood to Haiti after the 2010 earthquake.⁶¹ There has also been room for technical cooperation even among the poorest developing countries. An interesting case is the “Knowledge Exchange about Non-Timber Forest Products”, involving Bhutan (LDC), Benin (LDC), and Costa Rica, which states:

Given the expertise of Bhutanese technicians and communities in the cultivation of mushrooms, the expertise of Beninese technicians and communities in the collection and cultivation of insects and the Costa Rican expertise in systematizing traditional ecological knowledge, the three partner institutions saw the opportunity for knowledge exchange and dissemination as relates to the cultivation and/or collection of non-timer forest products.⁶²

Moving up the income scale, most developing countries do find themselves in a position to engage as providers of some kind of development assistance in more than moments of crisis, and have ‘niche’ expertise capabilities that can be shared – even if the sum of its development initiatives can’t be fully leveraged and amassed into an actual foreign policy strategy. It is in this group that technical cooperation is likely to be of significant importance. After all, providing and exchanging knowledge tends to be much more at reach – if not the *only* real development instrument available – than giving grants or loans for other countries, as most still rely (sometimes heavily) on financial assistance from abroad.

In any case, because most technical cooperation initiatives tend to involve small projects with (relatively) minor budgets and little ‘projection’ outside of those involved, they can easily go unnoticed or be unreported in global databases of development assistance. Nonetheless, many real examples of these initiatives are out there, such as the cooperation between Brunei, Indonesia, and Malaysia towards building a green economy in the “Heart of Borneo”; and technical cooperation among Small Islands Developing States (SIDS) regarding rising sea-levels, as well as between SIDS and Singapore, to mention a few.

⁶¹ Available information suggests that in response to the Indian Ocean tsunami of December 26th, 2004, some 70 non-DAC donors responded with pledges of support (World Bank, 2008:12).

⁶² For the full project, see “Knowledge Exchange about Non-Timber Forest Products Between Bhutan, Costa Rica and Benin” (available at <http://www.unep.org/south-south-cooperation/case/casedetails.aspx?csno=74>, last accessed November 28, 2012).

In sum, the overall relevance given to technical cooperation under each of the two development assistance paradigms is not the same: the SSC framework places it in a much more prominent position than the DAC/ODA. Still, this does not mean that individual countries within the SSC paradigm have all (or have always) given more attention to technical cooperation than DAC donors have. As this section will show, there has been significant variation in the importance and characteristics of technical cooperation provided by countries within the SSC paradigm – whether because of their capacity or strategy. This has great relevance given the inadequacy of reducing the analysis of SSC and technical cooperation among developing countries to merely what is done by only some of them.

The next sub-section begins by exploring the definitional aspect of SSC, as well as a discussion of the concept of ‘South’ itself. The following sub-section then deals with the use and the importance of technical cooperation within this paradigm, starting with a historical overview, followed by the principles and practice of what is known in SSC as Technical Cooperation among Developing Countries (TCDC). The particular case of emerging donors – as a subsection of SSC donors – will be analyzed separately in chapter 4.

3.2.1. SOUTH–SOUTH COOPERATION (SSC)

There are many different ways of conceptualizing what ‘South–South Cooperation’ is. Not only are there different definitions and usages in academic literature and international organizations, but individual countries also have varying understandings of what it means and varying uses in their foreign policy discourses and actions. And while there is ‘soft’ international law⁶³ describing what SSC is, it still does not help those who seek a parsimonious definition, as visible in the outcome document for the 2010 *High–level United Nations Conference on South–South Cooperation*:

South–South Cooperation is a common endeavor of peoples and countries of the South, born out of shared experiences and sympathies, based on their common objectives and solidarity, and guided by, *inter alia*, the principles of respect for national sovereignty and ownership, free from any conditionalities. South–South Cooperation should not be seen as official development assistance. It is a partnership among equals based on solidarity. (...) South–South Cooperation embraces a multi–stakeholder approach, including non–governmental organizations, the private sector, civil society, academia and other actors that

⁶³ UN principles, regulations, or guidelines that are not binding are typically referred to as ‘soft’ international law; for more on this concept see Abbott & Snidal (2000).

contribute to meeting development challenges and objectives in line with national development strategies and plans (UN–GA, 2009b:3).

Hence, in practice, SSC is used in various ways. At times it is simply expressing a non-contentious interaction between two developing countries, whether through governmental or non-governmental actors. It can serve as little more than an appealing buzzword in political speeches or be the baseline framework for a solid and formalized commitment between two ‘Southern’ countries. Sometimes its use is directly linked to issues of development, other times only indirectly, as SSC can be used to indicate trade and investment initiatives with actors (public or private) from developing countries.

Because this research’s goal is to look at technical cooperation within the context of foreign policies, it will focus on initiatives undertaken by *national governments*. The emphasis is also on the actions directly related to what could be conceived as ‘development assistance’, with the SSC portion related to private investments and foreign trade being set aside for further investigation. The working definition of SSC for this paper will be the following “the processes, institutions and arrangements designed to promote political, economic and *technical cooperation among developing countries in pursuit of common development goals*” (UNCTAD, 2010; emphasis added).

Comparing the broad frameworks under which countries place their provision of development assistance – in this case, related to DAC or SSC – can bring along many difficulties. The most important methodological problem is that it is not possible to directly compare numbers on DAC/ODA and on SSC for they simply do not measure the same things.

First of all, South–South Cooperation encompasses the items accounted for by the DAC to measure what they define as ODA (i.e. grants, loans and technical cooperation) but goes much beyond, incorporating humanitarian, military and food aid that is transferred between developing countries, and possibly even further to include all trade and FDI between non–DAC countries. Even if the classical definition of ODA was applied on ‘ODA’ from ‘Southern’ countries (i.e. only grants, loans, and technical cooperation) significant volumes would still be excluded from the final count, as most of the shares of SSC do not have a grant element of 25% (Lengyel & Malacalza, 2011:6–7). Therefore, SSC embraces a broad range of formats and instruments for interaction, where each country's cooperation agenda leads to a choice of its own conception (Lengyel & Malacalza, 2011:18).

A second point is that while ODA refers to the transfers of only public funds (private funding channeled through market mechanisms are not accounted for), SSC usually includes public *and* private funding and partnerships, the logic being that “developing countries see value in creating beneficial environments for trade, investment and development in partner countries using their *full range* of resources” (Zhou, 2010:2; emphasis added). The bottom line is that when a non-DAC country discloses the value on how much it has provided in the context of SSC or ‘development-related’ initiative, this number cannot be directly compared to ODA. Even if used as a proxy reference, it must be made clear in the analysis that the methodologies are different in several meaningful ways. Adding yet another layer of complexity, SSC can also be seen as having altogether unquantifiable elements, such as the ‘spirit of cooperation’ between governments and the peoples of developing countries, which can’t be put into numbers but can still be very meaningful in the context of foreign policy.

Another point that is important to touch upon is related to a deeper discussion over *who is* and *what is* ‘South’ in the context of *South–South Cooperation*. As already stated, for working purposes the chosen boundaries have been drawn roughly around OECD membership: as simplification, its members are treated as ‘developed’, while non-members are referred to as ‘developing’. But the most relevant aspect of this issue has to do with the fact that many developing countries (e.g., Brazil and China) chose to explicitly embrace and highlight this self-identification in their foreign policies.

The dichotomy of a world divided between the (industrialized) ‘North’ and the (underdeveloped) ‘South’ can be traced back to the early years of the Cold War: the ‘North–South’ axis signified a reconceptualization of a world then symbolically divided into ‘West’ *versus* ‘East’, with Horowitz (1966) being one of the first authors to use this North *versus* South vocabulary. The push for the increased connections among developing or ‘Southern’ countries grew alongside the extensive decolonization process taking place from the late 1940’s until the mid-1970’s, when around 100 new countries became independent – all of which were developing countries.

The Bandung Conference (1955), in particular, symbolically marks the political ‘birth’ of South–South Cooperation.⁶⁴ It was attended by 29 countries, whose combined population was at the time close to 1.5 billion people. It was the first time post-colonial

⁶⁴ According to SEGIB (2008:10), the first ‘concrete’ South–South Cooperation initiatives can be traced back to 1954, when Thailand engaged in providing for small developing-oriented projects in the region.

countries came together bound by an identity that combined mutual concerns over their *own* (under)development, desire for deeper integration, formal condemnation of colonialism, as well as dialogue about their place in a world whose most powerful countries were immersed in Cold War concerns. The Conference called strongly for the practical application of many principles contained in the UN Charter (1945), such as self-determination, respect for human rights, peace and peaceful conflict resolutions. But it also embraced new issues, and presented an enormous symbolic value: it was “an act of confident assertion vis-à-vis the ruling elite of international society and not a passive act of seeking acceptance (...) where not a single ‘white’ or ‘Western’ state was present” (Shimazu, 2011:5).

No textual mention is made to the expressions ‘Third World’ or ‘Non-alignment’ in the final document of the Conference. The first noted use of the expression ‘Non-alignment’ was made by the Head of the Indian delegation to the V.K. Krishna Menon, in a speech given in 1953, and shortly afterwards adopted by India’s Prime Minister Nehru. The first recorded use of the term ‘Third World’ was in 1952 by French historian, demographer and anthropologist Alfred Sauvy, when he wrote about how the US and the Soviets (i.e. the ‘First’ and ‘Second’ worlds) were struggling to control the underdeveloped ‘Third World’, to which he compared to the French Revolutions’ Third State (*Tiers Monde*) (Sauvy, 1952)

Nonetheless, the ideas related to ‘Third World’ and ‘Non-alignment’ were clearly present in the Communiqué’s recognition of the “urgency of promoting economic development (...) and the general desire for economic co-operation among the participating countries on the basis of mutual interest and respect for national sovereignty”. In short, the Bandung Conference represented an early landmark in the emerging *zeitgeist* of numerous explicitly pro-active interactions *by* and *for* ‘Southern’ countries that would occur in the next decades.

The 1960s and 1970s would be filled with international initiatives explicitly aimed to encourage the relationship between developing countries, and strengthen their collective voice vis-à-vis the interests of developed countries – a passive international role was not acceptable. Dependency Theory embraced the understanding that political independence did not automatically translate to *economic* independence, and South-South Cooperation appeared “as an alternative to the status quo, an almost subversive

strategy to strengthening developing countries both politically and economically” (Jules & Silva, 2008:56).

Non-industrialized countries needed to foster their *own* mechanisms for economic development. One of the most important voices for this path was Raul Prebisch, sometimes referred to as the ‘J.M. Keynes of Latin America’. He focused on the deterioration of the terms of trade, with one of his main arguments being the value of what non-industrialized (developing) countries exported – i.e. essentially commodities – was bound to follow a downward trend in value when compared to what industrialized (developed) countries traded. Thus, a valid domestic policy strategy was to pursue industrialization through import substitution, which was in fact adopted by almost all Latin American countries between the 1950s and 1980s.

In parallel, the idea of ‘self-reliance’ shared strong intellectual roots outside of development dependency theory, as “both Gandhi and Mao Tse-tung stressed similar concepts in their call for development approaches based on self-help and regeneration through one’s own efforts” (Bobiash, 1992:9). In the 1970s, “some scholars appropriated the Maoist term collective self-reliance to describe their attempt to break the pattern of dependency, and then shifted to ‘softer’ terms such as cooperation, assistance, and horizontal cooperation, and – most recently – South-South Cooperation” (Abdenur, 2002:65).

It is in this context that the concept of South-South engagement would blossom through a myriad of initiatives. The 1961 *Conference of Heads of State or Government of Non-Aligned Countries* (simply referred to as the *Non-Aligned Movement*) – a continuation of the Bandung Conference’s spirit – was a clear political statement from several developing countries that they did not want to be ‘forced’ to be aligned with either Cold War bloc. In 1964, the United Nations Conference on Trade and Development (UNCTAD) was created, with its main focus being to accelerate the economic development of developing countries. During its first session the Group of 77 (named after the initial number of member countries) was formed as an “act of South-South Cooperation that opened the way for developing countries to participate actively in international negotiations and global governance” (UN-GA, 2009a:19). UNCTAD’s mission to improve the position of developing countries in international trade would be strongly reaffirmed in 1974 by the *Declaration for the Establishment of a New International Economic Order*,

which should be based on “equity, sovereign equality, interdependence, common interest and cooperation among all States” (UN–GA, 1974).

Several regional South–South initiatives also emerged in this period. The Organization of the Petroleum Exporting Countries (OPEC) came to life in 1960 as an initiative of five major oil–producing nations (Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela), emphasizing the inalienable right of all countries to exercise permanent sovereignty over their natural resources in the interest of their national development (OPEC, 1968). In this same year, seven Latin American countries created the Latin American Free Trade Association (ALALC). The Organization of African Union was formed in 1963, initially with 32 members. In 1967, Indonesia, Malaysia, the Philippines, Singapore, and Thailand formed the Association of Southeast Asian Nations (ASEAN). And the Organization of the Islamic Conference’s Charter was signed in 1969, just to mention some a few of the several international bodies created *by* and *for* developing countries’ own interests.

It is in this context that South–South Cooperation specifically aimed at development initiatives, particularly technical cooperation among developing countries, would gain life. This would take place through bilateral actions, regional institutions, as well as internationally, coordinated mostly by the United Nations Development Program (UNDP), created in 1965. The path of technical cooperation as a development mechanism within this South–South context would go through various phases in the last decades. But before conducting this particular analysis, it is necessary to look closely at the thought of ‘South’ itself, and – most importantly for this thesis – what it signals to frame the provision of a technical cooperation development initiative within the context of South–South Cooperation.

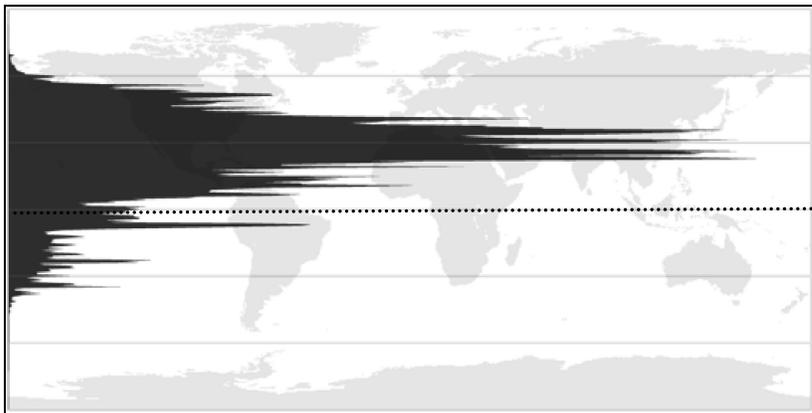
‘South’ or ‘Souths’?

The concepts of ‘Southern’, ‘developing’, or ‘Third–World’ countries became part of the lexicon in international debates since the 1950’s. Writing in the mid–1970s, Rosenbaum and Tyler (1975:245) talked about how “Third World spokesmen during the past 25 years [i.e. since 1950] have claimed repeatedly that their countries share a common culture, one derived from poverty and exploitation”.

However, there never has been a homogenized block of ‘North’ or ‘South’ – just as there never was a monolith among the ‘East’ or ‘West’ blocs (see Bauer & Yamay, 1982; Eckl

& Weber, 2007; McFarlane, 2006). Nor for that matter, have there ever been firm boundaries between similar divisions, such as: First/Second/Third worlds, center/periphery, developed/developing, or rich/poor countries. To embrace any these categories or divisions as reified entities, or objective 'facts', would be a mistake. As a reminder of why the hemispheric division should be taken only as a symbol (and never as a 'real' geographic depiction), close to 9 out of 10 people in the world live geographically *above* the Equator line (Figure 12).

FIGURE 12 – WORLD'S POPULATION IN 2000, BY LATITUDE*



Source: reproduced from Rankin (2008)

* Horizontal axis shows the sum of all population at each degree of latitude

Whichever of the abovementioned terms is used, all represent a highly diverse group of countries and there is significant debate as to their defining characteristics (Bobiash, 1992:11). Nonetheless, these terms and divisions are relevant political constructions inasmuch as states *react* to them, consciously choosing to embrace them – or not – as part of their domestic and foreign policy discourses. The term 'North' as reference to developed countries, although past its heyday, can still be found in the specific literature that deals with 'South'. More importantly though, it was never a term with which 'Northern' countries self-identified. 'South' on the other hand, has been historically embraced by what appears to be the great majority of developing countries. The most noteworthy exception probably are the former communist states in Eastern Europe "whose economic standing and concerns with nation building would naturally bring these states closer to others in the South" did not – and still don't – embrace a 'Southern' identity, but rather one that is tilted towards an European identity (Vieira et al., 2010:2). But as an example of the different interpretations of who is or is not 'South', Jules & Silva (2008:45) defined it as being composed as "all developing countries in Africa, Asia, *Eastern Europe*, Latin America and the Caribbean" (emphasis added).

Another interesting case is that of Arab countries, which don't seem to embrace the 'Southern' identity in policy discourses as strongly as other countries in Latin America or Africa, but certainly don't renege being connect to it. While the general rule in the literature is to see them being labeled as 'Southern' donors, in some instances these countries are in a separate category within non-DAC donors (e.g., Kragelund, 2008; Manning, 2006; Smith et al., 2010; World Bank, 2008; Zimmerman & Smith; 2011).

In any case, *self*-identification matters. A country's choice to embrace this term in foreign policy discourses serves as a signal of where its stands internationally, where it sees itself belonging, and who are its 'natural' peers.⁶⁵ As it will be shown still in this section (and addressed again in chapters 4 and 6), there is a particularly meaningful impact for the case of 'emerging' countries self-identifying as 'South'.

The term 'the South' is meaningful precisely because it forms a source of national and transnational identity [which is] reified through the continuing formation of foreign policy within Southern pressure groups. (...) It is an identity that encapsulates the shared experience of colonialism and imperialism [and] the shared dilemmas of developing economies. Finally, the South serves as a mobilizing strategy based upon a profound critique of the contemporary international system (Vieira et al., 2010:3-4)

A final point in regards to what it means to embrace South-South Cooperation is that it implies more than just two self-identifying 'Southern' polities involved in some way. To place a provision of development between developing countries under the banner of SSC signals that the parties involved wish to guide the interaction under certain specific *values*. Even if one argues that a similar thing can be said from traditional donors nowadays, the DAC was not *conceived* to uphold particular principles ('efficiency', for example); DAC's immediate goal was structure and to coordinate actions among existing donors.

The keywords embedded in the concept of SSC are many, with the most important ones being 'horizontality' and 'sovereignty'. Cooperation means all involved give and receive something, in a solidarity process to help one another. In concept, it is expected to be promoted by most developing countries "as a two-way learning experience in which involved parties learn from each other and see the mutual gains that have been or can be achieved" (UNDP, 2008:4). This is directly connected to the idea of a horizontal relationship – as opposed to a vertical (top-bottom) arrangement – where there would

⁶⁵ Rosenbaum & Tyler (1975:248) noted at the time that "within particular regions, some elites may remain psychologically attached to certain Northern nations", and cited Argentina as an example.

not be an active donor and a passive recipient but an understanding that the parties negotiate while having the same 'status'.

Sovereignty is explicitly connected to a collective understanding that conditionalities are an unwelcome intrusion, as they violate each country's right to conduct itself without outside interference, which in context bears great linkage to the 'trauma' of the colonial experience. A current understanding of SSC principles can be found in the 'Guiding Principles of South–South Cooperation', as phrased by the United Nations Office for South–South Cooperation (UNOSSC), housed inside the United Nations Development Programme (UNDP)

The South–South Cooperation agenda and South–South Cooperation initiatives must be determined by the countries of the South, guided by the *principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit*. (UNDP, undated; emphases added)

Of course, this does not mean that all of these values have always been upheld in countries' *practices* in SSC activities (a situation which certainly is not unique to this case). Solidarity for instance, is difficult to capture in this context. Taking the word's dictionary definition, it represents the "unity (as of a group or class) that produces or is based on community of interests, objectives, and standards" (Merriam–Webster Dictionary, *online*). In practice, solidarity in the context of South–South Cooperation can mean different things to different people/countries, such as: voting in international organizations to support a developing country' position; facilitating trade; investing in another 'Southern' country, or choosing to share knowledge to foster development could all be placed under this vast umbrella. And there is no easy way – if any at all – of separating 'true' solidarity from self-interest 'disguised' as solidarity. Due to this flimsy nature, this research will not deal with this concept in great lengths, except when explicitly used by a country to frame a foreign policy action.

The question of whether there is 'real' horizontality in South–South relationships is also difficult to answer. After all, differences among countries' capacities can't be changed simply with wishful thinking. The questions then are *if* and *how* this might affect the way in which developing countries deal with each while embracing SSC principles. It appears that the answers are *probably* and *it depends*, with the main (but certainly not only) variable being how much the 'stronger' partner takes advantage of its position to set the cooperation to its favour. So while asymmetry is important, it can't by itself determine if

the SSC development initiatives involving Burundi with South Africa, China, or Tanzania, would be automatically more or less horizontal simply based upon the relative differences between Burundi and the 'stronger' partner in the dyad.

'Southern' countries' active support for sovereignty and non-intervention is arguably its most recognized position in international politics (Vieira et al., 2010:5); conditionalities, whether political or economic in nature, are indeed practically absent in the broad practice of SSC. The first possible explanation is because these countries *really* value these principles. However, a less normative and more realist interpretation can focus on the fact that only a handful of developing countries even have the *capacity* to demand conditionalities from others. Then again, the few developing countries which could potentially mandate them from others (in special emerging donors) might not be interested in doing so. Even if the end result is quantitatively the same – no conditionalities in SSC actions – there is a qualitative difference between not *wanting to* and not *being able to* demand them.

In the specific case of the SSC position on tying agreements, the situation is more blurred. Although it can be interpreted that the values of SSC oppose it – inasmuch as one of its core principles is 'national ownership' – practice appears to have been more mixed. Again, it must be made clear that SSC relates to development cooperation initiatives undertaken by over 160 countries, most of which have a limited number of industries, or who, in many cases, rely essentially on commodities. So it can be implied that countries in this situation who wish to cooperate in development actions are not exactly in the position to tie agreements; after all, agreements are tied to the purchase of materials (or labour) to be used in the development initiative.

Adding to this, tying agreements are more likely to occur when one actor has something the other one really wants (such as money or specific knowledge) and thus is willing to accept an less-than-optimal arrangement: what it obtains from the initiative compensates for the lack of full 'national ownership'. As the case of conditionalities then, countries might not tie their initiatives because of a normative stance or due to material conditions – i.e. there is little that *could* be tied to agreements or what one has to offer is not so valuable for the other party. These are points frequently overlooked in the literature, which many times take what some emerging donors do and extrapolate their actions as a representation of all South-South Cooperation. Take as an example the assessment that South-South development cooperation regards: "tying is permissible

and widely used” (Chandy & Kharas, 2011:743). While looking only at what could be seen as emerging donors, Lengyel & Malacalza (2011:15) fall in the same mistake of equating the actions of some developing donors with what is done in the context of *all* SSC, such as stating that tied aid (which they call “procedural conditionality”) usually precedes SSC agreements or the start of activities. But as it will be shown in detail the next chapter, there is significant variation in how emerging countries deal with tying agreements, with some visibly embracing the practice while others are not comfortable with it.

The next section addresses the historical context and evolution behind developing countries joining forces for their collective advancement. This allows for a more refined understanding not only of SSC itself but also of how different countries have connected to it in their foreign policies, which will facilitate a more thorough analysis of the use of technical cooperation within the framework of South–South Cooperation.

3.2.2. SOUTH–SOUTH COOPERATION AND TECHNICAL COOPERATION

Technical cooperation is an integral part of both the concept and practice of South–South Cooperation. It has particularly been the focus of many smaller Southern providers of assistance, while also playing a significant role for larger providers (Davies, 2010:12). The prominence of technical cooperation as a mechanism for fostering development has always been much more significant in the context of SSC than in that of the OECD/DAC. As the absolute majority of developing nations have never had ‘extra’ money to *provide* grants or loans, this has left technical cooperation as one of the prominent tangible instruments available to promote the development of other countries. While the lack of options is of great significance for developing countries “choosing” technical cooperation, this is not the only reason why technical cooperation has been prominent within SSC discourses and practice. At least three positive expectations surrounding the use of technical cooperation between developing countries can be traced.

The first is that technical cooperation from developing countries is expected to be low cost. Most of the knowledge shared comes from public initiatives, typically transmitted by civil servants, not through ‘external’ consultants. Hence, a developing country can do more with the limited funds it has available for foreign policy actions, undoubtedly an aspect of enormous practical significance to decision–makers. One analysis found that

“an expert working from the North in an assistance program in a developing country costs on average one-third of a developed country expert” (Rosseel et al., 2009).

Second, knowledge shared between developing countries is projected to be *effective* for development. This would be a consequence of two intertwining shared realities. One, developing countries tend to face similar problems. Tested solutions to comparable development challenges faced tend to be more appropriate to the special needs and circumstances of other developing countries given their similarities in environment, background, or development path (BetterAid, 2010; Juma et al., 2005; Legatis, 2011).

Also, developing countries tend to have similar social, political, and economic structural contexts: razor thin budgets, problematic infrastructure, large scale poverty, low-skilled workers, etc. This implies that solutions have to be crafted with great ingenuity in order to maneuver through substantial obstacles, thus offering new sources of ideas, models and practices already tested inside a (relatively) similar environment, facilitating the replication of ‘southern solutions’ (UN-LDC, 2011). The proximity of experience would then be “a key catalyst in promoting capacity development in developing countries” thereby “accentuating the principles of South-South Cooperation” (UN-GA, 2009b:Annex, §17).

The third positive expectation is that technical cooperation can facilitate the promotion of *horizontal* relationships between developing countries – one of the cornerstone principles of South-South Cooperation. As already stated, unlike the availability of financial assets, *every* country has unique experiences and accumulated knowledge. This apparently trivial assessment challenges the long-held portrait of the world divided by development *providers* and development *recipients*. The idea that all countries have something to teach others and something to learn from others reflects a horizontally-conceptualized international system. This is reflected in the language of SSC, where most countries – although not all – are uncomfortable to use terms like ‘donor’ and ‘aid’ to describe what they would like to define as *cooperation* among peers (Smith et al., 2010). The SSC ‘spirit’ of horizontality would still be present even in agreements with overwhelmingly one-directional structures of knowledge-giver/knowledge-taker, embodied by the logic of *docendo discimus*: the one who teaches also learns through the process.

Conceptualizing the best case scenario then, technical cooperation in the South–South context would allow developing countries to find appropriate, low–cost, sustainable solutions to their problems in the experiences of other developing nations. The relationship would be horizontal, particularly among partners with similar development levels. Countries would mostly share experiences rather than give solutions. Agreements would always embrace SSC principles such as: respect to national sovereignty, no conditionalities, and collective self–reliance.

Unfortunately, this idyllic scenario cannot be taken at face value. Some developing countries have in practice adopted top–bottom technical cooperation arrangements, including tying knowledge ‘exchanges’ to clear commercial gains. The effectiveness of many projects has been sub-par, whether due to poor crafting of the agreements themselves; budgets that are too small to impact; inability to follow through with (usually grandiose) promises; or inadequate institutional capabilities to sustain cooperation, among other possibilities.

To better understand the mismatches between theory and practice, the next subsections will explore 1) the historical employment of technical cooperation in the SSC context, and 2) the strengths and weaknesses of its use. The next chapter will detail the case of emerging countries and their relationship with SSC and technical cooperation.

Historical evolution of SSC–Technical Cooperation

The idea of developing countries helping other developing countries through technical cooperation emerged embedded within South–South Cooperation’s ‘ideological’ framework. It is mentioned in the Bandung Conference’s final document: “The participating countries agreed to provide technical assistance to one another, *to the maximum extent practicable*” (Final Communiqué, 1955; emphasis added). The central role of education in SSC was “closely tied to the role of knowledge as a fundamental tool of development” (Abdenur, 2002:66). It would be in the 1960s and 1970s that the idea of South–South knowledge exchanges via technical cooperation would fully blossom, mostly sponsored by international organizations governed by the interests of *developing* countries.

In the context of the creation of the UNCTAD and G77 (1964), South–South Cooperation began to be structured around two main paths: Economic Cooperation among Developing Countries (ECDC) and Technical Cooperation among Developing Countries

(TCDC).⁶⁶ The former was to be embraced by UNCTAD, and the latter to be led by the United Nations Development Program (UNDP), founded in 1965.

The formal evolution of TCDC occurred essentially within the UN system. Some developing countries did adopt their own interpretations of why and how to provide TC for other developing countries. Nonetheless, it is fair to say that *all* have based their approaches upon a common ‘Southern’ collective vision of TCDC that evolved through the UNDP. The most important step in the institutional and normative structuring over South–South technical cooperation would be the 1978 Buenos Aires Plan of Action (BAPA) for Promoting and Implementing TCDC.⁶⁷ The BAPA represents the first and main UN document to systematize the promotion and implementation of this cooperative instrument. According to the document, the values inherent to TCDC are “strict observance of national sovereignty, economic independence, equal rights and non–interference in domestic affairs of nations, irrespective of their size, level of development and social and economic systems” (UN, 1978:Art. 13); and this is its importance:

[TCDC] is a means of building communication and of promoting wider and more effective co–operation among developing countries. It is a vital force for initiating, designing, organizing and promoting co–operation among developing countries so that they can create, acquire, adapt, transfer and pool knowledge and experience for their mutual benefit and for achieving national and collective self–reliance, which are essential for their social and economic development.(UN, 1978: Introduction, §5)

Notwithstanding the evolving dynamic of debates of TCDC within the international stage, the actual implementation of these actions certainly did not follow this same pace. While some developing countries did engage in promoting some activities during this period, by no means did the aggregate of activities come close to reaching TCDC’s imagined potential or ‘revolutionary’ power. The actions that took place were almost always bilateral, small in scale, and moved at a slow pace (Puente, 2010:82); and the majority occurred within regional contexts. The more active countries engaged in TCDC at the time include: Egypt and Tunisia’s exchanges in the Anglophone and Francophone States respectively, as well as in sub–Saharan Africa; in Africa, Nigeria, Senegal, Ethiopia, Ghana, and the United Republic of Tanzania were major supporters of TCDC;

⁶⁶ As already mentioned, after a 1959 Resolution from the General Assembly, the UN began to adopt the term technical *cooperation* instead of technical *assistance*, an initiative led by developing countries who felt that ‘assistance’ implied a rather patronizing and vertical relationship.

⁶⁷ Resolution 33/134 (1978, December 19), *United Nations Conference on Technical Co–operation among Developing Countries*.

China, India, Thailand, Singapore, and Indonesia established bilateral TCDC programmes; and Argentina, Brazil, Chile, Colombia, Mexico and Venezuela played leading roles in promoting TCDC both through their own independently funded bilateral programmes as well as through sub-regional arrangements (UN, 1995:7–9).

As the 1970s gave way to the 1980s, despite the abovementioned initiatives, TCDC would progressively be relegated to a much less prominent position than that initially envisioned. Technical cooperation among ‘Southern’ countries never ceased to occur during 1980s. The overall impression is that TCDC in this decade was thin in volume and timid in ambitions. The most likely explanations are the economic problems affecting the overwhelming majority of developing countries in this period (in the wake of the two Oil Crises), such as the Latin American’s ‘Lost Decade’ of 1980 (Amador, 2001); the consequence of many developing countries’ prioritization of economic interests vis-à-vis ideological or ideational ones (Ekoko & Benn, 2002); and very importantly, the “tendency on the part of many developing countries to view TCDC as a less desirable technical cooperation modality compared with traditional North–South exchanges” (UN, 1995:11). By the turn of the 1980s to the 1990s, the overall impression of SSC – applicable to TCDC – was that “despite frequent rhetorical appeals and the endorsements of the ‘action programmes’ for South–South co-operation, the success of South–South co-operation [was] mixed” (Bobiash, 1992:7).

The 1990s would witness a ‘re-launch’ of technical cooperation among developing countries. The end of the Cold War, the more stable political situation and economic growth of many developing countries, and the changes in the international policy agenda to focus (once more) on ‘low politics’ themes, such as development were some of the elements that contributed to a more favourable scenario to SSC in general and TCDC in particular.

Since then, many international initiatives – particularly within the UN system – have taken place explicitly towards strengthening the use, effectiveness, and visibility of SSC and TCDC.⁶⁸ Several high-level UN meetings on SSC/TCDC have continually highlighted the belief that cooperation among developing countries is “a fundamental component of international efforts to deliver development results”.⁶⁹ The increased

⁶⁸ Including the UN General Assembly’s 2003 resolution declaring December 19th the “United Nations Day for South–South Cooperation”.

⁶⁹ Resolution A/RES/64/1 (2009, December 19), *High-level United Nations Conference on South–South Cooperation*.

international attention on SSC/TCDC has occurred in tandem to the amplified involvement of developing countries in these activities, particularly regarding 'emerging' donors (to be explored in the next chapter).

Developing countries as a group now have an entire range of modern technical competencies, with centres of excellence in key areas that have increased their national and collective self-reliance (UN-GA, 2009a). It is fair to say that technical cooperation among developing countries has been embraced like never before. Tangible advances by developing countries include new technologies, technical know-how, and competencies in a number of areas including renewable energy, genetic engineering and biotechnology, electronics and semiconductors, information and communication technology; all of which could be "transferred to, and replicated in, other developing countries" (UN-LDC, 2011:7). There are also actions involving a large array of initiatives, such as: improving crop yields of tropical fruits; decreasing the spread of AIDS; collaborating in research and practices related combating tropical diseases (such as dengue fever, Chagas disease, and malaria); successful mechanisms in fighting corruption; water management in semi-arid climates; strategies for low-cost internet and phone access; micro-credit experiences, among a myriad of possibilities.

Despite all the promotion of technical cooperation among developing countries, it would be naïve to assume that it is devoid of problems. The next sub-section deals with issues surrounding its practice.

Principles and Practice of SSC/TCDC

There is little question that the increased use of technical cooperation among developing nations has been welcomed – especially by these countries. The substantial volume of these initiatives (undertaken particularly since the early 2000s) and the easier access to information over them has prompted a growing number of in-depth analyses of SSC in 'real' life. In this context, important questions have been raised in regards to how close the practice of TCDC has been to the discourse. This has been particularly the case in consideration of its 'true' level of horizontality, 'Southern identity', sovereignty and non-intervention, and effectiveness.

Questions over the translation of SSC 'values' into policy practices are not exactly novel. In the midst of the 1970s' attention to SSC, Rosenbaum & Tyler (1975:271) stated that "the newly prosperous LDCs [less developed countries] have been slow to recognize

that they have a responsibility for nations outside their own regions". The authors' assertion was that 'wealthy' developing countries did not appear to feel a moral obligation to aid *all* developing countries. And except for the OPEC member's *financial* development assistance, South–South aid was "largely of a token nature" and "provided within a political subsystem" (Rosenbaum & Tyler, 1975:270).

In light of increased wealth from high oil prices, the provision of grants and loans to developing countries specifically by OPEC members was nothing short of impressive. According to Stokke (2009:535), "the share of ODA from non–DAC donors peaked in 1975 at 40 percent of total ODA when OPEC countries were at the top as aid donors". But the recipients of this ODA were very few. Between 1976 and 1978, approximately two–thirds of all of OPEC aid went to other Arab countries, with the other third being roughly distributed in half between Islamic countries and 'others' (ODI, 1980:1).

OPEC donors were unapologetic about their limited choice of recipients. In 1973 the director general of petroleum at the Iranian Ministry of Finance stated that "Industrial countries have to take care of those who are developing. The fact that they have no resources – that is not our fault. We ourselves, in this area are developing countries and our help should be limited" (*New York Times*, 1973). In a similar line, Kuwait's Minister of Oil and Finance was explicit about his country's interest in providing aid for Arab countries and Muslim countries in Northern Africa: "Nobody looked at the Arabs before, why does everybody expect us now to be the godfather?" (de Onis, 1974:1)⁷⁰.

Notwithstanding these early signs that SSC might not have always been as horizontal or altruistic as claimed, this issue was not explored in–depth for quite some time. The 'default' position of most policy and academic analyses until the early 2000s – and even many current ones – is to take at face–value the assertion that the practice of South–South *is* different and even 'morally' superior to North–South's approach to development assistance and technical cooperation. Writings on these lines tend to view the interplay between the principles and the practice of SSC/TCDC as rather unproblematic.

Published by the UNDP, Browne's (2002) analysis is exemplary of this approach. For this author, the contrast between South–South and 'traditional' donors is quite tangible, with the latter's interaction serving as a convenient tool for "rich countries [seeking] to

⁷⁰ Nonetheless, the global importance of Arab aid has now faded out, with only four out of 12 OPEC member states still being a provider of 'aid' (Kragelund, 2008:565).

extend post-colonial patronage through transfers of capital and skills into the gaps that appeared to hamper development progress” (Browne, 2002:7), where demand was manufactured, not self-generated. Rosseel et al. (2009) follow a similar approach: “SSC lacks the overtones of cultural, political, and economic hegemony that is sometimes associated with traditional North–South aid. SSC is altering the global balance of power” (Rosseel et al., 2009:19). Some authors have gone even beyond, labeling “the South as a norms leader in the international system” (Alden et al., 2010:4).

More recently though, there is an increasing number of authors that embrace the possibility – and the reality – of ‘real life’ deviations of SSC/TCDC actions from its principles. The increased volume and data availability of SSC/TCDC projects has led to more nuanced understandings of its empirical uses. For Ayllon Pino (2009:2; Tr/Sp), SSC is only “*different*” than traditional donor’s ODA – not better or worse. A tendency for ‘romanticizing’ SSC would then overlook the possibility that the power balances it generates is not necessarily different to the ones characterizing the North–South cooperation (Lassey, 2010:8).

Going back to the idea that there are social expectations attached to ‘giving’, one can argue that even if there is a horizontal vision and no strings are attached to the initiatives, “the recipient government is likely to be, or believe itself to be, under pressure to conform to the wishes of the donor, if it wants to qualify for further aid in the future” (Wolfers, 1962:104). If this is the case, there would always be *some* expectation from the donor to get something back from its good deeds, even if it goes unsaid.

Also, there are undeniable cleavages between countries. This has been an issue quite present in the case of SSC between ‘wealthy’ developing countries and their ‘destitute’ peers (to be detailed next chapter). It is a fact that individual developing countries do not have the same levels of economic or military power, legitimacy in certain area, or knowledge over certain themes. There is a “myth that [South–South] cooperation is between ‘equals’” (Jules & Silva, 2008:58). This obscures the reality that Southern countries could be subjected to the “same criticized vertical dynamic of concern when talking about the North–South cooperation that is to say conditionality, expected opinion support or political pressure” (Lassey, 2010:8). Hence, great care is necessary when dealing with the concept of South–South Cooperation, as the presumption of a “horizontal and equal interaction neglects the existence of economic and power

asymmetries as well as the possibilities of dependencies between the countries of the South themselves” (De la Fontaine & Seifert, 2010:11).

But even if absolute *de facto* asymmetry between nations is a given, this does not necessarily nor automatically result in a vertical relationship. ‘Richer’ developing countries can be pro-active – or not – in attempting to minimize this unbalance and foster a structure to promote *relative symmetry*. In any case, some authors call attention to dangers of equating cooperation to horizontality, and more importantly the contentious question of ‘horizontality according to whom?’. There is always the risk of a mismatched interpretation as to “what to one actor seems like affinity might look like authority to another” (Abdenur, 2002:65), and the underlying

ambiguity around who exactly gets to determine whether a TC initiative has been authentically ‘led’ or ‘driven’ by the recipient government, and what incentives there might be for governments to claim that TC was ‘Southern-led’ when in fact it was heavily influenced by donors, possibly via informal mechanisms. (Scott, 2009:5)

All developing countries themselves – even the ‘emerging’ ones – face huge challenges “in terms of a high prevalence of poverty, malnutrition, and unemployment, serious deficits in infrastructure and productive capacities and the impact of external shocks” (UN-LDC, 2011:7). This leads to a greater degree of uncertainty as to the assurance of funds in mid/long-term scenarios. And opportunity costs matter: in accepting technical cooperation from one country, the recipient may forgo an alternative agreement from another country. As emphasized by Ajayi & Jerome (2002:24), TCDC would tend to be “naively” considered as a free good or resource for the recipient country, when in fact there is always potential downside of not embracing an option of a more ‘stable’ assistance from developed countries.

One frequent critique made regarding ‘Northern’ development consultants is their ‘tendency’ for arrogant behaviour towards the recipients (Amis et al., 2005:375). They have largely been seen as “incompetent and often judged to be too young, inexperienced, culturally insensitive and completely lacking in knowledge of the local context in which they have arrived” (Scott, 2009:7). Not going into the debate over how truthful these accounts are, in reality, there are also no *guarantees* that the public employees from developing countries in charge of providing the knowledge exchanges to other developing countries will be devoid of these negative characteristics and refrain from condescending behaviours. There is always the chance that power asymmetries

will be embraced by individuals in their interactions, whether consciously or unconsciously. Other elements can hamper the ideal of a horizontal dialogue between 'Southern' actors' on-the-ground relationship, including the potential impact of historical grudges, cultural prejudices, language barriers, not to mention the problems that can arise if the individuals sent from developing countries are seen by the locals as taking their jobs (Singh, 2002:64–65; Ekoko & Benn, 2002:146).

3.2.3. SOUTH–SOUTH COOPERATION AND TECHNICAL COOPERATION: AN ASSESSMENT

The concepts of 'South–South Cooperation' and 'technical cooperation among developing countries' are entrenched with several specific principled and normative beliefs. But as is frequent with abstract concepts, interpretations vary as to what they (should) mean in practice. 'SSC' and 'TCDC' do in fact signal a particular framework and specific values. However, this does not mean that each developing country will translate these concepts into policy in the same manner. Nor does it mean that these translations are immutable as many countries' *own* interpretation of what SSC/TCDC means foreign policy–wise have changed over time, or even varied depending on whom the country was partnering with.

As in the case of development assistance by 'traditional' donors, it is incorrect to state that *all* developing countries provide development assistance in the *same* manner or with the *same* intentions – notwithstanding similarities that emanate from adopting a SSC/TCDC framework. A certain level of simplification can be useful for certain parsimonious analyses, but is inadequate for this thesis. The South–South 'spirit' does not imply that developing countries won't tie their provision/exchange of knowledge to commercial gains. While most of them don't, some very important developing countries *do* attach ties to their technical cooperation agreements. The next chapter will deal with this heterogeneity in the foreign policy practices of emerging countries, including details over the practice of TCDC involving emerging countries. This will provide the empirical ground necessary to highlight Brazil's 'unique' approach of unconditional and untied technical cooperation within the context of South–South Cooperation.

4. 'EMERGING DONORS', INTERNATIONAL DEVELOPMENT, AND TECHNICAL COOPERATION

This chapter focuses on *emerging donors* as a sub-category of Southern donors, representing the leading actors in South-South Cooperation. These are the countries whose development initiatives have transcended the context of SSC, and are now affecting the global landscape of development assistance. Emerging donors have engaged as providers of a growing volume of development initiatives; in some cases providing (relatively) high amounts of financial commitment, and sharing innovative knowledge – all of which is usually highlighted through strategic self-promotion. A parallel process is said to have contributed to the impact of emerging donors: development assistance offered by established donors would have become less generous and less attractive, while the provisions from 'strong' developing countries, based on South-South Cooperation values, became more generous and more attractive (Woods, 2008:1120; see also Mawdsley, 2012b).

Emerging donors can engage as promoters of development assistance through a variety of mechanisms. Their economic strength allows them greater capability to fully engage in all of ODA's basic mechanisms (grants, loans and technical cooperation), which is something quite difficult for the majority of developing countries. And because an emerging donor's conception of development assistance is grounded in a much broader SSC framework, an array of other initiatives are usually incorporated under the banner of 'development', such as: humanitarian aid, military assistance, trade agreements, student exchanges, and foreign direct investments (FDI). The multitude of channels available for developing countries' provision of development assistance creates a highly heterogeneous picture of preferred instruments – certainly much more diverse than that of ODA providers.

While probably all developing countries have engaged in South-South activities, the more economically advanced ones have played a pivotal role as drivers of multi-country programmes, hubs for knowledge and experience-sharing and as sources of expertise, technology, and funding (UN-GA, 2009a:25). But as each country prioritizes different mechanisms for providing development, a more thorough analysis reveals two important variations. First, the *emphasis* given to technical cooperation in each emerging donors' overall 'assistance' program is not the same. While for some, it seems to be the

preferred instrument, for others it appears as more auxiliary. Second, there are differences in how these donors position themselves in regards to *tying* technical cooperation agreements to commercial gains: some unapologetically tie agreements, others condemn the practice.

There is little debate over the fact that within the extensive list of non–DAC countries, some developing countries have much more impact over the direction and characteristics of South–South Cooperation than others. This is the case for the selected aforementioned emerging countries: Brazil, China, India, and South Africa. Depending on the analysis, other countries are also considered ‘emerging donors’ but with much less consistency among the literature. When the list is extended, the most common countries to be mentioned are: Saudi Arabia, Thailand, Turkey, Venezuela, Chile, Cuba, Malaysia, and Mexico. Classifying countries linked to the OECD – like Poland, Czech Republic, or Russia – as emerging donors is extremely rare in the literature (c.f. Smith et al., 2010⁷¹).

What makes Brazil, China, India, and South Africa unique as emerging donors is their importance in other dimensions: they are countries with significant regional weight and increasingly global reach, whether individually or through multilateral arrangements (Kragelund, 2010; Grimm et al., 2009; Rowlands, 2008; Six, 2009; UN–GA, 2009a). These four nations are also classified as emerging countries and, together with Russia, make up the BRICS acronym. Their development assistance choices are likely to have the most regional and global repercussions vis–a–vis other emerging donors, reverberating beyond the boundaries of ‘development studies’, and being relevant for those interested in understanding the strategies of rising powers in the 21st century’s international system.

The rise of the BRICS as ‘donors’ and the resulting changes in development cooperation are part of a broader transition in the world economic order, as power seeps out of the transatlantic sphere and moves to Asia and elsewhere in the emerging world (Zakaria 2008; Ikenberry 2008; Chin & Thakur 2010). One dimension of the global shift is in the realm of development cooperation, where the world is witnessing the dramatic ascent of the rising states, namely the BRICS countries, as aid providers. (Chin & Quadir, 2012:494)

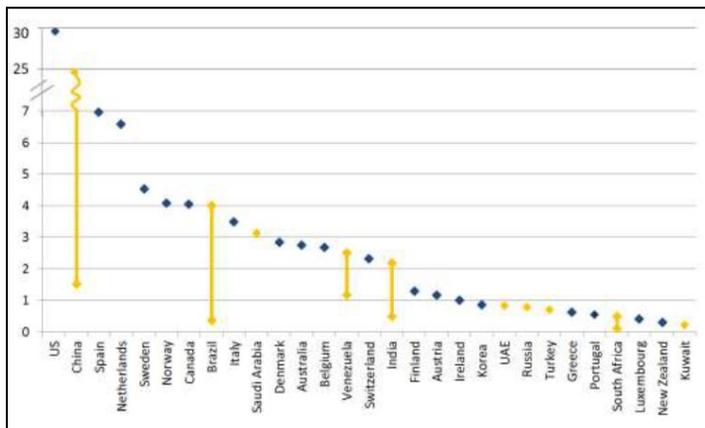
As alluded to when addressing SSC numbers, one challenge for analyzing ‘emerging donors’ is that there is no way to accurately assess their aid volumes. Two factors appear to be the most meaningful for explaining this difficulty. First, there is a question of

⁷¹ Document prepared by the OECD Development Co–operation Directorate.

whether the data made publicly available covers the full reality. There might be a conscious reluctance to publicize their efforts too widely, as this could require governments to explain why the money was not being spent on fighting *domestic* poverty (OECD, 2010:2). Second, as with all countries involved in SSC, ‘emerging donors’ do not follow the statistical ‘guidelines’ adopted by the DAC; there is very little consistency among each country’s reports (if any). This means each country’s metric for what counts as ‘development assistance’ is different, and sometimes the breakdown of categories is not available or not clear. Adding to all of this, over the years, several non–DAC countries have frequently changed their basis for calculating what counts as ‘development assistance’, making even each country’s temporal analysis quite challenging. So when a researcher decides to analyze the numbers available, there is room for much interpretation of what *should* count as ‘development assistance’.

A review of possible numbers by non–DAC donors’ development assistance expenditures in 2009 found the range to be anywhere from \$11 billion to \$41.7 billion (!) – somewhere between eight and thirty–one percent of the global gross ODA from DAC donors (Waltz & Ramachandran, 2011). The greatest variance was seen coming from China (between \$1.5 billion and \$25 billion), Brazil (between \$356 million and \$4 billion) and India (ranging from \$488 million to \$2.2 billion) (Figure 13). In these cases, most of the variation seems to come from methodological choices to incorporate (or not) to the final number expenditures that could be classified based on a strict or lax interpretation of development assistance. While the former would be closer to the DAC’s ODA, the latter would tilt towards an SSC interpretation. Hence, depending on the choices made, the final volume will include (or not) money spent on actions regarding humanitarian assistance, peacekeeping operations, grants and loans to IOs, concessional lines of credit (closely resembling FDI), etc. No choice is right or wrong – they are just *different*.

FIGURE 13 – GROSS ODA* (\$ BILLIONS), 2009



Source: Reproduced from Waltz & Ramachandran (2011:2)

* 'ODA' was the term adopted by the authors

This chapter is thus focused on four emerging donors: Brazil, India, China, and South Africa, and begins by contextualizing the importance of these countries beyond the realm of development assistance itself. Not only are they the most relevant emerging donors, they are also the most prominent countries among those 'emerging', representing the bulk of the BRICS countries (Russia is the only exception). Emerging donors in general, and these four in particular, have been frequently classified in the literature as 'middle powers' (discussed in chapter 2). The chapter is divided in three sections, with the first shedding light on emerging countries in general, particularly the BRICS, and how these two categories interact with the concept of 'middle powers'. Then, the chapter moves seeking to understand the concept of 'emerging donor,' along with an analysis of the power dynamics involving SSC between emerging donors and developing countries in general. The third section briefly describes and compares China, India, and South Africa as emerging donors, with attention to their provision of technical cooperation. The Brazilian case as an emerging donor will be explored individually and with greater depth in chapters 5, 6, and 7.

4.1. 'EMERGING' COUNTRIES AND BRICS

To understand the importance of each of the four emerging donors under analysis – Brazil, China, India, and South Africa – it is necessary to take a step back and look at their overall 'emergence', asking why these countries have come under the global spotlight, particularly since the 2000s. The argument here posited is that these countries' development initiatives matter more than just for the development assistance landscape. These countries' global importance, both individually and collectively, has undoubtedly

increased in a myriad of areas, with development being only one of them. The evolution of these countries from net *recipients* to net *donors* is a central component of a wider realignment of global aid; after all, just over a decade ago, the vast majority of aid still came from a small group of DAC members (Chin, 2012:581; see also Mawdsley, 2012b). The idea of ‘emerging country’ goes beyond simply raising questions over what it means to be a developing country. It also opens the space for thinking about how much *power* these countries can have. After all, the designation of who is an emerging country is not based upon military force – the most traditional measure for power in international politics. It is not a coincidence then, that the adjective ‘emerging’ started to be widely embraced in the early 1990s, in the context of a post–Cold War, ‘multipolar’ world.⁷²

Until quite recently, these emerging countries were in the ‘periphery’ of global power, and now are (or are becoming) key players in the international system, so much so that “it is impossible to conceive of managing climate change, nuclear proliferation, or economic globalization without institutions that included China, India and Brazil” (Hurrell, 2000:8). Hurrell (2006:1-3) would then list four reasons to the question ‘*why look at these [China, India, Brazil and Russia] particular countries?*’ :

- 1) they all seem to possess a range of economic, military and political power resources; some capacity to contribute to the production of international order, regionally or globally, and some degree of internal cohesion and capacity for effective State action;
- 2) all of these countries share a belief in their entitlement to a more influential role in world affairs;
- 3) the development of relations between and among them; and
- 4) these four countries can be differentiated from other second-tier States and middle-sized powers.

In the past twenty years, many developing countries - particularly China, Brazil, and India - have undeniably increased their presence and power in international organizations. Their social improvements (e.g., poverty and educational levels, urbanization) have been remarkable, and the changes in their economies’ production

⁷² Nonetheless, the expression ‘emerging countries’ can be found in academic pieces already in the 1960s (Asher, 1962; Daalder, 1969).

and consumption patterns have reverberated well beyond their immediate regions and trade partners.

Emerging countries are increasingly challenging the (already problematic) concept of a world divided in a North–South dichotomy, with their ‘emergence’ entangling even more debates over what it means to be a *developing* country, and creating unexpected situations:

[British] taxpayers are funding aid to Brazil even though *it has become richer than Britain*. (...) Money is still going to the Latin American powerhouse in the week it was revealed to have overtaken Britain in the world’s economic league table [and it] continues to be poured into wealthy and fast-growing countries such as India, and even aid to China, second in the world economic league. (Doughty, 2011; emphasis added)⁷³

The following subsections will look at conceptual and descriptive issues related to BRICS, as all of this acronym’s countries – with the exception of Russia, which is not an ‘emerging donor’ – are the most noteworthy emerging donors. The first subsection details in numbers what makes the BRICS a unique set within the emerging countries. Then, it goes on to address the complex connection between BRICS and two concepts: emerging countries and ‘middle powers’. These two points will provide a more refined contextual understanding of each emerging donors detailed later in the chapter, as well as for the Brazilian case in chapters 6, 7, and 8.

4.1.1. BRIC(S) COUNTRIES: NUMBERS

There is no single parameter for determining with precision which countries should be labeled ‘emerging’. Nonetheless, most of those who use this concept (whether in academia, media, or policymaking) base their assessments on economic power, while commonly incorporating other elements of power, such as involvement and impact in international issues.⁷⁴ Economic strength often takes into consideration more than simply the size of the country’s economy or its Gross Domestic Product (GDP) growth; it also involves improved consumer purchasing power and more sophisticated

⁷³ The article’s headline “*It’s nuts! Britain is STILL giving aid to Brazil – even though it’s richer than we are*” is noteworthy by itself. It states that British officials said “the spending was ‘historic’ and included projects dating from the 1990s, and that they were listed as remaining in operation only because of ‘an IT error’”, and that the British taxpayers’ money was “still going in aid to Brazil, in the form of a £730,000 ‘large emerging economies programme’ to ‘develop a shared agenda and promote global poverty reduction objectives’” and would be “wound down ‘at the earliest opportunity’” (Doughty, 2011)

⁷⁴ ‘Emerging *markets*’ is a term usually used when the focus is *overwhelmingly* on economic indicators alone, basically as a way to group countries with strong GDP growth.

consumption patterns, prominence and leadership in particular sectors (e.g., industry, extractive, services), innovative technologies, etc. International power typically involves making reference to a country's active engagement to increase its voice in international organizations, its ability to impact important international negotiations, regional influence and overall global reach.

While emerging countries have strong economic and 'diplomatic' indicators, they tend to share many common weaknesses, such as: low GDP per capita, high level of income inequality, significant number of individuals living under extreme poverty, and/or poor human development indicators such as low access to sanitation or high levels of illiteracy. The combination of these strengths and weaknesses has led to some countries' classification as *emerging*, such as: Brazil, Russia, India, China, South Africa, Mexico, Turkey, Thailand, South Korea, Malaysia, Vietnam, Philippines, and Indonesia. The first five are the ones which have gained the most attention in the media, academic literature and policy reports, whether under the acronym BRIC (Brazil, Russia, India and China) – a term coined by Jim O'Neill (2001) – or BRICS, which added 'S' for South Africa. Other combinations of emerging countries based on the original BRIC have emerged (Table 14), as well as some 'post'–BRIC arrangements (Table 15), creating a veritable 'alphabet soup'.

TABLE 14 – EMERGING COUNTRIES: BRIC–BASED ACRONYMS

<i>Origin</i>	BRIC	BRICS	BRICSAM	E7	BRICK	BRIICKS	EAGLEs
	2001 Jim O'Neill (Goldman Sachs)	2011 country organized	2005 CIGI (think tank)	2006 PriceWater houseCoop ers (PwC)	2009 Jeffrey Schott (academia)	Late 2000s Unclear	2010 BBVA
Brazil	X	X	X	X	X	X	X
India	X	X	X	X	X	X	X
China	X	X	X	X	X	X	X
Russia	X	X	X	X	X	X	X
S. Africa		X	X			X	
S. Korea					X	X	X
Mexico			X	X			X
Indonesia				X		X	X
Turkey				X			X
Taiwan							X

TABLE 15 – EMERGING COUNTRIES: ‘POST-BRIC’ ACRONYMS

	N-11	CIVETS	SANE	MIST/MIKT	MINT	TIMP	PIVOT
	2005	2009	Late 2000s	2012	2013	2013	2013
<i>Origin</i>	Jim O’Neill (Goldman Sachs)	Robert Ward (Economist Intellig. Unit)	unclear	Jim O’Neill (Goldman Sachs)	Jim O’Neill	Bob Turner (Turner Invest. Partners)	Douglas Cote (ING Invest.)
<i>Indonesia</i>	X	X		X	X	X	X
<i>Turkey</i>	X	X		X	X	X	X
<i>Mexico</i>	X			X	X	X	
<i>Nigeria</i>	X		X		X		
<i>Vietnam</i>	X	X					X
<i>S. Korea</i>	X			X			
<i>Egypt</i>	X	X	X				
<i>S.Africa</i>		X	X				
<i>Philippines</i>	X					X	
<i>Algeria</i>			X				
<i>Colombia</i>		X					
<i>Bangladesh</i>	X						
<i>Iran</i>	X						
<i>Pakistan</i>	X						
<i>Peru</i>							X
<i>Oman</i>							X

Despite the myriad of acronyms associated to the idea of emerging countries, no other has gained nearly as much prominence as BRIC(S). The following topics will provide some detail on these countries’ economic and political ‘emergence’.

Gross Domestic Product (GDP)⁷⁵: The combined GDP of Brazil, Russia, India, China, and South Africa represents almost 30% of the world’s total GDP, with China and India alone counting for 21% of global wealth. The BRICS countries’ GDP projected for 2013 was practically the same as the four richest G7 countries (US, Japan, Germany and UK). Brazil’s economy is almost a third of all Latin America and the Caribbean and almost 50% of South America’s GDP. South Africa represents about ¼ of all Sub-Saharan Africa’s economy. Russia’s GDP is higher than that of France and represents almost half of the economies of its former soviet republics (Commonwealth of Independent States) plus Central and Eastern European former satellite States. And in regards to its total share of world GDP, China’s growth was nothing short of extraordinary: from less than 5% in 1993 to over 15% for 2013 (Table 16).

⁷⁵ Source: based on IMF (2013), purchasing–power–parity (PPP) valuation of country GDP.

TABLE 16 – BRICS COUNTRIES' GDP (PPP)

Country	1993		2013 (est.)	
	\$ billion	% world	\$ billion	% world
China	1,405	4.8	13,374	15.4
India	924	3.1	4,962	5.7
Russia	1,093	3.7	2,558	3.0
Brazil	899	3.1	2,422	2.8
South Africa	214	0.7	596	0.7
BRICS total	4,535	15.4	23,911.18	27.58

Area⁷⁶: Russia is by far the largest country in the world, with China and Brazil among the top 5 largest countries (the latter is over half of the entire South American sub-continent). India is in the top ten, while South Africa is among the top 20. A large geographical area generally means being endowed with vast areas for agriculture and a significant availability of natural resources. They tend to share borders with many countries and are actively engaged with their neighbours – either due to territorial conflicts or in order to solve shared problems (Table 17).

TABLE 17 – BRICS COUNTRIES' AREA

Rank	Country	Area (million km ²)
1	Russia	17.1
2	Canada	10.0
3	United States*	9.8
4	China**	9.6
5	Brazil*	8.5
6	Australia	7.7
7	India	3.3
8	Argentina	2.8
9	Kazakhstan	2.7
10	Algeria	2.4
25	South Africa	1.2

* If only the contiguous US landmass is considered, Brazil is slightly larger than the US.

**According to the CIA's World Factbook China the 4th largest, but for the World Bank's database, China is #2.

⁷⁶ Source: based on CIA's *World Factbook*.

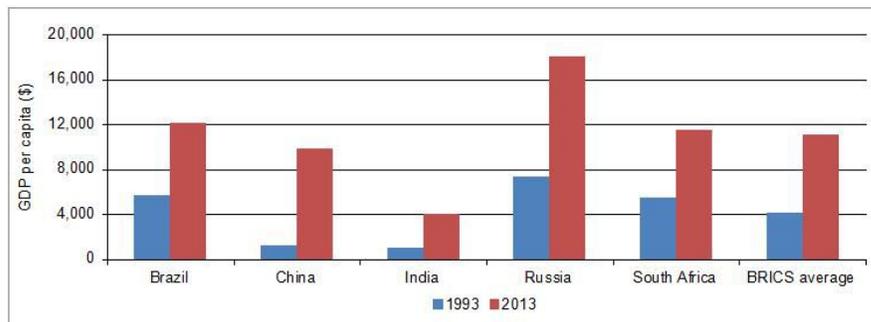
Population⁷⁷: China and India alone have over one-third of the world's entire population. Brazil ranks #6, which is close to 50% of all South America. Russia has the 10th largest population in the world, with South Africa standing at 27th in the world and 5th in the entire African continent (Table 18).

TABLE 18 – BRICS COUNTRIES' POPULATION (2013 ESTIMATE)

Country	Population (million)	% world
China	1,350	19.0
India	1.221	17.2
Russia	201	2.8
Brazil	142	2.0
South Africa	49	0.7
BRICS total	1,743	41.7

GDP per capita⁷⁸: There is great variance among the BRICS in regards to GDP per capita; China and India are quite low, in great part due to their immense populations. Still, all have shown enormous increase in their numbers over the past two decades (Figure 14).

FIGURE 14– BRICS COUNTRIES' GDP (PPP) PER CAPITA (\$)



Human Development Index (HDI)⁷⁹: The Human Development Index can be defined as “a composite measure of achievements in three basic dimensions of human development — a long and healthy life, access to education and a decent standard of living” (UNDP, 2013a). Out of 185 countries, Brazil ranked #85 (out of the 33 Latin American and Caribbean countries, it is #19); China at #101; South Africa at #121 (5th highest in Sub-Saharan Africa); and India #136 (even Iraq is ahead of India). While

⁷⁷ Source: based on CIA's *World Factbook*; estimates for July 2013.

⁷⁸ Source: based on IMF (2013, purchasing-power-parity (PPP) valuation of country GDP).

⁷⁹ Source: based on UNDP (2013a)

these rankings are yet far from ideal, the UNDP's 2013 HDI report explicitly highlighted the overall improvement of developing countries:

The rise of the South is unprecedented in its speed and scale. It must be understood in broad human development terms as the story of a dramatic expansion of individual capabilities and sustained human development progress in the countries that are home to the vast majority of the world's people. When dozens of countries and billions of people move up the development ladder, as they are doing today, it has a direct impact on wealth creation and broader human progress in all countries and regions of the world. (UNDP, 2013b:1)

Poverty⁸⁰: Using the data on 'living on less than \$2 a day' as a metric for poverty, China, Brazil, and Russia have shown immense progress since the 1990s, while India and South Africa have improved at a slower pace. As their population became (relatively) wealthier, consumption patterns changed, opening a myriad of business opportunities in these countries (Table 19).

TABLE 19 – BRICS COUNTRIES' POPULATION LIVING ON LESS THAN \$2/DAY

Country	1993		2009	
	Millions	% pop	Millions	% pop
Brazil	45.9	29.2	20.9	10.8
China	926.3	78.6	362.2	27.2
India	767*	81.7*	829**	68.6**
Russia	12.3	8.3	0.1	0.1
South Africa	15.4	41.1	15.5	31.3

* 1994; ** 2010

Notwithstanding the impressive results in reducing *absolute* poverty over the past two decades, there is still an enormous level of inequality inside of all BRICS countries. Measured by the Gini index⁸¹, South Africa has the 2nd worst income distribution *in the world*; Brazil is 17th, China #29, Russia # 52, and India #78.

Energy⁸²: The increase in economic production and change in consumption patterns of the BRICS countries, combined with their voluminous population has generated a continuously growing demand for energy use – with undeniable global impacts. Since

⁸⁰ Source: based on World Bank's online database on Poverty & Equity (<http://povertydata.worldbank.org/poverty/home/>).

⁸¹ World Bank's online database on Gini index (<http://data.worldbank.org/indicator/SI.POV.GINI>); the Gini index measures "the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution... A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality." (*idem*)

⁸² Source: based on World Bank's online database on Energy Use (<http://data.worldbank.org/indicator/EG.USE.COMM.KT.OE>).

2009, China has surpassed the United States as the world's greatest energy consumer, while India has secured the #3 spot and Russia #4. Brazil became #7 in 2010, and South Africa has been the world's 17th largest energy consumer since 2008. Russia is an important player in the supply of energy, while Brazil is currently self-sufficient but carries an expectation of also becoming a strong exporter of energy in the next decade. China, India, and South Africa, however, are net importers of energy, and whose demand has increased in the past decades (Table 20).

TABLE 20 – BRICS COUNTRIES' ENERGY USE (KT OF OIL EQUIVALENT)

Country	1991		2011	
	Energy use	% world	Energy use	% world
<i>China</i>	847,943	9.8	2,727,727	21.5
<i>India</i>	329,487	3.8	749,447	5.9
<i>Russia</i>	871,122	10.1	730,970	5.7
<i>Brazil</i>	142,858	1.7	270,027	2.1
<i>South Africa</i>	94,981	1.1	141,372	1.1
BRICS total	2,286,391	26.5	4,619,543	36.3

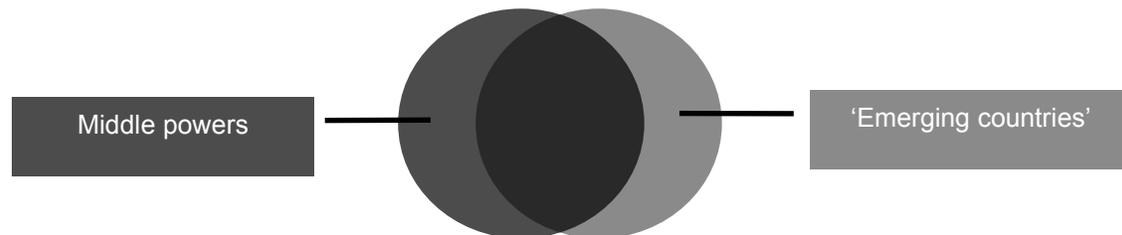
Nuclear capabilities: Russia, China, and India all have their own nuclear arsenals, with the two populous Asian nations ranking #1 and #2 in military contingent. To be fair, having this sort of military power does not bear a strong connection with a country's status as an 'emerging' country, market, or 'donor' – North Korea and Pakistan also have nuclear weapons and don't belong to any of these categories. Nonetheless, if the metric of military might is added to the 'scale' for measuring and comparing countries' strengths, it certainly enhances their stance as powerful countries. Brazil and South Africa on the other hand, are noteworthy for *reversing* their aspirations to become nuclear countries. Since the 1990s they have sought to position themselves as 'peaceful' powers and regional peace brokers, and have become more involved in peacekeeping missions. So while they are not strong from a perspective of war and 'destruction', they claim relevance in international security debates as agents of peace and '*construction*'.

4.1.2. Emerging countries, BRICS, and 'Middle powers'

As a general account (not to be taken as a rule), emerging countries tend to be 'middle powers'. This is not just the case for most BRICS' countries, but for many others present in the aforementioned growing list of 'emerging' acronyms (Tables 14 and 15), such as: Mexico, Indonesia, Turkey, Nigeria, Vietnam, and Egypt. On the other hand, clearly not

all labeled 'middle powers' can also be called *emerging* countries, whether because they are already developed countries (e.g., Canada, Australia, Norway) or because their economy shows little signal of increased prominence (e.g., Venezuela) to warrant them the status of being 'emerging' (Figure 15).

FIGURE 15– OVERLAP BETWEEN EMERGING COUNTRIES AND MIDDLE POWERS



As discussed in chapter 2, attempts to determine which countries should be classified as 'middle powers' are inevitably open to questioning. The fuzzy hierarchical boundary between great and 'middle powers' is exacerbated once the attention is solely on the classification of BRICS countries as emerging and/or 'middle powers', the uncertainty is exponentially increased. The less controversial case is South Africa's: there is little academic debate over its status as both a 'middle power' and an emerging country. Brazil and India have continuously been labeled a 'middle power' by academics and policy analysts since the late 1940s, but their 'emergence' has led to questions over how adequate the label still is. China – a nuclear power and world's second largest GDP – no longer fits the 'middle power' category (see Bijian, 2005; Ikenberry, 2008; Breslin, 2010; Wang, 2011; Huang, 2013; Young–June, 2013).

As for Russia, its 8,500–10,000 nuclear warheads⁸³, and co–main superpower for most of the 20th century have led to a general consensus that it should not be labeled as a 'middle power'. However, some question its 'emerging' status: the classification is reasonable if its economy in the 1990s is taken as the initial position. However, if the 1950s are taken as the baseline, a picture of *decline* is undisputable (see Macfarlane, 2006; Kanet, 2007; Więclawski, 2008; Eghbal, 2009). Russia was a traditional major power in the 19th century and one of two superpowers between the mid-1940s and late 1980s. To say it is 'emerging' in the 21st century seems quite odd, particularly from a realist perspective: would not it be a *declining* major power? We follow the position that

⁸³ Source: Nuclear Treat Initiative's website (<http://www.nti.org/country-profiles/russia/nuclear/>)

while this is a legitimate question, it will be left aside for this study, and Russia will be treated as an ‘emerging’ country *in the context of the past 20 years* (Armijo, 2007:7).

As a testament to the difficulty of attempting to sort out the overlaps between emerging countries, BRICS, and ‘middle powers’, Andrew Cooper – one of the most important authors in the middle powers’ literature – has fully separated BRICS countries from ‘middle power’ altogether. In his assessment, ‘middle powers’ are currently being squeezed by “the rise of large emerging market states (the BRICS) and small agile states” (Cooper & Mo, 2013:1).

There is a great degree of risk in attempting to analyze or predict the foreign policy behaviours of the BRICS countries as a unit. The concepts of ‘middle power’ and ‘middle power’ diplomacy’, for instance, might be useful for understanding some emerging countries’ (and perhaps for some of the BRICS) foreign policy directions, however, they should not be embraced without careful consideration of each country’s unique circumstance and interests. A ‘middle power diplomacy’ strategy can explain some emerging donor’s choices in how to use technical cooperation as a foreign policy tool – as it appears to be the case for Brazil and South Africa – but the connection is not straightforward for *all* emerging donors. Table 21 presents a brief picture of the relationship between the concepts of ‘middle power’, emerging countries, and the BRIC(S) countries.

TABLE 21 – COMPARING CONCEPTS: EMERGING COUNTRIES, BRICS, MIDDLE POWERS

	‘Middle Powers’	Emerging countries	BRICS countries
Origin term	Late 1940s; academic origin	Mostly since 2000’s; non-academic origin	Non-academic origin: BRIC coined by O’Neill (2001); BRICS: more than an acronym (a country-led arrangement)
Conception of Power	Broad: military strength, economy, geography, population, participation in IOs, etc.	Narrow: focus mostly on economic-based indicators	Mixed: relevance based on economic indicators, but incorporates other power dimensions
Academic fields	Used mostly in IR studies of power	Embraced by wide range of fields, particularly by the business-oriented community	Also embraced by wide range of fields; but relevant for both IR and business-related studies
Visibility of term	Almost all academic; little use in mainstream media	Easily found both in academic and non-academic circles; frequently used by journalists and seen in mainstream media	
Developed/Developing	Both developed and developing countries can be middle powers	Almost always associated only with developing countries	Except for Russia, all countries self-identify as <i>developing</i>
Typical foreign policy expectations*	Niche diplomacy; strong emphasis on IOs and multilateral arrangements	Regional leadership, greater weight in international economic structures (e.g.G20)	Increasing power in IOs; regional leadership; balancing against US

*As seen in the literature addressing the theme, i.e. ‘outside’ (mostly academic) expectations of how ‘middle powers’, emerging countries, and BRICS countries will behave.

4.2. EMERGING COUNTRIES, EMERGING DONORS

Emerging donors, in a simplified explanation, are the most important ‘new’ players in the international development arena, which overlap with the most powerful ‘new’ actors in the current international system (i.e. emerging countries). Emerging donors’ decisions regarding the provision of development to other developing countries have great impact, including the collective power these countries have to affect the DAC–based ‘development assistance’ governance. Whether collective and individually, the dynamics created from which partners and regions are privileged by ‘emerging donors’, the mechanisms used to provide development, and the relationships they have with the recipients, all of these embed a power component that extends beyond the actions in isolation.

4.2.1. DEFINING EMERGING DONORS

The term ‘emerging donors’ is the one most used in current literature and discourse in both developed and developing countries. The present research embraces this nomenclature but acknowledges that problematic occlusions or associations make it far from being ideal (Rowlands, 2008:3; Mawdsley, 2012a:257). If its proxy status and porous boundaries are acknowledged, it can be useful as a parsimonious reference to countries that used to be under the radar as providers of development assistance and now are internationally recognized as important players.

Three main issues make ‘emerging donors’ a contested concept. First, the word ‘emerging’ invokes the impression of something that was obscure has come to light and is now apparent. It can also refer to the idea of ‘coming into existence’. This can mistakenly imply that these key developing countries have only engaged in development actions *recently*. It implicitly conceals the history of providing development that most of these key countries have had, which in many cases is as old as the ones of ‘traditional’ donors⁸⁴. It also brings forth the question of *emerging for whom*, inasmuch as they might be ‘rising’ only for ‘Northern’ countries (and literature) who until only a few years ago begun to acknowledge their actions. Also, there is the risk of seeing this ‘emergence’ as implying an intermediary stage towards the goal of rising to the ‘superior level’ of becoming an ODA member.

⁸⁴ Woods (2008) somewhat bypasses this problem by understanding ‘emerging donors’ as a shortcut to contrast OECD/DAC’s ‘*established*’ donors.

A second important reason of concern is that most countries labeled ‘emerging donors’ explicitly *reject* this designation. As it will be detailed further on, the Brazilian government is one who is adamant in its refusal of being called a ‘donor’, positing that they are *partners*. The word ‘donor’ would connote a top–bottom, vertically arranged structure of active–donor/passive–recipient, normatively in disagreement with what South–South Cooperation is all about.

[F]or many in the South the word ‘donor’ is burdened with associations of paternalism, hierarchy and neo-colonial interference. Some of the (re-)emerging actors prefer to call themselves ‘development partners’ in a conscious promotion of a discourse of horizontal relations of mutual benefit, non-interference and respect for sovereignty, rather than the vertical hierarchy invoked by the terms ‘donor’ and ‘recipient’. (Mawdsley, 2012a:257)

The term ‘donor’ is challenging for other ‘practical’ reasons: SSC explicitly embraces a much broader list of actions, including private and for–profit activities between developing countries, which have little to do with the idea of ‘donor’. Also, the term can be problematic from a perspective of domestic politics, as there can be little to no public support for a developing country being the *donor/provider* of development aid (Konijn, 2013). Not that the people from these developing countries would be *against* other countries’ development. The question that can be easily raised is ‘why be a donor to the poor in other countries when there are many poor inside of the ‘donor’s’ *own* country?’. Hence, the word *partner* can serve as a political purpose inasmuch as it is less likely to raise questions than the term *donor*. This problem seems to be a concern mostly for democracies (like Brazil, South Africa, and India), as non–democratic ‘donors’ – such as China and Arab/OPEC ‘donors’ – don’t appear to mind the label.

Third, even if the words themselves weren’t problematic, there would still remain the issue of *who* should be called an ‘emerging donor’ or not. With no exact measure or specific threshold to determine whether a specific country is or is not one of the *key* developing countries to provide development ‘assistance’, each author or institution can come up with their own assessment. This lack of consistency poses an obvious methodological difficulty.

While some developing countries might object to the word ‘donor’, most don’t. And even if there is not a clear set of criteria over which exact countries are or are not ‘emerging donors’, the triad China–Brazil–India are basically always referenced as examples, and increasingly South Africa as well. This bears a clear connection to the concept of BRICS

countries, with Russia being the exception. Russia might be an emerging country, but it is not an emerging donor. Along with its ties to the DAC (and not being 'South'), compared to the Cold War period Russia has *declined* its provision of assistance, even becoming a recipient during the 1990s. Considering a more recent timeframe (since the early 2000s), the country has re-engaged as a donor more actively, but is far from giving as much attention to 'development assistance' in its foreign policy as the other four BRICS countries currently do (Chin & Malkin, 2012), with Gray (2011:5) raising a pertinent question: "Should the Russian government's efforts to join the global community of donors be understood as a defence mechanism against what Mauss called the 'wounding' experience of being treated as a perpetual recipient?".

Also, Brazil, China, India, and South Africa overlap in an important category connected to last chapter's analysis: they are 'pivotal countries' or 'prime movers' in the context of SSC's technical cooperation provision. The identification of select developing countries as lead actors of TCDC was explicitly made in the 1995 United Nations High Level Committee for Technical Cooperation among Developing Countries. There, the concept of 'pivotal' countries was introduced as those "positioned to play a 'lead' role in the promotion and application of TCDC, mainly by sharing their capacities and experience with other developing countries in their region or in other regions" (UNDP, 1995). The UNDP's Special Unit for TCDC listed 22 countries as 'pivotal', which included not only Brazil, China, and India⁸⁵, but also Chile, Colombia, Costa Rica, Cuba, Egypt, Ghana, Indonesia, Malta, Malaysia, Mauritius, Mexico, Nigeria, Peru, Senegal, South Korea, Thailand, Trinidad and Tobago, Tunisia, and Turkey. In 2003, the term 'prime movers' was introduced as an alternative to 'pivotal countries' although the idea remained the same: the existence of strategic developing countries for the promotion of SSC/TCDC, something also highlighted by other studies (e.g., UN Millennium Project, 2005; BetterAid, 2010; Reality of Aid, 2010).

While the introduction of pivotal countries led to a stronger promotion of the modality of South–South Cooperation, and to a number of beneficial bilateral exchanges of expertise and experiences among developing countries, the *prime mover* concept is designed to replace such limited support with larger, systemic and holistic cooperation based on reciprocity. Accordingly, several countries have offered to act as prime movers in specific areas of expertise, including agro-processing, distance learning using ICT, and action programmes to deal

⁸⁵ Since the late 1990s, South Africa has been embraced in UNDP documents as one of these pivotal countries; it is likely that this country's post-apartheid adaptation during the early 1990s affected its absence from the 1995 list.

with crises such as the HIV/AIDS pandemic. Also, prime mover countries would act collectively, in a multilateral framework, ensuring that the benefits of their experiences and expertise are made more broadly available. (UNDP, 2003:§10; emphasis added)

The domestic capacities of Brazil, China, India, and South Africa to provide development-oriented knowledge to other developing countries were specifically singled out by the United Nations' Report of thirty years for South-South Cooperation: "Brazil, China, India and South Africa, the leading pivotal countries, exemplify how years of indigenous effort to build technical competence develop capacity to provide assistance, technology transfer, policy exchanges and funding" (UN-GA, 2009a). All four of these emerging donors have embraced technical cooperation in their SSC initiatives and have framed its use within SSC principles. Nonetheless, two points are very relevant: 1) each one has given different *emphasis* to TCDC within their overall provision of 'development assistance'; and 2) while their positions are similar in rejecting conditionalities, they are different in regards to tying technical cooperation agreements.

Table 22 compares several non-DAC countries and their relationships to several concepts and identities discussed so far. A qualitative analysis evaluates how common it is in the literature to see each country classified as an emerging country, emerging donor, or 'middle power', assessing whether this occurs: almost always (●●●), frequently (●●●), occasionally (●●), or rarely/unusually (●); the countries' self-identification with the 'Southern' identity is rated as strong, weak, or non-existent. The countries' classification as 'pivotal' (by the UNDP); its relationship with the OECD (membership and link to DAC); and its income-level classification by the World Bank⁸⁶ are also pointed out. The goal is to show how important it is to tease out the variations within non-DAC donors (no country on the list is a DAC-donor), and how different countries appear to 'fit' with some of the concepts and identities presented so far.

⁸⁶Source: based on World Bank's online database (<http://data.worldbank.org/about/country-classifications/country-and-lending-groups>).

TABLE 22 – NON–DAC DONORS COUNTRY COMPARISON: CONCEPTS, IDENTITIES, AND CLASSIFICATIONS

Country	Emerging country	Emerging Donor	Middle Power	'Southern' identity	Pivotal TCDC Country	Relationship w/ OECD		Income level
						Member	Reporting to DAC	
<i>Brazil</i>	••••	••••	•••	Strong	X	–	–	Upper–middle
<i>China</i>	••••	••••	•	Strong	X	–	–	Upper–middle
<i>India</i>	••••	••••	•••	Strong	X	–	–	Lower–middle
<i>S. Africa</i>	••••	••••	••••	Strong	X	–	–	Upper–middle
<i>Russia</i>	••••	••	•	(none)	–	–	X	High
<i>S. Korea</i>	•••	•••	•••	Weak	X	–	–	High
<i>Mexico</i>	•••	•••	••••	Strong	X	X	–	Upper–middle
<i>Indonesia</i>	•••	••	••••	Strong	X	–	–	Lower–middle
<i>Turkey</i>	•••	•••	••••	Strong	X	X	X	Upper–middle
<i>Nigeria</i>	•••	•	•••	Strong	X	–	–	Lower–middle
<i>Thailand</i>	••	•••	•••	Strong	X	–	X	Upper–middle
<i>Vietnam</i>	••	•	•••	Strong	–	–	–	Lower–middle
<i>Egypt</i>	••	••	••••	Strong	X	–	–	Lower–middle
<i>Chile</i>	••	••	••	Strong	X	X	–	High
<i>S. Arabia</i>	••	•••	•••	Weak	–	–	X	High
<i>Cuba</i>	•	••	•••	Strong	X	–	–	Upper–middle

•••• Almost always; ••• Frequently; •• Occasionally; • Rare/Unusually

Awareness of this diverse big picture highlights the risk of taking only one of these criteria to analyze non–DAC donors' behaviours and preferences, such as trying to explain or predict a 1) country's use of technical cooperation as a foreign policy tool, or 2) its preference towards conditional and/or tied arrangements. Some patterns exist (e.g., countries with strong 'Southern' identify are very unlikely to place conditionalities), but there is room for variance in many other dimensions: volume of overall financial commitment to development assistance in general (and technical cooperation in particular); importance given to technical cooperation in the country's overall foreign policy strategy; scope of knowledge available for sharing; as well as the decision to tie the knowledge provision to commercial gains.

4.2.2. 'EMERGING DONORS' AND HIERARCHY

Borrowing from one of George Orwell's *Animal Farm* most famous lines, even if all developing countries are equal, some are more equal than others. As already discussed in the preceding chapter and made clear in the previous section, there are indisputable differences among developing countries. Whether measured by economy, size, population, military strength, ability to influence others or knowledge in particular areas, it is a fact that some countries have more power than others.

Still, it is possible that there will always be a greater affinity between developing countries (regardless of their power asymmetries) than there will be among developing and developed countries. Perhaps the asymmetries between the economies of developing and developed countries are just too strong and a meaningful convergence of the two will need a very long period of time (Rosseel et al., 2008:18). But this does not eliminate the possibility that within the context of a “growing hierarchy of the South” (Korany, 1986:90), an ‘emergent’ developing country might consciously use its ‘donor’ status to reassert power positions vis-à-vis less endowed developing countries. So while the principle of mutual benefit is a central tenet of South–South Cooperation,

middle-income donor countries often have markedly unequal relationships with the poorest countries in which the foreign policy thrust or strategic interests of the former, e.g., access to raw materials, energy supplies and markets may take primacy – much like traditional North– South aid relationships.” (BetterAid, 2010:3–4; emphasis added)

As noted two decades ago, “the differences between a Southern donor and a recipient may be just as profound as the differences between a Northern donor and its developing–country aid recipient” (Bobiash, 1992:13). So even if an ‘emerging donor’ does not reproduce an active–rich–donor/passive–poor–recipient structure, and both embrace a South–South logic, there is still room to explore the silent hierarchy that exists in a donor–recipient relationship. As said by a senior Brazilian diplomat,

One thing is the discourse, another is practice, and this is valid for North–South as well as South–South. And for more fragile countries, they have a tendency to accept [anything], anything is welcome, so it is easier [to have it the donor’s way]” [A3]

Each of the ‘emerging donors’ under investigation appears to be aware of the clear asymmetries that exist between them and the majority of their recipient ‘partners’. All of them vocally and unquestionably position themselves as ‘*developing* countries’ and ‘Southern partners’ in their ‘development assistance’ initiatives. One of the main goals of these semantic distinctions is to accentuate the differences between the approach of rising donors to promoting socio–economic development in the South and the rhetoric and practices of the Western/Northern donors (Chin & Quadir, 2012:494). Another is to try to mitigate the uncomfortable overlap between (principled) horizontality and (real) asymmetry.

In the case of each of the four BRICS ‘donors’ studied, all of them seem to believe that there is little to gain and much to lose from *highlighting* existing asymmetries. As a

matter of fact, their rise as net donors has been accompanied by continuous efforts to reaffirm their 'Southern' and 'developing' identities, with Brazil and South Africa being particularly sensitive to being called *donors* and firmly embracing the term *partners* (Rowlands, 2008:7). But despite the effort to deflect connotations of hierarchy from the language on cooperation between developing countries, these collaborative ties still imply complex political processes. What to an 'emerging donor' might seem like South–South *affinity* can look like a (*quasi*)–North–South *authority* structure to the recipient, as regional leaders such as Brazil, South Africa, and India may use their lending capacities to reassert their positions within their respective geopolitical arenas (Abdenur, 2002:65).⁸⁷

In the present context of 'development assistance', 'emerging donors' are much more likely than traditional ones to be sensitive to their reputation as promoters of horizontal cooperation. Recipients' perception and critiques of an authoritative relationship in development initiatives will probably cause more damage to 'emerging' than traditional providers. Hence, it can be said that 'emerging donors' face a narrower set of options than traditional ones. While their (relative) strength *provides* them the opportunity to take advantage of weaker 'Southern' partners, their limits for *exploring* this opportunity are smaller if they want to continue to frame their 'aid' as horizontal, and identify themselves as 'Southern partners'. The more a country's foreign policy identity is entangled with or hinges upon the idea of being a developing country, the more sensitive it will be to being called a hypocrite – as it has more to lose.

There is one final aspect of the interesting power dynamics concerning Brazil, China, and India as 'emerging donors' that would have been unimaginable until recently: the slow but growing prospect of these countries actually being *providers* of 'development assistance' to DAC donors. There is strong reason to believe that this 'South–North' structure will become more frequent, demanding a much deeper rethinking of what it means to be 'South', 'North', developed, and developing. Taking the reality of 2012 as reference, a negotiation involving China, India, or Brazil with Greece, Ireland, or Portugal could very well be re–interpreted by having the former be the 'Northern' countries and the latter as 'Southern' ones. There are already some examples that could signal this

⁸⁷ It appears that recipients have become more aware of this need to break away from a continued reproduction of a passive position. A recent review, for instance, called for African states "to take full advantage of the current balance of forces in development cooperation" by being "clearer about *what they want* when interacting with emerging and established powers" (Rampa et al., 2012:265; emphasis added).

shifting landscape: in 2009, China was a provider of ‘development assistance’ projects to 12 Eastern European countries; Brazil has signed technical cooperation agreements with Spain and Portugal to transferred knowledge over human milk banks; and India’s agreements with the Czech Republic and Hungary under the Indian Technical and Economic Cooperation (ITEC) Program. Hence, there are grounds to concur with the assertion that “developing countries have become major providers of high technology goods and services to developed countries” (UN-GA, 2009a:4)⁸⁸.

A more thorough study of Brazil’s aforementioned agreement with Portugal and Spain reveals an interesting element which might be indicative of future ‘South–North’ knowledge transfers. According to a high–ranking Brazilian diplomat, when knowledge flows from developing to developed countries, the former is *not* called ‘donor’ by the latter, as this would make the developed partner the ‘recipient’. Agreements of this sort would tend to be labeled with a different wording (e.g., ‘inter–institutional relations’, ‘bilateral partnerships’), and have the developing country provider of the knowledge identified as *partner* but never as ‘donor’. This interviewee saw this situation in the following terms:

I would dare to say that [developed] countries would not register cooperation agreements as ‘technical cooperation *from* Brazil’. They would not do this for political reasons. The [staff involved], they would not have a problem in assuming [this structure], but it’s the governments: for them it would be an inversion of the ‘natural order of things’ [A3]

4.3. ‘EMERGING DONORS’: CASES

As is the case with developing countries, the motives for ‘emerging donors’ to provide ‘development assistance’ are mixed. A genuine interest in promoting development may be intertwined with the immediate political, commercial, and strategic goals of the ‘donor’, and the significance or weighting of various motives for specific aid projects may be difficult to ascertain (Bobiash, 1992:9). More importantly for this thesis though, is that the objectives and motives for *each donor* can vary greatly among recipient countries, aid projects, and over time.

⁸⁸ McFarlane discusses learning across a North–South divide, and argue in favour of the possibilities of learning in the field of development between development scholars and practitioners working in ‘rich’ and ‘poor’ countries; this thesis concurs with the author’s understanding that “much of the literature concerned with development and learning has explored learning in the context of South–South rather than South–North.” (McFarlane, 2006:1416).

There are great risks in treating the SSC/TCDC actions of ‘emerging donors’ as a homogeneous unit. As already seen, some methodological choices are certain to produce significant variation in the results, such as which countries are considered ‘emerging donors’ and what the data for ‘development assistance’ or SSC is actually measuring. Even if these issues are overcome, there is great variance in the financial capabilities to provide SSC/TCDC among ‘emerging donors’ (e.g., China vis-à-vis South Africa). This means that a simple sum of what these ‘donors’ aggregately spend on ‘development assistance’ or how many technical cooperation agreements signed between developing countries can easily obfuscate the understanding of the numbers and characteristics related to *each* ‘emerging donor’s’ actions and strategies.

In the case of technical cooperation among developing countries, while it is normatively conceived to be horizontal and to refrain from seeking to create or promote any dependence on foreign expertise, this has not always been the practice. As a matter of fact, China and India have frequently – and in many cases *unapologetically* – tied their technical cooperation agreements to the purchase of their national goods and services (Davies, 2010; Smith et al., 2010; Gurria, 2010). These countries tend to mix and deliver different forms of assistance in so-called package deals which include other financial flows beyond aid Davies (2010:12–13). And when financial co-operation does become part of a South–South relationship, commercial considerations can be an integral component of it (Smith et al., 2010:6). So though there may not be policy conditionalities, “mutual assistance means that the majority of aid from Southern countries, especially China, India, and Venezuela, is tied (...) to the use of donor–country contractors and companies, donor–country goods, or oil imports.” (Walz & Ramachandran, 2011:17).

But as aforementioned, not all ‘Southern donors’ tie their provisions of development assistance. By and large, bilateral aid from OPEC nations is *untied*, with only a small number of oil contracts which contradict this general picture (Kragelund, 2008:567), although this can be explained simply by a lack of a range of goods and services to tie procurements to (Neumeyer, 2004:295). As will be detailed in the next chapters, Brazil’s stance is to refrain from attaching commercial ties onto its ‘development assistance’ projects (even when it easily *could*) — something that is quite visible in its technical cooperation programs.

Notwithstanding these considerations of variations within ‘emerging donor’ behaviours, there are some commonalities between Brazil, China, India, and South Africa. Three

issues in particular stand out as shared approaches: 1) focus on regional partnerships and increasing presence in Africa; 2) absence of conditionalities; and 3) technical cooperation based on indigenous research conducted mostly by public institutions. They will be addressed before moving to the specific analysis of each country's approaches to SSC in general and technical cooperation in particular.

Main partners ('recipients')

One undisputed commonality among 'emerging donors' is their strong focus on regional 'recipients' (Rowlands, 2008; Kragelund, 2008; Davies, 2010; Mawdsley, 2012b; Quadir, 2013; Gray & Murphy, 2013). Actually, it is fair to say that when providing 'development assistance', the tendency of *all* developing 'donors' is to primarily focus on their immediate region. This is the reality for Brazil in its strong record of partnership with South American countries, China and India with their closest Asian neighbours, and South Africa committed to nations in the southern portion of the African continent. This is also the case for Russia, which directs the majority of its bilateral aid to the CIS (Commonwealth of Independent States), composed of countries that were once part of the Soviet Union (Wierzbowska–Miazga & Kaczmarek, 2011:1). Turkey overwhelmingly favours partners in South and Central Asia, and Balkan and Eastern European countries (Turkey/MFA, undated), with strong links to Pakistan and Afghanistan. And Arab 'donors' have consistently focused on countries in the MENA (Middle East & North African) area, with some 'donors' giving particular attention to recipients in close vicinity to Israel, namely, Egypt, Jordan, Lebanon, and Syria (Villanger, 2007:9–10; Kragelund, 2008:565).

This phenomenon can be explained through various theoretical lenses. In a Realist approach, this can be due to geopolitical interests and calculations, which could even include fostering recipients' *dependence* upon the donor. Political considerations would influence the geographical direction of development assistance flows of new development partners (as does the promotion of trade and investments), something that would not be unique to 'emerging donors' as it is also the case of many traditional donors (Davies, 2010:9). Providing 'assistance' would be a way for each 'emerging donor' to strengthen and amplify their status as 'The Great Regional Power'.

In a Liberal sense, this can be an expression of putting regional cooperation in practice by concretely improving relationships with neighbours, and a recognition that one's progress is intertwined with its closest partners (which in most cases are in the

immediate region) so that all benefit from collective improvement⁸⁹. A Constructivist approach can see this as being due to a process of identification with the neighbours, and an easiness of making and implementing agreements with countries which a shared similar language, culture, and problems, etc. It could also relate to some greater sense of 'responsibility' to help neighbours (or help them *before* 'strangers'), as well as greater expectations – and demands – *from* neighbours that it is the duty of the (relatively) wealthy among them to help them. This final point connects well to academic research in other areas, such as sociology and psychology, where one can find relevant arguments regarding this dynamic, such as “the closer the relationship between the interacting persons, the stronger the expectations that help should be offered; less gratitude expressed when help is offered; and the more resentment felt when help is refused” (Bar–Tal et al., 1977:293).

There is one very important point in which Brazil, China, and India do separate themselves from other developing countries and even from other which could also be labeled 'emerging donors' (including South Africa). Since the early 2000s these selected countries have consistently increased their provision of 'development assistance' to countries not only outside of their traditional immediate geographic proximity, thus extending the concept of their own geographic 'reach', to going outside of their regions altogether. Brazil 'extended' its regional presence to include Central American and Caribbean countries. India has increased its development 'provision' to Central Asia, Pacific islands, and all around Southeast Asia. China has reached out the most broadly of all, with growing presence not only throughout the *entire* Asian continent, but to otherwise 'non-traditional' areas such as the Caribbean and even moving towards Central and Eastern Europe. But since the early 2000s, the African continent has been the one place all three 'emerging donors' have most actively pushed to strengthen their ties with (Kragelund, 2008, 2010; UN, 2010; ICTSD, 2011; Rampa et al., 2012; World Bank, 2012; Fuchs, 2013; Nganje & Qobo, 2013).

Brazilian, Chinese, and Indian links with African nations are not new phenomena. They can easily be traced back to the decolonization processes of the 1950's and 1960's, international articulations regarding the Third World identity, and Cold War dynamics' of

⁸⁹ A former European Commissioner for External Relations and European Neighbourhood policy clearly exemplified this understanding in a speech aptly entitled “The European Neighbourhood Policy: *helping ourselves through helping our neighbours*” (Ferrero–Waldner, 2005; emphasis added).

supporting certain 'sides' (including the non-aligned position). What is different is that more recently there has been a veritable explosion of engagements related to economy, diplomacy, trade, finance, as well as development. Compared to the past, projects are more ambitious; more money is invested⁹⁰; partnerships are more diversified; and interactions are more frequent, consistent, and structured. Hence, Brazil, China, and India's closer development ties with African nations have occurred within a much larger context, which could be framed as embodying the broad 'spirit' of South-South Cooperation, and one where development is just *one of many* spheres to be promoted.

The growth in bilateral 'partnerships' between these 'emerging donors' and African countries has also been accompanied by multilateral arrangements such as the Forum for China-Africa Cooperation (FOCAC), established in 2000; the 2006 Africa – South America Summit (ASA), led by Brazil; the India-Africa summit in 2008. But perhaps the most interesting case is that of IBSA, an arrangement between India, Brazil, and South Africa. Since 2003, IBSA has joined together these 'emerging' countries which actually share many characteristics: multi-ethnic societies; large democracies; growing economies with very unequal societies; strong regional importance⁹¹. Not to mention the fact that all have known aspirations to become permanent members of the UN Security Council, a point made quite clearly in the *Brasília Declaration*, IBSA's founding document.

More than any of the abovementioned arrangements, IBSA is the one 'emerging donors' arrangement which has been heavily focused on technical cooperation towards South-South development projects. The IBSA Facility for Poverty and Hunger Alleviation Fund (simply 'IBSA Fund') has as its main objective benefit other developing countries, particularly Least Developed Countries (LDCs) and Post Conflict Reconstruction and Development (PCRD) countries by "identifying replicable and scalable projects that can be disseminated to interested developing countries as an example of best practices in the fight against poverty and hunger" (IBSA, undated) – i.e. knowledge sharing through technical cooperation projects. While the IBSA Fund is very small in value (each country contributes with only \$1 *million* per year), its can still be seen as *symbolically* meaningful.

⁹⁰ Again, it is difficult to compare exact numbers given that "there is no coordinated or consistent set of data on aid flows from these individual emerging economies to Africa" (UN, 2010:12).

⁹¹ The absence of China (and Russia) is justified in most part by the principle that IBSA is based upon "participatory democracy, respect for human rights, the Rule of Law and the strengthening of multilateralism"; source: IBSA (<http://www.ibsa-trilateral.org/>).

Conditionalities

One of the core principles of South–South Cooperation discourse is the rejection of conditionalities. Whether political or economy–oriented, developing countries have long protested against them. Conditionalities are perceived as a (mis)use of ‘development assistance’ to (poorly) disguise what would in fact be intervention and disrespect to sovereignty.

There is strong reason to believe that ‘emerging donors’ in fact follow through on the rejection of conditionalities in their development commitments. After all, the only exception noted in the literature is China’s pressure upon its recipients to embrace a ‘One China’ policy – i.e. that they don’t recognize Taiwan as a sovereign nation. This appears to have a particular relevance for understanding Chinese disbursement patterns in Central America and Caribbean⁹². Nonetheless, there does not seem to be a direct tit–for–tat dynamic in place as China engages in SSC/TCDC initiatives with countries that continue to recognize Taiwan as a sovereign nation.

One possible reason for Brazil, China, India, and South Africa’s rejection of conditionalities in their ‘development assistance’ can be that they simply are not powerful enough to demand other countries to change domestic structures. Under this understanding, ‘emerging donors’ don’t impose conditionalities because they *can’t*. But this explanation is problematic: it assumes that all countries that demand conditionalities such as good governance, commitments to human rights, or respect to the Rule of Law in order to provide ‘development assistance’ do so because they have the *power* to demand them (if they were ‘weak donors’ they would not call for conditionalities).

Another power–based account is that a no–conditionalities policy is actually driven by a desire to do business with countries that are considered ‘rogue states’. Such seems to be Naim’s (2007:95) opinion, who classifies the ‘foreign aid’ programs of China, Venezuela, and Saudi Arabia as “toxic”. However, more in–depth analyses have shown that this is not the case, with the largest beneficiaries of Southern assistance actually

⁹² Currently, 23 countries formally recognize Taiwan as a sovereign nation, and 11 of them are in this area. Since the 2000s some countries in this region and in Africa have switched their positions on Taiwan towards a ‘One China’ stance, but it is not clear if this was *imposed* as a condition for receiving Chinese development assistance. These countries were: Chad (2006), Costa Rica (2007), Dominica (2004), Grenada (2005), Liberia (2003), Malawi (2008), and Senegal (2005).

being the same as for OECD/DAC aid (UN–ECOSOC, 2008:36), with very few exceptions.⁹³

Two non–excluding explanations seem to be much more reasonable. First, ‘emerging donors’ might not apply conditionalities due to a normative stance. They have all gone through negative experiences as aid recipients and the still very fresh memories of external impositions, whether from colonialism or related to the ‘Washington Consensus’, might have their policymakers embrace the idea that conditionalities are *wrong*. The second reasoning is that there is a historical attachment of the idea of conditionality as part of a ‘Northern identity’, as something that only ‘*they*’ do when providing ‘foreign aid’. And regardless of whether policymakers *believe* in the ‘conditionalities–are–bad’ normative framework, Brazil, China, India, and South Africa’s policymakers don’t want to have their countries perceived as hypocrites. If their foreign policies are based around a ‘developing’ identity, critical of actions, and attempts by ‘rich’ countries and international organizations such as the IMF, any potential gains from ‘invading’ another country’s sovereignty would be very costly. Promoting conditionalities would mean running the risk of losing legitimacy to complain if someone else (like a DAC donor) demand these towards them.

Nonetheless, it is possible to argue that Brazil, India, and South Africa will be increasingly pressured to impose *political* conditionalities. These include good governance and respect to human rights, both connected to the concerns that non–interference “makes it difficult for the civil society to be included especially in the country showing a democratic deficit” (Lassey, 2010:8), as a serious lack of transparency in the terms and conditions of many SSC transactions precludes “any meaningful citizen participation in shaping policies and holding development partner governments accountable for their aid interventions” (BetterAid, 2010:4). Hence, for democratic emerging donors, the increased domestic visibility of ‘questionable’ friendships might be perceived as deeply problematic by their own constituents, something which can lead politicians in the opposition to take advantage of when criticizing the government in office. One way out of this conundrum can be to *formally* maintain the vows to no–conditionalities and non–intervention while having the domestic ‘development bureaucracy’ drag their feet in regards to any negotiation or execution of a previous agreement with an undesired partner.

⁹³ In this report, only Burma/Myanmar was labeled as an exception.

Public knowledge

As already stated, the bulk of knowledge shared through technical cooperation agreements by 'Southern donors' has its origins in state-sponsored development-related research. Most of the innovations in development that are shared with other developing countries – whether related to health, energy, technology, agriculture, poverty mitigation, reduction of inequality, etc. – have their origin in the country's *own* needs. It is still very common for development-related knowledge to still be fully under the state's grip and the know-how being shared to be under the control of a Ministry/Secretary, a government institute, a state-owned enterprise or a publicly funded research body. And unlike in the case of most developed countries, 'emerging donors' in general have no significant histories of public-private partnerships in producing knowledge (whether 'social' or technological). The bottom line is that when it comes to technical cooperation agreements from 'emerging donors', the rule is that the knowledge they share is *state-owned*.

Two corollaries follow this arrangement. First, the knowledge transfer is almost always done by people who work directly with the subject, i.e. public employees. Writing about India, but describing a situation that fits the reality of other 'emerging donors', "in areas such as social development, reproductive health, education, and taxation, *the only experts available in India are those employed in the public sector*" (Agrawal, 2007:10; emphasis added). This reinforces the State's presence and fosters clear and strong links between the projects undertaken and the 'donor' State's (foreign policy) interests.

The second corollary is that under this sort of arrangement, the private sector in general plays a small role in creating knowledge to foster development. The historical quest for development shared by most 'emerging donors' – particularly China, Brazil, and India – was one that occurred when they had either none or very weak private sectors. The only strategies were to grow via the State or by relying on foreign partners. Considering the context of the Cold War and these three countries' embrace of a non-aligned position, along with the seriousness of the challenges these nations faced to develop, it is unsurprising that the private sector was never a meaningful player. The challenge of proving even basic levels of food, healthcare, water, energy, and housing for *hundreds of millions* of people was conceived as a *public* mission. The legacy is that even as these countries have opened their economies to the private sector in the past two

decades, even as these enterprises have thrived and flourished in many areas, most of what is conceived as essential parts for the State's development has remained in public hands. Compounding to all of this, is the public sector which has rights over the knowledge it obtains (and wishes to share).

The next subsections will deal with specific aspects of China, India, and South Africa as 'emerging donors' of 'development assistance' with a focus on technical cooperation. It will cover each country's brief history as 'donors', main strategies and areas of knowledge transfer, institutional framework for 'aid' provision, and position on tying technical cooperation.

4.3.1. 'EMERGING DONOR': CHINA

China is now the world's second largest economy⁹⁴. Nonetheless, its government firmly categorizes the country as a *developing* nation, usually highlighting the (non-trivial) number of some 350 million Chinese living on less than \$2 a day⁹⁵. It also claims to conceive and provide 'development assistance' under the tenets of South-South Cooperation, consciously presenting itself as a Southern partner (see Eckl & Weber, 2007). Like other emerging donors, China is a *net* donor. This means it not only provides assistance but it also still *receives* it – something quite frequently overlooked. As a matter of fact, in 2011, DAC donors committed over \$1.7 billion in ODA to China (OECD, 2013:14)⁹⁶. But in contrast to other emerging donors, the Chinese government appears to be undisturbed by being labeled a *donor* or using the term *foreign aid* for what it does, something that can be easily seen in official documents (China, 2011).

There is great difficulty in finding exact figures regarding how much is provided by China under the rubric of foreign aid, much less details as to *how* and *where* the amounts were spent (Brautigam, 2009; Chin, 2012; Davies, 2010; Grimm et al., 2011; Smith et al.,

⁹⁴ Measured in GDP (PPP).

⁹⁵ World Bank's estimate for 2009; source: World Bank's online statistical database (<http://povertydata.worldbank.org/poverty/country/CHN>)

⁹⁶ Commitments are not the same as disbursements: the former reflects the *expected* amount to be given in a period yet to come, while the former is the *actual release* of funds. For 2011, the amount of ODA disbursed by DAC donors to China was \$479.78 million, but there are no details available regarding the commitments that originated this disbursement, such as when they were made or by whom. Nonetheless, DAC/ODA disbursements to China have been visibly shrinking: \$1.4 billion (2007); \$1.39 billion (2008); \$ 1.19 billion (2009); \$748 million (2010). Source: OECD statistics (QWIDS system).

2010), as “aid figures are treated as state secrets” (*The Economist*, 2011a). If one uses a broader definition of foreign aid⁹⁷, China might actually be the world’s second or third largest bilateral donor, having provided somewhere between \$20–30 billion in 2010 (Chin, 2012:581). More narrow definition puts China’s development commitments at a (relatively) much lower level: between \$1–3 billion (De Haan & Warnerdam, 2011:4). Brautigam (2013) posits, for instance, that China allocated direct expenditures of about \$2.5 billion on official aid. China’s official forms of foreign aid are the following: “complete projects, goods and materials, technical cooperation, human resource development cooperation, medical teams sent abroad, emergency humanitarian aid, volunteer programs in foreign countries, and debt relief” (China, 2011). Brautigam (2013) explains that this number would cover all the short term training courses, the youth volunteer program, military aid, some turn–key projects funded by grants and zero–interest loans (like stadiums, hospitals, schools, agro–technical demonstration centers, government buildings) but does not include the concessional loans. Regardless of the exact number, for this thesis it suffices to know that this country is the strongest ‘*emerging*’ donor in terms of financial capacity, and increasingly one of the strongest of all donors of development assistance (including DAC members) in this rubric. Due to its importance, China’s case will be investigated in more detail than India and South Africa’s.

Just as many other ‘Southern’ donors, China has a long history as a provider of development assistance. The country’s first incursions in this landscape began already in the early 1950s: it gave material support to North Korea and Vietnam (1950), participated in the Bandung Conference (1955), and began to provide aid to African countries (1956). The political dynamics of the Cold War ended up having important direct and indirect influences upon China’s aid strategies. Its partnerships, for instance, sought to promote the recognition of Beijing (and not Taipei) as being ‘*the*’ voice for China, as well as strengthening the non–aligned movement.

Still, for many decades, its foreign policy ambitions had to coexist with the reality of a country which struggled with domestic economic constraints. The government was able to provide some financial aid to most partners, but the situation did not allow the government the luxury of providing voluminous grants and loans to all desired partners in a systematic manner. The establishment of diplomatic ties with China/Beijing was

⁹⁷ This would include grants and no–interest development loans as well as the lines of concessional financing that are issued under the rubric of ‘international economic cooperation’.

normally accompanied by an offer of assistance: usually, a zero-interest credit, made available for a specific number of years, and which could be drawn on to finance projects agreed on by both governments (Brautigam, 2008:8–9). Technical cooperation however, was readily available and doable, being a worthy mechanism for low-cost and continuous engagement; for example, according to official sources, from 1953 until 1979, China hosted a large number of trainees from countries like North Korea, Vietnam, Albania, Cuba, and Egypt (China, 2011). As said by Cooper (1976:14), China’s technical assistance programs served as “a tool of its external relations”.

Technical cooperation has never stopped being a part of China’s approach to foreign aid⁹⁸. It continues to be a foreign policy mechanism used under the framework of South–South development engagements. But as China’s economy opened in the late 1970s and began the process of growing at impressive rates, the country embraced and expanded the use of *other* SSC mechanisms with much more impetus. In the 1990s the government took a series of measures to reform its foreign aid structure, focusing on *diversifying* the sources and means of funding, all the while continuing to enlarge the scale of technical training (China, 2011).

Nowadays, Chinese aid is generally given through projects, and has also been used to finance the purchase of (*Chinese*) vehicles, equipment, and material goods. The two main instruments of aid used by China are “complete plant projects (turn–key projects that involve construction or repair of buildings, infrastructure or facilities of some kind) and *technical cooperation* projects that involve training and assistance” (Brautigam, 2008:15–16; emphasis added). Hence, despite the absolute increase in number of technical cooperation projects, its *relative* weight as a foreign policy tool in China’s current overall approach to providing development assistance has become much smaller in the past two decades. So, while technical cooperation still matters in China’s development assistance, it does not matter as much as it once did.

As said, when it comes to China’s foreign aid, it is very difficult to gauge exact figures and details. This challenge is even more dramatic when it comes to finding thorough

⁹⁸ The government has divided what in this thesis is understood as technical cooperation – exchange of knowledge and know–how – in two categories: ‘Technical Cooperation’ and ‘Human Resource Development Cooperation’. This subdivision (whose reasoning behind it isn’t quite clear) will not be taken into account for this analysis as both categories will be put together under ‘technical cooperation’. For full details on how the government defines each subcategory, see China (2011).

information and analysis focusing solely on the country's technical cooperation programs. Technical cooperation tends to be only briefly mentioned in the literature, usually when authors talk in broad strokes about the mix of mechanisms used. When there is some further detailing, it is usually concerning funding mechanisms (grants, loans, lines of credit, etc.). As these are incredibly significant in volume, this is somewhat understandable. The little data available on China's technical cooperation comes basically from the government, which recently stated that

By the end of 2009, China had run over 4,000 training sessions of different types for developing countries, attended by some 120,000 people, including interns, managerial and technical personnel and officials. These trainees were from over 20 fields, including economy, diplomacy, agriculture, medical and health care, and environmental protection. At present, roughly 10,000 people from developing countries receive training in China every year. (...) In 1981, China worked with the UNDP to implement the Technical Cooperation among Developing Countries (TCDC) program in China, it has trained more than 6,000 technicians for other developing countries in more than 20 years. Since 1996, China has cooperated with FAO for sending Chinese agricultural experts to developing countries. By the end of 2009, China had sent more than 700 agricultural experts and technicians to Africa, the Caribbean and the Asia–Pacific area. (China, 2011)

The combination of little information to work with, and technical cooperation's (relative) minor significance within China's full aid provision framework have led to a situation where it is almost impossible to analyze in depth China's TC. Still, this does not mean that relevant assessments can't be made. Despite the aforementioned deficiencies, the literature available does allow for a more thorough analysis of China's position to *tying* the provision of technical cooperation to commercial gains.

The consensus is that China does in fact tie its foreign aid in general, including technical cooperation agreements in particular (Brautigam, 2009, 2012; De Haan & Warnerdam, 2011; Anderlini, 2007; Economist, 2011a, 2012; Nour, 2011; Mwase & Yang, 2012; Wang & Ozanne, 2010; Wenping, 2013). As a matter of fact, there are accounts dating from the 1960s that tied agreements were an intrinsic part of the *modus operandi* for Chinese aid: "Almost all of China's aid has been in the form of Chinese product or credits to purchase Chinese goods, rather than in foreign currency" (Ching–Chu, 1964:18).

From a broader perspective, China (like most countries) does not have a single motivation to provide development assistance in general, and tying technical cooperation projects can serve more than a single need. For Brautigam (2009:15), one of the most recognized researchers in Chinese foreign aid, "like the US, China gives aid for three

reasons: strategic diplomacy, commercial benefit, and as a reflection of society's ideologies and values". Rowlands (2008:6) explains that as the country's industrial sector began to expand and the Cold War subsided, *commercial* motivations gained strength as the government sought to secure access to natural resources. At the same time, as the country's global role expanded, so did the reach and magnitude of its assistance. Former World Bank country director for China, Yukon Huang, highlights that the country has been using its formidable financial assets to further its own interests, such as expanding its exports and promoting the internationalization of the Chinese currency (Voice of America, 2011). Brautigam (2012) points out that tying export credits to your own country's exports is still the norm, and asks "why else would countries have a government instrument to intervene in trade?".

China's development assistance extends throughout all continents, with visible attention given to African nations (e.g., Anderlini, 2007; Brautigam, 2008, 2009, 2011a, 2012, 2013; Kragelund, 2008, 2010; Woods, 2008; Six, 2009; Wang & Ozanne, 2010; UN, 2010; OECD, 2011a; De Haan & Warmerdam, 2011; Nour, 2011; The Economist, 2011a; Mwase & Yang; 2012; Chin, 2012; Nossiter, 2013; Wenping, 2013). Sino–African assistance has taken "several shapes, and forms, from health and education projects to the construction of official buildings, stadiums and roads" (UN, 2010:44). Aid and FDI "are coordinated so closely that it is not clear what components of interaction with African countries can be classified as aid or FDI" (UN, 2010:51). For example, the \$5 billion China–Africa Development Fund can be used as a case of tied policy related to financial investments. Here, the agreement was structured in a way that the money was to be used to invest exclusively in Chinese enterprises and their projects in the African continent, with investments concentrated in companies and projects related to natural resources, as well as infrastructure, agriculture, manufacturing, and industrial parks set up by Chinese companies in Africa.

China's decision to tie its foreign aid – and technical cooperation projects – seems to be most easily explained by 1) commercial interest and 2) a normative reasoning that reinforces this path. To begin, the overall picture of Chinese foreign aid actually points to a picture of an unclear – perhaps even *non-existent* – boundary between aid and commercial interests (Brautigam 2009; De Haan & Warnerdam, 2011). Chinese tied foreign aid generally implies in assistance being provided on condition that the projected work is undertaken by Chinese companies, the bulk of fund transfers are from the

Chinese government and banks to those Chinese companies, and quite commonly, with Chinese labourers being sent to work on the projects. The situation of Chinese workers being sent to work on Chinese aid projects abroad has been summarized in the following way:

the [Chinese] government prides itself of the fact that its aid workers do not receive the high salaries and live in the luxurious conditions of Western experts. In fact, this is one the Eight Principles for economic aid and technical assistance to other countries set forth by Zhou Enlai in 1964. According to these principles, Chinese experts dispatched to provide assistance in recipient countries are to have the same living standards as their local peers, and were permitted to make any special demands or enjoy any special amenities. (De Haan & Warnerdam, 2011:6)

This means that Chinese aid usually “involves a complete package of measures, combining technical solutions with financing backed by state-owned banks, together with Chinese labour to implement them” (Wang & Ozanne, 2010:13). Interviews with Sudanese managers of Chinese aid projects in Sudan revealed that

in the opinion of the managers of these projects, the Chinese aid, development assistance, loans and grants has been extremely importantly tied to trade in oil and export of Sudanese oil to China (75%), tied to the implementation of these projects by the Chinese companies (75%), tied to the purchase of machines, equipment and raw materials from China (88%), it is moderately tied to investment in oil (63%) and to utilization of Chinese inputs and labour (63%) and slightly tied to the purchase of other Chinese goods and services (38%)” (Nour, 2011:13–14)

This situation is certainly bears a close connection to China’s institutional arrangement relative to the coordination and provision of aid. The link between Chinese aid and trade is not new or accidental, but a legacy of its history of planned economy: since 1952 the provision of materials and international flows of all materials related to foreign aid were controlled by Ministry of *Foreign Trade* (Cheng et al., 2012:5; emphasis added)⁹⁹. Currently, the central department managing development assistance is located in the Ministry of Commerce (Rowlands, 2008:10). More specifically, it is organized by the Department of Foreign Aid in the Ministry of Commerce (MOFCOM), which cooperates with the Ministry of Foreign Affairs (Brautigam, 2009, 2010, 2011a). As put by Cheng et al. (2012:6), “No wonder that commerce is inevitably one of key features of China’s

⁹⁹ The authors detail a bit more this institutional history: “In 1982, Ministry of Foreign Trade was merged (...) and became the Ministry of Foreign Economic Relations and Trade. In 1993, the Ministry of Foreign Economic Relations and Trade was renamed to the Ministry of Foreign Trade and Economic Co-operation. In 2003, the former Ministry of Foreign Trade and Economic Co-operation (MOFTEC) went through a reorganization and was renamed Ministry of Commerce.” (Cheng et al., 2012:5)

international aid policy. For good or bad, the market elements are part of [the] gene of China's foreign aid policy".

The standard practice seems to lead to an Economic and *Technical Cooperation Agreement that is essentially a line of credit* and then ask the government to suggest projects that could be funded under the credit (Brautigam, 2008:21; emphasis added). Chinese aid projects financed through grants and zero-interest loan projects source almost all their procurement from a list of approved Chinese firms (Brautigam, 2011b:2). While *state-owned* enterprises are not part of the State's aid policy formulation process, they are believed to play an important – and growing – role in recent years, driven by interests to secure raw materials and expand markets.

Compounding to this institutional framework is the underlying issue that seeking commercial gains in the provision of foreign aid is seen as quite natural and unproblematic. This position is almost diametrically opposed to the one adopted by both the Brazilian and South African governments, and certainly much more vocal and visible than the one embraced by the Indian government. So while the Chinese government embraces the SSC principle of non-conditionality, the idea of tying of the foreign aid given to the purchase of Chinese goods and services does not appear to be seen as problematic or as a contradiction to the spirit of SSC.

The idea of *mutual benefit* is a key element in understanding the normative logic behind tying Chinese foreign aid in the context of SSC. As a matter of fact, it has been said that the notion of untied aid is *absent* in China (De Haan & Warnerdam, 2011:10). To understand the roots of this position, a good place to start is by looking closely at the 1964 Chinese speech called 'Eight Principles for Economic Aid and Technical Assistance to Other Countries'¹⁰⁰. To this day this declaration is promoted as representing the basic principles for China's foreign aid. Among other things, it states that the Chinese government "always bases itself on the principle of equality and *mutual benefit* in providing aid to other countries" (emphasis added), and that it "strictly respects the sovereignty of recipient countries, and never attaches any conditions or asks for any privileges".

Under this light, tying is not 'exploitative' – quite the contrary. It can be (unapologetically) embraced as part of a win-win relationship. The Chinese government has publicly

¹⁰⁰ The speech was given by Premier Zhou Enlai, in Accra (Ghana), on January 15, 1964.

argued *in favor* of tying its foreign aid by claiming it minimizes the opportunities for corruption, inasmuch as it would help lower the risk of financial mismanagement and misappropriation of funds (Wang & Ozanne, 2010; Mwase & Yang, 2012). According to Chin (2012), this positive view of China's approach is not just rhetoric, but actually is a part of a more entrenched ideational framework. In the case of Chinese aid to African nations,

the official view of the Chinese government—and the conventional understanding among Chinese scholars—is that China gives aid to Africa in ways that are selfless, demand driven, without conditionality and based on mutual respect and understanding, effectively integrates aid, trade and investment and gives priority to fast and efficient delivery of promised projects. (...) Chinese officials and scholars were initially perplexed by the growing foreign criticism directed at China's aid to Africa, especially accusations of China acting as a 'neo-imperialist' power. (Chin, 2012:588)

Nonetheless, there might be a limit to how acceptable for the are recipients the Chinese claims of *mutual* benefits. In recent years, the reports of African nations pushing back on the terms and conditions of Chinese aid have increased significantly. The word “colonial” is being tossed around, and the Chinese have come more frequently to be viewed with mixed feelings—especially in smaller countries, where China's weight is felt all the more (*The Economist*, 2011a). Leaders from some African recipients have started to verbalize publicly that the current economic arrangements are not sustainable over the long term, and have put in question the environmental and social standards in China's aid projects, the quality of imported Chinese goods, the use of Chinese workers and suppliers, and the lack of transparency in the whole process (Chin, 2012:587). Even some cash-starved African nations are pushing back and suggesting that the days of unbridled influence by the African continent's mega-investor may be waning, for as grateful as they are for Chinese-built roads and ministry buildings, many are choosing to no longer be passive partners (Nossiter, 2013).

4.3.2. 'EMERGING DONOR': INDIA

One of the most fascinating aspects about India's position as an emerging donor is that not too long ago, it was the world's largest aid recipient (in total volume) for almost four decades¹⁰¹. It is estimated that between the early 1950s and early 1990s it received

¹⁰¹ Bijoy (2009:65) does highlight that “when translated into per capita terms [the country] appears much less reliant on aid”.

somewhere around \$55 billion of foreign aid¹⁰². But times have changed and the country appears to have transitioned to a net donor of development assistance¹⁰³. Nonetheless, it sits in a more fragile situation than the other emerging donors in one important point: over two-thirds of its population is still very poor. In 2010 there were more than 800 million people (!) in the country still living on less than \$2/day, meaning there are more people living in poverty *inside* of India than in Sub-Saharan Africa (approximately 600 million)¹⁰⁴. This has led Fuchs & Vadlamannati (2013) to call India ‘the *needy* donor’.

While traditionally India’s development assistance programme has at best been a marginal component in the overall foreign policy framework (Chaturvedi, 2012), like other emerging countries it is now actively “using aid to win friends and influence people abroad” (*The Economist*, 2011b). This transformation can be seen as being driven by a combination of factors, including India’s self-conscious role as an emerging power, its competition with China for political influence and energy resources, and the rapid growth of its economy, including both its non-profit and private sectors (Agrawal, 2010:43). India has come to see its receipt of assistance as antithetical to its vision, as an emerging, self-reliant nation, with global ambitions and influence, and sees its role as a donor as an important facet of its regional hegemony and as representative of its growing global political and commercial ambitions (Rowlands, 2008:6). Becoming an emerging donor would also be a reflection of the government’s interest in developing the country’s soft power credentials, something which had long been neglected as a tool of statecraft (Lee, 2010; Purushothaman, 2010).

There are no precise numbers on how much the country has recently dispensed for its development initiatives due to a lack of transparency and availability of official numbers, as not all Indian development assistance has flown through well-established channels or under clear budget headings (Agrawal, 2007:5), leading to diverging methodological understandings over what counts (or should count) as India’s development assistance. Most reports indicate that the yearly spending since the mid-2000s has been over \$1 billion (India, 2007:19), and nowadays as high as \$1.3–\$1.5 billion (Mullen & Gangully, 2012; Sharan et al., 2013) or \$3 billion (Chaturvedi, 2012), with Davies (2010:29) reporting the difficulty of finding a precise number:

¹⁰² While this number is mentioned by various authors (Bijoy, 2010; *The Economist*, 2011b; Chin, 2012; Mullen & Gangully, 2012), there is no mention to its original source.

¹⁰³ For Chin (2012:585) this transition has not yet happened.

¹⁰⁴ Source: World Bank’s online database (<http://povertydata.worldbank.org/poverty/home/>).

In 2007 India announced an annual expenditure for development cooperation of about \$1 billion, a figure quoted in several studies. However, Indian government reports suggest that its annual aid and loan program was \$609.5 billion in 2008/09. A UN ECOSOC study puts India's development cooperation in 2006 between \$504 million and \$1 billion, the equivalent of 0.06–0.11 per cent of GNI. It is unclear if the figure includes all concessional loans, or just the resources made available to the Indian EXIM Bank for interest equalization and subsidy.

The federal government's 2003–04 budget speech is considered a milestone in India's road to becoming an emerging donor. The then finance minister, Jaswant Singh, announced that a stage had come in the country's development where it should 1) review its dependence on external donors, 2) extend support to the national efforts of other developing countries, and 3) re-examine the line of credit route of international assistance to other countries. While grateful for aid it had received, India would now prefer to provide relief to certain bilateral partners, and – more importantly for this thesis – the country *would no longer accept tied aid*. Although the actual policy changes were softer in the beginning than the speech seemed to imply, the government made clear its intention to play an important role in the world of international development cooperation (Fuchs, 2013:111). At the same time, the Minister Singh also announced a proposal to create the India Development Initiative (to be established in the Ministry of Finance) as a way to promote the country “as both a production centre and an investment destination [and] leverage and promote [India's] strategic economic interests abroad” (India, 2003:§117).

In 2007, there was another attempt to establish a specific body for governing its outgoing development assistance, which failed because of a lack of agreement between the Ministries of Foreign Affairs and Finance on the location of the proposed agency (Konijn, 2013). Only in 2012 would India have such a structure, the Development Partnership Administration (DPA). Placed under the control of the Ministry of External Affairs (MEA), this can be read as a tacit acknowledgment by the Indian government “that development cooperation cannot be divorced from the broader foreign policy strategy and national interests” (Sharan et al., 2013:5).

But as all other emerging donors and most developing countries, India is by no means a novice to the provision of some sort of development assistance. Its actions began a few years after gaining independence with the Colombo Plan, the Bandung Conference, and the context of a nascent South–South Cooperation and Non–Aligned Movement.

Unsurprisingly, the norm of unconditional interference evolved to be a tenet of Indian foreign policy (Jobelius, 2007:6).

Technical cooperation was the main mode of engagement as ‘assistance’, something unsurprising, given the country’s cash–strapped reality. This was part of a conscious effort to build solidarity with other Afro–Asian nations and promote economic cooperation among post–colonial states (Sharan et al., 2013:3), with the majority of concrete actions going to neighbouring countries. The bulk of India’s overseas assistance still goes to Bhutan and Nepal, and it is estimated that Bhutan alone represented almost 30 percent of all Indian overseas aid between the 1990s and mid–2000s (Agrawal, 2007:6)

The idea of SSC through technical cooperation was given a major boost with the Indian Technical and Economic Cooperation (ITEC). Its chief architect was the country’s first Prime Minister, Jawaharlal Nehru, who ardently pushed for ‘modern temples of science’, and established the framework and the priority for India to become a technologically self–sufficient country (Agrawal, 2007:9–10). Established in 1964, ITEC was conceived under the idea that

it was necessary [for India] to establish relations of mutual concern and inter–dependence based not only on commonly held ideals and aspirations, but also on solid economic foundations. *Technical and economic cooperation was considered to be one of the essential functions of an integrated and imaginative foreign policy.*¹⁰⁵

Although ITEC began small in monetary terms, it is estimated that over \$2 billion were provided in technical assistance to developing countries through the ITEC programme in its first forty years (Chaturvedi, 2012:570). Among its over 40,000 alumni are many senior public officials, bureaucrats, and politicians from other developed countries – such as Afghan President Hamid Karzai – who received their educational training in India. There is no clear answer to if this program has actually generated positive rewards over time. The government’s position is that they have a friendly disposition toward India, under a conceptualization that ITEC’s technical cooperation is a very visible and successful part of Indian diplomacy, a view shared by Mullen & Ganguly (2012) and Sharan *et al.* (2013). On the other hand, it might just be that “ITEC programs have not resulted in long–term political value for India” (Agrawal, 2007:9). In any case, ITEC remains India’s main reference for technical cooperation to this day. Although the following assertion could not be confirmed or updated from other sources, the same

¹⁰⁵ Source: ITEC’s webpage (<http://itec.mea.gov.in/>)

author reports that “currently almost 50 percent of all ITEC program slots [were] related to information technology [and] much of the training in this area is *subcontracted to private companies*” (Agrawal, 2007:9).

Agrawal (2010:44) argues that “the single–most defining characteristic of India’s overseas aid program is that it attempts to share India’s own experience in poverty alleviation and development”, with notable expertise in information technology, auditing, pharmacology, public administration, and textiles research (Mathai, 2013). But there is reason to believe that technical cooperation’s *relative* weight as a foreign policy mechanism is smaller nowadays. Since the mid–2000s the Indian government has been actively engaged, and with greater impetus than even, in many other facets of SSC such as financial investments, trade promotion, credit lines, debt cancelations, humanitarian assistance, etc. India is now in a position to provide direct cash transfers and subsidized loans (Mullen & Ganguly, 2012), and there is a significant volume of money available for a variety of actions, along with incentives *from* and *towards* the government to expand its South–South actions through these other mechanisms. So while technical cooperation is still an integral part of India’s ‘development assistance’ project, the government now has many other options for engagement.

India’s project as an ‘emerging donor’ seems to involve several goals beside the altruistic and humanitarian ones, including geopolitical, diplomatic, and commercial interests as well. Its ‘development assistance’ is couched in a discourse of mutual benefit and economic cooperation (Konijn, 2013). India’s choices seem to have been based primarily to ensure secure sources of energy for an expanding economy, opening markets for India’s increasingly export–oriented industrial and service sectors, and bolstering geostrategic ties with key neighbors, with larger mercantilist goals underpinning the country’s overall provision of ‘development’ (Mullen & Ganguly, 2012), with increasing interest and partnerships in Africa (Mullen & Ganguly, 2012; Six, 2009; Kragelund, 2008; 2010; 2011).

Commercial interests play a very important role in India’s ‘development assistance’ programs. In fact, “many foreign diplomats and donors consider a large part of what India spends on development assistance as *nothing more than an export subsidy scheme for surplus goods*” (Agrawal, 2007:8; emphasis added). It has “learned from China” that development assistance can provide seed money to enable the entry of

private commercial interests (Mullen & Ganguly, 2012), a position that does not seem to be exactly secretive. A high-ranking member of the Ministry of External Affairs, Special Secretary Shri PS Raghavan, recently declared that measures were “being explored for combining development partnership with India’s private sector investments as an effective way of expanding India’s development footprint abroad” (Raghavan, 2013). This position seems to be shared by other experts as well:

In the round-table discussions [on *India’s development cooperation in a changing global environment*], it was acknowledged that the private sector’s comparative advantages in job training and technical expertise could be effectively allied with public sector experience in development cooperation. (...) It was noted that if Indian development cooperation is to include a significant private sector component, it should be structured in a way that makes economic sense for firms. India already has tools at its disposal that could be deployed to promote private sector-instigated development cooperation in targeted nations. For example, some ITEC funding could be earmarked for Indian companies best positioned to provide in-country skills training, particularly in areas such as infrastructure and telecom.” (Sharan et al., 2013:11–12)

India rejects conditionalities in its South–South ‘development assistance’ projects but it does not extend the sentiment to *tying* the projects it provides to the purchase of Indian equipment or services, such as automobiles and trucks, ground–water pumps, pharmaceuticals, public health infrastructure or railway equipment (Agrawal, 2007, 2010; Fuchs & Vadlamannati, 2013; Roy, 2013). This is exemplified by India’s relationship with African nations:

Historically, there has been little integration of trade, FDI and aid by India in Africa. However, in very recent years this has changed significantly. (...) [A]id and FDI have been bundled together in a package, and the Indian State has also played a role as an investor in collaboration with one of its largest firms. (UN, 2010:59).

In a recent speech given by country’s Foreign Secretary, Ranjan Mathai, the position was that the country’s “underlying philosophy remains that which underpins South–South Cooperation”, where “we [India] do not attach conditionalities, we do not prescribe policies and we do not challenge national sovereignty” – but no mention made to tying agreements (Mathai, 2013). Since India refuses to accept tied aid, this implies that the government consciously applies different standards in its roles as donor and recipient of development aid (Fuchs & Vadlamannati, 2013:126).

4.3.3. 'EMERGING DONOR': SOUTH AFRICA

South Africa's 'development assistance' program began in the context of apartheid and Cold War-related struggles in the African continent. In the late 1960s the 'Economic Cooperation Promotion Loan Fund' was set up to direct funds to developing countries, especially African ones, as well as to its so-called 'Homelands' in an attempt to 'legitimize' their (fictional) independent existence. Assistance was provided to countries with three main goals: 1) gathering diplomatic support from the recipients in the UN and international negotiations, as the world increasingly isolated the racist regime; 2) as a mechanism to support its anti-Communist campaign in the continent; and 3) as a way to facilitate trade relations with some countries, as international sanctions grew against apartheid.

With the shift towards political and racial democracy, its conception of 'development assistance' has emphasized regional integration, post-conflict reconstruction, and humanitarian assistance. All the while it has remained still basically focused on the African continent, with few initiatives – mostly humanitarian aid – outside of the region (on South Africa's SSC, see Braude et al., 2008; Qobo, 2010; South Africa, 2010; and Sidiropoulos, 2011). This is in many ways is a consequence of a broader goal to promote the country's *African* identity and the vision of an 'African Renaissance'. In 2000, the government created the African Renaissance Fund (ARF), envisioned not as an instrument to provide aid but rather to establish partnerships, demonstrate solidarity, and support the economic empowerment of Africa by funding activities of co-operation, democracy and good governance, conflict resolution, social and economic development, humanitarian and disaster relief, technical co-operation, and capacity development (Besharati, 2013:19).

Although the absence of systematically collected aid data value leads to varied estimates (Davies, 2010:30), it is safe to say that South Africa became a net development 'donor' in the early 2000s. While its development projects are smaller in scope, scale, and ambition than those of Brazil, China, and India, its total aid contributions are the largest of the BRICS countries in per capita gross domestic product (GDP) terms (Chin, 2012:585). While Chin (2012), Vickers (2012) and Besharati (2013) posit that South Africa spends more than 0.7% of their GDP in 'development assistance, O'Riordan (2013:3) vehemently challenges this. For this author, "South Africa is miles away from meeting that target. The 2011/2012 budget records revenue of R734bn on a

GDP of R3tn. The R500 million or so South Africa allocates to development cooperation would need to increase forty-fold to R21bn simply to reach 0.7% of GDP (lower than GDP)".

In April 2013, the government created the South African Development Partnership Agency (SADPA) as a means to structure and coordinate the country's development assistance activities. The South African government has been clear in its desire to be referred to as a development *partner* and not as a *donor*. This has not been haphazard: there is an awareness of the undissolved discomfort and suspicion from countries in the region over South Africa's 'true' intentions, and the references to the country as 'imperialist' or 'regional hegemon' (Taylor, 2011:1235–1239) and its contested continental leadership in Africa (Vickers, 2012:536). The term *partner* also reflects sensitivity to the continent's perception that South Africa may be replicating the role of a dominant economy in colonial relations (Braude et al., 2008:6).

South Africa often faces tension between its foreign policy and its constitutional democratic and human rights values, as critiques point out acts of leniency towards despots, warlords and corrupt leaders on the continent under the 'Southern banner' and the 'African brotherhood' frameworks (Besharati, 2013:23). Concerns over semantics might be a reflection of the government's sensitivity to (perceived) regional power dynamics. This might also help explain its approach to provide technical cooperation without commercial ties. Even with "hints that commercial interests have gradually creeping into South Africa's development assistance agenda" (Rowlands, 2008:6), these interests still appear to be minor.

Technical cooperation agreements play a significant role in South Africa's development strategy. The country has been strongly engaged in institution building, capacity-building, and human-resource development of African public servants across the continent, through training offered by its Public Administration Leadership and Management Academy (PALAMA), the Independent Electoral Commission (IEC), the South African army and police services, and other departments, along with its universities which charge students from neighbouring countries the same or similar fees as local students (Besharati, 2013:28).

South Africa has a small budget for development provision in general, but it is in a unique position of credibility when it offers to cooperate *with* Africa and *for* Africa, and to claim a better understanding of the problems that affect the continent's nations. Just as

many other donors, elements of egotism and altruism coexist in South Africa's assistance, inasmuch as "support for regional growth is both an act of solidarity and a way to enhance economic opportunities" (South Africa, 2010:25). With less cash available, "Pretoria's preference has been for technical cooperation to strengthen governance and build institutional capacity in Africa, indirectly extending the country's soft power and democratic norms and values across the continent" (Vickers, 2012:552–3). A similar assessment was made by Besharati (2013), stating even more firmly that

[w]ithout a doubt, development co-operation has been used in the past and present by Pretoria as a tool for soft diplomacy to promote foreign-policy objectives, but these include also the promotion of the MDGs, South–South co-operation, the African agenda and regional integration. Besharati (2013:24)

As it will be made clear in chapters 5 and 6, South Africa and Brazil have significant overlaps in their approach towards development assistance and unconditional/untied technical cooperation presents.

4.4. 'EMERGING DONORS': CONCLUDING REMARKS

The main goal of this chapter was to provide some more detail in to the characteristics of the so-called 'emerging donors'. These countries are unique inasmuch as their provision of development assistance simultaneously have similarities and differences to 'traditional' OECD/DAC donors and to other 'developing' countries which abide to South–South Cooperation. They overlap with 'traditional' donors in their ability to provide assistance systematically (as opposed to occasionally), to a broad range of recipients, and through an increasing number of mechanisms. At the same time, they retain their normative footing in the SSC paradigm, explicitly rejecting conditionalities, and self-identifying as a 'developing countries'. And while they are better able to provide development assistance with more frequency, through more paths, and with larger volume than their other 'Southern' peers, in general they still do not having the same financial power as most DAC donors.

This chapter focused on a few number of 'emerging' donors: Brazil, China, India, and South Africa. While other countries can fall under this classification, these four nations are particularly relevant in other dimensions of current international affairs – being also labeled emerging countries and four of the five BRICS nations. Thus, their development actions are more likely to have greater regional and/or global repercussions than other emerging donors.

As shown, there are considerable challenges in attempting to analyze ‘emerging donors’ as a group. The term itself is difficult to be defined, and with fuzzy boundaries over which countries fall in or out. The possible overlaps of the category ‘emerging donors’ with other ill defined country classifications (particularly ‘emerging countries’ and ‘middle powers’) reinforces the complexity involved in researching ‘non–traditional’ donors and ‘somewhat–powerful’ countries. If behaviours are understood through categories – “emerging donors do this...”, “middle powers’ act like this...”, “emerging countries prefer that...” – then definitional issues must be observed with care. As anticipated in chapter 2, just because a particular country can be categorized as a ‘middle power’ does *not*: 1) directly imply it will be an emerging donor; 2) determine the country’s level of engagement to provide technical cooperation; 3) indicate a donor’s interest to giving aid with or without commercial ties.

This chapter also showed that even after debates regarding definitions and categories are dealt with, and certain boundaries are chosen, the need to refine the analysis does not end. Echoing the assessment that “developing countries are hardly a homogeneous group” (Ekeko & Benn, 2002:128), emerging donors are also not a homogeneous group. Thus, even if there is agreement that Brazil, China, India, and South Africa ‘fit’ in the emerging donor’s category, their behaviour cannot be expected to be identical.

Since this thesis is interested in *variation* of countries’ foreign policies – i.e., why do some countries tie technical cooperation agreements and others do not? – it was necessary to provide at least a brief comparison among some emerging donors. Table 23 provides a summary of findings of China, India, and South Africa’s development assistance programs. It serves two main purposes: 1) highlight overlaps and divergences between these emerging donors, and 2) allow an easier comparison to Brazil’s case – the subject of the next three chapters.

TABLE 23 – EMERGING DONORS’ CHARACTERISTICS, SELECTED COUNTRIES

	China	India	S.Africa
History of provision (1) initial, (2) expansion	(1) Early 1950s (2) since late 1990s	(1) Early 1950s (2) since mid–2000s	(1) Late 1960s (2) since early 2000s
Labels: (1) ‘Donor’; (2) ‘Development Assistance provider’	(1) Both apparently comfortable being called ‘donors’ (2) Both apparently comfortable with giving ‘development assistance’		(1) Rejects label; prefers ‘partner’ (2) Uncomfortable
Main recipients	Global; strong attention to Asian and African nations (esp. resource rich)	Asian neighbours; East Africa (Indian diaspora); growing w/ resource–rich African countries	Southern African nations (esp. neighbours)
Main SSC instruments	Great importance to trade, FDI, grants, loans, military aid, debt cancellation; Tech. Coop.: important but relatively small in big picture	Increased attention to FDI, trade, lines of credit; Tech. Coop still important but decreased relative importance	Technical cooperation: main instrument
Conditionalities – notes	Sometimes used for ‘One China’ policy; strong outside criticism for ‘supporting’ undemocratic leaders	So far unconditionality is not a controversial topic	Growing regional pressure to balance non–interference with human rights’ protection in relationship with non–democratic nations
Ties	Both: immediate commercial gains are clear; tying frequent, used unapologetically; framed as acceptable SSC stance (i.e. ‘mutual assistance’) Ch: common to send own labour to work on projects	Ind.: important private sector involvement	Untied; ties not appropriate in SSC: reproduces N–S dynamic
Gains from Tech. Coop	1 st : Commercial gains 2 nd : Diplomatic gains	1 st : Commercial gains 2 nd : Diplomatic gains	1 st : Diplomatic gains 2 nd : Commercial gains

5. BRAZIL AS AN EMERGING DONOR OF TECHNICAL COOPERATION

As is the case for 'emerging donors' in general, Brazil's rise as a provider of development assistance has gained increased academic, media, and political attention (Sotero, 2009; Cabral & Weinstock, 2010; The Economist, 2010a; Inoue & Vaz, 2007, 2013). Brazil is certainly not alone in promoting the use of technical cooperation in its provision of development assistance – all donors tend to use this mechanism as well. Nonetheless, it stands out as one whose foreign policy has been explicit about using technical cooperation as the basis for its development assistance program, as opposed to concessional aid mechanisms such as grants or loans (Agrawal, 2007; Chin & Frolic, 2007; Rowland, 2007; Sotero, 2009; Kragelund, 2010; Lee, 2010; ODI, 2010; Lengyel & Malacalza, 2011).

As already posited, the most significant contrast Brazil's provision of development assistance has to most 'traditional' and powerful 'emerging' donors is its choice to provide technical cooperation through unconditional and untied agreements. This chapter's main goals are to understand *the broad contours of Brazil's provision of technical cooperation* and the *gains sought from choosing to provide technical cooperation with no strings attached*. The timeframe focuses primarily on President Lula's (2003–2010) and Rousseff's (2011–current) tenures, with contextual references going back to the mid–20th century.

Three assumptions are made. First, Brazil *could* place strings upon its development assistance provisions. This is important because it differentiates Brazil from other developing nations, as in practice these would generally be unable to enforce any kind of imposition from recipients. Power asymmetries between Brazil and the vast majority of recipient developing nations are significant enough that this donor could attach conditionalities and/or ties to its provisions. The fact that it chooses not to attach either – while other emerging donors like China and India tie agreements – is meaningful.

Second, as expected by Realists, Brazil's actions regarding development assistance are motivated primarily by self-interest. However, acting in one's self-interest in the international system is not antithetical to seeking cooperation with other countries. If a donor's self-interest hinges upon help or support from others, win-win strategies can be pursued. Third, empirical analyses of countries' foreign policies can only be properly

conducted by looking *inside* the State and the domestic elements which inform its foreign *policy-making* process.

As stated in chapter 1, the assertion that Brazil's policy is *not* to attach conditionalities or ties to its technical cooperation agreements rests upon a solid base. It comes from an evaluation of the relevant literature and policy documents, and dozens of interviews conducted in Brazil. To be fair, there are possible exceptions. Still, if a couple of cases were to be found, they would not *automatically* disprove the arguments posited. What matters more for this thesis is the general direction of how conditions and ties are interpreted as serving the country's 'national interest'.¹⁰⁶

There is the awareness of the great likelihood of frequent informal, *quid pro quo*, arrangements between the individuals involved the negotiations. As a matter of fact, quite a few diplomats and academics alluded to how these do in fact exist. However, when asked for more on the subject, they all explain that when this occurred, the expectation of reciprocity was *implied* between the parties as a *normal* – i.e., customary – reflection of the 'rules of the game' in diplomatic negotiations. Even more important to this thesis, the direct expectations sought by Brazil were at first of a *diplomatic* nature, such as counting on support (and votes) in international organizations and multilateral negotiations. Commercial interests are present in many (although not all) cases, and are generally expected to (indirectly) derive from the improved relationships, as opposed to coming *directly* from the technical cooperation agreements.

The only exception to this subtle tit-for-tat was mentioned by academic Miriam Saraiva¹⁰⁷, who only knew of one explicit case. She had once heard from an employee of the Community of Latin American and Caribbean States (CELAC) that in the last years of the Lula administration, one Brazilian diplomat serving at the organization would explicitly ask 'who are you voting for?' when countries would come and request Brazil's development assistance (in general). While one cannot discard the possibility of similar actions in other occasions, this case alone does not falsify the assertion that Brazil does not impose ties in its technical cooperation agreements – particularly because ties are related to the *purchase* of goods and services. If anything, it reinforces Brazil's active policy of seeking what this thesis calls 'diplomatic gains'.

¹⁰⁶ Of course, if there were *several* confirmed occurrences, then the case of Brazil's 'uniqueness' would be challenged.

¹⁰⁷ Interviewed in Rio de Janeiro, November 22nd, 2012.

In order to evaluate these issues, this chapter is divided in two main sections. Both provide the necessary background information on Brazil's provision of development assistance in general and technical cooperation in particular. The first section presents Brazil's path to being an a 'donor' from its very early steps to the post-2000s and current contours. The second details the numbers and characteristics of the current development assistance provided: how?, how much?, and to whom?.

5.1. BRAZIL: FROM RECIPIENT TO PROVIDER

Three important points come out of a historical analysis of Brazil's provision of development assistance. First, it reaffirms that an '*emerging* donor' is not the same as a '*new* donor'. As shown in chapter 3, most developing countries have (at least at some point) provided some form of development assistance. This is absolutely the case for Brazil's own experience as a provider, which can be traced back to the 1970s.

Second, technical cooperation has always been the main mechanism of Brazil's development assistance provision. This can be greatly explained by two factors: 1) as is the case of developing countries, weak financial capabilities limited the options available; and 2) there has been significant outside *demand* for Brazil's knowledge in certain areas. Third, the country initially adopted an unconditional but *tied* approach to its provision of technical cooperation. This would change throughout the 1990s, and since the 2000s, unconditional and untied has been the norm. This particular point will be explored throughout the chapter.

Before moving forwards, a couple of definitional notes should be reinforced: 1) the Brazilian government rejects being labeled a 'donor'; and 2) it vehemently claims it does not provide 'development assistance'. Both are terms understood as reinforcing a hierarchical structure between the parties involved: while the donor is the active/dominant party, the recipient is passive/ dominated. 'Assistance' is framed in the same negative light, embedding a paternalistic connotation and a vertical relationship, as opposed to a cooperation among equal partners (Rowlands, 2008:7).

For the head of the Brazilian Cooperation Agency, Ambassador Fernando José Marroni de Abreu, the Government's position is that Brazil is a *partner*, as "even if the contribution for the other partner is modest, there is always something to learn" (interview). In his view, Brazil should not be defined as an 'emerging donor', whereas as an "emerging (or developing) country which develops cooperation activities with other

countries, preferably in the South–South domain” (interview). A similar account was found by Inoue & Vaz (2013:527) in their interviews with Brazilian authorities emphasizing the country is not an ‘emerging donor’ or ‘new donor’, with the interviewees “[believing] that aid is related to a vertical relationship and that Brazil instead favors a ‘horizontal approach’”. Notwithstanding these issues, this thesis opts to use ‘emerging donor’ and ‘development assistance’ to address the Brazilian case for the sake of consistency of terms.

5.1.1. BRAZIL AS A DEVELOPMENT ASSISTANCE PROVIDER : HISTORICAL CONTEXT AND EVOLUTION

The history of Brazil as a *provider* of development assistance begins in the turn of the 1960s to the 1970s. While a National Commission for Technical Assistance (*Comissão Nacional de Assistência Técnica – CNAT*¹⁰⁸) was created in 1950, its goal was only to deal with development assistance *received by* Brazil. The sole ‘strategy’ as a provider during the 1950s and 1960s was the concession of academic scholarships (*bolsas de estudo*) for foreigners wanting to study in Brazil. In 1969, CNAT would be replaced by two bodies: 1) the Sub–Secretary of Economic and Technical International Cooperation (*Subsecretaria de Cooperação Econômica e Técnica Internacional – SUBIN*), controlled by the Ministry of Planning, which would be responsible for *policymaking* in this area and insuring integration with the government’s broad domestic goals; and 2) the Division of Technical Cooperation (*Divisão de Cooperação Técnica – DCOPT*), which was part of the Ministry of External Relations, and in charge of the “foreign policy of technical cooperation” (Valler Filho, 2007:67; Tr/Po). At that point, still no mention was made to Brazil as a provider of cooperation – only as a recipient.

The period between 1969 and 1978 can be characterized as Brazil’s first attempts to create a national system to coordinate technical cooperation and the first agreements with other developing countries (Inoue & Vaz, 2013:509). Brazil’s economy grew at great strides between 1968 and 1973, with low inflation and an average of 11% GDP growth per year. The time was right for Brazil to begin providing development assistance within its approach to South–South Cooperation.

By the early 1970s, there was a growing conviction that Brazil should take advantage of the experience acquired from receiving technical cooperation and transform it in to an instrument of domestic development and as a foreign policy tool (Puente, 2010:103;

¹⁰⁸ Decree 28.799/1950 (Tr/Po).

Tr/Po). Its foreign policy became increasingly guided by the quest to open markets, expand its political presence beyond its geographic region, and internationally reflect Brazil's status of an 'emerging power'. There was a clear goal to strengthen political, economic, and cultural links between Brazil and other Southern countries, not only in Latin America but also in Africa. This was especially the case with newly independent Lusophone nations, which increasingly requested assistance from Brazil (Leite, 2011:149; Tr/Po).

Brazilian technical cooperation, in this early phase, would serve to demonstrate Brazil's technological capacities, without the need of great financial commitment. But more importantly, it would be used to maximize opportunities to increase exports and the entry hard currency (Valler Filho, 2007:75). General Geisel (1974–1979) was chosen to be president in a moment Brazil's economy began to collapse.¹⁰⁹ The Oil Crisis served as a great trigger to the debacle, as the country had held an enormous foreign debt, which grew at a staggering pace due to ever-rising interest rates and an enormous dependency on foreign oil.¹¹⁰

General Geisel's direction to the country's international engagements was rooted in one word: *pragmatism*.¹¹¹ His Minister of External Relations, Azeredo da Silveira, was clear in what Brazil sought: economic development. According to Spektor (2004:215), Silveira faced no competition in international affairs with no other minister or direct advisor to the President – with the exception of the Ministers of Treasury, and Mines and Energy, which had more power than Silveira in economic and oil-related matters. All of this occurred in a time when “international trade was seen as an instrument of international assertiveness” (*idem*, 2004:200; Tr/Po). So not only was the Minister of External Relations endorsing commercial ties, those who could have contested his position had no interest to do. Hence, Cold War ideologies and Third World principles could be overridden in order to improve the country's weakening economic condition.

In this context, Brazil's provision of development assistance would serve as a mechanism to generate commercial gains for Brazilian companies, in a secured and

¹⁰⁹ Brazil was under military dictatorship between 1964 and 1984, and General Geisel was indirectly appointed by an Electoral College. He had held high-ranking political positions since the coup, and was the president of Petrobrás (Brazil's state oil company) between 1969 and 1974.

¹¹⁰ By 1975 Brazil imported between 75%–80% of its oil needs. It was also the number one oil importer within developing countries and ranked seventh in the world (Santana, 2006).

¹¹¹ In the first week as president he labeled this foreign policy vision as 'ecumenic and responsible pragmatism'.

short–termed setting. In the President’s own words to his Ministers, “we will propel our diplomatic actions, always alert to the discovery of new opportunities, to serve – in particular – our foreign trade interests” (*apud* Leite, 2011:127; Tr/Po). However, on the practical side, the commercial (and diplomatic) impact of tied agreements was minimal – if any. Most technical cooperation agreements involved only the training of technical staff from the recipient countries, which took place in Brazilian public institutions (Conde, 1990:72, *apud* Puente, 2010:104); the difficulty of finding civil servants willing to go for missions abroad contributed to this arrangement (Cervo, 1994:61). The lack of proper institutional structure or mechanisms to organize and coordinate actions with signed agreements made execution difficult (Leite, 2011:150). And with resources for cooperation dwindling by the end of the decade, technical cooperation was a marginal instrument in a shrinking project of providing development assistance by a country with mounting economic struggles.

Nonetheless, despite dire macroeconomic conditions and significant domestic changes, Brazil still managed to provide technical cooperation in the 1980s. According to Valler Filho (2007:77), much of this came from an *outside demand* for knowledge from renowned Brazilian public institutions (e.g., EMBRAPA, SEBRAE, SENAI, FIOCRUZ). Cervo’s (1994) numbers are impressive: out of 694 requests for Brazil to provide technical cooperation between the 1960s and 1980s, only 2 were proposed in the 1960s, and 26 in the 1970s – all others emerged during the 1980s.¹¹² But for most of the decade, the prospect of Brazil–as–a–development–donor continued to be more of an intention than a real possibility, and very few requests became projects, and even fewer were actually executed.

The change towards democracy (1984/1985) allowed new room for re–thinking the project. In 1986, the 1st National Development Plan for the New Republic (*I Plano Nacional de Desenvolvimento da Nova República*) was published. Its chapter on Foreign Relations (chapter IX) includes a specific mention to technical cooperation: it is to be incentivized especially in areas where “the contribution of bilateral and multilateral cooperation has a particular meaning for the consolidation and opening of regional and sub–regional opportunities”, with emphasis on Latin American and African partners due to “geographic, historic, and cultural affinities” (Tr/Po).

¹¹² Cervo (1994:49) credits this enormous demand to a positive image Brazil had as a developing country, which has spread in the late 1970s, specially in the aftermath of the Buenos Aires Conference of 1978.

Between 1986 and 1987, three agreements were signed between the UNDP and the Brazilian government, in order to provide a solid structure for Brazil's provision of technical cooperation with developing countries (TCDC).¹¹³ In 1987, the Brazilian Cooperation Agency (*Agência Brasileira de Cooperação* – ABC) was created.¹¹⁴ It replaced both SUBIN and DCOPT, making the new Agency fully nested within the Ministry of External Relations alone (ABC's institutional issues will be discussed in more detail in section 6.3); its competence incorporated both development assistance received *and* provided.¹¹⁵

The general assessment until that point was that whatever technical cooperation was provided by Brazil, it had served 'non-diplomatic' goals, such as strengthening economic links (FUNCEX, 1985:20; *apud* Cerro, 1994:43). In this sense, there are interesting parallels between Brazil's approach to providing development assistance (and technical cooperation) in the 1970s and 1980s and China's current policy: agreements without conditionalities, and with ties meant to secure commercial gains for few big national companies.

With the creation of ABC, Brazil's technical cooperation agreements would shift to serve *foreign policy* goals. They would change to an unconditional and *untied* character, albeit at a slow pace. According to Bobiash (1992:10), a document of the Brazilian Economic and Technical Cooperation Secretariat stated that "Brazilian technical assistance has become an important instrument 'for the commercial promotion of export of goods and services to other developing countries'". One interviewee with great knowledge in the cooperation provided in this period described it in the following way:

What is practiced today is not necessarily what was done 30 years ago. When ABC was created, late 80s, early 90, we did cooperation with a commercial interest. An example that I always give is that in Venezuela, a project that was done on urban development, its final goal was to sell buses. But this was in the early days of the agency, when it derived from the Department of Trade Promotion; maybe they sought to give an economic vision to technical cooperation, or an economic vision of the role of technical cooperation. I think we settled into a new model, and nowadays this is our discourse – our discourse and our *practice* also. [A3]

According to Inoue & Vaz (2013:507), during the 1990s, technical cooperation among developing countries did not grow in Brazil. Of course, they are not claiming it did not

¹¹³ UNDP's : BRA/86/001 (Technical Cooperation between Developing Countries); BRA/87/041 (Institutional Strengthening of the Brazilian Cooperation Agency); and BRA/87/032 (Technical Cooperation Automated Managing Services).

¹¹⁴ Decree 94.973/1987.

¹¹⁵ For more details, see Puente (2010:106–107).

occur. They explain that the period that preceded the presidency of Lula da Silva did not see a 'big leap' in Brazil's external development assistance — only *incremental* growth (Inoue & Vaz, 2013:517). If the scale is 'growth' vs. '*meaningful* growth', then it's possible to incorporate Puente's (2010:240) apparently conflicting assertion that technical cooperation initiatives increased during all of Cardoso's tenure (1995-2002), except in his last year in power.

The 1990s can be said to be a decade of rebuilding Brazil's institutional framework for providing technical cooperation. A growing institutional rationalization of ABC's role in coordinating received technical cooperation and more regularized procedures for providing technical cooperation would create the foundations for the growth in Brazilian development assistance after the mid-2000s (Puentes, 2010:240). These efforts were essential. Cervo (1994) revealed very interesting numbers on how disorganized that system was in the early years of ABC. The compiled number of *demands* for Brazilian cooperation registered until 1989 were close to 700, but the lack of documentation was so dire that over 600 cases analyzed lacked any information regarding *results*; in almost 500 cases there was not even a confirmation of whether the project had been *approved*. At the time, out of the 694 initiatives compiled, ABC had projects for only 90 of them (and only 87 had reports).

It is unsurprising that the project of 'Brazil-donor' was (again) left in the sidelines during the 1990s. Along with these managerial issues, the context was also unsuited for a deep South-South engagement from the Brazilian side. The first half of the decade witnessed significant domestic turmoil, with a presidential impeachment in 1992 and a continued chaotic economy. During Cardoso's presidency, both the political and economic situations would steadily be stabilized.

The relatively low importance given to the broad context of 'South-South' in Cardoso's foreign policy contributed to a timid profile in this realm. During his tenure, South America and Portuguese speaking countries were the only real 'Southern' priority. 'International cooperation' was part of the discourse, but there was little spillover in concrete actions (Puente, 2010:223-224). Regardless of the difficulties, in 1997, the UNDP labeled Brazil one of the developing countries playing a 'pivotal role' in South-South Cooperation (UN-GA, 2009a:9). By the end of the 1990s there was growing request for technical cooperation from Brazil in its national AIDS/HIV policies and other pharmaceutical and health programs connected to FIOCRUZ (Valler Filho; 2007; P.H.

Barbosa, 2011). So while *some* actions were taking in *some* areas, Brazil's broad international profile as a development assistance provider was not yet one of influential global impact.

5.1.2. BRAZILIAN DEVELOPMENT ASSISTANCE SINCE THE 2000s

Brazil would more truly become a relevant 'donor' of development assistance in the 2000s, under President Lula's presidency (2003–2010). Notably in the second half of the 2000s, there would be a significant deal of attention given to the use of technical cooperation as a foreign policy tool.

Changes in presidency can deeply affect a country's foreign policy. This was certainly the case for the shift from presidents Cardoso to Lula. However, there must be caution in defining how *significant* this change was. For some, this represented a deep shift, with the arrival of President Lula signaling "a *drastic change* in relation to the Cardoso period" (Bernal–Meza, 2010:206; emphasis added). For others, such as Ambassador Rubens Barbosa (2011b) – closely connected to former President Cardoso and his party (PSDB)¹¹⁶ – "the *near totality* of Itamaraty's main lines of action were maintained" (emphasis added; Tr/Po). For him, some foreign policy actions which had originated in previous administrations were presented by President Lula's administration as advances, achievements, or novelties, based upon the ideological 'veneer' they were given.

Nonetheless, most analysts interpret the comparison as revealing elements of both continuity *and* rupture (Almeida, 2004; Lessa et al., 2009; Cason & Power, 2009; Inoue & Vaz, 2013), with several Brazilian academics interviewed reiterating this understanding.^{117,118} In some themes, Brazil's foreign policy under these two presidencies show an enormous deal of stability; examples include the continuous attention to South America, active engagement with the World Trade Organization, and great *direct* presidential involvement in foreign policymaking. Still, each presidency had their own unique characteristics, with varying priorities, approaches, and 'preferred' strategies for attaining what they perceived to be 'the national interest'. Compared to his

¹¹⁶ Amb. Rubens Barbosa was appointed by President Cardoso to head Brazil's London Embassy (1995–1999), then to Washington DC (1999–2004).

¹¹⁷ Such as Antonio Carlos Lessa (Brasília, October 22, 2012), Monica Herz (Rio de Janeiro, November 29, 2012), and Carlos Milani (Rio de Janeiro, November 28, 2012).

¹¹⁸ For Power (2010:227), the 'similarities clearly outweigh the differences' when it comes to the shift from Presidents Cardoso to Lula, with five central points exhibiting this consensus: "(1) macroeconomic policy, (2) social policy, (3) a revised federal pact, (4) coalitional presidentialism, and (5) renewed international projection".

predecessor, President Lula's foreign policy showed a much greater degree of attention to the issue of South–South Cooperation, Brazil's 'developing country' identity, and growing attention to alliances with other emerging countries.

The 'emergence' of Brazil as a provider of development assistance did not occur in a vacuum. It would take place within a broader context of social, political, and economic changes, as well as shifts in both domestic and foreign policy priorities. The country would begin the 2000s with a (relatively) stable economy and political structure. Having reached yearly inflation peaks of almost 3,000% in 1990 and over 2,000% in 1994, after 1996 inflation would finally settle to manageable single digits.¹¹⁹ Having its GDP (PPP) cross the \$1 billion mark in 1995, Brazil's economy would grow by close to half a billion dollars by 2004, practically reach \$2 billion in 2009, and finish 2013 almost at \$2.5 billion.¹²⁰ To place these numbers in perspective, a comparison of Brazil's GDP (PPP) to some advanced economies reveals impressive results (see Table 24):

- In 1990, Brazil's GDP (PPP) was already 40% bigger than Canada's; in 2013, this difference would grow to 60%.
- Brazil's GDP (PPP) has been greater than: Italy's, since 2007; France's, since 2010; and surpassed the United Kingdom's in 2013. Using 2013 numbers as reference, Brazil's GDP (PPP) was 1.9% higher than the UK's, 6.5% higher than France's, and more than third larger than Italy's.
- While still having a smaller economy than Germany, Japan, and the United States – the world's greatest economies for most of the last decades – the gap has been closing, especially in regards to the first two countries. Brazil's GDP (PPP) was equivalent to only 54% of Germany's in 1990, and 59% in 2002; in 2013, it was equivalent to 75%. Compared to Japan, Brazil's GDP (PPP) was less than a third of Japan's in 1990, almost 40% in 2002, and by 2013 it was more than half of Japan's GDP (PPP). The US, the world's biggest economy, is the only country where the comparison is small: in 2002, it was 12.2% of the US's, while in 2013, Brazil's economy still represents only 14.5% of the US'.

¹¹⁹ The only exception since then was 2003, with an inflation rate of 14.7% . Source: World Bank's online statistical database (<http://data.worldbank.org/topic/financial-sector>).

¹²⁰ Gross domestic product based on purchasing–power–parity (PPP) valuation of country GDP, current international dollar (February 2014). Source: IMF's online World Economic Outlook Database (<http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/index.aspx>).

TABLE 24 – BRAZIL AND G7 COUNTRIES' GDP (PPP) IN \$ BILLIONS, SELECTED YEARS

	Brazil	Canada	France	Germany	Italy	Japan	United Kingdom	United States
1990	0.79	0.56	1.03	1.45	0.98	2.38	0.92	5.98
2000	1.24	0.91	1.53	2.15	1.41	3.26	1.51	10.29
2005	1.58	1.16	1.86	2.49	1.64	3.89	1.97	13.10
2010	2.17	1.36	2.11	2.93	1.78	4.35	2.20	14.96
2013	2.42	1.52	2.27	3.23	1.81	4.73	2.38	16.72

Source: based on data from IMF's World Economic Outlook Database

Brazil's rapid economic growth was accompanied by some impressive development gains. Beginning with GDP per capita: while this was barely over \$7,000 in 1992, by 2002, it had grown to \$8,000; by 2012 had reached \$10,264.¹²¹ But the undeniably remarkable number is related to the growth of the middle class, as reported by Neri (2011).¹²² Between 2002 and 2010 the number of poor in Brazil fell by *51 per cent*. In the 2000s, while the per capita income of the country's richest 10 per cent increased by also 10 per cent, the per capita income of 50 per cent of the poorest rose by 68 per cent. In this same period, the income of blacks citizens increased 43 per cent (while the income of whites went up 21 per cent), and the income of women rose 38 per cent (compared to 16 per cent for men). Brazil is now recording its lowest GINI index (which measures inequality) since estimates began in 1960.

This positive scenario in economic and – especially – *human* development would have two reinforcing consequences for Brazil's provision of technical cooperation. First, the Brazilian government would be able 'offer' a bigger variety of knowledge to other countries, and do so with evidence of its real-life effectiveness. Human development here has an intrinsic *public* nature – i.e., it is 'owned' by the State. It is based upon the experience accumulated by national governmental institutions in regards to formulating, planning, executing, and following-up public policies seen as 'innovative' in the international stage (IPEA, 2013:25). This feature allowed the government to offer a greater variety of policies and techniques to other countries in the foreign policy context. Second, it concurrently generated an increased *demand* for 'made-in-Brazil' successful experiences, as countries with similar problems became very interested in knowing more

¹²¹ GDP per capita, PPP (constant 2005). Source: World Bank's online statistical database (http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?cid=GPD_31).

¹²² Marcelo Neri holds two high-level positions in Rousseff's government. He is the president of IPEA since 2012, and the Director of the Presidency's Secretary for Strategic Affairs (*Secretaria de Assuntos Estratégicos da Presidência da República* – SAE/PR), a Cabinet-level position (since 2013).

about Brazil's 'solutions'. If it is true that 'for every African problem there is a Brazilian solution', the desirability of the country's knowledge is evident.¹²³ These two reinforcing factors are fundamental in explaining the significant expansion in the number of technical cooperation agreements signed between Brazil and other countries since the mid-2000s (to be detailed in the next section).

The 2000s also witnessed Brazilian foreign policy move in the direction of a stronger and more diversified *global* presence. This would be reflected in the country's push for greater visibility in international negotiations, its vocal desire for more power in global governance structures, and the increased pro-active interaction with countries and issues outside of its traditional 'comfort' zones. Much of its actions towards these goals have been done through multilateral arrangements. Its most common partners in these endeavors have been other 'emerging' countries – most frequently China, India, and South Africa. The main point of convergence between Brazil and its partners has been the belief that power is not adequately distributed in the current international system, frequently accompanied by a strong discourse highlighting the under-representation of developing countries. This was the case for Brazil and for these other emerging countries' bid for more voice in: global financial matters, particularly regarding G-8 and International Monetary Fund (IMF); international trade, and issue of agriculture in the World Trade Organization (WTO); international climate change negotiations, notably through the BASIC arrangement (Brazil, South Africa, India and China); Brazil's collective attempt (along with India, Germany, and Japan) to reform the United Nations Security Council, etc.

South-South Cooperation would be one essential characteristic of President Lula's foreign policy. He turned the relations with other Southern countries into "*the policy priority*" (Inoue & Vaz, 2013:514). There was considerable dedication to fostering Brazil's bilateral relations with developing countries outside of South America. During his eight years in power, an average of 10 new diplomatic posts were created *each year*. In 2002, Brazil had 150 overseas posts. By 2010, that number had reached 230, with the creation of: 52 embassies, 6 missions to International Organizations, 22 consulates and one diplomatic

¹²³ The phrase is attributed to Prof Calestous Juma, and was quickly incorporated in Brazilian discourse. It is worth mentioning his initial full thought, which dilutes the weight of Brazil's 'uniqueness': "China is not the only new player in Africa. For almost every African problem there is a Brazilian solution. *The same can be said about India.*" (available at <http://www.economist.com/debate/days/view/469>). He would repeat the Brazil-portion of the phrase many times after that, while omitting the India portion.

office (in Palestine). More than 70% of these new post were in 'Southern' countries; among these new postings, 23 were in Africa, 15 in Latin America and the Caribbean, 13 in Asia and 6 in the Middle East (Amorim, 2010:226). Brazil now has more embassies in Africa than the UK, and as of mid-2013, Brazil (along with Russia) had the 4th biggest diplomatic presence in this continent, with embassies in 38 countries.¹²⁴ Former President 'Lula' da Silva was personally very engaged in this direction, traveling a record 13 times to the continent and visiting 29 African countries during his tenure (2003-2010).

As Brazil's global stature increased, there was a concomitant expansion in its development assistance programs to other regions (Rowlands, 2008:6). Technical cooperation would be thoroughly embedded in this internationalization process. It served as a *concrete* gesture of approximation from the Brazilian government. It was an easy fit for a president wanting to engage directly in foreign policymaking. In comparison to other mechanisms of bilateral cooperation – such as grants, loans, and trade concessions – technical cooperation could be provided with (relatively) high volume and low cost. And in face of other alternatives, these agreements usually present much less legislative, political, or bureaucratic hurdles. The possibility of being able and willing to provide 'legitimate' knowledge to (usually already) eager recipients – all the while with no ties or conditionalities – could be explored in every presidential visit and operationalized with the help of the growing web of physical representations of Brazil abroad. Given that about 3/4 of all 83 countries President Lula visited during his tenure were developing countries (*Brazil*, 2011), technical cooperation could easily serve as a go-to tool for Brazil's foreign policy interests.

The overall importance of technical cooperation as a foreign policy tool, particularly in the context of South-South Cooperation, was clearly acknowledged by the administration. When President Lula's Minister of External Relations, Celso Amorim, took office he already signaled "policies of cultural, technical, scientific, and technological cooperation will be essential elements in the foreign policy of the Lula (*sic*) administration".¹²⁵ Later on, in 2006, he would be even more direct: "[technical] cooperation is an instrument for Brazilian foreign policy (...) [with] extreme relevance for bringing Brazil closer to other countries, especially those in the developing world"

¹²⁴ The US ranks #1 with embassies in 49 of Africa's 54 countries; China has 48; and France, in third, has embassies in 46 nations. Source: Instituto Lula's website (http://www.institutolula.org/com-nova-embaixada-no-malawi-presenca-diplomatica-do-brasil-na-africa-estende-se-para-38-paises/#.UvPPI_IdWSo).

¹²⁵ Speech given January 1st, 2003 (Tr/Po).

(Amorim, 2006:16; Tr/Po). The overall use of technical cooperation as a foreign policy tool could also be found in the administration's final assessment of Brazil's foreign policy under this presidency:

Technical cooperation developed by Brazil was broadened according to the guidelines of the policy to strengthen the South–South dialogue, as a foreign policy instrument of Luiz Inácio Lula da Silva's government. This cooperation seeks to strengthen Brazil's bilateral relations with the rest of the world, elevating Brazil's profile in the world stage. As a result of recent economic growth, the country has been taking on a more protagonist role in international discussions and spearheading the movement for integrating and strengthening developing countries. In this sense, technical cooperation has been one of the most important elements in Brazilian foreign policy. (MRE, 2010; topic 7.1.1; Tr/Po)

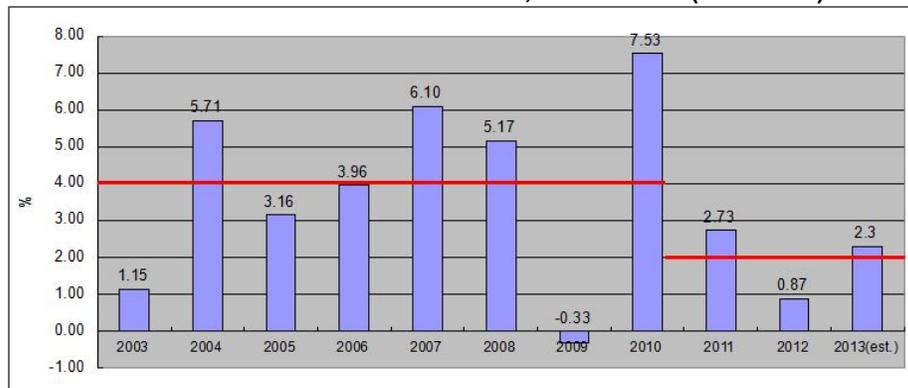
As in the transition from Presidents Cardoso to Lula, Dilma Rousseff's rise to the presidency (in power since 2011) would also entail elements of continuity and rupture in Brazil's foreign policy. Coming from the same political party and having been her predecessor's former Minister of Mines and Energy, the expectation was of more 'natural' similarities in foreign policies between Lula/Rousseff than for Cardoso/Lula. President Rousseff's foreign policy has in fact maintained the attention to South–South Cooperation (particularly with the BRICS nations), Brazil's 'developing' identity, and preference for power-seeking through multilateral arrangements with developing countries.

Again, while there has been continuity in many aspects, President Rousseff's foreign policy has had its own unique characteristics, as she has moved away from her predecessor's foreign policy choices in some noticeable aspects. First, attention to international issues, in general, has relatively reduced. A symbolic example is reflected in direct presidential involvement in international missions. In her first two years in power she traveled less than her predecessor did in his *first* year alone, and even less than President Cardoso did in his two first years. Comparing President Rousseff's first three years in power (2011–2013) to President Lula's (2003–2005), the difference is noteworthy: while the former president visited 49 countries and was away from the country for 182 days, current president visited 31 nations and spent 113 days abroad (Schreiber & Wassermann, 2014). It is also worth mentioning: 1) no new diplomatic posts have been proposed during her administration, and 2) it was announced in early 2014 that only 18 spots had been opened for new diplomats, compared to 100 new diplomats accepted each year during President Lula's second tenure. For Stuenkel (2014), this latest development would be "yet another unmistakable sign that Brazil's

President Rousseff seeks to decrease her country's engagement in international affairs". There is little that is quotable in Rousseff's speeches, and compared to her predecessor, "the *absence* of rhetoric is what is most apparent." (Hochstetler, 2013b; emphasis added).

To say that President Rousseff's has been more focused on domestic than international issues is uncontroversial. A common understanding by Brazilian analysts is that she is much less avid to be under the international spotlight than President Lula was, as well as more 'pragmatic' (as opposed to 'symbolic') in her policy choices. Then again, leaving aside personality traits, since 2011, Brazil's economy and domestic political scenario has been going through difficulties which President Lula did not have to deal with. The country still boasts an impressive GDP, but its growth rate has decreased significantly since 2011¹²⁶. While the country's annual GDP grew an average of 4% during 2003–2010, the average for Rousseff's tenure has been a meager 2%, and below the Latin American average for three continuous years¹²⁷ (Figure 16). This scenario has had important repercussions Brazil's volume of new technical cooperation agreements in the last years.

FIGURE 16 – BRAZIL'S ANNUAL GDP GROWTH, 2003–2013* (*ESTIMATE)



Source: based on World Bank's online statistical database.

Adding complexity to the domestic situation, popular discontentment with Brazilian politics in general have forced the presidency to 'look inward' with a lot more impetus. In mid–2013, popular manifestations erupted against a broad range of issues, such as corruption, poor health services, and low investments in education. They took place all over the country, with many protests having over one million participants. Since mid–

¹²⁶ It is beyond the scope of this project to explore all of the domestic and external elements which have led to this situation.

¹²⁷ Source: World Bank's online statistical database (<http://data.worldbank.org/>).

2013 the President's popularity has plummeted in comparison to when she first took office.

In President Rousseff's presidency, technical cooperation has remained a key component of Brazil's overall development assistance, and agreements have remained unconditional and untied. However, as it will be discussed in the next section, there has been a noticeable decrease in the number of new agreements signed. In the end, just because a president has the *possibility* of exploring the use of technical cooperation with greater ease than other foreign policy mechanisms does not mean she *will*.

5.2. BRAZIL AS AN EMERGING DONOR: FACTS AND FIGURES

As discussed in chapters 3 and 4, measuring *what, how, and how much of* development assistance is provided by emerging donors is usually not a straightforward task. In many points, this is a problem for those interested in analyzing Brazil's provision of development assistance in general. Highlighting the relative 'emergence' of Brazil as a systematic – and no longer occasional – provider of development assistance, only in 2011 was the first report to present a compilation of the country's numbers and values on this matter actually published. The *Brazilian cooperation for international development: 2005–2009* was prepared by the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada* – IPEA)¹²⁸, in collaboration with the Secretariat of Strategic Affairs of the Presidency of the Republic (SAE/PR), the Ministry of External Relations (MRE) and the Brazilian Cooperation Agency (ABC). In 2013, a new report came out with numbers relative for 2010 (IPEA, 2013)¹²⁹; as of late 2014, this remains the most recent data available.¹³⁰ Before looking at the numbers accessible, four points should be made.

First, the concept of cooperation is ubiquitous in Brazilian foreign policy documents. As well-noted by Brígido and Campos (two co-authors of the IPEA report), the official account of President Lula's foreign policy (MRE, 2010), had only one sub-item on cooperation. But a transversal look at the report reveals is it *all* about international

¹²⁸ IPEA is a federal public foundation linked to the Strategic Affairs Secretariat of the Presidency. It provides technical and institutional support to government for the formulation and reformulation of public policies and development programs in Brazil. Source: IPEA's website (www.ipea.gov.br).

¹²⁹ It is worth noting that the 2011 document was made available in English, but not (yet?) the 2013 one.

¹³⁰ A new report, incorporating the numbers for 2010–2012, was expected to come out by the end of 2013. According to Rodrigo Campos it would be released by late 2014 (email corresp. February 13, 2014); as of early December 2014, it had still not become available.

cooperation, with the term being present back-to-back throughout.¹³¹ Yet, there are no clear official definitions to many important questions, such as: what is the government's official position on what cooperation is (and *is not*); and whether Brazil's 'cooperation for international development' is synonymous to South-South Cooperation. As these two interviewees pointed out, "the definition used by IPEA in their report should be seen as an instrumental definition for the report, and not the official position from Brazilian government". So while the report provides many useful conceptual boundaries, it is *not* a White Book on Brazil's development assistance and international cooperation policy – an obvious problem for researchers. Despite ABC's existence since 1987, and the Ministry of External Relations being very competent in constructing diplomatic discourse, there is still no transparent policy for Brazil's technical cooperation.¹³² This sits in contrast to China and its *White Paper on China's Foreign Aid* (2011), but is not different from the situation of India and South Africa, who also lack such a document.

The government's omission can be seen as a reflection of administrative disorganization or lack of serious attention from the government to the issue. Another possible interpretation is that the absence of hard definitional boundaries can be *purposeful*, with potential advantages to this looseness. As pointed out by a long time serving public employee at ABC, "having an agenda that happens organically allows the government more flexibility to mold the nature of this cooperation to its vision, to its foreign policy goals" [A6].

Second, a direct comparison between the amount of money spent by Brazil and traditional donors on technical cooperation is bound to be misleading. As aforementioned, there is the issue of different methodologies; more importantly though, Brazilian technical cooperation is done by public servants, not through external consultants. When working on behalf of a technical cooperation agreement, they get paid their regular salaries (perhaps having an add-on of *per diem* expenses or such). Budget-wise, their salaries remain as a 'normal' part of their ministry's or institute's budgetary allocation, and are *not* accounted for as a 'development assistance' expense. In this light, it has been claimed that each dollar spent in the Brazilian technical cooperation to developing countries programme "should be multiplied by ten, because

¹³¹ João Brígido and Rodrigo Pires Campos, personal interview (Brasília, October 19th, 2012).

¹³² Carlos Milani, personal interview (Rio de Janeiro, November 28th, 2012).

most of the Brazilian organizations that implement the projects are public institutions, and so they do not charge for their participation or for their know-how”¹³³.

Third, there is yet no way of conducting a proper quantitative analysis of Brazil's engagement as a provider. As noted in the report, the period originally intended to be assessed would begin in 2000. However, this proved to be “unfeasible given the pioneering character of the survey and the *lack of records* on these resources”, with this absence of data increasing as the years recede (IPEA, 2011:13; emphasis added). Even the 2005–2009 data is presented in the report with a caveat: it is to be read as *preliminary data*, due to “either the intrinsic difficulty in identifying and quantifying what does and does not fall under the definition of Brazilian Cooperation for International Development or because they reflect a fraction and not the totality of Brazilian institutions” (IPEA, 2011:18). Adding to the difficulty for a proper quantitative analysis, there were important changes in the categories used by IPEA in the 2011 and 2013 reports for classifying Brazil's instruments for providing ‘international cooperation’.

As a fourth and final note, the Brazilian government is adamant in that 1) it does not want to be labeled ‘donor’ (it adopts the term *partner*); and 2) it does not use the word ‘assistance’ in its international development actions, but rather *cooperation*. While this research acknowledges this heterogeneity in nomenclature, ‘donor’ and ‘assistance’ will be used regarding Brazil for the sake of consistency in the terminology used. IPEA's term ‘cooperation for international development’ will hereby be used as a proxy for ‘development assistance’. The reasoning and symbolic value of these words in the country's foreign policy will be discussed in further detail later on in the chapter.

5.2.1. INSTRUMENTS OF DEVELOPMENT ASSISTANCE

There is yet to be a single go-to official definition regarding what falls under Brazil's provision of development assistance. There are some official documents with important definitions and guidelines, but they are ‘independent’ pieces inasmuch as they don't build upon or speak to each other. An example is an ABC guideline report from the early days of Brazil's (re)‘emergence’ as a donor. At the time, ‘international technical cooperation’ was defined by its focus upon the development of institutions and individuals in order to promote change and socioeconomic transformations. Remediation

¹³³ Statement made by the Brazilian delegation at the High-Level Committee on South-South Cooperation, 14th Session (*apud* Inoue & Vaz, 2013:512).

of critical situations, such as humanitarian aid and investment in infra-structure, were distinct operations. As for technical cooperation, it is described as such: technical cooperation “does not realize operations of reimbursable financial or commercial nature (...) [and] it is not its goal to seek profit” (ABC, 2005:8; Tr/Po).

Such a broad description is useful inasmuch as it provides a framework for how understanding what the *purpose* of technical cooperation is. Nonetheless, it falls short of tracing clear definitional boundaries necessary for a thorough academic study. This thesis embraces the definition available in IPEA’s 2011 report as the closest equivalent. Here, Brazil’s ‘international cooperation’ defined as

The total funds invested by the Brazilian federal government, entirely as non-repayable grants, in governments of other countries, in nationals of other countries in Brazilian territory or in international organizations with the purpose of contributing to international development, understood as the strengthening of the capacities of international organizations and groups or populations of other countries to improve their socioeconomic conditions. (IPEA, 2011:17)

There is some overlap between this definition and the one adopted to measure Official Development Assistance (ODA). For instance, both involve assessing the flow of official funds whose primary objective is the promotion of economic development and welfare in developing countries. Two main differences exist, though. First, Brazil’s ‘cooperation’ refers to government resources offered *entirely as non-repayable* grants, as opposed to ODA’s classification of those with a grant element of *at least 25%*. Second, IPEA considered as part of ‘international cooperation’ Brazil’s funding resources allocated to a range of international organizations, typically from the South, of which Brazil is a member-state (IPEA, 2011:17).

In the Brazilian case, investment financing (i.e., investment with expected interest rates) and debt pardons are not officially classified as ‘international cooperation’. In practice, then, there are two broad categories of expenses: 1) those with federal public employees and collaborators, which includes airfares, *per diems*, salaries, technical hours, research grants, and donations; and 2) those connected to commitments and obligations undertaken by the federal government with international organizations. (IPEA, 2013:14).

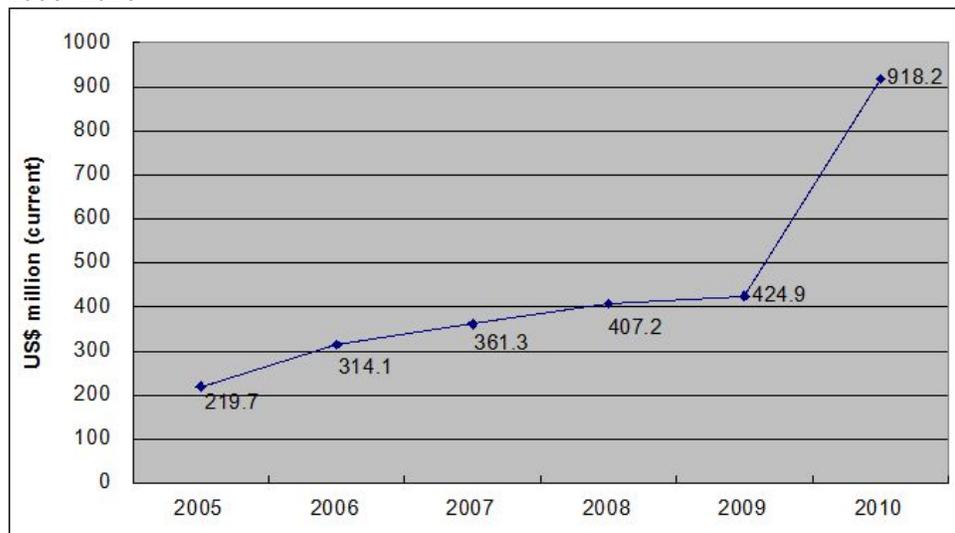
The first IPEA report (2011) presented five categories for Brazil’s ‘international cooperation’: 1) Humanitarian assistance; 2) Scholarships for foreigners; 3) Technical, Technological and Scientific cooperation; 4) Contributions to international organizations

and regional banks; and 5) Peacekeeping Operations. In the following report (IPEA, 2013), all categories – except the last one – were renamed:

- ‘Humanitarian Assistance’ became ‘Humanitarian Cooperation’;
- ‘Scholarships for foreigners’ was changed to ‘Educational Cooperation’;
- ‘Technical, Technological and Scientific Cooperation’ was divided into two categories: ‘Technical Cooperation’ and ‘Scientific and Technological Cooperation’; and
- ‘Contributions to international organizations and regional banks’ became simply ‘Contributions to international organizations’.

Brazil’s expenditures with ‘international cooperation’ increased continuously in the 2000s. Based on IPEA’s (2011, 2013) reports, in 2010 the government spent \$ 923 million in these initiative – a phenomenal 91.2% increase relative to 2009 (Figure 17).

FIGURE 17 – BRAZILIAN EXPENDITURES WITH ‘INTERNATIONAL COOPERATION’, \$ MILLION (CURRENT), 2005–2010

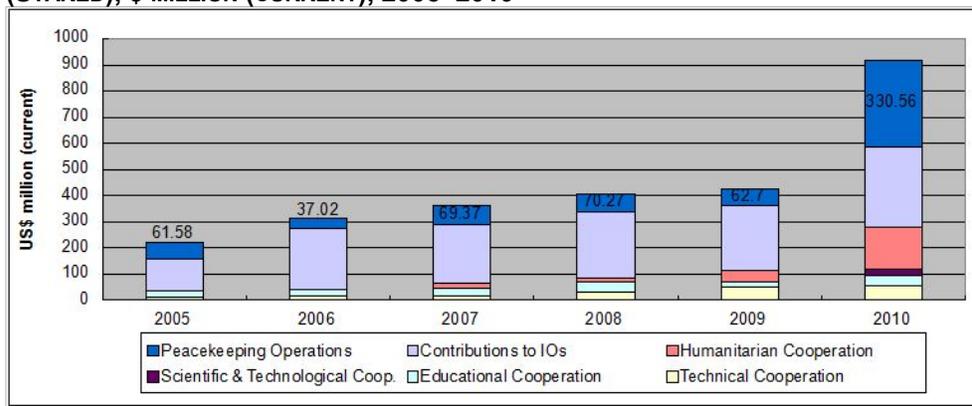


Source: based on data from IPEA (2011, 2013)

However, it is absolutely necessary to provide a breakdown of where the money was spent, in order to generate a proper analysis. This exercise highlights the risks of blindly embracing an emerging donor’s particular interpretation of development assistance and equating it to ODA – they are not the same thing. Each non–DAC country has its own approach to what it accounts as development assistance, making direct and large–N comparisons involving DAC and non–DAC countries is bound to have quantitative fallacies.

In the Brazilian case, a detailed observation of the numbers available (2005–2010) reveals two crucial observations. First, the great surge in money spent between 2009 to 2010 can be attributed to one item: peacekeeping operations, which increased from \$62.7 million (2009) to \$330.6 million (2010). What’s more, this can be traced to *one* peacekeeping operation: the United Nations Stabilization Mission in Haiti, a.k.a. MINUSTAH. Brazil’s presence in Haiti began in 2004 and increased substantially following the devastating earthquake the country suffered in early 2010. Most of the ‘extra’ resources made available in 2010 represent the expenses of sending a second Brazilian battalion to Haiti (Figure 18). This increase in peacekeeping operations expenditure in Haiti was accompanied by more humanitarian aid, which resulted in Haiti being the recipient of 47.4% of all ‘international cooperation’ provided by Brazil in 2010.

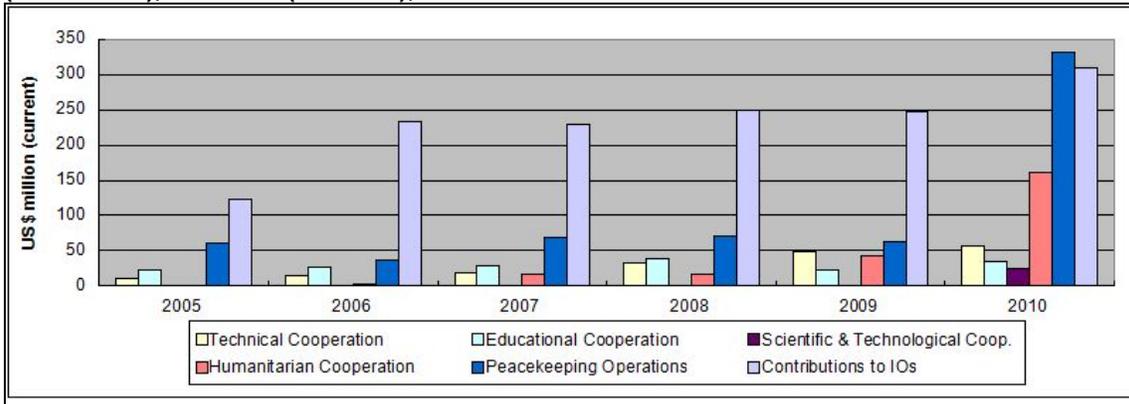
FIGURE 18 – BRAZILIAN EXPENDITURES WITH ‘INTERNATIONAL COOPERATION’, BY CATEGORY (STAKED), \$ MILLION (CURRENT), 2005–2010



Source: based on data from IPEA (2011,2013)

The second relevant point is the significant weight the item ‘Contributions to International Organizations’ has had on the overall budget for ‘international cooperation’ between 2005 and 2010. As in the case for ‘Peacekeeping Operations’, this category is also *not* part of DAC’s definition of ODA. The amount spent on this item remained relatively stable between 2005 and 2010. As can be seen in Figure 19, it has dwarfed all other categories (except in 2010).

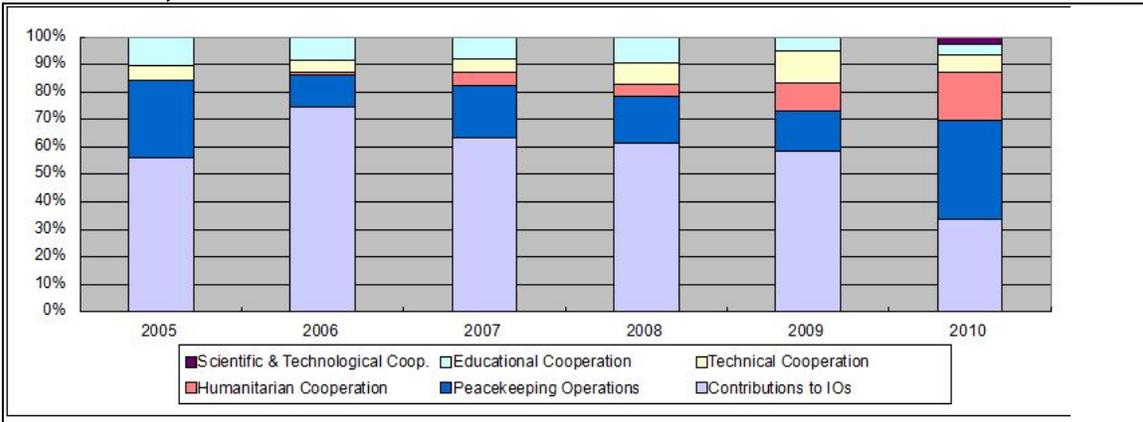
FIGURE 19 – BRAZILIAN EXPENDITURES WITH ‘INTERNATIONAL COOPERATION’, BY CATEGORY (CLUSTERED), \$ MILLION (CURRENT), 2005–2010



Source: based on data from IPEA (2011, 2013)

The weight of these contributions to international organizations has been substantial. They averaged *two-thirds* of all Brazil’s ‘international cooperation’ budget between 2005 and 2009, and only fell relatively in 2010, due to the aforementioned additional expenses of peacekeeping and humanitarian initiatives in Haiti. In the end, the sum of three items ‘Peacekeeping Operations’, ‘Contributions to IOs’, and ‘Humanitarian Assistance’ – all not part of DAC’s ODA definition – have accounted, on average, for 85% of all Brazilian expenditure in ‘international cooperation’ for the 2005–2010 timeframe (Figure 20).

FIGURE 20 – BRAZILIAN EXPENDITURES WITH ‘INTERNATIONAL COOPERATION’, BY CATEGORY, PERCENTAGES, 2005–2010



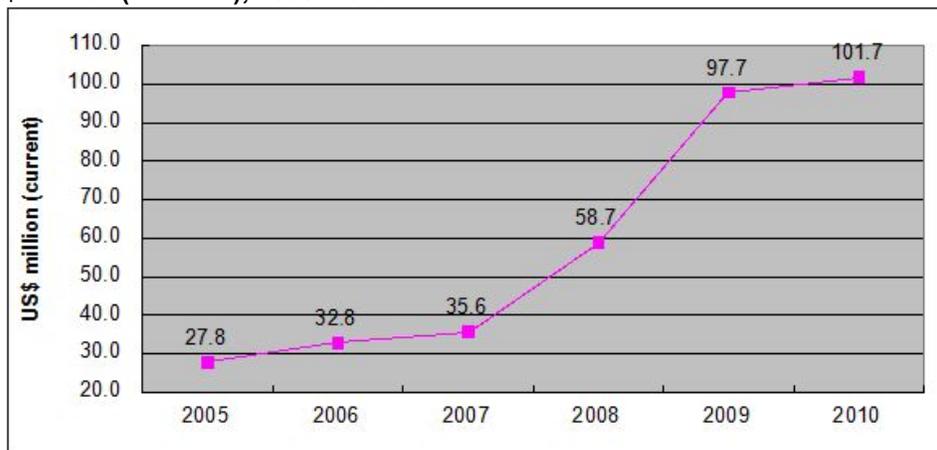
Source: based on data from IPEA (2011, 2013)

5.2.2. TECHNICAL COOPERATION

In 2010, over 170 institutions connected to the federal government – e.g., ministries, public companies, institutes, secretariats – were engaged in providing technical cooperation (IPEA, 2013:23). According to IPEA’s classification, technical cooperation has had a relatively small financial weight in the government’s expenses with

'international cooperation'. In the period of 2005–2010, it only surpassed the 10% mark in 2009, hovering around a 6% average for the other years. Nonetheless, there was a marked rise in the *absolute* amount spent in technical cooperation between 2005 and 2010, with an almost threefold increase between 2007 and 2009 alone (Figure 21). Again, the values have to be seen in context, as the provision of Brazil's technical cooperation is done almost entirely by federal public servants, and with the cost of 'creating' the knowledge not being taken into account (rather, being 'sunk' in domestic costs). Because it is (relatively) cheap, the numbers are bound to be low.

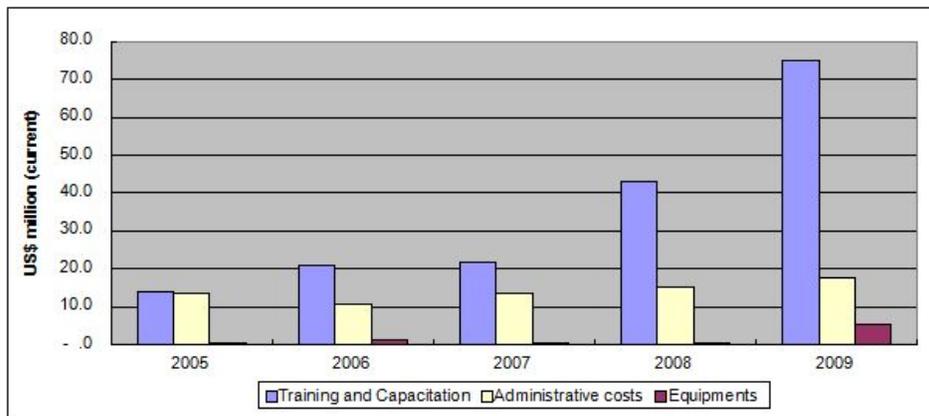
FIGURE 21 – BRAZILIAN EXPENDITURES WITH TECHNICAL COOPERATION, BY CATEGORY (CLUSTERED), \$ MILLION (CURRENT), 2005–2010



Source: based on data from IPEA (2011, 2013)

A breakdown in *how* the money was spent shows the expansion being attributable to increased expenses in training. Administrative costs remained relatively stable, and equipment purchases were, overall, very small (Figure 22).

FIGURE 22 – BRAZILIAN EXPENDITURES WITH TECHNICAL COOPERATION, \$ MILLION (CURRENT), 2005–2009*



Source: based on data from IPEA (2011)

* This breakdown was not made available for 2010.

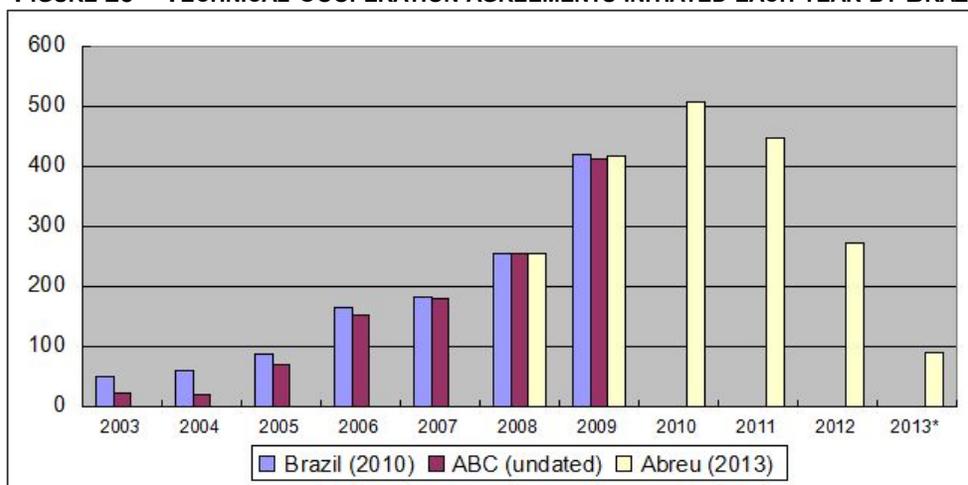
Notwithstanding IPEA's reports, the difficulty of attempting a quantitative analysis of Brazil's technical cooperation should not be understated. Two issues exemplify this hindrance. First, in the 2005–2009 report, technical cooperation was lumped together with scientific and technological cooperation, creating the category called 'Technological, Scientific and Technical Cooperation'. As previously stated, the 2010 report split this category in two: 'Technical Cooperation' and 'Scientific and Technological Cooperation'. 'Scientific and Technological Cooperation' was defined as characterized by "the articulation between two or more institutions from different countries, whose goal is to execute programs or research projects of mutual interest, seeking to contribute towards the advancement of knowledge" (IPEA, 2013:56; Tr/Po). 'Technical cooperation', on the other hand, has at its essence "the process of transferring and sharing national knowledge and technology with potential to be adopted, absorbed, and generate positive impact in the autonomous development of other countries" (IPEA, 2013:25; Tr/Po). Despite this new categorization, there was no retroactive adaptation of the previous numbers. There is no way of knowing how much of 'Technological, Scientific and Technical cooperation' was 'Technical Cooperation' or 'Scientific and Technological Cooperation' during the 2005–2009 periods.

A second case also illustrates the hardship in quantitative analyses on Brazil's technical cooperation's numbers. This research was able to identify at least *three* different numbers *from official sources* to the basic question 'how many technical cooperation agreements did Brazil sign [during President Lula's tenure]?'¹³⁴ (Figure 23). One source was the report prepared by the Ministry of Foreign Relations at the end of President Lula's tenure (MRE, 2010); the second, an undated presentation by former ABC director, Ambassador Farani¹³⁵; and the third an article published by ABC's current director (Abreu, 2013). While the three are roughly similar for 2008 and 2009, none are identical; and the reports that cover 2003–2005 have significant differences. Despite these variations, the figure below shows at least a clear pattern: a surge in the number of agreements signed by Brazil in the second half of the 2000s, reaching a peak in 2010, followed by a steady decline in new initiatives since then.

¹³⁴ IPEA did not report on these numbers.

¹³⁵ These same numbers were used by Cabral (2011) and identified as originating from an ABC document entitled *Brazilian technical cooperation* (2011), but a search for this specific document in ABC's database did not yield any results; Farani's undated presentation is available at CEBRI's website (<http://www.cebri.org/midia/documentos/minmarcofaranichinanaafrica972003.pdf>).

FIGURE 23 – TECHNICAL COOPERATION AGREEMENTS INITIATED EACH YEAR BY BRAZIL, 2003–2013*



Sources: based on data from Brazil–Casa Civil (2010), ABC (undated), and Abreu (2013);

*Abreu's (2013) paper was received by the journal in October of 2013, hence the number for 2013 is only a *partial* assessment.

There are at least three (non–excluding) explanations for these trends picture. First, President Lula was much more personally invested in promoting technical cooperation agreements than current President Rousseff. The rise and fall in the number of projects coincides with their tenures: the former was in office between 2003 and 2010, the latter since 2011. The other reasoning takes into account Brazil's annual GDP growth, which also coincides with the transition in presidencies. The sharp reduction in growth since the second half in 2010 (and fear of returning inflation) has led President Rousseff to choose an approach of continuous budgetary constraints across the entire federal administration¹³⁶. In 2013 alone, the Ministry of External Relations saw its budget reduced by 14.1%. Hence, the combination of the current president's prioritization of domestic vis–a–vis international politics with material macroeconomic constraints – 'there is *no* money' – affected both directly and indirectly the volume of new technical cooperation activities undertaken by Brazil.

A third explanation incorporates the other change in presidencies and the material constraints but focuses on a *managerial* aspect. One issue highlighted in both the literature and interviews regarding President Lula's use of technical cooperation was its "unpredictability" (Puente, 2010:241; Tr/Po) and "improvisation", as said by Prof. Lessa (interview). Under this critique, the president would too frequently go abroad and actively stimulate a broad range of initiatives with very little – if any – coordination with the

¹³⁶ The 2012 budget was cut in at least R\$ 52 billion (US\$32 billion), reducing the defense budget by R\$3.3 billion and health care by R\$ 5.5 billion.

federal entities in charge of implementing the actions. One mid-level diplomat was very blunt in sharing his perception over this lack of management:

“There is problem between what is said at the highest level and how these decisions are implemented. [This was a] problem particularly during Lula tenure (not so much now): coordination problems with the operational level. Lula (sic) went and promised, and much was done in an *ad hoc* basis, based on his personal solidarity, that he ended up transforming in a foreign policy initiative. Good things were done, but a clear articulation [with federal entities] never really existed. (...) How can one conciliate with all of these things with the perception that there was a clear, defined, conscious policy? ” [A21]

The lack of planning, coupled with presidential desire that the action take place, and the president's power to command the federal administration, led to constant problems for the 'downstream' entities in charge of providing the cooperation itself. As put by a senior diplomat interviewed [A20], “it is easier to ride a tiger than dismount it; once you are in an international action, it is very hard to go back [and] if you promise too much than can't deliver the goods [there will be] external loses”, which added “Dilma does not need outside 'pampering' [like Lula]”, with the moment being one of “consolidation, maintaining bureaucratic continuity to actions taken, [and] having to digest previous commitments”.

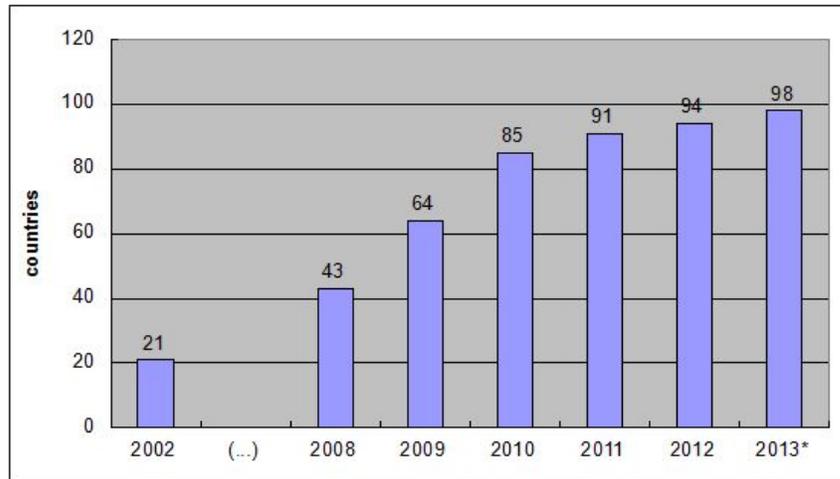
It is possible then, the lower number of technical cooperation agreements under President Rousseff is explained by desire for rationality in the provision of technical cooperation, accentuated by a context of overall budgetary constraints, leading to the President's purposeful refrain from actively promoting more agreements. A pullback could then also be justified by a desire to not make Brazil a 'victim' of its own success, thus avoiding over-commitment to technical cooperation agreements which would not be operationally realistic. There is no way of knowing whether the number of agreements will continue to decrease, stabilize, or go back up in the near future. A fair speculation is that as long as annual GDP growth remains meager, the expenditures on technical cooperation and the number of new agreements won't improve.

Main partners

There has been an impressive increase in the number of countries to which Brazil has provided technical cooperation: from 21 in 2002 to about 100 in 2013 (Abreu, 2013). Looking at technical cooperation as a foreign policy tool, this reading indicates a strong impetus to diversify Brazil's relations with 'Southern' countries beyond its traditional

regional context. The opening of new diplomatic fronts seems to fit well with Vigevani & Cepaluni's (2007) strategy of 'autonomy through diversification' (Figure 24).

FIGURE 24 – BRAZIL'S TECHNICAL COOPERATION AGREEMENTS PARTNERS, 2002–2013*



Source: based on data from Abreu (2013); no data was made available for the 2003–2007 period.
*partial assessment

Brazil has a long history of providing technical cooperation to South American neighbours – especially with the original MERCOSUL members (Argentina, Paraguay, and Uruguay). President Lula embraced the region as Brazil's immediate priority for technical cooperation, with development cooperation used as a tool for regional integration (Inoue & Vaz, 2013:518). By the end of his tenure, Brazil had technical cooperation projects with all but two countries in the continent (Antigua and Barbuda, and St. Kitts and Nevis). For one interviewee at ABC [A2], while Brazil was a regional leader in providing expertise, it was all the while concerned about not showing itself in a competitive manner with its South American peers – strengthening the logic behind the 'diplomatic' value from no-strings-attached technical cooperation.

The 2000s witnessed the expansion of partnerships with the entirety of Latin American and Caribbean countries, along with a *global* diversification of Brazil's South-South Cooperation. This would occur particularly towards Africa, with novel incursions in the Middle East and Asia. The proximity with Africa has been centered along the Portuguese speaking countries¹³⁷, but not *limited* to them: in 2010, Brazil had technical cooperation agreements with 36 of the continent's 54 nations. By 2013, out of 98 countries which received Brazil's technical cooperation, 43% were in Africa, 31.5% in Latin America, and

¹³⁷ Besides Brazil and Portugal, the other Lusophone nations are: Angola, Cape Vert, Guinea-Bissau, Mozambique, São Tomé and Príncipe, and East Timor (in Asia).

25.5% in other areas (Abreu, 2013). As the following section will detail, similar climates and 'human development' problems (including health, education, and poverty) play a significant role in connecting Brazil to other tropical and developing countries.

Brazil's increased presence in Africa has been a strong component of Brazil's South–South engagement and 'global' presence. Brazil is certainly not alone in increasing its presence in the continent since the 2000s. 'Emerging' players like China, India, and South Africa have been doing the same thing in growing the provision of development assistance, expanding investments, and blossoming trade (Kragelund, 2010).

The Brazil–Africa connection is not a novelty. Brazil's relationship with most countries in the region has existed for decades, especially with the other former Portuguese colonies. Not to mention the deep historical connection built since the sixteenth century by the Portuguese transatlantic slave trade. Nonetheless, when President Lula took office, the density of mutual interest and actions opened a new chapter in the relationship. As stated in a recent report on Brazil and Sub–Saharan Africa, "*the new Africa coincides with a global Brazil*" (World Bank, 2012:3).

As seen in the numbers abovementioned, one of the anchors to this new Brazil–Africa phase has been technical cooperation. Most of Brazil's actions have been taking place in the Sub–Sahara¹³⁸, with countries in this region requesting cooperation from Brazil in five key areas: tropical agriculture; health (including malaria, sickle cell anemia, and dealing with HIV/AIDS); vocational training (to support the industrial sector); energy (detailed in chapter 7); and social protection, (such as the *Bolsa Familia program*) (World Bank/IPEA, 2012:4–5). Along with technical cooperation, there has been an increase in overall bilateral trade and Brazilian private investment in the continent, along with debt pardons.

Each BRIC country has its own drivers for engaging with Africa, with all having interests in the region's natural resources (World Bank/IPEA, 2012:19). But while there are connections between these initiatives, one must avoid the oversimplification that the goal of Brazil's technical cooperation in the continent is to serve commercial interests. Unlike other 'outside' players like China and India, "there are few signs of integrated trade, FDI and aid activities in Brazil's links with Africa", where the "countries receiving the majority

¹³⁸ For more details on the full scope of Brazil's technical cooperation actions with each individual country, see ABC (2010); OECD (2011c); World Bank/IPEA (2012).

of aid are not the same as those receiving FDI, nor are there commonalities between major trade and FDI partners.” (UN, 2010:43). The explicit role of business in Brazil’s development agenda in Africa sets it apart from traditional European and US counterparts, which have typically relied on donor-led aid and development (White, 2013:117). This should not be read as ‘Brazil has no interest in providing technical cooperation to Africa’, or ‘Brazil has no commercial interests in Africa’. To the contrary, Brazil undoubtedly has commercial interests in the region. However, diplomatic gains seem to be the prioritized, and the good image and improved relations then used to *facilitate* commercial gains.

There is a commercial connection to the provision of Brazil’s no-strings-attached technical cooperation to African nations but it is conceived as an *indirect* process. Large Brazilian companies are surely interested in natural resources present in Africa, such as oil and gas, minerals, and land. Nonetheless, it can be said these resources are not *essential* for Brazil’s long term economy or energy security, a circumstance which “directly impacts on its approach to Africa” (White, 2013:119). Brazil is energy self-sufficient, has enormous mineral reserves, and extensive available land for agricultural use. So, while there certainly are economic and investment opportunities, they are not so much part of an agenda sponsored by the Brazilian *government*, but more of Brazil’s private sector finding niches for a natural expansion of Brazil’s capitalism (Correa, interview).

The ‘Brazilian way’ of engaging with African nations, has been described as one which seeks to build a positive image in Africa primarily through development cooperation, while accumulating core commercial and strategic assets, aiming at sustainable engagement with long-term objectives (White, 2013:117). This long-term approach to commercial gain should not be understated. Former External Relations Minister Celso Amorim made mention to this back in 2005: “it’s not about traveling [to Africa] to obtain short-term results, even if under the economic logic, Africa represents an important market. (...) Beyond the economic-commercial component, [we] seek to strengthen political ties [with the region]” (Amorim, 2007:242; Tr/Po). Hence, while Africa represents a relevant market for Brazil, short-term results are not the main goal of these trends, where Brazil’s African policies “can be viewed as energized in the diplomatic field, gaining particular importance whereas considering the *range* of the nation’s actions in the continent” (Visentini, 2010:66; emphasis added).

5.2.3. BRAZIL'S TECHNICAL COOPERATION: AREAS OF EXPERTISE

The great majority of Brazil's technical cooperation agreements have been centered upon two main elements: training [*capacitação*] human resources and strengthening local institutions. Agriculture and Health are the areas in which there has been the most volume of cooperation. In the period between 2003 and 2010 (President Lula's tenure), almost 40% of South–South Cooperation actions involved these two themes, which will be explored in this subsection. There are also significant actions involving other areas, such as: education (notably trade and professional skills); environment; public administration and management; transportation; low–income housing; culture; and energy.

Almost all initiatives tend to be framed around the broad idea of 'development', particularly '*human* development'. This is a fundamental aspect of Brazil's provision of technical cooperation, serving as an underlying thread to all the knowledge provided – ultimately seeking to foster a broad image of Brazil as a 'champion of human development' (see Dauvergne & Farias, 2012). The two cases below illustrate this framework well.

Agriculture

There is little surprise to external demands for Brazil's agricultural knowledge. This includes interest in agricultural production (both in general and in regards to specific crops), livestock management, policies for family farming, low–tech techniques to be used in semi–arid and tropical climates, etc. — not to mention the case of what the government calls '*agroenergy*' which will be discussed in details in chapter 6.

Brazil is *the* tropical agricultural powerhouse, having been called '*The world's farm*' (Economist, 2010b). The numbers are impressive. Between 1960 and 2010, the area used to produce grains in Brazil increased from 22 to 47.5 million hectares – totaling 5.6% of the country's total territory. At the same time, productivity rose from 783 to 3,173 kilos/hectare, allowing grain production alone to grow from 17.2 million tons to feed a population of 70 million people, to 150.8 million tons for close to 200 million people. Also reflecting this growth, for many years now, Brazil has been the world's #1 producer and exporter of sugar, coffee, orange juice, with soybeans just added to this list in 2013; it is

also the # 1 exporter of beef, tobacco, poultry, and in 2013, became the world's largest corn exporter.¹³⁹

The knowledge in this sector has not been restricted only to the operational side of adequate techniques or to large scale production ('agribusiness'). The increase in a broad range of domestic actions, especially since the early 2000s, promoting small farmers, agricultural subsistence, and food security has been a crucial feature. Family agriculture accounts nowadays for 84% of Brazilian rural establishments, approximately 4.3 million productive units ('farms'), involving over 12 million people. According to the Minister of Agricultural Development, Brazil is one of the few countries with governmental credit, assured income, purchasing program, and a program for guaranteed pricing for family farmers. The federal government has introduced many innovative programs to boost their production and income, such as the national program to purchases of food supplies for Brazil's public school system (which feeds about 45 million students) from family farmers. Comparing the numbers from 2002/2003 and 2012/2013, several accomplishments impress: the credit made available for family farmers increased 717%; over one million women were assisted in the Nation Program for Rural (Women) Workers; ten thousand rural libraries were created; and the income of rural workers increased 52%, with 3.7 million of these workers leaving poverty (*Portal Brasil, 2014*). So despite serious problems that still exist – including land distribution and regional inequalities – real progress has been made.

Until the 1970s, Brazil was a great food importer. In the words of a senior bureaucrat at the Ministry of Agriculture [A34], "I've been here for over 30 years. I've imported meat, rice, beans,... You name it. We *imported* all of this. We were able to change this with actions from businesspeople and the government." Until the 1970s, the *cerrado* region of Brazil, occupying almost one fourth of the country with its savanna-like vegetation and acidic soil, was considered close to useless for agricultural production¹⁴⁰. Now, it is home to about 2/3 of Brazil's grain production, in what has been frequently called 'the *cerrado* miracle'.

¹³⁹ Data retrieved from MAPA's online statistical database (www.agricultura.gov.br).

¹⁴⁰ This same interviewee said he grew up in the rural area of a state with *cerrado* vegetation; he recalled his father saying that *cerrado* land had little commercial value – it was either 'given or inherited', using a rhyme in Portuguese: "*Cerrado, só dado ou herdado*".

One key element of change was the government–funded Brazilian Agricultural Research Cooperation (*Empresa Brasileira de Pesquisa Agropecuária* – EMBRAPA). Created in 1973 and institutionally subordinated to the Ministry of Agriculture, its mission was to avert the country’s overall difficult agricultural situation: low production with low yield, enormous rural poverty (particularly in the poor Northeastern region), production concentrated in the country’s South/Southeastern states, and – more importantly – the sheer lack of appropriate knowledge on tropical agriculture.

EMBRAPA’s goal was to mitigate and overcome these problems through scientific research. Experiments began to be conducted all around the country, prioritizing items of domestic consumption (e.g., beans, rice, mandioc, beef) as well as exporting commodities like coffee, sugar, cocoa, and cotton. The institution was also to serve as a hub for training technicians to work in the field, developing (public) managerial capacity to deal with entire production and supply chains of various crops and animal stock, as well as helping to optimize government expenditures for the projects.

In the decades since its creation, EMBRAPA’s success has become internationally recognized. Its accumulated knowledge has become one of the most important elements in Brazil’s South–South provision of technical cooperation. The demand for what it has to offer led (in the 2000s) to the creation of permanent offices in Ghana, Mozambique, Mali, Panama, and Venezuela. According to former general–coordinator for Brazilian agricultural cooperation, Olyntho Vieira (currently serving Brazil at FAO), every country he visited wanted an EMBRAPA office: “If we were to go forward with every demand, EMBRAPA would now have 150 offices around the world” (*apud* Rossi, 2011; Tr/Po).

Most of what EMBRAPA does is to provide training. But along with numerous ongoing ‘small’ technical cooperation projects and exchanges in Latin American and African countries, there are two big so–called ‘structural’ projects under development by the Brazilian government which are anchored upon EMBRAPA’s knowledge. The first is the Cotton–4, involving Benin, Burkina Faso, Chad, and Mali, in which the Brazilian government has allocated \$3.5 million, with support from the UNDP¹⁴¹. The project contemplates sustainable development of the cotton production chain, all in a climate similar to that of Brazil’s North–East (prone to droughts). The subsistence crops of small farmers that rely on cotton for export are also part of the project, whose hope is to become a reference in training for regional development actions. According to an

¹⁴¹ For more details on the project, see: ABC (2010); OECD (2011c); World Bank/IPEA (2012).

anonymous interviewee with hands-on knowledge on origins of the Cotton-4 project, direct commercial gains were never discussed between ABC, UNDP, and EMBRAPA. The talks on the ‘business’ side of the agreement were related to the operational side of things: “who will they sell the cotton to?; how will it reach the markets? They were never about ‘how can Brazil make money off of this [agreement]?’”. As confirmed by the interviewee, there are no ties or conditionalities attached to the project.¹⁴²

The second ‘structural’ project in which EMBRAPA is deeply involved is the much larger Pro-Savanna. Launched in 2012, it is a trilateral partnership between Brazil, Mozambique, and Japan¹⁴³. The technical cooperation aspect of the project does not appear to have conditionalities or ties from either side, so Brazil will not profit *directly* from providing knowledge through EMBRAPA. However, commercial interests in the full project – which involve private investments and commercial opportunities – are strong, pervasive, and undeniable. There are many concerns over the project’s environmental and social effects in Mozambique, such as land-grabbing, small farmers’ losses, and economic dependence upon monoculture for exports. This is probably Brazil’s most controversial technical cooperation agreement of all so far, although these critiques to the project made by Brazilians are limited to some academics and NGOs¹⁴⁴, as the project is not on the radar of public policy or media debates. There are many other technical cooperation projects on agriculture between Brazil and Mozambique besides Pro-Savanna, such as the partnership to develop the Mozambican Institute for Agricultural Studies (*Instituto de Investigação Agrária de Moçambique*) and the Project for Food and Nutritional Security (*Projeto de Segurança Alimentar e Nutricional*), all of which are low-profile and seemingly unproblematic.

Going back to the big picture, Brazil’s technical cooperation agreements in agriculture are unconditional and untied, implying diplomatic gains are given predominance over commercial gains. As said before, this is *not* the same as claiming Brazil’s actions are devoid of profit interests – this would be naive, at best. The desire for monetary gains is

¹⁴² As of early 2014 there does not appear to be any Brazilian companies operating in these countries (except for Petrobrás in Benin; Andrade Gutierrez has an office in Mali but does not appear to have major ongoing projects). There is no indication of Brazilian private investment related to cotton production in these four countries either, only in Mozambique and Sudan.

¹⁴³ In the 1970s, Japan provided support for Brazil’s project to develop the *cerrado* region (in Central Brazil); there are climate and soil similarities between the Brazilian *cerrado* and the Mozambican savanna.

¹⁴⁴ For more specific analyses on this project, see: on a positive note, Gates Foundation, 2011; and Leite, 2012; with more critical tones, Cabral et al., 2012; Classen, 2013; and Schlesinger, 2013.

present, but it is expected to occur mainly as an *indirect consequence* of positive relationships fostered through a compilation of unattached agreements.

A good example is the 2012 creation of ‘Portal Africa’, a public–private partnership between EMBRAPA and the Brazilian Association of Machinery and Equipment (Associação Brasileira de Máquinas e Equipamentos – ABIMAQ). The ‘Portal’ is a webpage which presents 1) a comprehensive portfolio of made–in–Brazil machinery, agricultural implements and equipment developed for use in the agriculture of tropical countries; and 2) provides information on agricultural technologies developed in Brazil that may have potential use for some countries of the continent, given climate similarities¹⁴⁵. The goal is clear: promote – and sell – Brazilian machinery in Africa. However, it is worth highlighting that EMBRAPA’s provision of technical cooperation is in no way *tied* to the purchase of equipment from ABIMAQ associates – i.e., recipient countries are free to buy machinery from whomever they chose. The Portal serves, then, as a virtual showcase for Brazilian businesses, not a binding list of the only ‘acceptable’ suppliers. EMBRAPA also takes advantage of its international offices to provide direct consulting services – at a profit – to private companies (P.H. Barbosa, 2011:95). Again, there is no link here between these ‘private’ services and made–in–Brazil purchases. The bottom line is: commercial gains are sought in Brazil’s provision of technical cooperation in agriculture, but *indirectly* and *with no–strings–attached*.

Health

Brazil’s technical cooperation agreements in the health field have involved knowledge from the Ministry of Health and the Oswaldo Cruz Foundation (*Fundação Oswaldo Cruz* – FIOCRUZ)¹⁴⁶. The most popular cooperation programs in healthcare are: 1) human milk banks, which have contributed to Brazil reaching the Millennium Development Goal 4 (reducing under–5 mortality rate by two thirds) in 2012, *ahead* of the 2015 target¹⁴⁷; and 2) its pioneering efforts in dealing with the spread of HIV/AIDS,

¹⁴⁵ Source: Portal Africa’s website (http://portalafrica.com.br/portalafrica/public_html/index.html).

¹⁴⁶ Created in 1900, FIOCRUZ was given the mission of fighting the great problems of public health in Brazil. Nowadays it has over 11,000 employees and health professionals with different levels of involvement. It is responsible for a range of activities which include research development; highly–regarded hospital and ambulatory care services; production of vaccines, drugs, reagents, and diagnostic kits; education and training of human resources; information and communication in the area of health, science and technology; quality control of products and services, and the implementation of social programs. Source: FIOCRUZ’s website (www.fiocruz.gov.br).

¹⁴⁷ Source: UNICEF’s website (http://www.unicef.org/infobycountry/brazil_70944.html).

including the policy of providing free anti-retroviral therapy coverage to *all* of those infected with HIV since the early 1990s¹⁴⁸. Other topics of great interest include dealing with malaria; attention to attention to maternal and child health; care and training in the production of vaccines against yellow fever; the diagnosis and management of Chagas disease; and human resource management for hospitals and clinics (IPEA, 2011:39). Most of these initiatives have occurred through the exchange of experiences between Brazilian experts (mostly from the Ministry of Health or FIOCRUZ) and public employees in developing countries.

The most unique cooperation case in this field was Brazil's decision to support Mozambique in building the country's – and the *continent's* – first public institution in the pharmaceutical field. The initial proposal was made by President Lula in 2003, during his first visit to Africa. Apparently only a few months later, a Chinese offer was made but rejected as the plan was to build a *private* facility (Rossi, 2013). Ten years and an estimated \$20 million later, the factory was inaugurated. The main goal is to produce some 20 medications, particularly anti-retrovirals drugs to combat HIV/AIDS¹⁴⁹, as well as medications used for basic care (e.g., hypertension, type 2 diabetes, malaria)¹⁵⁰. The project involved two main components: 1) training of local personnel (by FIOCRUZ) in all phases involved in the laboratory production of such medications; and 2) the construction of the facility itself.

Some elements in the agreement reaffirm the non-attached character of Brazil's cooperation. The money used to purchase the necessary equipment (R\$ 13.6 million, at the time approximately US\$8 million) was donated by Brazil to the Mozambican government¹⁵¹. All other expenses undertaken by the Brazilian government were incorporated as part of ABC's and the Ministry of Health's budgets. Under the agreement, no clause was made demanding the purchase of Brazilian goods or services – whether

¹⁴⁸ According to Nunn et al. (2009:1103), "In 2003 approximately 300,000 people received AIDS treatment; by 2009 four million of the ten million people needing HAART [highly active anti-retroviral therapy] in developing countries received it. Much of this progress can be traced to Brazil's efforts to promote global AIDS treatment".

¹⁴⁹ UNAIDS estimates that around 12% of Mozambique's population (about 1.7 million people) is HIV positive (2012).

¹⁵⁰ All of these medications are under public domain, making their production free of payment of intellectual property rights.

¹⁵¹ This process required permission from Brazil's Senate, which was granted in December 2009 (Lei nº 12.117/2009).

before, during, or after the facility became operational; and the factory operates with no Brazilian intervention.¹⁵²

This case seems to fall well under Brazil's 'health diplomacy', which can be understood as the entirety of strategic guidelines of this country's global cooperation in the health sector, "defined as a result of the interaction and interrelation between health management technicians and Brazilian diplomats" (Lima & Campos, 2010:113; Tr/Po). So while Brazil assists Mozambique to combat HIV/AIDS, there is more to the action than pure humanitarian compassion. In a report done by one of Brazil's Senate Commission responsible for analyzing legal aspects of the donation, the human importance of the action was accompanied by very clear foreign policy reasoning. It stated that it was important for Brazil to confirm its disposition in subsidizing the initiative, as this theme had "attracted the attention of other potential donors". If the project was 'captured' by other countries, this would lead to "a loss of a potential instrument of cooperation and affirmation of Brazilians interests in Africa". The project had both "a strong humanitarian connotation" but also represented "a path for strengthening [Brazil's] relations with Mozambique and Africa".¹⁵³

A debate over this issue in the Senatorial Commission on Economic Matters (before the project's approval) revealed two interesting points¹⁵⁴. The only commercial mention made was to remind that the mining company Vale was in Mozambique, along with over five thousand Brazilian families, so Brazil "has economic interests [in Mozambique] and can now provide a donation with an extremely humanitarian character, that for us might not represent much but is a matter of life or death for at least 400.000 Mozambicans". No Senators in this Commission or in the Foreign Relations Commission questioned the absence of ties or conditionalities, although some raised the issue of the need for health investments *inside* of Brazil – the project was approved by all Commissions with no vetoes.

As a final point, Vale played a role in the construction of the factory. The data indicated this participation was not initially planned, as the only actors were the Brazilian and

¹⁵² Full agreement is entitled "*Ajuste Complementar ao Acordo Geral de Cooperação entre o Governo da República Federativa do Brasil e o Governo da República de Moçambique para o Projeto de Instalação da Fábrica de Antirretrovirais e Outros Medicamentos em Moçambique*".

¹⁵³ Source: Senado Federal, Parecer nº 2.109/2009, Comissão de Constituição, Justiça e Cidadania; Tr/Po.

¹⁵⁴ 51st Ordinary Meeting of the Commission of Economic Matters (Senate), November 10th, 2009; Tr/Po.

Mozambican governments. But in early 2010s, Vale offered to donate \$4.5 million towards the factory's construction costs (equivalent to about 1/5th of the Brazilian government's total expenditure in the project), covering what seemed to be a Mozambican difficulty to fulfill its financial commitments to the project. There are little details available about Vale's entry to the project, which took place around the same time the company opened a \$1.7 billion coal mine project in the country. While there seems to be no *direct* commercial gain for the company from this involvement, it does not take much to interpret the company's 'benevolent' gesture as a sign of wanting to foster a positive image in Mozambique and strengthen ties with the government.

Returning to the logic over commercial *versus* diplomatic gains, this case highlights Brazilian interest in both. But it confirms that, in regards to its provision of technical cooperation, Brazil is more interested in prioritizing diplomatic gains, and counting on stronger relationships and positive image to create a favourable environment for commercial gains.

According to ABC (2005), private companies are allowed to participate in – but not propose – technical cooperation projects when “the product of the cooperation is shared by society” (Tr/Po). Private sector participation can be motivated by a sense of social responsibility, as well as with mutual interests with the public sector, “in activities of technical profile that, in a mid–term [timeframe], can orient investment promotion towards generating jobs and income, sustainable use of natural resources, citizens' empowerment [*promoção da cidadania*], among other themes of social interest” (ABC, 2005:9; Tr/Po)

5.3. CONCLUSION

Technical cooperation is a useful tool for promoting Brazil's foreign policy goals, one which the country has amassed a considerable degree of tradition and reputation (Barbosa, 2011:87). The analysis revealed an undeniable element of self–interest in Brazil's actions. The Brazilian government certainly hopes to attain diplomatic and commercial gains from giving technical cooperation, mostly through an indirect process.

As the previous section has showed, it is possible to state this mechanism has generated neutral/positive gains for the country – both in the diplomatic and commercial fronts. Direct causal links in this case are hard to guarantee. There are many intervening variables and intangible elements which don't allow for a straightforward assessment.

Nonetheless, a qualitative evaluation of proxy indicators provided was able to establish connections that can't be attributed to coincidence alone.

Two elements have contributed to differentiate Brazil from 'traditional' and other emerging donors. First, the content of the knowledge shared. Most of what was provided related to policies and experiences related to human development and the provision of 'global public goods', such as mitigating poverty and hunger; and affordable techniques and technologies suitable for developing countries (especially in the tropical zone). Second, unlike what is still the norm for most DAC donors and some 'emerging donors', such as China and India, Brazil's provision is unconditional and untied.

Still, Brazil's case illustrates the difficulties of comparing DAC and non-DAC countries' provision of development assistance. This is of great impact for those interested in emerging donor's numbers, as each country use their own particular definition. Another problem related to these donors – and clearly for Brazil – is the frequent lack of transparency, availability, and/or reliability of numbers to allow proper quantitative analyses. Qualitative assessments are also affected by these problems, but to a lesser degree, as different sets of data are more easily available (e.g., interviews, policy reports, speeches and official documents) .

This chapter showed that Brazil's first incursions as a 'donor' began decades ago. As already alluded to in previous chapters, this is something common to other Southern countries like China and India. In this matter, the word *emerging* should not be interpreted as a synonym for *novel*. What is in fact new is the degree of importance of providing 'international cooperation' – used here as a proxy for Brazil's development assistance – in the country's foreign policy since the mid-2000s. The country began to give *more* through various mechanisms, incorporating more themes and making more financial commitments. It also expanded the list of recipients from neighbouring countries to an increasingly global reach. President Lula was very involved in personally promoting this Brazilian 're-branding' as an emerging *power*, with visible attention to South-South partnerships and a concurrent 'developing country' self-identification.

President Rousseff has had much less personal involvement foreign policy than her predecessor. Not only does she appear to have less interest in being in the international 'limelight', her presidency has had to deal with (and prioritize) pressing domestic issues. The absence of compiled numbers on Brazil's 'international cooperation' (and technical cooperation) since her tenure began in 2011 makes a more detailed analysis very

difficult. Nonetheless, the unconditional and untied characteristics of Brazil's technical cooperation has remained untouched. The 'special' attention to the full Latin America & Caribbean region and African nations, as well as the high provision of knowledge in agricultural and health-related themes has also gone unaffected by the change in presidency.

6. TECHNICAL COOPERATION AS A FOREIGN POLICY TOOL: THE CASE OF BRAZIL'S 'BIOFUELS DIPLOMACY'

This chapter continues the analysis on Brazil's provision of unconditional and untied knowledge transfers by looking at its technical cooperation agreements related to one theme: biofuels. What makes this case particularly unique, in comparison to the ones presented in chapter 5, is the clear commercial base upon which biofuels' production relies on. While providing basic techniques on improving agricultural productivity for small scale farmers in LDCs and dealing with HIV/AIDS might also have some commercial elements, *giving* knowledge regarding these matters can be explained as a quasi-'humanitarian' action.

Providing expertise over global 'public goods' without demanding some sort of compensation fits easily in the logic of 'niche diplomacy': Brazil's no-strings-attached approach to technical cooperation is based upon its desire to build and strengthen the country's international reputation as a 'development leader' and 'good international citizen'. But sharing expertise over biofuels does not easily fit this 'humanitarian' mold.

Unlike human development programs implemented by the government (and thus *public* actions) biofuels belong primarily in the market sphere. Even though there are critical policy aspects involving biofuels, its production and consumption involve large scale profit-seeking private companies in several sectors of the global economy: agriculture, car manufacturers, transportation, energy production, etc. According to one recent report, the global worldwide revenue from biofuels for road transportation alone is expected to grow from \$166.5 billion in 2014 to \$337.8 billion by 2022 (Navigant Research, 2014). The global market is expected to grow significantly, from 1.3 million barrels of oil equivalent per day (mboe/d) in 2011 to 4.1 mboe/d in 2035, by which time it should represent 8% of road-transport fuel demand (IEA, 2013b). And currently close to 50 countries in the world have some biofuel mandate or target in place (Figure 25).

As the analysis will show, the Brazilian government and its most active pro-biofuels sectors were *not* primarily motivated to provide agreements in order to sell vehicles, equipment, and machinery, or have Brazilian entrepreneurs *producing* ethanol in other countries. Nor were the biofuels agreements used as a proxy for direct gain in another sectors. While any of these gains would be welcomed (and some of them were even marginally sought), they were not drivers of the process.

Thus, the basic logic explaining Brazil's provision of no-strings-attached technical cooperation agreements on biofuels is the following: the government's main goals are best attainable – or in some cases *only* attainable – through a 'diplomatic' route and the use of 'soft power'. A short term perspective for commercial gains could have easily been pushed by Brazil with many partners, but has not been. Instead, the chosen strategy for all agreements is one of seeking commercial gains through improved country-to-country (and country-to-international-organizations) relationships within a longer term vision.

The assumption is that stimulating other countries to produce biofuels (a necessary condition for its 'commoditization'), building a network of like-minded actors, being seen as a trustful partner, and having the reputation of a serious voice in the subject matter is all the more easily obtained through unconditional and untied agreements (than through conditional and/or tied agreements). In order to dispel (or at least mitigate) suspicions of Brazil's intentions – i.e., 'why is Brazil *giving* me this knowledge?' – the agreements with developing countries interested but *hesitant* to produce/use biofuels should be constructed as non-binding and promoted as able to generate a win-win scenario.

The element of foreign policy image consistency is at play as well. Biofuels-related agreements are presented under the same arrangement as all other Brazilian technical cooperation agreements: unconditionally and with no commercial ties. Reinforcing Brazil's niche-approach to being a global reference on development, biofuels partnerships with developing countries are framed as being ultimately about Brazil helping other 'Southern'/developing partners develop. Even if the receiving partner never produces or uses biofuels, the negotiation process to reach the agreements has value in itself, as it allows Brazil to promote not just its expertise but its *vision* for biofuels, and frame it as an opportunity for energy independence and rural development. This process yields an opportunity for Brazil to foster an unwritten network of countries which are

familiar with this Brazil's position over this theme in global debates, and –ideally – support the country and/or its ideas in these *fora*.

Before moving forward, it is necessary to clarify some boundaries regarding what will be debated in this chapter. For this analysis, biofuels – particularly if derived from agricultural crops (the currently standard) – are not seen as a panacea for the global problem of fossil fuel dependency. As any energy source currently available, they have their own undeniable set of negative externalities. Land is a finite good, so an increase in area to produce crops for biofuels means some change to whatever is in that land, and possibly reverberating beyond this immediate setting– hence the emergence of the (controversial) concept of Indirect Land Use Change (ILUC)¹⁵⁵. In a best case scenario, a change in land use could simply be a reduction in pasture land by increasing animal density, or a 'productive' use of degraded land from other crops. On the other hand, more land for biofuels could mean destruction of native forests and protected areas. Reduction in available land for food production could lead to higher food prices, a concern which has prompted the 'food versus fuel' debate since the late 2000s.¹⁵⁶ The production of agricultural–based biofuels are also attached to broader concerns over land grabs, cash–crops, water availability, a growing world population, agribusiness lobbies, government subsidies, over-consumption, car–based transportation culture, among others.

As stated in the Introduction, these environmental and social matters are of utmost importance. However, they are not the focus of this particular thesis. For this study, the attention is biofuels as an alternative or complement to gasoline in the transportation sector, under the assumption that the former has greater potential to be a better fuel option *in relation* to the latter. An essentialist position that demonizes or sanctifies biofuels is explicitly rejected. Biofuels are not embraced as *the* ideal solution for the world's energy problems, but they are understood to have the *potential to mitigate* many countries' current dependency on fossil fuels by partially substituting oil–based fuels and

¹⁵⁵ The basic idea with ILUC is that growth in production of biofuels 'pushes' agricultural production into other areas. Thus, the environmental impact of biofuels should take into account not only the direct land displaced to produce the fuels, but how the overall land (nationally and globally) shifts to accommodate this change.

¹⁵⁶ The Google Scholar database indicates the existence of approximately 2,000 articles published in 2005 using the key words 'food'+ 'fuel'+ 'biofuels'; the same indicators yielded almost 10,000 results for 2008, and over 18,000 for 2013.

co-generating electric energy. In order to provide clarity, the analysis embraces biofuels from the following perspectives:

- within a bounded frame: biofuels as a complement to transportation fuels, given technology available, and with no expectation of overhaul to the current transportation structure;
- from relational setting: biofuels in comparison to fossil-based fuels (i.e., oil); and
- a probabilistic standing: biofuels can be good option for countries, given a number of environmental, economic, and human considerations are properly taken into consideration.

This chapter is divided in two sections. The first section will look at the processes which has led Brazil to become a biofuels reference. As said, the focus will be on this country's particular experience with producing and consuming sugarcane-based ethanol. The analysis focuses on domestic actors and drivers leading to its status as a necessary voice in global biofuels debates, particularly between the 1970s and early 2014, while also taking into consideration interactions and repercussions of international elements with Brazil's domestic setting. The section finishes by comparing the main features of biofuels' rise in Brazil in the early 2000s with that of the United States and the European Union.

The second section deals specifically with Brazil's pro-biofuels technical cooperation agreements, and what will be called its 'biofuels diplomacy'. It begins by describing the basics of Brazil's pro-biofuels agreements: how many, when, and to whom. It then focuses at which and how domestic forces interact to create and promote this 'biofuels diplomacy', while also considering the international scenario. The goal is to show how the process is initially pushed by transforming ethanol into a commodity, then, expanded to seek much more, serving much broader foreign policy goals.

6.1. BRAZIL: BECOMING THE WORLD'S ETHANOL REFERENCE

Brazil's experience with biofuels began in the mid-1970s, and has been practically all conceived and driven by domestic interests. Over time, external elements have had significant impact upon the country's biofuels 'project', but the main drivers of its highs and lows have been overwhelmingly internal. For close to three decades, both government policies and industry focus were inward-looking and reactive towards the

international scenario, i.e., there was no ‘international goal’ attached to their behaviour. Only in the 2000s would this dynamic change: 1) both government and industry would – together and individually – actively promote a pro-ethanol international structure, and 2) the Brazilian government would take advantage of being the subject of international interest.

Looking inside the State, both public and private actors have played significant roles during these four or so decades of ethanol use in Brazil. The crucial actor in this process has been the federal government, particularly the Presidency and the federal bureaucracy. On the private sphere, the most important players have been sugarcane/ethanol producers, followed by the auto-industry. This institutional framework is essential for understanding the Brazilian government’s foreign policy related to biofuels.

This section is divided in three parts. The first is a brief historical assessment of sugarcane production and early ethanol use in Brazil from its early days as a colony until the mid-1970s. The second focuses on ethanol’s rise and fall between the mid-1970s and the 1990s. The third and final part looks at the ‘re-birth’ of ethanol in the country in the 2000s, and how international elements would bring great foreign interest to Brazil’s experience.

6.1.1. THE SWEET AND SOUR ROAD OF SUGARCANE IN BRAZIL

All ethanol produced in Brazil is derived from sugarcane, and Brazil’s history of leadership in sugarcane production is literally as old as the country itself. Three decades after the Portuguese arrived, Brazil had its first sugarcane mill. For the next three and half centuries, the crop would be grown mostly in the country’s Northeastern coastline, thus relatively close to the European consumer market, and certainly closer than sugar produced in South East Asia. It would be structured around a plantation system which combined large farms (*latifundia*), monoculture, export-oriented production and slave labour.¹⁵⁷ Until the 19th century, sugar would be Brazil’s number one exporting product, only the losing this position to another agricultural commodity: coffee. Still, sugarcane continued to be relevant in economic and political terms. Before the beginning of the 20th century, growing industrial sophistication of production prompted *usineiros* (sugar mill

¹⁵⁷ Brazil only fully abolished slavery in 1888.

owners) to begin vertically integrating their production, thereby concentrating it even more.

Formal governmental intervention in order to protect and regulate the sugarcane industry began in the 1930s. This includes the federal government's decision to implement its first compulsory use of gasohol (E5), making Brazil the first country ever to impose a federal mandatory mix of biofuels (ethanol, in this case) into gasoline sold. The main reason for the measures was mainly around problems in the international sugar market. The Great Depression prompted producers to pressure the government to alleviate their excess sugar supply – to which the government positively responded. Later on, the oil scarcity related to World War II briefly elevated the mandatory mix to 40%. Once the War was over the sector still tried to push for high(er) amounts of ethanol in gasohol, but was unsuccessful.

By the 1950s, world oil supplies stabilized at a low price and the country's sugar industry steadily found itself in a comfortable situation and growing at a strong pace. Between the harvests of 1961/62 and 1971/72 the country's sugar exports volume grew 106% vis-à-vis a growth of 38% of internal demand for the product (Szmrecsanyi & Moreira, 1991). In the early 1970s, the federal government implemented a series of programs to increase the production and productivity of sugar in the country, focusing on incentives for large-scale, spatially-concentrated, and modernized industries. The resources available were plentiful and interest rates very low, prompting an even greater increased production in the sector. The external market for sugar was very attractive at the time, with the international market price rising almost continuously from 1968 to 1974, and sugar actually outranked coffee as the nation's most profitable commodity export in 1974. The government, which gave high priority to the entry of foreign currency into the country through trade, deeply welcomed this sector's success. (Nunberg, 1986).

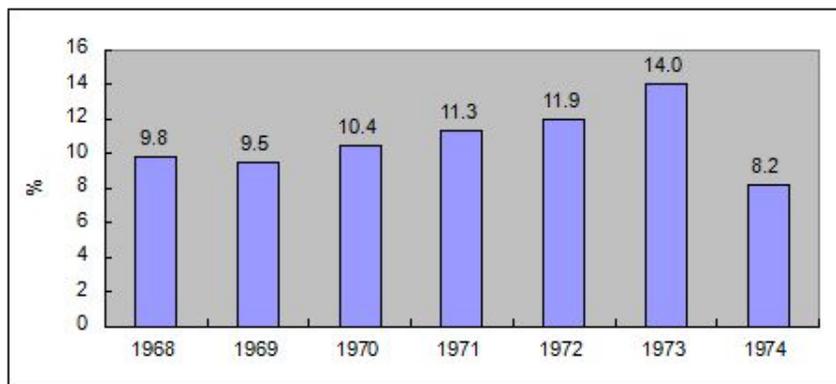
6.1.2. 1970s–1990s: ETHANOL'S RISE AND FALL

In the mid 1970s, two external factors would prompt the Brazilian government to embrace fuel ethanol to an entire new level: 1) the 1973 Oil Crisis, and 2) the 1974/1975 crash of sugar prices in the international market. Until that time, ethanol was conceived only as a blend to gasoline, and in 'small' (single digit) levels. The combination of these twin de-stabilizing events would prompt the increase in ethanol blended to gasoline to

the two digit level, and later on lead Brazil to become the first country to have a national wide large-scale fleet of vehicles running fully on ethanol.

Notwithstanding the discovery oil in the country and its exploration by the national company Petrobrás (created in 1953), Brazilian leaders had long recognized the problem of energy scarcity as a serious impediment for the country's growth and industrialization. A series of actions were taken after the 1950s to lessen the dependency on fossil fuels, including developing projects related to nuclear and hydroelectric energy generation. The country's economic growth in the late 1960s and early 1970s would place even more pressure upon the need to find alternative energy sources (Figure 26), although fuel ethanol was not yet on the government's priority list.

FIGURE 26 – BRAZIL: ANNUAL GDP GROWTH (1968–1974)

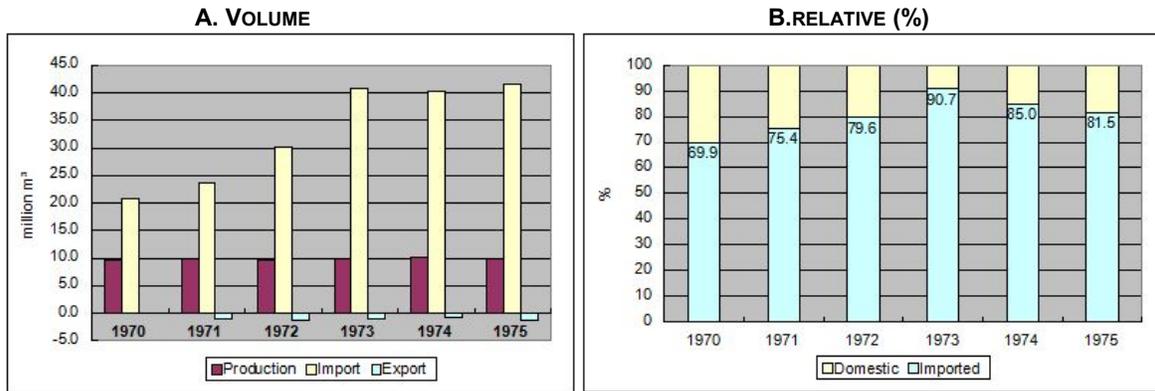


Source: based on data from IPEA¹⁵⁸

In 1973, when the first Oil Crisis occurred, Brazil imported an astounding 90% of all gasoline it used (MME, 2014). It was the number one oil importer within developing countries and ranked seventh in the world (Santana, 2006). Between 1973 and 1974, even though the volume of imported fossil fuels rose by 15%, Brazilian expenditures with this commodity grew from \$750 million to \$4.1 billion – almost 450% increase (Farina et al., 2013:66) (Figure 27).

¹⁵⁸ Source: IPEA's online database (www.ipeadata.gov.br)

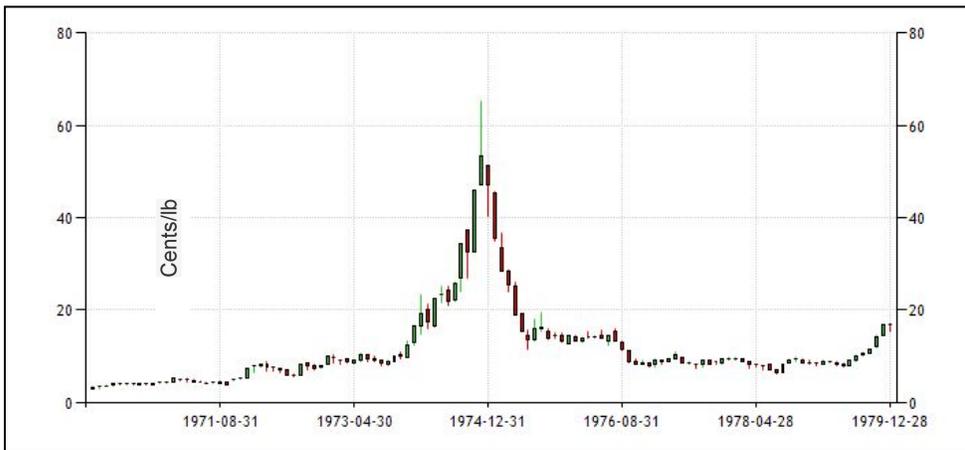
FIGURE 27 – BRAZIL: ORIGIN OF GASOLINE – DOMESTIC X IMPORTED (1970–1975)



Source: based on data from MME(2014)

Adding to this bleak picture, the price of sugar in the international market, which had experienced a continuous rise since the early 1970s and spiked in late 1974, simply crashed. In May 1975, the price of sugar was only one quarter of what it had been just six months earlier, and never again coming even close to its peak during the rest of the decade (Figure 28).

FIGURE 28 – INTERNATIONAL PRICE FOR RAW SUGAR (1970–1979)



Source: image generated from <http://www.tradingeconomics.com/commodity/sugar>

This perfect storm created a singular opportunity for sugarcane producers to push the government into finding a market for their excess production – i.e. increasing the mandatory ethanol blend to gasoline – and for the government to become serious about investing in reforming its entire energy matrix. Brazil would partner with Germany to potentially build eight nuclear reactors by 1990; together with Paraguay, it would begin the construction of the Itaipu Dam, the largest operational hydroelectric energy producer in the world; and Petrobrás would give enormous attention to R&D for offshore oil

platforms, as new technology was needed to explore its oil sources (located at much deeper levels than in the North Sea or Gulf of Mexico).¹⁵⁹

Also in this context, great attention was given to biofuels. In 1975, the government created the National Alcohol Program (*Programa Nacional do Álcool*) – known simply as PROALCOOL.¹⁶⁰ By 1977, President Gen. Geisel gave ‘absolute priority’ for the PROALCOOL program, promising unlimited resources. Two years later, as oil reached the \$100 per barrel mark, the government became even more involved in promoting biofuels (both ethanol and biodiesel). The new President, Gen. Figueiredo (1979–1984), deepened and broadened the scope of PROALCOOL by championing the use of pure ethanol as fuel replacement for gasoline – not just as a blend. At the time, the President portrayed the energy directives as elements of a *quasi*–‘war economy’, with the energy issue having gained the highest political importance to date (Barzelay, 1986).

In PROALCOOL’s first phase, the government increased the amount of ethanol into gasoline, while also giving ample fiscal incentives for sugar mills to install and/or expand distilleries in order to convert sugarcane to ethanol in larger volumes. For both Barzelay (1986) and Szmrecsanyi & Moreira (1991), the program was initially formulated and established more as a mean to support the sugarcane industry than to actually be a solution for the energy crisis. The primary motivation was to reduce negative effects of low world prices on the sugar industry, with increased oil price mentioned only as a secondary justification. Although the Presidents Geisel and Figueiredo were not looking for votes or campaign money from the sugarcane lobby – the country was a dictatorship in 1985 – this does not mean these leaders did not crave political power and support from influential groups.

¹⁵⁹ For more on the evolution of Brazil’s off–shore oil exploration, see Ortiz Neto & Costa (2007).

¹⁶⁰ At the same time PROALCOOL was presented, a plan to partially substitute diesel for biodiesel was also introduced, called the Production Plan of Vegetable Oils for Energetic Usage (*Plano de Produção de Óleos Vegetais para Fins Energéticos* – PRODIESEL). But unlike the ethanol program, PRODIESEL was not mass–market oriented, which partially explains why it did not have significant market impact. The biodiesel program was fostered under the aegis of the Air Force. At the time, Air Force Minister Delio Mattos said that the aeronautics industry was really interested in kerosene for jet fuel, not diesel oil per se, so the project added bio–kerosene to the research efforts (MRE, 2008). In 1984, the first military plane flew on 100% bio–kerosene, but despite the achievement, Brazil’s turbulent political and economic scenario would halt the project.

The sugarcane lobby had COPERSUCAR (Brazilian Sugar and Alcohol Cooperative) as the industry's key political force, strong enough to not be restrained by the fact that cooperatives were illegal in the country at the time (Nunberg, 1986:66). COPERSUCAR's president at the time, Mr Jorge Atalla (1968–1979), was considered to be a friend to President Geisel and one of the few private businessmen who could get an audience with the President (Nunberg, 1978, *apud* Barzelay, 1986). This at a time when “decision making was concentrated markedly in the executive branch, access to high-level officials in that branch of government was essential for influencing policy outcomes” (Helfand, 1999:11).

Nonetheless, the single powers of the sugar lobby or of General Geisel should not be overplayed. By the late 1970s, PROALCOOL's results were considered meager given the small amount of government resources that were actually provided to the sugar mills for building ethanol distilleries (Veja, 1979). In 1977, Congressman Valter Silva questioned in a newspaper article if the problems in implementing the program were due to techno-bureaucratic inefficiencies or a product of “interference from external forces” – i.e., international oil interests – aimed at halting PROALCOOL's success (Silva, 1977:22; Tr/Po). For Sperling (1988:76–78), the explanation was in the bureaucracy: the program's attributions were initially dispersed upon several existing institutions, each one giving different priority levels for the project, with poor overall management.

President Geisel was an enthusiastic supporter of ethanol fuel, but even though he was the head of a strong, centralized government, he was able to, or in any case, did not, direct the implementation of the PROALCOOL along a well-planned, deliberate path. Although the state had considerable resources at its disposal and directly influenced much of the economy, it was not a monolithic entity. Each public corporation and government agency pursued its own interests. (Sperling, 1988:77)

Having ethanol as a full-on substitute for gasoline in cars demanded a much more complex technology and logistical framework than simply increasing the blend level of ethanol/gasoline. At least four basic and interconnected hurdles needed to be overcome: 1) mass scale production of ethanol-running cars, 2) consumer confidence and desire to purchase these vehicles, 3) national availability of pure ethanol in gas pumps, and 4) competitive price of ethanol vis-a-vis gasoline. The federal government would directly tackle all of these issues.

In early 1978 (thus *before* the second Oil Shock), the government began negotiating with the country's auto-manufacturers for them to produce cars running on pure alcohol. The

government informed them it would stimulate the sale of these ethanol–run vehicles by guaranteeing that 1) it would give fiscal incentives for consumers to buy these cars (i.e., they would be cheaper than gasoline–based vehicles); and 2) it would fixate the price of hydrated ethanol for consumers to be equivalent to 65% of that of gasohol. The government went so far to *inflate* gasoline prices: in 1980, it passed a measure to increase taxes on gasoline by 35%, and divert 81% of the extra revenue to projects related to alternative energy – including PROALCOOL. An additional ‘bonus’ was envisioned by both the automakers and the government: the possibility of later on exporting ethanol–run vehicles, which at the time seemed like an emerging niche market (Sperling, 1988). This public–private arrangement was necessary to ensure that consumers became beneficiaries of the stimulus to ethanol–run cars, thus promoting both the demand and supply for fuel ethanol while at the same time reducing the country’s dependency on imported oil.

The role of the Brazilian oil industry in demanding actions for (or against) ethanol were very limited. After all, practically the entire upstream and downstream oil structure in Brazil was controlled exclusively by Petrobrás since its creation in the early 1950s. This company was always under the control of the federal government, which meant that even though it gained political relevance with the bureaucratic inner works of policy making as its material importance increased over the years¹⁶¹, the President had the final word on what the ‘oil industry’s interests’ were to be in regards to ethanol.

Another crucial layer is necessary to understand the projects’ prospects for success: the historical role played by (mostly) public and (some) private research and development (R&D) on sugarcane and ethanol production. The very first initiatives to improve productivity – through development and selection of sugarcane varieties, increased sugar content, and better deals with pest and pathogens – can be traced to the late 19th century. By the 1930s the state of São Paulo was very active in funding R&D agricultural institutes (both in state entities and public universities) for sugarcane improvement¹⁶² this choice is an important piece in explaining São Paulo’s rise to leadership production

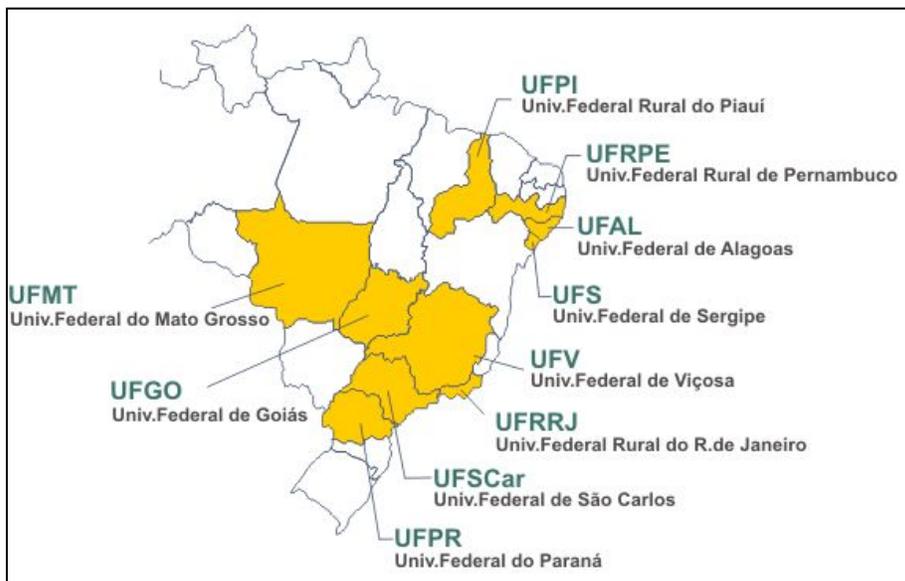
¹⁶¹ At the time “[it was] Brazil’s largest corporation, with links to 37 companies around numerous sectors, employing 43,000 people, and generating more profit per unit than any other petroleum company in the world, Petrobrás dwarfed most public and private entities in the country” (Barzelay, 1986:182).

¹⁶² These include the *Estação Experimental de Cana de Piracicaba* (EECP) – Piracicaba’s Experimental Sugarcane Station, and the *Instituto Agrônomo de Campinas* (IAC) – Campinas Agronomic Institute.

of this crop (Dunham et al., 2010:59). In the late 1960s COPERSUCAR would create its own Center for Sugarcane Technology, partnering with public research bodies like the Campinas' Agronomic Institute (IAC) and later on with EMBRAPA.

In the 1970s, many pro-sugarcane federal research initiatives would appear, initially prompted by the rise in sugar prices. One of the most important was the 1971 creation of the National Plan for Sugarcane Improvement (*Plano Nacional de Melhoramento de Cana-de-Açúcar* – PLANALSUCAR); the next year this Plan became part of the National Development Plan, through the Ministry of Industry and Commerce's Basic Plan for Scientific and Technological Development. The PLANALSUCAR would serve as a base for Brazil's academic research in this area. While it was officially terminated in 1990, a network of twelve federal universities absorbed its research under the Interinstitutional Network for Development in the Sugar-Alcohol Sector (*Rede Interinstitucional de Desenvolvimento do Setor Sucroalcooleiro* – RIDESA), which has continued its research and has great expertise in sugarcane's genetic make-up (Figure 29). All of this publicly-funded effort has helped the countries' sugarcane productivity grow significantly since the mid-1970s (Figure 30).

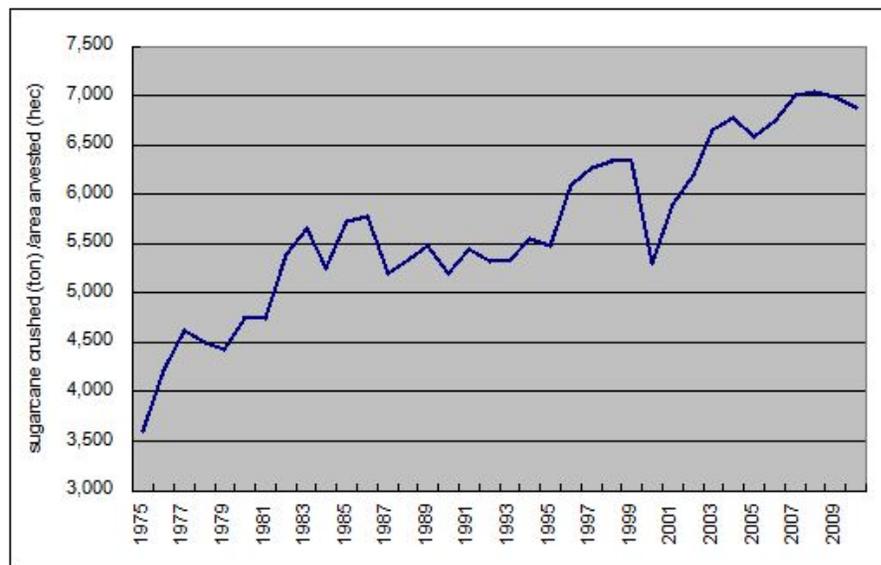
FIGURE 29 – RIDESA: PARTICIPATING INSTITUTIONS



Source: reproduced from UFSCar/PMGCA¹⁶³

¹⁶³ Source: PMGCA's website (<http://pmgca.dbv.cca.ufscar.br/htm/pmg/histor.php>).

FIGURE 30– BRAZIL: SUGARCANE PRODUCTIVITY



Source: based on data from MAPA (2013)

The government's plan to partner with the auto-industry to promote ethanol-fueled vehicles worked – even if for only a period of time. In early 1979, the country began to implement its first ethanol pumps in gas stations; by the middle of the year, the first ethanol cars entered the market. The initial success was enormous: at its peak, between 1983 and 1986, close to 3/4 of new cars sold in Brazil were running on pure ethanol. In the early 1980s, government-certified mechanics retrofitted gasoline-to-ethanol cars for \$250, with an enormous demand (Sperling, 1988:81).

The overall picture of Brazil between the mid-1970s and early 1980s points to a unique situation – a 'policy window' (Kingdon, 1984) – where a series of separate forces converged, creating the opportunity to embrace sugarcane-ethanol at such high level and quick pace. The PROALCOOL program's first step (increasing ethanol blend to gasoline) and second steps (cars running on pure ethanol) was made possible not only by a combination of positive forces, but also by the *absence* of any relevant 'anti-ethanol' groups (Table 25).

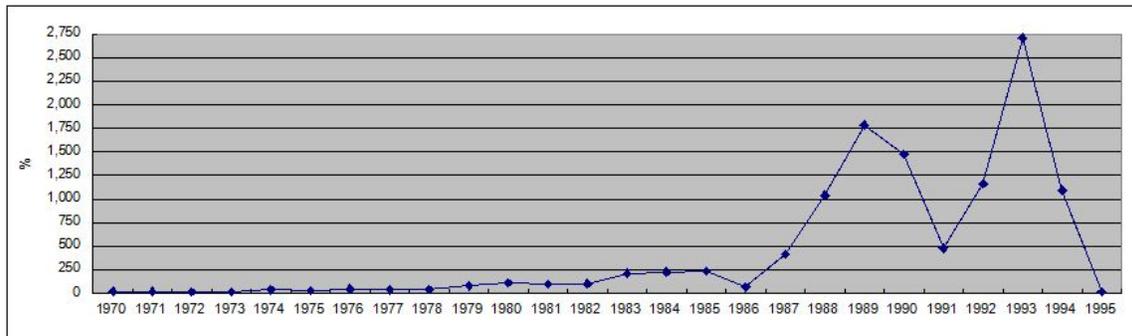
TABLE 25 – BRAZIL: DOMESTIC FORCES & PROALCOOL PROGRAM (MID–1970S/EARLY 1980S)

	<i>Institutional forces</i>	<i>Position</i>
<i>Public</i>	Federal Government	Main pro–ethanol player. Given political structure (dictatorship), very strong control over the political and bureaucratic structure to determine the process' direction and pace. Energy security was embraced as a national priority, with ethanol placed within this framework; more concrete actions after 1978 than between 1975–1977
	Brazilian Oil sector (Petrobras)	Positive/neutral. PROALCOOL program housed within Petrobrás (at the time the country's most important national company), not in an independent institution, thus lessening chance of bureaucratic disputes regarding fuel use; President had great influence over company's direction, facilitating change in mandate from oil–only to <i>fuels</i> (oil & biofuels)
<i>Private</i>	Sugarcane producers	COPERSUCAR: key pro–ethanol player in first phase (higher ethanol blend); strong and politically well connected lobby; welcomed government's decision to support cars running purely on ethanol (PROALCOOL's 2nd phase) but were not main force behind this move
	Auto–industry	Positive; high gasoline prices discouraged auto sales: car sales fell in late 1970s; ethanol–fueled cars gave significant boost to domestic industry in early–mid 1980s
<i>Pub/Pr IV</i>	Research institutions	Long history of research on improving sugarcane productivity before PROALCOOL; most knowledge from publicly funded institutions, particularly federal universities;
<i>Societal</i>	Consumers	Positive/neutral. No record of opposing groups or from individuals with media visibility regarding higher ethanol blend. Significant role in the commercial success of ethanol–run cars, attracted by car and fuel's lower price vis–a–vis gasoline
	Citizens	Positive/neutral. No record of opposing groups or individuals with media visibility. Also, because the country lived in a dictatorship, any protest would have been very limited.

However, beginning in the mid–1980s, domestic and international changes would practically erase ethanol–running vehicles from Brazil by the early 2000s. Brazil's transition to a democracy in the 1980s meant a greater deal of accountability for whomever was in charge, so all policies were under much more scrutiny than before. But much more important for the fuel–ethanol 'project' was the economic crisis the country underwent for almost a decade. While yearly inflation had been in the double–digits for practically all years since the late 1940s (when inflation began to be measured), it crossed the three digit mark in 1980 at a 110% inflation rate. Then, between 1988 and 1994, yearly inflation rates would reach *four* digits – with 1993 seeing an incredible 2,708% inflation (Figure 31).¹⁶⁴ Energy security was no longer a priority: inflation and re–democratization were clearly at the top of the list.

¹⁶⁴ Source: IPEA's online statistical database (www.ipeadata.gov.br); inflation measure: IGP–DI.

FIGURE 31 – BRAZIL: ANNUAL INFLATION RATE (1970–1995)



Source: based on data from IPEA¹⁶⁵

The total disarray in which Brazil's economy found itself during this turbulent period caused havoc throughout the economy. Practically all sectors which relied on some sort of government subsidy or protection were affected by the government's lack of funds, including the end to the fiscal privileges for ethanol-fueled cars in 1990. Ethanol's competitiveness was also deeply challenged by the global price of gasoline, which began to decrease during this same period (Figure 32): from close to \$40/barrel in mid-1980 to \$11/barrel in July 1986; an average of \$32.6/barrel from 1980 to 1985, then \$17.4/barrel between 1986 and 1989.

FIGURE 32 – GLOBAL OIL PRICES*, MONTHLY (1980–1989)



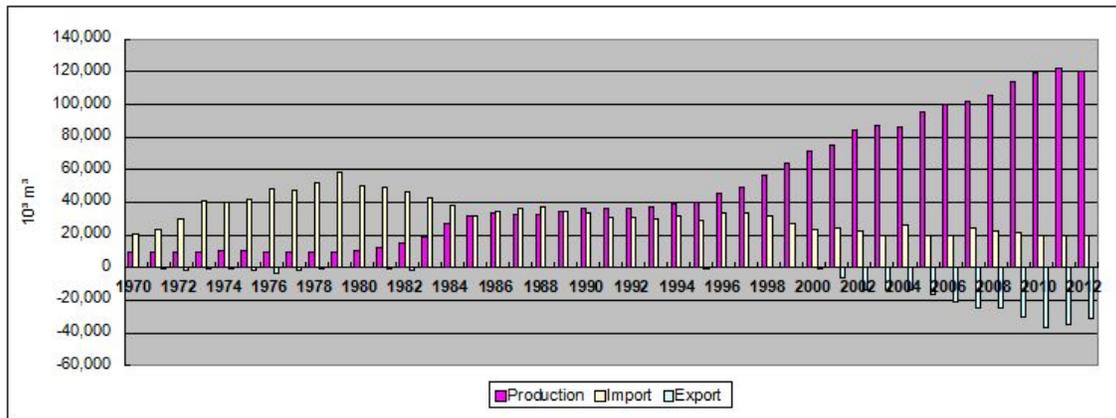
Source: based on data from Dow Jones & Company¹⁶⁶ ; * Spot oil prices (West Texas Intermediate)

The country's own increase in gasoline production compounded to even less government interest in the industry: Brazil had gone from a 90% dependency on foreign oil in 1973, down to around 50% by the late 1980s, to then producing 75% of all its oil by 2000 – when it also became a net oil *exporter* (Figure 33).

¹⁶⁵ Source: IPEA's online statistical database (www.ipeadata.gov.br)

¹⁶⁶ *apud* <http://www.forecast-chart.com/chart-crude-oil.html>.

FIGURE 33 – BRAZIL: OIL PRODUCTION, IMPORT, AND EXPORTS (1970–2012)



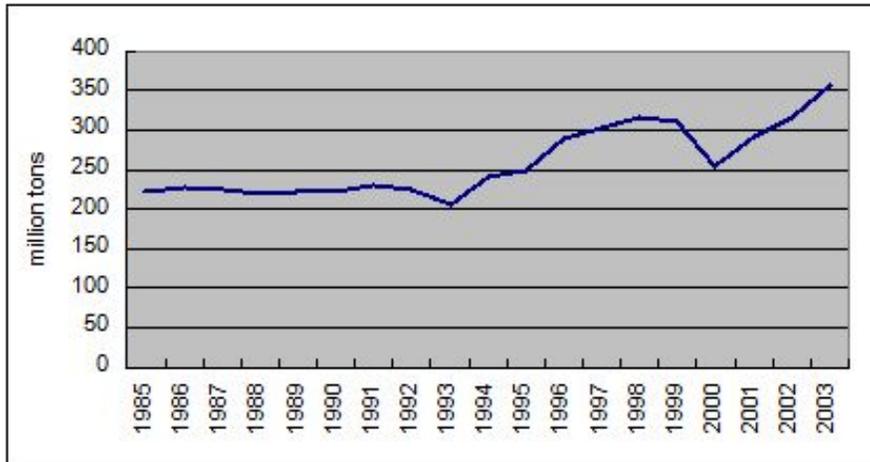
Source: based on data from MME(2014)

In the span of roughly a decade, ethanol-fueled cars went from a promising solution to a serious problem. It is estimated that by 1990 PROALCOOL had consumed \$10 billion from public coffers to maintain the ethanol competitive vis-a-vis gasoline (Veja, undated). It was only a matter of time before the government could no longer sustain ethanol's artificially low price. And once ethanol prices were no longer attractive, consumers would turn their backs on ethanol vehicles. The government held on until in the mid-1990s to allow some flexibility in gasoline prices at the pump, and only in 2002 did a full price-deregulation take place.

As the 1990s progressed, the situation for the ethanol industry in Brazil seemed increasingly bleak. While the fuel continued to be blended to gasoline at high levels, pure ethanol sales were crashing. The consequence of pure ethanol's lack of competitive edge over gasoline was simple: no one wanted these cars. After their sales peak in the early/mid-1980s, the numbers revealed a clear downward path for ethanol vehicles: from 75.5% of all new cars sold in 1985, to 2.5% in 1995 (SINDIPEÇAS, 2013). The sale of hydrated ethanol ('pure ethanol') decreased in tandem: from over 10.2 million m³ in 1990 to less than half of that by the end of the decade (MAPA, 2013).

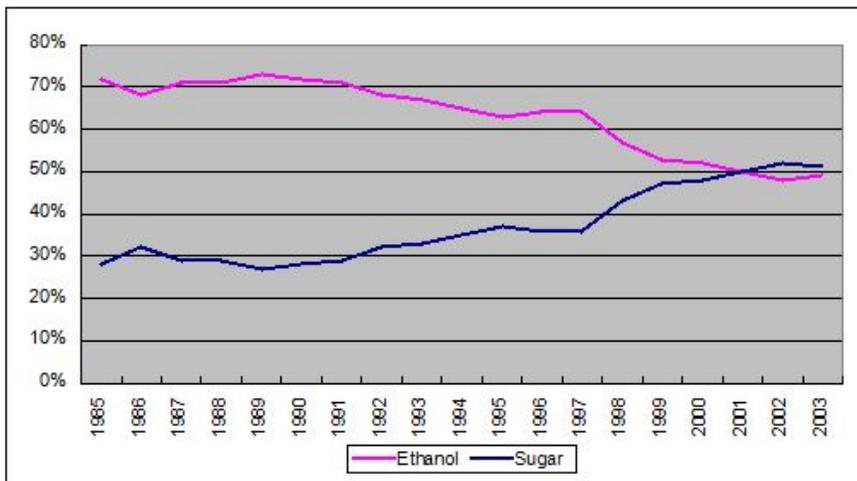
Despite the bleak scenario ethanol faced in the turn of the 1990s/2000s, some valuable features remained quietly in place, which would allow this fuel's quick and surprising turnaround in the 2000s – and Brazil's enormous international visibility as a fundamental reference to biofuels' use. First, the country's sugarcane production has expanded almost continuously since the 1980s (Figure 34); as ethanol consumption decreased in the 1990s, sugarcane's final product shifted from fuel to sugar for export (Figure 35).

FIGURE 34 – BRAZIL: TOTAL SUGARCANE CRUSHED



Source: based on data from MAPA (2013)

FIGURE 35 – BRAZIL: SUGARCANE'S FINAL PRODUCT



Source: based on data from MAPA (2013)

Second, the sector continued to evolve through numerous technological innovations designed to improve the crop's entire life cycle, including new alternatives for sugarcane by-products. For example, the huge amounts of *vinasse* (the waste liquor from sugarcane processing), which used to be thrown directly into rivers and streams, was discovered to be a very good fertilizer for the fields; the *bagasse*, another by-product, began to be used in increasing volumes for co-generating electric energy used by the mills to power their own furnaces.

Third, the sector would go through a new phase institutionally. The government's direct control over prices and production were practically eliminated throughout the 1990s. While at first this created instability, it also allowed competitiveness and efficiency to play a much more important role in the industry's overall production. There was also change

in the sector's leadership and mission: COPERSUCAR (the sector's key actor in the 1970s) stepped aside¹⁶⁷; in its vacuum a new organization would emerge to lobby on behalf of sugarcane and ethanol producers, the Union of Sugarcane Industry (*União da Indústria de Cana-de-Açúcar* – UNICA). Since then, this organization would go on to develop a close relationship with the federal government, with important international ramifications. As will be detailed next section, UNICA has, both directly and indirectly, influenced some Brazilian foreign policy decisions related to ethanol – including the country's decision to provide unconditional and untied technical cooperation regarding ethanol.

6.1.3. 2000s: ETHANOL'S DOMESTIC AND INTERNATIONAL RE-EMERGENCE

The 2000s began with a grim scenario for the sales of pure ethanol. While the high level of ethanol blended to gasoline remained steady since the mid-1970s, the market perspective for pure ethanol was somber. This choice of fuel could only be used in ethanol-only cars, and consumers no longer wanted these vehicles: between 1995 and 2001, these cars represented less than 1% of all new cars purchased yearly. In 1997 and 1998, for instance, they did not even reach the 0.1% threshold: in these years, only slightly over 1,000 of these vehicles were sold, compared to 1.6 million (1997) and 1.2 million (1998) gasoline-fuels cars purchased.

Yet, a new period of prominence for fuel-ethanol was quietly being crafted. Unlike in the 1970s, this time the federal government's role in the initial stage of this process would be relatively small. The key domestic variables were located in the private sphere, the undoubtedly most important one being the automakers' introduction of flex-fuel vehicles (FFV), followed by consumers' quick and strong desire for these vehicles – as already presented earlier in the chapter. And as in the PROALCOOL early days, Brazil remained with no domestic anti-ethanol forces to stop or contest ethanol's comeback (Table 26).

¹⁶⁷ COPERSUCAR deeply transformed its role during the 1990s and become a private company.

TABLE 26 – BRAZIL: DOMESTIC FORCES & ETHANOL’S ‘REBIRTH’ (EARLY 2000s)

	<i>Institutional forces</i>	<i>Position</i>
<i>Public</i>	Federal Government	Positive/Neutral. Federal government welcomed flex-fuel technology but was not responsible for it. Decision to apply same (lower) taxes for pure-ethanol vehicles to FFV (2002). Important indirect role: Ministry of Agriculture helped bridge ethanol industry’s needs and government policies to help sector during transition period.
	Brazilian Oil sector (Petrobras)	Neutral. No interference with pro-ethanol policies. Responsible for operational and logistical elements of national ethanol standards and distribution since PROALCOOL was introduced.
<i>Private</i>	Auto-industry	Very positive – fundamental actor. Optimization of flex-fuel technology and fabrication of flex-fuel vehicles allowed ethanol to re-emerge as an independent fuel. Key companies: Bosch and Magneti Marelli (developing flex-fuel technology), Ford (1 st prototype) and Volkswagen (1 st to sell FFV); shortly after, all main auto-companies would produce FFV; single motor for both fuels simplified production line and business planning.
	Sugarcane & Ethanol producers	Positive. UNICA: main institution; member companies initially reticent about technology; once convinced of viability of FFV, sector organized to demand extension of tax breaks for ethanol vehicles to FFV. Early years of UNICA’s international focus: eliminate US tariffs on Brazilian ethanol.
<i>Publ/Priv</i>	Research institutions	One of the most important academic researchers of the FF motor was Prof Francisco Nigro (from public research institutes). His expertise was considered legitimate by both government and industry, giving credibility to the technology.
<i>Societal</i>	Consumers	Very Positive. Avidly embraced FFV: consumers would <i>always</i> be able to save money on gas with no drawbacks – price at pump was all that mattered
	Citizens	Positive/neutral. No record of opposing groups or from individuals with media visibility.

Ethanol’s re-emergence in Brazil in the early 2000s was not a direct product of international forces, nor was it conceptualized to serve an external need. The creation of the FFV and its acceptance by the Brazilian consumers was neither a cause nor a consequence of ethanol’s prominence in the global stage. Still, this situation placed Brazil in the right place at the right time. The combination of ethanol’s history and prominence inside of Brazil with other countries’ own policies would place Brazil in a particularly prominent position, and one which it would explore in its foreign policy. Some key independent foreign elements would influence ethanol’s ‘desirability’ and global interest in biofuels in general, with three international elements being particularly relevant in creating a global pro-biofuels scenario in the early/mid-2000s: 1) the rise of environmental concerns in the international stage, 2) the significant increase in oil prices throughout the 2000s, and 3) the US and EU’s pro-biofuels legislation.

Global Environmental Concerns

The end of the Cold War opened the door for many ‘peripheral’ themes to occupy a much larger space in international debates, which seems to have been the case for environmental matters. In 1992, the Earth Summit took place in Rio de Janeiro, and

would lead to several documents and strategies for dealing with environmental issues in general (e.g., desertification, biodiversity, sustainable development), and climate change in particular. It was there that the United Nations Framework Convention on Climate Change (UNFCCC) would begin to take shape, entering to force in 1995. While the Convention *encouraged* countries to reduce their GHG emissions, it did not create commitments. This next step would be outlined with the Kyoto Protocol which set *legally binding* emission reduction targets for 37 industrialized countries and the European community in its first commitment period. Signed in 1997, the Protocol became operational in 2005.¹⁶⁸ Currently, practically all UN members are party to the Protocol; there are only four exceptions: Andorra, South Sudan, United States (signed but never ratified), and Canada (withdrew in 2012).

Biofuels were of special interest for the industrialized countries legally bound to the Protocol. This helps to understand why so many of these nations signed bilateral agreements or were part of multilateral agreements over this topic with Brazil in the early/mid 2000s (although US–Brazil ethanol agreements had a different dynamic). While developing countries were not under legal obligation to reduce their emissions, many were also attracted to biofuels agreements with Brazil under the possibility of being themselves producers – and potentially *exporters* – of biofuels to industrialized countries.

The Kyoto Protocol cannot be classified as a pro–biofuels policy *per se*, i.e., it did not specifically suggest biofuels as a strategy for mitigating GHG emissions. What it did though, was create a series of incentives – normative, legal, economic, political, etc. – conducive to “alternative energies”. In this context, biofuels were an attractive (partial) solution for reducing emissions from the transportation sector many reasons, such as: they could have a positive and meaningful impact even if blended at low levels; its use did not disrupt existing structures in auto–making, fuel logistics, or consumer habits, making the adoption relatively easier than other possibilities (e.g., solar, electric); technically, they were known to work as fuels, thus requiring less investment in R&D than completely new solutions; unlike natural gas, they were renewable; producing them

¹⁶⁸ “The Protocol entered into force on 16 February 2005 in accordance with Article 23, that is the ninetieth day after the date on which not less than 55 Parties to the UNFCCC, incorporating Parties included in Annex I which accounted in total for at least 55 % of the total carbon dioxide emissions for 1990 of the Parties included in Annex I, have deposited their instruments of ratification, acceptance, approval or accession.” Source: UNFCCC’s website (http://unfccc.int/kyoto_protocol/status_of_ratification/items/2613.php).

domestically from agricultural crops could generate economic gains for this sector, and possibly political advantages for the politicians involved in the move; if grown domestically, biofuels not only helped to reach the Protocol's targets but could also increase country's energy security; and it would not be hard to market 'green fuels' to the general public, thus facilitating necessary policies.

Of course, reality proved to be much more complex, but in the late 1990s/early 2000s, biofuels were commonly framed under this positive perspective which helped awaken the global interest over them. Environmental concerns, such as reduced GHG emissions, had no impact on ethanol's rebirth in Brazil. If anything, one could argue the country was heading in the *opposite* direction in the 1990s: although the ethanol blend level had remained at the same level (22%) practically throughout the decade, the consumption of pure ethanol fell year after year, and gasoline's only grew. Thus, environmental concerns would play an important role in fomenting global interest in biofuels in the 2000s, but were not a factor in Brazil's case.

Rising Oil Prices

After the two oil shocks in the 1970s, energy security became a growing concern for almost all countries in the world, particularly those with great dependency on supplies from the international market. By the mid-1980s, technological advances, new oil sources, and 'normalization' of the market place led to a new period of stable and relatively low oil prices. Between January 1986 and December 2002, oil price was below \$25/barrel for 80% of the time, and above \$30/barrel in only 8 of the period's 204 months (Figure 36). However, after 2003 oil prices would rise to unprecedented levels, reaching – and surpassing – the \$100/barrel mark for most of 2008 (Figure 37).¹⁶⁹ This phenomenon would play an important role in rekindling worldwide interests – political, institutional, technical, economic, etc. – in non-fossil fuel energy sources. Once again, biofuels were brought to the forefront of debates as an alternative under serious consideration by many countries, with Brazil standing as an undisputed world reference for this theme.

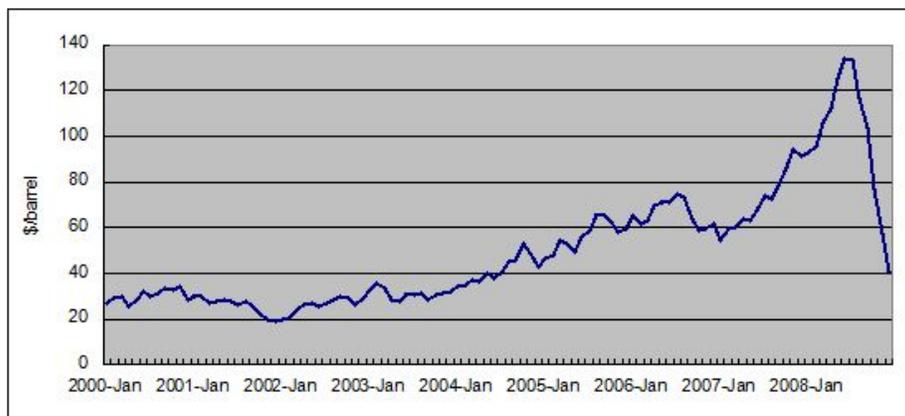
¹⁶⁹ Causes were many: increasing consumption by China and India; Hurricane Katrina (2003); problems in supply from some key OPEC nations (e.g., Venezuela, Iraq); as well as substantial market speculation in 2008. US recession in late 2008 would put an end to the continuous rise, and prices would 'crash' to \$40/barrel the following year.

FIGURE 36 – WORLD OIL PRICES*, MONTHLY AVERAGES (1986–2002)



Source: based on data from Dow Jones & Company¹⁷⁰; * Spot oil prices (West Texas Intermediate)

FIGURE 37 – WORLD OIL PRICES*, MONTHLY AVERAGES (2000–2009)



Source: based on data from Dow Jones & Company¹⁷¹; * Spot oil prices (West Texas Intermediate)

The initial FFV ‘movement’ in Brazil was not directly tied to oil prices. Nonetheless, as gasoline prices rose in the mid–2000s, individuals who owned gasoline–only vehicles looked very positively at FFV to reduce their fuel expenses. Since then, Brazilian consumers have continuously replaced their gasoline–only cars with those which allow fuel flexibility, helping to explain their enormous success with consumers. Thus, high oil prices accelerated consumers’ interest in FFV throughout the decade but were not the *cause* of the introduction of flex–fuel vehicles in Brazil; concomitantly, lower oil prices have not reduced consumer interest in these vehicles.

6.2. ‘BIOFUELS DIPLOMACY’ & TECHNICAL COOPERATION

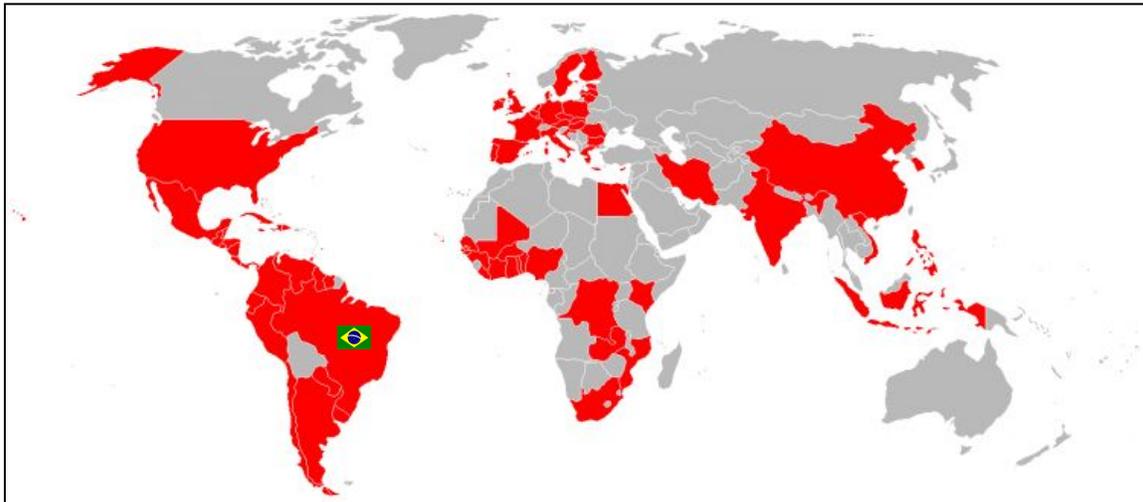
As stated, Brazil’s mass use of ethanol in its energy matrix began in the mid–1970s. But it would take close to 30 years for its expertise on biofuels and sugarcane to be

¹⁷⁰ *apud* <http://www.forecast-chart.com/chart-crude-oil.html>.

¹⁷¹ *Idem*.

'translated' to the realm of foreign policy. A veritable explosion of Brazilian agreements related to biofuels occurred in second half the 2000s: between 2005 and 2009, more than 70 international agreements were signed on this theme between Brazil and 37 different countries and five regional organizations. As a comparison, there were a total of 8 agreements between 1970 and 2004, and 19 from 2010 to 2013. All together, the country has partnered – whether through bilateral or multilateral agreements – with over 80 countries on biofuels–related agreements (Figure 38).

FIGURE 38 – COUNTRIES WITH TECHNICAL COOPERATION AGREEMENTS WITH BRAZIL REGARDING BIOFUELS



Source: based on data from MRE's database on Brazil's international treaties.

This section will provide details on the evolution of this process and the foreign policy logic underlying it. The focus will be on the domestic and international elements involved in shaping Brazil's 'biofuels diplomacy' through unconditional and untied technical cooperation agreements. The details concerning the data used in this section are available in the Appendix.

6.2.1. The big picture

There is no record of agreements between Brazil and other countries related to biofuels or sugarcane production before the late 1970s. In the years following PROALCOOL's creation, some international interest would prompt the signature of ten agreements related to these themes between 1979 and 1984; all but one of them with Latin American and Caribbean countries – the exception being Africa's Portuguese–speaking Guiné Bissau. Only the 1982 agreement with Paraguay would be singularly dedicated to knowledge on ethanol – at the time called 'fuel alcohol' (*álcool carburante*); all others

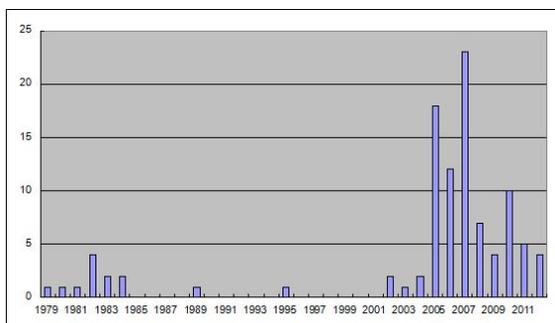
mentioned biofuels among other renewable energies such as hydro, biogas, and biomass. Between 1985 and 2001 only two agreements had some relation with biofuels, and even so, very faintly: a 1989 agreement with Germany that mentioned renewable energies (where this country was the main knowledge ‘giver’); and the other in 1995 with Cuba on energy from sugarcane bagasse and lignin. And only five agreements related to biofuels were signed between 2000 and 2004: one with India (2002) and another with Paraguay (2004) are specifically on fuel ethanol, with the other three – China, US, and South Korea – mentioning biofuels among other energies.

As the previous section showed, an increased global interest in biofuels began to take place between the late 1990s and early 2000s. Yet, this would only be visible in Brazil’s pro-biofuels technical cooperation agreements in the second half of the 2000s. Two elements were the main reason for this time lag: 1) it is typical to see a couple years between initial talks and the final signature of treaty-like documents (i.e. Agreement, M.O.U., Protocol of Intentions, etc); and 2) Brazil’s ‘awakening’ to the potential of biofuels for its foreign policy would take place after 2004.

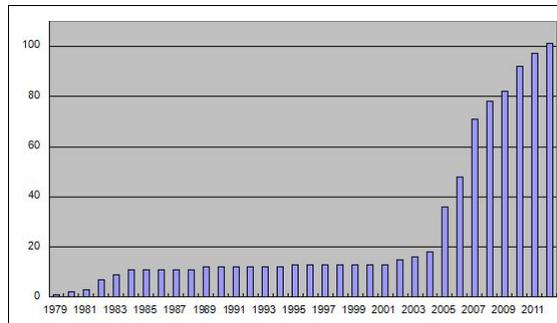
The apex of Brazilian biofuels-related agreements occurred between 2005 and 2007. During these three years 53 agreements were signed: 18 in 2005, 12 in 2006, and 23 in 2007. Before the end of President Lula’s tenure another 21 would be added, totaling 77 agreements during his eight years in the presidency (2003–2010). Nine agreements were signed during the first two years of President Rousseff’s tenure, but this research could not identify new agreements since 2013 (Figures 39 A and B).

FIGURES 39 A AND B – BRAZIL: BIOFUELS/SUGARCANE-RELATED AGREEMENTS

A. YEARLY (1979–2012)



B. ACCUMULATED (1979–2012)



Source: based on data from MRE’s database on Brazil’s international treaties.

Out of the 83 identified agreements signed since 2005, 53 were specifically on biofuels (mostly for transportation, with some also considering electricity generation); eight on

improving agricultural production for biofuels (six of these directly related to sugarcane); and 22 agreements involving biofuels along with various cooperation themes and/or energy sources.¹⁷² In terms of the total volume of agreements signed, Latin American and Caribbean nations are the ones with the most biofuels/sugarcane-related agreements with Brazil. In the American continent, only Bolivia and Canada and some of the small Caribbean islands do not have agreements with Brazil on some element of its biofuels expertise.¹⁷³ Out of all agreements identified, slightly over half have been with Latin American and Caribbean nations; and close to 60% within the American continent. Agreements with African nations have represented 17%, Asia & Middle East (only Iran) have been 13%, and multilateral has accounted for 4%. Looking at the 82 countries with biofuels/sugarcane related agreements with Brazil: 28 are in Europe, most of them as consequence of the Brazil–EU 2007 agreement; 25 are in the Americas; 22 in Africa, and seven elsewhere (with none in the Oceania/Pacific area).

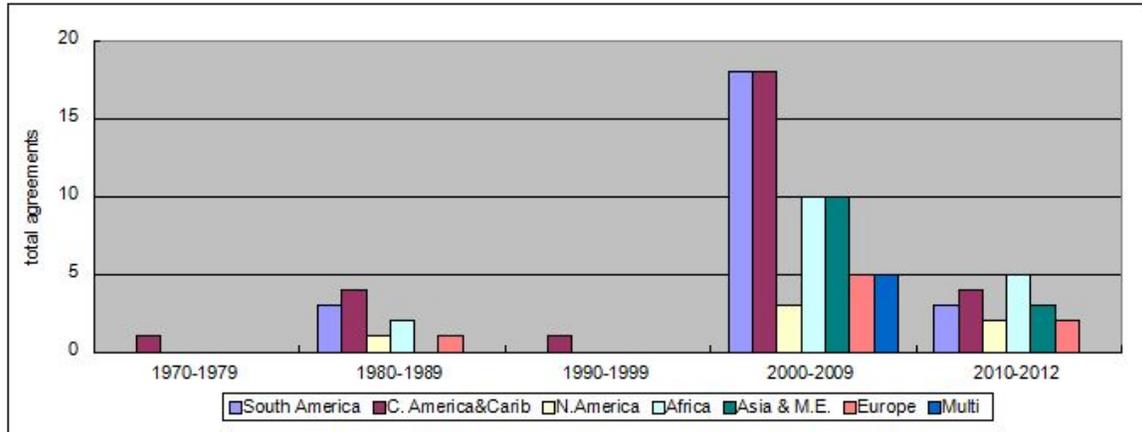
All agreements with American and Asian (Iran included) nations are of a bilateral nature, with some overlapping multilateral agreements via MERCOSUL and IBAS. With the 22 African partners, twelve nations had bilateral agreements (half *only* bilateral, half both bi- and multilateral), while ten were only connected through multilateral ones. As for Europe, only six countries – France, Germany, Italy, Netherlands, Sweden, and the UK – had bilateral biofuels-related agreements with Brazil.

In general, agreements with American nations occurred earlier than with European, or African and Asian countries (Figure 40). Taking the 2005–2012 period as reference, close to 3/4 of agreements with partners in the American continent happened between 2005 and 2007. With European countries, five out of seven bilateral agreements were signed between 2005 and 2008; as for African and Asian nations, 70% took place between 2007 and 2010. In regards to multilateral agreements, all were signed between 2005 and 2007: with Inter–American Institute for Cooperation on Agriculture (IICA) in 2005; MERCOSUL and IBAS in 2006; and with the European Union and the Economic Community of West African States (ECOWAS) in 2007.

¹⁷² This variation explains some ‘unexpected’ partnerships, such as with oil-producing countries. For instance, the agreement between Brazil and Iran on agricultural cooperation mentions the exchange of experts to identify and develop projects on biofuel production, investigate the possibility of establishing Iranian vegetable oil industries in Brazil, and cooperation to grow sugarcane production in Iran.

¹⁷³ Cuba was one of the strongest critics of biofuels in the late 2000s; the only agreement which Brazil has with this country is the 1995 partnership related to Brazil’s expertise on sugarcane-based energy, i.e., (albeit not for transportation)

FIGURE 40 – BRAZIL: BIOFUELS/SUGARCANE–RELATED AGREEMENTS, BY REGION/YEAR (1970–2012)



Source: based on data from MRE's database on Brazil's international treaties.

This distribution reveals that the majority of Brazil's biofuels/sugarcane-related agreements are with non-OECD/DAC countries. The only exceptions are the agreement with the European Union (and its aforementioned six individual countries), the United States, and South Korea – and the odd cases of Chile and Mexico which are members to the OECD but not to DAC. Thus, while 30 countries partnering with Brazil over these themes abide by DAC principles, 52 do not. Looking only at those 48 countries with bilateral agreements with Brazil, only eight partners are connected to DAC.

By analyzing the content of each document, it is possible to identify some unique patterns. Unsurprisingly, mention to principles and/or key words related to South-South Cooperation – particularly “mutual benefit”, “reciprocity”, and “equality” – are found to be a common feature in the preambles of agreements with developing countries. In regards to technical cooperation agreements specifically dedicated to promoting biofuels, the most common term observed was “sustainable development” – regardless of who the partner was. Explicit mention to “climate change” was found in all biofuel-focused agreements with the US and European countries (EU agreement included) and frequently in those with Latin American countries; however, this expression was less frequent in agreements with African nations. On the other hand, mentions to “rural development” were seen in many agreements with African countries, while only occasionally with countries elsewhere.

The absence of conditionalities or commercial tied has been a common characteristic to all of these biofuels-related agreements over the years, regardless of the partner. Even if some agreements mention an interest in business opportunities, they do so in a very

vague manner, such as the one with the Philippines, in 2009: “desire to promote agricultural trade and investments in agribusiness”. Nonetheless, this does not mean other market–related interests are absent.

About a dozen of Brazil’s biofuels–focused agreements explicitly highlight concerns about the international commercialization of biofuels. These include attention to market regulations, tariff, and non–tariff barriers to trade, and the prospects of making ethanol into a commodity. While the number of agreements citing these concerns appears relatively small, they are of enormous importance for Brazil’s interest, as well as having great international significance for the emerging biofuels’ global trade structure. From a methodological perspective, this highlights the drawbacks of analyzing a collection of legal documents through a quantitative perspective: even if all documents have the same legal hierarchy (as in the agreements in question), not all have the same importance or impact – i.e., some documents matter more than others.

Among these ‘few’ agreements with mention to market–related aspects of biofuels are those which Brazil has with the United States, European Union, IBAS (India and South Africa), and China¹⁷⁴. What makes these agreements stand out is the perfect overlap which exists between these countries and the members the International Biofuels Forum (IBF). Launched in early 2007, IBF’s main goal is to discuss the creation of a world market for biofuels by providing “a mechanism for dialogue between major producers and consumers of biofuels who have an interest in the creation of an international market for these products” (MRE, 2007; Tr/Po). As explained by Mr. Antonio Patriota – at the time Brazil’s Ambassador to the United States, and later on Brazil’s Minister of External Relations (2011–2013) – “the Forum was not a new international organization, but rather a mechanism for closer coordination among the field’s major players to establish common standards and work towards the commoditization of biofuels, so that they might eventually be traded like oil” (*apud* UN, 2007).

Transforming a product into a commodity has enormous market repercussions, since defining standards facilitates international trade and gives greater clarity to future contracts. But a commodity requires more than technical norms – it requires trust in the product’s global availability. If only one actor (or very few) can offer the particular product, buyers are much more likely to be worried about supply than if the product can be

¹⁷⁴ Others include agreements with Italy, Sweden, France, Colombia, Paraguay, and The Philippines.

bought from several sources. If the product has few exporters but no substitutes (e.g., rare earths) there is nothing buyers can do, but this is not the case for biofuels as they can be substituted. Thus, unless there is a significant number of exporters to guarantee an overall stable offer of biofuels, importers will be motivated to keep their demands low so as to not threaten their own energy security, under the logic that there is little gain in shifting dependency from some oil producers to biofuels producers.

The next sub-Section will show that 1) transforming biofuels – particularly ethanol – into a commodity was a significant driver in the surge in technical cooperation agreements on this theme in the mid-2000s, and 2) unconditional and untied agreements were seen as key to reaching this goal. Nonetheless, it will also highlight that ‘commoditization’ was *not* the sole driver for this process.

6.2.2. DOMESTIC ACTORS’ BIOFUELS INTERNATIONAL INTERESTS

As shown, Brazil’s ‘biofuels diplomacy’ only took shape around the mid-2000s. The Brazilian government and the ethanol-related private sector had some biofuels-related international interests prior to this timeframe, but these interests did not evolve to a concerted *strategy*. While there might have been some external interest in Brazil’s ethanol experience in the early 1980s, the problems with the ethanol market from the mid-1980s until the early 2000s certainly discouraged any potential partners. The early 2000s would see a change in both the domestic and international context, pushing Brazil to reach out, and outside actors to reach in to Brazil.

Ethanol producers became keenly aware of how their interests were tied to the international sphere before the Brazilian government. They wanted to sell more ethanol abroad and also saw the importance of transforming ethanol into a commodity. But neither project could be achieved without the federal government’s involvement. Ultimately, the Brazilian government – via President Lula and the Ministry of External Relations – would embrace these goals and reach much further, championing ethanol (and then adding biodiesel) on a global scale and seeking a lot more than ‘just’ the initial drivers.

The Brazilian sugarcane/ethanol lobby (whose strongest organized representative since the late 1990s is UNICA) had historically been inward-oriented. But, between the late 1990s and the 2000s, the sector added a clear international goal: establish a competitive market structure for the international trade of ethanol. Before the introduction of flex-fuel

motors, the ethanol sector was struggling. In 2001, under the request of UNICA and the Ministry of Trade, a study was done, suggesting the stimulation of ethanol exports and creation an incentive program (sponsored by the federal–government) to stimulate the sale of alcohol cars¹⁷⁵. However, in order to make ethanol into a commodity, it was necessary to have a reasonable number of producers. Thus, it would be necessary to *stimulate* other countries to produce ethanol.

According to a high–level bureaucrat [A35] with first–hand experience in this initial stage in the very early 2000s, in the very beginning there was resistance from some in the private sector, which saw the idea of helping other countries in their ethanol production as strengthening Brazil’s competition – an odd move, to say the least. The government’s strategy in the early 2000s was to work with countries which already had a history in sugarcane production, such as the Philippines, Thailand, India, South Africa, the Dominican Republic, Honduras, and Nicaragua. At the time, there was interest from the government–side regarding the possibility of promoting the sale of ethanol–related equipment and machinery to these countries – something confirmed in interviews with key bureaucrats. However, this possibility was never translated to concrete action. Given the turbulent domestic reality experience by Brazil in 2002, it is not surprising: it was the last year of President Cardoso’s eight year tenure, where the fierce presidential campaign (in which Lula was a candidate) prompted significant economic instability, inflation, and market speculation.

The “*usineiros*”, moguls of the sugarcane sector, had been framed very negatively in Lula’s previous presidential bids (1989, 1994, and 1998). But in the 2002 campaign, a complete reversal took place, and the candidate reached out to them both directly and through UNICA, promising to support their needs if elected. He was assisted by ‘on–the–ground’ support from a prominent member of Worker’s Party in São Paulo, the mayor of Ribeirão Preto Antonio Palocci – he would later become President Lula’s Finance Minister (2003–2006) and President Rousseff’s first Chief of Staff (2011) – who was well connected to *usineiros* in the region¹⁷⁶. A Wikileaks cable reveals that President Lula was indeed committed to improving ethanol trade: in the first meeting between US Assistant Secretary Reich and the President elect with his senior advisers, one of these

¹⁷⁵ Conducted by MB Associados and FIPE, the study was called *Scenarios for the Sugar and Alcohol Sectors (Cenários para o setor de Açúcar e Alcool)*

¹⁷⁶ Such as Maurilio Biagi Filho, Counselor to UNICA since its early days, rumored to be the Vice Governor on the Worker’s Party–led ticket for the State of São Paulo in the October 2014 election.

“urged that the US and Brazil sit down to discuss a range of bilateral trade issues, for example, IPR [intellectual property rights] and music piracy, ethanol sales, and aircraft exports”.¹⁷⁷

The topic of biofuels was not immediately linked to foreign policy (nor *energy* policy) when President Lula took office in 2003. Ethanol continued to be dealt with mainly in the Ministry of Agriculture, in the context of sugarcane production; biodiesel was not yet politically or commercially relevant. Two Ministers of Agriculture played an important role in facilitating the dialogue between industry and government through ethanol’s ‘transitional period’ from crisis to domestic and international desirability: M.V. Pratini de Moraes (1999–2002), and Roberto Rodrigues (2003–2006). They were also important – especially Mr. Rodrigues – in the initial biofuels–related diplomatic interactions involving Brazil, the US, and the EU. Until early 2005, the Ministry of External Relations’ *Agricultural* Division was the one responsible for any international interest related to biofuels, thus the strong link between these two Ministries. Many senior diplomats interviewed spoke about Mr. Rodrigues’ active commitment to promote biofuels internationally, with UNICA calling him “the sector’s traveling salesman” (*Ethanol Summit*, 2013).

Brazilian production and consumption of ethanol were booming by 2004, leading one interviewee (with experience in the Ministries of Mines and Energy and Agriculture) to state “Brazil was the best place in the world to produce ethanol” between 2004 and 2008 [A35]. The country’s economic dynamism produced a growing middle class eager to purchase cars, with FFV being the clear choice over gasoline or alcohol–only motors. Also, most of the expansion in consumption took place in areas relatively close to where ethanol was produced, around Brazil’s Southern portion: out of the 7.1 million new passenger vehicles sold in Brazil in the 2004–2008 period, 3.8 million (53%) were in the Southeast Region¹⁷⁸ – 2.4 million (33%) in São Paulo alone.

Such a scenario created a situation where there was little incentive for those already in the Brazilian sugar/ethanol business to go abroad. The Brazilian domestic reality was not only attractive and growing, but it took place in a political, legal, and physical environment that they already knew and were familiar with. Thus, producing ethanol

¹⁷⁷ US Embassy in Brasília. Confidential Document “A/S REICH’S MEETING WITH LULA” (2002, October 22), Canonical ID:02Brasília4227_a.

¹⁷⁸ São Paulo, Rio de Janeiro, Minas Gerais, and Espírito Santo

around São Paulo and known ‘terrain’ was a lot more attractive than risking production outside of Brazil. In tandem, domestic companies producing equipment necessary for ethanol mills were barely able to handle the internal demand. As said by the same aforementioned interviewee, at the time “there was no way of stimulating the Brazilian ethanol industry to go abroad” [A35]. On this same topic, an interviewee [A36] working in the Executive Office to the Presidency since the early 2000s provided a blunt summary of the domestic dynamic responsible for structuring the eventual surge of biofuel–related technical cooperation agreements.

Question: “Would it be fair to say that Brazil’s biofuels diplomacy was a State policy, where private companies benefited but did not lead the process?”

Interviewee [A36]: “Yes, this is a correct analysis. We’ve had very few concrete investments, few ethanol mills and *usineiros* abroad. There is practically no interest or actual investments. Expanding, seeking cooperation, this was led by the government, it was pushed by the government, and not pulled by commercial interests. By opening this possibility of the State’s strategical interest, national groups could benefit of a potential market opening where they could offer machinery, equipment, or eventually invest in these countries”

In other words, the government expected commercial gains to come from the cooperation, but *indirectly*. The agreements served as a way to open the doors and facilitate engagement of Brazilian companies from all sectors with the recipient nations. Another interviewee [A33] from the Ministry of Mines and Energy’s Renewable Energy division gave a similar account when asked the same question, adding the lackluster interest of private ethanol–related companies to go abroad:

“The private sector did not spearhead the process [of ‘biofuels diplomacy’]. I am convinced that the business people in this sector should be much more proactive, much more aggressive in their business strategies, and have some commercial vision linked to these projects. But we can’t hold them by the arm and ask ‘do you want to sell?’, ‘do you want to sell more?’. Government–to–Government contacts are being done, but our business people who make, have technology in agriculture, industry, they should be more aggressive in putting them technologies in these agreements, which they don’t do. They have to do this, there is no pro–activity. Private ethanol sector in Brazil had only one cause: the end to the US tariff barrier; this was the one fight, the *raison d’être* of UNICA.”

As President Lula’s first term (2003–2006) progressed, he became increasingly engaged in ‘presidential diplomacy’ and – as shown in chapter 5 – the promotion of development–related technical cooperation agreements. It is in this context that the pro–biofuels agenda would become fully incorporated into the country’s foreign policy. Conceptualized inside of the Executive Office to the Presidency (*Casa Civil*) and

pursued by the Ministry of External Relations, by 2006, the promotion of biofuels was a visible and tangible element of Brazil's international relations.

The *Casa Civil* houses the Office of the Presidential Chief of Staff (a cabinet level position). Among its responsibilities are drafting, editing, and revising bills proposed by the President to Congress, and it has also served as the internal political hub for coordinating initiatives close to the President's interest. For instance, the rekindled Brazilian interest in biodiesel was actually coordinated by this institution. The President placed the *Casa Civil* in charge of managing the Interministerial Work Group already in 2003. The following year the Presidency would introduce the National Program of Production and Use of Biodiesel, connected to social inclusion and regional development as it created a system for fiscal incentives and subsidies for biodiesel originated from small family rural properties in Brazil's poorest areas (Simões, 2007:22). While there is no doubt that it was created for domestic 'consumption', with time, the program would be personally promoted by President Lula in the international context.

By the end of President Lula's first term, the *Casa Civil* had centralized decisions on biofuels and was in charge of coordinating the government's domestic and international strategies on the theme. At that point, it involved an incredible number of federal bureaucratic institutions, including at least eight Ministries (External Relations, Mines and Energy, Agriculture, Transport, Science and Technology, Rural Development, Environment, Social Development), and numerous public institutions dealing with ethanol and biodiesel's distribution, logistics, commercialization, technical specifications, scientific research, etc.

Another important bureaucratic landmark for 'biofuels diplomacy' took place in 2006, when the Ministry of External Relations created an Energy Department with two Divisions: 1) Non-Renewable Energetic Resources¹⁷⁹, and 2) Renewable and New Energetic Resources. No longer were biofuels one of the many agricultural themes dealt with by the Ministry's Agricultural Division. Biofuels were reframed as bio-energy, and were now to have a small, but dedicated group of diplomatic personnel dealing exclusively with Brazil's bilateral and multilateral biofuels interests. The Division's own

¹⁷⁹ In 2006, Brazil's pre-salt oil reserves – estimated to hold over 100 billion barrels of oil – were discovered; also, the government had to deal with Bolivia's decision to nationalize its fossil fuels, directly affecting Petrobrás' natural gas operations in Bolivian soil (and destined for Brazilian consumption).

summary of activities, elaborated for internal bureaucratic purposes at the end of President Lula's tenure, provides a view of its mission:

The strategy outlined by the President of the Republic for Brazil's actions in this sector [Renewable energies] directs its efforts towards creating an international market for biofuels, always having in mind concerns with energy security and sustainable development – key issues in bilateral and multilateral debates regarding biofuels. (MRE, 2010–3.2.11' Tr/Po)

Even more relevant for this thesis are the specific objectives and strategies sought by the Division in order to fulfill its policy purpose:

In the area of renewable energies, Brazil seeks to contribute to the establishment of an international biofuels market, which would boost its production and sustainable uses, specially in developing countries with potential to produce them. In the international fora in which it participates, Brazil has sought to highlight positions which are common to developing countries. (...) It is also in Brazil's interest to assure that no international norm results in limiting or questioning the country's options for economic and social development. Another important segment of Brazil's external actions in the the energy area is the support for Brazilian companies in their areas of activity abroad and the projection of Brazil as a safe destination for foreign investments in the sector. (MRE, 2010–3.2.11; Tr/Po)

Biofuels would have its zenith in Brazilian foreign policy during the second half of the 2000s. Brazilian diplomats and the President himself sought to promote the production and use of biofuels to as many developing countries as possible. The country's 2008–2011 Plurianual Plan – which publicly defines the federal government's strategic priorities – for the first time made explicit reference to biofuels as an integral part of the country's interests. First, in the context of the country's economic development strategies: “In the area of biofuels, the goal is to assure Brazil's leadership, increasing ethanol exports, and expanding the production capacity of biodiesel (MPOG, 2007:25' Tr/Po)”. And second, as part of the country's foreign policy priorities (Goal #7 “Strengthen the international sovereign presence and South–American integration”):

Global challenges, like environmental degradation, climate change, and energy security demand an active posture from Brazilian diplomacy. The use of renewable and clean sources – like biofuels – is part of Brazil's development project, with benefits to be shared with other countries. (MPOG, 2007:105; Tr/Po)

Sharing Brazil's unique knowledge without demanding any compensation was the main strategy, with technical cooperation agreements serving as a key component. The Brazilian government would go even further in this period and sponsor – free of charge – technical viability studies for developing countries seriously interested in knowing if they could produce biofuels. These studies were meant to assess each country's environmental conditions and regional aptitudes for the production of biofuels, taking into

consideration elements such as land use, soil quality, water availability, and social impacts. A bureaucrat with close knowledge on these studies said that the sustainable development aspect of these studies were crucial – “you can’t sell the idea of building a biofuels market if you don’t think of integrated actions” [A35] – especially after the ‘food x fuel’ debates emerged in 2007.

As explained by a senior diplomat linked to the Ministry’s Department of Energy [A31], once these studies (financed by the Brazilian government usually via BNDES) were conducted, they were *given* to the recipient. Each viability study contained an executive project with proposals for the next step(s), which the recipient could choose to embrace or not. So while the study would show what was possible, it was up to the recipient to determine whether it wanted to move forward or not. There were no obligations to involve Brazilian companies if indeed the recipient country wanted to take the next steps, nor were there any promises of investment from the Brazilian side. In the words of an interviewee from the Ministry of Mines and Energy [A33]: “Brazil put itself available to show the path – standards, regulation, technical, ... ‘I won’t produce for you, but if you want, I have the recipe.’ This was the [Brazilian] philosophy”. For this same interviewee [A33], the agreements served to signal Brazil’s intent in cooperating with whomever wanted to produce biofuels – i.e., the goal was never to have *Brazilians* producing biofuels in other countries.

“The agreements are a signal of good–faith, of willingness to work together. We are not going to hold the hand of someone in another country and tell them what to do. There is a homework that the other country needs to do for this cooperation to work, and we always put this, ‘there are some things that only you can do; we [Brazil] will show you what we’ve done’. (...)

[When I was in some African countries] they asked me ‘when will you come to build the ethanol plant here?’. Some countries were actually disappointed we were not there to build the biofuel production units.”

Another interviewee [A35] reported that while abroad, he had been asked many times what was Brazil gaining with these agreements. In his view,

“Brazil did not want to be seen as a country which reproduced the arrangement of ‘selling favours’. We are talking about a biofuels market that is much bigger than Brazil can supply and if these countries help us, it will be good for both of us. The great challenge is how to gain their confidence.”

President Lula’s involvement in promoting biofuels and fostering technical cooperation agreements on this theme was impressive. Several high level public servants shared similar personal experiences in interviews. According to an interviewee from the Ministry

of Mines and Energy's Renewable Energy division [A33] and deeply involved in this process, President Lula had a "vehement" dedication towards 'biofuels diplomacy':

"It came to a point where practically all Chiefs of State, Presidents, or country representatives that visited Brazil or which President Lula visited, he always proposed and there was always an agreement to be signed regarding cooperation on biofuels. (...)

This Department here was madness, no joke. Every month we had some 2–3 foreign delegations visiting the Ministry to deal specifically with biofuels specially during Lula's second tenure. This began before 2006, a great number of people who wanted to know more, but this was vastly expanded 2006–2010."

As the 2000s progressed, technical cooperation would be explicitly used to foster goals which went beyond the immediate interest of transforming biofuels into a commodity. For President Lula, Brazil had "learned to explore the extraordinary potential of ethanol and biodiesel in terms of generating energy, generating employment and income and the reduction of emissions". Most importantly, all countries – especially developing ones – were welcome to benefit from Brazil's experience, proposing that biofuels "be seen as a promising alternative for over 100 developing countries".¹⁸⁰ An interviewee who had traveled abroad with President Lula's entourage several times recalled how the President 'sold' biofuels through agreements [A35]:

In July 2007, I was with him in Brussels when he did a thirty minute speech. Then, he pushed the paper with his speech to the side, talked for another half hour, and in the end said 'Brazilian technical personnel are here, and they are at your call to cooperate [via agreements] anywhere in the world.'

The 'biofuels diplomacy' strategy also sought to create/strengthen a leadership position within developing countries with potential to produce biofuels; pro-actively help to shape the international discourse and regulations related to biofuels; and improve the overall potential for Brazilian companies going abroad and attracting foreign companies to the country.

Commercial gains were still clearly in the government's mind, however. However, the *specific* commercial gains sought could not be obtained by tying the technical cooperation agreements. Quite to the contrary: attaching the provision of knowledge to the purchase of equipments or machinery, or to the payment of consultancy fees would most likely have the opposite desired effect. Formal demands from the Brazilian side could mean more resistance from the desired partners to the agreements. Hence, the less Brazil *demand*ed from its partners, the smaller the likelihood of resistance to

¹⁸⁰ President Lula's final speech at the International Biofuels Conference, São Paulo, 11 November 2008; Tr/Po.

agreements with Brazil. Potential immediate commercial gains were not the priority. Brazil's most coveted commercial gains required an element of State to State partnership and trust for the recipients to believe that biofuels were good for them – and not just for Brazil.

There was also the underlying belief that positive relationships would eventually serve Brazil's interests in other non-biofuels related issues. A high-level bureaucrat in the *Casa Civil* [A36] summarized the no-strings-attached approach pursued by Brazil as “strategic”, especially with African and smaller Latin American countries:

“With these countries, there was an strategic perspective, of diplomatic cooperation and alliance, valuing South-South partnerships. And of course, with these South-South partnerships, [the expectation of] support for Brazil's goals within a broader relationship. A strategic vision, where we don't ask for anything directly in return, but one which has a much wider potential for Brazil's geopolitical aspirations.”

Brazil's agreements with Central American and Caribbean nations in the early stages of 'biofuels diplomacy' illustrate many elements of this dynamic. In 2005, the efforts to increase the number of ethanol producing countries became visible with the signature of 14 technical cooperation agreements explicitly devoted to the production of ethanol. Central America was the first important 'block' to be engaged in this process. During President Lula's meeting with the members of Central American Integration System (*Sistema de la Integración Centroamericana* – SICA) in September 2005, agreements were formally signed with each one of the organization's eight members (plus Guyana).¹⁸¹

The meeting's goal was to straighten commercial ties between Brazil and SICA's members, facilitating the entry of Brazilian investments in the region, with President Lula launching the “Program of Incentive for Brazilian Investments in Central America and the Caribbean” (*Programa de Incentivo aos Investimentos Brasileiros na América Central e no Caribe* – PIBAC). Ethanol was one of main themes in the SICA-Brazil meeting. According to Ambassador Mario Vilalva, at the time the director of the Ministry of External Relations' Department of Commercial Promotion, there had been great interest from the Central American countries over Brazil's ethanol knowledge since 2004. He explained the situation in the following manner:

we received several requests to advance a cooperation in the area of fuel ethanol. Central America and the Caribbean [nations] are sugar producers, and can't take any

¹⁸¹ SICA's full members are: Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panamá.

longer high oil prices, and need to make certain changes in their productive and energetic structures to use ethanol competitively, like Brazil has been doing. (*apud* Fiori, 2005; Tr/Po)

While not members of SICA, Guyana and Jamaica had also signed agreements with Brazil in 2005. In their case, there was an extra ‘incentive’ to seek Brazil: the European Union’s signal that it would end certain concessions to agricultural products from members of the African, Caribbean and Pacific Group of States (ACP), and thus pay less for sugar imported from ACP countries. Partnering with Brazil was a way to improve competitiveness and follow this country’s footsteps in decreasing dependency on high priced oil (Ramsaroop, 2010). Guyana’s Minister of External Relations at the time, Ambassador Rudy Insanally, was very emphatic of the need to sign an agreement with Brazil, stating then “it is urgent [to sign the agreement], because now we have to face the imposition of low prices in our sugar production” (*apud* EFE/UOL, 2005; Tr/Po).

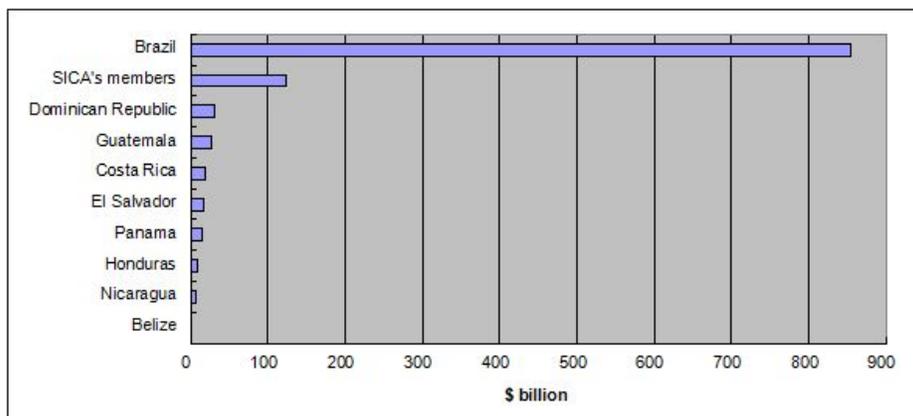
For Brazil, there were possible commercial and diplomatic gains to be obtained from the agreements. According to Amb. Vilalva, Brazil’s transfer of technology for ethanol production “could result in the export of mills and of even ethanol fuel. Until they [the other countries] can convert their sugar production to ethanol, they will need larger quantities of fuel, and have already requested that from Brazil” (*apud* Fiori, 2005; Tr/Po). The Central American countries in particular had also demonstrated great interest in purchasing flex–fuel vehicles, with Amb. Vilalva declaring “an example is Honduras, which has contacted us with much frequency and insistence, already wanting to import flex–fuel vehicles for the region” (*apud* Fiori, 2005; Tr/Po). According to a news report, a communique by the Presidency of El Salvador informed that Brazil was also taking the SICA meeting as an opportunity “to seek the support of Central American countries to its candidacy as a permanent member to the UN Security Council” (*apud* EFE/Terra, 2005; Tr/Po).

Central American and Caribbean nations had a unique element of desirability from Brazil’s perspective. Because of the Caribbean Basin Initiative (CBI), a quota of dehydrated (pure) ethanol from these countries was exempt from an importing tariff which was charged for Brazilian ethanol. Taking advantage of this loophole, by 2004, Brazilian companies began to export hydrated ethanol (95% ethanol/5% water) to plants in Jamaica and El Salvador to be dehydrated and shipped – tariff–free – to the US. While this move preceded the technical cooperation agreements, it signals the vision shared by the leaders of Brazil and Central American and Caribbean countries of investment and commercial possibilities. Special CBI tariff concessions could also help

Brazilian exports to the US in other important areas – such as shoes and textiles – through a ‘triangulation’ via Central America.

This case shows that Brazil was in a strong position to attach immediate commercial gains to the provision of technical cooperation agreements related to ethanol. The recipients *wanted* a knowledge that no other country than Brazil could provide. The economic power structure was clearly in Brazil’s favour (Figure 41). And while all involved were developing countries which espoused to South–South Cooperation, the Brazilian government could have interpreted the principle of ‘mutual benefits’ to tie the agreements (as the Chinese and Indian frequently do). Yet, the Brazilian government still chooses not to place any ties to the agreements.

FIGURE 41 – BRAZIL AND SICA MEMBERS, GDP (2004)



Source: Based on data from UNSTAT (web)

A very similar approach to Brazil’s pro–biofuels interests – and the mechanisms used to achieve them – was followed in its relations with African countries a couple of years later. President Lula would place enormous emphasis on Brazil’s relationship with countries in the African continent – visiting 23 of its countries during his tenure. Several pro–biofuels initiatives would take place between Brazil and groups of African countries during the second half of the 2000s, such as:

- The First High–Level Biofuels Seminar in Africa, organized by the Government of Brazil, the African Union (AU), and United Nations Industrial Development Organization (UNIDO) in 2007. Held under the theme “Sustainable Biofuels Development in Africa: Opportunities and Challenges”, its final Declaration welcomed “the active participation of Brazil and wishes to identify key areas of potential cooperation”; and

- Brazil’s 2009 Pro–Renova program of structured support for developing countries in the area of renewable energies. Its goal was to create a long–lasting base for a series of Brazilian actions related to renewable energies especially in Africa. The same year, a group of representatives from EMBRAPA, Ministry of Agriculture, and Ministry of External Relations organized and presented a series of seminars on agro–ecological zoning for biofuels’ sustainable production in seven countries in Southern Africa (Angola, Botswana, Mozambique, Tanzania, South Africa, Zambia, and Zimbabwe).

As shown in chapter 5, technical cooperation agreements on development–related themes were a dominant feature in the strategy to strengthen bilateral ties. It comes with little surprise that Brazil’s relationship with African nations would include unconditional and untied pro–biofuels technical cooperation agreements, frequently promoted by President Lula, using the language of South–South Cooperation, and framed as a path to social and economic *development*. Biofuels were systematically presented as a means for national development, with great potential to help developing countries, as long as they were produced sustainably. As argued by External Relations Minister Celso Amorim in 2008, biofuels represented part of the solution to three of the world’s greatest challenges: energy security, climate change, and combating hunger and poverty¹⁸² – all dire problems in many sub–Saharan countries. As in the case of biofuels–related agreements to Central America and Caribbean countries, Brazil’s partnerships to exchange knowledge to African nations were also free of conditions or commercial ties.

After President Lula’s tenure, Brazil’s ‘biofuels diplomacy’ would change in two ways. First, it became much less prominent in President Rousseff’s foreign policy discourse than it had been under her predecessor. Second, the number of new technical cooperation agreements receded significantly, which might be a consequence of saturation (i.e., the majority of potential partners already have agreements with Brazil); decreased external interest; and/or the need to address the country’s own shortcomings in biofuels production since the early 2010s.

Nonetheless, Brazilian international actions related to biofuels has remained essentially the same, including the prevention/elimination of barriers to its international trade, and dispelling what it considers to be myths regarding biofuels – such as ‘biofuels will lead to world hunger’ and ‘biofuels are causing Amazon deforestation’. No interviewee reported

¹⁸² Min. Celso Amorim’s speech given during the International Biofuels Conference, São Paulo, 11 November 2008; Tr/Po.

sensing changes to: the strategy of ‘no-strings-attached’; how Brazil positioned itself as the prominent voice for the positive elements embedded in biofuels; or in its defense to developing countries’ *right to choose* to add biofuels to their energy matrices. According to the data obtained, all pro-biofuels technical cooperation agreements and actions continue to be unconditional and untied. Finally, the following table provides a summarized overview of the internal and external forces involved in Brazil’s ‘biofuels diplomacy’ between 2002 and 2012.

TABLE 27 – BRAZIL: DOMESTIC & EXTERNAL FORCES INVOLVED IN ‘BIOFUELS DIPLOMACY’

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
External		US/Calif: ethanol as MTBE substitute; Iraq War		Kyoto P. Ratified; US: RFS mandate;	US: high emphasis on ethanol in SOTU	Food x Fuel debate begins	July: spike in oil prices Sept: Intern. recession begins	Oil price falls			Oil \$ back pre-recess. level; US ethanol imp. tariff ends	
Industry	Auto	Flex-fuel technology is presented	Flex enters market; Total 1.5 mi new cars (2.6% Flex)		Total 2 mi new cars sold; 40% Flex	Last year produc. cars E100; still, fleet of 3 mi E100 cars			Total 2.8 mi new cars sold; 80% Flex		90% new cars sold are Flex; half of total car fleet w flex motor	
	Ethanol	UNICA's main focus: free access to US & EU markets (very strong beginning of decade)									Ethanol not market price competitive	Zero new mills under construction; ethanol consump down 22% (comp 2009)
		Industry in crisis; E100 car sales steep decline since early 1990s & low sugar price international market	Brazil: "best place in the world to produce ethanol"					31 new mills under construction	Intr'n crisis and low oil price affects producers & production	Domestic production not enough for demand Gov imports US ethanol		
	Agriculture	Ethanol is treated as agricultural product										
		Min. Rodrigues: strong promoter ethanol internationally										
Ministries	Mines & Energy		Creates Dept for Oil, Nat. Gas & Renewable fuels		BR: self sufficient oil					Ethanol classified as energy product (fuel)	Ethanol in gasoline reduced: 25% → 20%	
	External Relations		Ethanol: dealt in Ministry's Agricultural Div. US-BR Consult. Committee on Agric. created	Early stages of 'ethanol diplomacy'	Ethanol enters FP agenda: Promote ethanol as commodity Energy Div. created	Ethanol MOU w/ US;						
		Peak of Biofuels/Ethanol Diplomacy										
Presidency	Exec. Office to President	Relatively little involvement				Centralizes strategy on biofuels; Rousseff: Chief of Staff						
	President	Cardoso					Requests Sugarcane Agro-ecological Zoning; studies 2007-2008	Study approved (becomes law)				
						Lula				Rousseff		

6.3. CONCLUSION

Brazil witnessed in the 2000s a period of confluence of several internal and external pro-biofuels vectors. This phenomenon was a result of two main interacting forces: 1) 'outside-in' international interest in Brazil's experience, and 2) an 'inside-out' foreign policy *strategy* which sought to promote biofuels-related agreements between Brazil and the greatest possible number of countries.

This chapter analyzed one of this dissertation's key puzzles: why Brazil chose to provide knowledge over biofuels through unconditional and untied agreements. This case is unique in comparison to the others referenced in chapter 5 because of biofuels' market characteristic: mostly based upon private firms with undeniable for-profit interest. The Brazilian government did have strong commercial reasons for wanting to encourage other countries to produce ethanol, as posited by *The Economist*:

[A]id makes commercial sense. For example, Brazil is the world's most efficient ethanol producer, and wants to create a global market in the green fuel. But it cannot do so if it is the world's only real provider. Spreading ethanol technology to poor countries creates new suppliers, boosts the chances of a global market and generates business for Brazilian firms." (*The Economist*, 2010a)

Nonetheless, while the assessment above is correct, it does not fully explain why the country has refrained from *any* commercial ties whatsoever. After all, many recipient countries – some of which were not 'poor countries' – actively sought Brazil for biofuels-related technical cooperation agreements. Also, Brazil's *sui generis* biofuels experience and expertise was (and in many ways still is) incomparable. So why not take advantage of these circumstances at least in *some* agreements and secure *some* immediate commercial gains?

The analysis demonstrated self-interest to be at the base of Brazil's overall logic to provide knowledge with no-strings-attached. This highlights a crucial point made since chapter 2: even if all of a country's foreign policies are ultimately guided by the desire for more power, each one can have its own conception of what 'national-interest' means and how this should be sought in practice. In the Brazilian biofuels' case, the interpretation was that securing immediate profit (like demanding the purchase of Brazilian vehicles or equipments) could harm the country's interests in at least two ways. First, it could hamper the 'ultimate' commercial gains sought: 'commoditize' ethanol and create a global biofuels market structure favourable for biofuels-exporting countries.

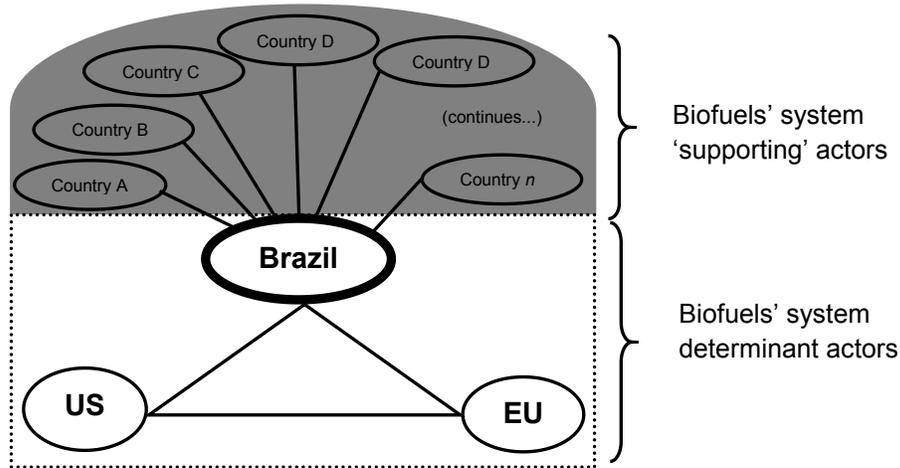
After all, suspicions over Brazil's intentions could make potential partners unwilling to sign agreements. Credibility is essential to the underlying claim that Brazil sought profit *with* its partners, not *from* them.

Second, demanding commercial gains could taint the broader foreign policy goals of presenting Brazil as 'truly' different from other donors (i.e., a donor which does not place conditionalities or ties), as a country committed to providing *development* to others within a win-win dynamic, and a legitimate voice for South-South Cooperation and the values this framework proclaims. The initial driver for Brazil's 'biofuels diplomacy' was transforming ethanol's international market, but over time, other elements would be latched onto the process. Biofuels-related agreements were integrated to Brazil's broader foreign policy discourse by helping to reinforce the country's image of global reference in matters of development, perhaps even as a *necessary* voice in debates involving development and developing countries. Agreements in this area were concrete actions towards promoting South-South Cooperation and 'Southern'-grown knowledge. Biofuels agreements became driven by gains related to biofuels *among other interests*.

Under this logic, the success of Brazil's 'biofuels diplomacy' can be measured by a different criteria than simply 'did the recipient produce (more) biofuels or not'. Within a broader outlook, even if a recipient does not produce biofuels, the agreements itself can be interpreted as a foreign policy success. As argued by a high level bureaucrat in the Ministry of Mines and Energy [A33], every pro-biofuels technical cooperation agreement implies that the other party shares with Brazil the same positive vision over biofuels and "its recognition as a viable energy alternative". In other words, each recipient is one more potential ally for Brazil in the global debates over biofuels production, a point of great relevance in light of all negative attention given to biofuels since the late 2000s. This picture fits comfortably with the 'middle power' diplomacy logic: method ('niche diplomacy'); motivation ('Good international citizenship'); advancing national interests through reciprocity and improved reputation; and criteria for effectiveness (opportunity, innovative solution for particular problem, and credibility).

Returning to the idea of creating a favourable network, it can be claimed that Brazil has aimed for an arrangement where it can establish close links with all possible biofuels producers (mostly developing countries), thereby increasing its power in global negotiations over biofuels vis-a-vis the other two key players – the United States and European Union (Figure 42).

FIGURE 42 – BRAZIL’S ‘BIOFUELS DIPLOMACY’, PURSUED NETWORK STRUCTURE



The chapter also shed light on the domestic actors responsible for shaping the vision behind Brazil’s ‘biofuels diplomacy’. The data obtained reveals that while the sugarcane/ethanol lobby (mainly through UNICA) has played a role in this process, the fundamental actor has been the Brazilian government. More specifically, some key bureaucracies inside the Federal Government, whose input has been fundamental for giving shape and direction to the collection of agreements signed during the peak period (2005–2010): the Ministries of Agriculture and External Relations, along with the Presidency, through the Executive Office to the President and President Lula himself. Other actors which – at least in theory – could have had an important part in crafting this ‘biofuels diplomacy’ but which only participated marginally (or only indirectly) include: the Ministry of Trade, automakers, and manufacturers of machinery and equipments used in sugar/ethanol production. Brazil’s domestic forces pushing for giving knowledge with no–strings–attached – i.e., all–around unconditional and untied technical cooperation agreements – will be discussed in the next (and last) chapter.

7. DRIVERS OF BRAZIL’S POLICY OF GIVING KNOWLEDGE

The past two chapters have described and analyzed Brazil’s policy of giving knowledge to other countries through unconditional and untied technical cooperation agreements. Providing unconditional and untied technical cooperation has been a cornerstone of Brazil’s development assistance (a.k.a ‘development *cooperation*’) program. While both diplomatic and commercial gains are actively sought, the former has been prioritized over the latter. This chapter presents the underlying structure and logic serving as the base for answering *why* this preference. It also discusses possible diplomatic and commercial gains attained from this strategy.

Essentialist explanations for Brazil’s no–strings–attached approach – such as ‘Brazilians care about poverty *because they are Brazilian*’ or ‘Brazilians have better values *because they are Brazilian*’ – are assumed to be inadequate. These ‘answers’ create an illusion of an innate and immutable character to the Brazilian identity, denying its constructed character and the divergent interpretations of what this has meant over time. This chapter assumes that the decision comes out of a rational process (i.e., not random) and that it was ultimately based upon the country’s self–interest. However, when closely scrutinized, the ‘pursuit of national interest’ presents itself as a valid but insufficient answer.

The main goal for this chapter is to analyze the particular combination of domestic and international elements which have prompted Brazilian decision–makers to want to maximize diplomatic gains over commercial gains in their provision of technical cooperation agreements through unconditional and untied technical cooperation agreements. Once more, the claim made here is not that Brazil does not seek commercial gains – as previous chapters have shown, it clearly does. However, it appears that it seeks diplomatic gains *relatively more* (Table 28).

TABLE 28 – POTENTIAL FOR COMMERCIAL AND DIPLOMATIC GAINS – UNCONDITIONAL AND UNTIED

		CHARACTERISTIC		
		UNCONDITIONAL	UNTIED	
LIKELIHOOD OF GAINS	Commercial gains	Weak		
	Diplomatic gains	Bilateral	Strong	Very Strong
		Diffuse	Unclear	Strong

This will be covered in three sections, which look at 1) ideational, 2) institutional, and 3) positional factors informing Brazil’s decision to leave its development assistance

unconditional and untied. The analysis of these ‘forces’ seeks to investigate and compare their explanatory power towards each one of these choices (i.e. conditions and commercial ties).

7.1. IDEATIONAL FORCES

One way to understand Brazil’s decision to provide unconditional and untied technical cooperation is by looking at prominent ideas and principles informing foreign policymaking. As this section will show, while this interpretation is quite strong for explaining unconditionality, the same cannot be said for explaining Brazil’s untied cooperation. The country’s diplomatic tradition has been informed by essentially the same core values for decades and unconditionality has remained untouched and essentially unquestioned – except recently with President Rousseff. On the other hand, as showed in chapter 5, in the 1970s and 1980s Brazil provided technical cooperation *with* ties, only moving to an explicit and all-around *untied* stance in the 2000s – all the while under the same umbrella of diplomatic principles. So while the idea of unconditionality is deeply entrenched in Brazil’s foreign policy, providing untied aid is not.

Nonetheless, the ideational explanation is still useful for this case, but only under a more narrow investigation of *whose* values matter. Paradigm shifts between providing tied and untied assistance which occurred in Brazil were intimately related to the foreign policy vision held by particular Presidents. The explicitly tied approach was chosen by President Geisel’s ‘pragmatic’ diplomacy, while President Lula’s was in great part responsible for the Brazil’s untied cooperation. Hints of changes to the unconditional and untied paradigms have been mentioned by President Rousseff, but neither projects moved forward.

Fieldwork revealed a very original finding: a significant level of *convergence* between values praised by diplomats and civil servants involved in technical cooperation, regardless of the latter’s’ academic background, institutional affiliation or time in service in the government. To use Goldstein & Keohane’s language, it appears that the worldviews and principled beliefs (distinguishing right from wrong) of diplomats and civil servants dealing with technical cooperation were very similar. During the technical cooperation workshop with civil servants in Brasília, the words ‘sharing’, ‘cooperation’, ‘partnership’ and ‘exchange’ were constantly repeated as positive values Brazilian foreign policy should abide to. Horizontality, for instance, was seen not only as

something the State should promote, but as a *principle* that individuals sought to embrace. ‘Aid’ and ‘assistance’ were generally addressed with a negative interpretation, as denoting a condescending attitude. All expressed that in their dealings with South–South Cooperation the projects should always begin from an eye–to–eye approach, regardless of which other country was involved. There was an overwhelming normative rejection to the idea of imposing conditions unrelated to the project for economic or political gain; commercial ties were also portrayed in a negative light, although not as vehemently.

7.1.1. IDEATIONAL FORCES: UNCONDITIONAL COOPERATION

Unconditionality represents an expression of deeply held traditional values of Brazil’s foreign policy, many of which overlap SSC principles. A review of official documents, speeches, and interviews conducted point to some recurring concepts in Brazil’s conception of development assistance. Unconditionality is a very important one, followed by other relevant ones such as horizontality, solidarity, and being demand–driven. All of these concepts are placed under the broad umbrella of the principle of ‘non–interference’, normatively understood as respect for all countries’ sovereignty.

Fieldwork showed a strong emphasis from government officials – both diplomats and non–diplomats – to highlight Brazilian unconditional cooperation. The understanding that adopting conditionalities would be *wrong* was shared by practically all diplomats and public civil servants interviewed. Fieldwork revealed that public servants with experience on negotiations to *receive* assistance from DAC donors were particularly critical of conditionalities, and were the most vocal ones to abide to this negative image (both during the workshop and in individual interviews). Professor Cristina Inoue (interview) confirmed the impression that “many diplomats do believe in cooperation, solidarity, and horizontality” as a valid foreign policy approach. Again, this position should not be automatically equated to altruism. As stated by one high level diplomat,

“This practice of non–conditionality, of searching for the autonomy with the country with which Brazil is cooperating, this search for answering to external demands from other countries... it corresponds to a genuine perception that this is Brazil’s interest too. (...) The more my partner is developed, satisfied with that which I can give him, and by itself reach higher development levels, more Brazil benefits from the bilateral point of view.”
[A19]

Brazil’s embrace of unconditionality is not recent. It has its visible roots in the early 1960s, years before this country’s initial provisions of development assistance and *decades* before its ‘emergence’ as a donor. The concept can be seen as part of Brazil’s

identity as a Southern country which embraces South–South Cooperation, hence resonating with Ideational and Systemic forces (to be discussed later on this chapter).

In the history of Brazil’s foreign policy, major shifts in values have been rare and short-lived (Amorim, 2010:214). Among the most important and constant features are: a strong diplomatic tradition, centered upon the Ministry of External Relations (*Itamaraty*) and its patron Barão do Rio Branco; non–aggressive solutions to conflicts (e.g., consensus building, legal proceedings, mediation); staunch support for multilateralism; and high value given to international law and international organizations. For Professor Miriam Saraiva, “the tradition of a non–imposing nature is a part of Brazilian foreign policy’s profile” (interview). It is clear, there has been a consistent attempt “to dissociate itself from the paternalism, conditionality and political interference in domestic affairs which has often been linked to the image of the traditional donor countries.” (Inoue & Vaz, 2013:510).

Notwithstanding ebbs–and–flows, Brazil has also embraced South–South Cooperation values – such as non–interference – as part of its identity. The country’s first explicitly articulated steps in this direction took place during the presidencies of Jânio Quadros (1961) and João Goulart (1961–1964)¹⁸³. In the early 1960s, the international system was fully embedded in Cold War considerations of East vs. West; the United States was deeply concerned about containing Communism, particularly after the Cuban Revolution (1959) and its potential spread in Latin America; the decolonization process was marching at full force; Development Theory was well established in Latin America; Third World countries were beginning to join forces, as illustrated by the Non–Aligned Movement, the G–77, and the creation of UNCTAD; and most developing countries – such as Brazil – were recipients of typically conditional and tied foreign aid.

Brazil’s approach towards its international relations during this period became known as Independent Foreign Policy (*Política Externa Independente* – PEI), having Minister of External Relations San Tiago Dantas as its main figure.¹⁸⁴ Several principles would be from therein become ingrained in Brazil’s foreign policy, such as: ‘non–intervention’, ‘people’s right for self–determination’, and ‘development’ as a both goal and a *right*. The military period (1964–1984) which followed did not denounce these principles, nor did

¹⁸³ President Quadros had a very short tenure: from January to August 1961, when he renounced. Vice–President Goulart (who was in Communist China when the resignation was announced) governed with weakened powers until a military coup deposed him on April 1st, 1964.

¹⁸⁴ A good synthesis of the *Política Externa Independente* can be found in FUNAG (2011).

the presidencies which came after the country re-democratized. Thus, while there certainly were variations in emphasis and in the translation of these principles into policy over the years, the basic concepts have continuously been perceived as *Brazilian* values.

The most important exception value-wise was General Castello Branco's tenure (1964–1967), which pulled Brazil away from an 'independent' engagement. This government's realignment with the US was made clear in the words of then Minister of External Relations, Juraci Magalhães: "what is good for the United States is good for Brazil". Later military presidencies staunchly rejecting communist ideas (particularly in the domestic sphere), but none followed Castello Branco's approach, choosing rather to re-embrace the value of non-intervention.

In the particular case of conditionalities attached to development assistance, there was never a rupture in the principled belief that they were *undesired*. Rather, this negative connotation has actually been reinforced through time, as the country has experienced its own subjection to unwanted external conditionalities by more powerful parties (developed countries and international organizations). Conditionalities demanded of Brazil so as to receive foreign aid were not welcomed nor seen as benevolent actions by concerned donors who had Brazil's best interest at heart. Even worse were the conditionalities 'requested' – for many, they were nothing short of *imposed* – by the IMF and the World Bank, especially in the 1980s and 1990s. Because the legal understanding was that Congressional approval was not required for each loan made with the IMF (only sanctioning from the Executive government)¹⁸⁵, the country's acceptance of the conditionalities was perceived as belonging to an undemocratic structure.

A common perception, shared by both elite and non-elite, was that the donors' approach was selfish and patronizing; and international organizations led by developed countries were usurping the sovereignty of all developing countries, in a process commonly described (especially in Latin America) as 'economic imperialism'.¹⁸⁶ While there were voices in Brazil believing there was a need to implement economic changes in the country, criticism still existed. At the crux of the matter lied the perception that the

¹⁸⁵ Brazil became a member to the IMF (1946). The interpretation was that Congress had at that moment given its approval for the Executive government to deal with the 'operational' aspect of arranging loans with the IMF, i.e., Congressional approval was not needed for negotiating each arrangement deriving from the umbrella treaty.

¹⁸⁶ Until this day, the monetary and macroeconomic policies (such as privatization and open markets) supported by the IMF for Brazil are still subject of political debate.

conditionalities did not take into consideration (nor respect) the country's *own* pace or priorities, and had little to no public debate concerning important decisions that were being made. Hence, the continued historical and political understanding regarding conditionalities in Brazil has always been a negative one: a top–bottom, paternalistic, undemocratic, and ultimately undesired inclusion to development assistance received.

President Lula's rise to power would once again reinforce the condemnation to conditionalities. During his tenure, Brazil became a powerhouse on its own and transitioned from essentially a recipient to mostly a provider of development assistance. The project of transforming Brazil into an emerging donor, consistently providing significant volume of development assistance programs, only became a reality in the mid–2000s. As seen in chapter 5, until the early 2000s, Brazil's economy was still in the process of becoming stabilized. The material reality of *not having funds* to implement or sustain a significant number of projects undoubtedly played an enormous role. But once the situation improved, President Lula was able to reverse this situation. The normative position of framing conditionalities in a negative light would be cemented in Brazil's role as an emerging donor.

At this point it is worth highlighting the foreign policy values present in the Worker's Party (*Partido dos Trabalhadores* – PT) discourse. It is in "foreign relations and international politics that the Lula government most resembles the discourse of the PT" (Almeida, 2004:162; Tr/Po). As with most leftist political parties in Latin America, PT's foreign policy vision engaged quite critically with the bipolar Cold War structure, US interference in Latin America, and the notion of a world was divided by haves and have–nots.

As one of the founders of PT in the late 1970s, Lula ran for president five times: unsuccessfully in 1989, 1994, and 1998, and successfully in 2002 and 2006. As time went by, the Party's platform on foreign policy matters became increasingly clear and more refined. The defense for countries' right to self–determine (i.e., non–interference in other's internal affairs) stood out from the start as a priority. Other themes which gained increased prominence over the years were the focus on development and South–South Cooperation (c.f. Almeida, 2003). The staunch defense for unconditionality in development assistance has a tradition in the PT's platform. However, it emerged with the focus on Brazil as a *recipient*.

Civil servants with direct experience in agreements to *receive* cooperation from developed countries highlighted how much they disliked when countries sought to impose a model or conditionalities upon an agreement with Brazil. They acknowledged the current situation for Brazil (as a recipient) as being much better than before the early 2000s. Nonetheless, many of those working with traditional donors reported that the top–bottom model still existed. According to a non–diplomat with several years of experience at Brazil’s Cooperation Agency, “[DAC donors in general] they come with a posture of imposition, and have their specific interests very well defined” (interview). Brazilians had to fight for the country’s own interests vis–a–vis DAC donors in an “exercise of counterbalance” (interview). The broad assessment made by civil servants working with technical cooperation was that the Brazilian model of international cooperation was not only different but more ‘just’/‘fair’. These findings mirror those made by Cristina Inoue and Alcides Vaz:

This current sensitivity of the Brazilian government and its insistence on framing its assistance as ‘cooperation’ and ‘partnership’ are motivated by Brazil’s own past experiences as an aid receiver and preconditioned by a longer–held belief and conscious desire to confront the traditional assumption that international relations is a zero–sum game of realpolitik and unending power contestation. (Inoue & Vaz, 2013:527)

Given the long history of upholding unconditionality, it is not a surprise that Brazil would provide unconditional development assistance. However, tradition should not be mistaken for destiny. The idea of unconditionality was born and evolved in Brazil under a context where 1) it was a recipient, and 2) its capacity to provide assistance was so limited that it probably would not be able to demand conditionalities from others even if it wanted to. The shift towards being not only a donor but a *relevant* one had the potential to change the interpretation of unconditionality. President Lula did not do this, with his Minister of External Affairs arguing that with countries which have a history of human rights violation, “dialogue and cooperation are more effective than condemnation and sanctions” (Amorim, 2009:74; Tr/Po).

However, President Rousseff was initially vocal in her argument that *absolute* unconditionality was problematic. While she never promoted a DAC–like understanding of political conditionalities, her initial approach was that Brazil had to take into consideration another important value that (total) unconditionality was ignoring: human rights violations. Following this line, her tenure began by reframing Brazil’s approach to the theme. Two weeks before she was even sworn in, the Director for the Brazilian Cooperation Agency, Marco Farani, signaled changes to come by stating “[as Brazil’s

cooperation program] increases in scale, we will take into consideration political criteria, such as respect for human rights” (Tr/Po)¹⁸⁷. This novel approach came to light under increased domestic questioning of Brazil’s unconditional cooperation with countries known for their poor respect to civil liberty rights, such as Sudan, Zimbabwe, Equatorial Guinea, and Kazakhstan (Mello, 2010a, 2010b). In the case of Equatorial Guinea – Associate Member to the Community of Portuguese Speaking Countries (CPLP) and negotiating full membership status – Minister Amorim is said to have declared “business is business” when asked about Brazil’s closeness to the country’s leadership (Veja, 2010; *Folha de São Paulo*, 2013).¹⁸⁸

Many foreign policy analysts in late 2010 anticipated a major change in Brazil’s provision of development assistance after President Rousseff was sworn in (January 2011). However, this shift did not take place. A careful reading of Mr. Farani’s statement reveals two important conditions put in place for political considerations to become concrete criteria for providing assistance. First, “*as the programs gains scale*” is useless as a timeframe. The lack of clarity in determining the tipping point for when the new conditional approach should take place allowed the government full control over when (or even *if*) any political consideration would take place. Second, “*we will take into consideration*” only implies that human rights issues – along with many others – would be factored in the full calculation. It does not state they would be ‘*the*’ deciding criteria for deciding whether to provide aid or not.

In practice, President Rousseff has adopted a position quite similar to her predecessor’s regarding the implementation of human rights–based political conditionalities. In 2012, she visited Cuba, and was questioned by Brazilian journalists about the Brazil’s extensive cooperation with a country considered by many to violate many human rights. Her response was “people who live in glass houses shouldn’t throw stones”, to what many interpreted as Brazil, with its own problems with human rights, was not in a condition to pass judgment on anyone else.

¹⁸⁷ The original words in Portuguese are: “*Na medida em que o programa ganha escala, passaremos a levar em consideração critérios políticos, como respeito a direitos humanos*”.

¹⁸⁸ Teodoro Obiang Nguema Mbasogo has been the President of Equatorial Guinea since 1979. Since March 2014 he has been under formal investigation by the French Government for a series of financial crimes. He is accused by Humans Rights Watch of a tyrannical rule over this people; he is also rumored to practice cannibalism. The country is considered one of the most corrupt countries in the world.

President Rousseff's visit to Equatorial Guinea – when the latter hosted the 3rd South America-Africa Summit in 2013 – was also criticized in the media. A high level diplomat's response to the controversy was “Dilma [*sic*] herself has said that when it comes to human rights, everyone can improve, even ourselves” (*Folha de São Paulo*, 2013; Tr/Po).

Unconditionality has thus been a systematic characteristic in Brazil's provision of development assistance (including technical cooperation). This is evidently due mostly to the country's history as a recipient of foreign aid and its embrace of ‘Southern’ values. The only suggestion of change in this approach has occurred in the transitional phase of President Rousseff's tenure, which has yet to materialize any meaningful changes. Much of the value-based perceptions over conditionalities will also be reflected in Brazil's justification for providing *untied* technical cooperation. However, as the next sub-section will show, these same values will yield a weaker explanatory power than in the case for unconditionality.

7.1.2. IDEATIONAL FORCES: UNTIED COOPERATION

Brazil's staunch embrace of the South–South Cooperation (SSC) paradigm and its accompanying principled beliefs have been a key element in Brazil's provision of development assistance and technical cooperation. As shown, it has a long history in Brazilian foreign policy. Since the early 2000s it has become one of the most visible features of the country's foreign policy discourse. It serves as a grounding feature of Brazil's ‘emergence’ as a development provider.

As all other countries providing assistance under the SSC banner, unconditionality is a pivotal value. But as shown in previous chapters, the idea and concepts of SSC are prone to varied interpretations in many fronts – with the normative value of providing tied assistance being one. While China and India embrace SSC and unconditionality, both countries are known to tie assistance they provide to other developing countries. Hence, the variables ‘abiding to SSC values’ and ‘defending non-intervention’ yield a low explanatory value for understanding *if* or *why* an emerging donor country will tie its technical cooperation agreements or not.

The Brazilian case demonstrates this conceptual ambiguity in a remarkable way. As seen in chapters 5 and 6, the country has a record of providing both tied and untied technical cooperation – even though consistently following the SSC framework. While the country's military and post-military leaders before President Lula maintained Brazil's

embrace of the broad conception of SSC, the Southern/'Third World' *identity* was never wholeheartedly adopted, symbolized by Brazil's decision to only have an observer status to the Non-Aligned Movement.¹⁸⁹ In other words, Brazilian foreign policy was not a case of '[SSC] *ideas all the way down*'.

President Geisel's 'pragmatic' diplomacy exemplified this point. In the 1970s, Brazil was actively participating in 'North-South'/'Third-World' debates, with its foreign policy closely trailing the main theses defended in these *fora*. However, when it came to executing foreign policy directives, the country's leadership was more interested in immediate and concrete gains than long-term possible benefits. In a later memoir, President Geisel stated

We went to the meetings and conferences, were in favour of their ['Third World] demands, since we were also a subdeveloping [sic] country (...) but we did not make any commitments. They had our sympathy but we did not engage. [We had] a policy of solidarity with the Third World and economic preference for the North. (...) But even in this Third World solidarity, Brazil never really fully committed to it. (*apud* D'Araujo & Castro, 1997:337–338; Tr/Po)

The economic crisis under which the country was in during the 1970s – which would last until the 1990s – also contributed to framing tied assistance as normatively 'good'. The country could not afford to miss commercial opportunities to mitigate its dire financial needs. All the while, this choice could still be framed as abiding to the SSC: tying Brazil's provision of development assistance was simply an expression of 'mutual gains'. Brazilian foreign policy in the 1970s was an important instrument for the country's economic development strategy. One of the main goals of foreign policy at the time was to open new markets and opportunities for economic cooperation with developing countries. The Ministry of External Relations was crucial in sustaining this model in its external facet. Two important implications derive from this role. First, the *domestic legitimacy* this institution gained as an instrument of the country's national development project. Second, the legacy of *developmentismo* (the Import-Substitution Industrialization model), imprinted in *Itamaraty's* institutional memory, remained after the crisis and the end of that model – a case of "paradigmatic resilience" (Soares de Lima & Hirst, 2006:24).

The shift in conceptualizing development from an economic to a social perspective would greatly impact how technical cooperation would be framed, allowing a much

¹⁸⁹ Almost all developing countries are full members of the Non-Aligned Movement, which now has 120 members. Among the 17 Observer Countries are Brazil, Argentina, Paraguay, Uruguay, Mexico, China

easier path from a tied to an untied structure. It was under President Lula that Brazilian foreign policy adopted an explicitly negative interpretation of tying cooperation. Regardless of whether this echoes ‘true’ moral values or not, since the early 2000s both the discourse and practice Brazilian technical cooperation agreements have walked hand-in-hand: tying is condemned in discourse and absent from practice. For one diplomat interviewed [A19], “our [Brazil’s] external discourse has never been more closely connected to our internal practices than now“. A non-diplomat with over five years at ABC – almost all of it under Director Farani – shared its experience:

“When there was an open call for purchasing machinery, or a car, and it needed to determine the specifications, during the Farani tenure the guideline was to find a way to have the most rational option – best quality, specificity, cost-efficiency... – and buy it. The office never received a specification demanding that Brazilian products were to be purchased – *never*. It was always about efficiency. I believe that there weren’t any changes with new ABC administration: it’s still ‘buy what is cheaper and deliver whatever is best for the partner’s needs’. It is not selling aid. (...) I can really say there is no direct commercial gain. I guarantee that this strategy does not exist, many reasons: most of the people involved with TC at ABC do in fact believe in what they are doing, that they are doing a solidary cooperation.”[N3]

The normative value of untied assistance has thus been reinforced by a discourse which highlights the overlap between SSC values – e.g., ‘demand-driven’, ‘solidarity’ – and Brazil’s foreign policy *actions*. The option for untied cooperation can also be conceptualized as an extension of a ‘diplomacy of development’, i.e., the immediate goal of Brazil’s technical cooperation is to assist in the recipient’s development. According to Marcio Lopes Corrêa¹⁹⁰, Brazil is a country “openly committed to the idea of development as an instrument of reduction of asymmetry among nations”; for him, Brazil “does not remain only in the *discourse* of solidarity in the international area: it seeks to *practice* this solidarity, mobilizing what we have in terms of the country’s conditions” (Interview).

The vision fostered during President Lula’s tenure suggests the country “was taking an alternative moral position that expresses solidarity with Southern counterparts over national interests” (Inoue & Vaz, 2013:527). In 2005, former ABC director (2003–2006) Ambassador Lauro Moreira stated that Brazil’s international cooperation was based upon the principles of solidarity and co-responsibility, not guided by commercial or lucrative goals; it is “untied and seeks to always act according to the partner countries’ priorities, through the transfer of knowledge and without any imposition” (Moreira, 2005:5;

¹⁹⁰ Civil servant with over 10 years of experience at ABC, and author of a valuable book on the practice of Brazil’s international cooperation (see Corrêa, 2010).

Tr/Po). President Rousseff's first Minister of External Relations, Antonio Patriota, defined Brazil's technical cooperation: "[it] is free of conditionalities and does not seek profit. It answers to the demands of developing countries who believe our solutions can serve as reference for [their own] policies and practices" (*apud* Giraldi, 2011). For current Director of ABC, Fernando Marroni, unconditionality and untied projects were both expressions of the same values, those of horizontality and solidarity:

Brazil, differently from traditional and some non-traditional donors, has no prepared projects; we don't impose the use of technicians from a specific area, and we don't assume that we'll have economic, financial or tariff benefits, or concessions in key economic areas (interview).

However, unlike the well-established 'unconditionality', it would be a stretch to claim that *untied* cooperation is currently a principle of Brazil's foreign policy. It has the potential to become an established principle of Brazil's foreign policy, given time and continued reinforcement and practice. For now, it would be more appropriate to conceive untied cooperation as representing a principled-based 'expression' of the country's commitment to upholding the recognized principles of non-interference, solidarity, and horizontality. Hence, from an ideational perspective, the higher the value placed upon these principles, the higher the chances of untied cooperation being embraced.

As in the case of unconditionality, President Rousseff signaled the possibility of change for the untied character of Brazil's development assistance, although much less directly. During an interview in mid-2013, the President announced the proposal to create a *commercial* cooperation agency, focused on Africa and Latin America.¹⁹¹ As of mid-2014, there have not been any details on how – or even *if* – this project will evolve. The main indication is that diplomats object to this idea (see Paraguassu, 2013); for former Minister of External Relations (1992; 2001–2002) Celso Lafer, if these commercial ties were to be introduced they would not only change the current model but Brazil would "have to find another discourse" (*apud* Fleck, 2013; Tr/Po).

The changes proposed by President Rousseff to the Brazilian Cooperation Agency would likely lead to significant implications to the untied character of Brazil's technical cooperation. While the President did not openly state that Brazil's technical cooperation agreements *would* be tied to commercial gains, this direction was strongly signaled. So far no change has occurred, and there is no indication they even will (at least in the short term). President Rousseff was re-elected in October 2014 and, as of December 2014,

¹⁹¹ Interview given in Adis Abeba, May 25th, 2013; Tr/Po.

there are other much more pressing concerns to be dealt with. Nonetheless, two points can be made. First, unlike most in the diplomatic corps, President Rousseff does not appear to perceive untied cooperation as a fundamental value to be upheld in Brazilian foreign policy. Second, if this is the case, her framing of privileging commercial gains vis-à-vis diplomatic gains resembles more President Geisel's 'pragmatic' than President Lula's 'solidarity'-based approach to Brazil's South-South relationships.

7.2. INSTITUTIONAL FORCES

Three main institutional forces should be taken into consideration when examining Brazil's foreign policymaking: 1) legal elements, particularly the Constitution; 2) governmental actors, such as the Presidency, Congress, Ministries, federal institutions, and bureaucrats; and 3) those outside of the government's sphere, which include media, academia, public opinion, private companies, and NGOs. Unlike the previous section, this one will be divided having in mind each one of these three broad 'forces' relate to unconditionality and untied development assistance.

As will be soon detailed, the Constitution appears to be a powerful force sustaining Brazil's unconditional stance as the *status quo*. Yet, it does not fully lock-in this position. There is some room for reinterpretation and policy change – such as those proposed by President Rousseff. At the same time, the document only provides a weak base for justifying (or explaining) the decision to provide untied technical cooperation agreements.

In terms of government players, the Executive Power is – *de jure* and *de facto* – the single most important force in determining the direction of the country's foreign policy. The Legislative Power has been traditionally uninvolved in discussing these matters and mostly limited to fulfilling the Constitutional requirement of authorizing the ratification of international treaties, which is usually done with little controversy. Inside the Executive Power, the Presidency holds a key position in foreign policymaking, immediately followed by the Ministry of External Relations (a.k.a. *Itamaraty*). These have been the undisputed main players in setting the direction of Brazil's international cooperation projects. Other Ministries and Federal institutions have been involved in the *execution* of technical cooperation agreements, but they don't have the legitimacy to change the foreign policy strategies that motivate the agreements. All around, it appears there are no governmental groups actively invested in trying to shift Brazil's rule of providing unconditional assistance. The only challenge to this path has been the recent case of

taking into account human rights abuses. President Rousseff initially pushed this agenda but retreated – it is unclear what exactly motivated this change.

The untied character for Brazil's assistance was energetically embraced by President Lula – a position with enormous (and easy) resonance in *Itamaraty*. After all, it is at the very heart of this institution's mission to pursue diplomatic gains; commercial gains are also sought, but only after diplomatic gains. Archival research and fieldwork indicate a practically non-existent direct involvement from the Ministry of Trade and Development in Brazil's provision of development assistance. This stands in clear contrast to the bureaucratic structure of most traditional and 'emerging' donors (such as China and India). However, this does not mean this Ministry can't influence foreign policy – it can 'bypass' the diplomatic channel and make their case directly to the Presidency. It is not yet clear if President Rousseff's idea of tying Brazil's assistance was proposed by the Ministry of Trade, but the possibility cannot be discarded.

Finally, as a general rule, non-governmental actors tend to exert only a small influence in shaping Brazil's foreign policy. In the case of the country's provision of development assistance, this 'outside' influence is even fainter. There is no mainstream debate over the unconditional or untied character of the country's development assistance. This is situated within a broader context of little public awareness about Brazil's provision of this assistance itself. In recent years, ethical questions over agreements with countries with serious human rights violations have been occasionally raised in print media and in some academic circles but with limited repercussion.

The group with the most obvious interest in questioning the untied character of Brazil's development assistance would be private companies. However, if this is their position, it is well hidden. Archival research (e.g., main print media outlets, material from industry associations) and fieldwork yielded no indication of organized movements to have the government introduce commercial ties. As previously stated, all interviews with diplomats and public servants, working directly with technical cooperation, pointed to the assessment of no direct pressure from private companies on technical cooperation projects. That said, this thesis *does not* claim the private sector is void of foreign policy interests or that it refrains from seeking to influence policy choice – this would be an erroneous assessment. Profit-driven actors undoubtedly seek to – and *do* – exert influence on the country's international interactions.

The two main points to be made are: 1) private companies do not appear to be explicitly focused on using technical cooperation agreements as their strategy for accruing commercial gains, and 2) they probably seek to influence policy through others 'nodes', such as the Ministry of Trade or directly towards the Presidency – hence 'bypassing' *Itamaraty* and ABC. But their role in President Rouseff's suggestion to incorporate commercial gains to ABC's mission, at this point, can only be speculated.

7.2.1. INSTITUTIONAL FORCES: LEGAL STRUCTURE

As aforementioned, in the South–South Cooperation context, conditionalities are perceived to be a violation of sovereignty, i.e., an imposed interference. Brazil has deeply embraced this understanding, incorporating this principle to its domestic legal structure. The Brazilian Constitution explicitly embraces 'non–interference' as a principle to be followed in the country's international relations. This stance automatically makes any attempt to introduce political or economic conditionalities extremely cumbersome – and thus highly unlikely. Nonetheless, if the principle of non–interference is framed as clashing with other Constitutional principles – such as respect and protection of human rights – there is a possibility that *some* conditionalities might be perceived as ethically and legally justifiable.

Brazil's current Constitution, promulgated in 1988, provides a solid grounding for unconditionality to be the norm in the country's provision of development assistance. A bit of background helps to understand why this is the case. This Constitution was designed in the aftermath of the two–decade long period of military rule which came to an end in 1984. At the time, there was a strong desire to return to a democratic structure, and the new document was made to reflect this *zeitgeist*. Explicit attention was given to the normative/ethical values and principles which should guide all of the country's politics and policies. These domestic considerations were not detached from external forces. All the while it was being drafted and ratified (1986–1988), the international scenario was still immersed in the Cold War, which at the time had absolutely no indication of its impending collapse. Brazil was still a major recipient of development assistance, and its unstable economy led it to be heavily dependent upon IMF loans throughout the decade.

This Constitution was the first in the country's history to explicitly incorporate guiding principles to Brazil's international relations.¹⁹² Unsurprisingly, many of these principles had been part of the country's traditional discourse for decades by then. Its Preamble already provides an insight into which values were – and still are – deemed an integral part of the country's legal and political *ethos*. The opening sentence for the Constitution affirms that the State's purpose is to ensure “the exercise of social and individual rights, liberty, security, well-being, development, equality and justice as supreme values [...] and [the State is] committed, in the internal and international orders, to the peaceful settlement of disputes” (Tr/Po). The Constitution's Article 4 is specifically devoted to Brazil's foreign policy. It enumerates ten principles which should govern the country's international relations:

- I) national independence;
- II) prevalence of human rights;
- III) self-determination of the peoples;
- IV) non-intervention;
- V) equality among the States;
- VI) defense of peace;
- VII) peaceful settlement of conflicts;
- VIII) repudiation of terrorism and racism;
- IX) cooperation among peoples for the progress of mankind; and
- X) granting of political asylum.

The article also has a sole paragraph: “the Federative Republic of Brazil shall seek the economic, political, social and cultural integration of the peoples of Latin America, viewing the formation of a Latin-American community of nations” (Tr/Po).¹⁹³

Many of these values and principles have an undeniable resonance with those embedded in South-South Cooperation. Hence, concepts such as ‘non-interference’, ‘horizontality’, and ‘development’ are more than part of Brazil's stated principles as a

¹⁹² Brazil has had seven Constitutions since it became independent from Portugal in 1822: 1) 1824, while it established an independent but monarchic rule; 2) 1891, the first Republican Constitution; 3) 1934 and 4) 1937 under Getulio Vargas, the last one very Fascist-bent; 5) 1946, as the country re-democratized post-Vargas and WWII; 6) 1967, which ruled the country through its military period; and the 7th being the current one, from 1988.

¹⁹³ For a full view of the 1987 Constitutional debates over which norms which should guide Brazil, see: *Assembleia Nacional Constituinte, 1–Comissao da Soberania e dos Direitos do Homem e da Mulher, I–a) – Subcomissao da Nacionalidade, da Soberania e das Relacoes internacionais. Anteprojeto de Constituicao, Volume 70*. Brasília: Senado Federal.

'development donor' or part of a foreign policy discourse. They are Constitutional directives, which (at least in theory) are expected to be embedded in every single international action or commitment undertaken by the country. Under this light, it could be argued that attaching conditionalities to development assistance projects is *unconstitutional*, as they are essentially an interference in another country's right to self-determination.

Nonetheless, there is still room for a slightly different interpretation of unconditionality under the law. If not, President Rousseff's initial proposal to include human rights considerations in the provision of development assistance would have been deemed unconstitutional right from the start. The reason for this flexibility lies in the fact that Article 4's principles are not placed in a hierarchical order. Thus, the 'prevalence of human rights' could very well be given primacy over 'non-intervention'.

Notwithstanding the legal possibility of giving primacy to human rights over non-interference, this has not been the approach chosen. Brazil's diplomatic tradition is first and foremost to abstain from – if not fully *condemn* – direct interference in other countries' politics. In the exceptional cases it has supported interference (such as Haiti), they involve multinational actions and transitions towards democracy, not military attacks or direct involvement in deposing 'problematic' leaders, as seen in Brazil's decision to abstain from voting on recent UN resolutions on Libya, Syria, and Crimea. Hence, while the Constitution does not fully impede an eventual adoption of conditionalities, it certainly *discourages* actions in this direction.

In contrast to conditionalities, it is much harder to make the case that the provision of untied cooperation is Constitutionally justified. Connections can certainly be made with the Constitution's principles but it requires some creativity: untied agreements could be Constitutionally protected if interpreted as an *expression* of commitment towards one of the legally established principles. Two interpretation choices emerge, both fragile. First, tied agreements can be seen as violating the principles of "self-determination of the peoples" and "non-intervention". Under this logic, commercial attachments *interfere* in the other recipient's sovereign right to purchase from whomever it would find adequate.

Another option, demanding what appears to be a wider legal and conceptual stretch, would be to frame untied agreements under the banner of "cooperation among peoples for the progress of mankind". In this case, if the ultimate purpose of Brazil's 'foreign aid' – particularly if related to development issues – is not to accrue commercial gains

but promote ‘the progress of mankind’. Nonetheless, this framing is done *ipsi literis* in the Ministry of External Relation’s website page for ‘Technical Cooperation’: “Brazil’s South–South technical cooperation (...) is fundamented upon the Constitutional principle of cooperation among peoples for the progress of mankind” (MRE, undated; Tr/Po). The main problem here is that this particular principle is the most poorly defined of all; in its most simple assessment, Brazil should not cooperate for *destructive* purposes (Nascimento, 1997:219; Tr/Po). So while untied cooperation can be seen as being inspired by principle, the link is clearly very tenuous – and thus easy to be dismissed.

A final point to be made relates to the legal framework of Brazil’s international cooperation itself, or better yet, the *lack–thereof* legal instruments guiding this matter specifically. There is no legal norm to clearly define its scope, principles, objectives, delimitation of competencies within the government or the bureaucracy, inter–ministerial or inter–institutional coordination (Puentes, 2010:35). In tandem, there is also no legally binding directive *explicitly* defining the unconditional or untied choice for providing technical cooperation, resulting in an extremely fragile arrangement.

7.2.2. INSTITUTIONAL FORCES: GOVERNMENTAL ACTORS

Aside from few Constitutional limitations, the Executive Power is fully in charge of defining the country’s foreign policy strategies. The tradition has been of a Federal Legislative (both House of Representatives and Senate), which rarely publicly challenges the Executive Powers’ foreign policy direction. Congress’ active engagement in debates have mostly been centered upon very high profile issues, such as the Free Trade Agreement Area for the Americas (FTAA), Mercosul expansion, and the decision to send troops to Haiti (Alcântara, 2001; Castro Neves, 2003; Soares de Lima, 2005b; Alexandre, 2006; Feliu & Miranda, 2011; Regazonni de Oliveira, 2011). Also, there is no jurisprudence or pending legal action on the Supreme Court which questions conditionalities or ties.

Congress

In most DAC–member countries, Congress plays a significant role in the decision–making process of development assistance programs (Milner & Tingley, 2010; Pacquement, 2010). This is *not* the case for Brazil. Congress has traditionally had little involvement in Brazil’s foreign policy, and appears to be uninterested in questioning the foreign policy choice of unconditionalities and untied developmental assistance.

The majority of the country's assistance program is based upon technical cooperation. According to the Constitution, Congress has to give its approval for all treaties signed by the President (or whomever he/she delegates to this role), including agreements establishing the outlines for Brazil's provision of technical cooperation. However, the *individual* projects derived from the treaty are *not* subject to Congressional approval. One consequence is that the Brazilian Cooperation Agency – as well as all other ministries and federal institutions involved in the *operational* side of projects – do not have to deal directly with Congress. Thus, while this federal Legislative body has a voice in budget allocations for each Ministry and Federal institution engaged in technical cooperation, it does not dictate *how* each of these bodies will spend their resources.

This dynamic has resulted in a very small involvement from the Legislative Power in the country's strategy as an 'emerging donor'. In the words of an interviewee from an International Organization (with office in Brazil), also deeply knowledgeable on the theme, "Congress does not know much about cooperation, does not have a commission to follow up on cooperation, and is not involved in cooperation" [N1]. Only very recently have there been any opinions expressed by individual members of Congress on Brazil's development assistance projects. For instance, in 2009, Senator Arthur Virgílio stated in the Senate that while he was not against Brazil's support to donating money to build Mozambique's anti-retroviral laboratory, "it did not make sense transfer money to other nations when many Brazilian hospitals suffered from the lack of resources" (Senado Federal, 2009; Tr/Po). This particular project, involving a substantial amount of financial resources, was submitted for Congressional approval – passing through three Committees in both Legislative Chambers – and approved with all around unanimity. Unlike Sen. Virgílio, Sen. Rodrigo Rollemberg praised the current structure, as "the model of solidarity cooperation brings benefits to Brazil, which is taking on more and more a protagonist role in many issues" (Tr/Po)¹⁹⁴.

Shortly after President Rousseff's indication of changes in ABC's mission and structure in 2013, Senator Ricardo Ferraço (Head of the Senate's External Relations and National Defense Commission) requested a public hearing on the matter, which was approved,

¹⁹⁴ Public hearing held in the Brazilian Senate's Commission for the Environment, Consumer Protection, Auditing and Control [*Comissão de Meio Ambiente, Defesa do Consumidor e Fiscalização e Controle*] on July 11th, 2012.

but as of December 2014 has yet to take place.¹⁹⁵ The document justifying the request for the hearing only allows for an inference on the tone of the proposed debate. The impression is of a *negative* perception of such change and doubts over benefits it could bring:

It seems clear that the intention of President Dilma [sic] is to generate commercial dividends to the technical cooperation projects currently developed by ABC. In this sense, it is worth questioning if attaching gains of a political–economic order could compromise ABC’s original objective, which is to *make cooperation an instrument of foreign policy and soft power projection* in regions where Brazil could exert its leadership. (emphasis added; Tr/Po)¹⁹⁶

It is fair to say that Congress is not (yet) involved in debates regarding the character of Brazil’s technical cooperation. So far, there have been no *institutional* debates in either Legislative Chamber and any attempt to do so has yet to occur.¹⁹⁷ This absence leaves the matter, by default, to the Executive’s discretion. Thus, in regards to governmental actors, the Presidency holds the prominent position in foreign policymaking inasmuch as it can both choose to directly engage with policymaking or delegate it with a great degree of comfort knowing it holds the ultimate veto point.

Presidency

From a historical perspective, almost all of Brazil’s presidents opted to delegate foreign policymaking to the Ministry of External Relations. But before detailing this Ministry’s role and approach to the foreign policy use of development assistance and technical cooperation, it is necessary to address a change in this pattern due to the presidency’s increased lead in foreign policymaking.

In Brazil, it was President Cardoso (1995–2002) who ‘inaugurated’ what Danese (1999) called ‘presidential diplomacy’. This concept signals a transition from foreign policymaking being essentially a bureaucratic process to an *individual* and *personified* one – with the President at the center stage. Most presidents before Cardoso would focus essentially on domestic policy, basically serving as the ‘physical’ manifestation of the nation in international meetings and engaging in courtesy and protocol visits with

¹⁹⁵ Senator Ferraço is not from the Worker’s Party (PT) but from PMDB, the second most important party in the President’s allied base (comprised of a total of some 20 parties); it is second only to PT itself.

¹⁹⁶ Original document: *Requerimento da Comissão de Relações Exteriores e Defesa Nacional Nº 76/2013*.

¹⁹⁷ Senator Ferraço’s Office was contacted on this matter in May/2014; as of September/2014 there was no reply.

other foreign dignitaries.¹⁹⁸ While they had the *power* to command and veto the country's diplomacy, most were not very enthusiastic about exerting this power to its *fullest* potential.¹⁹⁹

President Cardoso would introduce this new structure in Brazilian foreign policymaking, wholeheartedly embracing the role of Diplomat-in-Chief through direct and active engagement. Often described as "his own foreign minister", he had occupied the position of Brazil's Minister of External Relations (October/1992 – May/1993) during part of President Itamar Franco's tenure (1992–1994) – an experience which would have a major impact on the future president (Cason & Power, 2009:112–128). He was "*personally* involved in international conferences and multilateral and bilateral negotiations, to a degree and intensity unparalleled by any of his predecessors", actions normally exerted by the Minister of External Relations or diplomats (Lampreia & Cruz, 2005:109; emphasis added, Tr/Po).

'Presidential Diplomacy' in Brazil would reach its apex with President Lula, who took this active involvement to (so far) its highest degree of intensity (Almeida, 2004, 2011; Saraiva, 2007b; Cason & Power, 2009; Barnabé, 2010). One of the greatest characteristics of President Lula's 'diplomatic activism' was the degree of personification he gave to Brazil's foreign policy. More than 'just' being the President of Brazil he became known as somewhat of an international celebrity – being called by US President Barack Obama "the most popular politician on Earth" in 2009.

'Presidential Diplomacy' has had a direct impact upon the domestic architecture of Brazil as an 'emerging donor'. To start, the surge in Brazil's provision of development assistance after 2005 was not a 'natural' process. It came about as a clear direction from President Lula, who – as already stated – became very personally involved in this mission, actively encouraging developing countries to take advantage of Brazil's no-strings-attached technical cooperation agreements. According to a high-level political advisor interviewed (with over two decades of active work in various institutions of the Federal government) [A29], the President "*pushed Itamaraty*" to expand this agenda.

¹⁹⁸ Even Ernesto Geisel – the most influential president of military regime – left Brazil only ten times in his five years in office (Cason & Power, 2009:122).

¹⁹⁹ As a testament to this, almost all of Brazil's diplomatic 'visions' between the 1960s and mid 1990s have their names closely attached to the Minister of External Relations at the time; such is the case for External Relations Minister San Tiago Dantas and 'his' 'Independent Foreign Policy', and Azeredo da Silveira's 'Responsible Pragmatism'.

Many diplomats and academics interviewed pointed out President Lula's personal commitment to increase Brazil's soft power and South–South interaction. In this context, not only were diplomatic gains highly valued (and sought), but they made unconditional and untied technical cooperation agreements become extremely attractive as foreign policy tools – “technical cooperation agreements are a pretty thing to sell” (Professor Antonio Carlos Lessa, Interview).

Compared to other options such as grants and loans, technical cooperation agreements were easy to promote (many countries already *wanted* Brazilian knowledge); cheap, thus possible to be provided in a significant scale; simple from a legal standpoint; fitted well with the President's pro–development agenda and were something he could *personally* promote. President Lula's personal charisma and life–story – from Brazil's poorest region and an extremely impoverished family to the Presidency – probably helped to increase the legitimacy of this broader project. In his own words, “there is no other [world] leader who has starved” (*apud Folha de São Paulo*, 2004; Tr/Po).

Under this scenario of a strong presidential role in foreign policymaking, a shift in presidency is of utmost importance. President Rousseff has taken a different route and adopted a much more low–key international profile than her predecessor. She has nonetheless maintained Presidents Cardoso and Lula's direct and active roles in foreign policymaking. In this domestic sense, the presidential power to determine the country's diplomacy direction has been thoroughly embraced.

President Rousseff has kept most of her predecessor's structure and broad direction. A good portion of this continuity can be attributed to party politics. Presidents Lula and Rousseff come from the Workers' Party and share the vision of extensive involvement of its members in direct policymaking positions. For example, President Lula broke the tradition having a diplomat fill the role of the President's Special Advisor for International Affairs (Vigevani & Cepaluni, 2007; Saraiva, 2010); this same ‘novelty’ was reproduced by President Rousseff. When Minister Celso Amorim officially joined the Workers' Party in 2009, he became the *first ever* Minister of External Relations to be a member of any political party while serving this role. This made him not just a Minister responsible for crafting and executing a policy on behalf of the State but also for his *Party* (Barbosa, 2012).

After a total of eight years in power, President Lula's two terms structured a particular image of Brazil which closely resonated with some traditional principled beliefs of the

Workers' Party (see Oliveira & Onuki, 2010). This legacy has left President Rousseff with less room for foreign policy 'innovation'. But as already shown, her tenure has had a direct impact on the *volume* of new technical cooperation agreements signed. She also signaled interest in giving 'flexibility' to both the unconditional and untied character of Brazil's assistance. But despite President Rousseff's discourse of (possible) change, *status quo* has been fully maintained.

Ultimately, 'presidential diplomacy' has brought important shifts in the institutional structure of Brazil's foreign policymaking process. These have directly and indirectly affected the way in which the country has provided international development cooperation. First, whereas before foreign policy could be conducted consistently and behind closed doors by *Itamaraty*, under the structure of 'presidential diplomacy' foreign policy is more subject to the whims of presidents. Second, this has led to a greater chance of decisions being made 'in a hurry', and under the pressures of electoral calendars, unlike the long-term horizon of diplomats (Cason & Power, 2009:135). This concern was expressed explicitly by a high ranking diplomat:

"This is why diplomacy is state politics, concerned with continuity. We look at consequences beyond the immediate moment for the country's long term image. There are complaints that diplomats block the process – 'you don't understand the political needs' – but politics is transitory, while the State remains. *Itamaraty* has to focus on the country's permanent interests. Of course, there is no one who can define 'this is a permanent/transitory interest', but this matters" [A20]

This increases the chances of projects with low capacity for sustainability and, as a consequence, poor capacity for internal coordination. Several diplomats, civil servants, and academics interviewed expressed similar concerns over this matter, for example:

"the President makes promises, but many times without real capacity to implement". (Cristina Inoue, academic)

"I think that if ABC could have open conversation they would say that 'what president tells us to do, we'll do'; there is not necessarily a strategy". (Antonio Carlos Lessa, academic)

"we [at the Ministries] can't have a proactive role, there are so many demands that come in a disorganized manner that we barely have room to have a proactive role". (Civil servant, International Advisory director for a Ministry heavily demanded for technical cooperation) [A9]

"One thing is the speech... but once you go and implement policies, I'm not sure how well they have been implemented". (Junior-level diplomat) [A21]

A final note on institutional structure, party politics, and the particular case of political conditionalities is worth mentioning. At least in theory, the Secretary of Human Rights (*Secretaria de Direitos Humanos* – SDH) would be a great candidate for governmental entity contesting an absolute unconditional approach. Nonetheless, the SDH has not had

any indication of pushing for human rights and/or 'good governance' conditionalities in Brazil's provision of development assistance. Former head of the Secretary, Maria do Rosário Nunes, explained the vision on how human rights and international intervention were related: "Brazil does not hold positions of interference through the perspective of human rights, as those who wish to interfere have [themselves] produced very grave human rights violations" (Tr/Po)²⁰⁰.

Two strong intertwined institutional reasons help to explain this entity's position: 1) the Secretary of Human Rights is nested directly under the Presidency's Office; and 2) since President Lula's tenure there is a great deal of party politics regarding appointments to head the unit. While SDH was previously part of the Ministry of Justice, in 2003 the Secretary was brought to the Presidency, and was later on given the status of Ministry. Every single one of its directors appointed during President Lula and Rousseff's tenures had very strong relationships with the Worker's Party, either as founders, elected officials, and/or high-level party members.²⁰¹ Hence, it is *highly* unlikely this office would go against the President's approach on the subject of unconditionalities – the power structure discourages it and the overlap in policy vision held by the Party members is significant.

Second, even if the head of Secretary were to privately disagree with the President, this institution's mission is primarily oriented to deal with *domestic* human rights issues; international actions are mostly related to assisting the Ministry of External Relations in the country's participation in international *fora*, such as in UN Human Rights Commission and the Inter-American Court of Human Rights. The Secretary would probably prefer to use its 'political capital' to push forward its main mission in the domestic scenario. The awareness of Brazil's own problems in regards to human rights is likely to contribute to the concern about justifying interference abroad and have it backfire by opening the doors for 'legitimate' outside interference in Brazil.

Ministry of External Relations (a.k.a. Itamaraty)

Leaving aside direct presidential engagement, *Itamaraty* has been the number one governmental institution responsible for Brazil's foreign policymaking. Since the early

²⁰⁰ Speech given in Brasília on July 18th, 2013, during the Conference '2003 – 2013: *uma nova política externa*'.

²⁰¹ SDH Ministers under President Lula were: Nilmário Miranda (2003–2005), Mário Mamede Filho (2005–2006), Paulo de Tarso Vannuchi (2006– 2011); under President Rousseff: Maria do Rosário Nunes (2011–2014), and Ideli Salvatti (started April 2014).

20th century, the Ministry has consolidated a significant degree of autonomy in foreign policymaking vis-à-vis any other bureaucratic organization. According to one interviewee, until the mid-2000s “the Ministry did not even report to the President’s Chief of Staff” [A29], but only directly to the President. With the expansion of the international agenda, there has been an increase in the dispersion of policy making attributions, but this ‘outside’ policymaking remains checked by *Itamaraty*. The general consensus for Brazil’s international relations elite is that *Itamaraty* gives little attention to the opinions and proposals of groups interested in contributing to foreign policymaking, even if these come from other federal ministries. (De Souza, 2009:129–130; see also Soares de Lima, 2005a; Cason & Power, 2009).

This Ministry’s bureaucratic insularity is strengthened by the belief that it is made up of a highly professional cadre of experts entitled to freedom of action. Its very hierarchical structure – with diplomats being referred to as “officers in suits and ties” – was respected by the country’s military rulers, explaining in great part the relatively high degree of autonomy it maintained even during the two decades of dictatorship (Cheibub, 1985; Soares de Lima, 2000; Figueira, 2010). Combined with a powerful resistance to any bureaucratic threat to its mission and strong *esprit de corps*, its agenda-setting power remains solid even in light of the recent bouts of ‘presidential diplomacy’ of Presidents Cardoso, Lula, and Rousseff.

The Brazilian Cooperation Agency (ABC), formally responsible for the country’s policies over development assistance (both provided and received), is fully nested within the Ministry. Not only have its directors always been diplomats, they are appointed directly by the Minister of External Relations. This results in its mission, principles, and interests mirroring that of the Ministry’s, and very limited autonomy as an ‘Agency’. Direct interference of the Ministry of Trade in the Agency’s development assistance policies seems to be (at best) extremely weak. As a matter of fact, it appears safe to say that whenever there has been direct influence of the Ministry of Trade upon foreign policy making in general, it has been because of a conscious *presidential* decision to override the Ministry of External Relations. The same aforementioned high-level political advisor [A29] interviewed reported the following story he had personally witnessed in the mid-2000s:

“the Ministry of Planning proposed to *Itamaraty* the allocation of foreign trade analysts to work for ABC. Samuel Pinheiro Guimarães [General-Secretary of the Ministry of External Relations, second only to the Minister] said he did not want them. These

analysts are top tier in the administrative cadre, and they are offered to work for ABC but Itamaraty always says no. I was in the meeting with Samuel, I took the proposal to him, he said he did not want it. His answer was simple, on the lines of “this here is the Brazilian foreign service, we are better than the others, we don’t need this”.²⁰²

The big picture is one where in regards to foreign policy, the Ministry of Trade and other ministries *sometimes* have *some* voice in *some* issues. The general rule is that diplomats are the ones who formulate Brazil’s foreign policy (again, unless the President decides on a different direction). The organizational culture of the Ministry of External Relations, while not being homogeneous, tends to be unified given the institution’s historical insularity, and centered on specific values that make it easy to promote mid–long term diplomatic gains.²⁰³

The *Itamaraty* has never been particularly focused in promoting Brazil’s foreign trade in *direct* terms, but rather as a *product* of improved bilateral relations and an optimal diplomatic environment. So notwithstanding some hiccups and exceptions, the overall experience then has been one when having to choose between giving primacy to diplomatic or commercial interests, the former has ‘won’ over the latter.²⁰⁴

Field research has confirmed this institutional structure and provided a great volume of insight into the relationship between the *Itamaraty* and the various ministries which effectually *provide* the knowledge itself. Since the agreements are based upon State–to–State formal commitments, diplomats have played a big role in crafting (and/or interpreting the limits of) the treaties signed so that they would follow one particular tone and vision for the country’s foreign policy. As seen in the case of agreements on biofuels, almost all agreements signed in the late 2000s (particularly with African nations) had similar justifications and concepts – e.g., ‘South–South Cooperation’, ‘rural development’, ‘energy independence’ – explicitly stated.

The historical and contemporary discourse emanating from the Ministry of External Relations – to which the Brazilian Cooperation Agency is subordinate – is strongly supportive of the principle of non–interference, with unconditional development

²⁰² A similar assessment on the perception of ‘superiority’ was made by two civil servants involved directly with *Itamaraty*: “there is an elitist oxygen from Itamaraty, in the sense of ‘we are the ones who know how to conduct the foreign agenda’” [A6].

²⁰³ As a testament to this insularity, between 1988 and 2007, only 77 civil servants from other federal bureaucracies worked for the Ministry in non–administrative levels. The great majority were called to work on matters tangential to the diplomatic activity, such as legal advisors (Figueira, 2010:9).

²⁰⁴ One of the most noteworthy exceptions was during General Geisel’s leadership (1974–1979) when the Ministry of Finance’s voice in trade matters was more important than the Minister of External Relations (see Spektor, 2004).

assistance being a fundamental corollary. The Ministry's official position is that Brazil's South-South technical cooperation is "founded upon the *constitutional principle* of cooperation among peoples for the progress of mankind [and is] *free of conditionalities*" (MRE, undated; emphasis added, Tr/Po). While none of diplomats interviewed explicitly objected to this position, some did mention that blatant disregard for human rights in Brazil's development assistance partnerships could ultimately harm the country's image. Nonetheless, fieldwork revealed no indication of a movement inside of the diplomatic corps to reverse the policy of unconditionalities – even to recipients with human rights issues. A strategy of *inaction* was mentioned by some as a makeshift 'solution' to the problem at least for now, such as by avoiding new agreements with countries with serious human rights violations or stalling the implementation of ones which already exist. This would maintain the principle of non-interference, while minimizing domestic and international criticism, even if only temporarily.

As of December 2014, a year and half had passed since President Rousseff's speech on incorporating commercial elements to the mission of ABC and possibly re-allocating it institutionally closer to the Ministry of Trade. During her re-election campaign in October 2014 nothing was discussed on the matter. So far, no official project was ever presented, and there do not appear to be studies or analysis on the matter – only media reports and speculation (or simply plain bureaucratic gossip). One of the few news sources reporting on this particular subject stated that the idea was not welcomed by diplomats, which in light of what has been shown, is not surprising as it would take away ABC's "altruistic profile" and remove it from *Itamaraty's* control (Paraguassu, 2013). At the time, one journalist suggested that even those inside the Ministry and ABC "were in the dark" about this change (Fleck, 2013; Tr/Po).

This cements the general assessment that President Rousseff has not had *Itamaraty* in high regard (Lopes, 2013). This was visible in her poor relationship with the Ministry of External Relations, and the undeniable low prestige given to the (now *former*) Minister External Relations Antonio Patriota – a very different situation than that of President Lula's with Minister Celso Amorim. However, according to Ambassador Marco Azambuja – former #2 at the Ministry in the early 1990's – the current President appears to have a poor relationship with practically *all* Ministers, reportedly due to her difficult personality. In Azambuja's opinion – one shared by numerous media reports since she took office – the day-to-day relationship between the Ministers and Presidents Cardoso

and Lula were easy-going, but with President Rousseff it is visibly rougher, being “a lot harder to be her Minister” (*apud* Fellet, 2013, Tr/Po; see also Coelho & Nery, 2012).

7.2.3. INSTITUTIONAL FORCES: NON-GOVERNMENTAL ACTORS

Since the 1990s there has been an increasing pluralisation of actors involved in Brazilian foreign policy issues in general, something which can be associated with the reestablishment of democracy (Oliveira & Pfeifer, 2006; Cason & Power, 2009). Nonetheless, this has to be properly contextualized: the impact of non-governmental actors is still relatively small to the bulk of what is done. Currently, there are few non-governmental actors which focus primarily on foreign policy issues. Some of the most prominent ones are: the *BRICS Policy Center* (connected to the Pontificia Universidade Católica do Rio de Janeiro – PUC/RJ); the *Centro Brasileiro para Relações Internacionais* (CEBRI), whose members include retired diplomats and former high-level policy makers (such as former President Cardoso); and *Articulação Sul-Sul*, with experts and consultants focused on South-South cooperation.

There have been some actions to ‘infuse’ more of society’s voices onto the formulation of Brazil’s foreign policy, such as the engagement of some Brazilian NGOs and social movements to demanding a “National Foreign Policy Council” or a “National Council on South-South (cooperation for) Development”. For this initiative’s supporters, foreign policy is ultimately a *public* policy, and such institution would foster the democratic character of the country’s international engagements (Soares de Lima & Milani, 2014). But the fact that the idea has been explicitly supported by the Worker’s Party has led criticisms and suspicions that instead of bringing democracy to foreign policymaking, it would only prompt decisions based on political party *ideology* – the PT and other Left-leaning parties (which are currently part of the Government’s coalition) are very strong within unions and organized social movements in Brazil – as opposed to the traditional diplomatic rationale of deciding on what best for the *country* within a long-term timeframe (Barbosa, 2014). At this moment, the idea is still far from becoming a mainstream issue and its actions have yet to prompt any policy change.

As a general rule, foreign affairs issues which draw broader attention from mass media and public opinion tend to be those with a heavy political and ideological baggage, such as debates over the Free Trade Area of the Americas, Brazil’s relationship with the US or with the IMF. Brazil’s provision of development assistance has been a topic of very limited attention within this already contained environment, although there have been

some recent noteworthy exceptions. For instance, over the past few years much has been written about Brazil's proximity with Venezuela and Cuba and the unconditional development assistance provided by Presidents Lula and Rousseff. But these cases are situated within a much bigger picture in Brazilian politics, where there are still very lively debates over Left/Right political stances. How the government chooses to relate to Venezuela (since Hugo Chavez came to power) and Cuba have ample space in Brazilian media, and there is a pre-existing tendency for all actions with these countries to come under media scrutiny. Hence, the attention to Brazil's aid provisions to Venezuela and Cuba should not be read as representing grand media/popular interest in Brazil over the provision of development assistance itself. In these cases, the controversies are a *proxi* for domestic ideological battles.

The biggest Brazilian newspapers – such as *Folha de São Paulo*, *Estado de São Paulo*, *O Globo*, and *Correio Braziliense* – and weekly magazines (e.g., *Veja*, *Epoca*, *Exame*) have increasingly covered foreign policy matters (see Casarões, 2012). Most of its readers have a high educational background and are generally from the upper and middle-class – i.e., the country's 'elite'. The readership profile of *Folha de São Paulo* (print) is exemplary: in 2011, 41% of its readers were part of Brazil's upper class (only 3% of Brazilians belong to this group); 3/4 of its readers had undergraduate university degrees (compared to 13% in the general population); and 24% of them also had graduate degrees, something only 2% of Brazilians have (Folha de São Paulo, 2011). Thus, even if the paper covers and debates international issues, most foreign policy issues and debates are still distant topics for the general public.

According to some interviewees, the Presidency and *Itamaraty* have contributed to this scenario by giving little domestic publicity to the volume of resources (e.g., financial, human, time) spent on technical cooperation. For one academic interviewed, "*Itamaraty* doesn't make a lot of noise about technical cooperation agreements perhaps because they realize that it provokes reactions [such as] 'but why are you giving things to others while we have so many miserable people here?'. *Itamaraty* knows that it is not worth engaging in this polemic" [A12]. A similar interpretation was given by some federal public servants working directly with the provision of technical cooperation. Many pointed to the current scenario in Brazil, and the difficulty in justifying for society the expenses of technical cooperation. Even if it is *relatively* cheap and simple, it is not cost-free for the Brazilian government. But the enormous need for resources domestically – both financial

and human –does not give much incentive to the Brazilian government to advertise internally how much technical cooperation it is doing abroad. A public servant from ABC reported that “internally, there is no expectation or debate within Brazilian society, Parliament, or [civil society] representatives in how Brazil should act in term regards to cooperation” [A4].

Brazilian public opinion in general has typically given low attention to international issues, prompting the adage “foreign policy does not bring votes” (Soares de Lima, 2005b:31; Tr/Po). This appears to play an important role in the Legislative Power’s timid direct engagement in foreign policy. There is a dire lack of quantitative data regarding the general public’s interest towards international affairs (Faria, 2008); De Souza’s (2009) survey with the Brazilian community of international relations – i.e., elite actors in this field – is one of the few to have numbers on public opinion’s engagement in foreign affairs. According to his ‘elite’ interviewees, 76% believed public opinion had “little interest” in foreign policy, and 13% said public opinion had “no interest” in the topic. De Souza also reported that many expressed the ineptitude and/or *disinterest* of organized groups to pressure the diplomatic corps. For a prominent diplomat interviewed, “*Itamaraty* occupies an immense space because of *faute de combattants* [absence of combatants]. Few politicians or businesspeople care about foreign policy” (Tr/Po). On the other hand, businesspeople feel that *Itamaraty* lacked a pro–business posture, one mentioning “prejudice towards relationships with private companies” (De Souza, 2009:128–130; Tr/Po).

As already shown in chapter 5, the level of *direct* involvement of business interests in Brazilian foreign policy is quite low. Few companies, mostly related to industrial and agricultural commodities, represent the bulk of Brazil’s exports (Lussieu da Silva, 2003; Caldas & Wood, 2007). Trade issues are usually discussed by private companies/sectors with the Ministry of Trade (or Ministry of Agriculture in the case of agribusiness); if the actor is powerful enough, its claim might be made directly to those working directly with the Presidency. So while “few businesspeople care about foreign policy” can be an overstatement, there is merit to this assessment, particularly if one sees *foreign* policy as detached from *trade* policy. Technical cooperation does not appear to be on the radar of Brazilian companies as an opportunity for direct increased trade, and there appears to be no organized push from them (or any other non–governmental actor) to overhaul the *status quo*.

This assessment is reinforced by Cason & Power's (2009:129) argument that during President Lula's tenure – and apparently continuing during President Rousseff's – the Brazilian *bourgeoisie*/elite “saw no reason to obstruct the progressive South–South agenda... as long as it coincided with the outward–oriented business interests that they represented”, made easier by the boom in exports combined with the president's aggressive sponsorship of trade missions to Asia, Africa, and the Middle East. In summary, “a unique constellation of factors under Lula led to the blending of a historically *petista* [from the Worker's Party] foreign policy strategy with a business–friendly trade policy” (*idem*).

As a final remark, there have been calls from non–governmental actors towards the incorporation of human rights/good governance criteria in Brazil's provision of developments assistance. Some academics like Milani (2012) and non–governmental organizations – such as *Conectas Direitos Humanos*, *Instituto Brasileiro de Análises Sociais e Econômicas* – IBASE, and *Cáritas Brasileira* – have drawn attention to Brazil's international action on human rights. This movement has been relatively new – following the recent expansion of Brazil's partnerships – both in the number of countries and the volume of initiatives undertaken – and not part of a mainstream debate or grand concern from the general public. The media has also begun to pay more attention to Brazil's partnerships and new close ties with notoriously abusive governments, and the opposition has been quick to condemn the Presidency's actions as in the aforementioned cases of Venezuela and Cuba. The weak demand for good–governance conditionalities in technical cooperation from non–governmental actors can be a reflex of a duality over what conditionalities represent: are they ‘a stand against human rights’ abuses’ or a ‘Northern–like interference in other countries’ sovereignties’? Following the logic of what many consider to be politically conservative voices in Brazil (like journalists Ronaldo Constantino and Reinaldo Azevedo) another explanation could be derived: a hypocritical ‘neutrality’ of Leftist groups over human rights towards countries led by Left–leaning leaders, such as in Cuba and Venezuela.

The sum of these parts has led to very low ‘outside’ interest or debate over Brazil's technical cooperation projects in general, and even less towards its unconditional and untied characters. There has been little media coverage on Brazil's role as a donor of development assistance; public opinion and profit–driven organizations (so far) has been rather oblivious to in the subject; and while some NGOs are attentive to this theme, their

impact upon policy is not substantial. Adding to this scenario, none of the academics interviewed appeared interested in contesting this no-strings-attached approach for providing technical cooperation.

7.3. POSITIONAL FORCES

The desire to improve Brazil's *position* in the international system is the third element pushing Brazilian foreign policymakers towards unconditional and untied technical cooperation agreements. In this country's case, an 'improved position' has meant, among other things:

- greater power inside international organizations, such as in the United Nations Security Council, FAO, and WTO;
- being seen as a legitimate voice for 'Southern'/developing nations when in negotiations with developed countries;
- being perceived as an honest broker and 'leader' of Latin America, while concomitantly presenting a non-threatening image towards the countries in the region;
- reaffirming its position as a cooperation partner thoroughly abiding to SSC values;
- differentiating itself from traditional donors (explicitly) and from some emerging donors, particularly China and India (implicitly);
- being recognized as a necessary actor in international debates related to human development themes (e.g., poverty, hunger, education, maternal health), and others such as tropical agriculture, reducing deforestation, and – evidently – biofuels; and
- and in the case of biofuels, positioning the country in a condition to steer debates (i.e. framing and agenda setting) on the theme, helping to establish technical guidelines for international trade, and influencing the overall network of countries producing and consuming biofuels – a point already developed in the previous chapter.

As stated in chapter 2, a single technical cooperation agreement is very unlikely to help Brazil achieve any of these goals. However, this research argues that a *collection* of agreements between Brazil and numerous donors, all under the same structure – unconditional and untied – has a much better chance of yielding diplomatic gains. These agreements are one of many tools used to support Brazil's strategy of an increased global presence, as summarized by Cervo (2010):

The casting of a global network as a goal of Brazilian foreign policy in the 21st century gains impetus with reciprocity multilateralism impelled by diplomacy, which establishes coalitions and takes the leadership in global negotiations, and with economic internationalization, impelled by Lula's personal interest and by economic and social agents. (Cervo, 2010:26; Tr/Po).

There is an "absolute consensus" among Brazil's diplomats and elite that the country is destined to have a significant international role (Soares de Lima, 2005b:10). An isolationist position is practically non-existent: according to De Souza's (2009) interviews among key actors in Brazil's academic, business, and diplomatic elite, only 1% believed the country should refrain from international problems. But building a global presence is something which requires more than just speeches – it requires concrete actions. The ability to provide valuable knowledge without *demanding* anything back from the recipient serves as a way to support Brazil's engagement with a significant number of actors with a (relatively) lower cost, compared to choosing to engage mainly by providing grants or loans. Simply put, this kind of technical cooperation is "an instrument capable of giving support to the country's expansion of influence in an international scale" (Valler Filho, 2007:121; Tr/Po). The expectation is not that unconditional and untied technical cooperation agreements will, by themselves, transform Brazil into a global player; rather, they serve as an accessible and concrete way for promoting Brazil to large number of countries (see Inoue & Vaz, 2013).

As part of with this 'global project', Brazil has vastly increased its attention to developing countries outside of its 'traditional' areas (countries in South America and the Portuguese-speaking nations). Especially since President Lula's tenure, Brazil has increasingly sought to engage with as many developing countries as possible (see Lessa, 2010). Beyond improving bilateral relations, the provision of unconditional and untied technical cooperation has been also used to achieve a prominent spot for Brazil within this particular group of countries through two interconnected 'positions': 1) Brazil as a Southern partner, and 2) Brazil as a development leader.

Both are expected by the Brazilian government to be eventually translated into *concrete* diplomatic and commercial gains. As stated in chapters 1 and 2, this could mean, among other things: endorsing Brazil's positions in international organizations through votes; (explicitly or implicitly) allowing Brazil to negotiate on behalf of a group of countries; not contesting Brazil's claim of leadership over certain themes (e.g., development, biofuels, HIV/AIDS); as well as improved commercial and trade opportunities for Brazilian companies.

Southern ‘partner’.

Self-identification as a ‘Southern’ country has been present in the foreign policy of emerging donors for decades. In the Brazilian context, this has meant not just promoting SSC values but providing a supporting explanation for 1) going beyond a regional focus (i.e. South America) and moving towards an engagement with developing countries in all continents, and 2) sometimes (but not necessarily) giving a higher degree of attention to the relationship with developing countries over developed countries. Hence, it has been interpreted as signaling both a *position* in the international system (i.e. Brazil is a Southern country) as well as a *policy direction* (towards the global South). Notwithstanding periods of higher or lower prioritization in foreign policy, both understandings have remained present in Brazilian foreign policy throughout the years. Since President Lula’s tenure, ‘Brazil-as-Southern-country’ and ‘Southern-engagement-as-a-priority’ have gained enormous visibility and attention (see Saraiva, 2007a; Puentes, 2010; Inoue & Vaz, 2013) – a direction supported by Brazil’s foreign policy elite.²⁰⁵ Unconditionality is a necessary element to sustain legitimacy for both cases. In the words of President Lula’s Minister of External Relations,

“At the crossroads of all the main guidelines of Brazilian foreign policy is the effort to establish closer relations with other developing countries. South–South cooperation (...) helps expand Brazil’s participation in world affairs. Cooperation among equals (...) reinforces our stature and strengthens our position in trade, finance and climate negotiations. Last but not least, building coalitions with developing countries is also a way of engaging in the reform of global governance in order to make international institutions fairer and more democratic.” (Amorim, 2010: 231)

As previously shown in chapter 3, unconditionality is at the heart of South–South Cooperation. It has always been framed as an expression of respect for all countries’ sovereignty and right to self-determination. Conditionalities (whether economic or political) are seen as external impositions, even if justified by ‘good’ intentions. Unconditionality has become part of the ‘Southern’ *identity*. This implies 1) condemning and 2) refraining from demanding conditionalities in the interaction with peers. As with practically all developing countries, Brazil has historically been on the ‘weak’ side of relationships with powerful developed countries. Only very recently has this dynamic begun to change. From a historical perspective, even if ‘Southern’ countries (such as Brazil) wished to demand conditionalities from others, they probably would not be able to, as their capacity to provide aid (financial or other) was typically limited and with little

²⁰⁵ De Souza’s (2009) findings revealed that 3/4 of interviewees believed South–South relations should be a priority in Brazil’s foreign policy.

leverage. Hence, the *condemnation towards* and *refrain from* conditionalities was quite easy.

The ‘emergence’ of Brazil’s economy had the capacity to challenge this historical path and take advantage of its increased power in the international system, which could have meant demanding conditionalities in their provision of development assistance towards ‘weak’ peers. However, this path has been rejected, since conditionalities are framed as something ‘traditional’ donors do. For instance, Brazil’s entry in the OECD has been discussed since the 1990s, with a minority of voices publicly advocating this membership (such as Barbosa, 2005). A senior diplomat gave the following insight as to the current situation:

“There has been a permanent attempt to seduce Brazil in to joining the OECD – they would love for Brazil to be a permanent member, but it doesn’t interest Brazil. It’s not even seduction: it’s permanent harassment. Of course, the OECD has many good things, but [they come] with a doctrine, and a perception that is very linked to its history: institutions of rich countries. The OECD has been trying to soften their positions in order to attract emerging countries, and have them join in: they want us close. Now they need us as a guarantee of their survival” [A19]

As stated in chapter 5, this interest from Brazilian policymakers to have the country be detached from OECD/DAC donors and the reproduction of a ‘North–South’ dynamic is also reflected in its decision to reject the terms ‘donor’ and ‘development assistance’ from all its discourse. Brazil is a *partner* (not a donor) *that engages in* (as opposed to ‘provides to’) *international cooperation* (not development assistance or foreign aid). The same aforementioned senior diplomat [A19] added that “Brazil has tried to resist/limit participation in *fora* where North–South cooperation is prevalent; when it goes, it makes clear what kind of cooperation it practices”. A long time civil servant at ABC reiterated the difference between Brazil and *non-Southern* non-DAC donors:

“you go to international meetings, and countries from Eastern Europe, for instance, some countries that are very modest in terms of capacity, go on and say ‘we are moving towards being donors’. They want to imitate their West European neighbours, when some will never even come close to this as they don’t have legs for it. They want to be donors because this gives them status of rich Europeans, or something like this, [going to the big league], matter of national pride. Brazil doesn’t need this” [A3]

Providing unconditional and untied technical cooperation is thus expected to reduce doubts over Brazil’s commitment to SSC and establish its *actions* as different from traditional donors and other powerful emerging donors. In this context, being a Southern donor is also pursued by China and India, although they have not chosen to fully refrain from attaching commercial ties to their technical cooperation – hence positioning oneself

as a 'Southern' donor while concomitantly placing ties is not necessarily mutually exclusive (unless with time China and India are found to be two exceptional cases).

In sum, seeking a position as a 'Southern' donor implies unconditionality, but not necessarily refraining from demanding ties. Hence, Brazil's untied approach should be seen a way to 1) bring even more contrast to its actions than that of 'Northern' donors, and 2) highlight its 'deeper' commitment to SSC than China and India's.

'Development leadership' – power through development.

As shown in chapter 5, since the 2000s there has been significant improvement in a myriad of social indicators in Brazil. There are many challenges yet to be overcome, but there has been undeniable progress in reducing poverty and hunger, as well as overall inequalities (e.g., regional, gender, wage). The policies crafted to attain these goals were designed exclusively for domestic purposes, and developed in the *public* sphere, involving public officials and public institutions such as government funded research/academic institutes, Ministries, and government agencies. As said by academic Miriam Saraiva,

“one thing that differentiates Brazil from Northern donors is that Brazil has a closer reality, lives similar problems. They might transfer some resources, which are not always adequately adapted to the recipient. In Brazil's case, we exports solutions to their [recipients'] problems” (interview).

The positive outcomes from many of Brazil's development initiatives would end up having an international facet through two main dynamics: 1) due to other countries' interests in Brazil's experiences, and 2) from President Lula and the Brazilian diplomacy's embrace of development as a key element of Brazil's foreign policy. It was a re-interpretation of the concept of 'development diplomacy', from a foreign policy directed at improving *Brazil's* development²⁰⁶, to a foreign policy where Brazil helped *other countries'* development – with this latter approach falling within what has been sometimes referred to as Brazil's 'diplomacy of solidarity' (see Seitenfus, 2006; Barnabe, 2010; Alles, 2011). Solidarity is emphasized, along with the recognition that cooperation is a political instrument, in what can be seen “as a policy of prestige, related to the desire to occupy a more central position in the international system” (Inoue & Vaz, 2013:515).

Presidents Lula and Rousseff have actively sought to transform Brazil's domestic social and economic successes into power on the international stage. Both administrations

²⁰⁶ On examples of the 'traditional' use of the concept, see Ricupero (1989) and Almeida (2003).

have promoted Brazil as a legitimate and innovative voice for development to build coalitions overseas, especially within the global South. Three factors differentiate the Lula–Rousseff use of development in Brazilian foreign policy from the 1960/70 period. First, Brazil has been able to draw on *concrete* achievements to justify and legitimate leadership in international development, and not just rely on rhetoric or ideological commonalities. Second, while the economic dimension of development remains high on the agenda, the social/human components of development—such as mitigating poverty and eradicating hunger—have been incorporated and brought to the forefront (not particularly the case in the earlier period). And third, Brazil has in many aspects moved beyond the ‘traditional’ role of *calling for* development to being in a position draw on its own experience to *offer* development solutions.

Crafting Brazil’s image of expertise in social/human development fits extremely well with the concepts of ‘middle power’ diplomacy and ‘niche diplomacy’: focusing diplomatic actions upon selected topics, with the intention of leveraging gains from its reputation on effectively handling ‘international public goods’ issues. Their strategy was more than ‘simply’ sharing knowledge bilaterally: the goal was also to ‘latch’ development to practically all international issues. Thus, if Brazil is perceived as a legitimate voice in matters of social/human development, and terrorism (for example) is framed as a lack of social/human development, then Brazil is a necessary voice in international terrorism debates. In this context, President Lula offered the following logic in a 2004 speech:

Hunger is actually the worst of all weapons of mass destruction, claiming millions of victims every year. Fighting hunger and poverty and promoting development are the truly sustainable way to achieve world peace....There will be no peace without development, and there will be neither peace nor development without social justice.²⁰⁷

In a scenario where the international security agenda focuses on war and military interventions to violent conflicts, Brazil is indeed only a peripheral player. However, once the security debate changes to securing *peace* and preventing conflicts – such as by addressing the ‘root causes’ of insecurity in the world – the tables turn and Brazil can position itself as more powerful actor. This particular attention to the security–development nexus has occurred within a very receptive international context which witnessed the “convergence of the global development and security agendas at the beginning of the new millennium” (Thomas, 2001:159). In the unhesitant words of the

²⁰⁷ President Lula’s speech given at a World Bank’s 2004 “Global Conference on Scaling Up Poverty Reduction”

UN Secretary General Kofi Annan, “development and security are inextricably linked” (UN, 2004:viii), and “without security there is no development, and without development there is no security” (UN, 2005:6).

President Lula’s overarching project was to have social and economic elements relative to both the domestic and the international spheres “unified under a single developmental agenda” (Almeida, 2003:10; Tr/Po). In his speech given at the UN’s General Assembly 2003 opening session, he stated “peace, security, development and social justice are indivisible” and “the true path to peace is to fight hunger and extreme poverty without truce”. His successor also reiterated this approach: two days after taking oath, President Rouseff seized the opportunity of the UN Secretary General’s call congratulating her on the new post to propose that the Security Council have a debate on security and social development, suggesting the creation of an UN University in Brazil on the same theme (Lyra, 2011). By the following month – as Brazil took over the presidency of the Security Council – it was announced an open debate on the subject of “Maintenance of international peace and security: the interdependence between security and development”, with Brazil’s approach to international security being: “sustainable peace requires a comprehensive approach to security – which involved consideration of the root causes of violence, as well as of the social and economic situation of the ground” (UNSC, 2011).²⁰⁸ Clearly, the narrative allows for a strong connection – at least in discourse – Brazil’s bid to become a permanent member of the UN Security Council and gaining power from being a development ‘leader’.

Brazil’s quest for regional stability (and leadership) has also been sought *through* development. Here, the main motivation derives from an understanding that Brazil’s internal security problems can be mitigated by the development of its neighbours, a logic made explicit in the 2005 National Defence Policy document: “a country’s security is affected by the degree of instability of the region it is inserted”. Hence, development-oriented actions which assist neighbouring countries is expected to reduce trans-border criminal activities which threaten Brazil, such as illicit trade (e.g., drugs, weapons, logging, mining), human trafficking, and illegal immigration. As simply put by a diplomat interviewed [A19], “[Brazil’s] national interest is connected with the development of our neighbours”. If the lack of development (economic and social) can foster an unstable environment inside States, contributing to – or even generating – illicit activities, violence

²⁰⁸ The debate was framed within the peace and security mandate of the Security Council so as to avoid advocacy for the direct involvement of the Council in development issues.

and conflict, then promoting development is an effective way to ultimately prevent conflicts, in which case Brazil gains power through development.

Finally, fostering Brazil's international prominence through development initiatives can be interpreted as another example of the country's leaning towards soft power actions and strategies – a point made by several academics and diplomats interviewed. Brazilian diplomatic history reveals a a complex relationship with the leadership position. On the one hand, its behaviour can be interpreted as one wish seeks leadership positions. At the same time, there is a conscious refrain from the idea of *proclaiming* leadership. For a academic Miriam Saraiva, assuming a leadership position involves expectations (like money or military protection); in the Brazilian case, given the amount of resources that the government has available is not enough to just use this discourse, which “politically this is not well seen domestically”. The aforementioned mid-level diplomat [A20] made a similar assessment, in why it was best for Brazil to ‘sell itself as a protagonist instead of a leader: “if people are counting on you, you have to be reliable, and we [Brazil] aren't really. If you don't have financial stability you can be a victim of your own ambition”.

Power, leadership and fear have a special connotation for the regional dynamic. According to academic Maria Regina Soares, the fear of appearing to have hegemonic pretensions in the region is “in DNA of Brazilian diplomats” (interview). For a senior diplomat [A17], Brazil's “neighbours in general are convinced that we are imperialists – this does exist. Brazil has a great dynamism: size, population... It doesn't interest us to have a hard relationship with them, but asymmetry is a reality and you can't ignore it”. Hence academic Kai Kenkel's interesting phrasing of Brazil wanting to be seen as “a vegetarian tiger” (interview). A mid-level diplomat [A20] made an also curious metaphor in his analysis:

“Brazil effectively is a soft-power based country. To start with, it doesn't have lots of hard power, and where it does, it deals poorly with this. Brazil has power projections that are clear, and we will have to develop mechanisms to deal with situations where we effectively have power. What do we do when we have power? We get embarrassed. Think of Gulliver in Lilliput: *Brazil is like a Gulliver who asked to be tied down, [saying] “Tie me! I don't know what kind of damage I could do!”* [A20] (emphasis added)²⁰⁹

²⁰⁹ A Gulliver analogy was also used by Hurrell (2006:11), but in a different context: “[I]nstitutions can constrain the powerful through established rules and procedures. The fundamental goal is to tie down Gulliver in as many ways as possible, however thin the individual institutional threads may be. It is therefore not surprising that Brazil and India should be the 4th and 5th most active complainants under the WTO dispute settlement mechanism.”

Ultimately, unconditional and untied technical cooperation agreements are not expected to carry the burden of achieving Brazil's diplomatic dual desire of leading through 'non-leadership'. But a strong case can be made that they serve these two purposes concurrently. It allows a unique opportunity for 'humble-bragging', on the lines of "we [Brazil] have never *claimed* to be a leader in development – we have so many problems our own – but we are grateful that other countries see us as such".

7.4. CONCLUSION

The recent history of Brazil as an 'emerging donor' reveals the importance of 'presidential diplomacy'. The structure of language used in framing technical cooperation, the direction of partnerships, and volume of initiatives, have had an undeniable connection to the vision held by the Presidency. These characteristics – as well as proposed changes – were not a consequence of popular or Congressional demand, nor did they appear to have originated from outside of Executive control. Unlike what takes place in most traditional donors' politics, there is no indication that this topic is on attention radar of the public, media, or private companies. Hence, the decision-making process is overwhelmingly situated not only in the governmental arena, but in mostly two places: the Presidency and the Ministry of External Relations.

The table below (Table 29) provides a summary of the positions and interest each 'institutional force' appears to have regarding Brazil current unconditional and untied approach to development assistance. As it can be seen, there is an overall comfort with the status quo, with President Rousseff being the only one to make public and explicit calls for change – although none have (so far) been followed through. Some non-governmental voices have questioned absolute unconditionality, concerned about Brazil's engagement with countries with serious human rights violations, but the issue has yet to become mainstream. Even if such change does occur, it is highly likely to remain an exception, as the Constitution itself greatly favours unconditionality. And no actors – aside from President Rousseff – have publicly expressed their frustration over the absence of commercial ties. Of course, there is a real possibility that such actors do exist – mostly likely in the Ministry of Trade and the private sector. Yet, so far none have made this interest *public*, much less coming forth as an organized political action group demanding change. The Ministry of External Relations is very likely to challenge any attempts to infuse commercial ties to the country's technical cooperation agreements.

Nonetheless, it does not have the legal or political power to stop a determined President wanting such change.

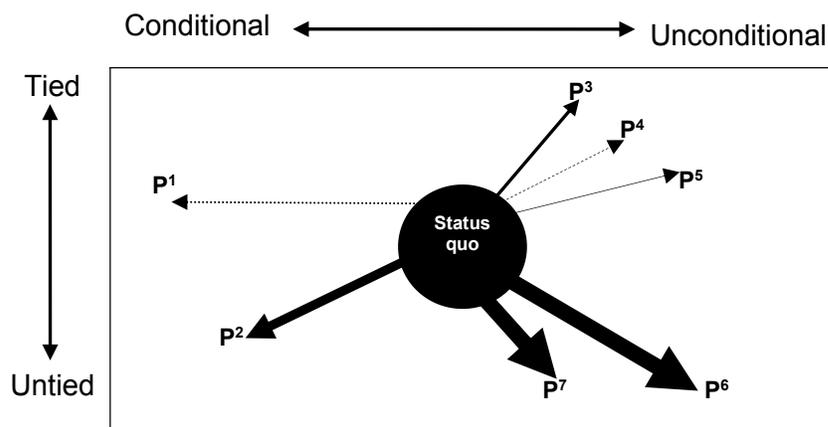
TABLE 29 – INSTITUTIONAL FORCES: PREFERENCES

		<i>Conditional/Unconditional</i>		<i>Tied/Untied</i>	
<i>Institutional Forces</i>		<i>Position</i>	<i>Interest in topic</i>	<i>Position</i>	<i>Interest in topic</i>
Legal	Constitution	Clearly favours unconditionality; possible exception for human rights	Does not use word 'conditionality' but strongly related to Const. principles	Unclear; needs conceptual stretching to link to Const. principles	Absent
	General legal norms	No explicit legal norm on topic	Unclear (absent?)	No explicit legal norm on topic	Unclear (absent?)
Governmental actors	Military reg. & early democ.	Unconditional (but focus on Brazil as <i>receiver</i>)	Reasonable, part of Southern 'identity'	Tied agreements were provided	Low; still 'feeble' provider
	President Lula	Firmly unconditional	Very high; explicit part of foreign policy discourse	Firmly untied	Very high; explicit part of foreign policy discourse
	President Rousseff	Suggested some good governance conditionalities but never implemented	Reasonable; high at the start of tenure, lower since	Untied, but suggested change to include ties (yet to occur)	Unclear; little direct engagement with topic except brief mention of change
	Congress	No public calls for change to conditional	Very low; occasional voices on human rights-based condition.	No public calls for change to tied	Very low (absent?)
	Min. External Relations & ABC	Firmly unconditional	Very high	Firmly untied	Very high
	Min. of Trade & other Ministries	No public calls for change to conditional	Very low (absent?)	No public calls for change to tied	Very low
	Media		Very low	Unclear (none?)	Very low (absent?)
Non-governmental actors	Academia (IR)	No mainstream calls for change to conditional except involving some human rights cases	Low (but great interest in technical cooperation)	No public calls for change to tied	Low (but great interest in technical cooperation)
	NGOs & civil society		Generally low		Very low (absent?)
	Public Opinion			No public calls for change to tied	
	Private Companies	No public calls for change to conditional	Very low (absent?)		Low/very low

Along with each actor's *ideal* policy position and their *power* over policymaking, another layer needs to be added: how much each actor cares about the debate. The combination of direction and strength of these vectors plays a fundamental role in which

gain will be prioritized in technical cooperation agreements – commercial or diplomatic. A visual interpretation is helpful: in Figure 43, the black circle (P^0) represents the policy's starting point at 'neutral'; P^n represents an actor and its preferred policy (P^1-7); the placement of each preference represents an ideal combination between conditional/unconditional and tied/untied; the thickness of the arrows would be how much each force is invested in pulling the policy to their corner. In this example, P^1 is somewhat interested in placing more conditionalities but is rather indifferent towards the tied/untied axis; the force towards more conditionalities and less ties is advocated by P^2 , but with more dedication than P^1 . There is a significant number of institutional forces pulling the status quo towards unconditionality, but a significant division in whether to place more or less ties. If the forces related to P^6 and P^7 come together, they have a great chance of moving the policy to a desired unconditional and untied position – even if they are a minority. Given the great variance between P^1-5 , it is unlikely they will be able to counterbalance P^6 and P^7 's interest.

FIGURE 43 – PREFERENCES AMONG DOMESTIC ACTORS



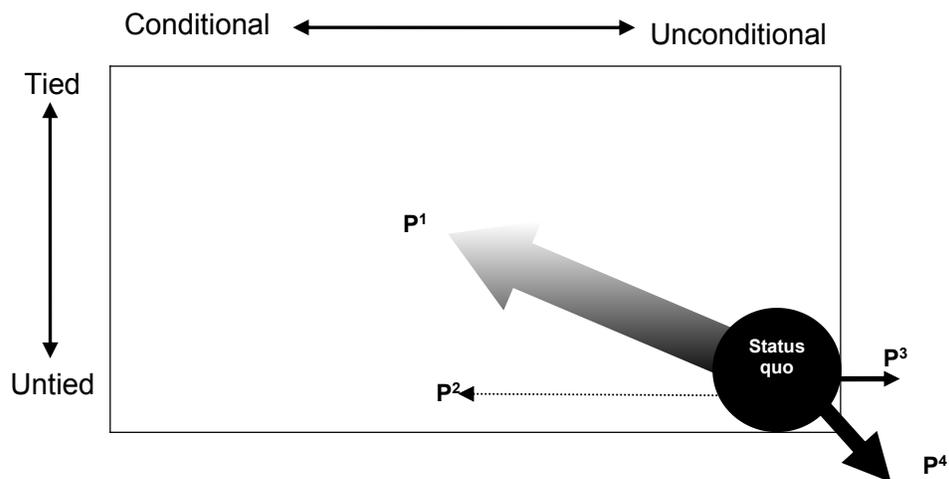
The image above (Figure 43) assumes a situation where the initial position is absolutely neutral. This situation exists essentially when there is no policy in place. But once a policy is chosen, the tendency will be for it to become entrenched, or path dependent (see North, 1990). Changes from the *status quo* will require more effort and commitment from actors interested in a new policy stance. This is particularly the case if those who believe the policy is in the 'correct' place fight to keep it that way. This helps to understand why there is such resistance to change over time: countries that decide to place conditionalities will tend continue to place conditionalities, while countries which

choose an unconditional approach will also be likely to maintain this stance; the same is valid for the choice to tie or untie technical cooperation agreements.

The purpose of this visual exercise is not to develop a quantitative assessment of each vector present in a country's institutional foreign policymaking structure. Instead, its goal is to bring clarity to the possible variations among domestic actors' preferences and their role in the final outcome of any particular foreign policy – such as that concerning the choice to provide technical cooperation with no-strings-attached. This figure is helpful in visualizing a country's – such as Brazil – particular institutional structure regarding decisions related to development assistance.

In Brazil's current dynamic, the status quo (since President Lula's tenure) is one of unconditional and untied technical cooperation. President Rousseff signaled interest to introduce conditions and ties (P¹), but both proposals lost force and were abandoned. Some actors have pushed for a move towards human-rights conditionalities (P²), but without enough force to provoke change. The Constitution 'anchors' the unconditional position while being somewhat neutral towards tied/untied (P³); and the Ministry of External Relations (P⁴) has a substantial interest in keeping the unconditional and untied characters. A tentative representation could look like Figure 44:

FIGURE 44 – PREFERENCES AMONG DOMESTIC ACTORS, BRAZIL



Again, the proposed image (Figure 44) should not be taken as representing a static structure. As an example, the Presidential re-election might alter this picture by opening a 'policy window' (Kingdon, 1984). Even if Brazil's development assistance program (including its unconditional and untied character) did not become part of debates, President Rousseff might decide in her second tenure (2015-2018) to make changes

regardless of diplomats' interests. There is the possibility of currently silent or vaguely interested actors in conditionalities or ties deciding to come forward with their interests and push for change, especially if a 'norm entrepreneur' emerges (Finnemore & Sikkink, 1998). In any case, this is the dynamic in which Brazil's technical cooperation agreements regarding biofuels have emerged, as it has been detailed in chapter 7.

Finally, the desire to achieve certain 'positions' in the international system has influenced Brazilian foreign policymakers to opt for providing unconditional and untied technical cooperation agreements: they serve as a *relatively* simple and inexpensive way to help place the country as a global actor; unconditionality reinforces its status as a Southern donor, whilst unconditionality *and* the absence of commercial ties differentiates it from both OECD/DAC donors and emerging donors such as China and India; also, sharing knowledge serve as a way to increase the country's power and status as a 'leader' by investing in a diplomatic niche: Brazil's legitimacy to speak on human/social development (or at least *framed* as being related). The expectation is that strong relationships and good image can be translated to *concrete* diplomatic and commercial gains.

8. ASSESSING THE DECISION TO GIVE KNOWLEDGE WITH NO STRINGS ATTACHED

This research has dealt with the connections between foreign policy and the provision of development assistance. It has focused on a particular mechanism of development assistance: technical cooperation, i.e., essentially the transfer of knowledge from one State to another. But instead of reflecting only upon the broad question of *why would a country provide technical cooperation*, the research aimed at even more intriguing question: *why would a country give knowledge to another country without demanding anything in return?*

This opened the door for rich theoretical and empirical analyses involving a broad range of academic themes, centered particularly on: power and foreign policy behaviours, including concepts such as ‘soft power’, ‘niche diplomacy’, ‘middle power diplomacy’, and power dynamics through ‘gift-giving’; as well as histories and current practices of development assistance by both ‘traditional’ and ‘emerging’ donors (these in the context of countries abiding to South-South Cooperation).

The starting point for answering the question of why countries provide technical cooperation was to assume States’ foreign policy are driven by self-interest, i.e. they want to ultimately *gain something* from the initiative. The analysis assumed all donors would like to accrue commercial *and* diplomatic gains from their provision of technical cooperation. However, it was showed that a donor’s choices over conditionalities and ties has consequences (whether intended or unintended) that affect the odds for attaining each one of these gains. Each choice of arrangement – with/without conditions, with/without ties – increases the odds to accrue one type of gain while simultaneously lowering the chances of obtaining the other. Donors might seek both gains but ultimately they can only prioritize one (diplomatic *or* commercial), leading to the question *what drives donors to choose to emphasize one over the other?*

Giving knowledge without conditionalities or ties was shown to increase the donor’s odds to obtain diplomatic gains, while being a weak path for securing commercial gains. But answering why a country would choose this particular structure cannot be simply ‘self-interest’, since it would lead to a tautology: a country prioritizes diplomatic gains *because it prioritized diplomatic gains*. Thus, it became clear that there was a need to investigate the forces which are most likely to inform a country’s decisionmaking process.

The answer lies in understanding foreign policy decisionmaking as a process which incorporates both domestic and international elements. Three forces are deemed key in impacting a donor's decision to prioritize one gain over another: ideational, institutional, and 'positional'. While each one by itself won't automatically determine a particular outcome, the combination of these three vectors provides a solid reasoning for why one type of gain is preferred over the other.

Ideational forces highlight the understanding that ideas matter for foreign policymaking. Following a constructivist approach, to understand each country's path towards achieving and maximizing self-interest one must acknowledge the social construction of identities and interests. Principled beliefs specify the criteria for distinguishing right from wrong, just from unjust. Hence, a donor's preference bears a strong connection to particular norms held by its foreign policymakers. Conditionalities or ties will be more likely to be placed if they are interpreted in a positive ('the-right-thing-to-do') or neutral light (i.e., 'the-normal-thing-to-do'). However, principled beliefs alone might not necessarily *determine* policymakers' decisions. They can very well serve as a guide for conceiving and framing actions and reactions. While they might discourage actors from pursuing the 'wrong' path, policy decisions seen as contradictory from these principles can still emerge.

It was shown that a country's 'framework' for providing providing development assistance in general appears to have significant impact in explaining the choice between demanding conditionalities or not. Two frameworks analyzed: 1) the OECD/DAC model used by 'traditional' donors, and 2) the South-South Cooperation approach, embraced practically all developing countries – including so-called 'emerging donors'. As a general rule, DAC donors demand conditionalities while those who embrace the South-South Cooperation framework do not. On the other hand, there has been a tendency for donors (regardless of framework) to attach commercial ties when they *can* – i.e., when there is a power asymmetry between donor/recipient. Just like most DAC countries, two of the most important emerging donors – China and India – also gravitate towards tying their provision of development assistance (such technical cooperation) as to securing immediate commercial gains. However, Brazil (as well as South Africa) does not place conditionalities or ties in its technical cooperation agreements. Abiding to OECD/DAC or SSC is a very strong indicator of whether a donor will demand conditionalities from its provision of development assistance in general, it is not a reliable variable for explaining the decision to attach commercial ties or not.

A country's institutional structure for foreign policymaking is another important inward-focused element to consider, demanding a thorough look into its *domestic* context. Particularly in democracies, there are many voices – both inside and outside of the government – wanting to be heard. In regards to foreign policy, government-based actors are typically the Head of the Executive government and its Cabinet; ministries especially of External Relations, Trade, and Defense (or its equivalents); Congress; and in the case of development assistance, the agency in charge of this theme (if existent).

Outside of the governmental sphere, pressure usually comes from NGOs; lobbies/interest groups, both private (e.g., industry sectors, trade unions) and public (e.g., faith-based groups); public opinion; media; and academia. Not all of these actors will be present in each country or have power over the final policy outcome. Even *if* all of these actors are present, there are important variations to be considered: 1) how much each one cares about foreign policy in general (and development assistance in particular); 2) how much their opinion actually matters for foreign policymaking (i.e., how much are they really *able* to influence policy); and 3) what each actor advocates for and under which timeframe.

Those who care about how technical cooperation should be provided (conditional/unconditional and tied/untied) will have their own ideal combination. Because some actors have more power inside of the foreign policymaking structure than others, their preferred policies will have a greater chance of being the ones ultimately chosen. According to the analysis, it appears that the propensity for development assistance to serve as an instrument of commercial gains seems to be higher when the control of development assistance is located inside or close to government institutions focused of trade and commerce, or private interests have strong access to policymakers in charge of development assistance. Conversely, if development assistance programs are designed by bureaucracies insulated from trade interests, the greater the chance the final product will be untied.

Legal elements were also shown to matter in the context of institutional influences over foreign policymaking. A country's legal framework can have direct impact upon foreign policy decisionmaking through various ways: 1) it can limit options for policy engagement by setting legal constraints (or actual prohibitions) towards certain actions; 2) it makes change more onerous, as either the law has to change or the (illegal) action has to be made covert; and 3) it might determine who are the necessary actors for decisionmaking.

For example, if a country's law determines that all development assistance given *cannot* have political conditionalities, (legal) actions will follow this pattern; if it determines that a particular action does not require approval from Congress, this political body will have much less room to promote its interests. Laws can be changed, of course, but overcoming the *status quo* is usually a laborious and time consuming process. Unless a strong actor (or a collection of actors) actively pushes for change, the tendency is for the legal rules to remain setting boundaries to the institutional setting.

'Positional forces' was the final element to be observed: where do a country's policymakers see their country 'positioned' in the international system?; and where would they like *to see* their country 'positioned' in the future?. If one of the main venues for country to gain power in the international system is seen as coming primarily from within cooperative structures – such as international organizations and regional groupings – the likelihood for prioritizing diplomatic gains increases. As previously stated, the concept of "middle power diplomacy" is useful: it highlights countries who tend to favour multilateral approaches and concentrate their initiatives in areas that are believe to yield greater return, i.e. 'niche diplomacy'. 'Positional' forces also interact with issues of identity. If a country's strategy to gain prominence in the international or regional system relies on it being perceived as a legitimate voice in a particular matter or of leadership among a group, its foreign policy choices are likely to reflect this desire. For example, a country that chooses to gain power in the system as a provider South–South Cooperation has to be aware its actions will be judged by recipients, i.e., *does it 'walk the walk'?*. The higher the degree of hypocrisy perceived by these recipients, the lower the chances for the provider to accrue diplomatic gains through '*soft*' power.

As it was demonstrated, the analysis of ideational, institutional, and positional drivers helped to understand Brazil's decision-making process to provide knowledge with no conditions. The ideas and principles attached to Brazilian diplomacy (such as SSC), bureaucracy, and the Worker's Party (President Lula and Rousseff's party), combined with the goal of reaffirming Brazil's position as a 'Southern' donor, work in a process of collective reinforcement. Also, on the institutional side, there is no group or dynamic contesting unconditionality – quite on the contrary. The legal structure and main actors involved in the country's foreign policymaking explicitly support it. Thus, all three 'forces' point to the same direction: the provision of unconditional technical cooperation.

A similar dynamic appears to exist in other emerging donors. As presented in chapters 3 and 4, there is very little debate about the positive character of unconditionality among countries abiding to SSC. This position is not surprising for countries which are still essentially *recipients* of development assistance. In the case of other emerging donors – which are generally in a much better position to demand conditionalities from other developing recipients – the tradition of equating conditionalities to (unwelcomed) *interference* has been combined with the choice of reaffirming their position as still developing/‘Southern’ countries. These two drivers are strong reasons for not just Brazil’s, but China, India, and South Africa’s decision to provide unconditional technical assistance.

As for institutional forces in these emerging countries, it seems there are very few domestic actors demanding changes in this unconditional character; the exception being some concern (especially in Brazil and South Africa) over the ethical nature of unconditional interaction with recipients known to be severe human rights abusers. What is unique in the Brazilian case in comparison to other emerging donors, is that its *Constitution* explicitly states that non–interference is a fundamental principle of the country’s international relations. The presence this decisive institutional element ‘locks–in’ unconditionality and makes any change towards conditionality highly unlikely:

Explaining Brazilian technical cooperation’s untied character revealed itself to be more complex. The ideas and principles attached to SSC hinted some explanatory power, but a closer inspection revealed an obvious weakness: China and India both abide to SSC but do *not* refrain from placing commercial ties to their provision of technical cooperation. As shown in chapter 4, their interpretation of ‘mutual gains’ is one which opens the door for commercial profit for the donor without breaching SSC principles. At the same time, just like Brazil, China and India also desire to undeniably position themselves as ‘developing’ countries. So unless China and India are exceptions to a general rule, the provision of untied technical cooperation is not a necessary element for an emerging donor who seeks to reaffirm its ‘Southern’ identity. In tandem, other explanations for Brazil’s untied approach are weakened when compared to China and India, as all these nations explicitly seek more power in international organizations, a universal presence, ‘Southern’ credibility, etc.

It is possible then that the variance in these countries’s approach towards commercial ties is related to two points in particular. First, institutional/bureaucratic foreign policy

arrangements where commercial and trade interests are closely connected to the formulation of development assistance are more likely to result in tied assistance. Conversely, if the domestic internal arrangement ‘shields’ development assistance from direct commercial forces (e.g., Ministry of Trade or equivalent, lobby groups, for-profit interests in general), there is a greater likelihood that agreements will be untied. The claim is not that the bureaucratic setting *determines* the presence or absence of commercial ties, but rather that it *increases the odds* for the provision of tied or untied assistance.

The second point is related to ‘niche diplomacy’. Countries with (relatively) limited capacity for international engagement are assumed to be more likely to devote their attention to specific areas – niches – in which they can stand out. Attempting to reduce power asymmetries in negotiations and providing untied knowledge on global public goods seem like an adequate strategy for donors wishing to be seen not simply as ‘development-assistance-donors’ but as donors whose reputation is of committed to recipients’ development. This logic can be seen as a possible explanation for the apparently odd overlap between Brazil and Norway mentioned in chapter 3. Both countries appear to be deeply invested in building a particular reputation with current and potential recipients: donors whose (primary) interest is not commercial ‘exploitation’ – something which can only be achieved if there are really no commercial ties to the assistance given.

The combination of these characteristics made it possible to understand why the Brazilian government chose to provide knowledge on biofuels with no strings attached. As said, it is not that Brazil had *no* commercial interests in its actions – the quest for ethanol’s ‘commoditization’ is undeniable. The data showed that the possible immediate gains though tied agreements would ultimately harm the potential for Brazil’s long-term diplomatic and commercial gains. Also, the entire approach of ‘biofuels diplomacy’ was framed as an integral part of Brazil’s foreign policy desire to promote itself as a leader in matters of development, and taking the opportunity to distinguish itself from (all) traditional and (some) emerging donors.

This analysis has theoretically and empirically demonstrated what should be a rather obvious point: it cannot be assumed that all ‘emerging’ donors seek the same gains from technical cooperation agreements. Even if Brazil, China, India, and South Africa act according to their own self-interests and want more power, this does not mean they will

pursue the same strategies. While all embrace SSC values and reject conditionalities under the same normative umbrella, China and India appear to be justifying tied agreements under the SSC expectation of *common development goals* i.e. initiatives should help both donor and recipient develop. Whether this is a morally or ethically adequate interpretation is not the subject of this study.

Still, it is easy to make a case that recipients are more likely to perceive hypocrisy in the 'mutual benefits' justification if the donor – even if it is another developing country – is clearly more powerful (in relative terms). If a donor (like South Africa) believes that its image and reputation as a trustworthy partner with the recipient – i.e. being a 'good international citizenship' – is more valuable than immediate commercial gains, the propensity to propose untied agreements will increase. Thus, while the 'middle power' label is difficult to work regarding behavioural expectations, the concept of 'middle power *diplomacy*' and its strategy of 'niche diplomacy' are better suited for the task. A country which wishes to promote a particular image of expertise and leadership in an area has more incentives to *give* its knowledge than to seek immediate profits from it.

8.1. BRAZIL'S GAINS FROM TECHNICAL COOPERATION

This section looks for empirical indications of concrete gains Brazil has had from its provision of no-strings-attached technical cooperation: in other words, *has it worked?* Before moving forward, two important points must be made. First, this research has assumed there is no way to *prove* a direct and fully independent link between Brazil's provision of technical cooperation and diplomatic or commercial gains. There are numerous elements present in a bilateral relationship which work concurrently, with varying degrees of importance, to create a favorable predisposition for the recipient country to support Brazilian interests (P.H. Barbosa, 2011:106).

Second, while an uncontested proof of causal link might be unattainable, it is nonetheless possible to find strong *indications* that such a link exists in some cases where data is available. So instead of obtaining an unequivocal binary yes-or-no result to the question 'has Brazil gained from providing no-strings technical cooperation to a particular country or in regarding a particular theme?', answers were sought within a range of 1) 'very likely' to 'very unlikely'. P.H. Barbosa (2011:106) complements his thought by adding that while it might not be always possible to account for direct results from Brazil's provision of technical cooperation, it would however "be naïve to deny its role as a valid foreign policy instrument" (Tr/Po).

Based on the data obtained during research, technical cooperation has either been neutral or positive in promoting both diplomatic and commercial gains for Brazil. But there is strong indication that Brazil's decision to use its unique expertise as a foreign policy tool has very likely contributed to diplomatic gains in some areas. This is particularly the case for particular issues involving agriculture and health, where concrete and reliable data allows for more grounded analysis.

But before these neutral/positive impacts are discussed, it is worth stating that evidence gathered points to an overall absence of *negative* feedback from recipients' of Brazil's provision of knowledge. The only exception are generic critiques made towards all donors (including 'emerging' donors) that do not demand conditionalities in their cooperation actions with recipient countries which have poor human rights records. In comparison to other donors, Brazil is in a reasonably better situation. Most of its 'assistance' can be framed as a provision of 'global goods': knowledge directed towards human development. And as commercial gains are not directly connected to these initiatives, it can distance itself from these critiques with greater ease.

Nonetheless, there are critiques which can – and have been – made towards Brazil's actions. These negative evaluations target actions which fall *outside* the country's definition of 'international cooperation'. However, depending on the analyst, they can still be placed under this umbrella if a lax interpretation is adopted. Hence, how one conceptualizes and defines 'development assistance' actions matters deeply for the conclusions drawn. Two situations deserve quick mention. A case which may or may not be labeled part of Brazil's 'international cooperation' actions relates to big Brazilian private companies (e.g., Petrobras, Vale, Andrade Gutierrez) receiving financial support from *public* financing sources, particularly BNDES. The most controversial cases has involved their operations in politically 'problematic' countries (like Sudan and Equatorial Guinea); and the possibility of BNDES loans to Brazilian companies being used to 'disguise' direct government involvement in other countries without going through the proper legal channels – as in the hotly contested debate involving BNDES' resources to Cuba in early 2014.²¹⁰

²¹⁰ Unlike 'normal' agreements, some BNDES loans to Cuba (and Angola) have been made *secret*, including one with details over the US\$800 million used for the construction of a port in Mariel (Cuba). For news reports on the story, see Agostini (2013), Valente (2013), and Lima (2014). For more on BNDES loans during President Lula's tenure, see Hochstetler & Montero (2013).

The other case involves debt pardons, which may or may not be seen as a mechanism for development assistance. While they are *not* considered as such for the Brazilian government, it is worth providing a brief note on the topic given the debate and attention generated in the country. In 2013, President Rousseff sent to Brazil's Senate a request for authorizing a \$900 million debt pardon/renegotiation of twelve heavily-indebted poor countries (HIPC) in Africa – including 'questionable' country choices such as Zimbabwe and Gabon²¹¹. There are three main lines of speculation as to what drove these pardons – aside from the official position of relieving the debt burden of low-income countries.²¹² One reasoning is anchored in the search for diplomatic gains with countries in the region, as expressed by a government spokesman: "the idea of having Africa as a special relationship for Brazil is strategic for Brazil's foreign policy" (*apud Al Jazeera*, 2013). The second is strictly business, with these actions being driven by interest in commercial gains for these few – but very powerful – Brazilian companies (see Krakovics, 2013). BNDES provides loans to Brazilian companies so they can expand their international presence. However, the companies can only use the loans in countries which are in regular financial standing with Brazil (i.e., they cannot have defaulted their foreign debt to Brazil). The third reasoning builds on this previous explanation. But instead of having commercial gains as the final goal, it places these as *a means to* gain financial support from the beneficiary companies for President Rousseff's re-election bid in 2014 (Cabral, 2013).

It is not in the scope of the present research to analyze gains possibly accrued from loans to Brazilian companies operating abroad or to debt pardons given. Nonetheless, they serve as reminders that 1) 'emerging' donors will have their international actions increasing scrutinized by domestic constituents and international analysts, and 2) individual definitions of what is (and is not) 'development assistance' varies for each 'emerging' donor, prompting a great degree of care and attentiveness to cross-country comparisons.

²¹¹ The announcement of the request for these pardons was aptly made by President Rousseff during the African Union's 50 year anniversary. Despite the opposition's attempt to block the approval, as of early 2014 the Senate had already authorized most cases. Congo-Brazzaville and Tanzania account for about 2/3 of the total amount pardoned.

²¹² See note released by the Ministry of External Relations: <http://www.itamaraty.gov.br/sala-de-imprensa/notas-a-imprensa/perdao-da-divida-de-paises-africanos> . Another interesting insight comes from a piece by a technical advisor to the Worker's Party in the Senate, Marcelo Zero: 'Alguns Esclarecimentos Sobre o Perdão e a Renegociação da Dívida de Países Pobres Altamente Endividados' (<http://www.ptnosenado.org.br/textos/69-noticias/26935-artigo-entenda-a-importancia-do-perdao-das-dividas-africana>)

8.1.1. DIPLOMATIC GAINS

As previously stated, Brazil clearly seeks diplomatic gains from providing unconditional and untied technical cooperation. It constitutes an instrument of Brazilian foreign policy which can promote an increased density in political – as well as economic and commercial – relations with the recipient country (ABC, undated:1). The provision of knowledge with no-strings-attached has clearly publicized and recognized political purposes (Puente, 2010:117). But *purpose* does not ensure *results*. As in most bilateral relationships, there are no guarantees whether one actor's initiative will entail the desired response from the other party.

Brazil's provision of technical cooperation appears to have made a positive influence in producing diplomatic gains in some relationships and over some themes. Whether these results are enough to gauge if the tool is a success or a failure depends on 1) how one chooses to define what is *meant* (i.e., what does 'success' and 'failure' look like?) and 2) what one chooses to use as *measurement* to assess a successful or unsuccessful result (i.e., what is the threshold for a result to be deemed successful?). Notwithstanding their importance, these questions are beyond this research's scope.

As said, agriculture and health both stand out as themes with great international visibility in Brazil's provision of technical cooperation. Both have positively contributed to the country's international legitimacy in these matters. They serve as cases where technical cooperation is very likely to have helped translate legitimacy into *power* in the international stage. Brazil has been an undeniable key player when the theme is dealing with public policies towards HIV/AIDS since the 1990s. The country's National AIDS Programme won UNESCO's Human Rights and Culture of Peace Award in 2001, the Gates Award in 2003, and in 2011 was named 'model country in the fight against HIV/AIDS' by UNAIDS. According to Brazil's Minister of Health, Alexandre Padilha, the country has "a leading role in the response to the AIDS epidemic in the world" (*apud* UNAIDS, 2013).

While this case is interesting and relevant, it does not come close to the impact agricultural-based technical cooperation has had on Brazil's international image and power. It is not difficult to make the case that Brazil's decision to share its knowledge on agriculture has influenced the positions of both recipients (and even third parties) in supporting Brazil's international interests related to this area. There is too much evidence available to claim mere coincidence (P.H. Barbosa, 2011:123). The most

relevant case is Brazil's expanded international reach – and power – *in and through* the Food and Agriculture Organization.

In 2011, FAO's 191 member countries elected a new director. It would be a quite meaningful election. For one, the institution had had the same director (Jacques Diouf, from Senegal) since 1994. More importantly, this election was set to start a new era for the organization, as “years of underinvestment and marginalization by the international community and disagreements between member states [had] weakened its role and reduced its capacity to fulfill its distinctive mandate” (Oxfam, 2011). A source from FAO is said to have stated: “The tradition is for the agency to go to a developing country and Brazil is not going to miss the chance to take advantage of this” (*apud* Flemming, 2011).

Six candidates made up the initial list, eventually narrowed down to two: Brazil's José Graziano da Silva and Spain's Miguel Ángel Moratinos Cuyaubé²¹³. The Brazilian candidate's qualifications were deeply tied to Brazil's focus on human development, South–South Cooperation, and technical cooperation. In 2003, Graziano da Silva had been chosen by President Lula to be the Special Minister of Food Security and the Fight against Hunger, and was responsible for implementing the Zero Hunger program (*Fome Zero*). In 2006 he became head of FAO's Regional Office for Latin America and the Caribbean, a position he held until the 2011 election. During the campaign period (2010–2011), South–South Cooperation was clearly present in his discourse, with this being one of the five pillars in his platform. He traveled several times to African nations (with and without President Lula) to expose his program, aware of the African electoral college's great deciding power (Costa, 2011). In the end, Graziano da Silva beat the Spanish candidate by 92 to 88 votes.

His victory appears to have been strongly benefited by the country's standing with the countries with whom Brazil had technical cooperation agreements in agriculture with. The election is said to have showed a split between developed and developing countries' interests, something Graziano da Silva was very aware of (Tran, 2011). For the new director, the alliance between developing countries “reflected the recognition of

²¹³ The other candidates were Franz Fischler (Austria), Indroyono Soesilo (Indonesia), Mohammad Saeid Noori Naeini (Iran), and Abdul Latif Rashid (Iraq).

the Brazilian model's success in combating hunger, [and] a bet on South–South Cooperation” (*apud* Siqueira & Aggege, 2011; Tr/Po)²¹⁴.

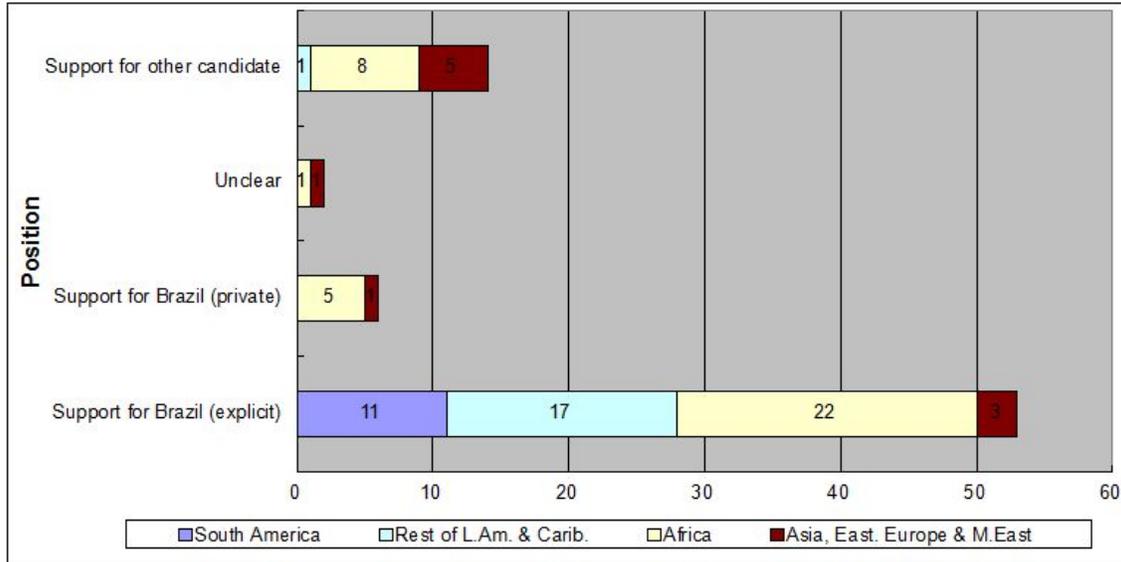
Voting in the FAO election for director is made through secret votes. However, it is very common for countries to publicly declare which candidates they will support. During fieldwork, a very interesting piece of data was uncovered: an assessment of which countries had publicly vouched to supported Brazil's candidate. The list of countries was based not only on who were (at the time) recipients of Brazilian technical cooperation, but also specifically those which had received cooperation in *agriculture*. The numbers included both countries which had publicly and *privately* declared their support for Graziano da Silva, as well as those supporting other candidates or whose position was unclear²¹⁵. The numbers revealed 1) a strong relationship between recipients of Brazilian technical cooperation (in general) and their support for Graziano da Silva, and 2) a *very strong* relation between recipients of Brazilian technical cooperation in agriculture and their support for the Brazilian candidate.

The first list contained the position of the main recipients of Brazil's technical cooperation (in general). Out of the 78 countries listed, 59 stated their support for Graziano da Silva (78.7% in total); 14 (18.7%) declared support for other candidates, and two were unclear cases (2.7%). Regionally, 28 out of 29 countries in Latin America & Caribbean supported Graziano da Silva, with Mexico being the only exception; 3/4 of African nations supported Brazil (27 out of 36). The only 'defeat' among developing regions was in the hodgepodge of ten Asian, East European, and Middle Eastern nations receiving some sort of Brazilian technical cooperation: only 4 out of 10 declared their vote to be pro–Brazil (Figures 45 and 46). Given the fact that there were *five* other candidates initially – including from Indonesia, Iran, and Iraq – it is unsurprising that other elements (such as regional influence) could have had more weight in these 'distant' countries with which Brazil has a positive but *thin* relationship.

²¹⁴ In the 2nd round of voting, Graziano da Silva obtained support of the Indonesian and Iranian candidates, and the Spanish candidate received support of the Austrian candidate, contributing to the symbolism of a N–S divide.

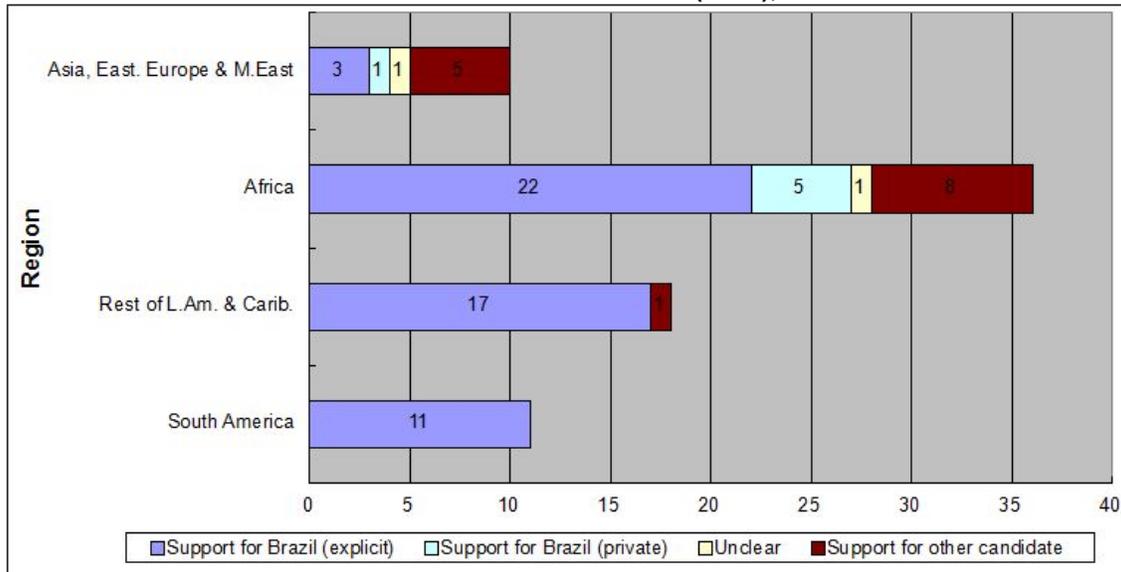
²¹⁵ The diplomatic source requested anonymity for providing the list, as well as to not reveal which countries had privately supported Brazil not be mentioned.

FIGURE 45 – MAIN RECIPIENTS OF BRAZILIAN TECHNICAL COOPERATION IN REGARDS TO JOSÉ GRAZIANO DA SILVA’S BID FOR DIRECTOR–GENERAL AT FAO(2011), BY POSITION



Source: compilation done by the Ministry of External Relations (secrecy requested over document's details)

FIGURE 46 – MAIN RECIPIENTS OF BRAZILIAN TECHNICAL COOPERATION IN REGARDS TO JOSÉ GRAZIANO DA SILVA’S BID FOR DIRECTOR–GENERAL AT FAO(2011), BY REGION



Source: compilation done by the Ministry of External Relations (secrecy requested over document's details)

A secondary list, with only the recipients of Brazilian technical cooperation in agriculture and their position was even more revealing. The number of countries was narrowed from 75 to 45 countries: 18 in Latin America & Caribbean, 25 in Africa, and two in Asia. In this

group, only *one* did not support Brazil's candidate²¹⁶. Of the 30 remaining countries with which Brazil has provided technical cooperation but *not* in agriculture, half supported Graziano da Silva (10 of which were Latin American and Caribbean nations); in Africa, three supported Brazil, one was unclear, and seven supported others (four of these were countries were in North Africa); elsewhere, two supported Brazil, one was unclear, and five supported other candidates.

Again, it can't be stated with certitude that the countries which voted pro-Brazil did so *because* they were recipients of Brazilian technical cooperation on agriculture. Nor can it be said that those who did not support Graziano da Silva would have voted differently if they had received Brazilian technical cooperation in agriculture. And because the votes are ultimately secret, a public statement of support might not correspond to the actual vote. Still, the numbers do allow for a strong case to be made that these agreements (at the minimum) helped Brazil to tilt the odds in its favour, as recipients become more likely to support Brazil's interest. Even if the Latin American and Caribbean support can be explained by Graziano da Silva's previous leadership role in the region's FAO Office since 2006, the overwhelming support of African nations (24 out of 25) would have to be based on something else. And here, both bilateral and multilateral agreements – such as the 'Brazil Africa–Dialogue on Food Security, Fight Against Hunger, Rural Development'²¹⁷, and 'More Food Africa Program' (*Programa Mais Alimentos Africa*)²¹⁸ – likely played a positive role. The description of Brazil's image in Africa (written by a South African academic), just the year before the FAO election, is worth quoting:

Brazil is building its interests on this very foundation by increasing development aid and technical cooperation alongside an array of strategic investments — all the while

²¹⁶ This sole exception was Gabon. There is one very likely explanation: Omar Bongo, the country's president between 1967 and 2009, was hospitalized in Spain before passing away. His son, Ali Bongo Ondimba, has been the President Gabon since then. Angel Moratinos was Spain's Foreign Minister at the time of President Bongo's hospitalization.

²¹⁷ In 2009, President Luiz Inácio Lula da Silva launched an initiative to hold in Brazil a meeting between Brazilian and African Ministers of Agriculture. According to the official announcement, Brazil's intention was "to cooperate with African countries to exchange knowledge and experiences, both in terms of public policy for family farming – technical assistance and rural extension services, crop insurance, food supply, income security, institutional markets, credit, access to land – as well as in terms of policies related to associativism, cooperativism, agricultural research and technologies, profiting on the knowledge accumulated by EMBRAPA". Source: AgroAfrica's website (<http://www.agroafrica.itamaraty.gov.br/en-us/>).

²¹⁸ Launched by President Lula in 2010, the Program's goal is to create technical cooperation agreements focusing on increased production and productivity of food staples in family agriculture, in order to increase nutritional and food security. Accompanying the technical cooperation, the government *offered* concessional credit lines to finance the export of made-in-Brazil machines and equipments adequate for family agriculture in Africa.

improving its image in Africa. This positive image or 'soft power' has become an important component of Brazil's Africa policy. (...) Brazilian leaders are very popular and regularly invited guests. (...) Brazil's nuanced approach to Africa is different to the former colonial masters and new players like China. There is a greater sense of mutual partnership and reciprocity in the relationship, which is not always the case with other established and emerging powers in Africa. This could be a defining trait of Brazil as a global emerging power and active player on the African continent, which will earn it much-needed support from the developing South. (White, 2010:239)

Graziano da Silva's rise to the top position at FAO has since then reflected many important elements of Brazil's foreign policy, including the South–South focus and a growing incentive for the use of technical cooperation – all of which can be read as increased legitimacy for Brazil and power to push the FAO's direction in its favour. There has been a significant rise in partnerships between FAO and Brazil. This includes a partnership, signed in 2013, between the FAO and EMBRAPA so to “to strengthen the transfer of experiences and technologies from Brazil's top agricultural research agency to developing countries within FAO's South–South Cooperation” (FAO, 2013b); a trilateral agreement between FAO, Brazil, and Angola to boost this Angola's agricultural and veterinary research²¹⁹; and Brazil's \$2 million contribution to new local food purchase programmes with FAO and the World Food Programme (WFP) to benefit farmers and vulnerable populations in five African countries²²⁰.

FAO has moved from one of the least–noted of the U.N.'s agencies to center stage in the political push to improve world food security (Henshaw, 2011). An example of this new gained prominence was Graziano da Silva's first–ever address by an FAO Director–General to the G20 Leaders' Summit in 2012. The institution is deeply involved in the Millennium Development Goals (MDGs), particularly MDG 1: “Eliminate extreme poverty and hunger”. It is also setting itself as an active player for the Post–2015 Development Agenda. And the more the FAO is able to frame big international issues – e.g., climate change, civil wars, migration, inequality – to its mission, the more of a voice it gains. FAO's new projection and its new director might not be benefiting Brazil in tangible manner. But there is little room for denial over the potential for solidifying Brazil's

²¹⁹ “Facilitated by FAO, the two–year project will be co–financed by Angola and Brazil, with Angola covering the \$2.2 million financial costs and Brazil providing an in–kind contribution of \$875 000 through the work of EMBRAPA experts.” (FAO, 2014)

²²⁰ Under the agreement FAO is to receive \$1.55 million to “look after the production side of the new project, providing seeds and fertilizer and boosting the capacity of small–scale farmers and farmers' associations to grow, process and sell their produce. FAO will also mobilize Brazilian expertise in support of local purchase initiatives. WFP, which is receiving \$800.000, will be responsible for organizing the purchase and delivery of the food to schools and vulnerable groups”. (FAO, 2012).

legitimacy as a leader and ‘indispensable’ actor in international debates regarding food, agriculture, human development, and such – a desirable situation particularly for ‘middle powers’. In the end, this case shows that technical cooperation agreements do have the potential to foster non-trivial diplomatic gains.

8.1.2. COMMERCIAL GAINS

The official position from the Brazilian government is that technical cooperation “does not impose conditionalities to its recipients, and does not seek profit for Brazil” (MRE, 2010: topic 7.1.1). As with many governmental statements, this one should be taken with a grain of salt. Technical cooperation agreements might not be sought as a source of *direct* profit, but it would be naive to think that this consideration is absent from the minds of foreign policymakers. Even if the government *genuinely* was not motivated to act because of these gains, the aforementioned logic of ‘gift giving’ and reciprocity posit that commercial gains could very well be a consequence of the donor’s actions. Simply put: unconditional and untied technical cooperation can (potentially) foster commercial gains.

The data gathered points to technical cooperation being neutral/positive in generating commercial gains for Brazilian companies. However, causal links between the provision of untied technical cooperation and direct commercial gains are very hard to assert (if at all possible). A concomitant increase in the volume of trade relations and the number of technical cooperation agreements signed between Brazil and country ‘X’ does not imply causation – a logical fallacy known as *cum hoc, ergo propter hoc* (‘with this, therefore because of this’). It was almost a consensus among diplomats, civil servants, and academics interviewed that while there are clear overlaps between the cooperation and the trade agendas, one does not determine the other.

A good example relates to South America. This is the region with which Brazil has the greatest number of technical cooperation agreements but the commercial relationship between Brazil and countries such as Argentina, Bolivia, and Venezuela involves a myriad of variables, of which technical cooperation is only one. This tool is part of a bigger *set* of tools used to bring the countries closer in all aspects – including commercial relations. In the case of Brazil and South American recipients, commercial gains are much better explained by bilateral and multilateral trade agreements, such as MERCOSUL.

Still, a strong case can be made for how no–strings–attached technical cooperation agreements have helped create a welcoming environment and profit opportunities for Brazilian companies. The perception of Brazil’s biggest multinational companies regarding the country’s foreign policy impact upon international trade was recently assessed by the *Fundação Dom Cabral – FDC (2013)*²²¹. The research revealed some interesting indicators for the present analysis. When asked *how much* Brazil’s foreign policy in the past ten years had impacted their company’s international expansion, 44.4% said it had been favourable, while 39.7% rated it neutral (neither helped not hindered) (FDC, 2013:18). When asked *how* Brazil’s foreign policy in the past ten years had impacted the internationalization of Brazilian multinationals in general (by choosing three most influential items from a set list), this was the result (Table 30):

TABLE 30 – FOREIGN POLICY IMPACTS FOR INTERNATIONALIZATION OF BRAZILIAN COMPANIES (2003–2013)

Seeking bilateral cooperation and South American integration	39.7%
Negotiating to lower trade barriers	39.7%
Seeking a more prominent role for Brazil in the international context	38.1%
Creating credit/financing lines for international investments	38.1%
Providing diplomatic support to Brazilian companies with international investments	28.6%
Organizing business missions abroad	14.3%
Seeking more political and economic closeness with the BRICS	11.1%
Actively participating in debates/negotiations on great themes of the global agenda	6.3%
Defining as priority political and economic closeness with African countries	4.8%
Indicating Brazilian representatives for directorship positions in IOs	3.2%
Obtain for Brazil a seat at the UN Security Council	0.0%
Act as mediator between conflict/problems that affect other countries	0.0%
None of the alternatives	9.5%

Source: Fundação Dom Cabral (2013:17); Tr/Po

As expected, no direct link can be made between technical cooperation and commercial gains. However, it is possible to logically interpret these numbers in the following way: no–strings–attached technical cooperation has had an indirect – and *positive* – impact in the internationalization efforts of Brazilian multinational companies. Brazil’s technical cooperation agreements serve as a lever to promote some of the most relevant items: ‘bilateral cooperation and South American integration’ and ‘more prominent role for Brazil in the international context’. These agreements serve as an indirect support towards a “strategy of *internationalization of domestic companies*” (Bernal–Meza,

²²¹ FDC is a top Brazilian business school, ranked # 8 (2012) and # 16 (2013) in the Financial Times’ *Executive Education* ranking.

2010:205). They are a tool, which support the goal of fostering diplomatic gains as a *mean* to accrue commercial gains.

A cooperation project can facilitate subsequent sales of goods and services connected to the knowledge shared – albeit independently from the initial project itself. This interpretation fits well with the analysis posited by Brazilian experts in the area. For former ABC director Ambassador Elim Saturnino Ferreira Dutra, [technical] cooperation “is a *powerful mechanism of pre–investment*. It does not presuppose immediate gains, in which case it would cease to be cooperation, but it can also be the seed for future gains” (*apud* Puentes, 2010:329; emphasis added, Tr/Po). The physical presence of Brazilian representatives abroad helps to open and strengthen communication channels (IPEA: 2013:25). This can lead the way to “new fronts [which are] independent from technical cooperation, [such as] political, economic, financial, and commercial relations between Brazil and partner countries” (IPEA, 2013:25–26; Tr/Po). Even if Brazil detaches its provision of technical cooperation from commercial ties, “it is natural that (...) after the end of a project, the recipient country will reach out to Brazilian companies as partners, as these will be more accustomed to the technologies transferred or because they produce the machines and resources necessary for production” (P.H. Barbosa, 2011:86; Tr/Po). Technical cooperation serves not as the direct source but rather as a *facilitator* of commercial gains for both Brazilian private and public enterprises.

It is worth reaffirming that nothing from the field research demonstrated that private interests had a particular preference for the use (or not) of technical cooperation as a mechanism for increasing Brazil’s bilateral relations or international image. From the interviews conducted and archival data obtained, no cases were found to be *direct* gains from technical cooperation for Brazilian companies. Still, there was much private and public interest (i.e., government owned companies) to improve Brazil’s relations abroad and to ease and increase trade and investments. This is demonstrated in the many businesspeople that were frequently part of Brazil’s delegations abroad, accompanying President Lula to Africa (and other places). While they clearly had commercial interests, their focus was on the macro scale relations, not on the use or benefits from technical cooperation *per se* (Inoue, interview). A similar assessment was made by Professor Lia Pereira:

“In Brazil, companies are not lobbying for technical cooperation, but lobbying for the government to be in certain places. But *how* will government will be present, it’s up to the government to decide. Businesspeople want the government helping/backing them

up when they go abroad, but the specific form of doing so through technical cooperation...? I don't think it's the case." (interview)

There is also no indication of private companies' direct involvement in the planning or execution of technical cooperation agreements, so as to generate short-term profits. Of course, this is different from saying there has been *no involvement* whatsoever. But the data did point to a scenario where it can be stated, with a great degree of confidence, that private involvement is *not the norm*. All civil servants interviewed, operating directly with planning and execution of such agreements (from various federal institutions), were unanimous in asserting they had never personally experienced direct participation of private companies or pressure from their superiors to cater to private interests. Marcio Correia, with over ten years of experience at ABC, when asked if the private sector ever directly pressured for a particular technical cooperation agreement answered emphatically "No, no, absolutely no. Zero. The private sector, I'd say, never approached us" (Correia, interview).

There have been however a few cases of big Brazilian multinationals becoming involved in technical cooperation projects executed by the government. This is the aforementioned example of Vale's \$4.5 million support for constructing Mozambique's pharmaceutical factory. Another one, also in this country, was Camargo Corrêa's donation of an equipped food-truck to support the operationalization of a technical cooperation program on nutritional education and food security²²². The project ('*Cozinha Brasil*' or 'Kitchen Brazil') has existed in Brazil since 2004, and has been estimated to return R\$7.19 (\$3.15) for every R\$1.00 (\$0.44) spent by improving the total use of food ingredients and lowering food waste (*Instituto Ethos*, 2012:3)²²³. It was created by a public/private partnership between the National Industry Confederation, the Ministry of Social Development, and some of Brazil's biggest companies – including Camargo Corrêa and others such as Petrobrás, Gerdau, and Banco do Brasil.

The involvement of these companies run the risk of being reduced to a simplistic narrative of 'direct private involvement in Brazil's technical cooperation = direct profit seeking', which would be a shallow – and erroneous – analysis. For one, Vale and Camargo Corrêa's monetary involvement were minor, compared to the projects' overall

²²² For more details, see full agreement, entitled "*Ajuste Complementar ao Acordo Geral de Cooperação Técnica entre a República Federativa do Brasil e a República de Moçambique para a implementação do projeto "Programa de Educação Alimentar e Nutricional - Cozinha Brasil-Moçambique"*".

²²³ Using an approximate currency conversion rate (R\$ to US\$) of mid-2014.

expenses. Also, as far as data shows, there have also been single point actions with no direct profit. A proper interpretation would be to see these actions as 1) part of the increasing tendency of companies' self-promotion strategies as 'socially responsible' enterprises, and 2) Vale and Camargo Corrêa's involvement with the provision of 'global goods' to help their image in the continent – with Mozambique being a case of particular interest to Vale²²⁴. Vale is the second largest mining company in the world, with over \$130 billion in total assets; Camargo Corrêa is one of the Brazil's largest privately-held organizations, with close to 60,000 employees. While these companies' actions are ultimately driven by profit-seeking behaviour, it would be too much of a stretch to claim that their particular involvements with technical cooperation projects were motivated by wanting to accrue *direct* profits from the technical cooperation projects themselves. If anything, it is easier to speculate the other way around: it was the Brazilian government, probably at high levels of power, who might have *instigated* them to help with implementing the projects due to limited financial capability. Given former President Lula's ongoing close relationship with Brazil's largest construction companies, this is not a far-fetched explanation.²²⁵

In the end, these odd cases reaffirm the assertion of *marginal* private involvement in Brazil's technical cooperation agreements. Commercial interests are undeniably present in the country's foreign policy, and there is a conscious push to attain them. But in the Brazilian case, technical cooperation agreements serve as a tool to *improve the odds of profit*, not as a direct source for them.

Thus, it is possible to state that unconditional and untied technical cooperation has generated neutral/positive gains for the country – both in the diplomatic and commercial fronts. Direct causal links in this case are hard to guarantee. There are many intervening variables and intangible elements which don't allow for a straightforward assessment. Nonetheless, a qualitative evaluation of proxy indicators provided was able to establish connections that can't be attributed to coincidence alone.

²²⁴ An improvement in image in Mozambique seems to be particularly relevant for Vale and its mining operation in the Moatize basin. As with most mining companies, there has been growing concern over negative environmental impacts in the region and issues involving labour workers and housing relocations. In 2012, the company received the 'Nobel Award of Shame', 'awarded' by the sustainable development group 'The Berne Declaration' and 'Friends of the Earth', due to their involvement in the construction of the Belo Monte dam in Brazil.

²²⁵ It was reported in the Brazilian media that since the end of this tenure (2011), about half of former President Lula's 30 trips to Latin American and African countries were paid for by large-scale construction companies such as Camargo Corrêa, OAS, and Odebrecht (Mello & Foreque, 2013).

8.2. LITERATURE CONTRIBUTIONS AND IMPLICATIONS

The research covered in this dissertation provides theoretical and empirical contributions to several academic bodies of literature, particularly: Development Assistance; Power, Foreign Policy Analysis; 'Emerging' Donors; Brazilian Foreign Policy; Global Environmental Politics & biofuels.

This research has shown that more attention needs to be given to technical cooperation in the context of development assistance. Because of its relative accessibility, technical cooperation is a foreign policy mechanism used in a much larger scale than it might appear to be. Few States can give grants, loans, or forgive international debts, but almost *all* countries in the world have some knowledge to share. This scenario contributes to the growing literature that challenges the division of the world between donors and recipients, and reinforces the need to investigate the development assistance strategies of countries with (relatively) narrow foreign policy resources.

The analysis of technical cooperation agreements needs to be attentive to volume and time: while one single agreement is likely to produce very little immediate significance, a collection of agreements in a mid/long timeframe is certainly capable of producing meaningful impacts. This latter point is of great relevance for those interested in studies of how power can be established/increased 1) based upon knowledge and 2) through networks dynamics. These findings also raise important questions about how countries might have different timeframes for their foreign policy strategies, thus feeling more at ease with the prospects of forfeiting immediate (but 'limited') gains and hedging their bets for reaping more significant gains down the road.

In thinking about why countries provide development assistance (such as technical cooperation), the research has shown that a dichotomy positing selfish vs. altruistic goals – often seen in the literature – is misleading. While it is true that development assistance has been frequently provided as a 'benevolent' disguise for dark intentions and with very little (if any) concern over detriments which the recipient might incur, this win-lose situation should not be taken as the rule. Donors can very well be motivated by a win-win structure, where the donor does not gain *from* the recipient but *with* or *through* the recipient. Thus, a donor can actively seek power based upon the recipient's development or 'success', so as to improve the bilateral relationship or the donor's image with other countries.

From a perspective of IR theory, the research provides yet another empirical validation to the theoretical argument that Realist theory (particularly Classical and Neoclassical Realism) is compatible with a constructivist approach. States are motivated by self-interest in their provision of development assistance, but each one has a particular understanding of what this *is* and *how* it should be pursued in practice. Social constructions such as values, institutions, and reputation are key elements shaping decisionmaking processes regards foreign policy, and the choices made regarding foreign policy resources, strategies and tools. So even if Waltz was correct in saying that “pride knows no nationality” (Waltz, 1993:66), countries can have very different interpretations of what they are (or wish to be) *proud of*.

Other IR theories should not be overlooked in their ability to explain at least some aspects of giving with no-strings-attached. The Idealist/Liberal framework highlights how power can be sought cooperatively, and how donors can be committed to issues of ‘global public goods’ in their actions (as opposed to only in words). The existing discourse of ‘us-and-them’ and North vs. South, expected by Structuralists, provides another piece to the puzzle. The combination of these elements from various IR theoretical backgrounds serves as an example of how ‘analytic eclecticism’ is a valuable strategy to link abstract concepts to better understanding complex ‘real-life’ decisionmaking.

Still in the debate over how power is created, exerted, and increased, the decision to provide technical cooperation without conditionalities or ties expands the studies of various power-related concepts, particularly: ‘soft power’; ‘middle power’; ‘middle power diplomacy’; ‘niche diplomacy’; and the power of ‘gift-giving’. Despite the difficulties involving their conceptual boundaries, both ‘soft power’ and ‘middle powers’ are have been helpful to understand and analyze certain behavioural elements of Brazil’s foreign policy decisionmaking process. However, the research reiterates concerns over the use two concepts given the contested nature of what they mean (or *should* mean).

Brazil’s choices certainly appear to be driven by a desire for soft power and its (possible) position as a middle power, yet other countries which also seek soft power and could easily be classified as middle powers have *not* chosen to give unconditional and untied technical cooperation. ‘Middle power *diplomacy*’ was found to be a relatively more manageable concept, and together with its strategy of ‘niche diplomacy’, they provided

strong explanatory power, including helping to visualize a logic (curiously) connecting development assistance choices made by Brazil and Norway. Finally, the empirical case reiterates the importance of understanding the unwritten mechanisms at the base of reciprocity. Unless a gift is given in anonymity, the giver and the recipient are connected to the particular social dynamics of retribution, which can lead a variety of feelings such as gratitude and admiration, but also inferiority or resentment.

This dissertations' material also adds to the studies of South-South Cooperation (SSC) and 'emerging donors'. While there has been a visible surge in 'Northern' academic publications on these themes, the research done stands by Mawdsley's (2012a) assessments the there is a need for more specific country based studies and that South-South development cooperation remains under-theorized and analyzed (Mawdsley, 2012a:257-261). One detail should be added: there *is* a significant level of analysis, awareness, and discussions of SSC and the foreign policies of most 'emerging' countries which is available in non-English-based academic publications from 'Southern' countries. This is clearly the case for Brazil, where the vast material many times available only in Portuguese has significant 'local' impact but due to the language barrier, sits outside of 'mainstream' academic literature.

SSC has a long and rich history, and the clear majority of non-DAC donors have embraced its discourse. The research reinforces the assertion that 'Southern' donors don't all act alike, even if they all follow the same broad principles. As the comparison of Brazil, China, India, and South Africa demonstrated, not only do some SSC principles (such as 'mutual benefit') have different meanings for different countries, but the same country might have had varied interpretations over time of what abiding to the SSC framework should mean in practice. This point provides yet another case for those highlighting the risks of reifying 'South' as a homogeneous category of analysis, such as Hochstetler's parallel finding that "recent patterns of South-South trade provide ample documentation for the unsurprising conclusion that *there is no single 'South' in recent global economic developments.*" (Hochstetler, 2013a:44; emphasis added).

The country comparisons of various countries' approaches to the provision of technical cooperation yielded many relevant findings, the next four in particular. First, as repeatedly stated, development assistance 'frameworks' (DAC vs. SSC) are very strong predictors for a country's propensity towards placing conditionalities or not, while being

weak in regards to decisions to attach commercial ties to agreements or not. Second, in regards to their choice to frequently provide technical cooperation agreements with commercial ties, China and India appear to have more in common with most 'traditional' donors than with Brazil or South Africa. Third, because non-DAC donors each have their own understanding of what is accounted for as 'provision of development assistance', direct comparisons between DAC and non-DAC donors (as well as *between* non-DAC donors) are deeply problematic, and therefore should be either avoided or done only for categories with clearly similar methodological definitions (in many cases, a challenging process in itself). Four, there appears to be no link between the donor's democratic 'status' or ideological orientation and its decision to tie the assistance it provides.

The comparisons and deep analysis of Brazil's provision of development assistance challenges some existing literature on emerging donors. For instance, Fuchs & Vadlamannati's (2013) reasoning on India's provision of aid does not hold under the present dissertations' findings. They argued this country had "more incentives to provide politically and commercially motivated aid since the country lags behind DAC donors in terms of economic development" (Fuchs & Vadlamannati, 2013:111). If "lagging behind DAC donors in terms of economic development" leads to a higher chance of "*commercially motivated aid*", one would expect Brazil (and South Africa, for that matter) to also tie their technical cooperation – which is not the case. These two latter nations also have clear commercial motivations linked to their provisions of development assistance, yet they choose a different *strategy* than that of China and India.

The dissertation has also showed that just as traditional donors, 'emerging' donors are also motivated by self-interest. The notion that the latter are moved mainly by an 'altruistic Southern solidarity' seems to be more of a myth (based on ideology) than a reality (based on actions). At the same time, this does not mean an element of camaraderie based on shared problems can't exist or be promoted among developing countries; in this case, such a feeling could very well drive agreements to reflect *both* the donor and recipient's self-interests. Power asymmetries among developing countries exist and are undeniable in many cases. Nonetheless, the the study has shown there is some room for donors to (attempt to) mitigate the recipients' perceptions of power asymmetries through unconditional and untied agreements.

This thesis has reaffirmed a dual aspect of foreign policy analyses, which call for the observation of both domestic and international scenarios and how they interact. Understanding why each country chooses a particular path (conditional/unconditional; tied/untied) for its provision of technical cooperation *requires* a look inside the State. The template here developed – investigating the role of ideas, institutions, and ‘positional’ forces in determining a final outcome – serves not only for the Brazilian case but can be used for all other donors as well.

The findings embrace authors who identify similarities among emerging donors and but also cautions against the risk of overlooking crucial differences among these countries’ strategies. This dual dynamic was captured by Mawdsley’s (2012a:262) assertion that there are common aspect to ‘Southern’ donors’ discursive positioning of development cooperation, even if these countries “are not unitary or uniform, but complex, contingent and sometimes contradictory assemblages of different actors, institutions and interests, engaged in dynamic and differentiated relationships with their different partners”. For example, there is no reason to challenge Woods’ (2008:1205) understanding that common to emerging donors “is a quest for energy security, enlarged trading opportunities and new economic partnerships, coupled with rapidly growing strength and size in the global economy” . Yet, many countries fit this profile while approaching the provision of development assistance from different angles. Hurrell (2006) correctly highlighted the similarities in discourse and global interests of Brazil and India; but as the present research has shown, one country does not tie technical cooperation agreements why the other does, begging the question ‘why?’. Of course, neither Woods or Hurrell were investigating the specific use of technical cooperation by emerging donors, so it was not their responsibility to explain the variations among ‘emerging’ donors; also, much more information on emerging donors is available now than when their pieces were published. Thus, the present research builds upon previous academic findings on similarities among ‘emerging’ donors to push towards uncovering their *differences* (‘what?’) as well as and the *explanations* for these differences (‘why?’).

Some of the research’s most original contributions have been around the theme of Brazilian foreign policy, a topic which still remains underdeveloped in English-based academic works. The past decade has witnessed Brazil’s increased prominence in international matters (like WTO negotiations) and forceful voice in many high profile issue-areas (such as environment and climate change), which among many other

reasons, justifies the need for increased research and publications in this country's domestic and foreign policies.

The empirical analysis of Brazil's provision of technical cooperation provides an opportunity to expand the existing literature on this country's foreign policy, whether by offering novel data and ideas or comparing the present findings with other authors' previous material. For example, the material found seems to corroborate with Burges' (2008) concept of 'consensual hegemony' as the "leadership strategy of an emerging middle power state" whereby influence is "sought by disseminating ideas or by attempting to create situations where it [becomes] implicitly too costly for other countries to deviate extensively from the Brazilian position" (Burges, 2008:66). It also supports Nina's (2006:21) analysis of President Lula's engagement in an international 'crusade' against hunger as coming closer to realist beliefs (than *idealist* ones), in the sense that it envisaged "the perceived distribution of capabilities in the international system as the main source of systemic incentives to Brazilian policy makers – seen through the perspective of an emerging middle-power constantly in search of power, prestige and recognition of its status". Giving knowledge with no-strings-attached fits the same logic where "standing in support of the development of other countries could be, under certain circumstances, an act of rational self-interest" (Nina, 2006:22).

This dissertation provides one of the most detailed analysis of Brazil's characteristics as a development 'donor' to date (whether in English or Portuguese). It advances Puente's (2010) thorough historical description of Brazil's use of technical cooperation as a foreign policy tool by adding a theoretical layer of analysis to the same theme. There is ample agreements with many academics who have looked into the broad motivations behind Brazil's 'donorship', with significant overlap to Inoue & Vaz's (2013) findings and worth highlighting:

The main finding of this article is that the empirical evidence does not fully support the official rhetoric that Brazil's external development assistance is beyond hierarchical international relations. The central argument is that it is accurate to classify Brazil as a 'Southern donor', which expresses both the novelty and tensions of simultaneously being a donor and a developing country. The underlying assumption is that the dual motivations of altruism and national interest are not necessarily mutually exclusive. (Inoue&Vaz, 2013:508)

Helped by the ample availability of space and wider database (integrating interviews from dozens of civil servants), this thesis was able to build upon these authors' research

and provide a much deeper level of refinement and detailed portrait of Brazil's provision of technical cooperation than what is currently available. More importantly, the research investigated two original (and intertwined) questions: first, why did Brazil provide knowledge with no conditions or ties?; second, why did it provide biofuels-related knowledge also with no conditions or ties? No other academic work has ever sought to explicitly investigate these two apparently puzzling questions. The close to 100 interviews conducted with Brazilian diplomats, civil servants, and academics provided this dissertation a solid base to claim the Brazil does not tie its technical cooperation. While there certainly remains the *possibility* of this happening, all material collected indicates that this occurrence would be an odd exception.

Brazil's choice to provide no-strings-attached technical cooperation has been motivated by self-interest. As bluntly stated by one senior diplomat [A20], Brazil's technical cooperation "served to influence people and achieve goals". Practically all interviewees interpreted them as instruments of soft power, used under the expectation of yielding positive externalities.

Both diplomatic and commercial gains have been sought in Brazil's process of giving knowledge; in the case of biofuels, there is no denying the presence of commercial interests. However, commercial gains being sought *through* diplomatic gains; immediate monetary profit has not been the main driver of the country's policy of 'gifting'. The source of this policy was explained by the particular arrangement of ideational, institutional, and 'positional' forces molding Brazil's development assistance program. While other authors had touched upon these ideas, none had proposed to explore the details and mechanisms underlying these processes as this research did.

Finally, the role of technical cooperation agreements in Brazil's 'biofuels diplomacy' is another original contribution made by in this research - a theme which had never been explored (in English or Portuguese).²²⁶ The theoretical analysis and empirical data presented has enormous value for those interested in interdisciplinary studies regarding the politics, economy, and social and environmental impacts of biofuels. The material

²²⁶ As mentioned in Chapter 7, Hochstetler's (2012) short *Policy Brief* seems to be the only document found to also look at the topic of the use of biofuels-related technical cooperation agreements as part of Brazil's foreign policy strategies. Kloss' (2012) work deals with Brazil's foreign policy actions to transform ethanol into a commodity, but does not focus on the role of technical cooperation agreements.

has the potential to contribute to the studies global environmental politics' three overarching themes (Dauvergne, 2012):

- 1) States & international regimes: such as comparing national biofuels-related policies; international biofuels' agreements; country-based partnerships and alliances on the topic; and domestic lobbies for and against certain types of biofuels;
- 2) Global Political Economy: the full life cycle of biofuels' production and consumption, including social and environmental repercussions; implications on (and from) agricultural trade and commodity prices; global issues of land use and food production, etc.; and
- 3) Overlaps between environmental matters, knowledge & science: here, raising discussions regarding 'Southern'-based knowledge (is it different than that coming from the 'North'?; if so, why?, how?); implications of technological standards for promoting/restraining biofuels consumption (e.g., ILUC, GHG emissions; standard for 'advanced' biofuels); among a myriad of other possible topics of investigation.

The research agrees with authors such as Dauvergne & Neville (2010) and Neville (2012), which emphasize the need be attentive to – and thus be able to avoid – possible negative social and environmental externalities in the production of agricultural-based biofuels, especially to small farming communities. Nonetheless, the study here developed has offered a more optimistic outlook for developing countries interested in producing biofuels than the aforementioned authors. The production of biofuels is understood as having problematic issues, but the same can be said for the production of *all* sorts of energy – which is certainly not meant here as an excuse for faulty policies. The position is that in *some* cases, the production/consumption of biofuels can be *relatively* better (or at least less deleterious) than production/consumption of other energy sources, such as the case for developing countries' whose economy is heavily dependent on imported fossil fuels.

Even if only tangentially, the research can be useful for those interested in emerging countries' impact on the global governance of renewable energy and climate change (such as Hurrell & Sengupta, 2012). Brazil's mass scale use biofuels is an important aspect of the country's high reliance on non-fossil energy sources. It feeds in to the country's unique domestic energy 'arrangement', which has reverberated in Brazil's international positions towards environment and climate change related negotiations. At tandem, the discourse present in most of the country's pro-biofuels diplomacy – such as

visible in many technical cooperation agreements signed on this topic – is part of Brazil's broader strategy of positioning itself as a necessary player in the global governance of environmental matters.

8.3. AREAS FOR FURTHER EXPLORATION

This dissertation opens the door for a variety of new questions and research possibilities among the topics here developed. The issues below provide only an initial guide for further venues of academic investigation:

Expanding cases studies. This thesis focused on Brazil's provision of technical cooperation, and provided the concise picture of what was done by other traditional and 'emerging' donors. While the actions of DAC donors have been the subject of ample inquiry, mainstream literature has only begun to scratch the surface of non-DAC donors' development assistance actions. Much advance has been made towards detailing and analyzing China's donor profile, but the pace has been much slower Brazil, India, and South Africa. The academic investigation (specially in English) for less 'prominent' net donors (i.e., countries both giving and receiving aid) is very scarce. To be fair, it can be argued this is a consequence of their limited impact upon the global governance of development assistance, the negligible amounts involved in their provisions, and/or the difficulty of obtaining basic data given that official numbers might not even exist. However, this reasoning obscures a myriad of constant foreign policy connections made by the majority of countries in the world who are neither developed nor 'emerging' countries, once again reinforcing the need for a conscious promotion of deeper academic investigation of various nations' approaches to South-South cooperative actions. Also, to theorize over big questions – such as 'why do countries provide development assistance?' and 'why do countries give things (such as knowledge) without demanding anything back?' – the number of case studies available *has* to be as wide as possible. To make all-encompassing claims about how donors act based upon data from a few countries, or at max DAC's 29 member-countries, can (mis)lead to faulty conclusions.

'Emerging' & 'Southern' donors. The need for more in-depth case studies of 'South'-identifying donors is also necessary to tease out what is – and is not – unique about them vis-a-vis 'traditional' donors. To understand *how* and *how much* the SSC framework matters for 'Southern' countries, one cannot only rely on what is done by

Brazil, China, India, and South Africa. As a matter of fact, one important next step is to evaluate if these countries (or some of them) constitute a separate category from or within those abiding to SSC. Are ‘emerging’ donors creating, even if unconsciously, a two-tier structure within South–South relationships? Are they (whether collectively or individually) “eroding the distinction between donors and recipients, thus undermining the old system of donor–dictated, top–down aid” (The Economist, 2010a)? Even if a more powerful country is fully committed to fostering a horizontal relationship with the less powerful one, will power asymmetries invariably “tilt the axis” to a vertical position (see Abdenur, 2002; also Mawdsley, 2012a)? This was a topic of great debate among Brazilian civil servants at the ENAP workshop, with no agreement over if Brazil’s quest to promote horizontality – which they all said they themselves were individually committed to in their direct contacts with recipients’ counterparts – was *perceived* as such by the countries receiving the ‘assistance’. Even if Brazil has a genuine desire to engage in horizontally with a country like Mozambique, for example, from this country’s point of view the structure might be North-South by proxy, given the power asymmetry between the two. This discussion leads to research possibilities over how *recipients* perceive the approach from individual ‘emerging’ donors compared to other donors. The prime candidates for such investigation are African nations recipients to both ‘emerging’ and traditional donors.

‘Emerging’ donors, democracy, and transparency. As previously stated, there appears to be no connection between donor’s commitment to democracy and its decision to tie agreements or not; also, the likelihood of a donor demanding conditionalities are strongly linked to whether it is a DAC-member or not. Yet, as the domestic and international visibility of ‘emerging’ donors’ actions increases, it is possible to speculate that there will also be more scrutiny over unconditional assistance to recipients known for serious human rights violations. It likely that, in the near future, democratic ‘emerging’ donors such as Brazil, India, and South Africa will eventually face a clash of principles: to maintain a policy of unconditionality based on the principles of non-interference and sovereignty, or to allow some flexibility and thereby attach pro-democracy/good-governance conditionalities to their development assistance. Either choice will lead valuable empirical cases for those interested in the drivers of foreign policymaking in democratic ‘emerging’ donors. Greater domestic visibility of giving without securing immediate commercial gains might also prompt some inside these countries question

the strategy, under the lines of ‘they [recipients] are needy, but so are we’. In tandem, time can bring about a greater for demand accountability, such as “where is all the effort on cooperation going?”, and “what results are being achieved?” (Andrade, 2009).

Finding and explaining patterns. The list of issues yet to be explored in this topic is substantial: as already signaled, not only does this involve understanding ‘emerging’ donors’ similarities and differences 1) vis-a-vis ‘traditional donors’, but also 2) *among* each other. The analysis has indicated great similarities between Brazil and South Africa in their approach towards being development ‘donors’ (and also in international negotiations on climate change; see Hochstetler & Milkoreit, 2013), and also hinted some interesting parallels between Brazil and Norway – what explains these overlaps? The proposed framework of looking at ideas, institutions, and ‘positional’ forces pushing foreign policy decisionmaking seems to be a useful tool in helping describe, compare, and theorize about donors’ underlying domestic foreign policymaking structures.

Definitional issues. There is space for further refining many of the concepts used, starting with the adjective ‘emerging’ when referring Brazil, China, India, South Africa, and other *net* providers of development assistance - what does (or should) *emerging* mean? How adequate is it to equate (for the sake of parsimony) ‘non-DAC’ to ‘Southern’ donors? Also, the analysis does leave room for questioning the difference between working with the concepts of ‘middle power’ and ‘middle power diplomacy’. It was posited that the latter was relatively more successful than the former in the understanding of certain foreign policy choices made by Brazil – yet, there is certainly space for further academic scrutiny over the position taken.

Brazil’s future prospects as a donor. On January 1st 2015, President Rousseff will begin her first day in her second term as President of Brazil. It remains unclear if there will be changes to Brazil’s current strategy as a development assistance donor (or ‘development cooperation partner’ as its policymakers prefer). As of December 2014, the theme remain not an issue of public debate, and was not discussed by any of the candidates in the October 2014 election, with no references in their policy proposals. President Rousseff’s hints of change given during her tenure are a weak indicator of actual change since none of her briefly mentioned ideas for change in Brazil’s unconditional and untied character led to change in the status quo. It is worth mentioning that some high-profile figures from the ethanol sector believe her re-election will not do

much for the sector. In the explicit words of Roberto Rodrigues (whose importance for Brazil's 'biofuels diplomacy' was detailed in chapter 6), "if Dilma [sic] is president again, things will be worse for the sector (...) my perception is that [she] does not like the sector" (*apud* Laguardia, 2014; Tr/Po).

Ultimately, if Brazil's economy continues on the sluggish path it has been for the past couple of years, it can be said with a high degree of confidence that it is very unlikely that 1) there will be return to the high volume of new agreements signed during President Lula's tenure, and even less that 2) Brazil will become a hefty provider of loans and grants.

Much was said about the possibility of gains from providing no-strings-attached technical cooperation on biofuels, but it is (still) no reliable mechanism to directly measure if this occurred or not. The transformation of ethanol and biodiesel into globally traded commodities is still not a reality: almost all countries producing biofuels are also the primary consumers of their own output, which means there is not enough 'extra' production available to be traded in the international markets – why? There are many possible answers aside from 'technical cooperation agreements failed to deliver'. For example, the time between obtaining knowledge on biofuels and actually producing it on a mass scale *and* with surplus for export might be much longer than initially thought. The 2008/2009 global recession reverberated for years and halted numerous envisioned projects, which also explains – whether fully or partially – the relatively low increase in biofuels production in many countries with great potential.

If Brazil wanted *more* from its 'biofuels diplomacy' than only to transform ethanol (and biodiesel) into a commodity – it sought a range of diplomatic gains – then assessing the strategy's success or failure becomes even more complex. This leads back to the difficulty (or impossibility?) of measuring certain concepts in international relations, which include 'soft power', cooperation, gratitude, etc. Yet, these exist and are social phenomena, and their force has undeniable power.

Brazil appears to have little to lose and much to gain from promoting the association between development and security in both the global and regional contexts. While it is true that many important social and development problems remain, more than ever

Brazil can claim to be a legitimate international voice for development. In the words of President Lula's Minister of External Relations, this has helped Brazil to position itself as the 'emerging among the emerging' when it comes to real solutions for social development (Amorim, 2010:231).

For Brazil, as for all 'emerging' donors, the future is one of opportunity, expectations, and increasing domestic and international scrutiny over their actions. In the end, *with great power comes great responsibility*, evoking a *millennia*-old Biblical passage "from the one who has been entrusted with much, much more will be asked" (Luke 12:48).

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APPENDIX

LIST 1: INTERVIEWEES, DETAILS

Federal Government
Ministries
Foreign Relations (MRE): 17 (all diplomats)
Environment (MMA): 6
Agriculture (MAPA): 5
Energy and Mines (MME): 2
Social Development (MDS): 2
Planning and Budget (MPOG): 2
Agricultural Development (MDA): 1
Social Welfare (MPS): 1
Finance (MF): 1
Culture (MinC): 1
Health (MS): 1
Justice (MJ): 1
Cities (MCidades): 1
Presidency: 3
Executive Office: 2
Office of the Comptroller General (CGU): 1
Agencies
Brazilian Cooperation Agency (ABC): 13 (2 diplomats; 11 civil servants)
Brazilian Agricultural Research Corporation (EMBRAPA): 3
National School of Public Administration (ENAP): 3
National Bank for the Economic and Social Development (BNDES): 3
National Fund for Educational Development (FNDE): 3
Institute for Applied Economic Research (IPEA): 2
National Institute of Metrology, Quality and Technology (INMETRO): 2
Brazilian Central Bank (BCB): 2
Caixa Econômica Federal (CEF): 1
Institute of Brazilian Museums (IBRAM): 1
ACADEMICS:
University of Brasília (UnB): 7
Pontifical Catholic University of Rio de Janeiro (PUC–Rio): 2
Rio de Janeiro State University (UERJ): 1
Getulio Vargas Foundation – RJ (FGV): 1
University of International Integration of Afro–Brazilian Lusophony (UniLab): 1
AFRICAN EMBASSIES
Mozambique: 1 (diplomat)
Burkina Faso: 1 (diplomat)
INTERNATIONAL ORGANIZATIONS
UNDP: 2
NON–GOV. ORGANIZATIONS
Articulação Internacional: 1

LIST 2: OECD–DAC MEMBERS (As of May 2013)

1. Australia
2. Austria
3. Belgium
4. Canada
5. Czech Republic
6. Denmark
7. European Union
8. Finland
9. France
10. Germany
11. Greece
12. Iceland
13. Ireland
14. Italy
15. Japan
16. Korea
17. Luxembourg
18. Netherlands
19. New Zealand
20. Norway
21. Portugal
22. Spain
23. Sweden
24. Switzerland
25. United Kingdom
26. United States

LIST 3: OECD–NON–DAC MEMBERS (As of May 2013)

1. Chile
2. Estonia
3. Hungary
4. Israel
5. Mexico
6. Poland
7. Slovak Republic
8. Slovenia
9. Turkey

LIST 4: NON-DAC MEMBERS REPORTING DEVELOPMENT ASSISTANCE TO DAC (As of May 2013)

1. Bulgaria
2. Chinese Taipei
3. Cyprus
4. Estonia (OECD member)
5. Hungary (OECD member)
6. Israel (OECD member)
7. Kuwait
8. Latvia
9. Liechtenstein
10. Lithuania
11. Malta
12. Poland (OECD member)
13. Romania
14. Russia
15. Saudi Arabia
16. Slovak Republic (OECD member)
17. Slovenia (OECD member)
18. Thailand
19. Turkey (OECD member)
20. United Arab Emirates

METHODOLOGICAL NOTE 1

The numbers presented in the chapter 6 - section2 are based upon two complementary official sources. The first is a list provided by the Ministry of External Relations' Energy Division with all of Brazil's international agreements related to energy (until November 2012), regardless of name the agreement received (ex.: Technical Cooperation, Memorandum of Understanding, Agreement, Protocol, etc). The second set was the Ministry's public database of Brazil's international agreements²²⁷, which allowed to cross-check the initial list for other possible agreements on the theme, the full text of each document, and an update on agreements until June 2014. Documents were classified by their main energy-related theme: hydro; electricity (not related to hydro); biofuels, and whether focused on kind of biofuel in particular; other, which included projects on solar, nuclear, fossil fuels, energy efficiency, etc; and a final category involving general energy agreements, which usually mention various energy sources, and then a sub-division of whether they explicitly mentioned "biofuels", "ethanol", and/or "biodiesel".

This analysis yielded a total of 163 agreements related to energy, from 1956 (the first one identified) to June 2014. However, not all of these agreements dealt with knowledge exchanges; many of those dealing with electricity (hydro or not) focused on operational/logistical issues. On the other hand, all the 78 agreements which involved biofuels – whether as main theme or one of many – had a clear element of knowledge sharing. These agreements serve as direct and/or indirect sources of technical cooperation actions, establishing the legal framework necessary for any effective action to occur.

²²⁷ Available at <http://dai-mre.serpro.gov.br/>