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A Synthesis of Canada's Cooperation Strategy in Brazil 2005–2010

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At a Glance: CIDA in Brazil

Although Brazil is a regional economic giant, it is an extremely inequitable society with 54 million Brazilians living on less than US\$2 a day, 17 million of whom live on less than US\$1 a day.

The Government of Canada, through the Canadian International Development Agency, aims to contribute to the achievement of greater equity in Brazil while reinforcing bilateral relations between Canada and Brazil. CIDA's program in Brazil is about sharing ideas, models and knowledge between strategic Canadian and Brazilian organizations that have the capacity to adapt new knowledge to resolve their own development challenges.

Since 1996, the bilateral component of Canada's development cooperation program in Brazil has been based on a technology transfer approach, in which *technology* refers to Canadian approaches or models which incorporate unique know-how or expertise, and *technology transfer* refers to sharing these approaches with capable partners in Brazil that could successfully adapt them to meet pressing development challenges. Canada's Cooperation Strategy in Brazil 2005–2010 (also known as CIDA's 2005–2010 Country Strategy for Brazil) further develops this notion of technology transfer to one of *knowledge exchange*, in which both Canadian and Brazilian partners learn through an exchange of knowledge, models and experiences.

The 2005–2010 Country Strategy concentrates CIDA's efforts in Brazil both geographically and sectorally. Geographically, CIDA's priority is Brazil's northeast, followed by the peripheries of urban metropolises and federal-level initiatives. Sectorally, CIDA will concentrate programming in the areas of governance, health and the world of work, with gender and ethnic equality and environmental management constituting crosscutting themes. The strategy also opens the door for developing a more mature relationship with Brazil through trilateral cooperation and other regional initiatives.

Introduction

The fifth largest country in the world with the fifth largest population, Brazil is the leading economic and political power in South America. However, millions of Brazilians receive little benefit from their country's strength and stature, and face a life of poverty and exclusion. Creativity and innovation is required by the Brazilian government and by its domestic and international partners to address persistent inequities. The purpose of this document is to set out a corporate vision for CIDA's contribution to Brazil's developmental efforts between 2005 and 2010.

Brazil's development context and challenges

Brazil is a rich middle-income nation with great natural, human and technological resources. In the UN Human Development Index (HDI) for 2003, Brazil has a medium human development rating and was ranked 65 out of 175 countries. Brazil has made tremendous advances in the past fifty years, but its marginalized populations are not enjoying the benefits. Aggregate indicators mask a series of extremes and inequalities based on economic status, region, ethnicity, gender and urban-rural lines.

According to data collected by international institutions, approximately 54 million, or 32 percent of Brazilians live on less than US\$2 a day, while extreme poverty (less than US\$1 a day) affects approximately 10 percent of the total population. The most impoverished Brazilians are found in the northeast region and in the peripheries of major urban centres. Juxtaposed with this striking poverty is tremendous wealth. Brazil's Gini index is 0.6, ranking it among the most unequal countries in the world.

What Is Equity?

Equity is the measure of relative ownership and access to wealth, opportunity and participation within a society. It is measured by comparing different groups within a society according to their income levels, their level of access to services, their level of ownership of productive assets and of political and social participation and decision making. Equity is a dynamic operating between poverty reduction and growth; and levels of equity have a direct impact on the extent to which growth influences poverty reduction, and poverty reduction influences growth.

In ethnic terms, black and mixed-race peoples experience on average a higher degree of poverty than Brazil's white population. The HDI for the black population places them in the equivalent of the 108th position, whereas Brazil's white population enjoys the equivalent of the 50th position. From a gender perspective, women and men face different challenges. The median wage of women is approximately 63 percent that of men; they face discrimination in the labour market and are often victims of domestic violence. On the other hand, women live on average eight years longer than men and obtain an average of six years of schooling, slightly above the average for men (5.7 years). Unemployment, substance abuse and violence threaten the well-being and lives of Brazilian males in particular.

In the 1990s, after twenty years of military rule, the Brazilian government began a rigorous administrative and fiscal reform process aimed at reducing excessive public expenditure and improving government efficiency. The government began a process of

decentralization and political deconcentration, and legislated service provision to state and municipal governments, which in many cases did not have the financial or human resources to implement the programs. The Brazilian concept of *cidadania* was enshrined in the 1988 constitution and became a foundation of Brazilian democracy. *Cidadania* refers to basic elements of citizen participation and the protection of human rights; it recognizes that every citizen has rights, as well as responsibilities associated with those rights. Due in part to these reforms, Brazil's health and education indicators have improved significantly. Coverage of such services has furthered Brazil's social development but much remains to be done in terms of ensuring quality and equitable services.

In 2003, Brazil faced a stagnant economy and experienced a 0.2 percent contraction in gross domestic product, high public debt, and a long list of social challenges. The country had just elected Luiz Inácio Lula da Silva of the Workers Party as president. In its agenda, the Lula government emphasized social inclusion; poverty reduction; and increased social investments in public security, health, education, and food security, the latter through the *Fome Zero* (Zero Hunger) initiative.

In August 2003, the Brazilian congress approved *Brasil de Todos* (*Brazil for All*), the 2004–2007 Pluriannual Plan (PPA), which lays out the government's national objectives. The objectives of the 2004–2007 PPA are to achieve macroeconomic stability to support economic growth and the improvement of citizenship and social inclusion of marginalized populations supported by responsible and sustainable fiscal administration. The PPA is composed of three programming areas:

- **Social inclusion and reduction of social inequalities**, including food security, universal access to social security, improved quality of education systems, urban reform, reduced vulnerability to violence, and reduced gender and ethnic inequalities.
- **Environmentally sustainable economic growth emphasizing employment and income generation, while reducing regional inequalities**, including macroeconomic stability; democratic access to credit; increased labour supply through professional training and regulation; reduced regional and intra-regional inequalities; promotion of popular participation in local development; agrarian reform; improved environmental management; and strengthened micro, small and medium enterprises.
- **Promotion and expansion of *cidadania* and strengthening of democracy**, including human rights; integrating indigenous peoples while respecting their cultural identity; public security; and renewed public administration that incorporates principles of ethics, transparency, participation and decentralization.

Public resources dedicated to the programs outlined in the plan total almost R\$1.8 trillion (approximately C\$848.9 billion) over four years: 63 percent to social development objectives; 33 percent to economic growth objectives (with the majority going to economic infrastructure, the productive sector and export promotion); and four percent to *cidadania* and democracy objectives. The Government will also forge partnerships with

the Brazilian private sector and with the non-governmental sector in order to combat social exclusion.

During its first year in power, the Government applied strict macroeconomic policies to manage its large foreign debt. It sought to control inflation and decrease the country's risk factors. President Lula also successfully advanced two major pieces of legislation to streamline the unsustainable pension scheme and reform the tax system. However, the Government has not been able to deliver its social programs to the extent anticipated.

International cooperation in Brazil

According to the Brazilian Cooperation Agency (ABC), the official government agency responsible for technical cooperation, Brazil receives approximately US\$100 million annually in technical cooperation from bilateral donors.¹ Overall, bilateral activity in Brazil can be divided into the following sectors: environment—primarily linked to protection of the Amazon forest (40 percent), agriculture (22 percent), health (12 percent), industry (10 percent), social sectors (10 percent), and public administration (six percent). Brazil's major bilateral partners are Japan (representing approximately 56 percent of technical cooperation in Brazil) and Germany (representing approximately 14 percent of technical cooperation). Both programs are primarily project-based and span a variety of sectors. In terms of official bilateral disbursements, Canada's program ranks fifth.

Multilateral organizations play an important role in Brazil. The Inter-American Development Bank, whose strategy aims at cooperating with government efforts to achieve growth with stability and to reduce inequities and poverty, disbursed US\$1.1 billion in 2003. The International Monetary Fund's most important creditor is Brazil, accounting for US\$28.2 billion, or more than 25 percent of its total outstanding credit. In 2003, the World Bank concluded a new country assistance strategy which focuses on the three pillars of the PPA—equity, sustainability and growth. Approximately 20 organizations related to the United Nations and the Inter-American system are active in Brazil, disbursing between US\$250–300 million in 2002. Although many multilateral and bilateral donors maintain significant programs in Brazil, the Brazilian Government has not sought to undertake a formal donor coordination process such as sector-wide approaches. Instead, it relies on the PPA as a basis for coordination.

International cooperation represents only a small proportion of foreign investment flows. In 2000, foreign direct investment (FDI) flows peaked at US\$30 billion, among the highest in the world; although by 2003, FDI had fallen to a level of US\$10 billion. Finally of note, Brazil has adopted a role as emerging donor in Latin America and lusophone (Portuguese-speaking) Africa and Asia.

¹ Counterpart contributions from Brazilian partners provide an additional US\$100 million.

Canadian interests in Brazil

Brazil is a giant in the southern hemisphere and a formidable force internationally in economic, political and developmental terms. It is one of eleven priority countries for Canadian foreign policy, together with the G-8, India, Mexico and China. Its economy ranks fifteenth worldwide and represents approximately 30 percent of all Latin American output. Its influence on the well-being of the rest of the South American continent is enormous. Brazil is Canada's largest trading partner in South America and is a primary destination for Canadian foreign direct investment, currently valued at C\$5 billion. It is also one of Canada's major trade competitors especially for agricultural products and in the aeronautic field. Brazil plays a leadership role in trade negotiations in both the World Trade Organization and the Free Trade of the Americas Agreement. Politically, Brazil commands respect from both industrialized and developing nations in international and multilateral forums, and it uses its position to influence international systems to integrate the interests of middle-income developing nations. It is very often an important ally for Canada in multilateral forums such as the United Nations, where Brazil is seeking a permanent seat on the UN Security Council and the Organization of American States. Brazil's vast social and economic experiences in the last half-century make it a model for many other developing nations.

Despite these conditions, the Canada-Brazil bilateral relationship has not yet fully achieved its potential. Until recently, the focus has been placed on conflicts that overshadowed an otherwise positive relationship. In 2003, the two ministers of Foreign Affairs endorsed a joint plan of action to reinvigorate Brazil-Canada bilateral relations. The plan highlighted extensive areas of collaboration including hemispheric and global issues, federalism and parliamentary relations, commercial initiatives, science and technology, education/cultural exchanges, security/military cooperation, and technical and development cooperation.

While Brazil can hardly be seen as a poor country, its high levels of poverty and inequity require the attention of the development community. Its 54 million poor people account for approximately 30 percent of the 182.9 million poor people in Latin American and the Caribbean. In a country where wealth and world class skills are concentrated in the hands of a few, the main question becomes the reduction of inequities, as inequity and social exclusion create social tension and crime, threaten political stability, and negatively affect economic performance. This has been the focus of the Brazil-Canada Cooperation Program since 1999.

PROGRAMMING FRAMEWORK

CIDA's 2005–2010 Country Strategy for Brazil is oriented on two overarching goals. The first relates to the equity challenges that Brazil faces while the second recognizes the importance of the Canada-Brazil relationship and the role that the cooperation program can play in strengthening and diversifying this relationship. This innovative combination of developmental and political goals helps promote a coherent approach with Canada's stakeholders in Brazil.

The goal of the 2005–2010 programming is to contribute to the promotion of increased equity in Brazil while at the same time reinforcing and diversifying Canada-Brazil relations

Since Canada's official development assistance to Brazil began in 1968, Canada has provided approximately \$155 million in official development assistance through bilateral and Canadian Partnership Branch (CPB) programming. Current annual disbursements are approximately \$11 million per year, \$4–6 million through bilateral assistance and \$5–6 million through CPB. The program expects to maintain disbursements of \$11–12 million per year, with bilateral disbursements at \$5 million per year. CIDA's Multilateral Programs Branch also continues to contribute an additional \$7–12 million per year through multilateral institutions.

Expected results

Following the Millennium Summit, during which Canada declared its commitment to contribute to the Millennium Development Goals (MDGs), CIDA developed the Expected Key Agency Results (KARs). The KARs serve as a framework for integrated, results-based planning, budgeting and reporting for all programs at CIDA. The program's results align with the KARs in terms of economic well-being, social development and governance as well as with the Brazilian Government's priorities as espoused in the PPA.

A monitoring and evaluation framework to assess the program's performance against both developmental and political results has been developed. This framework is progressive, iterative, and has been designed and is being implemented in close collaboration with partner organizations. The framework comprises a program level logical framework analysis (LFA) with long- and medium-term results, a risk analysis framework, and a strategy for monitoring and evaluation. A review will be undertaken in 2008–2009 to evaluate the results of the program and to help determine the future of programming in Brazil.

Implementation

Bilateral program

As the Canada-Brazil relationship has evolved and matured, CIDA has sought leading edge approaches to programming. Emphasis is placed on the systematic involvement of the Brazilian Cooperation Agency (ABC) in policy dialogue, program planning, management, implementation and monitoring. Starting in 1996, the program worked on the basis of a technology transfer approach, with *technology* referring to Canadian approaches or models which incorporated unique know-how or expertise, and *technology transfer* referring to the sharing of these Canadian approaches with strong, capable partners in Brazil that were able to successfully adapt them to meet pressing development challenges. Two independent evaluations conducted in 2003 confirmed the validity of this approach. However, both recommended further focusing efforts to support initiatives that would have a direct impact on reducing economic, social, regional, gender and ethnic inequities.

The program continues to promote a responsive approach to encourage creative networks of Brazilian and Canadian partners to leverage technical and financial resources.

However, it has evolved from a technology transfer approach to one based on the exchange of knowledge. The various component funds of the bilateral program are integrated into a single, flexible fund to facilitate mutual knowledge and experience exchange between Canada and Brazil. This phase of programming remains innovative and continues to move towards a more mature relationship, building on Brazil's unique strengths and challenges. More emphasis is placed on disseminating and replicating successfully implemented models exchanged between Canadians and Brazilians. Three lines of concentration have been identified jointly with the Brazilian Cooperation Agency—sectoral, institutional and regional. Finally, the strategy includes new dimensions based on policy dialogue and trilateral cooperation.

Sectoral concentration

The Brazil program concentrates its efforts primarily in social sectors (governance, health, and the world of work) while maintaining gender and ethnic equality and environmental management as crosscutting themes. Governance is the primary sector for programming and cuts across the other two sectors, health and the world of work, contributing to synergies at the program level.

Governance

Having emerged from military dictatorship in 1986, Brazil is still a young democracy, with significant public sector challenges. However, the private sector and civil society are taking on a growing role in defining, implementing and managing policies and programs. Governing bodies, therefore, need to be more effective, equitable, transparent and accountable; they need to have clearly defined mandates and be comprised of individuals with the necessary knowledge and abilities to take representative decisions. At the same time, it is necessary to strengthen the ability of civil society, particularly those traditionally excluded, to access decision making and participate in the management of the country's social and economic resources. In this context, the 2005–2010 strategy seeks to support initiatives that strengthen the capacity of civil society, democratic institutions, the competence of the public sector, the capacity of organizations that protect and promote human rights, and the will of leaders to respect rights, rule democratically and govern effectively. Canada has much to offer in this area and can support progress in a multitude of sectors in Brazil by contributing to strengthened governance processes.

Health

Brazil's 1988 constitution identified the right to health as a basic right of all citizens. The decentralization of services down to state and municipal levels has been a key strategy to improve service coverage and to provide a standard of quality appropriate for the circumstances of individual regions. Although Brazil has seen marked improvements in health and the universalization of health services, great disparities exist in terms of access to quality services. Although the majority has access to public services, these are often poor quality services, while the few that can afford it have access to world-class health care services. Canada's universal health care system offers lessons and experience that can benefit Brazilian reform efforts.

The world of work

The Brazilian economy is one of the largest and most inequitable in the world. Conditions in, and access to, the world of work (which includes public and private, formal and informal work) is differentiated based on ethnicity, gender, class and region. The result is an economy plagued by rampant unemployment and a large and expanding informal sector. The Government is struggling to create jobs, reintegrate the unemployed into the formal economy and assist youth to enter the market for the first time, all areas in which Canada has significant experience to share. In addition, Brazil's education system, which is essential in training a skilled workforce, could be strengthened to adequately prepare students to meet employers' needs.

Crosscutting themes

Gender equality

Gender equality means that women and men and boys and girls have equal conditions for realizing their full human rights and potential to contribute to national, political, economic, social, and cultural development and benefit equally from the results. For poverty reduction to be achieved, the constraints that women and girls face must be eliminated, including a lack of mobility, low self-esteem, a lack of access and control over resources, and a lack of access to basic social services. Other constraints include lack of access to training and capacity development opportunities, to information and technology, as well as to decision making in the state, the judiciary, development and private sector organizations, and in communities and households.

Ethnic equality

Ethnic equality refers to the inclusion of all Brazilians, regardless of their ethnic origins, in processes of national, political, economic, social, and cultural development. In ethnic terms, Brazil's black and mixed population makes up approximately 45 percent of the country's total population and experiences, on average, a higher degree of poverty than Brazil's white population. Brazil's indigenous population, which constitutes one of the most marginalized and socially excluded groups in the country, is also prioritized under this crosscutting theme.

Environmental management

There is a fundamental interdependence between the world's environment and the objectives of international development. While CIDA's 2005–2010 Country Strategy for Brazil does not support projects on environment or environmental management, all initiatives supported under the strategy will strictly comply with *CIDA's Policy for Environmental Sustainability* and the *Canadian Environmental Assessment Act (CEAA)*.

Regional concentration

Poverty is present in certain key pockets in the largely rural northeast² as well as in urban slums. With a large population and a high incidence of poverty—and social indicators that lag behind the more affluent south-southeast—the north-northeast demands attention. After maintaining a policy of not explicitly prioritizing any one region, the current Brazilian government has emphasized the reduction of regional inequities in its Pluriannual Plan, and CIDA has increased its efforts in the northeast, targeting approximately 50 percent of its resources for the region. Increased programming in this region will be facilitated by the opening of CIDA’s new office in the northeast.

In addition to the northeast, Brazil’s highly urban population is likewise marked with the development of illegal slums, or *favelas*, which are most often excluded from social service provision and job opportunities. Favela residents live in vulnerable conditions and face a lack of public support. Additionally, they are often victims of violent crimes that occur in their communities. Approximately 25 percent of bilateral resources are targeted at projects working with favelas or other poor regions of major urban centres.

Southeast	Northeast
- 96 of the 100 municipalities with the highest HDI	- 100 lowest ranking municipalities according to the municipal HDI
- 18% of the population live on less than one minimum salary	- 51% of the population live on less than one minimum salary
- 31 million people over 10 years of age live on less than one minimum salary	- 28.6 million people over 10 years of age live on less than one minimum salary
- 36 deaths/1,000 children under 5 years of age	- 96 deaths /1,000 children under 5 years of age
- Illiteracy rate is 7.8%	- Illiteracy rate is 26.6%
- Favelas present in 53% of cities	- Favelas present in 46% of cities
- Southeast produces 57% of GDP	- Northeast produces 13% of GDP

Finally, programming is supported at the national level (approximately 25 percent) with strategic partners that contribute to the reduction of inequities across the country.

Institutional concentration

Development interventions can take place at three broad levels: a policy (macro) level, an institutional (meso) level, and the community (micro) level. CIDA’s program in Brazil has traditionally focused at the institutional level and has achieved notable results, while at the same time facilitating sustainable relationships between Canadian and Brazilian organizations. Between 2005–2010, the bilateral program will continue to work at the meso level and identify those organizations with which to work: namely, those whose reach and interest extend to the elaboration and application of policies as well having a direct impact on improving the opportunities and circumstances of the excluded at the community level. Development interventions continue to be driven and proposed by Brazilian partners, who serve as important contributors to projects by providing financial and/or in-kind resources to projects.

² For the purposes of the Country Strategy, the northeast is defined as the following nine states: Alagoas, Bahia, Ceará, Maranhão, Paraíba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe.

Other initiatives

Policy dialogue and influence

CIDA also engages in policy dialogue to influence its Brazilian, Canadian and international partners to promote sustainable development and increased equity, *cidadania*, and social inclusion in Brazil. Within Canada, CIDA shares its lessons and objectives with other government departments at the federal and provincial levels to contribute to a more coherent policy and programming approach in Brazil and to reinforce and diversify the Canada-Brazil relationship. Within the Agency, the Brazil program shares lessons on how to work responsively, with middle-income countries, and towards a more mature relationship with partner countries. Finally, CIDA engages in dialogue with international donors and organizations in Brazil to explore complementarities, build synergy and contribute to common objectives.

Trilateral cooperation and regional programming

As Canada and Brazil develop a more mature relationship, CIDA will support Brazil's evolving role in Latin America, the Caribbean Lusophone countries in Africa, and Asia. Specifically, the Agency seeks initiatives of interest to Canada and Brazil in third countries and is developing mechanisms for trilateral cooperation. The objective of trilateral cooperation is to support poverty reduction and sustainable development in a third developing country through the support of a joint effort between Canadian and Brazilian institutions. Trilateral cooperation initiatives also support the strengthening of Brazil's capacity as a donor country and help reinforce relations between Canada and Brazil.

CIDA continues to participate in regional initiatives including support of the Summit of the Americas Plan of Action.

Learning and information

In support of the activities described above, Canada's program in Brazil devotes resources to building knowledge, gathering intelligence and sharing information, and emphasizes the collection and dissemination of lessons learned. The program has developed an information sharing and promotion strategy including contextual analysis, knowledge sharing, dissemination of results, and support for the policy dialogue strategy.

Canadian Partnership Branch

CIDA's bilateral program in Brazil represents approximately half of Canada's Official Development Assistance to Brazil in any given year (not including support through multilateral channels). In addition to CIDA's bilateral program, the Agency has a long experience of working with civil society and the private sector to develop and implement development initiatives through Canadian Partnership Branch (CPB) which, within

CIDA, is the Branch responsible for the majority of international cooperation programs involving the private sector and civil society including colleges, cooperatives, unions, professional associations, universities, non-governmental organizations, youth, volunteer-sending groups and other institutions.

Through CPB mechanisms, Canadian partner organizations design and carry out projects and programs that aim at improving the quality of life and building the capacities of their local private sector and civil society counterparts. The main sectors of CPB programming in Brazil are government and civil society (25 percent); education (24 percent); industry (nine percent); agriculture (nine percent); and health (seven percent). Over the coming years, CIDA's bilateral program in Brazil will continue to work closely with CPB and will actively seek new and innovative ways to cooperate and create synergies between CIDA-funded projects and programs.

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