



Study Report

Governance and Anti-Corruption Measurement Methods

STUDY REPORT ON ANTI-CORRUPTION MEASUREMENT METHODS

Nikos Passas and Michael Johnston

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Introduction

Over the past two decades the words “corruption” and “governance” have permeated the global policy debate, influencing not only international donor strategies but also the developmental trajectories of nations across the globe. Where once citizens, business people and many policymakers saw corruption as more or less inevitable, or even—wrongly—as a positive factor in many settings, a loose-knit global reform movement is working for better accountability and governance on countless fronts. The momentum has been fuelled by the entry into force of the most comprehensive anti-corruption international instrument, the UN Convention against Corruption (UNCAC). The UNCAC provides for knowledge creation and sharing, as well as the involvement of all stakeholders: public sector, private sector, civil society and academia¹.

One of the most persistent problems for those reformers has been a lack of detailed measurements and feedback. Corruption is largely a clandestine activity without immediate victims who might file reports, a feature that adds to the usual difficulty in estimating the unrecorded and unknown figure of crime. As a consequence, it is impossible to measure corruption directly with any validity, reliability, and precision. Without sound measures that track change over time, we cannot know whether and where we are succeeding or failing, and we cannot demonstrate the effectiveness of corruption controls to citizens, businesses and political backers (some of whom take on great risks by resisting corruption), international aid, trade, and lending organizations, and—not least by any means—potential wrongdoers themselves.

A variety of corruption indices, many based upon surveys of experts, businesspeople, and occasionally citizens, rank whole countries on a single dimension of “more” versus “less” corruption, or of more or less effectiveness at controlling corruption, for example. Currently, governance and corruption are assessed by a variety of national and international organizations including, but not limited to, agencies such as *Global Integrity*, *Transparency International*, the *United Nations Development Program*, and the *World Bank*. All these initiatives however are unable to resolve definitional debates and disagreements on the conduct and acts, which could or should be included in the generic category of “corruption”. Even the UNCAC contains several criminalizable acts, but only some of them are mandatory (e.g., bribery of public officials, embezzlement of public property, obstruction of justice), while others reflect the lack of consensus and are listed as optional measures (e.g., illicit enrichment, abuse of function, trading in influence, private to private bribery, etc.).

¹ In this context, noteworthy is an academic initiative coordinated by Northeastern University in partnership with the UN Office of Drugs and Crime, the UN Global Compact and its Principles for Responsible Education project, the OECD, the International Bar Association, the International Anti-Corruption academy and a host of academic institutions in all continents: this is a programme to encourage to integration of anti-corruption courses in the curriculum. Many existing courses address the issue of extent and measurement of corruption, so we can expect additional academic input in this issue in the near future, especially as this teaching initiative will hopefully be eventually accompanied by empirical research and analytical projects on which the new syllabi and courses can draw. It is our hope that the Brazilian indicators project will be among the first to be featured in these global syllabi in the coming years.

	Transparency International	Freedom House	World Bank Governance Indicators	Bertelsmann Foundation	Global Integrity (Syria, Saudi Arabia not included)
Top	Jordan Saudi Arabia Kuwait Morocco	“Partially free”: Jordan, Morocco, Lebanon, Yemen, Kuwait	Kuwait, Jordan, Saudi Arabia, Morocco	Lebanon, Kuwait, Algeria	Jordan, Kuwait, Egypt, Palestine
Bottom	Lebanon Yemen	“Not free”: Algeria, Egypt, Saudi Arabia, Svria	Syria Yemen Palestine	Syria Saudi Arabia	Morocco Algeria Yemen Lebanon

Source: Laberge (2010).

The problems with the numerous methods currently used can be summarized as follows. They are:

- Uni-dimensional. Any approach that gives entire countries a ‘mark’ or ‘ranking’ against other countries essentially treats complex and diverse realities as monoliths with no internal differentiation.
- Backward-looking. At best, they reflect the present situation and, at worst, the past of a region or country, as they rely on past experiences or perceptions rather than on what lies in the future.
- Inattentive to country specific context. Socio-cultural, legal, historical and other specificities are clouded or vanish when all countries are assessed against identical measuring rods.
- Not policy-useful. Giving a grade or ranking of say ‘55’ in the world, for example, offers no clues as to what precisely is not working in a country and what needs to be done in order to make progress and reach a higher ranking.
- Counterproductive. By publishing one flat country assessment, efforts of national authorities to detect, expose and sanction corruption generate public comments and scandals thereby producing more acute perceptions of corruption. This is an untenable situation, because the best fighters of corruption are penalized and the grade or ranking drops exactly when a country is improving governance.
- Obscure. The methods employed are not always transparent or intelligible to the wider public or even specialists. Judgments may appear ‘scientific’ or authoritative but they

may in fact be flawed or off the mark. Indeed, what they actually measure and what they claim that they measure may be two different things, especially in the light of multiple and inconsistent definitions of corruption and governance.

- Non-comprehensive. Taken into account are some views or some experiences of certain stakeholders rather than broader segments of the societies in question.
- Methodologically limited. A related problem thus is about sampling methods and the reliability or quality of data produced.
- External. Too often, perceptions, experiences and expertise are external to the society assessed.

In a world and political contexts where numbers matter a great deal, even when these are wrong or baseless (see Andreas and Greenhill, 2010), those corruption measurement problems have far-reaching consequences. Existing indices do a poor job at best of tracking trends. Yet, without such knowledge how can we judge whether reform measures are having any effect? Corruption is a highly specialized and detailed activity, taking on many and varied forms and often existing in small niches of the public sector; while reforms must be equally detailed and adaptable, the best-known indices cannot provide such fine-grained knowledge and feedback. It is partly for this reason that the UNCAC provides for several acts of corruption (without defining the term but describing the specific offenses; see UNODC's *Legislative Guide for the Implementation of the UNCAC*, 2006):

- Active bribery of public officials
- Passive bribery of public officials
- Active bribery of foreign officials and officials of international organizations
- Passive bribery of foreign officials and officials of international organizations
- Money laundering
- Embezzlement, misappropriation and other diversion of public property
- Obstruction of justice
- Illicit enrichment
- Abuse of function
- Trading in influence
- Private to private bribery
- Embezzlement in private sector

And even if the indices might point to places suffering the worst corruption, they give policy makers and managers limited guidance as to what to do about it. The shortcomings of current indices have been manifest in the case of Brazil, as strong transparency and broad anti-corruption efforts in recent years, well recognized internationally, have not been mirrored in Brazil's comparative rankings.

A fundamental problem at the root of ongoing controversies is that attempts are being made to measure something that remains undefined and may possibly be indefinable: corruption. There are various types of corruption and several kinds of misconduct ranging from bribery and procurement fraud to abuse of function and turning a blind eye to criminal enterprises. Rather than focusing on corruption and negative aspects of a country situation, the assumption behind

this proposal is that a much more promising and productive approach is to focus on positive efforts and initiatives that address the roots of corruption (however understood) and improve controls, transparency and accountability. At the same time, vulnerabilities and risks will also be examined for next steps, assignment of priorities, allocation of resources and further progress. The aim of the project is to address all of the above shortcomings and introduce an innovative approach that would ideally have the following features:

- Actionable-policy useful
- Forward-looking
 - Predictive – with performance indicators and benchmarks for overtime comparisons
 - No negative self-fulfilling prophecies, whereby successful detection of corruption translates into misperceptions of a growing rather than shrinking problem.
- Multi-dimensional
 - Non-tautological
 - Details on different areas, sectors, regions, agencies, etc.
 - Details on different types of corruption and abuse
- Qualitative and quantitative
- Contextual – country generated and owned
- Beyond certain groups or vested interests: it will be an inclusive and comprehensive, multi-stakeholders approach
- As valid, reliable, precise as possible through rigorous methods, solid empirical evidence and sound analysis
- Involve a transparent and understandable method
 - Non-obscure to users-public
 - Allow interpretation and analysis
- Consistent with overall national anti-corruption strategy
 - Focus on positive values
 - Reward progress: recognize positive steps and individual or organizational anti-corruption champions
 - Build gradually momentum in the media and public eyes
 - Steadily strengthen legitimacy and credibility
- Enhance comparability – reliance on UNCAC provisions which will facilitate comparisons
 - over time – trends and efforts
 - across jurisdictions

This report highlights the feasibility and usefulness of a new governance metric addressing these aims, the **Indicator-Benchmark (IB)** approach, in measuring not so much corruption but rather the effectiveness of anti-corruption initiatives. The viability of this approach will be concretely tested and assessed in Brazil in collaboration with the Controladoria Geral da União (CGU) and other actors.

Method

At the same time as we sought to elaborate this approach, we took a number of steps to understand better the Brazilian context, priorities and recent anti-corruption efforts. More specifically, we engaged in desk review, literature research and fieldwork.

We went through the UNCAC provisions in detail as a way of reviewing Brazilian initiatives, measures and institutions that correspond to UNCAC requirements. This work guided a review of the literature and the preparation of questions for the site visits. More importantly, it led to the set of proposals and ideas relative to performance indicators that can form the basis for international comparisons in anti-corruption national efforts (see Appendix).

A review of the literature with emphasis on measurement issues was conducted in parallel with an elaboration of the performance indicators and benchmarks approach.

In order to ensure the long-term success of this endeavour and its applicability across national borders, it was essential to develop and test a detailed roadmap for the near future. Given the aim to support anti-corruption efforts of government agencies, civil servants, private sector domestically and internationally as well as the society at large, we sought the views of all stakeholders. Consequently, we organized field visits in Sao Paulo and Brasilia, where we engaged in one-on-one and group meetings and interviews with the private sector, academics from several universities active in anti-corruption and governance work, as well as a host of NGOs and government officials from different federal bodies. The meetings were prepared carefully in advance, including through an invitation letter, which outlined the approach and gave them all a good sense of the methods and objectives pursued. The table below provides information on the interviewees during the two-week period in the two cities (by previous agreement, the names of participants are not published, while some of them asked that we do not disclose the represented private entity).

Sao Paulo and Brasilia outreach.

Type of Stakeholder	Name of organization
Private sector	FEBRABAN – <u>Federação Brasileira de Bancos</u> Banco Santander Brasil S.A Banco Bradesco S.A Caixa Econômica Federal HSBC Siemens Large multinational in the construction sector Samarco Inwent PriceWaterhouseCoopers Wall Mart FIEMG Two law firms
NGOs	Ethos (more than one representative and on multiple occasions) Abracci Amarribo ABONG - Associação Brasileira de Organizações não Governamentais

	Voz do Cidadão Nossa Sao Paulo Contas Abertas Transparencia Brasil
Government bodies	CGU Ministry of Transportation (multiple persons and two separate meetings) Ministry of Health Ministry of Education Conselho Nacional de Justiça Commission on Ethics COAF Federal Police Internal Revenue Office Ministry of Planning
Academia	University of Campinas FGV - Fundação Getulio Vargas (multiple scholars)

The interviewees unanimously welcomed this initiative and offered numerous suggestions integrated in this report but also expected to support additional anti-corruption projects in Brazil as the project grows in scope.

With the support of CGU and the International Association of Anti-Corruption Authorities (IAACA), we were able to share the main elements of this approach in two conferences². Additional feedback has been received from international audiences at the Twelfth United Nations Congress on Crime Prevention and Criminal Justice, Salvador, Brazil (April 2010) and at the International Association of Anti-Corruption Authorities meetings in Macao (October 2010). Moreover, we undertook an extensive review of the literature and other secondary material on Brazil specificities and priorities, which paved the ground for further elaboration and adaptation of the performance indicators and benchmarks (IB) approach.

In the following pages, this report outlines shortcoming of current corruption measurements, background information on the IB approach to familiarize the reader fully with this approach before discussing general and Brazil-specific indicators as well as the next methodological steps that need to be taken towards implementation.

Part One—Measuring Anti-Corruption and Reform³

² The interviews and outreach in S. Paolo and Brasilia were conducted by N. Passas in 2010 with the generous assistance of CGU officials, especially Hamilton Fernando Cota Cruz.

³ M. Johnston’s contribution to parts one and three of this study draws upon the OECD policy paper, “Components of Integrity: Data and Benchmarks”. Paris: Organization for Economic Cooperation and Development (OECD), Directorate of Public Governance and Territorial Development, presented at an OECD Expert Session on Conflict of Interest, Paris, October, 2008. The bulk of that paper, and the parts used here in Parts One and Three, were the work of M. Johnston.

First-Generation Measurements: Corruption

Most assessment efforts over the past two decades have been devoted to the measurement of corruption (for discussion, evaluations, and critiques, see Arndt and Oman, 2006: Ch. 1, 2; Arndt, 2007; Cameron, Chaudhuri, Erkel and Gangadharan, 2005; Kenny, 2006; Kurtz and Schrank, 2007; Søreide, 2005; Thomas, 2009; on East Europe and Central Asia, see Knack, 2006; on Latin America, see Transparency International, 2006; see also Doig and McIvor, 2003; United Nations Development Program (UNDP) and Global Integrity 2008 and the United Nations Development Program Governance Indicators Project – see additional papers and guides at http://www.undp.org/oslocentre/flagship/democratic_governance_assessments.html). Most such efforts produce whole-country corruption scores based entirely or primarily upon perceptions data, although intriguing variations on that approach exist as well.

Both the indices produced and the many debates they have touched off are of indisputable value – not least for helping direct attention to regimes where governance is in dire need of improvement. But a sustainable integrity framework requires more policy relevant, detailed and understandable data. Perception-based national indices do not help policy makers and managers understand or attack corruption problems in focused ways. They are even less useful for assessing progress (an excellent review of such issues appears in Sampford, Shacklock, Connors, and Galtung, 2006). If, as is often proposed, policymakers link aid and other incentives to improvements in the quality of governance (see, for example, MCC, 2008; for a more general discussion, Søreide, 2005) policy makers and managers will need evidence that enjoys solid confidence on all sides. Less frequently noted is the fact that recent international anti-corruption instruments and processes – the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the GRECO process in the Council of Europe, the OAS Inter-American Convention Against Corruption, the African Union Convention on Preventing and Combating Corruption, Economic Community of West African States Protocol on the Fight against Corruption, the Southern African Development Community Protocol against Corruption, the Council of the European Union: Convention on the Fight against Corruption involving Officials of the European Communities or officials of Member States of the European Union, the Financial Action Task Force (FATF) Recommendations⁴, and most importantly the comprehensive United Nations Convention against Corruption (UNCAC) and the recently agreed implementation review process – are generating data in unprecedented volume, scope and detail. Much the same is true of e-governance initiatives.

So many aspects of anti-corruption are included in the UNCAC and so many reforms and new measures are required for full compliance, that its effective implementation requires long-term and radical changes (Passas and Vlassis, 2007). Moreover, one of the provisions under UNCAC is that governments develop a national plan or strategy against corruption. Given the wide range of issues covered by UNCAC and the extensive reforms most countries need to engage in for compliance even with merely mandatory provisions, a strategy is even more crucial, as it is clear that needs, priorities, sequencing and timing will vary greatly (Passas, 2010). Strategic planning efforts will both generate and require empirical assessment and data as well as

⁴ Even though the FATF Recommendations are not legally binding, the ‘soft law’ standards they introduce are in practical terms consequential and enforced.

repeated progress reports. The IB approach would be valuable in guiding and monitoring implementation as well as revealing re-evaluation and adjustment needs over time, supplementing thus official or peer-to-peer assessments. In so many respects, the time has never been better to embark on new assessment methods and to seek new forms of co-operation based on reviewed experience and lessons learned in assessment.

Why not use corruption indices? Corruption indices have become so numerous and diverse that the United Nations Development Program (UNDP) and the NGO Global Integrity recently published a report intended to help anti-corruption advocates sort through the alternative methods and results they offer. Indeed, an appendix to the report lists fifteen major efforts to measure corruption on a global or regional basis (UNDP and Global Integrity, 2008). Such indices have become increasingly sophisticated, yet significant problems remain. One basic issue is definitions: consensus on a nominal definition of corruption likely will never be reached, and measures based on contested – or merely vague – concepts are inherently problematic (Brown, 2006; Johnston, 2005a; Kurer, 2005). For analysis at a general level it is tempting to focus on unambiguous core cases and not worry about the boundaries of the concept – one reason, perhaps, why many models of corruption, like many of the surveys that go into calculating corruption indices, effectively treat “corruption” and “bribery” as synonyms. But when it comes to measurement and changes in real societies, the margins become critical. Even more complicated, in measurement terms, is the real possibility that different kinds of societies experience differing kinds of corruption (Johnston, 2005b). If that is the case, then no single-dimension corruption index can accurately capture the full scope and variation of the problem. Further, corruption is a hidden phenomenon: all who know of a corrupt act usually have an interest in concealing it and, unlike many forms of conventional crime, there is frequently no immediate victim with a reason to file a report. Where corruption is most serious, many officials charged with control are themselves compromised, and reporting corruption can be an exercise in risk and futility. Statistics on conventional crimes are notoriously inaccurate; how can analysts measure an activity that is usually clandestine?

Then there is the problem of evidence: what should be counted or measured in practice? Most indices are based, to varying degrees, upon perceptions. Perceptions can be erroneous, misleading, or self-serving, and are vulnerable to “echo chamber” dynamics, if people asked to assess levels of corruption end up repeating “what everybody knows”. So, they reflect the past and are influenced by media reports and reports of official actions. Ironically, more action against corruption can thus generate the wrong impression of worse rather than improving governance. Add to this the complex relationship between corruption and scandal (Moodie, 1980; Markovits and Silverstein, 1988) – either may be found in the absence of the other, and scandal in particular is frequently used as a political weapon (see BCCI-related cases discussion in Passas, 1995, 1996). Further, it is hard to say what perceptions of “a high level of corruption” actually mean – numerous cases, large monetary stakes, corruption at high levels, cases attracting major public attention, or simply corruption that takes place out in the open (Rose-Ackerman, 1999)? Many strategies commonly used to deter or reveal corruption – bookkeeping and official records, public reporting of budgets and political funding, official powers of supervision and intervention, or reports filed by citizens and whistleblowers – may, in the wrong hands, be used to mislead investigators or even to conceal the problem. Investigations and trials often become weapons in political struggles; where that is the case, apparent trends

in corruption may say more about contention among key elites and factions than about the actual abuse of power or progress of reform.

A variety of corruption risk measures differing in coverage, methodology, and quality are now available. Some of the longest-running efforts at measurement have been mounted by firms providing risk assessments – at times, on a proprietary basis only – to international business. These have at various times included surveys by Political and Economic Risk Consultancy, the Institute for Management Development, Political Risk Services, The Economist Intelligence Unit, and Business International (now a part of The Economist group). Others are produced by advocacy groups such as the World Economic Forum and Freedom House, survey organizations including Gallup, publications such as The Wall Street Journal, and expert panels, sometimes working in affiliation with international organizations. In the United States, the Public Integrity Section of the Department of Justice regularly publishes data on corruption prosecutions and convictions in federal courts, reported by judicial districts.

Economists have used economic data that, while not measuring corruption per se, tap into closely-related problems such as "black-market premiums" (Bahmani-Oskooee and Goswami, 2004) or the quality of countries' institutions (the study that gave rise to a large literature on institutional quality was Knack and Keefer, 1995). A 1999 report by the United Nations Crime Prevention and Criminal Justice Division compiling criminal justice data included statistics on bribery. The data encompass many countries and a long time span; on the negative side, there are clear questions of comparability across diverse court and investigatory systems. More recently the United National Office on Drugs and Crime (UNODC) launched a series of national-level Crime and Corruption Business Surveys (CCBS). Trial projects have been carried out in Bulgaria and Canada in 2005 and 2006, and the first full national survey was conducted in Cape Verde in 2006. Useful counterparts to the UNODC work include the World Bank's "Doing Business" surveys and the OECD's "Cutting Red Tape" project. Both of those assessments focus upon administrative barriers and burdens impeding efficient and orderly market activities; such burdens, where excessive, are blinking indicators both of past corruption and of incentives sustaining it, as discussed below.

The Opacity Index (Hall and Yago, 2000; Kurtzman, Yago, Phumiwaswana, 2004: 12; Kurtzman and Yago, 2008), by contrast, gets at corruption by way of its correlates and consequences, many of them measurable with some precision

(http://www.kurtzmangroup.com/opacity_index_2009.php). It measures "the costs and preponderance of high-frequency, low-impact risks resulting from corruption, a lack of due process, poor regulatory enforcement, and non-standard reporting practices, each of which adds substantial costs to global business" (Kurtzman and Yago, 2008: 1). A statistical model incorporates data of corruption (Transparency International's Corruption Perceptions Index - http://www.transparency.org/policy_research/surveys_indices/cpi/2009 - and the PRS Group's International Country Risk Guide - <http://www.prsgroup.com/>), efficacy of the legal system, "deleterious economic policy", inadequate accounting and governance, and detrimental regulation – and estimates the net effect of such factors upon interest rates (the "premium" paid by businesses operating in each of 48 countries (The 2001 Opacity Index, by contrast, estimated interest premiums with respect to governments' sovereign debts).

Not surprisingly, high estimated levels of corruption are associated both with unfavorable Opacity scores (interest rates are higher where corruption and related difficulties are more

severe) and with difficulties of macro-economic development. The index remains a research enterprise rather than a hard-and-fast public ranking; its constituent data are far from perfect, and coverage is limited to a relatively small number of countries. But the Opacity Index is worth careful consideration because it is linked to real processes – the borrowing and lending of capital – that theory tells us should be quite sensitive to corruption and related issues, and that are pragmatically re-evaluated on a minute-by-minute basis. Those evaluations are made by market specialists with a vested interest in getting things right – in effect, by a very large if informal “expert panel” – and who receive continuing feedback as to how accurate their assessments have been.

Perception-based indices draw upon a number of sources. Some sample the public at large; others depend upon expert assessments. People involved in international trade and investment are among those most often included in such surveys; given the lack of harder data, the fact that much corruption arises in the context of business deals, and the extent to which those people move about the global economy, the approach makes some sense. Moreover, perceptions of corruptness are significant in their own right as they influence foreign policy, aid, investment and lending decisions. This can in turn lead to self-fulfilling prophecies and compound rather than solve the problems.

But those judgments reflect many influences besides direct knowledge of corruption: the overtness of corrupt dealings, personal reactions to societies, people and their behavior, or investment stakes and the degree of success a firm has experienced in a given country might all skew perceptions. For example, mature market societies – where high-level relationships between state and markets are legally institutionalized and relatively predictable – might well receive a kind of “pass”, ignoring lower-level corruption affecting citizens and small businesses. Not all countries are included in all surveys; for some, the underlying database is rich and varied, while for others only a small number of soundings are available.

Sample sizes vary widely, as do the questions and the comparisons they request. Some surveys have respondents rate overall levels of corruption on a scale, while others ask about bribes, extortion or other irregularities in specific governmental functions, or tap respondents' own experiences. Still others invite respondents to estimate the extent to which corruption or bribery harm a given country's economy, an issue far too complex to be a matter of opinion or amenable to meaningful and valid comparisons. Such questions also invite the conclusion that because country X is poor, it must also be highly corrupt, or, that wealth by itself indicates good governance. Contrasting types of corruption, the stakes involved, international sources and connections, effects upon specific segments of the population or economy, and connections to organized crime/criminal enterprises or violence are usually omitted in such surveys. Results invite comparisons, but it is difficult to say what is being compared, or what sorts of variations are exaggerated or “flattened out” across a range of scores. Comparisons over time are even more suspect, an issue to be examined in more detail below.

The best-known international corruption index, Transparency International's Corruption Perceptions Index (CPI), exemplifies this approach. Launched in 1995 and updated annually, the CPI is a “poll of polls” averaging the results of a range of public opinion surveys, expert rankings (the 2007 edition was the first to be based entirely on expert panels), and other sources into a zero-through-ten ranking of countries, with a high score indicating a low level of perceived corruption. It has won worldwide attention, sparked myriad analytical studies, and – perhaps

most important – has helped sustain public and official attention to corruption as a critical issue of development and governance. Coverage has expanded from 41 countries in 1995 to 190, and methodology and documentation have been refined on a continuing basis. Rankings are based on averaged results from a minimum of three surveys, and from as many as ten in the case of India and eleven for Indonesia. Over time the CPI has spawned related efforts by TI such as a “Bribe Payers’ Index”, which purports to compare the “supply-side” willingness of private parties in various societies to pay bribes elsewhere, and the Global Corruption Barometer, offering more detailed evidence of public perceptions of corruption in key institutions of various nations (the CPI and its methods are discussed by its creator in Lambsdorff, 2006, and Lambsdorff, 2007; for a critique of perception-based measures employing data from the Global Corruption Barometer itself, see Abramo, 2007; for further analysis of the differences between perception and experience, see Olken, 2006, and Gatti, Paternostro, and Rigolini, 2003; and for an argument that the CPI in its present form has outlived its usefulness, see Galtung, 2006). An even more ambitious measurement effort is the World Bank Institute’s Worldwide Governance Indicators (WGI), part of the larger “Governance Matters” project. A wide variety of data, including most of the survey data incorporated into the CPI but others as well, are used to estimate six attributes annually for over 200 countries and territories, namely:

- Control of corruption;
- Voice and accountability;
- Political stability;
- Government effectiveness;
- Regulatory quality; and
- Rule of law.

The dataset also includes useful links to over thirty sources of constituent data, although some of the underlying data are proprietary and at least one source is confidential. The WGI data are calculated using a sophisticated “unobserved components” approach (Greene, 1990). They are notable for their extensive coverage (over 200 countries and territories) and for breaking governance out into six components that embody diverse positive values. Questions have been raised, however, as to what if anything the data actually measure, and about the ways errors are dealt with in the modeling and calculation processes (Thomas, 2009). Arndt and Oman likewise point out a variety of problems with the WGI data, identifying major difficulties in terms of error; comparisons over time; sample biases and the “echo chamber” problem (reminiscent of error issues identified by Thomas); and transparency of data-gathering and computation (Arndt and Oman, 2006: Ch 4; for a defense see Kaufmann, Kraay, and Mastruzzi, 2006, and for a discussion of next steps in the refinement of such indicators, see, Kaufmann and Kraay, 2008).

The table below lists the main sources of metrics and resources for anyone keen to measure either corruption or anti-corruption developments in different countries

Table 1.

<p>Global Integrity— http://www.globalintegrity.org/</p> <ul style="list-style-type: none"> • Provides country reports for over 100 nations worldwide as well as toolkits, blogs, and frequently asked Q&A.
<p>ODI— http://www.odi.org.uk/projects/00-07-world-governance-assessment/</p> <ul style="list-style-type: none"> • Provides country reports on perceptions of governance over time for almost two dozen

nations worldwide, methodology papers, and additional publications.
<p>Swedish International Development Cooperation Agency (SIDA) —Structure/Power Analysis http://www.sida.se/English/</p> <ul style="list-style-type: none"> Provides country and regional information, publications, resources, current and upcoming workshops, and links to additional resources.
<p>Transparency International—http://www.transparency.org/</p> <ul style="list-style-type: none"> Provides the Corruption Perceptions Index as well as National Integrity Systems (NIS) Analysis and the Bribe Payer’s Survey for nations across the globe as well as tools, publications, and global trends and priorities in areas of governance and corruption. The NIS - http://www.transparency.org/policy_research/nis provides a framework which allows for both the scope and cause(s) of corruption and the effectiveness of anti-corruption strategies to be analyzed
<p>World Bank—http://www.worldbank.org/</p> <ul style="list-style-type: none"> Provides blogs, news, events, research and publications, country profiles as well as the Worldwide Governance Indicators (http://info.worldbank.org/governance/wgi/index.asp) for over 200 nations across the globe.
<p>Australia—AusAID-- http://www.ausaid.gov.au/</p> <ul style="list-style-type: none"> Provides various assessments and publications for nations across the Eastern hemisphere including Indonesia, Papua New Guinea, nations in South and East Asia, the Pacific and Africa and the Middle East.
<p>Business Anti-Corruption Portal—http://www.business-anti-corruption.com/?L=0</p> <ul style="list-style-type: none"> Hosted, maintained, and updated by the <i>Global Advice Network</i>, the Business Anti-Corruption Portal utilizes publicly available information to provide country-specific information such as: a “snapshot”; general information; corruption levels; initiatives; resources; information network; and sources.
<p>DFID Department for International Development - http://webarchive.nationalarchives.gov.uk/+http://www.dfid.gov.uk/aboutdfid/organisation/driversofchange.asp</p> <ul style="list-style-type: none"> Drivers of Change is a way of understanding the political economy of change and poverty reduction in developing countries. It directs attention to the structural and institutional factors likely to 'drive' change in the medium term, and to the underlying interests and incentives that affect the environment for reform

<p>Governance and Social Development Resource Centre - http://www.gsdrc.org/</p> <ul style="list-style-type: none"> The Governance and Social Development Resource Centre (GSDRC) provides cutting-edge knowledge services on demand and online. It aims to help reduce poverty by informing policy and practice in relation to governance, conflict and social development. The GSDRC is funded by the UK Department for International Development (DFID) and the Australian Agency for International Development (AusAID)
<p>Governance Assessment Portal—http://gaportal.org/</p> <ul style="list-style-type: none"> Among additional resources, the Governance Assessment Portal provides Country Inventories, which include “information on the scope, aims, methods and outcomes of recent and current initiatives across the world” (http://gaportal.org/country-initiatives).
<p>Netherlands’ Strategic Governance and Corruption Analysis (SGACA)— http://www.ecorys.nl/index.php</p> <ul style="list-style-type: none"> Designed to assess formal and informal factors affecting governance and anti-corruption initiatives
<p>UNDP— http://www.undp.org/</p> <ul style="list-style-type: none"> An all-around great resource, the UNDP offers various publications on governance metrics, democratic governance, poverty reduction, crisis prevention and recovery, the millennium development goals, gender and pro-poor initiatives, and so forth as well as links to primary data in nations worldwide <p>UNDP - http://www.undp.org/oslocentre/flagship/democratic_governance_assessments.html</p> <ul style="list-style-type: none"> Through the Global Programme on Capacity Development for Democratic Governance Assessments and Measurements, UNDP seeks to assist developing countries produce disaggregated and non-ranking governance indicators to enable national stakeholders to better monitor performance in democratic governance reforms.
<p>U4—Anti-Corruption Resource Centre—http://www.u4.no/</p> <ul style="list-style-type: none"> Provides general information on corruption and anti-corruption strategies, issues, briefs, and commissioned reports, upcoming workshop information and links to partner corporations.

In addition to the above websites, more and more countries introduce, strengthen or widen the scope of anti-corruption bodies and authorities which, in addition to fighting corruption and educating the general public regarding corruption’s damaging effects, provide a variety of statistics and reports assessing the state of corruption.

CGU currently plans to develop a global directory of anti-corruption authorities as a contribution to the Work Plan of the International Association of Anti-Corruption Authorities. Once that resource becomes available, it will become a major source of useful and valid data on which to draw for international comparisons as well as for progress assessments within each country.

Below is a table illustrating what the main governance metrics involve, their respective methods, what is actually measured and the rating system they apply.

Table 2.

Metric	What?	How?	What's being measured?	Rating System?
Global Integrity's Integrity Report Card	Measures governance and corruption trends	Utilizes both foreign and domestic expert assessment as well as additional resources such as legislation, scholarly reports, and news items	The Integrity Scorecard assesses the existence, effectiveness, and access citizens have to the following categories and sub-categories of governance: Civil Society, Public Information and Media --Civil Society Organizations; Media; Public Access to Information; Elections --Voting & Citizen Participation; Election Integrity; Political financing; Government Accountability --Executive Accountability; Legislative Accountability; Judicial Accountability; Budget Processes; Administrative and Civil Services --Civil Service Regulations; Whistle-blowing Measures; Procurement; Privatization; Oversight and Regulation --National Ombudsman; Supreme Audit Institution; Taxes and Customs; State-Owned Enterprises; Business Licensing and Regulation; Anti-Corruption and Rule of Law --Anti-Corruption Law; Anti-Corruption Agency; Rule of Law; Law Enforcement	Scores are qualified by a peer-review process (scale: 0-100). Results are then tiered into the following categories: 90+, Very Strong; 80+, Strong; 70+, Moderate; 60+, Weak; and, <60, Very Weak.
ODI's World Governance Assessment	Measures perception of governance from the perspective of local stakeholders	The World Governance Survey is distributed to various local stakeholders (Well Informed Persons (WIPs)).	The survey utilizes six arenas on which WIPs can assess governance including civil society, political society, government, bureaucracy, economic society , and finally the judiciary . Each arena is then assessed on six additional criteria loosely based on the principles embodied by the Universal Declaration of Human Rights. These criteria include: Participation; Fairness; Decency; Accountability; Transparency; and, Efficiency.	Each arena is then evaluated according to the criteria outlined above on a scale of 1 to 5, wherein 1 represents "very low" and 5 represents "very high" . Additionally, ratings are supplemented by comments which are included in the analysis for contextual purposes.
TI's Corruption Perceptions Index	Measures perceptions of corruption in the public sector.	The Corruption Perceptions Index utilizes secondary data collected from a variety of sources . Within the context of this Metric, secondary sources are required to rank the nations under investigation, with nations ranked by three independent sources .	The secondary datum included in the Corruption Perceptions index are comprised of opinion surveys of businesses of which multiple years are included if available, surveys of professional peoples and country/risk expert analyses of a nation's performance . Datum is aggregated in order to rank nations globally.	In 2009 this resulted in a total of 180 nations included in the CPI. Results are presented on a scale of 0 to 10 in which 0 represents a perception that the nation is highly corrupt and 10 represents the perception of a low level of corruption on the national level .
World	Measures various aspects of governance	The Worldwide Governance Indicators utilize	Data, which is comprised of surveys and polls , are	Results are presented in a scale ranging from -2.5 to 2.5 in which higher values are indicative of higher qualities of governance as well as

Bank's Governance Indicators	—data is comparable over time and across nations.	secondary data. In 2009 this data included various surveys and polls collected.	aggregated into the following categories of governance indicators: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; control of corruption.	percentile ranks. The aggregation process is complemented by the calculation of an explicit margin of error which captures any ambiguity said process may produce as well as any error which may exist in the underlying data.
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For more details on each of these metrics see Hultquist's 2010 short paper entitled TI Redux and the paper entitled Governance Indicators: Strengths and Weaknesses (2010)⁵.

⁵ Laura Hultquist has also prepared a spreadsheet where different types of indicators we wish to focus on during implementation are compared with data provided by each of these entities and their publications (see L.Hultquist Workbook). All of these items are appended to the main report, as we expect them to be helpful in the implementation and follow-up phase.

**Box 1: Measurement Criteria—
Validity, Reliability and Precision
Continued...**

Reliability: *does measure return consistent results? A corruption scale giving a country an eight out of ten one year, two the next, and five the year after that likely has low reliability. Equally useless would be a rating system producing divergent scores when applied to the same case by different observers. No measure will be completely reliable; indeed, what looks like strong reliability might in fact be a validity problem, manifested as insensitivity to change.*

Precision: *how finely should a measure be divided and expressed? Usually more precision is better: a “yes/no” corruption variable would be useless. High-, medium-, and low-corruption categories would be better, and numerical rankings more precise yet. But there can be false precision: it is more useful to know that a country’s population density is 255 people per square mile than to say that it is “moderate”, but neither useful nor statistically appropriate to express that measure as 255.34890634. One measurement can be more precise but less accurate than another: data claiming Country X’s population density is 255 people/mi² may be less accurate than a ranking of “moderate” if the true figure is 75 people/mi². Source: Babbie, Earl. 1995. *The Practice of Social Research*.*

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**Box 1: Measurement Criteria—Validity, Reliability
and Precision**

Validity: *do collected data actually measure what analysts claim they do? Some “measurements” draw on something in addition to, or other than, that which they claim to measure – or upon nothing at all. Concepts themselves do not exist in the real world, or have “real definitions” (Babbie, 1995: 116; Hempel, 1952). They are only constructs useful for categorizing objects or events, drawing out attributes analysts think they share. Empirical measures can never be better than approximations, and useful simplifications, of complex realities, and even the most careful definition is “nominal” only – expressed in words that are only approximations of those approximations. Empirical measures can never be better than approximations, and useful simplifications, of complex realities, and even the most careful definition is “nominal” only – expressed in words that are only approximations of those approximations. Analysts can assess validity in several ways (Babbie (1995: 127-128). Does a measure possess face validity – that is, does it have anything to do with the concept? Plugging climate data into a model of corruption might produce significant correlations, but analysts would not be measuring “corruption” or any other reasonable factor. Does it possess criterion-related or predictive validity, in the sense of predicting changes in other variables that theory tells us should be related? Or, a measure might be related to others in ways that are consistent with what analysts know about them, even if it does not “predict” them – an attribute called construct validity. Corruption measures, for example, should return high values where institutions are weak (Knack and Keefer, 1995). A measure with content validity works well across diverse aspects of a concept: corruption data should reflect all major varieties, not just bribery. Finally, a concept might have reference-group validity – that is, be judged sound by people with extensive knowledge of what analysts wish to measure.*

core problem with existing corruption indices. Disagreements over definitions of the concept are just one issue. More to the point, perceptions may reflect a wide range of influences, or types of “noise”, unrelated to the extent and seriousness of corruption in a society. Perceptions do shape important decisions, but the danger is that they will lead to an “echo chamber” problem (a detailed discussion appears in Thomas, 2009) in which officials and investors repeat what they hear from each other, giving anecdotes false authority through repetition (similar problems of ‘facts by repetition’ have been discussed with respect to informal economies and financial flows; see Passas, 1999, 2003). Corruption indices exhibit impressive reliability in some respects, with year-on-year results often correlating at upwards of $+0.95$, and such consistency is sometimes advanced as evidence that the indices measure something real. But reliability is not evidence of validity; indeed, results at such a high level of consistency, year after year, may be artifacts of underlying methodology (such as the re-use of some survey results), show insensitivity to actual trends, or even be evidence of the echo-chamber phenomenon itself. As for precision, it is possible to have too much of a good thing. One critique of the CPI in its early years was that by reporting results out to two decimal places – scores were given as, say, 3.87 and 7.22 – scores implied a precision greater than the number of significant digits justified by the underlying data. It might be more accurate to group countries into broad bands – high, high-medium, medium, etc. – even though such results would be less intuitively satisfying, not so easily plugged into statistical models (see the discussion of levels of measurement in the box that follows).

Corruption indices, and the scholarship and debates they have spawned, generally support much of what analysts had long suspected. Scores are worst for poor, undemocratic, and unstable countries. Multivariate analysis indicates that corruption is both cause and effect of a variety of economic and political pathologies. But when analysts move from an overall estimate of corruption across entire countries to actual reform and integrity-building for the long term, the requirements for feedback become considerably more demanding.

How much guidance do corruption indices give reformers? By way of illustration, consider what may well happen to single-number

perception scores for a country that has begun to take meaningful measures against corruption? At the very least, progress will be uneven, as will society's awareness that progress is occurring at all. In that setting, the uncertainty of scores may widen considerably, while changes in whole-country scores will be difficult to interpret. An effective anti-corruption campaign will produce revelations of wrongdoing, convictions, and countless new allegations. This is all the more likely in a democratizing country with citizens, journalists, and opposition figures feeling more free to speak out, and contending factions using corruption allegations to settle old scores. Citizens, officials, and anyone asked about perceptions of corruption may well have trouble distinguishing the bad news from the good. Reforms that break up corrupt networks may lead to a surge of overt, smash-and-grab corruption as desperate elites take as much as they can, as fast as they can take it (Scott, 1972; Knack and Keefer, 1995). *Perception scores could well worsen markedly, at least in the short run – as a consequence of effective reform.*

A related problem is that perception-based corruption measures could ironically become self-fulfilling prophecies (Andersson and Heywood, 2008; Williamson, 2004): that is, a reputation for extensive corruption could drive out much-needed investment and valuable international partnerships – the latter, in both public and private sectors. The resulting losses in aid, trade, infrastructure, capital, and engagement with the broader global economy (on this last point see

Box Two: Levels of Measurement

Measurements can differ in terms of levels of measurement. Higher levels contain more information and can be used in more elaborate statistical treatments, but analysts often see information at one level of measurement discussed or analyzed as though it were at another, usually higher, level.

Some measures are nominal, grouping cases into named categories that each embody some common characteristic, but among which no overall relationship exists (an example would be a list of public employees grouped by region or municipality). Others are ordinal, grouping cases into categories that again reflect a shared characteristic, but that can also be ranked higher or lower in terms of some attribute common to all. Analysts might, for example, place countries into high, middle, and low-income groups; all in the "high" category would be more affluent than those in the "middle" group, but there would be considerable variation within groups and no assurance that the differences among groups are the same.

Interval-level measurements array cases along a common dimension demarcated in units of identical size, but without a point indicating the complete absence of the attribute being measured. The Fahrenheit scale is an example: all values refer to a common attribute (heat), and a one-degree difference is identical across all values, but as its zero point is arbitrary a reading of 60 degrees cannot be interpreted as twice as warm as 30. An agency might survey citizens or clients, asking them to rate their satisfaction with its services on a minus-five to plus-five scale; while some ratings might be expressed as zero, that would not refer to a complete absence of satisfaction (and, as with the temperature example, a rating of 4 would not suggest twice as much satisfaction as a score of 2). Finally, ratio-level data also array cases along a dimension marked off in units of identical size, but possess a true "zero point"; thus, expressions of proportion are appropriate. A country with 50 million residents is twice as populous as its neighbour with 25 million. Level of measurement is an important issue: it is tempting to treat ordinal data as interval-level, for example, but the results can be misleading.

Treisman, 2000) will only make reform more difficult. Such a reputation could also lead to more intense interest in a country's scandals and corruption allegations, depending upon levels of economic or strategic interest in the country, on the part of both international and domestic news media, resulting in more reports of corruption and, possibly, even worse perception scores. Such intensified attention would be wholly appropriate, if analysts are confident that unfavorable scores actually signal worse corruption problems; but there are reasons to be cautious about such indices. Indeed, like a self-fulfilling prophecy and deviance amplification risks discussed by symbolic interactionism, a country singled out as highly corrupt might become more attractive to the wrong sorts of entrepreneurs or to criminal groups searching for a safe haven for unsavory activities. For these reasons, analysts must always remember that whether or not perceptions are useful in measuring corruption, gathering and publishing them in league-table form is an exercise in labeling as well – one to be undertaken only with great caution.

Current indices leave us with three serious practical problems:

- Most existing indices cannot track trends over time. CPI results are affected by the number and identities of societies being compared, as well as by annual changes in available data and the ways they are gathered. Those data are assembled, sometimes at long and irregular intervals, by different bodies with contrasting methods, budgets and agendas, and in some instances are re-used in the calculation of index scores for several years running. Societies differ in terms both of public knowledge of corruption and the presence of international organizations and businesses, and thus in the extent, speed and accuracy with which actual changes might become public knowledge. In any event it is unlikely in any society that all trends in corruption actually run in the same direction at the same pace; even if analysts had accurate country-wide data on changes over time, they would be of relatively little use to those in charge of reform.

Analysts know little about “lag times” between real changes in corruption and trends in perceptions: indeed, in some societies such connections may never be made, or may be overridden by rumors and officially-contrived distractions. Different sorts of events and changes seem likely to affect perceptions in different ways: major high-level scandal might move public opinion more quickly, and in more lasting ways, than more pervasive if less dramatic lower-level abuses. The gradual progress of specific local or agency reforms might be even less likely to affect index scores. Events are open to differing perceptions: the conviction or resignation of a major figure will be seen by some as signifying a major surge of corruption, and by others as evidence that reform is finally taking hold. Because of more elaborate scoring and computational methods, data that are not mapped onto a closed-ended scale (such as the CPI's 0-10 rankings), and country coverage that is more consistent year after year, results in Worldwide Governance Indicators may be somewhat better than the Corruption Perception Indicators at tracking changes over time, but Arndt and Oman (2006, Ch. 4) list strong reasons to be cautious with those data as well.

- The “single-number problem”: country-level indices compress differing types of corruption occurring in different segments of societies and governments into one-number scores (for a detailed critique of single-number assessments, see Arndt and Oman, Ch. 4 et passim.). Comparisons along the one-dimensional indices that result assume, in effect, that corruption is the same thing wherever it occurs, is distributed uniformly across all regions and

institutions of a society, and varies among countries only by degree. Statistical explanations of index scores apply the same substantive explanations everywhere. But neither corruption nor reform is a single national-level process. Each is a series of complex, highly specific, and often interactive steps to alter the ways wealth and power are pursued, used, and exchanged. Corruption is diverse and changeable; there are many forms (Johnston, 2005c) and contrasts within most societies. How much nepotism or patronage is equivalent to a certain level of bribery in road construction? Is that bribery comparable in importance to similar practices in arms contracting? Is corruption that is closely linked to violence simply a more serious case of the same thing that occurs when parking tickets are “fixed”, campaign contributions are misused or land gets deforested through illegal logging? No national score accurately reflects variations between Northern and Southern Italy, across Russia, or among Minnesota, Alabama, and New Jersey. Some countries have high-level corruption, others find it lower down the political or bureaucratic hierarchies, and still others see most abuses in electoral politics and patronage. Sometimes the problem centres around international trade or transnational crime, while in others cases it is home-grown.

Even where corruption has become endemic or systemic it feeds upon specific government functions, programs, and agencies. Reform requires “micro” knowledge of the incentives and constraints affecting behavior, and accurate feedback at those same levels of detail. Further, it is essential to demonstrate the effectiveness of reforms to citizens, political leaders, public employees, and would-be participants in future corruption. No single number can serve all of those purposes.

- From assessment to action: a third problem – one that becomes clearer when we distinguish between outputs (things the government produces or delivers) and outcomes (the broader results of government policy and actions for society at large) – is more subtle but equally troubling. Integrity does not reduce just to an absence, or significant decline, of corruption, as indeed our tentative list of threats to integrity (see below) implies. Corruption, even where it is severe, does not explain all that goes wrong in a government or society, nor does it negate all that is good. Policies may be poorly conceived and under-funded, the current state of knowledge may be insufficient for the problems policy makers and managers are tackling, and even the best governments are rarely nimble enough to keep up with the pace of social change.

Guidance and Feedback for Reform

Knowing that corruption is extensive does not, by itself, tell policy makers and agency managers what to change and what to leave alone. Integrity assessments must:

- Tap into the positive values analysts and officials seek – justice, a high quality of life, responsiveness and accountability in government, the efficient use of resources, and delivery of quality services.
- Be *policy-useful* or *actionable*, an awkward term for an important idea: the best assessment standards will point to specific vulnerabilities, rather than just reminding us that governance is generally out of joint, and to specific actions and countermeasures we need to implement.
- Finally, accurately reflect progress, or lack of it, if analysts, policy makers and managers are to know with any confidence whether reform efforts are succeeding.

Existing indices are likely to help us least in the countries with the worst corruption problems, and in those that are most aggressively tackling their corruption problems – the two groups of societies that are among the most pressing concerns. Perceptions may outrun, or lag behind, actual trends. Any comprehensive anti-corruption strategy will likely work better with some varieties of the problem than with others, and yet a single-number index will not be able to tell us much about those contrasts, where to attack first, or which aspects of a strategy are working and which are not. These are much more than mere methodological niceties. Analysts – and even more so, managers and reformers – need valid, reliable, and tolerably precise data of problems and progress that draw, as much as possible, upon objective data (a useful discussion of options appears in Arndt and Oman, 2006: Ch. 6).

Making assessments useful

The most persistent question faced by any effort to control corruption is “what works?” To aid in such assessments, measurements must be:

Detailed: whole-country index numbers are too general: both corruption and reform take place at the level of specific agencies, programs, and functions

Objective: assessments must begin with verifiable evidence rather than drawing solely on opinions, and be expressed in actual units rather than points on arbitrary scales

Non-invasive: the act of measurement must not change or bias that which is being measured, and should not undermine orderly agency functions or officials’ personal rights

“Policy-neutral”: measurements should not encourage some substantive policies or discourage others (Manning, Kraan, & Malinska, 2006)

Low-cost: because repeated assessments are essential, measurement strategies must be inexpensive, both in monetary terms and in terms of administrative effort

High in validity and reliability: any technique must measure what analysts claim it measures (validity), and return consistent values across multiple applications (reliability)

Transparent and easily understood: assessments must be easily understood by all; moreover, the best measurements will be interpretable in terms of positive values (accomplishments, accountability) rather than as stigmatizing individuals or institutions

Open for alternative interpretations: official summary and analysis will be offered, but the project needs to allow for independent analyses and discussion by scholars, NGOs, think tanks or other observers. All of these debates and policy discussion could then be used as resources for the global educational initiative launched in the spring of 2011 for the benefit

of the international academic and policy community by the United Nations and Northeastern University jointly with the OECD, the International Bar Association, the International Association of Anti-Corruption Authorities, the International Anti-Corruption Academy and many others.

Trackable over time: we need to demonstrate progress, or lack of it, and *successful leaders and managers should be able to claim credit for their accomplishments*

Actionable/Policy-Useful: assessments should not only show that a situation is bad or good, improving or deteriorating, but should also point directly to improvements likely to succeed.

Country-level corruption indices have played a valuable role in drawing attention to serious governance issues, but the IB strategy (outlined below), based on carefully chosen indicators of government performance judged against benchmarks compiled across comparable agencies and jurisdictions, can be much more useful. The differences between those indicators and benchmarks suggest the effects of past corruption and highlight current incentives and opportunities sustaining it in ways to be explained below. Unlike most corruption indices, such data, gathered repeatedly, can identify specific risks and “hot spots” and trends in vulnerabilities, point to specific countermeasures, and estimate the effects of reforms. They can be made widely understandable, encouraging citizen involvement in assessments, and can be used to *emphasize positive integrity accomplishments* instead of stigmatizing agencies or jurisdictions with the label “corrupt.”

Towards an Alternative Approach: Indicators and Benchmarks

The Indicators-and-Benchmarks strategy employs specific data on governance, not aiming at measuring corrupt practices but rather to facilitate broad-based assessments of integrity and illicit opportunity controls. The focus is on what a government does, can do and ought to be doing. This is consistent with two criminological traditions; the anomie and opportunity structures (Cloward and Ohlin, 1960; Merton, 1995; Passas, 1995) and the one on situational controls and effective guardianship (Cohen and Felson, Peel et al., forthcoming). The point is that growing and better controls will reflect the priorities of a given government agency and the effectiveness of its policies, which should lead to lower levels of corruption in the future. The strategy begins with agency-specific data on public performance. By comparing those data with a variety of benchmarks, it offers targeted assessments of *resistance to corruption and risks to integrity*. To be maximally effective, the IB approach should be part of more comprehensive assessments of contexts, trends, and the quality of policy and service outcomes for society. With respect to Brazil, this means coordination with the national strategy and other programs as well as with state, regional and international initiatives in which Brazil actively participates.

We propose to assess vulnerabilities to corruption through data on government activities – for example, the degree of using exceptions to competitive tendering modification in contract

management and how quickly and accurately invoices are paid; how much time and how many steps are involved in obtaining a license, how much a government pays for commonly procured commodities such as petrol or concrete, how often (and with what results) it carries out routine inspections, how reliably and equitably taxes are assessed and collected, etc. Those data will be compared to similar evidence gathered in comparable agencies and jurisdictions—data providing benchmarks embodying the norms and broader trends of performance. If issuing a license in city A involves many more steps and much delay when compared to other cities, for example, we are likely seeing some of the cumulative effects of past corruption (officials have learned ways of extracting income through added requirements, “lost” documentation, delays, etc.) (or alternatively the effects of exaggerated anti-corruption efforts seeking to introduce controls that turn out to be counter-productive) and incentives that continue to sustain abuses at present (businesses and citizens, frustrated by long delays and pervasive uncertainty, will be more tempted to pay up - ‘speed money’ - in order to bring the process to an end).

As the examples to come will show, such data can be far more detailed than the results of any existing “corruption index”, and can identify agencies or governments where problems are pronounced. The data can track trends over time—another major contrast with the available indices—enabling policy makers and managers both to judge the effects of reforms in considerable detail and to reward governments, officials, and communities for positive change. Most importantly, the results of such assessments of corruption risks and vulnerability are policy useful, pointing directly toward steps that need to be taken or considered: where slow processes are perpetuating corruption, officials know where they must speed things up. Finally, the strategy emphasizes not just “outputs” or “performance” of governments, but also broader outcomes for the society. Do officials know, and respond effectively to, social problems and the wishes of citizens? Are powers and resources used not just honestly and efficiently, but also *effectively*, for the well-being of communities and societies? Do citizens have ways of demanding accountability, and are their needs, wishes, and complaints taken seriously by those who make and implement policy?

Implementing such a detailed yet broad-based strategy will involve careful efforts to encourage and reward co-operation, and good-faith provision and assessments of data, by officials, political leaders, and citizen groups. A key point in that connection is that the results of the indicators and benchmarks process will be useful to political leaders and agency managers (e.g. providing relevant warning signals on risks), not threatening to them. The goal is not to devise another corruption ranking, but rather to provide detailed comparisons over time at the function, program and agency level that will identify vulnerabilities and actions likely to produce improvement. The scheme need not be resource-intensive: many of the sorts of data involved are items that governments gather anyway, or may easily compile with small administrative changes. The data will allow them to demonstrate progress toward major positive goals of good governance – not require them to engage in a process of labelling themselves, or their governments, as more or less “corrupt” – and, equally important, *to take credit for success*. That last point is a critical, yet often-overlooked, aspect of official commitment toward integrity and public sector reform—one that is far more realistic and attainable than ritual appeals to “political will”.

Indicators and Benchmarks

Rather than attempting to estimate overall levels of corruption as a free-standing problem, the strategy outlined here begins with corruption vulnerabilities and corruption resistance (Gorta, 2006) and links those concerns both to public agencies' internal climates and to broader outcomes in—and participation by—society as a whole. The key throughout is the pursuit of integrity – thought of in terms of justice, transparency, accountability and efficiency. This proposed Indicators and benchmarks (hereafter, “IB”) strategy is not without its gaps and difficulties. It requires considerable co-operation and lasting commitments to honest implementation. And it will not be appropriate or feasible everywhere. Still, it represents a step forward.

Most of the data involved are objective, in the sense that they do not rely upon perceptions reported by distant observers. Others are subjective but draw upon officials' and citizens' actual experience; they bring a wide range of interested parties into the evaluation process, building accountability, credibility and - over the long term - a convergence of standards and interests. Targeted assessments of where a specific agency or program stands in terms of controlling corruption, vulnerabilities and indicating specific countermeasures can be made, and then can be used for subsequent assessments of progress. Factors building or increasing resistance to corruption can be identified, and linked not just to quantifiable outputs of government but also to more general outcomes (OECD 2005). All of these aspects of integrity can be assessed in terms of real, easily-understood, units of measurement – not arbitrarily defined points on a perception scale. Conceivably most important, trends over time can be tracked in detail – an essential element of any integrity-building effort, and of figuring out “what works”, yet one that has proven elusive heretofore.

What Do We Mean By “Integrity”?

As with corruption indices, whose virtues and problems will be discussed below, any discussion of integrity raises questions about definitions, and raises important normative issues that must be acknowledged. But even more basic, as Christiane Arndt (2008; see also Arndt and Oman, 2006) argues, is the need to be clear on what we mean by “integrity”:

- What should governments do, how should they do it, and where are the main determinants of success or failure to be found?
- Who decides, on what criteria, whether success or progress is being attained?
- How do the various components of integrity relate to each other, and is there a hierarchy among them?

These questions and the normative values and notions of legitimacy and loyalty that animate them, have been debated since the time of the classical Greeks (Dobel, 1978), and the role of *virtue* in the arts of government have been an issue since at least the time of Machiavelli (see, for example, Shumer, 1979). Such questions can scarcely be resolved here; indeed, neither integrity and corruption, nor the proper role of government will ever be defined in a neat and universally accepted formulation.

A sound starting point is offered, however, by Bourgon's (2007) idea that “Public administrations are a vehicle for expressing the values and preferences of citizens, communities, and society as a whole.” They are also a means for resolving conflicts and tensions. Officials and agencies who understand those values and preferences, pursue them in good faith, and are open to scrutiny and feedback from “citizens, communities, and society as a whole” are governing with a high level of integrity. Thus, integrity requires far more than the

absence of corruption; a working definition must rest upon positive values and include the outcomes, not just processes and specific outputs, of governance. Van der Wal, Huberts, van den Heuvel, and Kolthoff (2006), comparing public- and private-sector ethics, add that:

Integrity, meaning “wholeness” in its original sense (the Latin word *integritas*), is...(acting or being in) accordance with the moral values, norms and rules, valid within the context in which one operates... Within an organizational context, it denotes 'the quality of acting in accordance with the moral values, norms and rules accepted by the members of the organization and its stakeholders. Integrity is a quality or characteristic of individual or organizational behavior; it may even be considered an individual and organizational virtue.

Thus core values of integrity must be specified in terms of broad fundamental values.

Possibilities include:

- Justice, equity to promote the public interest
- The rule of law, both as a goal in itself and as a component of justice
- Transparency, openness
- Accountability
- Efficiency

Any list of core values of integrity is rightly open to challenge and debate. Moreover, none of the terms in the list is easily defined. For this discussion, **justice** refers to actions and decisions by officials, agencies, and society that reflect and enhance basic fairness, equity and respect for human rights and dignity in order to promote the public interest. **The rule of law** means that government acts through, and is bound by, legislation and related rules that are enacted in legitimate ways and known to the public; within such a system, no individual is above the law. The rule of law and justice also mean effective and consistent accountability, detection and sanctioning of abuses and other misconduct. **Transparency** empowers citizens, journalists, civil society groups, and other outsiders to examine the operations of a public organization, to publicize their findings and act upon them, and, in some instances, to intervene in official dealings where transparency has been restricted or problems have been revealed.

Accountability is the capacity of those who delegate power and resources to require the officials and institutions entrusted with them to explain, justify and document their actions, and to demand that substantive and procedural shortcomings be addressed. **Efficiency**, in a strict sense, may be thought of as maximizing units of output (say, miles and quality of paved roads) per units of input (funds, labor, materials), much as in private business. Clearly, a public organization that wastes money and produces poor-quality services is not contributing to integrity (and will offer numerous opportunities for corruption). But “efficiency” in the public sector, and particularly as regards corruption assessments and control, is a complex and problematic notion, as we shall see below, and might also involve effectively and faithfully converting public opinion and resources into action.

Threats to Integrity

Threats to integrity come in many forms and from numerous sources. Corruption is perhaps the most commonly-emphasized threat, and the renewed emphasis and study it has received in recent years have been welcome developments. The well-known formula of Klitgaard:

corruption=monopoly+discretion-accountability raises additional points (Klitgaard, 1988). Both these and other threats concern us as well:

- Weak or abusive internal accountability: officials may be poorly supervised and evaluated; or, accountability links and processes may be used to encourage, require, conceal and reward inappropriate activities.
- Weak or compromised external accountability: feedback from the public and other outcome assessments may be insufficient, biased, or devalued; public participation may be discouraged or used to conceal – or justify – poor outcomes; agencies and officials may be unresponsive to citizens and to goals of policy; enforcement may be inconsistent and selective.
- Political interference: while political officials can and should exercise oversight over public agencies, such interventions can become self-serving, abusive, or disruptive. Distinguishing between legitimate oversight and political interference may not be easy. While excessive intrusion of politics into administration is a clear threat to integrity, efforts to isolate the two from each other can end up producing an unaccountable administrative apparatus – one that may well serve its own goals first.
- Poor internal administrative controls: many familiar vulnerabilities fall under this category, including insufficient control over funds, supplies, and information; poor recruitment and training practices, theft of time and services, and so forth.
- Unclear/contradictory/unattainable/illegitimate goals: officials who are not sure of the purposes served by their jobs and agencies, or who are expected to pursue goals that are too numerous, contradictory, cannot be attained, are illegal or otherwise undesirable are unlikely to attain high levels of integrity.
- Resource problems: agencies that are starved of key funds and resources, or that are given the wrong mix of resources, will serve few positive values and be unable to respond to the public or stated policies. Lack of adequate resources can undermine the pursuit of strategic and long-term goals, forcing even well-meaning officials to deal with the urgent rather than the important (e.g. the situation in Greece during the current financial and governance crisis). It can also lead to incomplete projects, ineffective work and other problems hurting the credibility or legitimacy of the agencies and thereby fuelling incentives for corrupt practices. Lack of adequate resources also paves the ground for blind eyes or even participation in illegal activities as ways of supplementing insufficient state budgets (e.g. illegal logging and Indonesia).
- Too many resources, on the other hand, can encourage waste or diversion of goods to private purposes, while procurement from the wrong sources can be a sign of waste, corruption, and political interference.
- Faulty division of labor: who is supposed to do what in an agency, answerable to whom, is a key question. Where tasks are overlooked or put into too many hands, key values will go unaddressed. Of particular concern in this regard are monopolies – often, a risk of corruption and weak accountability
- Inappropriate or unchecked discretion: no set of working rules can anticipate all contingencies, and a degree of discretion is usually essential. Appropriate levels of discretion can keep morale high and the connection between means and ends clear. But uncontrolled discretion invites abuse, waste of resources, inconsistent outcomes, weak accountability, and external interference. Eliminating discretion can also do harm, however, by discouraging

innovation, adding to bureaucracy, slowing things down, reducing morale, and impeding responsiveness to the public as officials fall back upon “by-the-book” conduct.

- Unrealistic targets. While zero tolerance and absolute integrity goals are critical long-term objectives, dogmatic insistence on them from the very beginning of long-term anti-corruption efforts designed to change attitudes and values as well as behavior and lack of flexibility and prioritization can be counter-productive and alienate stakeholders or undercut the sustainability of governance reforms (see for example, Anechiarico and Jacobs, 1996).
- Inappropriate social expectations: while agencies and officials must listen to the views of citizens, the latter should be aware of what can and cannot be expected of government, and those standards must be followed consistently. Officials must be able to distinguish appropriate from inappropriate public expectations and to be prepared to distinguish between legitimate innovation and the abuse of power in responding to new and unusual demands that may fall into grey areas. Disjunctions between what is socially expected (and/or culturally promoted) and what is structurally realistic are known sources of deviance and crime (Passas, 1997, 1998). Good governance and integrity programs need to aim at the promotion of values and expectations consistent with available legitimate means.
- Clientelism: too close a relationship between political leaders and officials, or between them and citizens, can produce a situation in which power and resources are used less to pursue stated policy goals than to reward personal or political allies and clients. Favoritism is a closely-related threat as well; in both cases access to services and benefits becomes less a matter of legitimate qualification and need than a question of “who you know” and, often, what you are willing to do for the politician or leader providing the benefits.
- Capture: just as political and bureaucratic influence can extend too far into society, private interests can intrude upon government functions. In many cases the result is corruption of familiar forms, but in some instances the result is the colonization or outright capture of agencies by private interests. Regulatory agencies overseeing a particular industry may be “captured” by that industry, through a number of types of connections. A related risk is “soft capture”, in which an agency becomes so dependent upon an industry for information, services or implementation of policy that it loses the ability to act on its own.

These are not just conceptual issues in the understanding of integrity. As we will emphasize below, while the IB approach offers us subtle and valid ways of assessing integrity, corruption is just one of many factors undermining performance. We cannot explain all governance problems with reference to corruption alone. Conversely, even if we could eradicate corruption, other governance and integrity issues would remain. While the IB strategy can give us an assessment of corruption on a level of validity and detail heretofore denied us, its methods and results, and the reforms it prompts us to launch, must be viewed within the broader challenges and values of accountability in a democratic and rapidly-developing society. At the same time, any effort to promote and protect integrity must be based on sound assessments of the state of governance and trends in its quality. Of the various threats enumerated above, corruption has proven to be among the most difficult to assess in valid and reliable ways. A variety of corruption measures have been devised over the past generation. They have made important contributions to the drive for better government, but their flaws must also be understood if we are to make our assessments more valid, reliable, and sensitive to changes.

Part Two—A Look at Brazil

As is the case in virtually every single country in the world, corruption has posed a serious challenge for Brazil. In the past, corruption appeared to be endemic with many cases of political corruption and scandals. National attitudes toward the problem were summarized by the saying “*ele rouba mas faz*” —he steals but he gets things done!

The history of corruption in Brazil is replete with examples of political corruption including the corruption under military dictatorship, the case of President Fernando Collor de Mello, the “budgetgate” scandal (Fleischer, 1997), as well as the more recent “melsalao” scandal. As Taylor and Buranelli (2007) have noted,

Corruption is a recurring political issue in Brazil. Large scandals have erupted over the course of each of the postdemocratic presidencies. Jose Sarney faced a congressional inquiry that found endemic corruption in his administration; Fernando Collor was famously impeached for corruption; Itamar Franco’s government saw an enormous scandal regarding the congressional budget committee’s misappropriation of funds; and the Fernando Henrique Cardoso administration faced allegations of vote buying to ensure passage of a constitutional amendment permitting re-election, among other scandals. In 2005, ... Lula’s government and his Worker’s Party (PT) were also rocked by a huge financing scandal. Funds allegedly were diverted—either through illicit campaign contributions or through phony public contracts, it is not clear which—to pay the PT’s campaign costs and “reward” congressional allies. The allegations led to a proliferation of congressional investigations, captured enormous media coverage (most comically when one PT member was arrested at the airport with one hundred thousand U.S. dollars stashed in his pants), and contributed to the rapid resignation of Lula’s influential chief of staff, the president of the Workers’ Party (PT), and a number of other top officials. (Taylor & Buranelli, 2007; p. 60)

Brazil’s international ranking in Transparency International’s Corruption Perceptions Index has remained near 3.7 (on a scale of 1 to 10 in which higher scores indicate less perceived corruption) for the past decade with a low in the year 2006 (3.3) and a high in the years 2001-2002 (4.0).

Brazil is probably no more corrupt than other countries of similar size and wealth. It came out better than China and India and a long way ahead of Russia in the latest index of perceptions of corruption compiled by Transparency International, a German NGO. Brazil is blessed with competitive and aggressive media and tenacious institutions that investigate such scandals, revolving around the public-prosecutor’s office, a semi-autonomous part of the federal government and its local equivalents.⁶

The NGO Global Integrity has also made assessments of Brazil. The results of the first one⁷ are

⁶ The Economist. (2010). *Corruption in Brazil—The Money Trail: Many corruption scandals stem from the high costs of politics, and unrealistically tight campaign-finance rules*. Retrieved from: http://www.economist.com/world/americas/displaystory.cfm?story_id=15580390

⁷ An Investigative Report Tracking Corruption, Openness and Accountability in 25 Countries

as follows:

- Strong results (score 80-90 out of 100) for the categories of Electoral and Political Processes and Branches of Government
- Moderate results (score 70-80 out of 100) for the categories of Civil Society, Public Information and Media, Oversight and Regulatory Mechanisms, and Anti-Corruption Mechanisms and Rule of Law
- Weak results (score 60-70 out of 100) for the category of Administration and Civil Service.

As of the publication of this 2004 report, Brazil had not in place an independent and centralized anti-corruption body. Anti-corruption initiatives were spread out across a number of uncoordinated offices. At that time, the judicial authorities were characterized as anachronistic and the police as corrupt.

The Corruption Notebook highlighted the lack of a freedom of information, legislation allowing for the classification of documents for indeterminate time periods as well as the lack of independent media.

The Corruption Timeline outlined the history of corruption beginning with the transition from military regime to a democratic federation with the election of Fernando Collor de Mello in 1989. The timeline progressed through various political corruption scandals, beginning with the impeachment of Collor and up to the 2003 decree creating a Commission for Public Transparency and Combating Corruption.

The Integrity Scorecard indicated that laws criminalizing corruption, extortion, offering and receiving a bribe, bribing of foreign officials, misuse of public resources for private gain, using confidential state information, money laundering, and conspiracy to commit the aforementioned acts were already in place. The enforcement of these laws, however, was called into question citing a “culture of tolerance” in regards to corruption. The scorecard then outlined various issues associated with the Public Ministry including the lack of insulation from political influence, lack of sufficient staffing, power, independence in regards to initiating investigations, and reporting mechanisms.

The second Global Integrity assessment took place in 2006⁸ and reported

- Strong results (scores 80-90 out of 100) for the category of Electoral and Political Processes
- Moderate results (scores 70-80 out of 100) for the categories of Branches of Government, Oversight and Regulatory Mechanisms, and Anti-Corruption Mechanisms

(2004) --

<http://www.globalintegrity.org/reports/2004/docs/2004/2004Brazil.pdf>

⁸ Global Integrity 2006 Country Report—Brazil:

<http://www.globalintegrity.org/reports/2006/pdfs/brazil.pdf>

and Rule of Law

- Weak results (scores 60-70 out of 100) for the categories of Civil Society, Public Information and Media and Administration and Civil Service

The Corruption Notebook for this year's publication focused on the culture of corruption, citing the decades old Gerson's law: "take advantage of every situation to get ahead." The report illustrated this culture through several recent cases of corruption and noted how Brazil began to put a fight against it.

"As to the causes of corruption, we must say it is a bit cultural. Still, we just can't wait for a solution to fall down from heaven. We must invest in instruments, like the CGU, to prevent and punish corruption," said Luiz Navarro, head of the corruption prevention and strategic information unit at the Federal Comptroller-General's Office (CGU—Controladoria Geral da Uniao), a federal watchdog agency.

The CGU itself is a part of democratic advancement, has become a key and effective institution, as it monitors the billions of reais the federal government annually provides to about 6,000 municipalities (see more on CGU below).

Notable additions to the Corruption Timeline include recent investigations of corruption including the Banestado investigation (2004) and the "bloodsucking mafia" investigation (2006) as well as the streamlining of the judicial system by a constitutional amendment (2004). The Public Ministry is again graded poorly for its lack of independence, though at this point staffing and reporting mechanisms were not seen as an issue. The judicial system was painted in a more appealing light, even though it noted the high cost of trials (exceeding the median income levels) and discriminatory practices in sentencing.

Business perceptions on the part of domestic and international companies operating in Brazil have been compiled by a Christian Michelsen Institute (CMI)- Transparência Brasil report⁹. The findings were consistent with the results of our interviews with the private sector during our outreach¹⁰. Corruption

⁹ Tina Søreide and Claudio Weber Abramo (2008) CMI Report: Collaboration on Anti-Corruption Norway and Brazil:

<http://www.cmi.no/publications/file/2935-collaboration-on-anti-corruption-norway-and-brazil.pdf>.

¹⁰ Older studies by Transparencia Brasil are also cited in the CMI report, esp. from a 2003 survey, where the main findings were as follows: "A survey of 78 private firms conducted in 2003 by Transparencia Brasil and Kroll showed that corruption was ranked in second place (after high levels of taxation) among fourteen perceived obstacles to the development of the private sector. Another investigation, sponsored by Transparencia Brasil, the World Bank and the municipality Sao Paulo, among firms based in that city, also ranked corruption as the second most important (after violence) of eight obstacles.

Besides collecting the opinions of private firms' representatives about various aspects of the relationship between the State and society, both surveys also attempted to assess actual experiences with bribery arising from different types of interactions. In the TBrasil/Kroll survey, about half the firms declared that they participate or tried to participate in public tenders.

Private firms in Brazil report that corruption is one of their main constraints. According to one survey, a majority had been asked for bribes in connection with procurement or taxation. A significant proportion of private companies stating [sic] a willingness both to participate in voluntary anti-corruption programmes and to pay/invest money in order to reduce the problem.

The challenges in Customs regulation and procedures emerged as another common theme during our interviews and the CMI report. The regulations are widely regarded as too complex while bureaucracies are too slow procedures and burdensome. They clearly represent a major source of corruption. As one of our own interviewees put it, there is a tendency to “*crear dificultades para vender posibilidades (create difficulties in order to sell options/solutions)*”. That is, in many instances, the bureaucracy is intentionally kept and accentuated, in order to generate demand for bribes and favors.

Public procurement is another commonly recognized vulnerable area of high priority. A common form of corruption in public procurement is through the definition of terms and conditions such as to “preordain the result”.

Among those, 62% said that they have been asked for bribes. Concerning taxation and other dues, 53% of firms reported having been subjected to requests for bribes or other indirect payments. State taxes, as opposed to municipal and federal ones, were identified as the most vulnerable to corrupt practices.

Of course, opinions about corruption reported in surveys cannot be taken as a measure of the actual phenomenon of corruption. It is very difficult, if not impossible, to separate the objective factors that might produce such opinions from the subjective factors arising from general feelings and hearsay. (...)

The trend to institute an internal environment in which corruption is at least formally condemned was clearly reflected in the TBrasil/Kroll survey. 78% of the respondent firms had adopted (in 2003) an internal ethics code explicitly prohibiting the payment of bribes to public officials. At the same time, however, 21% of these same firms stated that their managerial policies implicitly recognize the fact of bribery, and hence that they in some way have to adjust to their business environment. (...)

About half the firms (56%) maintained an internal mechanism (hotline or equivalent) enabling people to denounce cases of corruption. Most of these (89%) claimed to protect whistleblowers from retaliation.

However, when asked how many reported cases of corruption has been subsequently investigated and denounced, there was no significant difference in frequency among firms that maintained such mechanisms and those that did not (32% vs. 30%). Nor is the existence of an ethics code prohibiting bribery correlate significantly with reported cases. In fact, firms without an ethics code reported more internal cases (32%) than those with such a code (20%). A total of 14% of firms declared that employees have been punished for having taken part in acts of bribery”.

(Source: Corruption in Brasil: Perspective from the Private Sector, 2003—Retrieved from: <http://www.transparencia.org.br/docs/private-sector-2003.pdf>)

The CMI report refers to the ease of illicit capital flows through porous borders, which is exploited both by criminal groups (see more on those below) and companies or businesses. Our interviewees discussed also the existence of ‘doleiros’, that is informal money transfer intermediaries, who facilitate both legitimate and illegitimate capital flows between Brazil and L. America as well as the rest of the world. The impact of doleiros, according to financial services company representative, has been recently curtailed by action taken by the Central Bank, so most corrupt flows may be expected to go through the conventional banking system. In our interviews, a serious concern was voiced also about the practice of trade-facilitated money laundering and financial crime, including the payment of bribes and other offenses. The authorities in Brazil, including the Financial Intelligence Unit (Conselho de Controle de Atividades Financeiras (COAF)¹¹), are keen on domestic coordination and international cooperation in order to prioritize and address this issue.

Additional insights were gained through interviews with the financial sector, who made the following main points:

- Current politically exposed persons (PEP) definitions used by the Central Bank and related rules are inadequate – they need to be revised and made much more comprehensive. In practice, some of the banks (the global ones), use definitions from the European Union (EU) or USA – if they applied the Brazilian definition, three quarters of their output would be lost.
- Payers’ tax ID code needs to be provided to banks – in Brazil, you can only open and maintain a bank account with a Brazilian tax ID. This is then what identifies you – otherwise, there are too many common names that cause false positives with bank compliance filters. So, the request is to publish names of public officials/PEPs with their tax ID numbers.
- The anti-money laundering (AML) law is very weak and hard to apply – there is a need to introduce a law in line with EU or USA – see FATF Brazil evaluation for details (available on the fatf-gafi.org website)
- A quite important issue with respect to PEPs and asset recovery is that bearer shares of companies are allowed in Brazil. This makes it much harder to establish beneficial ownership. In their view, this represents a huge vulnerability and funds or payments can be made through such shares. Rules must become much more rigid in this respect, so that banks can engage in deeper due diligence, when necessary.
- Safe harbor is available for banks, which are authorized and expected to file suspicious transactions reports (STR) for any misconduct/predicate offense they might suspect. At the same time, they are concerned about what happens to their reports and what feedback they receive. For example: you can file an STR on the son of a Minister, but what comes out of it? They pointed to deficiencies and limitations with COAF (mostly capacity issues) and, more importantly and to the point, judiciary (a point repeated by virtually everyone interviewed). They were all in support of amendments to the legal system so that you do not have endless appeals, delays and prescription of offenses,

¹¹ COAF’s website is at <http://www.fazenda.gov.br/coaf>

leading to impunity. A bill is apparently in place – so an update on this would be important and can be used as a qualitative indicator of progress in this respect.

- Bank secrecy rules are also under revision and need to strike a better balance between the interests they serve (privacy, integrity of system, crime control etc.) In general, they hope we will be able to include some indicators with respect to the legal system and the way justice in general works.
- Moreover, real estate and precious metals sectors are not well regulated, even though they are also ‘reporting institutions’ (i.e. they have to file STRs to the authorities).
- All suspicious transaction reports go electronically to COAF (more on this later), which analyzes data and passes some of them on for investigation/prosecution to other authorities.
- For all cash transactions of 10,000 reais and up, a currency transaction report must be filed with COAF. For all transactions over 100,000, the bank must ask for and obtain an explanation from the customer on the details of the transaction.
- Some of the corrupt payments modus operandi involves the transfer of funds out of Brazil and then back again. Some examples they mentioned referred to over-payments for construction/building projects. A suggestion made here was to include community groups/laypeople from the concerned communities in the monitoring and audit of these projects, as they would have a good sense of proper costs and local practices.
- Compliance officers also reported that long delays in licensing processes lead to the demand for bribes and the use of intermediaries acting on behalf of public officials for speed money.
- Another example generating a market of intermediaries and access to decision makers was related to school materials or refurbishing projects.
- Access to funds/receipt of payment for services rendered is 60-90 days – in most cases, payment does not occur fast enough (this is an easy Performance Indicator to be included at a later stage).

The problem of lengthy delays for licensing was brought up by company representatives in other sectors as well. They pointed out that there are licensing processes at all three government levels: federal, state and municipal. To them, the municipal is clearly the most vulnerable. The saying cited earlier about creating difficulties in order to sell opportunities applies equally well to this issue too. It is important to note at this point the willingness of at least several corporations to team up, collect and share information and data on delays and other administrative issues. This can be very helpful, as it will supplement information from the private sector to compare and contrast it with data coming from public agencies.

Cash transactions are common, but to several interviewees, many of them are possibly illicit. In Brazil, cash transactions report must be filed for amounts over 10,000 reais. For amounts over 100,000 reais, an explanation has to be kept on file. Limiting cash transactions is seen as desirable – so this could become another performance indicators suggesting reduced opportunity for corrupt practices. In the meantime, an analysis of the explanations given for the cash transactions – despite the existence of bank services throughout the country - would be

interesting and instructive.

With respect to construction projects, it was suggested that the auditing of construction projects should be done with community involvement. The goal would be also to change culture and make people feel that they contribute to the protection of public funds. Communities are also in a good position to judge discrepancies between the original value with the final cost of construction.

The executive branch has data on these issues – at municipal level as well. CGU can make these data available. A performance indicator could be focused on trends in discrepancies between original calculations and final cost across the country (not all but a significant number of municipalities). One could also compare original time schedule and final length of construction. A related issue was that of quality and specifications audit of public works – interviewees suggested that there is a need for performance indicators in this direction too. Finally, improvements in the auditing of public works (frequency, staff, training, seminars and capacity building) might be additional areas to focus on. CGU does some of this and a lot is also done through distance learning. The Instituto de Fiscalizacao e Controles focuses on these matters and teaches NGOs on how to participate and contribute.

With respect to environmental rules and requirements, the main concern noted by interviewees was with the extremely bureaucratic way the government operates, which makes it

- Time consuming with many delays
- Costlier
- Causes competitive disadvantage compared to works and companies in other countries

In a constructive spirit, suggested measures to improve the situation were the following:

- simplify the regulatory arrangements and reduce the number of rules
- reduce ambiguity of rules, which gives officials discretion and leads to diverse outcomes and uncertainty
- improve governance
 - establish career path for officials
 - reduce turnover
 - improve supervision of younger officials

All of these are also measurable and can be monitored as special performance indicators by concerned agencies.

According to the World Bank's Worldwide Governance Indicators, which have ranked Brazil in the 25th-50th percentile in the categories of rule of law and political stability, and 50th-75th percentile in the categories of control of corruption, regulatory control, government effectiveness and voice and accountability consistently since 2002.

A study carried out by the World Bank, released on June (sic) 2009 has shown that, in the last 10 years, Brazil has not shown any progress in the corruption fight matter. This study reveals, yet, that Brazil has not significantly developed in this matter, in spite of a slight improvement in the 2007 and 2008 indexes ("statistically irrelevant" improvements, under the Bank's criteria).

From 2007 to 2008, Brazil passed from -0,21 to -0,03, in a scores (*sic*) that varies from -2,5 to +2,5, and in which positive numbers represent the best results. The margin was 0,14 point (*sic*).

Following different criteria of evaluation, the authors of this study affirmed that 58% of the countries of the world are worse than Brazil in corruption fight (*sic*). Last year, this country was better than 52% of the other countries.

In spite of the stability of the indicators, World Bank's director for Brazil, Makhtar Diop, said that there is, in practice, a "generalized impression" that the country is living a "positive moment" for the corruption fight and that "the general impression is that Brazil has been making progress during the last decade, specially by the implementation of control mechanisms and by creating a favorable environment for corruption fighting measures."¹² This is evidenced by the recent initiatives under the direction of President Lula's government, which have revitalized anti-corruption across the nation.

Bruno Speck has pointed out the strong nexus between public officials and criminal entrepreneurs. The illicit relations range from protection against control actions to illegal political finance and grand embezzlement. For example, a former national representative influenced police actions to protect criminal gangs: "The connection of former national representative Francisco Pinheiro Landim from the state of Ceará to drug trafficker Leonardo Dias Mendonça shows the kind of service members of Congress can provide to drug traffickers. A federal police investigation in 1999 uncovered Landim's trading of *Habeas Corpus* to drug dealing entrepreneurs" (Speck 2010). Illegal finance of elections campaigns and other influence by organized criminal groups were revealed in the *jogo do bicho* case:

The *jogo do bicho* entrepreneurs were financing not only the samba schools in Rio de Janeiro, but also paying off journalists, nonprofit organizations, members of the police, and judges. Several politicians received campaign donations from the gambling bosses. The amounts spent on each election campaign by the gambling business alone in Rio de Janeiro were estimated at US\$2 million.

The support of *bicheiros* to candidates for elected office was not limited to financial support to election campaigns. The social recognition, esteem and credibility and the widespread network of gambling would allow the patrons to provide electoral support to politicians by directly influencing voters. During the 1986 campaigns, prominent members of the gambling business supported the gubernatorial candidate Moreira Franco, by personally and publicly asking their followers for their votes. According to newspaper reports, during the 1990 elections, gambling bosses in Rio de

¹² Machado, Ana Mara Franca. (2009). *The Fight Against Corruption in Brazil: An Analysis of the Legal System and the Internalization of International Politics*. Retrieved from: http://www.allacademic.com/one/www/www/index.php?cmd=www_search&offset=0&limit=5&multi_search_search_mode=publication&multi_search_publication_fulltext_mod=fulltext&textfield_submit=true&search_module=multi_search&search=Search&search_field=title_idx&fulltext_search=The+Fight+ag+ainst+Corruption+in+Brazil%3A+An+Analysis+of+the+Legal+System+and+the+Internalization+of+Internat+ional+Policy (p. 3)

Janeiro would print the names of the candidates that they supported on the back of betting slips, thereby reaching thousands of voters on a daily basis. Such lobbying for votes was built both on the social roots and credibility of the *jogo do bicho* in their communities.

The protection expected from the political elite consisted mainly in the absence of efforts to enforce the law prohibition on gambling. This included the governors who nominated chiefs of police who could be trusted to turn a blind eye to gambling activities in territories of those *bicheiros* that had supported his election campaign (Speck, 2010).

State public officials in different parts of Brazil have been shown to abuse their power and loot public resources:

In 2002, investigations in Espírito Santo revealed this state had been plundered by a group of state legislators. Similar situations were uncovered in the state of Rondonia in 2006 and in the federal district of Brasilia in 2009. In this latter case, the force behind the scheme was the governor, with the support of legislators. In all three cases, the network that worked to siphon off state resources and protect the scheme from investigation extended to the state audit office, the attorney general and the tribunal of justice. He was an important founding father of the PSDB party, when it moved out of the PMDB in 1988 and was the leader of the government in the Senate during the Collor government (1991-92). José Ignacio Ferreira, a politician with a political career spanning more than three decades, was elected governor of Espírito Santo in 1998 [Ferreira was a municipal legislator (1963-67), a state legislator (1967-69), a senador (1983-1991 and 1995-1998) and governador do Espírito Santo (1999-2002)].³³ However, Ferreira would soon become a lame duck following a scandal that involved the financing of his election campaign. An investigation by the electoral justice discovered that Ferreira had granted himself a loan by the state owned bank BANESTES, to cover the deficit of his campaign for governor in 1998. He had also abused state resources to back „his candidates“ in the 2000 municipal elections. He managed to elect 76 out of 77 mayors in Espírito Santo (Speck, 2010).

Speck's work highlights the significant work lying ahead, in order to dismantle such criminal activities, linkages and influence at both the federal and state levels. The problem calls for long-term institutional, legal and normative changes, precisely the sort of initiatives and efforts that Performance Indicators are designed to assess. Here are some illustrations based on recommendations offered by Speck.

As he points out, the Brazilian system on party finances and elections emphasizes reporting and disclosures of income and spending with respect to political finances. Despite recent gradual improvements in oversight, “the election tribunal institution still lacks the capacity to audit the information submitted by candidates “. Consequently, we

could think of qualitative and quantitative Performance Indicators along the following lines: data regarding improvements in the power/authority of the election tribunal to audit the information (legal/institutional changes); number of audits performed; publication of results of audits; number and volume of discrepancies between declared and actual amounts, etc.

Further, penalties for accountants or party officials who sign off or filing incomplete or fraudulent reports are not serious enough to have a dissuasive effect. When inconsistencies are discovered, electoral authorities “simply request that the information be corrected”. As a result, the accuracy and reliability of these revenue/expenses reports is not very high. Moreover, these reports must be made public and easily accessible to all citizens. However, at this point, information is made available only ex-post facto. A Performance Indicator signaling clear progress when this changes, would be any legal change mandating the publication of complete income/expenses and their verification before the elections, so that people can make informed decisions.

Under current rules, political parties are allowed to set their own maximum on candidate expenses. This makes the whole system vulnerable to money laundering with dirty funds entering into the political arena, renders monitoring of expenses harder and allows a rat race to outspend political opponents, which increases the dependence on outside money. Speck recommends the setting of a spending ceiling for all candidates, which would address all of the above challenges. An Indicator of reduced influence of money in political finance thus would be the introduction, implementation, monitoring and enforcement of new rules setting such limits.

The Conselho Nacional do Judiciário and the Conselho Nacional do Ministério Público were created in 2004¹³ have the power to investigate and sanction misbehavior of corrupt officials in the Judiciary and Prosecution authorities. There is no equivalent institution, however, to deal with law enforcement officials. Addressing this vulnerability would be measures strengthening the independence, integrity, capacity/training and other standards of the police, a critical player for good governance, rule of law, security, justice and quality of life in society. Most of our interviewees also emphasized the problem of delays in the justice system and statutes of limitation, which seriously undermine efforts to prosecute corruption and other cases effectively. Performance Indicators could be introduced to monitor the introduction of new rules, institutions or other reforms addressing these problems.

Worth noting is a significant new development with respect to politics: the passage of a “clean record” (*ficha limpa*) law, which requires that all candidates for political office have no criminal convictions within the three years before the elections. *Ficha limpa* is a testament to a growing influence by NGOs, which pushed hard for this law.

¹³ Under Constitutional Amendment 45 (December 30, 2004).

Room for improvement in integrity and accountability exists in many parts of the economy and society. According to “Institutional Sources of Corruption in Brazil” (1992), the most common forms of systemic corruption in Brazil in the early 1990s included overpricing, facilitation payments, illegal fund raising, ignoring technical and price criteria in contractor selection for public projects, profiting from privileged information, facilitating contracts and manipulating regulations (Geddes & Neto, 1992; pp. 646-647).

Traditionally, exchanges have played an important part in Brazilian politics, linking voters to politicians through *cabos eleitorais*. Certain characteristics of the Brazilian political system and economy have underpinned the traditional reliance on machine politics. But in recent years we have seen some new phenomena, as well as a greater reliance on traditional exchange-based politics. Most notably, we have seen exchanges used not just to cement loyalties but to buy large numbers of legislative votes on key national issues; a dramatic rise in corruption in the strict sense and the accumulation of wealth through corruption by presidents; and a remarkable disregard for public opinion and the public’s implicit threat to punish at the polls (Geddes & Neto, 1992; p. 647).

There is ample recognition that institutions of checks and balances are weak in Latin America and that the consolidation of democracy is undermined by the unchecked nature of the presidents in the region and in other parts of the world” (Melo, Pereira & Figueiredo, 2009; p. 1219). This generalization is all too true in Brazil, which has repeatedly experienced corruption at the highest levels throughout the twentieth and into the twenty-first century. Even in the new millennium corruption continues to plague the headlines. In regards to the 2005 corruption scandal associated with the Worker’s Party. “(...) the corruption scandal that emerged in mid-2005 has cost the PT considerable partisan support, at least in the short term. The scandal, which has resulted in several resignations and expulsions from Congress, has revealed the existence of a scheme to purchase the support of congressional deputies from several parties, and the illegal use of campaign funds by the PT party organization (Samuels, 2006; p. 20).

That scandal, however, was not singular but one among many to spring up during the newest administration.

Most recently, three major scandals have rocked the nation during the Lula government: (1) the *mensalao* scandal, in which the government allegedly held together its legislative alliance by buying off congressmen with monthly payments; (2) the so-called *sanguessuga* (leech) scandal, a scheme—in which one in every eight members of congress have been implicated—by which ambulances were included in the budget, at inflated prices, in return for kickbacks; and (3) a scandal in the state of Rondonia that has led to the arrests of the head of state court, several prosecutors, and all but one state assembly member on charges of looting the state treasury (Taylor, 2009; p. 151).

In addition to measures mentioned above, many efforts have accompanied the recent emergence of Brazil in the global scene as an economic growth and governance improvement story. Transparency, anti-corruption and improved governance objectives are manifest through political statements as well as legal, institutional and other governance reforms (see Appendix, where measures and initiatives related to the UNCAC are outlined in some detail).

Legislative and institutional endeavors to counter corruption include the adoption of international best practices and standards as these are reflected in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (2000), the Inter-American Convention against Corruption (2002) and the UN Convention against Corruption (2006). Brazil's ratification of these instruments has brought about amendments to its laws and other reforms.

Additionally, Brazil has launched a variety of anti-corruption initiatives in the past decade. These initiatives include, but are not limited to:

- Brazil has created and/or strengthened the mandates of various anti-corruption agencies including creating the Corruption Prevention and Strategic Information Secretariat (SPCI), and strengthening the Council on Public Transparency and Combating Corruption among other achievements.
- Brazil has implemented training for civil employees including the Olho Vivo no Dinheiro Publico Program launched in 2004 and the Public Management Strengthening Program created in 2006.
- Brazil's Office of the Comptroller General (CGU) has taken measures to increase transparency and accountability via improving the Transparency Portal, by which private citizens can monitor Federal expenditures, and the Transparency Pages, which provides detailed budgeting, procurement, and expense information for federal public administration agencies.

The Office of the Comptroller General (CGU) was created in January 2003, with its duties defined by Law n. 10.683, May 28, 2003. CGU's mission is to promote transparency, to prevent corruption, to defend public property and combat waste and embezzlement of federal public resources, to work systematically with other government agencies against corruption, and to further international cooperation¹⁴. The OECD Phase 2 Report¹⁵ noted this major advance as well as the creation within CGU of the Secretariat for the Prevention of Corruption and Strategic Information, a unit charged with the promotion of transparency, corruption prevention and coordination of activities aimed at the implementation of the OAS, OECD and UN conventions.

It is notable that the CGU created a website drawing attention to the duties of all stakeholders in raising awareness and implementing the international instruments, including those of agencies and public officials at the state and municipal levels. Like other federal states, the development and implementation of anti-corruption initiatives is affected by Brazil's high degree of decentralization, which means that effectively state and municipal authorities are responsible for the planning, execution and control of expenditures.

CGU's message to the private sector has been *inter alia* to apply best practices, implement internal corporate controls, train personnel, offer integrity programs and develop codes of conduct for employees. CGU has a close relationship with NGOS as well. For example, it supports the Ethos Institute – the Institute of Companies and Social Responsibility - Clean

¹⁴ See CGU Office of the Comptroller General I-- Brazil Report No. 1 -- September/October 2009 <http://www.cgu.gov.br/english/Publicacoes/BoletimCgu/Arquivos/CguBrazilReportNo1.pdf>

¹⁵ OECD Phase 2 Report (2007) <http://www.oecd.org/dataoecd/61/30/39801089.pdf>

Company campaign and a Corporate Pact for Integrity against Corruption. It also supports work by Transparencia Brasil towards the development of a method to map corruption risks. Both of these initiatives are fully compatible and synergistic with the Indicators and Benchmarks approach developed in this report.

CGU has introduced a Transparency Portal for citizens and the public to directly access information online regarding “funds transferred by the Federal Government to states, municipalities and the Federal District; funds directly transferred to citizens; direct spending of the Federal Government with procurement or contracts for projects and services, including the spending of each agency with per diems, office supplies, equipment, projects and services; as well as spending through Payment Cards of the Federal Government”¹⁶.

The Open Budget Initiative, which is a survey of 85 countries designed to “raise awareness about the critical importance of transparent and accountable budgets for good governance and poverty reduction”, in 2008 placed Brazil in the 8th position, recognizing the substantial amount of information it provides to citizens and the useful tools for monitoring the management of public funds¹⁷.

CGU’s arsenal includes audits, inspections, analysis and investigations, sanctioning power, strategic planning, and operational implementation of measures to prevent corruption and enhance transparency. Within CGU, there is the Federal Internal Control Secretariat, the Office of the Ombudsman, the Disciplinary Board and the Corruption Prevention and Strategic Information Secretariat¹⁸.

The Public Spending Observatory (Observatorio de Despesa Publica ODP), a CGU unit, tracks government spending and investigates observed irregularities.

Also noteworthy is the National Registry of Ineligible and Suspended Companies (Cadastro Nacional de Empresas Inidoneas e Suspensas CIES), which in 2009 had “blacklisted” 263 ineligible and 1,080 temporarily suspended companies. By 2011, there are 2341 barred companies and 2128 suspended ones. Companies declared ineligible or suspended by the CIES are barred from entering into contracts with the public administration. The CGU’s objective in

¹⁶ <http://www.cgu.gov.br/english/AreaPrevencaoCorrupcao/AreasAtuacao/IncrementoPortal.asp>

¹⁷ See <http://www.openbudgetindex.org/index.cfm?fa=rankings>

¹⁸ The Federal Internal Control Secretariat monitors and evaluates the execution of government actions, the application of budgetary allocations in the execution of such actions and the performance of public officials responsible for their implementation. The Office of the Ombudsman acts a mediator between citizens and entities of the Federal Executive Authority, improving the processes of public service delivery. The Disciplinary Board responds to reports it receives from citizens, congressmen, members of the Office of the Federal Prosecutor and others. It also takes action in response to press reports of administrative malpractices or illegality. The Corruption Prevention and Strategic Information Secretariat deals with intelligence analysis and prevention.

launching the system was to consolidate the information on sanctioned firms scattered throughout the disparate computer systems of individual federal institution and state units in a single, continuously updated database¹⁹.

Other Brazilian agencies with functions related to anti-corruption include the Public Ethics Committee, the Federal Audit Office, the Department for Recovery of Assets and International Legal Cooperation of Ministry of Justice, the Attorney General's Office (including the Center for International Legal Cooperation), the Investigative Police/Federal Police, the Office of the Advocate-General of the Union, the Financial Transactions Oversight Board, the Public Prosecution Service/Prosecutor General's Office²⁰.

Brazil has developed a National Strategy to Fight Corruption and Money Laundering (Estratégia Nacional de Combate à Corrupção e a Lavagem de Dinheiro; ENCCLA) as a tool for awareness raising and coordination on corruption issues. In 2003, the main target was money laundering, but corruption was added in 2006. ENCCLA set goals, divides labor for and coordinates 57 agencies from law enforcement, the judiciary and government bodies.

Finally, the National Programme of Capacity Building and Training for the Combating of Money Laundering (Programa Nacional de Capacitação e Treinamento para o Combate à Lavagem de Dinheiro; PNLD), which has been providing anti-money laundering training, added the issue of corruption after 2007. CGU in particular prepared courses covering corruption and bribery issues.

In short, some of the key priorities in anti-corruption efforts in Brazil revolve around

1. political finance
2. bureaucracy and rule complexity
3. accountability of corrupt officials and corporate liability;
4. procurement and public finance transparency
5. local corruption, which affects most citizens' quality of life

Brazil's International Role

By its size, economic potential, and regional leadership role, Brazil is in a uniquely favorable position to contribute to the international anti-corruption effort by vigorously pursuing the IB

¹⁹ CGU Office of the Comptroller General -- Brazil Report No. 2 -- November/December 2009 <http://www.cgu.gov.br/english/Publicacoes/BoletimCgu/Arquivos/CguBrazilReportNo2.pdf> (p. 4).

²⁰ See official websites at <http://www.presidencia.gov.br/etica/>,
http://www.presidencia.gov.br/estrutura_presidencia/cepub,
http://www.oas.org/juridico/english/mec_rep_bra.doc,
<http://www.pge.sp.gov.br/EscolaSuperior/Default.htm>

approach and other anti-corruption/good governance measures. Other positive factors include the active interest international organizations have shown in Brazil's economy and governance, again a reflection of the nation's strategic importance. Successful implementation of the ideas in this Report, along with others, will attract positive attention in the Americas and elsewhere that would likely not be forthcoming with respect to yet another initiative from Western Europe or North America.

The International Budget Partnership, which uses budget analysis and advocacy as a tool to improve effective governance and reduce poverty around the world, has placed Brazil in the 9th position internationally, recognizing the huge strides it has made to render its public finances transparent and accessible. This aspect of anti-corruption as well as CGU's strategic and multi-dimensional approach provide effective leadership in the global scene.

At the same time, other countries choosing to emulate Brazilian examples will do well to tailor the assessment process to their own realities and potential. That is in part just an inevitable practical consideration, but it also reflects the logic and goals of the IB approach—that is (as noted), *not* to arrive at one more corruption ranking, but rather to generate valid, reliable, detailed, and above all *useful* information for political leaders and agency managers who are ready to confront corruption problems.

Brazil has been playing an active, productive and constructive role in multiple international fora, such as the UNCAC Conference of States Parties, the OAS, the OECD, the World Economic Forum, the International Association of Anti-Corruption Authorities, Transparency International, the global anti-corruption academic initiative, etc. It has multiple bi-lateral and regional activities. For example, in 2007, the CGU, in cooperation with the Ministry of Planning and the European Union organized a Brazil-Europe Seminar for Corruption Prevention for the benefit of Brazilian public officials involved in the fight against corruption, including state and municipal officials. Finally, Brazil also has a significant South-South cooperation initiative. In short, the prominent international presence and leadership of Brazil will ensure that the IB approach will be replicated in other countries and become an important self-assessment and comparative tool for practitioners and policy makers, civil society, academia and business around the world.

Part Three: The Indicator Benchmark (IB) Approach

An alternative to current governance metrics that purport to compare national and international levels of corruption and governance is available through the **Indicator Benchmark (IB)** approach. The scope of the IB approach includes both qualitative and quantitative data that focuses on specific manifestations of corruption at various levels of society, including the agency, sectoral, regional, and national levels. The IB approach begins with a thorough review of past and current data sets that assess the state of governance and corruption in a nation—a process that should be repeated on a regular basis, with results published for public discussion. In addition, the IB approach captures the knowledge and resources of local stakeholders in order to ensure that the information under review provides a context-specific assessment of corruption and anti-corruption efforts that rewards both the effort and the integrity of said stakeholders and anti-corruption strategies. The foundational research of the IB approach is

designed to provide a solid basis from which to assess current strengths and corruption vulnerabilities, and to identify highly-targeted areas for continued effort and improvement.

Indicators: The Basic Ideas

Instead of measuring perceptions, or purporting to measure corruption itself directly, the IB approach focuses on the things governments do, at a detailed level, and compares both current results and change over time to verifiable benchmarks. Such data enable us to estimate trends in the **effects** of past corruption and in the **incentives sustaining it** in the present. The notion of **actionable** data requires that as much as possible collected data directly reflect aspects of governance over which policy makers and managers have significant control – specific processes, problems, and trends about which leaders and reform advocates can do something – and that assessments tell us not only where something is wrong but also what steps need to be taken in response. It follows from that notion that such data must track changes in sensitive and accurate ways.

The result is not just another “corruption index” or table of rankings. Rather, it is a set of comparisons of an agency’s or program’s own performance over time—one that offers agency managers, policy makers and political leaders valuable feedback on the effects of their anti-corruption and governance-improvement efforts. Equally important, the data enable effective managers and leaders to take credit for success or progress, and where necessary to explain results that fall short of expectations. Where the data reveal backward movement or failure, they enable us to fix accountability in targeted ways.

Consider, as an example of data important to both good governance and corruption, bureaucratic delay. Assume that in City A getting a building permit involves 33 steps and takes seven weeks, while in City B the same process typically involves 4 steps and takes three days. We cannot measure corruption in those two agencies directly, but theory, anecdotal evidence, and common sense suggest that the numerous steps and long delays in City A, at least in part, likely to be **effects** of past corruption: bureaucrats have found they can make money by contriving new requirements and delays. Even more clearly, numerous procedural steps and long delays are among the key **incentives** sustaining corruption, and signalling vulnerabilities: construction firms, for example, knowing that time is money and facing numerous bureaucratic “toll gates” and long delays, are likely to find it quicker and cheaper to pay up. In City B, by contrast, officials have fewer opportunities to demand payments and contractors have fewer time-related incentives to bribe. Quite likely there is less corruption in City B’s agency: even if bureaucrats responsible for one of the four steps demand payments, resulting snarls and delays are likely to become visible, and intolerable. Further, if City A reduces the number of steps and

amount of time involved in its process policy makers and managers can infer (with caution) that opportunities and incentives for bribes and kickbacks are being reduced.

A second example: agencies C, D, and E all purchase significant quantities of concrete on a regular basis. Prices paid by C track open-market prices closely; agency D, on the other hand, routinely pays between fifteen and twenty-five per cent more than the open market price. Agency E seemingly does it right: for the past three years its price has averaged between ten and fifteen per cent *less* than the open market. What do these results suggest? It is not necessarily true that public agencies' prices for basic commodities should match those of the broader markets exactly; those agencies may have less choice about the timing of their purchases, perhaps driving prices up, or may be able to buy in particularly large quantities at a discount. As will be discussed below, the three cases should be compared to others like them. Still, it is reasonable to infer that C's procurement process has likely been less affected by corruption over time and that there is less scope for misconduct: anyone seeking kickbacks there is likely to get rather small returns and (particularly if such results are well-publicized) may well seek illicit gains elsewhere. In D, however, higher prices suggest that this is a likely place to look for kickback schemes or poorly administered procurement that makes it easy to conceal "skimming". Either way, vulnerabilities to corruption appear to be greater, and can be linked to a specific process. But what is the problem with E, where prices are unusually low? Here there are troubling signals of another sort: could a large supplier be artificially suppressing prices to drive competitors out of the bidding, with a goal of creating a lucrative monopoly in the future?² While such a possibility might not literally constitute corruption, it is a vulnerability that well-run bidding and procurement processes are intended to prevent. Information on such routine government functions can be gathered relatively easily on a regular basis.²¹ The results are both easily understood and **verifiable**: an agency can compile them from its own records, while investigators and citizen groups might file applications of their own, sending individuals through various administrative processes in order to gather their own data. The gathering of data can be targeted upon specific agencies, public functions, and locations, and can be used in pre-reform phases to identify priority targets. Further—and by contrast to currently-available corruption indices—**such data are actionable, and can track changes over time**: that is, they tell managers, political leaders, and reformers which programs and agencies need what kinds of changes (in the example above, faster and simpler administrative processes) and then help reveal the effects of their efforts over time.

The best indicators are those, which are easily collected, are clearly linked to corruption and its effects, are comparable, and are easily understood. Examples include:

- (a) Citizen assessments of the quality of public services and facilities: do applicants for licenses receive expeditious and fair treatment, and do road projects actually produce constructions of the planned length and quality?

²¹ For example, indicators on red tape by OECD and WB's doing business indicators.

- (b) Time, expense, and the number of steps involved in establishing a small business or corporation.
- (c) Speed and accuracy with which vendors' invoices are paid.
- (d) Time and charges involved in obtaining routine information, copies of documents, or passports, licenses and permits.
- (e) Frequency, time, number of steps, and range of variations occurring in regulatory inspections and tax assessments.
- (f) Trends in the numbers of license and permits, and in subsidy or benefit payments, granted by a given agency.
- (g) Number of inspections performed per member of field staff in regulatory agencies.
- (h) Prices paid to suppliers and charged from the public for basic services (school meals, telephone equipment, fuel, clerical supplies).
- (i) Whether purchases are delivered in the quantities, quality, and places intended, and in a timely fashion.
- (j) Whether revenues received are handled in honest and expeditious fashion.

When it come to the case of Brazil, in addition to data available to CGU or other public bodies, resources that can be used include several pockets of excellent and reliable findings from academic studies and NGO research activities.

Several *caveats* are required at this point. First, a relatively fast²² government process, other things being equal, is preferable to a slow one; accomplishing a comparable task in fewer steps is a powerful signal that tampering with the process is less common and, in all likelihood, less tolerated. But the fastest conceivable process (or the one requiring the fewest staff or smallest outlays) is not necessarily the best one: while a five-step licensing process is likely to be less vulnerable to corruption than one involving thirty-three steps, a one-step process might be the most corrupt of all. Similarly, it would be a mistake to confuse the assessment of corruption vulnerabilities, or corruption control itself, with "efficiency": it is easy to imagine a process based on flawed or self-serving policy that turns out very poor results, and rewards the well-connected, with consummate efficiency. The fastest and cheapest possible process may well produce results of lesser quality, with (for example) substandard construction projects slipping through a faster process for lack of scrutiny. The goal is not to drive time and expenditures down toward some absolute minimum, but to judge government performance against sensible benchmarks on a continuing basis. Elimination of restaurant inspections would certainly remove the risks of bribery and extortion surrounding that regulatory function, but such a change would be a clear threat to public health and safety. **Those sorts of substantive risks and outcomes can and should be assessed through examination of outcomes: independent**

²² "Fast" is obviously a relative term: taking ten weeks to issue a passport is extremely slow, poor performance, while approving a proposal to build a nuclear power plant in only ten weeks would for most people qualify as extreme (and unwise) haste.

inspections of randomly-selected projects, keeping track of citizens' and others' complaints, and other possibilities to be discussed below.

Moreover, it will rarely be the case that corruption is the *only* factor making for waste, delay, questionable expenditures, or poor services. In practice corruption is often found in conjunction with a range of other performance and accountability problems; it may not only reflect some of the same causes sustaining those other difficulties, but can also exacerbate and at times help conceal them. Anti-corruption efforts must be part of more comprehensive governance-improvement efforts addressing the full range of variables shaping government performance, and focusing on the quality and fairness of outcomes for citizens and communities. Where such efforts succeed, we will likely be unable to say precisely how much of the improvement in performance is due to reduced corruption, and how much can be attributed to other sorts of improvements. That distinction, however, is in many ways beside the point: sustained and demonstrable improvements in the performance and accountability of government—which may have many causes—are the real point of any reform effort. There is a consistent logic underlying such indicators: if one unit of government pays fifty per cent more for petrol than do others; charges unusually high (or low) royalties for extracting natural resources; hires seven employees to accomplish tasks performed elsewhere by four; publishes budgets that are routinely off the mark in terms of actual outcomes; has high rates of zoning and assessment variances, or conducts far more (or fewer) regulatory inspections over time than similar agencies elsewhere, those are specific indications of where to look for the effects of corruption, and for incentives and opportunities facilitating continuing abuses. We suggest that the IB approach can aid such efforts by identifying targets and vulnerabilities, and providing detailed feedback on levels and trends in performance, better than other existing metrics of governance and reform.

The emphasis is on useful initiatives that are forward-looking, multi-dimensional and employ mixed-methods (both quantitative and qualitative), and that are contextual, inclusive, comprehensive and transparent. The IB approach employs a rigorous methodology that is as reliable, as valid, and as precise as possible, yielding results that can give meaningful guidance and feedback to a contextualized anti-corruption strategy that is both national in scope and highly detailed in its tactics and assessments.

As we proceed to the implementation phase with CGU and Brazil-based stakeholders (mainly one or two universities), some additional commentary drawing on the UNDP's experience and wisdom (Laberge, 2010) on governance indicators could be usefully outlined here.

The first priority would be to rely on the good information and data readily available to CGU, the leading agency with respect to the IB approach in Brazil. During the outreach in Brasilia and Sao Paulo, however, we saw strong interest from additional bodies (esp. the Ministry of

Education, the Ministry of Transport and the Ethics Commission), so we need to bear in mind that in future applications, the scope and participation in this program could be usefully expanded considerably. The planning of data collection beyond CGU can be guided by this classification of data and indicators offered by Laberge (2010):

1) Objective data – Qualitative:

Administrative sources: Policy and legal documents, codes of conduct, organizational set-up and management systems, processes for decision-making

Other narrative reports: Newspaper reports, reports by CSOs

2) Objective data – Quantitative:

Government statistics, data gathered by domestic NGOs, international organizations and academics, expenditure tracking and budgetary information, audit reports, court records

3) Opinion and experience-based data from citizens, specific groups (MPs), specific institutions, or private sector through surveys, focus groups, etc.

As noted earlier as well, we can distinguish between **Outcome indicators** will answer questions like *what do we want to achieve? Have we achieved it?* By contrast, **Process indicators** will address questions like: *how are inputs used to generate outcomes? What are the ‘best’ processes? When & how do processes need adjustment?* And finally, **Input indicators** will tell us: *What is needed to create these processes?*

The entire UNCAC and OECD review processes can be converted into **input** indicators (see appendix): the necessary preconditions for achieving longer term objectives. Then a key goal would be to introduce a series of good **process** and **output** indicators to see how these improve governance and change the environment for business and citizens in practice and concretely. For example, an input indicator regards the existence of a law or institution.

- **Input indicator:** *In law and current rules, is there an agency with a legal mandate to address corruption? Is it independent from the government and political parties? Does it receive regular funding? Does it maintain an adequate full-time staff? Is there regular training and updating of skills?*

This type of qualitative indicators would focus on changes in law, institutions, measures, procedures, resources, etc.

- **Process / outcome indicator:** *In practice, is the anti-corruption agency effective?*

This sort of indicator will measure and reflect actual improvements in governance in practice (e.g., how are opportunities and incentives for corruption reduced? How is detectability and reportability of corruption easier? Do we find that a culture of integrity is actually growing and spreading? How does accountability increase? How are businesses and citizens benefiting from this new institution?)

It is important to note that, while output and outcome indicators tell us how we are doing with respect to reaching the ultimate goals, **it is input and process indicators that provide the most policy useful data**, so that government agencies can determine what specific action and measures or adjustments are needed to bolster efforts towards the desired outcomes. As Laberge (2010) notes:

- Outcome indicators are useful to assess progress towards the desired objectives of governance programmes (*new laws / increased expenditures mean nothing in and of themselves*)
- But they lack ‘actionability’ (*they don’t tell us what needs to be fixed / points of interventions*)
- Example: *A government cannot ‘choose’ to lower a crime rate (an outcome indicator)*
- *It can, however, choose to put more police on the streets (input) or toughen penalties for offenders (prosecution process)*

Some actionable indicators can be created by breaking down a policy or concept in its essential elements, so that we can convert them to points of intervention. For instance:

- Number and name of states, municipalities and regions (or government agencies within each – the scope can vary depending on interest, data availability and resources), which have a public forum for citizens to discuss with elected officials
- Number and name of states, municipalities and regions (or government agencies within each) which formally publish contracts, tenders, local budget and local development plan
- Number and name of states, municipalities and regions (or government agencies within each), where an awareness-raising program on citizens’ rights to seek information, report misconduct, and receive legal protection has been conducted
- Percentage of citizens who say they know where to / how to do all this

We know that some items are easy to measure, and partly for this reason, receive a great deal of publicity. A word of caution is in order on how these can be used however. The number of corruption cases brought to justice is one illustration. What does the rising number actually tell us? Is corruption getting worse and more people are involved in it? Or does it reflect a more committed administration, a more effective reporting, detection and prosecution system? How people interpret this matters for the credibility and legitimacy of the anti-corruption effort. We all know how these sort of figures are used by the media and other stakeholders, so it is important to be well familiar with them, how they are produced and be in a position to place them in context for more accurate interpretation. In Brazil, we know from recent studies that 75% of the citizens believe that such increases are thanks to more effective government efforts to combat the problem. The implementation of indicators in general thus needs to be complemented to contextual analysis and guidance, in order to facilitate the public debate, media reports and public opinion.

Another example, which highlights how the same issues will be addressed in different ways in different countries and contexts, is monitoring the speed of judicial and other proceedings

against corruption. Is higher speed of processing and adjudication an indicator that justice is done? Swift decisions may actually be arbitrary, sloppy, selective and discriminatory. In Brazil's case, however, where the statute of limitation poses significant problems and where multiple stakeholders complain that the process clearly takes too long, an indicator on the faster handling and successful prosecutions can be indeed considered and included in the implementation phase. So, when we apply the indicators in practice, analysis and contextual commentary will be essential.

Another word of caution is about the use of indicators on their own and in isolation. Again, as pointed out by Lagarde (2010)

An indicator should rarely be used on its own. To interpret changes in ambiguous indicators, you should always use a group or 'basket' of indicators relating to the same policy objectives. Baskets of indicators provide a more valid, reliable, and rounded view of policy progress.

At the same time, you must not allow the basket to get too big. A very large basket takes too much time to interpret. A Basket of 3 to 7 well-chosen indicators provides the degree of validity and the ease of interpretation required. The art lies in your ability to assemble small baskets of powerful indicators.

So, as we develop and apply the indicators in conjunction with the CGU strategy or other national plans, it is important to consider the general and specific objectives pursued and see that we have baskets of indicators tracking progress with each of the main goals. The basket could include also indicators from each institution or government body that has a role to play in the achievement of each strategic objective. These should be as unambiguous as possible and also include items, such as what CGU might anticipate as possible resistances or hurdles towards the attainment of its goals. In other words, indicators can try to capture also what could possibly go wrong and address it in a timely fashion. All this will provide more clarity and more reliable view of how things advance in the right direction or when adjustments are needed.

Below are some thoughts on how to create synergies between the PI project with that of the international directory of anti-corruption authorities (ACAs), as CGU is contributing this item of the IAACA Work Plan by the end of 2011. The general idea is that, if we develop a series of input, process and outcome indicators for different types of ACAs, international comparisons would be possible and quite useful:

- **De jure - input indicators:** *In law, is there an agency with a legal mandate to address corruption? Are there more than one agencies with different functions and aims? What are the funding sources, number of personnel and other resources? Etc.*
- **De facto indicators:** *In practice, is the anti-corruption agency effective? (outcome) When necessary, is the ACA able to initiate investigations or proceed with prosecutions independently? (process) Does the ACA make regular public reports (e.g. to the government, parliament, general public)? (process) Can citizens report instances of corruption to the ACA without fear of recrimination? (e.g. whistle-blower protection in*

practice [not just in law]) (process); time of response and action the ACA takes to take action; Does the ACA act on citizen reports and denouncements within a reasonable time period? (process)

As noted earlier, the PI Approach will primarily rely on CGU accessible data at the beginning. It is essential, however, that we eventually include also data from other administrative bodies and NGO/academic sources as well. It is clear that the most reliable administrative data are those collected for routine operational purposes, rather than for the purpose of PI or other measurements. Non-government data can be tremendously valuable as they capture the actual experiences, feelings, beliefs and attitudes of those who interact with the government and receiving its services. This is why we looked into various additional sources of indicators and information. Below are only some examples of feasible additional projects in the medium term.

We noted above that the Ministry of Education showed interest in the PI project. There is a plan on the table to develop a plan (Plano de Desenvolvimento da Educação, PDE - http://www.educacional.com.br/legislacao/leg_i.asp), a structuring document relative to various programs and initiatives towards the improvement of education. There are several projects linked to PDE, which can clearly be used for the development of performance and progress indicators.

The IDEB (basic education development index: Índice de Desenvolvimento da Educação Básica - <http://portalideb.inep.gov.br/>) is applied and reviewed by schools. Each school has to prepare ten students to take the test – the students are selected by INEP (the National Institute for Education – Instituto Nacional de Estudos e Pesquisas Educacionais Anísio Teixeira <http://www.inep.gov.br/institucional/> - within the Ministry of Education), which coordinates IDEB. Results of this index could be possibly taken into account as the performance of schools and districts evolves over time. IDEB also seeks to monitor teaching effectiveness indicators. National school meal and school transportation (operation and maintenance of vehicles, school buses taking kids to school to prevent/reduce drop out rates and illiteracy, etc.) are some of the areas to explore.

According to the interviewed official, missing from PDE is a progress indicator. The lack of some measure and assessment constitutes in his view a serious vulnerability. If CGU were to approach the Minister of Education, a decision to engage in such an exercise would lead to numbers and development of necessary and useful performance indicators.

The electronic bidding for buses, boats etc., which are used for school transports, lends itself also for performance indicators on where economies of scale are achieved and numbers are available

Another vulnerability to assess is the lack of monitoring of the funding for school transports. Municipalities need to be audited regarding the use of funds they receive. Right now there is only elementary and non-standardized auditing in place based on random selection. CGU perhaps may have access to data on this.

The National Fund for Education (<http://www.fnde.gov.br/> - Fundo Nacional De Educação) within the Ministry of Education also audits health and education programs – their audit results could perhaps also be available and usable.

The PDDE (http://portal.mec.gov.br/index.php?option=com_content&view=article&id=12320 - Programa Dinheiro Direto na Escola) extends financial assistance to public schools of basic education - state schools, municipal and Federal District and the private special education schools run by nonprofit organizations. The goal is to improve the physical infrastructure and teaching, strengthening school self-management and high performance of basic education. The program resources are transferred according to the number of students, according to the school census in the year preceding the transfer.

Free school fare vouchers (passi livri) is another program one could possibly look into. For instance, there are long lines to get the passi livri, when they become available and only three companies are involved in controlling and managing this program (compare it with student registry – as an interviewee remarked, within 2-3 days, the funds run out and other students cannot claim them).

The <http://www.fnde.gov.br/> FNDE website can be used for additional ideas on performance indicators.

The Ministry of Transports officials and the Minister himself showed marked interest in applying the Indicators Approach as well. Although this ministry generates and uses data to evaluate transportation and other policies – i.e. not specifically for anti-corruption purposes – the data are extremely rich and lend themselves nicely to exactly the sort of exercise CGU will be doing. So, there is clear interest and the possibility of a partnership here.

With respect to the rule of law [equal access to justice] issue we raised earlier, the following could be considered (relying on Lagarde's outline (2010):

4 key services/institutions for achieving “equal access to justice”

1. Court system - % citizens who say that they have access to court systems, disaggregated by gender, ethnicity, region, etc. **Disaggregated to reveal issues of inequality**
2. Legal aid service - % accused persons legally represented at one or more court appearances, disaggregated by gender, ethnicity, region, etc.
3. Police service - % citizens who say that the police will respond to them without requiring a bribe if called to resolve a dispute, disaggregated by gender, ethnicity, region, etc.
4. Prosecution service - Ratio of prosecution caseloads in courts serving wealthier communities to those in courts serving lower-income or marginalized communities

Data from non-government sources will be extremely valuable and will need to be integrated in this PI approach as well. Importantly, our good colleague Professor Bruno Speck at UNICAMP, has been doing excellent work relative to the National Integrity System in Brazil. For this reason, it would be rather useful to pursue a close collaboration with him and other academic colleagues who would in fact implement the PI project in Brazil.

Further, NGOs' good work would also be a critical complement to government and academic data. For instance, the Instituto Nossa Sao Paulo conducts research on indicators of welfare and quality of life – interesting and useful information and details on this can be found online/
<http://www.nossasaopaulo.org.br/portal/isps>

Compared to What? Benchmarks

Data on performance, by themselves, do not tell us much: how many steps are too many, or too few? How do we know a price paid for diesel fuel is too high, or too low? The IB approach addresses those issues by comparing collected data against **benchmarks**—standards by which levels of governance performance can be judged in order to assess the relative level of corruption in each of the areas under investigation. Benchmarks should be gathered by compiling data across comparable functions, agencies, or jurisdictions, and should be replicated and revised on a regular basis to capture overall trends. The benchmarks against which indicators will be assessed can include:

- (a) *Statistical norms based on government performance.* (Time required to issue a license, or amounts paid for basic commodities, across comparable agencies or jurisdictions).
- (b) *Performance norms in private-sector organizations.* (Some administrative functions may be compared to private-sector performance norms. Payment of invoices or procurement might be examples, although other functions (e.g. distribution of social benefits, or inspections) may have no direct private-sector counterpart).
- (c) *Market-based norms.* Some procurement activities can be compared to private-sector prices and procedures, although here too public agencies can be subject to demands and restrictions that businesses do not face, or may buy some items in quantities so large that we might reasonably expect them to pay slightly below-market prices. Fees and charges are more complicated, as most public agencies do not sell commodities in competitive markets; still, bus fares or telephone service costs might be compared to private alternatives.
- (d) *Citizen/Client Assessments.* Citizens can be excellent sources for assessing performance. The well-known “Citizen Report Cards” scheme in Bangalore, India, produced assessments of services and regular consultation with officials regarding improvements. Advocacy groups might submit applications for information and documents on a regular basis, keeping records on the time, expense, and difficulties involved. Business and trade associations can also be enlisted in some assessments, although precautions against excessive access and influence might be required.

- (e) *Expert assessments.* Where comparable markets or private-sector processes do not exist, where a jurisdiction is unique (a city that is by far the largest in the country), or a function is highly technical, expert panels can define reasonable performance targets and ranges.
- (f) *Statistical Projections.* Where directly comparable examples cannot be found, statistical models might yield useful benchmarks. Road-building in a mountainous jurisdiction, or policing in a dense urban area, might be inherently more expensive than similar functions elsewhere, but multivariate models allow to estimate reasonable costs and spot departures from norms worth closer examination.
- (g) *Performance as a function of agency resources:* Outcomes and processes should be judged in the context of resources available. An agency whose performance improves by five per cent might seem successful until it is shown that staffing and budgets have grown by twenty per cent. Another whose services are slightly less satisfying to citizens might still be well-run if it achieves such results with a workforce twenty per cent smaller than the norm. That agency might be the better bet to use new resources effectively.
- (h) *Substantive outcomes as a function of agency activities.* Are health inspectors who conduct very frequent restaurant inspections engaged in shakedowns? Are others who conduct many fewer inspections engaging in favoritism? Vulnerabilities might be indicated by actual levels of cleanliness, or frequency of food-borne illnesses, as assessed by independent data-gathering and public health statistics.

Indicators should be gathered and benchmarked *repeatedly* to establish trends and provide frequent feedback. Multiple benchmarks will often be useful because of the variety of factors influencing government performance. Comparisons to private-sector data (which may themselves be scarce or of dubious reliability) should be made with caution; as noted, government is not just another business firm. Some benchmarks, such as a multi-city median for fuel prices, will be affected by the compliance or resistance of officials and managers and may thus need to be compared to external standards. For example, where cities are upgrading procurement practices the benchmark figure itself may move toward market prices, providing a meaningful “moving target” that other agencies can shoot for. On the other hand, a city that performs better than the multi-city median may not be accomplishing much if that median itself is moving away from the market norm.

Even benchmarks like citizen satisfaction with services can be gathered in relatively “hard”, objective ways—police response time, for example, reliability of utility services, or number of paving problems in a given length of roadway. India also offers promising examples of “crowdsourcing” the gathering of data on government performance; New Delhi police now gather reports of traffic-law enforcement via a Facebook page, while other initiatives in the planning stage will gather text-message reports from citizens and present aggregated evidence on websites and in the press.

The resulting process does not yield a single number indicating levels of corruption—and should not be portrayed as such—but rather identifies *positive*, attainable goals while offering ways to

identify and reward improving performance. Unlike corruption rankings based on a single statistical dimension, the data can capture some of actual complexity of both governing and reform. Functions that are excessively slow (or fast), prices that are out of line, or persistently erroneous budgeting and disbursement processes are clear targets for measures bringing them back toward benchmark standards. Progress in that direction does not guarantee that less corruption is taking place, but does suggest reduced vulnerability to it and to other administrative difficulties.

The overriding purpose of the IB approach is to create a climate of integrity that highlights and rewards high-level performance—one in which public participation and administrative scrutiny foster a culture of accountability. Over time this approach is able to effectively track the impact of reform efforts, thereby helping to strengthen the links between citizen well-being and the ways in which public power and resources are used.

Part Four—Examples of Indicators and Benchmarks

Lest the agenda proposed above sound utopian or unworkable, it is worth noting that a wide variety of data-gathering and analysis activities are already underway, or recently completed. This part of the Report offers a survey of such efforts.

Among the sample Indicators and Benchmarks outlined above, the following are already in use or under development, according to a recent survey of published reports:

Table 1: The Indicator Benchmark (IB) Approach

Indicator	Benchmark
Time, Steps, Fees Needed to Obtain Permits & Register a Business	Data on Case Handling in Comparable Jurisdictions
Citizen Assessments: Services, Quality of Inspected Businesses	Regular Citizen, Business Surveys, “Citizen Report Cards”
Speed, Accuracy of Paying Invoices	Multi-Agency and Private-Sector Norms for Speed & Error Rates
Amount of Time Spent Dealing with Official Inspectors	Typical Amounts of Time, by Sector, Established by Business Surveys Across Jurisdictions
Time, Steps, Variations Involved in Tax Assessments	Data on Case Handling: Survey Comparable Jurisdictions
Quality and Quantity of Goods Received	Compare Goods Received to Tenders and Invoices

The database for this survey of current research includes academic literature, media reports, and official documents from national and international agencies on the topic of governance, corruption and the effectiveness of anti-corruption measures. These sources provide a reliable and valid overview of current data gathering initiatives and internationally established corruption and governance assessments. Additionally, this step highlights deficits in the available data measuring governance and corruption for the nation under examination. Finally, this economical research approach provides local and national leadership with a framework in which to develop and evaluate future corruption and governance efforts within their national and international context.

Brazil: Problems and Opportunities for Assessment

From the Organization of American States (OAS) (2008) Report on the Implementation in the Federative Republic of Brazil of the Convention Provisions Selected for Review In the Second Round, and on Follow-Up To the Recommendations Formulated to That Country in the First Round—2008:

Recommendation 7.2.:

Select and develop procedures and indicators, as appropriate, for verifying follow-up of the recommendations made in this report, and notify the Committee, through the Technical Secretariat, in this regard. For the purposes indicated, Brazil could consider taking into account the list of the most widely used indicators, applicable in the Inter-American system that were available for the selection indicated by the country under analysis, which has been published on the OAS website by the Technical Secretariat of the Committee, as well as information derived from the analysis of the mechanisms developed in accordance with recommendation 7.3 which follows.

Brazil's response to the questionnaire did not refer to this recommendation. The Committee therefore takes note of the need for Brazil to give additional attention to its implementation.

Retrieved from: http://www.oas.org/juridico/english/mesicic_II_inf_bra_en.pdf

Time, Steps, Fees Needed to Obtain Permits & Register Businesses

The intention of this indicator is to provide a picture of the time, steps and fees necessary to register a business and/or obtain permits in comparable jurisdictions across the nation under examination. Therefore, in an ideal situation, one would have the raw data from each jurisdiction within the purview of the investigation with which to compare and contrast said processes—however, within the context of this report, this is not the case. In fact, of the ten reports found to correlate with this indicator (see ***Time Steps, Fees Needed to Obtain Permits***

& Register Businesses—Cited Reports), only a handful confronted this issue head-on, while the others provide a more panoramic view of the legislative backbone underlying these processes or of the phenomenon of corruption in the business sector at large and its effects. In the following pages, each of the reports cited will be discussed in turn, direct or proxy information from the reports which correlates to the indicator will be presented, and results across reports will be compared.

Chr. Michelsen Institute—Corruption in International Business Transactions: The Perspective of Norwegian Firms
The purpose of this report is to provide an assessment of corruption in the business environments in nations across the globe—assessing the points at which corruption can inhibit business development and thereby require compliance with cultural practices or cessation of business relations. **Furthermore, this report is designed to: "obtain more understanding of corruption in international markets, particularly by exploring the perspectives of firms, their challenges, their experiences and their preferred strategies," (p. v) via interviews, a business-survey, and survey of Norwegian businesses outside the OECD.** While this report does not address the issue of corruption in Brazil directly, though Brazil is one of the countries with whom which the Norwegian firms under investigation do business, it does provide a picture of corruption and bribery in and how they affect international business forums.

Excerpts from this investigation include:

- **"Corruption appears to be a real business constraint, and firms will, according to this survey, lose contracts if they do not adjust their business practices to local informal conventions"** (Soreide, Tina & Chr. Michelsen Institute, 2004; p. vi).
- **"Two-thirds of the respondents in the business survey think or are convinced that they have lost a contract due to corruption. One-third have decided not to operate in a specific country because of corruption or similar problems. 42% find unethical business practices to be common in certain areas, and 32% frequently experience a gap between formal and informal rules in some of their markets of operation.** The legal status of facilitation

Time, Steps, Fees Needed to Obtain Permits & Register Businesses

Cited Reports:

Chr. Michelsen Institute—

Corruption in International Business Transactions: The Perspective of Norwegian Firms

Control Risks—International Business Attitudes to Corruption-- Survey 2006

Controladoria –Geral Da Uniao – CGU—Self Assessment Checklist on the Implementation of the United Nations Convention against Corruption

Global Integrity—Global Integrity An Investigative Report Tracking Corruption, Openness and Accountability in 25 Countries— Brazil

Global Integrity—Global Integrity 2006 Country Report Brazil

Global Integrity—Global Integrity Report: Brazil 2009 Assessment

Transparency International—Transparency International Bribe Payer's Index 2008

US Department of State, Bureau of Economic, Energy and Business Affairs—2009 Investment Climate Statement—Brazil

World Bank—Enterprise Surveys—Brazil 2009

payments, irregular payments “to get things done”, is not clear to most respondents. In addition, **27% find that gifts are required for them to be able to operate in certain markets. Around 10% of the respondents admit to having accepted a request for payment from an agent, an adviser or a consultant that has most likely been used for bribery.** Another 6% say that they probably have done so (...) **the sectors most exposed to corruption are, according to this survey, ‘heavy industry’, ‘oil, gas and power transmission’ and ‘telecoms and IT’.** Of the 82 responding companies, 16 have carried out aid-funded projects. Half of these have the impression that **corruption is more common in aid-funded projects than in non-aid projects.** Of these 16 firms, 7 find no difference between aid and non-aid projects. Only one firm has the impression that aid business is “cleaner” than non-aid ventures” (Soreide, Tina & Chr. Michelsen Institute, 2004; pp. vi-vii).

- **“A majority of the companies do not believe that tender rules prevent corruption, and 41% of the respondents say that tender specifications are occasionally designed to fit with the offer of one specific company (predestination).** One third of the companies report having experienced that a competitor has won a contract by means of political pressure, circumstances that resemble corruption. Quid pro quo, or local contents, should usually not be mixed up with corruption. It is reported that 18% often meet a demand for a quid pro quo, while 33% rarely do so” (Soreide, Tina & Chr. Michelsen Institute, 2004; p. vii).
- **“The most reported reason for keeping quiet when encountering bribery is not the lack of proof, but rather a concern for future business cooperation.** A firm’s propensity to react or complain about corruption decreases the more experience it has in international markets” (Soreide, Tina & Chr. Michelsen Institute, 2004; p. vii).

Results from this investigation, however, need to be interpreted through the lens of the study’s methods. According to the report:

“The business survey is not a large-sample study with statistical power and significant cross-sectional variation for identifying levels of corruption. Nor is it a clinical experiment with opportunities for obtaining detailed information about a few cases. The advantage of the present study, where a business survey is complemented by interviews and a second survey of embassies, is its ability to ask specific and qualitative questions, resulting in new information about certain issues” (Soreide, Tina & Chr. Michelsen Institute, 2004; p. 5).

The questionnaire, distributed to 44 Norwegian embassies, was only completed by 24 of the possible sample with a total response rate of 16-17% (82 responses)—leaving the representativeness of this sample (exporting firms in Norway) and the reliability of these findings in question. However, the picture painted by these results provides a background for viewing corruption in the international business sector and highlights some of the problems facing nations across the globe in undertaking such business endeavors.

Control Risks—International Business Attitudes to Corruption--Survey 2006

The purpose of this report is to assess the effects that perceptions of corruption have on international corporations. Companies from various nations across the globe, including the United States, the United Kingdom, Germany, France, the Netherlands, Brazil and Hong Kong, were surveyed and the results collated. The survey focuses on company perceptions of corruption and the impact it has on their businesses with questions pertaining to company knowledge of anti-corruption laws in the country in which they are doing business. Excerpts from this investigation include²³:

- ***"Companies believing that they had failed to win a contract or gain new business because a competitor had paid a bribe over the last five years [38% in Brazil]/ over 12 months [42% in Brazil]"*** (Control Risks, 2006; p5).
- ***"Companies deterred from an otherwise attractive business opportunity on account of a country's reputation for corruption. By Country: [Brazil 18%]"*** (Control Risks, 2006; p.7).
- ***"Companies that had withdrawn from a relationship with a specific partner or a country because of concerns about corruption. By country: [Brazil 14% Withdrawn from commercial partner/ 6% Withdrawn from country]"*** (Control Risks, 2006; p8).
- ***"Respondents" awareness of legislation covering foreign bribery. [The respondents to the survey were international business development directors rather than legal specialists, and they might not have been expected to have detailed legal expertise.] [for Brazil: 64% Totally Ignorant; 14% Vague awareness; 16% Detailed or very detailed knowledge.]"*** (Control Risks, 2006; p.10).
- ***"Perceived standards of compliance among signatories and non-signatories of the OECD anti-bribery convention. [Brazil 3.28%].....Brazil, the state with the poorest rankings, is not an OECD member but has signed the OECD anti-bribery convention. The view that it has done little to implement the convention is supported by the earlier finding--noted above--that 70% of Brazilian respondents had no knowledge of their country's laws on foreign bribery"*** (Control Risks, 2006; p.20).

The methods of this investigation included telephone surveys with 350 internationally operating firms in the aforementioned nations. Respondents were senior decision-makers at or near board level representing "eight different commercial sectors: banking and finance (26.3%), public works and construction (20.8%), telecoms and IT (12%), arms and defense (10.9%), oil, gas and mining (10.9%), pharmaceuticals and health care (7.2%), retail (5.6%) and power generation (5.4%)" (p. 22). The results gathered from this investigation allow for an interpretation of international perceptions of corruption and how said perceptions impact corporate decision-making. Though the sample-size is small relative to the scale, results from this analysis can provide a springboard for understanding the effects and perceptions of corruption.

²³ Please see actual report for graphical representations:
http://www.crg.com/pdf/corruption_survey_2006_V3.pdf

Controladoria –Geral Da Uniao – CGU— Self Assessment Checklist on the Implementation of the United Nations Convention against Corruption

The purpose of this self-assessment is to determine Brazil’s level of alignment with the **UN Convention against Corruption (UNCAC)** in terms of national legislative initiatives. The assessment, completed in 2007 by the nation’s anti-corruption bureau, **Controladoria –Geral Da Uniao – CGU**, discusses legislative and other official measures, which have been undertaken in the implementation of the **UNCAC**. Results of this assessment include the following excerpt discussing initiatives in alignment with article 5 of the UNCAC:

A. Article 5²⁴ Preventive anti-corruption policies and practices--

- **“Federal Government Procurement Portal - COMPRASNET (www.comprasnet.gov.br) - COMPRASNET is the Federal Government Portal where all electronic contracts are performed, with an emphasis on Electronic Auction and electronic quotation.** Comprasnet gives more **transparency to public contracts**, as society can track, by accessing the portal, all procedures relating to electronic tenders, bids offered and winning proposals, and tender notices, among others” (Controladoria –Geral Da Uniao, 2007; p. 2).
- **“Transparency Council (Decree N. 4,923/03) – The Council for Public Transparency and Against Corruption, a collegiate and advisory body linked to the Federal Comptroller-General's Office has been established for the purpose of suggesting and debating measures to improve methods and systems aimed at controlling and increasing transparency in public management as well as strategies to fight corruption and impunity”** (Controladoria –Geral Da Uniao , 2007; p. 2).

These initiatives, among others listed within the context of this article, which have no direct application to this indicator, show a current snapshot of the anti-corruption initiatives in Brazil. These legislative and agency changes can be viewed in conjunction with the previously cited literature to provide a more concrete view of the business environment in Brazil from a legal perspective.

²⁴ **UNCAC Article 5: Preventive anti-corruption policies and practices**

- 1.** Each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anticorruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability.
- 2.** Each State Party shall endeavour to establish and promote effective practices aimed at the prevention of corruption.
- 3.** Each State Party shall endeavour to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy to prevent and fight corruption.
- 4.** States Parties shall, as appropriate and in accordance with the fundamental principles of their legal system, collaborate with each other and with relevant international and regional organizations in promoting and developing the measures referred to in this article. That collaboration may include participation in international programs and projects aimed at the prevention of corruption.

Global Integrity

—Global Integrity An Investigative Report Tracking Corruption, Openness and Accountability in 25 Countries—Brazil

—Global Integrity 2006 Country Report Brazil

—Global Integrity Report: Brazil 2009 Assessment

These three reports are intended to measure trends in governance and corruption, including those aspects related to civil society, public information and the media, elections, government accountability, administration and civil service, oversight regulation, and anti-corruption and the rule of law. This measurement is designed to take into account the local stakeholder, assessing said trends from a variety of viewpoints including those of local experts and on-site journalistic accounts.

From these reports, the following information can be gathered (quotations and citations):

In 2004 the following information can be found:

“In law, business licenses are not restricted to domestically-owned enterprises. Score: yes/1.00—Of course, companies must conform to the country's laws. Registering companies is not a federal matter (Global Integrity/The Center for Public Integrity, 2004; pp. 48-49).

“In law, a complaint mechanism exists if a business license request is denied. Score: yes/1.00—No decision by the administration is protected from contest, either administratively or in a court of law” (Global Integrity/The Center for Public Integrity, 2004; pp. 48-49).

“In practice, citizens can obtain any necessary business license (i.e. for a small import business) within a reasonable time period. Score: < 3 months/0.75—It depends on the state or region. The mechanisms whereby local (state and municipal) authorities manage registry and licensing vary widely” (Global Integrity/The Center for Public Integrity, 2004; pp. 48-49).

“In practice, citizens can obtain any necessary business license (i.e. for a small import business) at a reasonable cost. Score: sometimes/0.50—It depends on the state or region. The mechanisms whereby local (state and municipal) authorities manage registry and licensing vary widely (Global Integrity/The Center for Public Integrity, 2004; pp. 48-49)

In 2006 the following information was added:

“In practice, citizens can obtain any necessary business license (i.e. for a small import business) at a reasonable cost. Score: 50—(...) **Average cost of opening a business is evaluated by the WB at about US\$340** (Global Integrity, 2006; pp. 67-68).

In 2009 the following information was added:

In practice, citizens can obtain any necessary business license (i.e. for a small import business) within a reasonable time period. Score: 0—Brazil ranked in 127 in the World Bank's 2009 "Doing Business" report. **The average time it takes to open a business in São Paulo is 136 days.** In practice, citizens can obtain any necessary business license (i.e. for a small import business) at a reasonable cost. Score: 50—**Average cost of opening a**

business is evaluated by the World Bank at about US\$340 (Global Integrity, 2009; p. 102).

The information provided within the context of these reports provides a contextualizing element which couches the indicator, **Time, Steps, Fees Needed to Obtain Permits & Register Businesses**, within the national legislation, national and international media reports, and national and international agency reports. The methodology of these reports ensures transparency, with findings peer reviewed and results of said review included in the final assessment.

Transparency International— Transparency International Bribe Payer’s Index 2008 *The purpose of this report is to understand the effects of bribery, specifically bribery in the private sector, as it can be examined from a sectoral perspective.* In order to examine this, Transparency International,

“(…) has used data from the Bribe Payers Survey to create two new rankings of industry sectors. The first ranks sectors according to degree to which firms in that sector are likely to bribe public officials. The second ranks sectors according to the degree to which firms in that sector use contributions to politicians and political parties to achieve undue influence on government policies, laws or regulations, a phenomenon which is often referred to as state capture.”²⁵

The information discussed in this report thereby *allows for an evaluation of the informed views, frequencies, and types of foreign bribery occurring at the sectoral level in the 26 nations under examination* including Argentina, Brazil, Chile, the Czech Republic, Egypt, France, Germany, Ghana, Hungary, India, Indonesia, Japan, Malaysia, Mexico, Morocco, Nigeria, Pakistan, the Philippines, Poland, Russia, Senegal, Singapore, South Africa, South Korea, the United Kingdom and the United States.

Excerpts from this investigation include:

- “The first – *the bribery of public officials* – is a primary form of corrupt transaction. In this case, certain sectors, namely *public works contracts/construction, real estate and property development, oil and gas, and heavy manufacturing and mining, are believed to bribe officials in their business dealings more than others.* The cleanest sectors, in terms of bribery of public officials, were identified as information technology, fisheries, and banking and finance” (Riano, J. & Hodess, R., 2008; p.10).
- “For the second sectoral ranking, TI sought to *evaluate how certain sectors might exert undue influence on the policy process using financial or other means at their disposal* (… in the 2008 Bribe Payers Survey, *senior business executives indicated that public works contracts/construction, oil and gas, mining, and real estate and property development were the sectors most likely to engage in practices of state capture. Banking and finance was seen to perform considerably worse in terms of state capture than in public sector bribery, meaning it exerts considerable influence on the rules of the game.* At the other end of the spectrum, agriculture, fisheries and light

²⁵Transparency International. (2008). *Bribe Payers Index 2008*. Retrieved from: http://www.transparency.org/policy_research/surveys_indices/bpi/bpi_2008

manufacturing are believed to be the sectors least likely to engage in state capture” (Riano, J. & Hodess, R., 2008; p.10).

This sectoral examination of the phenomenon of corruption highlights avenues for future research by indicating the areas of the private sector most affected by corruption (please note that the sectors indicated overlap with those reported by *Chr. Michelsen Institute*—pages 10-11). The current study utilized probabilistic and stratified sampling of large and foreign-owned firms in the 26 aforementioned nations across the globe. However, despite these advantages, this portion of the *Bribe Payer’s Index* is available only for the year 2008, thereby making long-term analysis of changes of the perceptions found therein unavailable at this time.

US Department of State, Bureau of Economic, Energy and Business Affairs—2009 Investment Climate Statement—Brazil

The purpose of this report is twofold: to outline current business conditions in Brazil; and provide introductory information to US investors contemplating doing business in Brazil.

“Investment Climate Statements provide a thorough description of the overseas environments in which U.S. investors must operate. The statements cover general characteristics, such as openness to foreign investment and treatment of foreign investors, as well as details about procedures for licensing and similar administrative matters. The statements are updated each year as Chapter 7 in the Country Commercial Guides, a series to be found by country at the U.S. Department of Commerce’s website: <http://www.export.gov/>.”²⁶

Therefore, this annually published report is a pivotal source providing practical guidance about general rules regulating business in Brazil to potential investors.

Excerpts from this report include:²⁷

- **“Transparency of the Regulatory System:** (...) According to the study [2009 World Bank "Doing Business" survey] **it takes an average of 18 procedures and 152 days to start a new business** (...) According to this same study, it takes four years to close a business in Brazil and the recovery rate is 17.1 cents to the dollar; (...) **Some industries have reported challenges in obtaining licenses from IBAMA**, the environmental regulator, citing unpredictability in IBAMA’s licensing requirements, though the process has reportedly become more streamlined over the course of 2008.”
- **“Openness to Foreign Investment:** ... While Brazil is generally considered a friendly environment for foreign investment, **burdensome tax and regulatory requirements exist**. In most cases these impediments apply without discrimination to both foreign and domestic firms.”

²⁶ U.S. Department of State. (2010). *Investment Climate Statements*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/index.htm>

²⁷Note—Citation for all quotations is: U.S. Department of State. (2009). *Investment Climate Statement—Brazil*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/2009/117415.htm>

- **“Banking:** While the Constitution of 1988 technically forbids new or expanded foreign investment in the banking sector, the vast majority of requests for entry or expansion have been approved on a case-by-case basis.”
- **“Ownership Restrictions:** (...) there are **laws that restrict foreign ownership within some sectors**, notably media, communications, and aviation.”
 - **“Media:** Open broadcast (non-cable) television companies are subject to a regulation requiring that 80 percent of their programming content be domestic in origin.....National cable and satellite operators are subject to a fixed title levy on foreign content and foreign advertising on their channels.”
- **“Conversion and Transfer Policies:** (...) **Foreigners investing in Brazil must register their investment with the Central Bank within 30 days of the inflow of resources to Brazil.** Registration is done electronically. Investments involving royalties and technology transfer must be registered with the patent office (INPI) as well (...) Portfolio investors must have a Brazilian financial administrator and register with the Brazilian securities commission (CVM) (...) All incoming foreign loans must be approved by the Central Bank. In most cases, the loans are automatically approved. Automatic approval is not issued when the costs of the loan are 'not compatible with the normal market conditions and practices (...) Foreign loans obtained abroad do not require advance approval by the Central Bank, provided the recipient is not a government entity. Loans to government entities require prior approval from the Senate as well as from the Finance Ministry Treasury Secretariat and are subject to registration with the Central Bank (...) Interest and amortization payments specified in a loan contract can be made without additional approval from the Central Bank (...) Central Bank regulations introduced in 2005 unified the foreign exchange market. Foreign investors, upon registering their investment with the Central Bank, are able to remit dividends, capital (including capital gains), and, if applicable, royalties. Remittances must also be registered with the Central Bank. Dividends cannot exceed corporate profits. The remittance transaction may be carried out at any bank by documenting the source of the transaction (evidence of profit or sale of asset) and showing that applicable taxes have been paid.”
- **“Government Procurement: Brazil is not a signatory to the WTO Agreement on Government Procurement, and transparency in Brazil's procurement process is at times lacking.** ²⁸ The US government has received complaints concerning lack of transparency and preferences for Brazilian government tenders. Limitations on foreign capital participation in procurement bids reportedly impair access for potential service providers in the energy, construction, security and defense sectors (...) **Law 8666 (1993) which covers most government procurement other than information technology/ telecommunications requires non-discriminatory treatment for all bidders regardless of nationality or origin of the product or service. However, the laws implementing regulations allow for the consideration of non-price factors, giving preferences to certain goods produced in Brazil and stipulating local content requirements for fiscal benefits eligibility. Additionally, nearly all bids require that a local representative be established for any foreign company bidding (...) Decree 1070 (1994), which regulates**

²⁸ This is an issue where the PI Approach may yield rather different results

the procurement of information technology goods and services, requires federal agencies and parastatal entities to give preferential treatment to locally produced computer products based on a complicated and nontransparent price/technology matrix.”

- ***“Protection of Property Rights:*** Mortgages: Brazil has a system in place for mortgage registration, but implementation is uneven and there is no standardized contract. [Foreign] Buyers frequently arrange alternative financing in their own countries, where rates may be more attractive.”
- ***“Intellectual and other Property Rights:*** Patent and trademark licensing agreements must be recorded with and approved by the National Institute of Industrial Property (INPI) and registered with the Central Bank of Brazil (...) Licensing contracts must contain detailed information about the terms of the agreement and royalties to be paid. In such arrangements, Brazilian law limits the amount of the royalty payment that can be taken as a tax deduction, which consequently acts as a de facto cap on licensing fees.”

This in-depth examination of the business environment in Brazil provides outsiders with the information they would need in order to develop and execute future business plans involving said nation. It is important to note, however, that these assessments are in part based on internationally recognized governance metrics, including ***World Bank’s “Doing Business” Surveys and Transparency International’s Corruption Perceptions Index***, rather than being based on wholly independent research.

World Bank—Enterprise Surveys—Brazil 2009

The purpose of this report is to develop a picture of the business environment, including how it is perceived by individual firms, how it changes over time, and what major impediments are currently inhibiting its performance and growth. Businesses from across the globe are surveyed, including those involved in the manufacturing, services, transportation, and construction sectors.

Excerpts from this report include:

- ***Permits and Licenses***²⁹:
 - “Days to Obtain Operating License the average wait, in days, experienced to obtain operating license from the day the establishment applied for it to the day it was granted: ***Brazil—83.45***” (World Bank, 2009; p. 13).
 - “Days to Obtain Construction-related Permit Average wait, in days, experienced to obtain construction-related permit from the day the establishment applied for it to the day it was granted: ***Brazil—139.37***” (World Bank, 2009; p. 13).
 - “Days to Obtain Import License Average wait, in days, experienced to obtain import license from the day the establishment applied for it to the day it was granted: ***Brazil—43.13***” (World Bank, 2009; p. 13).
 - “% of Firms Identifying Business Licensing and Permits as Major Constraint Percentage of firms identifying business licensing and permits as major constraint. The computation of the indicator is based on the rating of the

²⁹ All of these clearly link up to Performance Indicators

obstacle as a potential constraint to the current operations of the establishment: **Brazil—48.50%** (World Bank, 2009; p. 13).

The methods used in the development of this report include qualitative and quantitative data collected from both surveys and face-to-face interviews discussing topics, which range from “infrastructure, trade, finance, regulations, taxes and business licensing, corruption, crime and informality, finance, innovation, labor, and perceptions about obstacles to doing business” (p. 3). Another parallel of this report to the IP Approach is the open availability of the data to researchers:

“The full data are available to researchers and include all questions from the surveys at the firm level (the website is a subset of the complete data available here). To access the complete datasets, you must register with the Enterprise Analysis Unit (GIAEA) by completing the Enterprise Surveys Data Access Protocol.”³⁰

This feature makes the Enterprise Surveys—Brazil 2009 report invaluable to the Indicator Benchmark approach as it provides additional resources—in the form of both the survey questions themselves as well as the raw data garnered from them— which can be utilized in the development of future research.

The variety of reports which correlated to this Indicator, **Time, Steps, Fees Needed to Obtain Permits & Register Businesses**, demonstrates that this is an area that is being measured in a number of internationally produced reports which examine internationally held perceptions of corruption and the effects thereof in both concrete and speculative terms. Data found herein ranges from the general to the highly specific, allowing for an image of the business environment in Brazil to emerge at both the

Citizen Assessments: Services, Quality of Inspected Businesses

Cited Reports:

Control Risks—International Business Attitudes to Corruption—Survey 2006

Corporacion

Latinobarometro—

Latinobarometro Report 2009

Corporacion

Latinobarometro—

Latinobarometro Report 2008

Corporacion

Latinobarometro—

Latinobarometro Report 2007

Corporacion

Latinobarometro—Report 2006

Global Integrity—Global Integrity An Investigative Report Tracking Corruption, Openness and Accountability in 25 Countries—Brazil

Global Integrity—Global Integrity 2006 Country Report Brazil

Global Integrity—Global Integrity Report: Brazil 2009 Assessment

Continued on page 20...

³⁰World Bank. (2010). *Enterprise Surveys: Full Survey Data*. Retrieved from: <https://www.enterprisesurveys.org/Portal/Login.aspx?ReturnUrl=%2fPortal%2felibrary.aspx%3flibid%3d14&libid=14>

Citizen

Assessments:

Services, Quality of Inspected Businesses

Cited Reports:

Inter-American Development Bank—
Assessment of Participatory Budgeting in Brazil

Organization of American States (OAS)—Report on the Implementation in the Federative Republic of Brazil of the Convention Provisions Selected for Review In the Second Round, and on Follow-Up To the Recommendations Formulated to That Country in the First Round—2008

Transparencia Brasil—Corruption in Brasil: Perspectives from the private sector, 2003

Transparency International—Bribe Payers Survey 1999

Transparency International—Bribe Payers Index 2002

Transparency International—Transparency International Bribe Payer’s Index 2008

national and the international level from the point of view of businesses and local citizens as well as that of a legal framework. As can be noted from this analysis, the sectors most commonly prone to corruption include: **heavy industry, oil, gas and power transmission, telecom and IT, public works contracts/construction, real estate and property development**, thereby making these areas important to highlight for future research. Furthermore, within the context of this section the abundance of data correlated to this indicator suggests the feasibility of pursuing this in future iterations of the IB approach.

Citizen Assessments: Services, Quality of Inspected Businesses

The purpose of this indicator is to assess the services and quality of inspected businesses against the informed opinion of citizens and businesses in the nation under examination. As noted earlier:

Citizens can be excellent sources for assessing performance. The well-known “Citizen Report Cards”

scheme in Bangalore, India, produced assessments of services and regular consultation with officials regarding improvements.

Advocacy groups might submit applications for information and documents on a regular basis, keeping records on the time, expense, and difficulties involved. Business and trade associations can also be enlisted in some assessments, although precautions against excessive access and influence might be required.

The number of reports cited in this section is quite extensive, allowing for both a perceptual and legalistic standpoint to be taken in terms of citizen assessment and the capabilities within Brazil for said assessment to be taken and publicized. In the following pages each of the reports cited will be elucidated in turn, direct or proxy information from said reports which correlates to the indicator will be presented, and results across reports will be compared in order to provide critical analysis.

Control Risks—International Business Attitudes to Corruption--
 Survey 2006

The purpose of this report is to assess the effects that perceptions of corruption have on international corporations. Companies from various nations across the globe, including the United States, the United Kingdom, Germany, France, the Netherlands, Brazil and Hong Kong, were surveyed and the results collated. The survey focuses on company perceptions of corruption and the impact it has on their businesses with questions pertaining to company knowledge of anti-corruption laws in the country in which they are doing business.

Excerpts from this investigation include:

- **“Under “Emerging Economies Lose out:”** ...As one Brazilian company put it: 'An increasing risk to our business is that every time we try to meet and work with a partner, they think we are criminals. We are a high-quality pharmaceutical business but still this very poor image exists’” (Control Risks, 2006; p.9).
- **“Reviews of integrity procedures”:** Percentage of companies that have reviewed integrity business practices and procedures in the last three years in the light of the increased international focus on corruption. [Brazil 12%]” (Control Risks, 2006; p.11)
- **“Using anti-corruption laws as a ‘shield’”**
 - “Respondents believing that the FCPA [US Foreign Corrupt Practices Act] and similar legislation passed by other OECD countries is an effective tool in helping corporations avoid corrupt situations. [Brazil 68%]” (Control Risks, 2006; p.12).
 - “Respondents believing that corporations from their own country circumvent legislation on transnational bribery by using intermediaries. [Brazil: 14% Regularly/nearly always; 54% Occasionally; 4% Never; 28% Don't know]” (Control Risks, 2006; p.13).
 - “A Brazilian interviewee went a stage further by commenting that using intermediaries was 'the main way to get around the rules' and added that it was a 'very effective way to wash your hands’” (Control Risks, 2006; p. 13). [Note: Brazil's responses to this ranked better than Germany, UK, Netherlands, and the US who had higher affirmative responses to the regular/nearly always use of intermediaries]
- “When asked to assess the **likely impact of anti-corruption legislation over the next five years** (...) the Brazilians were the most pessimistic about the effect of anti-corruption laws, with **38% believing that corruption would actually increase**” (Control Risks, 2006; p.13).
- “Companies with programs to train executives in ways of avoiding corruption. [Brazil had 18% in 2006]” (Control Risks, 2006; p.15).
- “Companies that have a formal process to assess intermediaries' integrity record. [Brazil 37%]” (Control Risks, 2006; p.18).
- “There were wide variations in the extent to which companies seek to control their agents' conduct by contract....In other jurisdictions, such as Brazil (15%) (...) this practice is much rarer” (Control Risks, 2006; p.18).
- “Companies with specific procedure to vet integrity of joint-venture partners before entering a relationship with them. [Brazil: 56%]” (Control Risks, 2006; p.19).
- “Companies with a specific procedure to vet integrity of suppliers before entering a relationship with them. [Brazil: 18%]” (Control Risks, 2006; p.19).
- “Despite high levels of corruption in Brazil, 38% expected the situation to improve in that country (...) Companies expecting corruption to increase, remain the same or decrease over the next five years: [Brazil: 22% Increase; 40% Remain the same; 38% Decrease]” (Control Risks, 2006; p.21).

Within the context of this report, the state of corruption in Brazil was assessed from an international business perspective. Results of this assessment indicate that corruption continues to play a role in international business transactions, with perceptions thereof influencing potential business opportunities, as well as providing a pivotal framework for anti-corruption strategies to address said issue. As stated in the earlier section (see: **Time, Steps, Fees Needed to Obtain Permits & Register Businesses**), the methodology of this investigation included telephone surveys with 350 internationally operating firms in the aforementioned nations. Respondents were senior decision-makers at or near board level representing “eight different commercial sectors: banking and finance (26.3%), public works and construction (20.8%), telecoms and IT (12%), arms and defense (10.9%), oil, gas and mining (10.9%), pharmaceuticals and health care (7.2%), retail (5.6%) and power generation (5.4%)” (p. 22). The results gathered from this investigation allow for an interpretation of international perceptions of corruption and how said perceptions impact corporate decision-making. Though the sample-size is small relative to the scale, results from this analysis can provide a spring-board for understanding the effects of corruption and the perceptions thereof.

Corporacion Latinobarometro

- Latinobarometro Report 2009
- Latinobarometro Report 2008
- Latinobarometro Report 2007
- Report 2006

The purpose of these annual surveys is to develop assess the state of the nation for various countries in Latin America.

“The field work for the first wave of surveys of Latin America performed by *Latinobarómetro* was completed between May and June 1995, comprising 8 countries, i.e. Argentina, Brazil, Chile, Mexico, Paraguay, Peru, Uruguay, and Venezuela. Since 1996, the study is conducted in 17 countries; Dominican Republic was added in 2004, completing the 18 countries of the Latin American world, except Cuba. To date, 14 waves of surveys have been carried out, totaling 257,202 interviews. For the 2009 survey, 20,204 interviews were held between September 21 and October 24, with representative samples of 100% of the population of each of the 18 countries, thus representing the population of the region, which totals over 500 million inhabitants” (Corporacion Latinobarometro, 2009; p.2)

The report begins with an overview of the region’s economic milieu before launching into a socio-political assessment highlighting the perspective of the citizenry therein.

From the four years of this report assessed within the context of this study, several changes in the nation’s perception can be examined. For example:

In 2006 (quotations and citations):

- ***“One in three Latin Americans thinks that their country’s present economic situation is better than in 2005,*** with this indicator showing a rise of six percentage points. This is its highest level since *Latinobarómetro* began to measure the indicator in 2001 when the figure reached 14%. ***The indicator is highest in Venezuela, Argentina and Brazil”*** (Corporacion Latinobarometro, 2006; p. 36).

- **“Personal Economic Situation:** Almost half the region’s inhabitants - 49% - consider that their personal economic situation and that of their family will be much better/better in 2007 than in 2006. This indicator is highest in Brazil (70%) and lowest in El Salvador (23%). **Brazil is one of the motors of the Latin American economy and, therefore, the high expectations of Brazilians are an indicator of the region’s potential growth. Brazil has recently held a presidential election and expectations there partly reflect the positive climate created by this election and voters’ hopes of change under the new government. This is a particularly important source of pressure on the government since Lula’s re-election means not only new expectations, but also old ones carried over from his first term of office”** (Corporacion Latinobarometro, 2006; p. 40).
- **“Unemployment is identified as the most important problem in only eight of the 18 countries** (Panama, Uruguay, Nicaragua, Peru, Paraguay, Ecuador, Brazil and Mexico)” (Corporacion Latinobarometro, 2006; p. 40).

In 2007 (quotations and citations):

- **“Expectations as to personal economic situation are most positive in** Venezuela (61%), Colombia (61%) and **Brazil (60%)** and lowest in Argentina (36%), Chile (34%) and El Salvador (26%). **In 2006, Brazil led this ranking with 70%**, followed by Colombia (65%), Venezuela (63%) and Argentina (59%) while, in Mexico and Chile, the indicator reached 51% and 49%, respectively, and El Salvador was at the bottom of the list with 23%” (Corporacion Latinobarometro, 2007; p.19)
- **“In 2007, crime is identified as the most important problem in eight of the 18 countries** - Venezuela, Guatemala, El Salvador, Chile, Argentina, Honduras, Costa Rica and Brazil. This represents an increase from six countries in 2006, with Brazil and Chile as the newcomers to the list” (Corporacion Latinobarometro, 2007; p. 21).
- “In the case of the region’s three largest economies - Argentina, Mexico and Brazil - we see that **Brazilians and Mexicans always take a more positive view of privatizations** than Argentines. Moreover, between 2005 and 2007, **positive opinions show an increase of four points in Brazil** and two points in Mexico while, in Argentina, they drop by six points” (Corporacion Latinobarometro, 2007; p 25).
- **“The quality of the State, measured as satisfaction with the services it provides,** is highest in El Salvador where 45% indicates a high level of satisfaction, Uruguay (39%), the Dominican Republic and Honduras (both with 27%) and Venezuela (25%) while it **is lowest in Brazil (13%),** Paraguay (12%) and Peru (8%)” (Corporacion Latinobarometro, 2007; p. 88)
- **“In education, there is (...) an increase in satisfaction between 2003 and 2007.** In 2003, 50% of the region’s inhabitants were satisfied with the education to which they had access and, in 2007, this reached 55%. However, this latter figure represents a drop from 58% in 2006. The countries in which satisfaction with access to education is highest are Costa Rica (78%) followed by Venezuela (74%), the Dominican Republic (71%) and Uruguay (70%) while it is **lowest in Brazil (38%)** and Peru (27%)” (Corporacion Latinobarometro, 2007; p. 108).

In 2008 (quotations and citations):

- “The most important problem of countries changes from year to year depending on their particular situation (...) ***In Brazil, health care is identified as the most important problem (19%)***” (Corporacion Latinobarometro, 2008; p. 21).
- “The main personal problem identified by interviewees is not the same as the country’s most important problem. ***In Brazil, unemployment is the most important personal problem (17%)***” (Corporacion Latinobarometro, 2008; pp. 22-23).
- “In order to measure the perception of corruption, Latinobarómetro asks interviewees how many of each 100 public employees are corrupt and, in 2008, the average answer was 68.6, up from 67.9 in 2001 (...) ***despite the view that there are more corrupt public employees than there used to be, there is a perception of progress in the fight against corruption***. This increases from 26% in 2004 to 38% in 2008. It is lowest in Peru (17%) and Argentina (22%) while ***in Brazil - the country with the highest level of corruption (53%) as shown in the previous indicator - 44% consider that progress is being achieved in reducing it***” (Corporacion Latinobarometro, 2008; pp. 45-48).
- “***President Lula of Brazil is the best evaluated figure and*** this is the first time that a Latin American leader surpasses Spain’s King Juan Carlos, who had taken first place for three consecutive years. ***President Lula gained the sympathy of the region’s inhabitants by leading UNASUR, helping to solve conflicts and, with his country’s dynamic economy, positioning the region internationally. Indeed, with its leadership, Brazil has put Latin America on the world map***” (Corporacion Latinobarometro, 2008; p. 111).

In 2009 (quotations and citations):

- “Venezuela and El Salvador are the two countries where ***support for democracy has risen*** most (16 points in 13 years), followed by Bolivia and ***Brazil (12 points)***” (Corporacion Latinobarometro, 2009; p. 20).
- “Chile is the country where ***approval of government is highest*** (85%) and one of those that applied a highly aggressive countercyclical policy, for this country held substantial reserves resulting from the high price of copper in previous years. ***Brazil is second (84%), having also applied major countercyclical measures***” (Corporacion Latinobarometro, 2009; p. 59).
- “Indeed, in Nicaragua (85%), Peru (68%), Ecuador (67%), Mexico (59%), El Salvador (58%), Paraguay (58%), and Bolivia (53%), more than half the population complains of economic problems. The only country where such problems are mentioned by not more than one out of every five citizens is Venezuela. In contrast, Venezuela suffers from crime, with the highest rating as principal problem in the region (55%), whereas ***Brazil reports only 28% concerned over economic problems and a low rate of concern for the crime problem***” (Corporacion Latinobarometro, 2009; p. 75).
- “The countries most seriously affected by the economic conditions were Honduras and Nicaragua, where two-thirds of the population (66%) say that conditions are bad, whereas in Uruguay, Chile, Panama, and ***Brazil, only one-fifth of the population reported poor economic conditions in their country***” (Corporacion Latinobarometro, 2009; p. 78).

- ***“The Latin American country where more people believe that economic conditions will improve is Brazil (68%),*** followed by Paraguay (65%), Panama (64%), Colombia, Costa Rica, and Chile, where 59% or more of the population expect conditions to improve in the future” (Corporacion Latinobarometro, 2009; p. 79).
- ***“Forty-eight percent of the population agree with the way that the government is handling the economic crisis. Argentina (17%) is the most dissatisfied and Chile (78%) the most satisfied with the handling of the crisis. Brazil (75%), Panama (72%), and Uruguay (71%) follow”*** (Corporacion Latinobarometro, 2009; p. 83).

These reports are an important resource as they provide key insight into the political, economic, and social milieu of the nations under examination, with data going back into 15 years of history. The data presented regarding Brazil shows trends in the nation’s prioritized concerns for four of the possible 15 years of data thereby allowing for a focused analysis of these trends to be completed. The methodology of these reports involve surveying over 20,000 individuals in Latin America (roughly 1,000-1,200 per nation), a sample which is “representative of 100% of the country’s population, with a margin of error of approximately 3% for each country” (2008 Report, p. 2). Data sets for the years 2006-2008 are Retrieved from: cost to individuals for the purposes of statistical analysis.³¹

Global Integrity

—Global Integrity An Investigative Report Tracking Corruption, Openness and Accountability in 25 Countries—Brazil

—Global Integrity 2006 Country Report Brazil

—Global Integrity Report: Brazil 2009 Assessment

These three reports are intended to measure trends in governance and corruption, including those aspects related to civil society, public information and the media, elections, government accountability, administration and civil service, oversight regulation, and anti-corruption and the rule of law. This measurement is designed to take into account the local stakeholder, assessing said trends from a variety of viewpoints including those of local experts and on-site journalistic accounts.

From these reports, the following information (quotations and citations) is presented as an assessment of the state of freedom of speech within the context of the nation of Brazil for the time period under investigation. This assessment is pertinent to the indicator as the level of freedom of speech has an influence on the potential accuracy of citizen assessments.

In 2004 the following information can be found:

“In law, is freedom of the media guaranteed? Score: yes/1.00—There is no legal impediment for the media to function” (Global Integrity/The Center for Public Integrity, 2004; p. 13).

³¹ Latinobarómetro Corporation. (2009). *Latinobarometro—Opinion Publica Latinoamericana*. Retrieved from: <http://www.latinobarometro.org/>

“In law, is freedom of speech guaranteed? Score: yes/1.00—Everyone is free to say whatever they want. Peer Review Comments: One must notice that the "freedom to say whatever they want" has a single and reasonable, though significant, restriction of racist publications. This year, a pro-Nazi revisionist editor was condemned by the Supreme Court for publishing racist books” (Global Integrity/The Center for Public Integrity, 2004; p. 13).

“In law, it is legal to report accurate news even if it damages the reputation of a public figure? Score: yes/1.00—Yes, it is legal to report accurate news, but members of the judiciary protect themselves behind injunctions. Peer Review Comments: Journalistic exposure of corruption has been increasing since the late 1990s. There has been a so-called "tapomania" recently, with the press transcribing wiretap tapes incriminating authorities and their aides. Although some abuses were spotted by media critics, one can see an increasing freedom to expose corruption. Only a handful of media companies lead the pack, though. But since regional media is dependent on national news agencies, corruption news led by national media gets a lot of play regionally” (Global Integrity/The Center for Public Integrity, 2004; p. 13).

“In practice, the government does not encourage self-censorship of corruption-related stories. Score: almost never/0.00—In states and especially municipalities, exercising political and economic pressures is commonplace. There are very few independent media in the country. The concentration of the media at the hands of politico-economic oligarchies precludes independent reporting. Peer Review Comments: In rural newspapers the problem of self-censorship is more serious than in the national newspapers. [Comment 2]: Reporting on corruption involving members of the judiciary often leads to court restraints and legal harassment against individual journalists and media vehicles and protection from libel/slander is often used as justification. [Comment 3]: There was one case in Rio when a journalist was condemned for "opinion crime" as described in 1969 press law. His adversary was a judge. He was released, though, after media pressure” (Global Integrity/The Center for Public Integrity, 2004; p. 13).

“In practice, there is no prior restraint on publishing corruption-related stories. Score: almost never/0.00—Prior internal constraint (self-censorship) is commonplace except in a handful of media vehicles” (Global Integrity/The Center for Public Integrity, 2004; p. 13).

“In practice, in the past year, no journalists investigating corruption have been imprisoned. Score: yes/1.00—In poorer states, this might have occurred” (Global Integrity/The Center for Public Integrity, 2004; pp. 13-14).

“In practice, in the past year, no journalists investigating corruption have been physically harmed. Score: no/0.00—Very often, organized crime is linked with corruption and has ties to politicians. There are reports of journalists having been harmed for reporting on crime in a number of states” (Global Integrity/The Center for Public Integrity, 2004; pp. 13-14).

“In practice, in the past year, no journalists investigating corruption have been killed. Score: no/0.00—Very often, organized crime is linked with corruption and has ties to

politicians. There are reports of journalists having been harmed for reporting on crime in a number of states. Peer Review Comments: In the last year, at least one journalist had been killed investigating corruption and other crimes” (Global Integrity/The Center for Public Integrity, 2004; pp. 13-14).

In 2006 the following information was added:

“Are media and free speech protected?” In law, freedom of the media is guaranteed. Constitution, art. 5. numerous items. Art. 222 specifies that media concerns must be owned (controlled) by Brazilian citizens or by firms established in Brazil. All legislation pertaining to public concessions (radio and TV) can be found here -

<http://www.mc.gov.br/rtv/lei/default.htm> Peer Reviewer Comment: Constitutional Amendment 36, approved in 2002, allows foreign investors a share of 30 percent in media companies - still keeping the control in native hands. Source:

https://www.planalto.gov.br/ccivil_03/Constituicao/Emendas/Emc/emc36.htm. In law, freedom of speech is guaranteed” (Global Integrity, 2006; p. 11).

“In law, it is legal to report accurate news even if it damages the reputation of a public figure. It is legal to report accurate news even if it damages the reputation of a public figure according to Article 220 (paragraphs 1 and 2) of the Constitution (...) In practice, the government or media owners/distribution groups do not encourage self-censorship of corruption-related stories. See, eg., Transparencia Brasil "Deu no Jornal" (It Made the News) project (www.deunojournal.org.br), which collects and analyzes news on corruption published in 59 daily newspapers and 4 weekly newsmagazines. An average of 4.3 new cases of corruption are reported every day (...) This is almost impossible to answer. Since Brazil is an immense country, all sorts of people control the media. Most Brazilian regional media is controlled by oligarchies that exercise all sorts of pressures on their employees. More often than not, they steer the news they produce into this or that direction. However, if one considers so-called "national media", this is free from the federal government's pressures and on the whole not subjected to undue internal pressures. Exceptions might occur (...) Peer Reviewer Comment: This is virtually impossible to answer for the full federation. In many states, there is really only one local media conglomerate, often controlled by political groups. At the level of national media, I disagree slightly, since there have been well reported stories of media bias by the Globo network and Rede Record, among others. Peer Reviewer Comment: It is not true that the "national media" is not subjected to internal pressures. Except for a few famous independent journalists, they basically reflect the opinion of the owners of the 4 or 5 most important media groups (you just have to hear Radio Bandeirantes for 5 minutes to see how public opinion is industrialized there as an orchestra). Today the media has more independence from the government (but the economic pressure of government advertising and the use of regulatory power is still important, as the recent option for the Japanese standard for digital TV has shown). Peer Reviewer Comment: We must take note of something. In the major capitals, in major media, the main risks journalists are exposed to are juridical or commercial in nature. When we read those stories where Brazil is classified among the most dangerous places for journalists, we must remember most of the physical attacks happen in the countryside. Brazilian inequalities reflect even in the patterns of self censorship” (Global Integrity, 2006; pp. 13-14).

“ In practice, there is no prior government restraint on publishing corruption-related stories. In many states and especially in municipalities, exercising political and economic pressures is commonplace. The concentration of the media at the hands of politico-economic oligarchies precludes independent reporting in most local media (...) Peer Reviewer Comment: There have been lawsuits - many times coming from government officials - suspending the publication of unfavorable news before it's even printed. That happens especially in election time” (Global Integrity, 2006; pp. 13-14).

“In practice, in the past year, no journalists investigating corruption have been physically harmed. Score: No—It is always healthy to keep in mind the immense size of Brazil. Cases (especially relatively mild ones) might happen locally and never be known outside a small town (...) Peer Reviewer Comment: Most cases happen in the countryside. In major cities and media, threats are legal and commercial” (Global Integrity, 2006; pp. 14-15).

“In practice, in the past year, no journalists investigating corruption have been killed. Score: No—Reporters Without Borders reports that, "Known as 'Jota Cândido' to his listeners, José Cândido Amorim Pinto was gunned down on the morning of 1 July 2005 in Carpina...[Pinto was] a Carpina municipal council and presenter of an investigative program for his radio station [and] often reported and commented about corruption cases on the air" (Global Integrity, 2006; pp. 14-15).

In 2009 the following information was added:

“In law, freedom of the media is guaranteed. Score: Yes—In law (...) Federal Constitutions, Art. 220. “The manifestation of thought, the creation, the expression and the information, in any form, process or medium shall not be subject to any restriction, with due regard to the provisions of this constitution (...) No law shall contain any provision which may represent a hindrance to full freedom of press in any medium of social communication” (Global Integrity, 2009; p. 14).

“In law, freedom of speech is guaranteed. Score: Yes—In law (...) Federal Constitution, art. 5, items 4 and 9” (Global Integrity, 2009; p. 14).

“In law, it is legal to report accurate news even if it damages the reputation of a public figure. Score: Yes—In law (...) Federal Constitution, Art. 220, Par. 1 and 2” (Global Integrity, 2009; p. 20).

“In practice, the government or media owners/distribution groups do not encourage self-censorship of corruption-related stories. Score: 50—In practice: Media: see. E.g, Transparencia Brasil’s “Deu no Jornal” project (www.deunojournal.org.br), which collects and analyzes news on corruption (...) Social Scientist’s Comments” Most Brazilian regional media is controlled by oligarchies that exercise all sorts of pressures on their employees. Often, they steer the news they produce into this or that direction. However, the so-called national media is usually free from the federal government’s pressures and is not subjected to undue internal pressures, though exceptions might occur” (Global Integrity, 2009; p. 20).

“In practice, there is no prior government restraint (pre-publication censoring) on publishing corruption-related stories. Score: 50—In practice: Currently, a major national newspaper called O Estado de S. Paulo was prohibited by the Justice from publishing any content related to a corruption episode involving the son of the senator

(Jose Sarney). The newspaper has been under this censorship for more than 80 days. See the in-depth coverage made by the O Estado de S. Paulo (...) Social Scientist's Comments: In many states, and especially in municipalities, the exercise of political and economic pressure is commonplace. The concentration of the media in the hands of politic-economic oligarchies precludes independent reporting in most local media. On the other hand, there have been lawsuits—many times coming from government official—suspending the publication of unfavorable news before it's even printed. That happens especially during election time" (Global Integrity, 2009; p. 20).

"In practice, in the past year, no journalists investigating corruption have been imprisoned. Score: Yes (...) Social Scientist's Comments: There is a lack of reporting on the imprisonment of journalists investigating corruption" (Global Integrity, 2009; p. 23).

"In practice, in the past year, no journalists investigating corruption have been physically harmed. Score: Yes (...) Social Scientist's Comments: It is always healthy to keep in mind the immense size of Brazil. Cases of physical harm of journalists investigating corruption (especially relatively mild ones) might happen at a local level and never be known outside a small town (...) Peer Reviewer's Comments: Last year, at least one case was recorded. In October, Fabio Oliva, a journalist and society activist working on corruption issues was assaulted by Fabricio Viana, a former secretary of the Treasury from Januaria's (Minas Gerais State) city hall. He had been denounced by Oliva for fraud in a bidding process. Oliva is a witness against him in several prosecutions and is a founder of a non-governmental organization (NGO) working against corruption in Januaira's city. The NGO's work has resulted in the imprisonment and the removal of several mayors" (Global Integrity, 2009; p. 23).

"In practice, in the past year, no journalists investigating corruption have been killed. Score: Yes" (Global Integrity, 2009; p. 23).

These reports provide a framework within which the state of freedom of speech can be assessed in Brazil based on national legislation as well as media reports. The methodology employed by, **Global Integrity**, ensures a level of reliability by allowing for a peer-review process to assess the accuracy of the **Integrity Report**. As can be seen from the above-mentioned citations, the information reported becomes more specific and detailed as time passes, thereby allowing for a more complete picture to be seen.

Inter-American Development Bank— Assessment of Participatory Budgeting in Brazil
The purpose of this report is to examine the effectiveness of participatory budgeting in several cities across Brazil, tracking voting patterns and demographics of the voting populations over a several year period. Though not a direct correlate with the indicator under examination, voting patterns can be reflective of "**Citizen Assessments**" because these patterns reflect the issues and concerns of the voting populous, and further reveal the desired governmental focus for those participating in elections. Within the context of this report, the voting trends in the following cities were examined: Rio Grande do Sul, Porto Alegre, Caxias do Sul, and Santo Andre. Results of this analysis include:

- **"Rio Grande do Sul (Public Works and Services) Voting Trends:**
2000—Agriculture, Education, Health; **2001**—Education, Agriculture, Transportation; **2002**—Education, Health, Transportation; **2003**—Education, Health, Transportation (p. 37).

- **Rio Grande do Sul (Development) Voting Trends:**
 - **2000**—Agriculture, Jobs & Wages, Transportation; **2001**—Agriculture, Education, Transportation; **2002**—Education, Agriculture, Jobs & Wages; **2003**—Agriculture, Jobs & Wages, Education (p. 37).
- **Porto Alegre Voting Trends:**
 - **2002**—Housing, Education, Paving; **2001**—Paving, Housing, Basic Sanitation; **2000**—Housing Policy; Paving, Health; **1999**—Basic Sanitation, Paving, Housing Policy; **1998**—Paving, Housing Policy, Basic Sanitation; **1997**—Housing Policy, Paving, Basic Sanitation; **1996**—Paving, Basic Sanitation, Land Use Regulation; **1995**—Paving, Land Use Regulation, Basic Sanitation; **1994**—Land Use Regulation, Paving, Basic Sanitation; **1993**—Basic Sanitation, Paving, Land Use Regulation; **1992**—Basic Sanitation, Education, Paving (p. 27).
- **Caxias do Sul Voting Trends:**
 - **2000**— Improvements to Street Networks, Education, Sanitation, Health, Sport and Leisure, Culture, Transportation, Housing, Public Services, Agriculture Policy, Water and Sewage (p. 27).
- **Santo Andre voting trends:**
 - **2000**—Education, Culture, Social Assistance, Economic Development, Health (p. 27).

As can be determined by the excerpts above, this report provides information on the voting patterns for 4 of the 6 cities under investigation (the other cities have voting demographics information—including Gravataí & Belo Horizonte) for the time period of roughly 1999-2003. Though the time period under investigation provides a limited four-year snapshot, the report notes that, “as long as participants feel that the indicators are relevant to local concerns and meaningful to their communities and that the rules are fair, they accept them. The benefits of popular participation in local governance far outweigh any lack of scientific rigor in the methodology” (Inter-American Development Bank, 2005; p. 12).

Organization of American States (OAS)—Final Report on the Implementation in the Federative Republic of Brazil of the Convention Provisions Selected for Review in the Framework of the First Round—2006.

The information contained in the report is based on the findings of the OAS’s Committee of Experts of the Mechanism for Follow-Up on the Implementation of the Inter-American Convention Against Corruption (“IACAC”) as well as the information submitted by the Brazilian government. This report is the first of two reports and address particular sections of the Convention. Brazil ratified the Convention on July 24, 2002. This report assesses Brazil’s compliance with the IACAC. The structure of the report identifies which section area of the convention applies followed by excerpts of all the relevant legislation and statutes. After the laws are cited, the Committee discusses whether those laws are adequate for the enforcement of specific clauses. At the end of the report the Committee provides recommendations for future progress.

This section aligns with the **Citizen Assessments: Services, Quality of Inspected Businesses due to its** focus on the involvement of nongovernmental organizations in promoting anti-corruption. The Committee's review of mechanisms includes: (1) General Participation Mechanisms; (2) Mechanisms for access to information; (3) Mechanisms for consultation; (4) Mechanisms to Encourage Participation in Public Administration; and (5) Mechanisms for participation in the follow-up of public administration. The direct and proxy quotations are excerpts from the above sections.

- **Brazil's response to the question of Mechanisms for General Participation of civil society and nongovernmental organizations**, includes:
 - "(...) (an) increase in the number of ombudsman's units within the federal government during fiscal year 2003/2004. 'In December 2004, there were 114 ombudsman's offices in operation, an increase of 185% over December 2002 and 34% over December 2003'" (Organization of American States (OAS), 2006; p.34).
 - "Brazil reports that 'in 2004, the Office of the Ombudsman-General of the Union received 2,045 statements and 1,409 documents of other types such as the following: requests to reopen cases already filed; and forwarding of additional information relating to cases under study. In all, some 3,454 documents were processed. As for the type of documents, some 87% involved claims, 5% were suggestions, 2% were laudatory remarks, and the remaining 6% were documents of other kinds.' In filing these communications, the great majority of citizens (89%) used the Internet or e-mail, 9% wrote letters, and 2% employed other means, such as personal visits. The results up to December, 2004 are as follows: proceedings completed (90%); proceedings under study (4%); and proceedings suspended (6%)" (Organization of American States (OAS), 2006; p.34).
 - "Brazil also points to the holding of regional meetings of government ombudsmen, and the Second National Forum of Government Ombudsmen, as well as preparation by the Office of the Ombudsman General of the Union of 'communications intended to guide and enlighten the public about what the Ombudsman's Offices in the executive branch of the federal government are, how to use the services those offices offer and about the public's right to monitor and be the watchdog of public service'" (Organization of American States (OAS), 2006; p. 34) The Committee critiqued this information by highlighting that the limited nature of the available information "does not allow the committee to make a comprehensive assessment of results in this area" (Organization of American States (OAS), 2006; p. 34).
- **Brazil's response to the question of Mechanisms for Consultation:** "Brazil points to the existence of mechanisms to consult the public. For example, public consultation is mandatory in the case of large-scale government procurements and is handled by the respective sectoral agency. The response also stresses the importance of public consultation on laws that would heavily impact society, as "a means of stimulating citizen involvement" and giving people 'an opportunity to make their own suggestions and criticisms regarding the proposed laws.' The committee notes that the Section of the web site of the Office of Civil Affairs of the Presidency referring to public consultations indicates that, since 2002, 11 consultations were held in accordance with

decree 4176, five of which were held in 2005. The limited nature of the available information does not allow the committee to make a comprehensive assessment of results in this area" (Organization of American States (OAS), 2006; p. 38).

- ***Brazil's response to the question of "Mechanisms to Encourage Participation in Public Administration"*** indicated that, "... a number of vehicles exist in Brazil to enable civil society to participate in the adoption of public policies. Nevertheless, the nature of each law and regulation and the framework in which it is applied make it difficult to quantify the impact that public consultation has had in combating corruption....However, the media have quoted from government websites, for example the site of the Public Ethics Commission, when reporting on corruption-related issues" (Organization of American States (OAS), 2006; p. 40).
- ***Brazil's response to the question of "Mechanisms for Participation in the Follow-Up of Public Administration"*** consisted of providing "information on access to the "Transparency Portal." "Although no detailed information is provided, the committee notes the considerable number of visits and requests for pages (with an average of nearly 25 pages requested per user visit) in a period of less than nine months" (Organization of American States (OAS), 2006; p. 42)

The information provided within the context of this report provides a contextualizing element which couches the indicator, **Citizen Assessments: Services, Quality of Inspected Businesses**, within the national legislation and initiatives, emphasizing participatory elements of Brazil's political environment.

Transparencia Brasil— Corruption in Brasil: Perspectives from the private sector, 2003 ***The purpose of this report is to provide a "snapshot" of how corruption affects the Brazilian private sector via surveying businesses in the Brazilian private sector.*** Within the context of this investigation:

"Four thousand firms were invited to answer the survey. The questionnaire was published in the Internet (www.antifraude.com.br). Each person who answered was provided with a personal password, which was deactivated once the questionnaire was completed (thus avoiding using the same password more than once). The survey on corruption was answered by a total of 78 firms" (Abramo, Claudio Weber, 2004; p. 2).

Findings of this report include:

- **"Perceptions:** 74% of firms see corruption as a very important obstacle for corporate development in Brazil; 22% see it as important. For 87% of the firms, bribery and nepotism in public procurement are very likely; in tax collecting, the corresponding percentage is 83%. The least vulnerable area, according to the opinion of the firms, is privatizations, with 56%" (Abramo, Claudio Weber, 2004; p. 2).
- **"Experience:** About 70% of the firms state that they spend up to 3% of revenues with bribery. For 25%, such costs average between 5% and 10% (...) About half the firms participate or tried to participate in public procurement. Of these, 62% report having been subjected to requests for bribes (...) One-fourth report such requests connected to licences (...) More than half report bribery attempts from tax collectors (...) The most vulnerable tax, for 78% of the firms, is ICMS (value-added, state), and the main "favor"

corrupt fiscals provide is relaxing fiscalizations and inspections (...) Corruption in procurement, taxes and licenses is seen as indiscriminately serious in the federal, state and municipal spheres (...) More than one-fourth of firms report having been compelled to contribute to electoral campaigns (...) Half of these say that the donation is made against promises of favors given in return (...) For 86% of the firms, offering gifts and hospitality to public administrators is the main method of getting preferential treatment (...) Next, with 77%, comes contributing to electoral campaigns, and with 74%, nepotism (...) 29% firms admit that threatening and harassing public officials is a means to obtain advantages” (Abramo, Claudio Weber, 2004; pp. 2-3)

- **“Behavior:** (...) 21% of the firms state that corruption is tacitly accepted in management policies (...) 78% of firms adopted an ethics code prohibiting bribery. All those who positively answered the previous item have an ethics code (...) 56% provide a whistle blowing mechanism for their staff, of which 89% protect the whistleblower from retaliation (...) But the investigation of cases happened in only 22% of firms. Having an ethics code and a whistle blowing mechanism do not result in significant differences in the frequency of cases investigated (...) Punishment of employees found guilty happened in 14% of the firms (...) Firms that participate in public procurement are timid in using the right to contest decisions by the administration: Only 23% offered administrative appeals, 5% requested an investigation by the Audit Institution and 5% went to court” (Abramo, Claudio Weber, 2004; p. 3)

Results of this investigation need to be tempered by the low response rate as well as the dated nature of the data, which were collected during the early part of the twenty-first century, i.e. before current anti-corruption initiatives had been put into place.

Transparency International

—Bribe Payers Survey 1999

—Bribe Payers Index 2002

—Bribe Payers Index 2008

The purpose of the Bribe Payer’s Survey is to assess corruption and the effectiveness of anti-corruption initiatives from the perspective of the private sector. As the survey has evolved, more and more nations have been included in the sample thereby allowing for a more complete picture of corruption at the global level to emerge. Within the context of this report, results of this survey for the years 1999, 2002, and 2008 as they apply to Latin America in general and Brazil specifically will be presented.

In 1999,

“Transparency International commissioned Gallup International Association (GIA) to conduct in-depth interviews with private sector leaders in **14 emerging market economies**, which combine to account for over 60% of imports of all emerging market economies, namely India, Indonesia, Philippines, South Korea, Thailand, Argentina, Brazil, Colombia, Hungary, Poland, Russia, Morocco, Nigeria, South Africa” (Transparency International, 1999; p. 1).

Results of this survey were general, providing an overview of the corruption issue in the emerging market economies of the nations under examination. Within this context (quotations and citations):

“Gallup International asked: **Which are the sectors in your country of residence where senior-public officials would be very likely, quite likely, unlikely to accept or extort bribes?** (The scores below are mean averages from all responses on a 0 to 10 basis where 0 represents perceptions of very high levels of corruption, while 10 represents perceptions of extremely low levels of corruption. The standard error in the responses was small at 0.2 or less.) (...) Public works and contracts and construction (1.5); Arms and defense industry (2.0); Power--including petroleum and energy (3.5); Industry--including mining (4.2); Healthcare/social work (4.6); Telecommunications, post--equipment and services (4.6); Civilian aerospace (5.0); Banking and finance (5.3); Agriculture (6.0) (Transparency International 1999; p. 3).

In 2002, Mexico was added to the previous list of nations included in the Bribe Payer’s Survey. Results of this analysis include (quotations and citations):

“Question: **How likely is it that a senior public officials in this country [respondent's country of residence] would demand or accept bribes, e.g. for public tenders, regulations, licencing in the following sectors?** (The scores are mean figures from all the responses on a 0 to 10 basis where 0 represents very high perceived levels of corruption, and 10 represents zero perceived corruption. **Precise comparisons between the 1999 and 2002 figures are not possible as the categories have been modified significantly.**) : Public Works/Construction (1.3); Arms and defense (1.9); Oil and gas (2.7); Real estate/property (3.5); Telecoms (3.7); Power generation/transmission (3.7); Mining (4.0); Transportation/storage (4.3); Pharmaceutical/medicare (4.3); Heavy manufacturing (4.5); Banking and finance (4.7); Civilian aerospace (4.9); Forestry (5.1); IT (5.1); Fishery (5.9); Light manufacturing (5.9); Agriculture (5.9)” (Transparency International, 2002).³²

The 2009 Bribe Payer’s Survey included a total of 26 nations as well as included additional questions regarding bribery at the sectoral level (See **Time, Steps, Fees Needed to Obtain Permits & Register Businesses**). Results of this survey include the following (quotations and citations):

- “Results for Brazil (**Q: How would you assess the actions of the government in [your] country in the fight against corruption?**): Very Ineffective (51%); Ineffective (22%); Neither (3%); Effective (21%); Very Effective (3%)” (Transparency International, 2009; p. 19).
- “Results for Brazil (**Q: To what extent do you perceive the following institutions/agencies in this country to be affected by corruption?**)--(Scoring: 1=not at all corrupt; 5=very corrupt): Political Parties (4.2); Parliament/Legislature (3.9); Business/Private Sector (2.9); Media (2.8); the military (2.8); NGOs (3.1) Religious Bodies (2.9); Education System (2.9); Judiciary (3.3); Medical Services (3.4); Police (3.8); Registry and Permit Services (3.2); Utilities (3.2); Tax Revenue Authorities (3.4); Customs (3.4)” (Transparency International, 2009; p. 20).

Results from these surveys need to be tempered by the evolving methodology employed over the decade of its institution which results in the inability for results to be comparable over the

³² Transparency International. (2002). *Bribe Payers Index 2002*. Retrieved from: http://www.transparency.org/policy_research/surveys_indices/bpi/bpi_2002#bpi

time period under investigation. This changing methodology has included increased sample sizes and alterations to the questionnaire resulting in more questions/categories included in later surveys.

The variety of reports which correlated to this Indicator, **Citizen Assessments: Services, Quality of Inspected Businesses**, demonstrates that the opinion of citizens and the business sector has been taken into account in a variety of national and international studies over the previous decade. Results of this analysis provided information assessing the state of governance (including legislative and government-sponsored initiatives), corruption and anti-corruption, as well as the concerns of regular citizens in Brazil regarding prevalent issues which affect their day-to-day lives. The multitude of reports correlating to this indicator proposes that its pursuit in future iterations of the IB approach would not only be feasible but would provide valuable information from the perspective of business as well as the citizen population.

Speed, Accuracy of Paying Vendors’ Invoices

None of the international sources assessed in this study presented data which correlated with the indicator speed and accuracy of paying vendors’ invoices. The specificity of this indicator combined with the general nature of the reports reviewed created a challenge in identifying even tangentially related data. None of the reports provided direct information on the payment of invoices in Brazil. Data pertaining to the procurement process has been categorized under the indicator, quantity and quality of goods received. At this stage of the research it is uncertain if there is publicly available data on the accuracy of payments; however, it appears likely that there is at least some information corresponding to this indicator. This indicator was not reinterpreted to have a broader scope while reviewing the reports which are to be discussed.

Amount of Time Spent Dealing with Official Inspectors

The intention of this indicator is to provide a framework in which to assess the amount of time businesses spend dealing with official inspectors in comparable jurisdictions across the nation under examination. Therefore, in an ideal situation, raw data as derived by business surveys would be gathered measuring time spent with official inspectors in order to develop a concrete appraisal. Within the context of this report, however, a more general approach will be taken which will examine national and international reports found to correlate with this indicator (see

Amount of Time Spent Dealing with Official Inspectors

Cited Reports:

- Controladoria –Geral Da Uniano – CGU**—Self Assessment Checklist on the Implementation of the United Nations Convention against Corruption
- Global Integrity**—Global Integrity An Investigative Report Tracking Corruption, Openness and Accountability in 25 Countries—Brazil
- Global Integrity**—Global Integrity 2006 Country Report Brazil
- Global Integrity**—Global Integrity Report: Brazil 2009 Assessment
- Organization of American States (OAS)**—Final Report on the Implementation in the Federative Republic of Brazil of the Convention Provisions Selected for Review in the Framework of the First Round—2006
- US Department of State, Bureau of Economic, Energy and Business Affairs**—2009 Investment Climate Statement - Brazil

Amount of Time Spent Dealing with Official Inspectors Cited Reports on page 35). These reports are mainly comprised of Brazil's compliance with a variety of international treaties including the **Inter-American Convention against Corruption** and the **UN Convention against Corruption**. In the following pages each of the reports cited will be elucidated in turn, direct or proxy information from said reports which correlates to the indicator will be presented, and results across reports will be compared in order to provide critical analysis.

Controladoria –Geral Da Uniao – CGU— Self Assessment Checklist on the Implementation of the United Nations Convention against Corruption

The purpose of this self-assessment is to determine Brazil's level of alignment with the **UN Convention against Corruption (UNCAC)** in terms of national legislative initiatives. The assessment, completed in 2007 by the nation's anti-corruption bureau, **Controladoria –Geral Da Uniao – CGU**, discusses legislative and other official measures which have been undertaken in the implementation of the **UNCAC**.

A. Article 5³³ Preventive anti-corruption policies and practices—

- **“Federal Government Service Portal (www.brasil.gov.br) – The Brazil Portal is considered the Brazilian Government official gateway for citizens, governments and companies.** It seeks to gather in one single channel institutional information and service provision” (Controladoria –Geral Da Uniao – CGU, 2007; p. 2).
- **“Federal Government Procurement Portal - COMPRASNET (www.comprasnet.gov.br) - COMPRASNET is the Federal Government Portal where all electronic contracts are performed, with an emphasis on Electronic Auction and electronic quotation.** Comprasnet gives more transparency to public contracts, as society can track, by accessing the portal, **all procedures relating to electronic tenders, bids offered and winning proposals, and tender notices**, among others” (Controladoria –Geral Da Uniao – CGU, 2007; p. 2).

³³ **UNCAC Article 5: Preventive anti-corruption policies and practices**

1. Each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anticorruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability.
2. Each State Party shall endeavour to establish and promote effective practices aimed at the prevention of corruption.
3. Each State Party shall endeavour to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy to prevent and fight corruption.
4. States Parties shall, as appropriate and in accordance with the fundamental principles of their legal system, collaborate with each other and with relevant international and regional organizations in promoting and developing the measures referred to in this article. That collaboration may include participation in international programs and projects aimed at the prevention of corruption.

Article 9 Public procurement and management of public finances³⁴—

- **“Law of Public Biddings and Contracts in Public Administration (Law N. 8,666/93); Electronic Auction (Law N. 10,520/02); Agreements Portal (Decree N. 6,170/07); COMPRASNET (Federal Government Procurement Portal); Public Transparency Pages (Interministerial Administrative Ruling N. 140/06)”** (Controladoria –Geral Da Uniano – CGU, 2007; pp. 4-5).
 - **“The Law of Public Biddings and Contracts in Public Administration *regulates all processes involving the procurement of goods or services, including procedures in which tender is not mandatory or is waved*”** (Controladoria –Geral Da Uniano – CGU, 2007; pp.4-5).
 - **“Law 10,520/02 *regulates the electronic procurement of goods or services*”** (Controladoria –Geral Da Uniano – CGU, 2007; pp. 4-5).
 - **“The Agreements Portal is the website where *information on the signing, disbursement of funds, follow-up of execution and rendering of accounts***

³⁴ UNCAC **Article 9: Public procurement and management of public finances**

1. Each State Party shall, in accordance with the fundamental principles of its legal system, take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption. Such systems, which may take into account appropriate threshold values in their application, shall address, inter alia: (a) The public distribution of information relating to procurement procedures and contracts, including information on invitations to tender and relevant or pertinent information on the award of contracts, allowing potential tenderers sufficient time to prepare and submit their tenders; (b) The establishment, in advance, of conditions for participation, including selection and award criteria and tendering rules, and their publication; (c) The use of objective and predetermined criteria for public procurement decisions, in order to facilitate the subsequent verification of the correct application of the rules or procedures; (d) An effective system of domestic review, including an effective system of appeal, to ensure legal recourse and remedies in the event that the rules or procedures established pursuant to this paragraph are not followed; (e) Where appropriate, measures to regulate matters regarding personnel responsible for procurement, such as declaration of interest in particular public procurements, screening procedures and training requirements.

2. Each State Party shall, in accordance with the fundamental principles of its legal system, take appropriate measures to promote transparency and accountability in the management of public finances. Such measures shall encompass, inter alia: (a) Procedures for the adoption of the national budget; (b) Timely reporting on revenue and expenditure; (c) A system of accounting and auditing standards and related oversight; (d) Effective and efficient systems of risk management and internal control; and (e) Where appropriate, corrective action in the case of failure to comply with the requirements established in this paragraph.

3. Each State Party shall take such civil and administrative measures as may be necessary, in accordance with the fundamental principles of its domestic law, to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue and to prevent the falsification of such documents.

- relating to agreements signed by the Federal Government are posted***
(Controladoria –Geral Da Uniano – CGU, 2007; pp.4-5).
- ***“The COMPRASNET Portal contains information on all federal government tender-related procedures, giving them full publicity and enabling inquiries by stakeholders”*** (Controladoria –Geral Da Uniano – CGU, 2007; pp. 4-5).
 - ***“The Transparency Pages are websites gathering information of different types on public agencies, including data on procurements made to date”***
(Controladoria –Geral Da Uniano – CGU, 2007; pp. 4-5).
 - ***“The Law of Public Biddings and Contracts in Public Administration (Law N. 8,666/93) establishes the rules applicable to committees set up by the Administration for the purpose of receiving, reviewing and judging all documents and procedures relating to bids and registration of bidders.*** The civil servants that make up these committees are appointed by the Administration and are not obliged to submit a statement of interest concerning public contracting; however, they are prohibited from participating, either directly or indirectly, in the bidding or in the execution of the works or services as well as in the provision of goods relating to procedures they participate in. The bidding committees will comprise a minimum of three members, at least two of whom should be qualified civil servants belonging to the permanent staff of the Administration’s agencies responsible for the bidding process” (Controladoria –Geral Da Uniano – CGU, 2007; p. 5).
 - ***“Law N. 10,520/02, which provides for electronic auction, also establishes rules applicable to bidding committees.*** The Law determines, for example, that the competent authority will designate the auctioneer and the respective supporting team responsible for conducting the contracting process and this team should comprise, in its majority, civil servants holding permanent offices or employments in the administration and preferably belonging to the permanent staff of the contracting agency or entity. The law also establishes that only civil servants who have been specifically trained for the function can act as auctioneers” (Controladoria –Geral Da Uniano – CGU, 2007; p. 6).

Within the context of this analysis ***the legislative and program initiatives outlined above provide a framework within which the procurement process in Brazil can be couched.*** This procurement process, which aligns with the principles of the UNCAC, highlights ***accessibility and transparency*** and therefore can be seen as decreasing overall time requirements involved in this process.

Global Integrity

—Global Integrity An Investigative Report Tracking Corruption, Openness and Accountability in
25 Countries—Brazil

—Global Integrity 2006 Country Report Brazil

—Global Integrity Report: Brazil 2009 Assessment

These three reports are intended to measure trends in governance and corruption, including those aspects related to civil society, public information and the media, elections, government accountability, administration and civil service, oversight regulation, and anti-corruption and the rule of law. This measurement is designed to take into account the local stakeholder,

assessing said trends from a variety of viewpoints including those of local experts and on-site journalistic accounts.

From these reports, the following information can be gathered (quotations and citations):

In 2004 the following information regarding citizen access to information can be found:

- ***“In law, do citizens have a right of access information and basic government records?”*** Score: yes/1.00. Comments: But there are interpretations of the constitutional text according to which such access would be subjected to specific regulations not in place. The issue is controversial (...) Peer Review Comments: Although the Constitution gives the right of access to public information, the same Article 5, Item XXXIII, expresses that there should be a complementary law regulating that access. The Brazilian Constitution dates from Oct. 5, 1988. Up until today, there has been no law regulating that Article. Worse than that, there is a law that allows the federal government to put some documents under secrecy for 50 years, and, after that expires, the secrecy order can be renewed indefinitely. [Comment 2]: There is a national habeas data law from 1997 that provides for some right of access to information. There is also a 2003 law on access to environmental information. <http://www.elaw.org/resources/text.asp?ID=1784>” (Global Integrity/The Center for Public Integrity, 2004; pp. 12-13).
- ***“In law, do citizens have a right of appeal if access to a basic government record is denied?”*** Score: no/0.00. Comments: Newspapers are going to court to secure access to state records” (Global Integrity/The Center for Public Integrity, 2004; pp. 12-13).
- ***“In practice, is the right of access to information effective?”*** Score: Composite value, See commentary. Comments: This indicator is a composite of access to information scores in all sectors of government. Based on those measures, this country scored a 84 out of a best possible score of 100” (Global Integrity/The Center for Public Integrity, 2004; p. 13).

In 2006 the following information was added:

- ***“In law, do citizens have a right of access information and basic government records?”*** (...) access to information is not regulated. The availability of information varies immensely, notably in the executive branch. The formulation of this group of questions does not adapt very well to the Brazilian situation. From experience, the Brazilian state provides incomparably more information than most other countries, especially in the federal sphere. It is not difficult to get information on judicial processes, for instance. All data is public. Most problems regarding access to information in the executive branch stem not from unwillingness to provide it, but from the fact that information is not properly gathered. Thus, indicators for government programs and actions are not available because they usually are not kept. Government decisions are always public (barring secret codicils in treaties, for example), but some decision processes are not. Overall, the scores given in this section will probably put Brazil in a bad light, when in fact it compares favorably with most countries. This stems from the way the questions are posed (...) Peer Reviewer Comment: It can be very difficult to get information on legal cases if one is not a party to the case. In the executive branch, it is not always easy to get information, and bureaucratic delays are quite a possibility, especially for

inquiries that come from outside the capital of Brasilia” (Global Integrity, 2006; pp. 15-16).

- **“In law, do citizens have a right of appeal if access to a basic government record is denied?”** (...) Such a formal process stems directly from the constitution. However, it takes time and money to do so, thus it is rarely used. Peer Reviewer Comment: Item 33 of Article 5 of the constitution does not directly mention an appeals process. In addition to time and money, it might take a lengthy and uncertain legal suit if the government were unwilling to share” (Global Integrity, 2006; pp. 15-16).

In 2004 the following information regarding legislation regulating conflict of interest procurement process can be found:

- **“In law, there are conflict of interest regulations for public procurement officials.** Score: yes/1.00. Comments: Public procurement does not constitute a career. Procurement committees are formed according to need, although in offices that essentially work with procurement (e.g. transportation) the structure turns around such events and is so organized. In principle, any official can belong to a tender committee” (Global Integrity/The Center for Public Integrity, 2004; pp. 39-40).
- **“In practice, the conflict of interest regulations for public procurement officials are enforced.** Score: almost always/1.00. Comments: It is very easy to detect breaches, so corrupted schemes avoid direct offense to the law” (Global Integrity/The Center for Public Integrity, 2004; pp. 39-40).
- **“In law, there is a mechanism that monitors the assets, incomes and spending habits of public procurement officials.** Score: no/0.00. Comments: Information on public officials' assets is only accessible per court order (...) Peer Review Comments: It is a fact that there is no specific mechanism, but there are general ones such as the Controladoria Geral da União (Public Controller) and even the federal police can investigate such officials” (Global Integrity/The Center for Public Integrity, 2004; pp. 39-40).

In 2006 the following information was added:

- **“In law, there are regulations addressing conflicts of interest for public procurement officials?”** (...) An official who has any interest (or a spouse or dependent) in a field addressed in a tender cannot participate in the process” (Global Integrity, 2006; pp. 51-53).
- **“In law, there is a mechanism that monitors the assets, incomes and spending habits of public procurement officials?”** (...) The proposed conflict of interest bill drafted by the executive (referred to in question 39a) covers these officials” (Global Integrity, 2006; pp. 51-53).

In 2009 the following information was added:

- **“In law, there is a mechanism that monitors the assets, incomes and spending habits of public procurement officials?”** (...) All civil servants are required to annually declare their assets. They can be verified by authorized agencies when there are suspicions of illicit gains” (Global Integrity, 2008; p. 62).

In 2004 the following information regarding legislation regulating conflict of interest procurement process can be found:

- ***“In law, all major procurements require competitive bidding.*** Score: yes/1.00. Comments: All purchases above about US\$3,500 per item per cost center are necessarily procured” (Global Integrity/The Center for Public Integrity, 2004; pp. 39-40).
- ***“In law, unsuccessful bidders can instigate an official review of procurement decisions.*** Score: yes/1.00. Comments: Yes, reviews are guaranteed regarding all decisions, not only the final one” (Global Integrity/The Center for Public Integrity, 2004; pp. 39-40).
- ***“In law, unsuccessful bidders can challenge procurement decisions in a court of law.*** Score: yes/1.00. Comments: As administrative appeals are often turned down, recourse to the judiciary is very common” (Global Integrity/The Center for Public Integrity, 2004; pp. 39-40).
- ***“In law, citizens can access public procurement regulations.*** Score: yes/1.00. Comments: There is only one law, although states, municipalities and public companies can add to it. All regulations are published in the Internet” (Global Integrity/The Center for Public Integrity, 2004; p. 41).
- ***“In practice, citizens can access public procurement regulations within a reasonable time period.*** Score: < 1 month/1.00. Comments: The regulations are accessible via the Internet” (Global Integrity/The Center for Public Integrity, 2004; p. 41).
- ***“In practice, citizens can access public procurement regulations at a reasonable cost.*** Score: almost always/1.00. Comments: The regulations are accessible via the Internet” (Global Integrity/The Center for Public Integrity, 2004; p. 41).
- ***“In practice, major public procurements are widely advertised.*** Score: almost always/1.00. Comments: Not only major, but all procurements are advertised. All acts concerning public procurement are per force public, including the contract, which is fixed before adjudication (it cannot be changed afterwards)” (Global Integrity/The Center for Public Integrity, 2004; p. 41).
- ***“In practice, citizens can access the results of major public procurement bids.*** Score: almost always/1.00. Comments: All acts are public, including the final result” (Global Integrity/The Center for Public Integrity, 2004; p. 41).

In 2006 the following information was added:

- ***“In law, all major procurements require competitive bidding.*** (...) Not only major ones, but all purchases are subject to competitive bidding, excepting those involving fairly small amounts (less than about US\$4,000)” (Global Integrity, 2008; pp. 53-54).
- ***“In law, citizens can access public procurement regulations.*** (...) All documents pertaining to a tender and subsequent contract are public. Peer Reviewer Comment: Yes, although the usual problems of delay and distance play a dissuasive role” (Global Integrity, 2006; pp. 53-54).
- ***“In practice, citizens can access public procurement regulations within a reasonable time period.*** (...) Social Scientist's References: Summaries are published in the Internet. In most cases, the full documents are also made available in the Internet. If not, full documents are readily available upon request” (Global Integrity, 2006; pp. 53-54).

- ***“In practice, citizens can access the results of major public procurement bids.*** (...) Peer Reviewer Comment: At some point it might be worth mentioning the new online procurement system as well as the Diário Oficial. (pp. 53-54).

These reports provide a framework within which the procurement, conflict of interest and access to information in Brazil can be assessed based on national legislation as well as media reports. Within this context, legislation regarding transparency and accountability of governance was discussed including that which applies to procurement and conflict of interest. The methodology employed by, **Global Integrity**, ensures a level of reliability by allowing for a peer-review process to assess the accuracy of the **Integrity Report**. As can be seen from the above-mentioned citations, the information reported becomes more specific and detailed as time passes, thereby allowing for a more complete picture to be seen.

Organization of American States (OAS)—Final Report on the Implementation in the Federative Republic of Brazil of the Convention Provisions Selected for Review in the Framework of the First Round—2006.

The information contained in the report is based on the findings of the OAS’s Committee of Experts of the Mechanism for Follow-Up on the Implementation of the Inter-American Convention Against Corruption (“IACAC”) as well as the information submitted by the Brazilian government. This report is the first of two reports and address particular sections of the Convention. Brazil ratified the Convention on July 24, 2002. This report assesses Brazil’s compliance with the IACAC. The structure of the report identifies which section area of the convention applies followed by excerpts of all the relevant legislation and statutes. After the laws are cited, the Committee discusses whether those laws are adequate for the enforcement of specific clauses. At the end of the report the Committee provides recommendations for future progress.

This section has been placed under **Amount of Time Spent Dealing with Official Inspectors** because it deals further with conflict of interest legislation.

- Section 1.1.3: Conflicts of Interest—***“Results of legal framework and/or other measures and enforcement mechanisms:”*** Brazil responded that: “Between August 2000 and June 2005, the Public Ethics Commission issued 1,234 notifications for failure to file information on earnings and assets, and 373 requests to provide additional information for the Confidential Disclosure Statement provided for in the Code of Conduct for Senior Federal Officials” ((Organization of American States (OAS), 2006; pp. 14-15).
- From Brazil's Public Ethics Commission web site in 2004, the Committee found: “(...) In the course of the year, specific guidance was provided in 116 cases and general guidance in 461 cases; a total of 266 notifications were issued for failure to observe the rules of the Code of conduct. A handbook of the most commonly asked questions and their answers is constantly updated and distributed to those persons covered by the Code. Interested parties may also consult the handbook at the Committee’s web site: www.presidencia.gov.br/etica (...) 87.6% of the agencies and organs in the executive branch of the federal government are already governed by standards of conduct; 91% provide instruction in ethics and 84% apply sanctions for nonobservance of the established standards of conduct.” (Organization of American States (OAS), 2006; p. 15).

- Committee Response/Critique to the information on Conflict of Laws submitted:** "In the Committee's view, the information reported indicates that the work of the Public Ethics Commission is preventive in nature, in that it counsels and instructs officials in the upper echelons of the federal government on how to avoid conflicts of interest (...) The Committee also notes that according to the figures that appear in the report of the Public Ethics Commission, less than half of the organs and entities in the executive branch of the federal government are conducting measures to monitor the observance of the standards of conduct. Given the importance of monitoring for purposes of effectively preventing conflicts of interest in public service and because the Committee has not received any information from other Ethics Commissions, it will offer a recommendation in this regard (see recommendation "b" of Section 1.1. of Chapter III of this report)" [internal citation omitted]" (Organization of American States (OAS), 2006; p. 15).
- "As for the figures on the Office of the Comptroller General of the Union and the Court of Accounts, the Committee's view is that the information reported reflects the investigative work and sanctions ordered by the two entities charged with enforcing the standards of conduct. However, the data are not sufficiently discrete to determine the specific conflict-of-interest standards involved" (Organization of American States (OAS), 2006; p. 16).
- Re: Oversight Bodies:** "...Brazil provides information on the results achieved through the Office of the Comptroller General of the Union and the Court of Accounts of the Union, as well as data on the Public Ethics Commission (...) With respect to the Office of the Comptroller General of the Union, the committee notes that in 2004 it recorded receipt of 'some 10,000 documents relating to reports on misappropriation of public funds or irregular conduct by public servants, or supplementing or responding to investigations already initiated', of which 2,136 complaints and representations were admitted and duly processed (...) In 2004 the office of the Comptroller General of the Union concluded its analysis of 2,234 complaints and ordered the initiation of 141 investigations and disciplinary proceedings. In addition, 'it supervised the conduct and reviewed the findings of 207 disciplinary proceedings.'. It also reports that 1,020 penalties were imposed on federal civil servants during the period January 1, 2002 to July 30, 2005" (Organization of American States (OAS), 2006; p. 31).
- "Brazil notes that 'in 2004, the Court of Accounts of the Union adjudicated 5,904 external control procedures; final decisions were handed down in 6,837 cases; 8,556 judgments were delivered; 1,325 appeals were heard; irregularities were found in the accounts of 1,044 defendants; 18 of those found guilty of irregularities were disqualified from performing any commissioned office or position of trust in the Federal Government; 21 businesses were declared ineligible to bid on contracts with the federal government. Some 1,029 audits were conducted, 414 in public works (...) In the first quarter of 2005, the Court of Accounts had 1,204 cases involving external control issues; 1,028 cases were concluded. During that same period, the Court of Accounts received 15,060 personnel actions, 13,195 of which were evaluated. The following table shows the actions and decisions, classified by issue, and the number of personnel actions received and evaluated during the quarter.' Brazil also submitted tables tracking the

evolution of the number of external control proceedings between 2002 and the first quarter of 2005” (Organization of American States (OAS), 2006; p. 32).

The information provided within the context of this report provides a contextualizing element, which evaluates the effectiveness of the conflict of interest legislation within the context national legislation and initiatives.

US Department of State, Bureau of Economic, Energy and Business Affairs—2009 Investment Climate Statement—Brazil
The purpose of this report is twofold: to outline current business conditions in Brazil; and provide introductory information to US investors contemplating doing business in Brazil.

“Investment Climate Statements provide a thorough description of the overseas environments in which U.S. investors must operate. The statements cover general characteristics, such as openness to foreign investment and treatment of foreign investors, as well as details about procedures for licensing and similar administrative matters. The statements are updated each year as Chapter 7 in the Country Commercial Guides, a series to be found by country at the U.S. Department of Commerce's website: <http://www.export.gov/>.”³⁵

Therefore, this annually published report is a pivotal source providing practical guidance about general rules regulating business in Brazil to potential investors.

Excerpts from this report include:³⁶

- **"Transparency of the Regulatory System:** (...) Some industries have reported challenges in obtaining licenses from IBAMA, the environmental regulator, citing unpredictability in IBAMA's licensing requirements, though the process has reportedly become more streamlined over the course of 2008.”
- **"Transparency of the Regulatory System:** (...) foreign investors have encountered obstacles when interfacing with regulatory agencies. Notable examples include companies in the electric power sector that have

³⁵ U.S. Department of State. (2010). *Investment Climate Statements*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/index.htm>

³⁶Note—Citation for all quotations is: U.S. Department of State. (2009). *Investment Climate Statement—Brazil*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/2009/117415.htm>

***Time, Steps, Variation
Involved in Tax
Assessments***

Cited Reports:

***Controladoria –Geral Da
Uniano – CGU***—Self
Assessment Checklist on
the Implementation of the
United Nations Convention
against Corruption
Global Integrity—Global
Integrity An Investigative
Report Tracking Corruption,
Openness and
Accountability in 25
Countries—Brazil
Global Integrity—Global
Integrity 2006 Country
Report Brazil
Global Integrity—Global
Integrity Report: Brazil
2009 Assessment
***GTZ (Deutsche Gesellschaft
für Technische
Zusammenarbeit)***—The
CSR Navigator: Public
Policies in Africa, the
Americas, Asia and Europe
***US Department of State,
Bureau of Economic,
Energy and Business
Affairs***—2009 Investment
Climate Statement – Brazil
World Economic Forum—
The Global Competitiveness
Report 2009-2010

complained about the high level of regulatory risk, for example the tariff review process and the implementation of Brazil's new energy model.”

This assessment places the indicator **Amount of Time Spent Dealing with Official Inspectors** within the context of international business relations thereby allowing for a larger perspective of said environment to be taken.

The reports correlated to this Indicator, **Amount of Time Spent Dealing with Official Inspectors**, provided a legislative framework within which several governance processes can be assessed. The processes elucidated within the context of this indicator included freedom of information/transparency, procurement and conflict of interest legislation. The multitude of reports correlating to this indicator proposes that its pursuit in future iterations of the IB approach would not only be feasible but would provide valuable information regarding from the business as well as citizen perspective

Time, Steps, Variations Involved in Tax Assessments

The purpose of this indicator is to compare data on case handling of tax assessments across jurisdictions in the nation under examination. Finding data which corresponded to this indicator proved to be the most straightforward of the indicators assessed. Several of the international reports referring to corruption levels as well as those dedicated to assessing Brazil's legislative initiatives provided information regarding tax assessments (See: **Time, Steps, Variations Involved in Tax Assessments Cited Reports** on page 44). Some of the reports provided citations to raw data, while others referred to general statements about the condition of taxes in Brazil and the corresponding business impacts. In the following pages each of the reports cited will be reviewed in turn, direct or proxy information from said reports which correlates to the indicator will be presented, and results across reports will be compared in order to provide critical analysis.

Controladoria –Geral Da Uniao – CGU— Self Assessment Checklist on the Implementation of the United Nations Convention against Corruption

The purpose of this self-assessment is to determine Brazil's level of alignment with the **UN Convention against Corruption (UNCAC)** in terms of national legislative initiatives. The assessment, completed in 2007 by the nation's anti-corruption bureau, **Controladoria –Geral Da Uniao – CGU**, discusses legislative and other official measures which have been undertaken in the implementation of the **UNCAC**. Within the context of this indicator, some of Brazil's legislative and national initiatives relating to **Article 5** pertaining to preventative anti-corruption policies and practices and **Article 9** pertaining to procurement are cited.

A. Article 5³⁷ Preventive anti-corruption policies and practices—

³⁷ **UNCAC Article 5: Preventive anti-corruption policies and practices**

1. Each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anticorruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability.

- ***“The Transparency Portal (Decree N. 5,482/05) and the Public Transparency Pages (Interministerial Administrative Ruling N. 140/06) are the Federal Government’s main instruments to provide the public with information on federal expenditures”*** (Controladoria –Geral Da Uniano – CGU, 2007; p. 2).
- ***“Fiscal Responsibility Law (Complementary Law N.101/00) – The Fiscal Responsibility Law provides for public finance documentary standards oriented towards fiscal management responsibility”*** (Controladoria –Geral Da Uniano – CGU, 2007; p. 2).
- ***“Internal Control System of the Federal Executive Branch (Decree N. 3,591/00) – The Internal Control System of the Federal Executive Branch is responsible for evaluating the allocation of Union budgets, inspecting the implementation of government programs and carrying out audits on the management of public funds under the responsibility of public organs and agencies and entities under private law, among other duties”*** (Controladoria –Geral Da Uniano – CGU, 2007; p. 2).
- ***“Public Dialogue Program of the Brazilian Court of Audit – The Public Dialogue Program is a set of actions developed by the Brazilian Court of Audit to encourage social control”*** (Controladoria –Geral Da Uniano – CGU, 2007; p. 2).

Article 9 Public procurement and management of public finances³⁸ —

2. Each State Party shall endeavour to establish and promote effective practices aimed at the prevention of corruption.

3. Each State Party shall endeavour to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy to prevent and fight corruption.

4. States Parties shall, as appropriate and in accordance with the fundamental principles of their legal system, collaborate with each other and with relevant international and regional organizations in promoting and developing the measures referred to in this article. That collaboration may include participation in international programs and projects aimed at the prevention of corruption.

³⁸ UNCAC **Article 9: Public procurement and management of public finances**

1. Each State Party shall, in accordance with the fundamental principles of its legal system, take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption. Such systems, which may take into account appropriate threshold values in their application, shall address, inter alia: (a) The public distribution of information relating to procurement procedures and contracts, including information on invitations to tender and relevant or pertinent information on the award of contracts, allowing potential tenderers sufficient time to prepare and submit their tenders; (b) The establishment, in advance, of conditions for participation, including selection and award criteria and tendering rules, and their publication; (c) The use of objective and predetermined criteria for public procurement decisions, in order to facilitate the subsequent verification of the correct application of the rules or procedures; (d) An effective system of domestic review, including an effective system of appeal, to ensure legal recourse and remedies in the event that the rules or procedures established pursuant to this paragraph are not followed; (e) Where appropriate, measures to

- “Fiscal Responsibility Law (Complementary Law N. 101/00); Law 10,180/01 (Internal Control System of the Federal Executive Branch); Law N. 8,443/92 (Organic Law of the Brazilian Court of Audit); Law N. 8,112/90 (Federal Public Servants Statute); Law N. 8,429/92 (Administrative Improbability Law) (...) **According to the Organic Law of the Brazilian Court of Audit, if during its inspection activities the Court identifies the occurrence of embezzlement, diversion of assets, or any other violation that may result in losses to the public treasury, it shall require that a special rendering of accounts be provided, for the purpose of imposing, if appropriate, corrective measures against the manager responsible for the violation**” (Controladoria –Geral Da Uniano – CGU, 2007; pp. 7-8).
- “Law N. 4,320/64; Fiscal Responsibility Law (Complementary Law N. 101/00); Law N. 10,180/01 (Organizes and disciplines the Federal Planning and Budget, the Federal Financial Administration, the Federal Accounting, and the Federal Executive Branch Internal Control Systems); Federal Accounting System (Decree N. 3,589/00); Internal Control System (Decree N. 3,591/00)” (Controladoria –Geral Da Uniano – CGU, 2007; p. 8).

Within the context of this analysis **the tax processes in Brazil can be evaluated from a legislative perspective**. This process, as outlined above, exists within the confines of a legal context which will be further explored in this section.

Global Integrity

—Global Integrity An Investigative Report Tracking Corruption, Openness and Accountability in 25 Countries—Brazil

—Global Integrity 2006 Country Report Brazil

—Global Integrity Report: Brazil 2009 Assessment

These three reports are intended to measure trends in governance and corruption, including those aspects related to civil society, public information and the media, elections, government accountability, administration and civil service, oversight regulation, and anti-corruption and the rule of law. This measurement is designed to take into account the local stakeholder,

regulate matters regarding personnel responsible for procurement, such as declaration of interest in particular public procurements, screening procedures and training requirements.

2. Each State Party shall, in accordance with the fundamental principles of its legal system, take appropriate measures to promote transparency and accountability in the management of public finances. Such measures shall encompass, inter alia: (a) Procedures for the adoption of the national budget; (b) Timely reporting on revenue and expenditure; (c) A system of accounting and auditing standards and related oversight; (d) Effective and efficient systems of risk management and internal control; and (e) Where appropriate, corrective action in the case of failure to comply with the requirements established in this paragraph.

3. Each State Party shall take such civil and administrative measures as may be necessary, in accordance with the fundamental principles of its domestic law, to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue and to prevent the falsification of such documents.

assessing said trends from a variety of viewpoints including those of local experts and on-site journalistic accounts.

Within the context of these reports, the following information can be gathered (quotations and citations):

In 2004 the following information can be found:

- ***“In practice, are tax laws enforced uniformly and without discrimination?”*** Score: rarely/0.25. Comments: Positive discrimination occurs when tax collectors take bribes to turn a blind eye on evasion. Evasion is evaluated at about 25 to 30 percent. Peer Review Comments: The problem with the tax law is not only the evasion or bribes, but the law itself. States start to lower their taxes to increase some industries or even exempt some others, without a public discussion or a clear decision-making process. This process is not a decision of the collectors, but of the policy makers” (Global Integrity/The Center for Public Integrity, 2004; p. 46).

In 2006 the following information was added:

- ***“In practice, are tax laws enforced uniformly and without discrimination?”*** Score: rarely/0.25. Social Scientists Comments: Overall tax evasion (including federal, state and municipal taxes) is estimated at 20-30 percent. For individuals who earn salaries, it is impossible to avoid paying federal taxes, because federal taxes are deducted from paychecks. As for taxes on asset transfers, various mechanisms are used to avoid paying the taxes in full. Most tax evasion come from firms. Tax laws are very lax, and conditional amnesties are frequent. The conditions defined for an amnesty are seldom met and new amnesties are then defined ad infinitum” (Global Integrity, 2006; pp. 63-64)

In 2009 the following information was added:

- ***“In practice, are tax laws enforced uniformly and without discrimination?”*** Score: 50. References: In practice—There is a recent case that illustrates the score given. In law, Brazilian institutions that are considered to be public utilities can get some tax exemptions (...) In order to renovate the public utility condition (thus, in order to maintain the tax exemptions), they have to present periodic reports to the Ministry of Justice (...) Until 2008, many of those institutions have not delivered the compulsory report. Furthermore, some of them were accused of giving tips in order to renovate their public utility (...) In 2008, the federal government issued a provisional executive order that have granted amnesty to over 2,000 public utility institutions that owed the compulsory reports, including those which were investigated by federal police. They have had their public utility title automatically renovated, without presenting any reports (...) Social Scientist’s Comments: In 2008, according to Instituto Brasileiro de Planejamento Tributario (IBPT), tax evasion from firms had reached over BRL 200 billion (about US \$113 billion). The amount represents 32 percent of the 2009 Federal Budget (...) The higher score for 2009 is due to the creation of come mechanisms to prevent tax evasion, mainly by forms (...) Peer Reviewer’s Comments: The Brazilian tax system is regressive, which means that provisions in the law permits a system of deductions that is only reached by big companies (Global Integrity, 2009; p. 100).

These reports provide a framework within which tax assessment in Brazil can be assessed based on national legislation as well as media reports. The methodology employed by, **Global**

Integrity, ensures a level of reliability by allowing for a peer-review process to assess the accuracy of the **Integrity Report**. As can be seen from the above-mentioned citations, the information reported becomes more specific and detailed as time passes, thereby allowing for a more complete picture to be seen.

GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit)—The CSR Navigator: Public Policies in Africa, the Americas, Asia and Europe

Although none of the data in GTZs' 2008 *CSR Navigator* report pertains directly to the, **Time, Steps, Variations Involved in Tax Assessments**, indicator there is some data on taxes as incentives for corporate social responsibility. The report cites four pieces of legislation relevant to promoting corporate social responsibility through tax incentives. The explanations are as follows:

- Law 9790 (1999): "Provides tax incentives for business donations to civil society organizations known as 'social organizations for public benefit' (OSCIPs)" (GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit), 2008; p. 24).
- Law 8242 (1991): "Specifies tax incentives for projects promoting the rights of children and adolescents. Contains provisions on tax incentives for individuals and corporations that invest in funds dedicated to the rights of children and adolescents" (GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit), 2008; p. 24).

The report further describes these two laws by noting that, "Tax deductions can be obtained for contributions made to nonprofit organizations that have been granted the status of public charities of that are certified by the *Council of Public Policies for Children and Youth*" (GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit), 2008; pp. 24-25). Two other pertinent laws are:

- Law 5172 (1966): "National taxation code. Contains limited tax incentives for areas that are part of the CSR framework, e.g. tax reductions for nonprofit organizations and tax incentives for culture, social welfare contributions (related to labor laws) and child and adolescent rights" (GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit), 2008; p. 24).
- Law 9874 (1999): "Provides incentives for individuals and corporations that invest in the cultural field" (GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit), 2008; p. 24).

These data alone do not indicate much about the application of the tax regulations. It does however, present information that could be useful in creating a sub-category within this indicator. What would be useful are data on the financial volume of tax credits claimed for charitable giving compared to the financial volume that is officially declared as received by the organizations.

US Department of State, Bureau of Economic, Energy and Business Affairs—2009 Investment Climate Statement—Brazil

The purpose of this report is twofold: to outline current business conditions in Brazil; and provide introductory information to US investors contemplating doing business in Brazil.

“Investment Climate Statements provide a thorough description of the overseas environments in which U.S. investors must operate. The statements cover general characteristics, such as openness to foreign investment and treatment of foreign investors, as well as details about procedures for licensing and similar administrative matters. The statements are updated each year as Chapter 7 in the Country Commercial Guides, a series to be found by country at the U.S. Department of Commerce's website: <http://www.export.gov/>.”³⁹

Therefore, this annually published report is a pivotal source providing practical guidance about general rules regulating business in Brazil to potential investors.

Excerpts from this report include:⁴⁰

- “...that the administrative burden to a medium-size business of tax payments in Brazil is an average of 2,600 hours versus 187 hours in the United States.”
- “Tax regulations, while burdensome and numerous, do not differentiate between foreign and domestic firms. However, there have been instances of complaints that the value-added tax collected by individual states (ICMS) favors local companies.”
- “Although the tax is designed to be refunded upon export of goods outside of the country, exporters in many states have had difficulty receiving ICMS rebates.”
- “A government proposal to streamline the tax collection system is currently under consideration by the Brazilian Congress, but tax reform has been difficult because states fear losing revenue and control over fiscal policy.”

The *Investment Climate* report continues by describing a controversial ad hoc tax benefit system that is scheduled for review by the Brazilian Legislature in 2009. The controversial system is used by individual states in an effort to attract investment. The report also notes that:

“The Government of Brazil extends tax benefits for investment in less developed parts of the country, for example the Northeast and the Amazon regions, with equal application to foreign and domestic investors...”

On the Federal level tax breaks to exporters were restored in October 2007, following the enactment of Law 11529.

- “To be exempt from paying the 9.25 percent PIS-COFINS [(social integration program)] tax on these purchases, companies must prove they derive at least 70 percent of their revenues from exports. This benchmark was lowered to 60 percent for companies in the sectors covered by the legislation.”

Oddly, the report notes that as bribery is illegal and that, “[a] company cannot deduct a bribe to a foreign official from its taxes,” as bribing by a local company to a foreign official is a criminal act. There is however, no further data on whether this is a recent change nor whether bribes to local officials could be declared for tax deductions?

There is some data in the 2009—*Investment Climate Statement* on tax rates and exemptions in the context of “conversion and transfer policies,” in Brazil.

³⁹ U.S. Department of State. (2010). *Investment Climate Statements*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/index.htm>

⁴⁰Note—Citation for all quotations is: U.S. Department of State. (2009). *Investment Climate Statement—Brazil*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/2009/117415.htm>

- “Capital gain remittances are subject to a 15 percent income withholding tax, with the exception of the capital gains and interest payments on tax exempt issued Brazilian bonds.”⁴¹
- “Repatriation of an initial investment is also exempt from income tax.”
- “Lease payments are assessed a 15 percent withholding tax.”
- “Remittances related to technology transfers are not subject to tax on credit, foreign exchange, and insurance (IOF), although they are subject to a 15 percent withholding tax and an extra 10 percent Contribution of Intervention in the Economic Domain (CIDE).”
- “Loans with terms of 90 days or less must pay the IOF (5.38 percent), while those of longer maturity, profits and FDI remittances must pay 0.38 percent.”

While these tax rates are identified by the *Investment Climate Statement*, they do not provide any data on whether these rates are assessed in an even and uniform manner. Without a survey of the application of the taxes, or more information on the frequency of exemptions or surcharges, these data have limited usefulness.

The last reference to taxes under this report is in the area of “Intellectual and other Property Rights.” The data indicated also partially correlates to the “Time, steps, fees needed to obtain permits / register a business” if understood to include licensing requirements.

- “Patent and trademark licensing agreements must be recorded with and approved by the National Institute of Industrial Property (INPI) and registered with the Central Bank of Brazil....Licensing contracts must contain detailed information about the terms of the agreement and royalties to be paid. In such arrangements, Brazilian law limits the amount of the royalty payment that can be taken as a tax deduction, which consequently acts as a de facto cap on licensing fees.”

For a general report not based on the indicators assessed in this report, the *Investment Climate Statement* does a fair job at highlighting some of the variations in Brazilian tax assessments.

World Bank—Enterprise Surveys—Brazil 2009

The purpose of this report is to develop a picture the business environment, including how it is perceived by individual firms, how it changes over time, and what major impediments are currently inhibiting its performance and growth. Businesses from across the globe are surveyed, including those involved in the manufacturing, services, transportation, and construction sectors.

Excerpts from this report include:

- “% of Firms Expected to Give Gifts in Meetings with Tax Inspectors—**Brazil: 16.4**” (World Bank, 2009; p. 13).
- “Average number of visits or required meetings with tax officials—**Brazil: 1.2**” (World Bank, 2009; p. 13).

⁴¹ The report jointly notes that “Dividends cannot exceed corporate profits. The remittance transaction may be carried out at any bank by documenting the source of the transaction (evidence of profit or sale of asset) and showing that applicable taxes have been paid.”

The methodology utilized in the development of this report is the first major advantage of this data set, with said methodology including both qualitative and quantitative data collected from both surveys and face-to-face interviews discussing topics which range from “infrastructure, trade, finance, regulations, taxes and business licensing, corruption, crime and informality, finance, innovation, labor, and perceptions about obstacles to doing business” (p. 3). Another major advantage of this report is the open availability of its data to researchers:

“The full data are available to researchers and include all questions from the surveys at the firm level (the website is a subset of the complete data available here). To access the complete datasets, you must register with the Enterprise Analysis Unit (GIAEA) by completing the Enterprise Surveys Data Access Protocol.”⁴²

This feature makes the Enterprise Surveys—Brazil 2009 report invaluable to the Indicator Benchmark approach as it provides additional resources—in the form of both the survey questions themselves as well as the raw data garnered from them— which can be utilized in the development of future research.

World Economic Forum—The Global Competitiveness Report 2009-2010

The Country/Economy Profile of Brazil provides some data that correlate directly to this indicator. In fact, several of the indicators used by the *Global Competitiveness Report* are similar to this study’s Indicator.

In a study asking respondents to select the five most problematic factors for doing business in Brazil, “tax regulations” came in as most problematic (World Economic Forum, 2009-2010; p. 96). 19% of those surveyed, indicated that “tax regulations” is the most problematic factor for doing business in Brazil. “Tax Rates” came in as a close second with 18.5% (World Economic Forum, 2009-2010; p. 96). The other thirteen categories identified as problematic did not pertain to taxes.⁴³

Within the “twelve pillars” used to determine each nation’s “global competitiveness” rank, there are two indicators that pertain to taxes. The tax indicators are under the “6th pillar: Goods market efficiency” (World Economic Forum, 2009-2010; p. 96). The report provides a ranking for each individual indicator which was ultimately calculated with all the other indicators to determine Brazil’s overall rank. In the 2009-2010 Report Brazil’s overall rank was

⁴²World Bank. (2010). *Enterprise Surveys: Full Survey Data*. Retrieved from: <https://www.enterprisesurveys.org/Portal/Login.aspx?ReturnUrl=%2fPortal%2flibrary.aspx%3flibid%3d14&libid=14>

⁴³ The chart showing the results of the “Most problematic factors for doing business” continues by listing these factors: “Restrictive labor regulations (14.0%), Inefficient government bureaucracy (11.0%), Access to financing (10.4%), Inadequate supply of infrastructure (9.5%), Corruption (7.0%), Inadequately educated workforce (4.9%), Policy instability (1.1%), Inflation (1.0%), Poor work ethic in national labor force (0.9%), Foreign currency regulations (0.9%), Crime and theft (0.7%), Poor public health (0.6%), Government Instability/Coups (0.3%).” GCR p.96

56 out of 133 (the higher the better) (World Economic Forum, 2009-2010; p. 96). However, with regard to the isolated indicators of taxation, Brazil did much worse:

- “Extent and effect of taxation....133/133” (World Economic Forum, 2009-2010; p. 97).
- “Total tax rate..... 117/133” (World Economic Forum, 2009-2010; p. 97).

The data provided by the *Global Competitiveness Report*, essentially indicates that in the category of “Extent and effect of taxation” there is no country ranked lower than Brazil. In addition, the ranking for “Total tax rate,” while not as bad, is also very close to the bottom. Beyond flagging taxation as a serious problem in Brazil, the report does not provide detailed information that could further applied to this Indicator.

The variety of reports which correlated to, **Time, Steps, Variations Involved in Tax Assessments**, demonstrates that this is an area that is being measured in a number of internationally produced reports which also look at corruption. It is important to note that this indicator is present in those reports which do not provide a corruption only analysis of Brazil, but instead look to the business-friendly environment of the country. None of the reports assess taxation as it pertains to individual members of society as their focus is on businesses. The variety of reports also highlights the various facets involved in tax assessment. This indicator overall appears to be measurable and also appears to include data that is findable. There may be some level of detail which will be difficult to attain, as it will rely on specific studies which will require, time, manpower and funding. It is also important to note that this level of detail in other international reports bodes well for finding more detailed information pertaining to this Indicator in reports which are not necessarily focused on an international level, but instead deal solely with Brazil.

Quality and Quantity of Goods Received

The purpose of this indicator is to assess the quality and quantity of goods received in national and international business transactions negotiated within the nation under examination. As noted earlier, this indicator assesses whether purchases are delivered in the quantities, quality, and places intended, and in a timely fashion. Only a single report was found to correlate with this indicator, providing specific information on government inspections and pursuing legalities involved in the import and transportation of goods. In the following pages this report will be elucidated and direct or proxy information correlating to the indicator will be presented.

US Department of State, Bureau of Economic, Energy and Business Affairs—2009 Investment Climate Statement—Brazil

The purpose of this report is twofold: to outline current business conditions in Brazil; and provide introductory information to US investors contemplating doing business in Brazil.

“Investment Climate Statements provide a thorough description of the overseas environments in which U.S. investors must operate. The statements cover general characteristics, such as openness to foreign investment and treatment of foreign investors, as well as details about procedures for licensing and similar administrative matters. The statements are updated each year as Chapter 7 in the Country Commercial

Guides, a series to be found by country at the U.S. Department of Commerce's website: <http://www.export.gov/>.⁴⁴

Therefore, this annually published report is a pivotal source providing practical guidance about general rules regulating business in Brazil to potential investors.

Excerpts from this report include:⁴⁵

- **“Conservation and Use of Resources:** Brazil reports in the updated response to the questionnaire that “from January 2003 to July 2005, the Office of the Comptroller General of the Union (CGU) inspected 801 municipalities (in sixteen drawings of lots) and conducted inspections in 17 States. In addition, the CGU conducted around 800 investigations/audits based on complaints and local reports the Ministério Público and the Federal Police. The Transparency Portal has 211 million records of information on resources executed by the Federal Government and transferred to states and municipalities” ((Organization of American States (OAS), 2006; pp. 20-21)
- “In 2004, the CGU carried out 17,273 control missions, including 13,907 inspections, 2,981 management evaluation audits, and 385 account audits in all the states, covering 756 municipalities. The extent of geographical coverage was 13.6% of the 5,560 municipalities in the countries” ((Organization of American States (OAS), 2006; p. 21).
- “The Committee believes ...the foregoing information ... shows that the Office of the Comptroller General of the Union has been playing an active role in the work of the area under its jurisdiction, and that deserves recognition” ((Organization of American States (OAS), 2006; p. 21)
- “Moreover, the Committee believes that it is appropriate to take into account the information on the work of the Court of Accounts of the Union (TCU) provided in the Section of the response for reporting the results of the standards of conduct and mechanisms in general, there it is explained that “in 2004, 5,904 external control proceedings were conducted; 6,837 proceedings were judged conclusively; 8,556 rulings were issued; 1,325 appeals were judged; 1,044 officials had their accounts judged as irregular; 18 officials were disqualified from holding a commissioned office or a trust position in the Federal Public Administration; 21 companies were declared ineligible to participate in bidding processes of the Federal Public Administration; and, there were 1,029 inspections or investigations, 414 of which were conducted in public works” ((Organization of American States (OAS), 2006; p. 21).
- “With regard to the foregoing information, the Committee notes the small number of officials who were disqualified from holding a commissioned office or a trust position in the Federal Public Administration compared to those whose accounts were judged irregular by the TCU. However, the information presented is not detailed enough for the Committee to fully assess the use of sanctions on the persons who violated the standards in the matter and whether they were enforced” ((Organization of American States (OAS), 2006; p. 21)

⁴⁴ U.S. Department of State. (2010). *Investment Climate Statements*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/index.htm>

⁴⁵Note—Citation for all quotations is: U.S. Department of State. (2009). *Investment Climate Statement—Brazil*. Retrieved from: <http://www.state.gov/e/eeb/rls/othr/ics/2009/117415.htm>

- In the same Section, it is reported that of the 540 account proceedings judged conclusively in the first quarter of 2005, “204 (37.78%) were judged irregular, and led to the conviction of 268 officials and the imposition of fines and/or amends totaling R\$ 65.036.408, 69, which were updated monetarily and increased by moratorium interest, when owing, up to the date of 3/31/05. In addition, in 17 other inquiries or investigative processes based on complaints or local reports, fines were imposed on 29 officials for irregularities, for a total of R\$ 129,005.92” ((Organization of American States (OAS), 2006; p. 21).

This report provides a framework within which the indicator **Quality and Quantity of Goods Received** can be assessed. Within this context, the intra- and inter-national transportation of goods, and the governance mechanisms in place to monitor them, can be determined. While only a single report correlated to this indicator, the specificity of this information proposes that its pursuit in future iterations of the IB approach would not only be feasible but would provide valuable information regarding the transparency and accountability of the import/transportation of goods.

Additional Indicators and Benchmarks

Corruption is not limited to the political sphere, however, and several sectors within Brazilian society are afflicted with the problem. The purpose of this section is to discuss additional indicators and benchmarks which are supported in the current literature. These new Indicators, and their corresponding Benchmarks, are introduced in Table 7:

Continuity and Quality of Educational Services

Recent surveys conducted on the impact of corruption on the provision of social services—including education—thus suggest, for instance, that illegal payments for school entrance and other hidden costs help explain low school enrolment and drop-out rates in developing countries; and that bribes and payoffs in teacher recruitment and promotions tend to lower the quality of public school teachers (Hallack & Poisson, 2005; p. 2).

Corruption can occur at numerous and seemingly disparate levels within the educational system.

Corruption can occur at any point in a system where decisions are made that have meaningful consequences for individuals. In the education sector that means it can happen at virtually every level, from the central ministry down to the school and the classroom. It can happen any time educators operate as gatekeepers to real or assumed benefits. As education is widely viewed as access to life opportunity, higher lifetime earnings, and greater social mobility, even seemingly small decisions are often awarded great value (Chapman, 2005; p. 68).

As noted in the article “Ethics and corruption in education: an overview” (Hallak and Poisson, 2005), corruption in the education system can manifest itself under a variety of classifications including, but not limited to, the following:

- corruption related to school building rehabilitation;
- corruption related to the distribution of equipment, textbooks, and/or food;
- corruption related to teacher appointment/management;
- corruption related to teacher behavior;

- corruption related to examinations and diplomas;
- corruption related to information systems;
- corruption related to specific allowances including fellowships and subsidies; and,
- corruption relating to financial decisions (Hallak and Poisson, 2005; pp. 5-6).

The purpose of this section is to determine the feasibility of this indicator to the current project based on current scholarship in the area.

The history of public education in Brazil can be characterized by a constant need of reform. Recurrent calls for educational reform are among the most dependable features of modern life in countries around the world, but students of the subject have often observed that proposals for reform seldom lead to significant changes in schools. This is as true in Brazil as elsewhere. The nominal “right” to free public primary education in Brazil was first established in the Imperial Constitution of 1824, and 4 years of primary education (since extended to 8 years) have been compulsory for all Brazilian children since 1934. Access to schooling in Brazil nevertheless continues to depend on a number of variables, the most important of which are geography, social class, and political affiliation. Members of favored groups receive privileged access to education resources, while those of lesser influence are often excluded from the system altogether (Plank, 1990; p. 538).

This problem is attributed to a variety of social, economic and political changes Brazil has undergone in the past several decades including, but not limited to, its evolution from a military dictatorship into a fledging democracy in the latter half of the twentieth century and the ensuing national transformation. These changes left the educational system under-funded and under-staffed and enrollment rates in Brazil remained among the lowest in Latin America in the 1980s (though these rates fluctuated based on geographic location) during a time when the federal government gained increased control over the municipal education system (McGinn & Pereira, 1992). Initiatives launched under the Sarney administration were partly successful, with achievements including a school feeding program administered by the FAE, standardized career paths and in-service training programs for teachers, and the construction of new schools across the nation (Plank, 1990). “The educational policies of the Sarney government and the Constituinte have produced few changes in basic education, but there is increasing evidence of renewed commitment to educational reform and school improvement at state and municipio levels” (Plank, 1990; p, 556).

More current studies have determined that “while Brazil has successfully achieved universal access to basic education, the quality of education remains stubbornly low. A recent study by the Instituto de Pesquisa Econômica Aplicada (IPEA) shows that the average 25 years old Brazilian has completed only nine years of education. Almost eleven percent of the population is illiterate and a much larger proportion is functionally illiterate” (Woodrow Wilson International Center for Scholars, 2007; p. 1). Recently, researchers who have investigated the effects of corruption on the education system in Brazil have determined the extent of this phenomenon. One such study, *Corrupting Learning: Evidence from Missing Federal Education Funds in Brazil*, is designed to provide “micro-evidence on the effects of corruption and mismanagement of education funds on the academic performance of public school students in Brazil” (Ferraz, Finan & Moreira, 2009; p. 1). Within this context, corruption “significantly

reduces the school performance of primary school students” (Ferraz, Finan & Moreira, 2009; p. 1) as well as “affects schooling infrastructure, distorts schooling infrastructure, distorts schooling inputs, reduces teachers’ salaries thus potentially affecting their motivation, and may even lower children’s nutrition levels” (Ferraz, Finan & Moreira; 2009; p. 4). The effects of corruption, according to this study, extend into the student achievement levels in both standardized testing situations as well as overall educational attainment.

Using a novel dataset of corruption in education and schooling outcomes across public schools in Brazil, we find that student test scores on a national standardized exam are 0.35 standard deviations lower in municipalities where corruption was detected. We also find that corruption is associated with higher dropout and failure rates (Ferraz, Finan & Moreira, 2009; p. 24). The methodology employed by this investigation includes analysis of two distinct datasets. “The data on test scores and student characteristics come from a program called Prova Brasil (...) a federal program designed to measure student performance among 4th and 8th graders” (Ferraz, Finan & Moreira, 2009; p. 14). Data collected within the context of this program included two distinct quantitative components. Standardized test scores of all 4th graders in Brazilian public schools were collected in the year 2005 (assessing both mathematics and Portuguese). Additionally, surveys were administered to “measure the child’s socio-economic conditions” (Ferraz, Finan & Moreira, 2009; p. 14) with information collected including information about the child (age, race, gender) as well as the child’s household situation (parental educational attainment, family size, etc.) as well as to assess teacher/director assessments of school conditions. The second data set included in this investigation was a 2006 school census which “measures basic conditions of school in Brazil (...) approval rates, dropout rates, and failure rates by school” (Ferraz, Finan & Moreira, 2009; p. 14) as well as general information regarding school maintenance and instructor qualification. Analysis was determined to find the effects of corruption on student performance, among other effects, utilizing complex mathematical equations.

From this preliminary investigation, additional factors relating to the educational sector can be extrapolated. Such factors can include the quality and continuity of textbooks/supplies in comparable jurisdictions across the nation, comparability of teacher/educator salaries in comparable grade levels across jurisdictions, the allotment of funds to buildings/maintenance in comparable jurisdictions, surveys regarding the quality of education longitudinally, tracking of purchases versus needs assessments across the nation, as well as numerous other factors.

Time and Steps Involved in the Judicial Process

Corruption in the justice system can potentially impact on all aspects of judicial oversight. Police, prosecutors, and court staff often play a role in improperly influencing the provision of judicial services, and their involvement in corruption can have a menacing impact on the entire judicial process (Pepys, 2005; p. 14).

Judicial corruption involves numerous departments within this sector including the police, the courts, and development and implementation of judicial reform. Within the context of Brazil,

corruption within this sector is evidenced throughout the time period under analysis, with cases of police corruption and brutality visible in both the twentieth and twenty-first centuries.

(...) throughout Brazil, public confidence in the police is undermined by negative interactions with the police and by stark media and NGO depictions of police corruption and violence. Documents abuses range from petty forms of corruption, such as bribery to turn a blind eye to traffic violations, street vending, and informal transport, to direct involvement in serious forms of organized crime relating to prostitution, car theft, drugs, kidnapping, and arms dealing. Extortion of criminals, drug users, prostitutes, and the working poor is rampant, as is police involvement in acts to destabilize political opponents and rivals. While not all individuals officers are involved in these activities, these problems have become so pervasive that they undermine public confidence in the police as a whole (Hinton, 2008; p. 217).

As common with all forms of corruption, those most adversely affected by judicial corruption are those with the fewest resources to combat it: namely, the poor. This is true in other aspects of the judicial sector, including the courts. The following quotations contextualize this form of corruption and its implications.

Brazil's judicial system is deeply affected by the political game and is prone to corruption, nepotism, excessive backlog, long delays, and exclusionary access. While a nation's judicial system should provide the average citizen with a means of holding the government accountable for its actions, 'in a society like Brazil's in which there is so much inequality, the poorest, excluded people do not have enough information [regarding] how to claim their rights through the judicial system' (UNCHR 2005: 8)—to say nothing of time, resources, or skills (Hinton, 2008; p. 230).

(...) despite the continued exposure of high-level corruption of the political process and growing levels of public dissatisfaction with the political system, little has been done to directly confront the problem. A series of highly publicized corruption scandals in the government, and even the impeachment of President Collor in 1992, have generated little response: only a handful of nationally elected officials implicated in the country's perennial political corruption crises have gone to jail since the return to democracy, and of these none have faced prison terms of any consequence. Particularly pernicious is the fact that high-profile corruption continues to be regularly exposed but seldom punished. As Brazilians like to say, most scandals "end in pizza" (*acabam em pizza*), with investigations of political corruption turning up plenty of evidence of inappropriate and/or corrupt activity, but with few practical repercussions for those involved (Taylor, 2009; pp. 151-152).

This preliminary analysis indicates that further study of the judicial sector would be beneficial within the context of this project. Indicators which can be examined within this context can include tracking of changes in police requirements and codes of conduct (Taylor, 2009), processing of case loads by courts in comparable jurisdictions, the allocation of resources to

courts as can be determined by total number of cases within comparable jurisdictions, and so forth.

As can be determined in the corruption literature, increased accountability is a key ingredient in anti-corruption initiatives worldwide. Accountability can be implemented within the context of Brazil via reform of both the political and judicial spheres as well as increased coordination between accountability agencies both sectorally and nationally (Taylor, 2009). The IB approach is key to tracking said accountability processes longitudinally within a context-specific framework which rewards progress and provides a policy-useful springboard for future initiatives.

Part Five—Moving Forward

In this final section of the Report we offer some practical proposals for implementing an IB assessment strategy. The discussion emphasizes early steps; later stages in the evolution of assessments will be best guided by experiences during these early phases, and by the good judgment of those who know Brazil best. The section on Building Trust draws upon academic work published in the journal *Public Integrity* (Johnston, 2010a). The section laying out a possible Timeline is adapted from reports prepared for the Organization for Economic Cooperation and Development (Johnston, 2009) and the Asian Institute of Management (Johnston, 2010b).

The overriding purpose of the IB approach is to institute a new and highly efficient method of analyzing corruption and the effectiveness of anti-corruption initiatives which is context-specific, forward-looking, and policy-useful. Therefore, the next step in the process is to institutionalize the approach through committing the local community to its continued use, application, and analysis. Instituting a new process of measuring corruption and the effectiveness of anti-corruption initiatives is a bold endeavor which will meet with resistance at the local, national and international communities. However, the advantages of the IB approach will outweigh these apprehensions by providing nations across the globe with a measure of corruption and assessment of the effectiveness of anti-corruption initiatives which rewards progress made rather than punishing ingrained perceptions rooted in the past.

Involvement of local stakeholders is a cornerstone of the IB approach as it allows for a contextualized and context-specific method of analyzing and combating corruption. Within this context, local stakeholders can include academics, politicians, donors, NGOs and civil servants and so forth. Ties to local stakeholders are developed through a series of workshops which serve to make inroads into the local community as well as to develop a roadmap for future research.

Early phases: Easy does it

It is strongly recommended that any agency embarking on an IB strategy start small, and keep the process simple and easily understood. Too rapid a start-up may well threaten some of the officials and managers whose cooperation is essential; further, early mistakes may be repeated and extended unnecessarily. To begin, assessors should gather just a few basic indicators (for examples, see below) in a few cities, states, or agencies. Even those preliminary results should not be published until at least two rounds of data-gathering have established a non-disruptive routine (see the suggested Timeline below). Not only does such a gradual beginning minimize start-up costs; it is likely also to reduce resistance to the IB idea, and to give skeptics a chance to see how the results are being used and how demonstrations of good or improving performance can benefit them. The results of a small and targeted IB effort are also less likely to be misused or distorted by third parties—an issue to be discussed below—or to create expectations that cannot be met.

How the data should, and should *not*, be used

The IB strategy is not intended to generate a single “headline number” for whole countries, states, or cities. It is not meant to be part of yet another international index, or a new dependent variable for statistical analysis. It is targeted instead at much specific assessments: how well does a particular agency, or segment of it, do specific things? Benchmarks compare its performance to that of similar agencies and jurisdictions, *but the most important comparisons are self-to-self, over time: is performance improving?*

Most of the indicators to be discussed are objective and do not rely upon perceptions; others are subjective in the sense of involving citizen assessment of services and performance, but bring citizens into the evaluation process. Considerable creativity may be required in devising indicators, and where that is the case it will be particularly important to involve managers and representatives of the workforce in project design, analysis, and presentation of results. That sort of cooperation can also provide useful guidance in terms of ways to keep costs and disruption associated with IB activities to a minimum. The most challenging and sensitive comparisons should be deferred until the procedures for, and rewards of, compiling, publishing, and tracking simpler indicators have had some time to become credible, and until initial resistance and apprehensions about the process have subsided.

Two qualifications are important. First, the IB strategy is better suited to assessment and reforms of bureaucratic problems than of political corruption. Second, while IB analysis can estimate (in ways to be explained below) the effects of past corruption and the scale of incentives preserving it today, and can provide much more useful and detailed information than current corruption indices offer, our estimates are still just indirect approximations. Where IB results point to shortcomings, *we should not assume that all of the difference reflects corruption*. Many factors, some temporary and others lasting, some arising within a program or agency and others lying well beyond their control, can affect performance in various ways. Where performance gaps are evident, agency managers and other responsible parties should be given every chance to explain the results, and to put forward their plans for seeking improvement. Indeed, such consultations can be a primary benefit of the IB strategy, for the goal, ultimately, is to achieve significant and sustained improvements in government performance, not to fix blame.

It is true that to the extent that IB results are made public—and after a short shakedown period, they should be published in regular and visible ways—they may be misinterpreted. Some third parties may use the data to construct “corruption indices” of their own, serving their own agendas and views. However, that is a risk inherent in all transparency initiatives. The IB strategy at least emphasizes objective, verifiable measures expressed in easily understood units, and is a way for government to demonstrate its good-governance commitment in ways that will connect to citizens’ own lives. In that sense, regularly publishing IB results gives officials and political leaders a chance to have the “first word”, if not necessarily the last. Finally, the IB strategy enables successful leaders and managers to take credit for their efforts while allowing citizens to see actual results of reforms, contributing in mutually reinforcing ways to good government.

Building trust, cooperation, and support

At first, IB efforts are likely to encounter considerable skepticism and, indeed, outright resistance. To the extent that administrators and elected officials perceive data-gathering and comparisons as just another attempt to label governments and agencies as corrupt, or as a partisan or factional attack dressed up in the symbolism of good government, they will deny access to data and refuse to take part in benchmarking. The same will be true if agency managers and public employees see IB initiatives as a pretext for budget and staffing cuts. Thus it will be important from the beginning to emphasize what the process offers participants. Political leaders and top administrators can turn the IB process into a source of enhanced credibility, not only for reform but also in terms of their own accountability, responsiveness, and the provision of basic services. Responsible officials will be able to develop a far clearer understanding of corruption and governance problems, of the underlying problems and incentives sustaining those difficulties, and of the effects of controls. Public employees who have wanted to resist corruption and related problems may feel less isolated and at risk.

Where results are positive or where they show marked improvement, IB data and benchmarks can be effective rebuttals to blanket allegations of waste, fraud, and abuse from the public, press, and political critics, and a strong constructive response to proposals for budget cuts. Where they are negative they can justifiably be presented as evidence that an agency or jurisdiction is taking a serious look at its problems.

Implementation ideally should take place in an incentive-rich environment where cooperation and positive results can be rewarded. Realistically, extra funds to underwrite such incentives may well be scarce, particularly at the outset, but intangible rewards—positive publicity, enhanced status and job security—are valued too, along with any salary increases and budgetary resources that might be channeled to cooperative and successful agencies and administrators. After a time the IB data can be used to estimate and document resource savings that can be plowed back into the project, both in terms of its own expansion and as rewards for high-achieving *and*—particularly important—markedly improved agencies.

Both the data gathering and the positive reinforcement should be sustained over time. More often, particularly when resources are scarce, guarantees that improved performance will not merely lead to budget and personnel cuts will be essential. Rank-and-file employees may resist IB implementation too, particularly if it is seen as intrusive, as a threat to their status and autonomy, or as an early sign of job cuts. Skillful managers and political leaders, however, can present the strategy to employees as a way to help them *keep* their jobs, enhance their status, and reaffirm their effectiveness through high levels of performance.

Will officials falsify or “game” the indicators in order to demonstrate spurious “success” or drive benchmarks downward? Precedent (*New York Times*, 2008; Hood, 2006) suggests such problems are a likely concern. Here again citizen evaluations can offer a useful reality check.

Further, as the database of reasonable performance benchmarks becomes broader and extends over time, “gamed” results will become more difficult to hide, if only because doing so would require sustained collusion both within and across increasing numbers of agencies and jurisdictions.

Choosing data

This section offers suggestions that may help make the indicators-and-benchmarks assessment strategy more clear, and may aid in turning the general idea into operational realities.

Many of these suggestions draw upon experience in other parts of the world, and will need adaptations (at the very least) to become useful in the Brazilian context. For example, a number of assumptions made here regarding the general revenue sources and powers of municipal governments versus those at higher levels may or may not be valid. What follows is intended to continue an exchange about ways to make the IB strategy feasible and effective in Brazil, and not as a finished step-by-step plan for implementation.

Consultation in the course of the preparation of this report has identified a number of possible data sources. Of these, three kinds—chosen on grounds of coverage, comparability, and ease of interpretation— would seem to be of particular value and importance in early stages. For early stages we have avoided suggesting types of data that, even though they seem to be available, might point toward specific individuals’ misconduct (e.g. civil servants’ leave patterns, extramural business interests, or punishments) or specific agencies’ ethical irregularities (audit results, for example). Those sorts of data might will become *very* important and useful in later stages, once the IB process has been institutionalized, but early on they seem more likely to bring about resistance. What the recommended data have in common, then, is that they are sound IB-style indicators that offer agencies the chance to demonstrate high-quality or significant improvement, as well as being potential indicators of corruption “hot spots” and vulnerabilities.

Suggested types of data in this section fall into three categories:

- Workforce hired through *ad hoc* processes (all federal agencies; perhaps those involving the largest workforces, such as public works and “back-office” administration and control agencies, might be the focus of early efforts). Where *ad hoc* or irregular hiring is most prevalent we might expect to find greater scope for personal or political abuses of personnel processes, such as patronage-based hiring, as well as public employees most vulnerable to a variety of improper pressures and expectations. The focus on irregular hiring practices could encourage cooperation (or at least discourage resistance) among civil servants hired and promoted through regular channels. For the same reasons it might also be wise to emphasize that data are being gathered *about the process only*, and will be used for reforms from that point forward, rather than serving as the basis for pursuing individuals already hired on an *ad hoc* basis. Hiring

data could also be analyzed in conjunction with figures on agency outputs and accomplishments, where appropriate; where extensive *ad hoc* hiring takes place in a context of poor productivity, the rationales for and procedures allowing such hires should be target of close scrutiny. Not all agencies will generate easily measurable outputs, but over the longer term citizen judgments of **outcomes** (not only the quality of specific services and facilities, but also trends in more general areas such as public health, environmental issues, and so forth) may serve similar purposes.

● **No-bid contracting** (most or all federal agencies). The rationale here is much the same as that for *ad hoc* hiring: overly wide discretion and frequent procedural irregularities or exceptions can point to areas where the scope for potential abuses is greatest. A key question in this connection is “contracting for *what?*” Some sorts of contracting (construction of common types of facilities, maintenance, and the like) may well be relatively comparable across agencies and jurisdictions. Other kinds may not be: consulting activities, legal and other professional services, and so forth may be more difficult to compare on a contract-to-contract basis if our concern is quality of services procured, or their connections to outputs and outcomes. But in those areas the number of such agreements or number of hours billed, as a share of overall personnel costs in an agency, may be valuable kinds of data, if only to flag patterns of excessive outsourcing of services better provided from within an agency.

● **Procurement price data** (CGU and *Comprasnet*, across all or most agencies). In most societies procurement is a ground zero of sorts for many forms of corruption and related administrative problems. Fortunately, a wide variety of procurement activities fit very well into the IB scheme. Our informal survey of web-based information has shown that a very impressive amount of data can be found from existing sources; often, the challenge is categorizing individual expenditures into comparable categories. That may well be best accomplished going forward at the data-processing stage, during which outlays can be coded by type of purchase as well as by agency and budget line, rather than by working backward through the existing voluminous data and trying to group items together.

The types of expenditures that are likely to be more comparable, both across agencies and jurisdictions and self-to-self over time, will involve more-or-less generic commodities that are frequently purchased—or, in the case of wages, frequent outlays for comparable work. They include:

- Fuel
- Construction, road-building/maintenance materials (e.g. concrete, reinforcing steel bars)
- Clerical supplies
- Some food (e.g. for school meals)
- Some rates of pay – e.g., for basic labor, clerical services , or policing in comparable areas
- Some categories of vehicles
- Utility expenses (electricity, water) where not provided by the authority itself
- Rental rates, perhaps per square meter, for office space and other facilities

Costs of routine contracted services (payroll processing, certain kinds of insurance)
Some travel reimbursements (e.g. transportation fares, mileage claimed, frequency of travel)

Expenditures likely to be less comparable might include the following:

Meal expenditures (although here, comparisons over time *within a single agency or jurisdiction*

may be very useful, to the extent that they are based on routine functions)

Consulting charges, legal fees, other professional fees (there, the question may not so much be

how much is paid, as who receives the contract, and through what sort of process; for the latter, we might usefully track variations in standard procedure, re-negotiations and cost overruns after contracts are awarded, and task fulfillment)

Many kinds of computers, electron

Overall costs of facilities and services, when compared *across* agencies and jurisdictions: it will

cost more to provide policing in a large city than in a small community, for example, and building a km of road in a mountainous or wetlands area will cost more than in some other locations. However, for the former kind of expenditure – e.g. a recurring cost like policing – comparisons within a jurisdiction over time can be useful.

Several kinds of patterns in such expenditures will be of interest: costs paid, compared to public-sector benchmarks and (where appropriate) market prices; spikes and unexplained trends in those prices; unusual patterns in the frequency of outlays, and unusual sourcing patterns (very large contracts to new or very small firms, prolonged contracting with one source despite unfavorable pricing trends, etc.) could also indicate trouble spots.

● **Certain types of revenue** might be usefully benchmarked and compared, usually within a jurisdiction over time (here again, the key is to focus on payments that are repeated regularly and should be based on consistent underlying factors):

Property and business tax receipts, compared both over time and to nominal tax rates

Traffic fines, regulatory charges

Customs collections

Airport landing fees, departure taxes; road tolls, fuel taxes, port charges, where applicable

Concession income in public facilities (e.g. rentals paid by an airport restaurant or shop)

Intergovernmental revenues: both sums appropriated by higher levels and then devolved to

lower levels (do amounts received match those stated in appropriations and budgeting data) and funds collected locally but handed up to higher levels (there, unusual increases, decreases, or delays may be useful indicators of problems)

NGOs and Other Ongoing Initiatives to Draw on

Among the most important NGO are:

Contas Abertas (<http://contasabertas.uol.com.br/WebSite/>) and Ethos (<http://www1.ethos.org.br/EthosWeb/Default.aspx>). Ethos does the adapted National Integrity Survey data collection (with Prof. Bruno Speck, as noted earlier). The NIS is organized and broken down by state and state capitals. It aims at data regarding

- independence,
- internal controls
- regulatory framework [although not looking into municipalities]
- electoral process monitoring – Senators (35 questions voluntarily answered citizens invited to respond to them complement to monitoring of Senators opinions and visions on
- economy
- sustainable development
- ethics
- culture
- rights

Another critical and important NGO is the Transparencia Brazil (not related to Transparency International - <http://www.transparencia.org.br/index.html>), which gathers data on corruption on electoral corruption: <http://www.mcce.org.br/>

As noted earlier, the Instituto Nossa Sao Paulo conducts research on indicators of welfare and quality of life – interesting and useful information and details on this can be found online/ <http://www.nossasaopaulo.org.br/portal/isps>

NGOs related to public prosecutors are:

<http://www.mpd.org.br/HomeAction.php>

and

<http://www.prpb.mpf.gov.br/index.htm?secao=campanha>

Other links of NGOs which we can draw on include:

<http://www.abong.org.br/>

<http://www.amarribo.org.br/>

<http://www.avozdocidadao.com.br/>

<http://www.nossasaopaulo.org.br/portal/>

Permanent Forum to Combat Corruption in Pernambuco listing lots of CSOs contributing

<http://www.prr5.mpf.gov.br/forum/>

CONSELHO NACIONAL DE JUSTIÇA (reports on electoral justice and public funds)

<http://www.cnj.jus.br/>

Important industry association: http://www.abdib.org.br/index_en/

Also, the Institute on environment and sustainable natural resources site may contain useful information: <http://www.ibama.gov.br/>

To all of the above can be added the notes in our earlier section regarding the Ministry of Education, the Ministry of Transports and the rule of law possible indicators.

Benchmarking

Where possible, comparisons should be made both across broadly comparable agencies and jurisdictions and over time within the same agency or jurisdiction. The key is to look for outliers—for example, unusually high or low expenditures and receipts, or unusually fast or slow processes, in the same category. Such outliers do not necessarily indicate corruption; they may in fact reflect legitimate short-term needs, problems, or flows of resources, and even where they are problematical there are many other possible causes besides corruption. For that reason, agency managers and jurisdiction leaders must be given fair opportunities to account for attention-getting data or trends, as noted above.

For expenditure data, the best benchmarks will be norms compiled across a number of agencies and jurisdictions. Open-market prices may be useful too, but caution is in order here: an appropriate price level for diesel fuel may in fact be somewhat below the open-market price if a unit of government buys in bulk on a frequent basis, while seasonal variations might force an agency to buy certain commodities during peak periods, unavoidably raising prices paid.

In some cases comparisons across agencies and jurisdictions will not be possible or appropriate. Self-to-self comparisons over time can still be very useful, however. Those sorts of data may be affected by a variety of special factors – a city's climate or topography might affect road maintenance costs, for example. Seasonal variations might enter in: in my part of the world, snow removal costs (probably not a big item in most Brazilian municipal budgets!) produce major seasonal variations in labor costs, road maintenance outlays, and the like. The key, both to greater understanding and to refining procedures and comparisons, is to gather data *on a continuing* basis, making the process a part of the administrative routine, and then to evaluate results in a cooperative and transparent manner, making the overall results available for public scrutiny and consultation. The goals, after all, are integrity and better governance, for which corruption is just one of a number of challenges.

A possible timeline

The suggested steps below are discussed in connection with procurement only, as it is both a highly strategic area and one that fits well with an IB assessment process. But also suggest a workable phase-in process for all of the data types suggested above.

•First six months:

Identification of data needed for IB assessments:

- identify comparable commodities (e.g. textbooks, petrol, concrete, office supplies)
- prices paid for those commodities
- speed, accuracy of deliveries for routine commodities
- frequency of discretionary purchasing, contracting
- speed, accuracy of paying invoices

Identification of possible benchmarks

- public-sector: comparable agencies, jurisdictions
- private firms, markets (if appropriate?)

Reach agreement on data-sharing among agencies, jurisdictions

- explicitly define purposes and uses of data: *measuring, rewarding improvement*
- identify specific rewards/incentives for success (budgetary infusions, if possible; positive publicity; favorable treatment within personnel processes)

•Months 7-12

First round of data-gathering

- gather small amounts of readily-accessible data in a non-disruptive fashion
- administer first administrator/vendor surveys on procurement processes
- follow-up interviews with officials, individuals, vendors to assess survey experience
- review data-gathering process for problems, resistance, cooperation

First round of benchmarking

- assemble shared benchmarking data
- assemble any private-market data
- calculate benchmarks by alternative statistical methods

•End of Year One:

FIRST ROUND OF ASSESSMENTS:

- compare performance and survey data to benchmarks
- tentative* assessments of results, based on comparisons of data to relevant benchmarks
- tentative* assessment of *methodology* identifying problem areas for immediate action

NB: the above assessments should involve agency managers and representatives of civil servants,

but should not be conducted in public

- search for contrasts, continuities, gaps indicating areas to monitor for future improvement as well as vulnerabilities
- allow/invite responsible figures in poorly-performing agencies, jurisdictions to account for their results, *and to take part in identifying targets for improvement*

Publicize, **selectively**, key survey results (de-emphasize other data on indicators and benchmarks

until second round, so improvements can be emphasized at that point)

Deliver highly-publicized resources, rewards, recognition to agencies, jurisdictions performing

well in first round of surveys

•Months 13-15

Evaluate and, as needed, revise all aspects of indicator-and benchmark methodology

•At 18 months:

SECOND ROUND OF ASSESSMENTS:

- using methodology as revised
- gathering, calculating new set of benchmarks
- publish results, emphasizing improvements over time

Channel significant, well-publicized resources and recognition both to agencies and jurisdictions that

perform well, and to those showing particularly notable improvement

Launch public discussion and consultation processes

•At 24 months:

THIRD ROUND OF ASSESSMENTS

- conduct and publish third round of indicators/benchmarks, again emphasizing areas of improvement
- public consultations: round three, trends, and entire indicators-and-benchmarking process
- sectoral assessments: integrity in education, procurement processes

Emphasize measures of outcomes, benefits to the public:

- quality of, satisfaction with, services strongly affected by procurement
- credible (third-party?) estimates of funds saved through the assessment process

PUBLIC AND OFFICIAL CONSULTATION ON VALUE OF IB PROCESS

- emphasizing public awareness, use and misuses of data, incentives to cooperate and reduce vulnerabilities

The timeline sketched out here is a demanding one; those in charge of assessments should, as suggested above, focus on a small number of easily-compared agencies, jurisdictions, or processes. Until procedures have been refined, support within agencies has been won, and results have begun to earn clear public and political credibility, *the emphasis should be on doing a few things very well*. And at no point should the goal be to create tidal waves of data or generating “headline numbers”, nor should it be to reveal scoundrels unless evidence is truly egregious. **Emphasizing the follow-up action taken** is a critical concern: showing that there are corruption “hot spots” and problems of governance will backfire upon all concerned unless the IB process is also linked to responses and improvements, and is *seen to be* so linked. At all times, consultation will be essential, both to ease implementation and head off methodological

problems, and to maintain the trust among all parties that will be essential to success—including lower-level officials, NGOs, the press, and citizens.

Conclusion

Why would the IB approach succeed in checking corruption where other efforts have failed? The short answer is that it will not accomplish anything without the active support of political leaders, agency managers, and citizens, as well as that of Brazil's friends and backers in the international community. Where IB does possess some advantages is in the incentives it offers to successful leaders and managers—opportunities to take credit for major and demonstrable successes. In addition, where frontal assaults on corruption tend to run out of momentum after a time, the IB approach has the potential to succeed incrementally and steadily. Where, for example, the price paid for diesel fuel drops from fifty percent over a reasonable benchmark to, say, ten percent over, that agency or jurisdiction is reducing the amounts of money to be made in speculation, kickbacks, and insider dealing. Over time it can squeeze the scope for corruption out of its procurement processes, in the process sending important signals to possible corrupt actors that their efforts and risks will bring them relatively little by way of illicit gains. Further, it is also worth emphasizing that IB efforts are a good-governance, accountability- and capacity-building activity in their own right

Even with those reassurances in mind, much attention must be devoted to maintaining and rewarding participation and cooperation within government. Many managers and much of the public workforce may see IB efforts as a threat, initially, to their jobs and budgets. Others will appear to cooperate while “gaming” the indicators and data in self-serving ways. They will need to be reassured about the real agenda. And even within a situation of budgetary scarcity and political uncertainty, any pool of added resources that can be generated to reward those who participate in good-faith ways and, as time goes by, show demonstrated, sustained improvement, will be resources well-spent. Indeed, they will be a sound and productive investment in Brazil's future.

Bibliographical and Analytical Resources

This section has two main parts: first, a list of works cited in the report, and then lists of other resources, both analytical and journalistic, involving corruption and reform in Brazil. Abstracts, where applicable, were compiled by the Online Catalog of the Library of Congress, USA, or EBSCO Host.

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Abstract:

Discusses the role of the Latin American legal systems, particularly in Argentina and Brazil, in the disillusionment for condoning corruption, favoritism, and the continuation of repression. General patterns of the legal systems in Argentina and Brazil; Existence of a competing informal institution; Complexity of the explanation of the degree of impunity for police homicides.

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Dos Santos, Pedro G. dos@ku.edu 2008. "Punishing Corruption: The Impact of Corruption Allegations in the 2006 Brazilian Congressional Elections." Conference Papers--Western Political Science Association.

Abstract:

Are corrupt politicians in Brazil punished at the ballot box? To answer this question I examine the 2006 Brazilian congressional elections and compare it to previous research on U.S. congressional elections. I argue that, as in the case of U.S. incumbents accused of corruption, Brazilian

members of Congress will also lose a substantial number of votes, in the face of corruption allegations. Indeed, contrary to the U.S., more will lose their seats because they cannot afford any vote loss given the Brazilian electoral system. I will also argue that access to information is a key element in determining if voters punish corrupt politicians, especially in the Brazilian political environment, and that Brazilian election rules will make campaign spending a key element for re-election.

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Flynn, Peter peter.flynn1@ntlworld.com 2005. "Brazil and Lula, 2005: Crisis, Corruption and Change in Political Perspective." *Third World Quarterly* (Dec) Vol. 26 Issue 8, p1221-1267.

Abstract:

The election of Lula (Luiz Inácio Lula da Silva) as president of Brazil in October 2002 broke new ground: for the first time in Latin America a working man was directly elected as president of the Republic. Lula also came to power as leader of the Partido dos Trabalhadores, the Workers' Party, with its close links to 'new unionism', 'liberation theology' and mass social movements. The possibility of his election caused strong market reaction but, by the start of 2005, Lula and his government had reassured their critics on the right. They had also dismayed many supporters on the left, including members of the pt, by failing to tackle urgent social problems. Even so, on the basis of a strong economic performance and support in the polls, Lula seemed assured of re-election in October 2006. Suddenly, in May 2005, came the first revelations of a corruption scandal, leading to a crisis described as 'the most extensive in the whole history of the Brazilian republic'. Lula lost some of his closest ministerial colleagues, and the pt most of its senior officers, with the threat of impeachment for Lula himself. That crisis is still unresolved, but has already severely damaged the pt, virtually paralysed government and made Lula's re-election seem ever more unlikely. This paper seeks to set the current crisis in wider political perspective and to reflect on its possible impact on a political system which in 2002, and even in 2004, gave evidence of supporting a robust and stable democracy.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=19063221&site=ehost-live>

Bieber, Judy. 1999. *Power, Patronage, and Political Violence: State Building on a Brazilian Frontier, 1822-1889*. Lincoln: University of Nebraska Press.

Hunter, Wendy, and Timothy J. Power. 2007 "Rewarding Lula: Executive Power, Social Policy, and the Brazilian Elections of 2006." *Latin American Politics and Society* (Spring), Vol. 49 Issue 1, p1-30.

Abstract:

This article analyzes Luiz Inácio da Silva's resounding reelection victory in the wake of corruption scandals implicating his party and government. Voters with lower levels of economic security and schooling played a critical role in returning Lula to the presidency. Least prone to punish the president for corruption, poorer Brazilians were also the most readily persuaded by the provision of material benefits. Minimum wage increases and the income transfer program Bolsa Família expanded the purchasing power of the poor. Thus, executive power and central state resources allowed Lula to consolidate a social base that had responded only weakly to his earlier, party-based strategy of grassroots mobilization for progressive macrosocietal change. Although Lula won handily, the PT's delegation to Congress shrank for the first time, and the voting bases of president and party diverged. The PT benefited far less than the president himself from government investment in social policy.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=24402787&site=ehost-live>

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Melo, José Marques de. 1991. "Mass Media and Politics in Brazil: The Collor Phenomenon." Paper presented to the Association for Education in Journalism and Mass Communication Annual Conference, Anaheim, CA, August, 1996.

Melo, Marcus André, Carlos Pereira, and Carlose Mauricio Figueiredo. 2009. "Political and Institutional Checks on Corruption: Explaining the Performance of Brazilian Audit Institutions." *Comparative Political Studies* (September), Vol. 42 Issue 9, p1217-1244.

Abstract:

This article investigates the performance determinants of accountability institutions in new democracies. Current scholarship on accountability has identified a distinct mechanism through which the introduction of political competition may affect such institutions: the electoral connection or vertical accountability mechanism. This connection is not expected to be effective

in new democracies, because political competition is found to be volatile and nonprogrammatic. Another strand of the literature focuses on the effect of power alternation. Government turnover is expected to generate incentives for the creation and strengthening of autonomous institutions. By exploring a unique data set on 33 state audit institutions, the authors bring together these distinct claims and provide systematic empirical tests for them. They find a negative effect of volatility on their institutional activism and a positive (direct and indirect) influence of power alternation on their levels of autonomy and sanctioning patterns.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=43442427&site=ehost-live>

Regis de Carvalho, André andregis@hotmail.com 2008. "Federalism, Corruption and the Neopopulism Under Lula's Government." Conference Papers -- Midwestern Political Science Association.

Abstract:

It stresses how the new Brazilian federalism established after Cardoso, based on the direct influence of the President over the Congress, and the irrelevance of the governors in national politics contributed to the emergence of Lula's neopopulism.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=42978071&site=ehost-live>

Rosenn, Keith S., and Richard Downes. 1999. Corruption and Political Reform in Brazil: The Impact of Collor's Impeachment. Coral Gables, Fla: North-South Center Press.

Sives, Amanda. 1993. "Elites' Behavior and Corruption in the Consolidation of Democracy in Brazil." Parliamentary Affairs (Oct), Vol. 46 Issue 4, p549, 14p

Abstract:

Examines the gradual transition to democracy in Brazil. Development of liberal democracy; Election of President Fernando Collor in 1989; Role of elites in political system; Military role in economic development; Representation of the people; Political parties; Effects of political corruption.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9404050978&site=ehost-live>

Smith, Amy amy.ericahotmail.com and Miguel Garcia mig37@pitt.edu 2008. "A Transition Model of the Change in Support for Lula in Brazil." Conference Papers -- Southern Political Science Association.

Abstract:

Luiz Inácio Lula da Silva won the 2006 second-round Brazilian presidential election with a vote share strikingly similar to that he had received in 2002, despite dramatic changes in his own

profile as a candidate and a corruption scandal that had wracked his party, the PT. However, this continuity does not indicate that 2002 supporters and non-supporters stood their ground in 2006; the nationwide figures hide important changes in electoral shares at the state and district level. Until now, though, no one has persuasively addressed the question of who exactly defected from Lula and who joined him between 2002 and 2006. Answering this question is methodologically difficult, requiring panel data on the same individuals collected in both the 2002 and 2006 presidential election campaigns. This paper uses just such a data set, collected in six waves from the beginning of the 2002 campaign through the end of the 2006 campaign in two medium-sized Brazilian cities. We ask what demographic and socioeconomic factors and political attitudes predict whether a person who supported Lula in 2002 will continue to support him in 2006, and likewise what factors predict whether 2002 non-supporters will switch to Lula in 2006. We hypothesize that middle-class voters are more likely to defect from Lula and low-income voters are more likely to join him. This is first because middle-class voters are more likely to be concerned about corruption than are low-income voters and second because low-income voters are more likely to value the income support programs Lula instituted.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=34722127&site=ehost-live>

Søreide, Tina, and Cláudio Weber Abramo. 2008. Collaboration on anti-corruption: Norway and Brazil. Bergen: Chr. Michelsen Institute.

Weyland, Kurt. 1993. "The Rise and Fall of President Collor and its Impact on Brazilian Democracy." *Journal of Interamerican Studies and World Affairs* (Spring), Vol. 35 Issue 1.

Abstract:

Discusses the impact of the rise and fall of President Fernando Collor de Mello on Brazilian democracy. Accusations of extensive corruption from brother Pedro; Collor's political isolation; Failure to satisfy expectations arising from the return of democracy; Efforts to extend tenure as president; Absence of firm support organization; Opportunities and incentives for corruption; Civic anger and mass mobilization.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9309075779&site=ehost-live>

Woodard, James P. 2005. "Coronelismo in Theory and Practice: Evidence, Analysis, and Argument from São Paulo." *Luso-Brazilian Review* Vol. 42 Issue 1, p99-117.

Abstract:

Discusses the theory and practice of coronelismo in São Paulo, Brazil in relation to Brazilian politics. Definition of the term coronelismo; Rivalry among local cronéis in the 1890s; Durability of municipal-level opposition in paulista politics.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18230809&site=ehost-live>

Shorter and Journalistic Items

For this list the items are alphabetized by title: many of these articles have no specific author, and a great many are from *The Economist*, which would make for a long list of citations not clearly differentiated from each other. They are, however, separated the list into three chronological groups: 2006 to date; 2000-2005; and before 2006.

Items 2006 to date:

“Allegations Mount in Brazil's Scandal.” Lyons, John
Wall Street Journal - Eastern Edition; 8/12/2009, Vol. 254 Issue 36, pA10,

Abstract:

The article reports on the corruption scandal involving José Sarney, head of Brazil's senate and an important ally of President Inácio Lula da Silva. Former tax official Lina Maria Vieira testified that she was pressured to stop an audit of Sarney's family businesses. Sarney is accused by the country's opposition of various improprieties, which include secretly arranging lucrative no-show jobs at the senate.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=43900566&site=ehost-live>

“Brazil: Corruption Scandal Takes the Cake.”
Maclean's; 12/28/2009, Vol. 122 Issue 50, p29-29

Abstract:

The article reports on a corruption scandal in Brazil. At issue is a police videotape showing several authorities taking money, among them José Roberto Arruda, the governor of the city of Brasilia, the capital city of Brazil. Arruda claimed that the money he is seen taking, some \$30,000, is a political donation to buy cakes for the city poor. Demonstrators have adopted cakes as a symbol.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=46784739&site=ehost-live>

“Brazil: Senate Leader Resigns In Scandal.” Barrionuevo, Alexei
New York Times; 12/ 5/2007, p8, 0p

Abstract:

The president of the Senate, Renan Calheiros, left, resigned the post to avoid being expelled from Congress by his fellow senators. An important ally of President Luiz Inacio Lula da Silva, he became the latest political casualty in a series of corruption investigations that have dogged the president this year. The accusations against Mr. Calheiros included using funds from a lobbyist to pay the child support of a daughter from an extramarital affair with a television journalist who leveraged the scandal into a spread in Brazilian Playboy. In September, the Senate voted by secret ballot against impeaching him, even after the Ethics Committee concluded that he had failed to show legitimate income to cover his expenses. Public outrage subsequently forced Congress to eliminate the secret ballot in cases of ethics violations.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=27918964&site=ehost-live>

“Brazilian Kickback Probe Hits Contractor's Executive Suite.” Schexnayder, C. J.

ENR: Engineering News-Record; 4/6/2009, Vol. 262 Issue 11, p16-16

Abstract:

The article reports on the arrest of 10 employees of construction firm Camargo Corrêa in São Paulo and Rio de Janeiro in Brazil, by police on March 25, 2009, in connection with a yearlong corruption probe. It states that the operation was part of an investigation named Operation Sand Castle. According to investigators, the firm was laundering money through fake companies and illegal currency traders. In addition, Camargo is accused of making millions of dollars in illegal campaign contributions to various political parties.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=37704300&site=ehost-live>

“Brazil's Richest Man Attracts Federal Probe.” Regalado, Antonio

Wall Street Journal - Eastern Edition; 7/12/2008, Vol. 252 Issue 10, pA6

Abstract:

The article reports on the governmental investigation being faced by Eike Batista, the richest man in Brazil, concerning allegations of government corruption and tax evasion. It notes that a police search in the offices of Batista led to a drop in the shares of companies taken public by the businessman. Companies that experienced a decline in stocks include MPX Energia SA and MMX Mineração e Metálicos SA. Evidence gathered by the police show that a bid to operate the Amapa railway line was fixed in favor of Batista.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=33266544&site=ehost-live>

“Death of the Amazon.” Branford, Sue; Rocha, Jan

New Statesman; 7/2/2007, Vol. 136 Issue 4851, p36-37

Abstract:

The article discusses technology being used to stop illegal timber cutting in the Brazilian Amazon rain forest, and various ways that timber poachers are circumventing that technology. Brazil's government has created buffer zones to curb land grabbing and timber harvesting, and has used satellites to monitor illegal land use. The article discusses the use of bribes and the prevalence of corrupt officials as ways in which bandit loggers are getting around security measures.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=25545587&site=ehost-live>

“Digging up the dirt.”

Economist; 6/2/2007, Vol. 383 Issue 8531, p39-40, 2p

Abstract:

The article reports on the 2007 federal police operations that uncovered widespread corruption among officials in Brazil and the impact the disclosures had on Brazilian politics. The piece notes that the government of president Luiz Inácio Lula da Silva has experienced significant embarrassment at the findings.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=25425323&site=ehost-live>

“Dilma and the goat.”

Economist; 4/5/2008, Vol. 387 Issue 8574, p43-43

Abstract:

The article focuses on Dilma Rousseff, chief of staff to Luiz Luis da Silva, President of Brazil. Rousseff is widely expected to run to succeed da Silva in elections in 2010. Da Silva has indicated he will support Rousseff, but a complex scandal involving unauthorized credit card use by Cabinet members may hurt Rousseff's chances. She is little known to most Brazilian voters.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=31556854&site=ehost-live>

“Enter the judges.”

Economist; 9/1/2007, Vol. 384 Issue 8544, p32-32, 2/5p

Abstract:

This article examines the indictment of 40 people in Brazil including the former assistant to President Luiz Inácio Lula da Silva and the former leader of the Worker's Party (PT) on charges of corruption, racketeering and money laundering. The indictment marked the first time that Brazil's highest court has ever brought criminal charges against politicians. The charges arise from a monthly pay-off scheme in which politicians allied to the government received bribes in return for votes in Congress.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=26456712&site=ehost-live>

“Feckless and Reckless.” Ryan, Alan Peter

American Scholar; Summer 2006, Vol. 75 Issue 3, p6-9

Abstract:

This article focuses on the way of life in Brazil, including the various political and economic issues surrounding its government. Scandals are a way of life in Brazil, where reports of government corruption or stolen public funds barely last a day or two in the news. The future of President Luiz Inácio Lula da Silva, known as Lula, and of his Workers' Party is at stake. Brazilians live on the edge of financial disaster, mostly without savings, the high cost of credit out of reach, using but distrusting banks, and falling back on the old habit of spending what they have before it is devalued or the government catches them by surprise by freezing bank accounts. There is a genuine and powerful collective unconscious at work among Brazilians. They do not pride themselves on diversity, as Americans do, but on unanimity.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=21186350&site=ehost-live>

“For Brazil, It's Finally Tomorrow.” Prada, Paulo

Wall Street Journal - Eastern Edition; 3/29/2010, Vol. 255 Issue 72, pR1-R3

Abstract:

This article discusses the political and economic changes that have led to a turnaround in Brazil. During the recent economic crisis, Brazil's economic output dropped only slightly and is expected

to grow in 2010. Brazil is expected to have the fourth largest economy in the world by 2050, surpassing Germany, Japan, and Great Britain. Even though Brazil has had great success, they still have serious problems with government corruption and a deteriorating infrastructure to resolve.
<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=48817048&site=ehost-live>

“Global highlight: Brazil's Ethos Institute's 'Corruption Inc.'” Penteadó, Claudia
Advertising Age; 2/5/2007, Vol. 78 Issue 6, p27-27

Abstract:

The article looks at how the Ethos Institute has gotten numerous Brazilian companies to sign an anti-corruption pact and is dramatizing the fight to stamp out wrongdoing with an advertising campaign and the tagline "Either Brazil ends corruption, or corruption will end Brazil." The Ethos Institute turned to the Brazilian Association of Advertising Agencies for help, and Rio de Janeiro's Creative Club created the campaign.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=23979046&site=ehost-live>

“Grabbing Hand.” Liby, Martin

Harvard International Review; Winter2006, Vol. 27 Issue 4, p9-10

Abstract:

Focuses on the corruption scandal imposed against the administration of Brazilian President Luiz Inacio Da Silva or Lula, in Brazil. Triumph of Lula in the 2002 presidential election; Fear of financial markets on the possibility of costly social reforms; Details of the alleged corruption of the Lula administration.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=19734960&site=ehost-live>

“Is Brazil Nuts--Or Just the System?” O'Grady, Mary Anastasia

Wall Street Journal - Eastern Edition; 9/29/2006, Vol. 248 Issue 76, pA17

Abstract:

The article focuses on the political corruption in Brazil.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=22522868&site=ehost-live>

“Latin American Politicians Reverse Gains in Free Press.” Barrionuevo, Alexei; Diaz, Maria Eugenia

New York Times; 8/31/2009, p7

Abstract:

For the family of Jose Sarney, Brazil's Senate president, the daily onslaught of newspaper reports about nepotism and corruption accusations against him was too much to bear. So Mr. Sarney's son Fernando, who manages most of the family's private businesses, turned to a federal judge in Brasilia, winning an injunction to stop a leading newspaper, O Estado de Sao Paulo, from publishing any more reports about the allegations.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=43953031&site=ehost-live>

“Laws for the lawmakers.”

Economist; 11/10/2007, Vol. 385 Issue 8554, p47-47

Abstract:

The article discusses a decision by the Brazilian supreme court which upheld a ruling by a federal electoral tribunal on party switching in the federal Congress. Brazil's federal Congress has 20 parties, none of which command more than 18 percent of the seats. Representatives switching parties in term has been a problem that contributes to legislative gridlock and fosters corruption. The supreme court ruling finds that the legislative seat belongs to the elected party, not the representative.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=27504822&site=ehost-live>

“Mending an icon.”

Economist; 7/19/2008, Vol. 388 Issue 8589, p46-46

Abstract:

The article discusses the activities of Sérgio Cabral, the governor of the Brazilian state that includes the city of Rio de Janeiro. Problems facing Cabral when he took office in 2006 included a significant amount of crime, political corruption and fiscal instability. The article reports that Cabral has addressed these difficulties and has provided the city with its first efficient government for some time.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=33262769&site=ehost-live>

“Parliament or pigsty?”

Economist; 2/10/2007, Vol. 382 Issue 8515, p36-38

Abstract:

The article focuses on the negative popular opinion of the Congress of Brazil by its citizens. Opinion polls allege that politicians are seen as "dishonest and underworked." Several other scandals and accusations are listed such as accepting large undocumented financial contributions and rapid party-switching for favors. It is reported that President Luiz Inácio Lula da Silva intends to pass reform legislation.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=24011265&site=ehost-live>

“Scandal Puts Pressure on a Brazilian Leader to Step Down.” Barrionuevo, Alexei; Galanternick, Mery

New York Times; 8/7/2009, p8

Abstract:

The leader of Brazil's Senate is under heavy pressure to step down amid a nepotism and corruption scandal that threatens to hamstring the government of President Luiz Inacio Lula da Silva during his final year in office. The Senate leader, Jose Sarney, is a former Brazilian president who both supported the military dictatorship and led the nation in its transition to civilian

democracy. Now he is considered an important ally for Mr. da Silva, who has plans to pass contentious legislation affecting the oil industry and also pick a candidate to succeed him in next year's presidential elections.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=43568120&site=ehost-live>

“Sex, sleaze and taxes.”

Economist; 12/8/2007, Vol. 385 Issue 8558, p43-43

Abstract:

The article discusses the political conditions of Brazil in December 2007 and the resignation of senate president Renan Calheiros after charges of corruption. Details are given outlining Calheiros' alleged misuse of government funds for personal gains and his subsequent voluntary resignation. The influence of Calheiros in Brazilian politics is described and possible national consequences of the scandal are suggested.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=27798938&site=ehost-live>

“Smear campaign.” Vincent, Isabel

Maclean's; 10/09/2006, Vol. 119 Issue 40, p39-40

Abstract:

The article states that opinion polls in Brazil show that President Luiz Inácio Lula da Silva is commanding a healthy lead over his opponents for the upcoming Brazilian presidential elections. None of the corruption scandals that have rocked his government seem to have stuck to the president. The president's closest rival is Geraldo Alckmin.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=22620593&site=ehost-live>

“The money trail.”

Economist; 2/27/2010, Vol. 394 Issue 8671, p43-43, 1p, 1 Color Photograph

Abstract:

The article discusses political corruption in Brazil. José Roberto Arruda, governor of the country's Federal District, has been arrested on charges related to video recordings of bribes being given by his secretary to political allies. Many of the country's endemic political corruption scandals are attributed to campaign finance laws which are stricter than those in other countries.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=48348257&site=ehost-live>

Items 2000-2005:

“Brazil cries basta to graft at grass roots.” Downie, Andrew
Christian Science Monitor; 8/9/2000, Vol. 92 Issue 181, p1

Abstract:

Reports on the increasing attempts to put an end to political corruption at the local government level in Brazil. Case of Eloi Bras Sessim, a former mayor of Cidreira, Brazil who was convicted on charges of bribery; Former fear of politicians at the local level; Increasing demand of citizens for justice and freedom from political corruption.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=3412612&site=ehost-live>

“Brazil on the Road to Change.” Amaral, Luis Henrique
World Press Review; Oct2001, Vol. 48 Issue 10, p15

Abstract:

Focuses on the views of Marcos Coimbra, director of Vox Populi, on political corruption in Brazil. Approval of the Fiscal Responsibility law by the Brazilian Congress; Factors considered to cause additional pressure to the country's effort in preventing corrupt practices.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=5212014&site=ehost-live>

“Brazil Scandal Plays Like Soap: The Bald And the Beautiful.” Moffett, Matt; Samor, Geraldo
Wall Street Journal - Eastern Edition; 8/16/2005, Vol. 246 Issue 32, pA1-A11, 2p

Abstract:

Discusses a political corruption scandal in Brazil involving revelations of an intricate Congressional vote-buying and fundraising scheme allegedly orchestrated by the governing Workers Party. Details of the scandal; How Congressman Roberto Jefferson, in an effort to defend himself publicly, appeared on a popular late-night talk show and sang a samba song, prompting other politicians caught up in the scandal to appear as well; Extent of Brazilians' fascination with the scandal, which is receiving wide-spread television coverage.

“Brazilian Whacks.” Morton, David
New Republic; 8/8/2005, Vol. 233 Issue 6, p38-38, 1p

Abstract:

Focuses on a trial in Brazil involving a case of the worst massacre in the history of Rio de Janeiro state, perpetrated by police. Moonlighting of Rio's state police force on murder-for-hire execution squads; Attempts by police officials to crackdown on the corruption; Details of the massacre, in which a gang of police toured the Baixada Fluminense (a suburb of Rio) killing people at random; Description of one of the suspected police officers, Carlos Jorge Carvalho, and his list of grisly murders.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17822641&site=ehost-live>

“Brazil's President Tries to Guard Legacy Amid Accusations.” Karp, Jonathan
Wall Street Journal - Eastern Edition; 03/13/2001, Vol. 237 Issue 50, pA22

Abstract:

Reports the effect of an alleged government corruption to the career in politics of Brazil President Fernando Henrique Cardoso as of March 2001.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=4228885&site=ehost-live>

“Brazil's scandals hamstring reform.” Downie, Andrew
Christian Science Monitor; 5/3/2001, Vol. 93 Issue 111, p6

Abstract:

Discusses political corruption in Brazil. Outlook for the effect of corruption on the term of Brazilian president, Fernando Henrique Cardoso; Accusation of politicians and civil servants for embezzling \$2 billion from funds for the poor.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=4391049&site=ehost-live>

“Cleaning up.”

Economist; 04/14/2001, Vol. 359 Issue 8217, p34-34

Abstract:

Reports on alleged corruption in the Brazilian government. Efforts of President Fernando Henrique Cardoso to prevent an investigation of ministries and leaders of his four-party coalition; Mention of evidence of fraud at Sudam, a development agency for Amazonia; Allegations of corruption against Antonio Carlos Magalhaes, of the Liberal Front and Jader Barbalho, leader of the Party of the Brazilian Democratic Movement.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=4326604&site=ehost-live>

“Corruption Claims Hit Brazil's Ruling Party.” Samor, Geraldo
Wall Street Journal - Eastern Edition; 6/7/2005, Vol. 245 Issue 110, pA13

Abstract:

Reports on the alleged political corruption against the Brazilian Working Party.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17283022&site=ehost-live>

“Corruption's roots deep and wide-reaching in Brazil.” Downie, Andrew
Christian Science Monitor; 12/14/2000, Vol. 93 Issue 15, p9

Abstract:

Focuses on a report issued by a commission of lawmakers which found widespread drug-related corruption and money laundering in Brazil. Thought that the problem is so widespread, there is no proper way to fight the problem; Call of Brazil's police forces to work together to combat organized crime; Discussion of high-ranking officials who have been implicated in the report.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=3868708&site=ehost-live>

“Cracks open up beneath Cardoso.”

Economist; 05/12/2001, Vol. 359 Issue 8221, p41-42

Abstract:

Discusses the presidency of Fernando Henrique Cardoso in Brazil. Allegations of political corruption; Role of the media in exposing corruption in the presidency; Economic and political conditions in Brazil; Outlook for elections in Brazil.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=4431374&site=ehost-live>

“Fall from grace in Lulaland.”

Economist; 7/16/2005, Vol. 376 Issue 8435, p14-14

Abstract:

The article discusses political corruption in Brazil's government. When he was elected as Brazil's president in 2002, Luiz Inácio Lula da Silva promised to be much more than just another politician. Lula and his party not only stood for social reform but claimed, from their experience in local administration, a monopoly on clean government in Brazil. The mix of economic rigor and reformist politics seemed a promising one for Brazil. Such expectations make recent revelations of corruption in Brazil all the more shocking. In the latest, farcical, twist, on July 8, 2005 an aide to the brother of the Workers' Party's president was arrested at an airport after police found that he was carrying \$100,000 in dollar banknotes stuffed down his underpants. Once in power, the Workers' Party, the avatar of clean government, began to finance itself and to buy its allies' loyalty by systematically skimming money from state companies. Several of Lula's fallen lieutenants appear to have carried into government two Marxist notions: that a self-righteous end justifies unholy means, and that the party is superior to the state.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17641533&site=ehost-live>

“Following the money trail.”

Economist; 7/16/2005, Vol. 376 Issue 8435, p33-34

Abstract:

The article discusses political corruption in Brazil under President Luiz Inácio Lula da Silva. Barely eight weeks have passed since a postal-service bureaucrat in Brasília was filmed pocketing 3,000 reais from a would-be government contractor. Roberto Jefferson, a rogue former government ally, has accused some of Lula's closest aides of commanding an epic scheme of bribes. Two separate congressional panels are investigating whether senior figures in the government and the ruling Workers' Party (PT) bought off federal lawmakers, squeezed contractors for kickbacks and bankrolled the party from the public till. Lula has fired a dozen officials, reshuffled his cabinet and arranged for a clean-out of his party's leadership. Lula declared that he wanted to "rescue" public service: he created half-a-dozen new ministries and some 120,000 new government jobs, many of them given to PT loyalists. This has added to the roll of political appointees, who now total 25,000.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17641555&site=ehost-live>

“Footloose.”

Economist; 1/22/2005, Vol. 374 Issue 8410, p37-37

Abstract:

Discusses why Brazil is the world's biggest exporter of footballers. Rise in the number of players leaving the country to play for clubs abroad since the early 1990s; Reasons, including corrupt club management; How today's stars, such as Ronaldinho Gaucho, had brief club careers in Brazil before signing for European teams; Suggestion that Brazilian players cost European clubs less than local footballers of equivalent talent; Views of Luiz Gustavo Vieira de Castro, a director of the Brazilian Football Confederation, who blames the exodus on the salary gap.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=15783221&site=ehost-live>

“From bad to worse.”

Economist; 7/9/2005, Vol. 376 Issue 8434, p31-31

Abstract:

The article discusses Brazil's political bribery scandal and its impact on the Workers' Party. As Brazil's political bribery scandal moves from allegation to evidence, it is starting to topple leading figures in the governing Workers' Party (PT) and has forced Luiz Inácio Lula da Silva to reshuffle his cabinet to try to shore up his presidency. Speculation is stirring that Lula himself will not run for re-election in 2006. The PT's troubles began when Roberto Jefferson, a disgruntled government ally, alleged that party officials bribed congressmen from two parties which are part of Lula's coalition to vote for government bills. Jefferson named Marcos Valério de Souza, the owner of two advertising agencies with large contracts with state companies, as the intermediary between the PT and congressmen who accepted a monthly stipend of \$12,765.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17580379&site=ehost-live>

“Getting away with murder.”

Economist; 2/22/2003, Vol. 366 Issue 8312, p14-15

Abstract:

This article focuses on the need for halting the rising tide of violent crime and put an end to corruption in Brazil. The idea is to install a regular police presence and win the co-operation and respect of the locals. This is in sharp contrast to Rio's traditional style of favela policing, which involves sporadically sending in squads of cops, armed to the teeth, to shoot up the place, then beat a retreat under gunfire from the gangs. The community-policing scheme was part of a wide-ranging program to cut violence and reduce police corruption and inefficiency, introduced in 1999 by the then governor of Rio state, Anthony Garotinho.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9157000&site=ehost-live>

“Hands of Support.”

Beijing Review; 8/25/2005, Vol. 48 Issue 34, p9-9

Abstract:

Reports that several students showed their support to Brazil president Luiz Ignacio Lula da Silva during a march in Brasilia. Accusation of corruption against Lula da Silva.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18185290&site=ehost-live>

“Heavyweights humbled.”

Economist; 10/6/2001, Vol. 361 Issue 8242, p38-38

Abstract:

Reports on corruption in the government in Brazil. The resignation of Jader Barbalho, president of the Senate and the Brazilian Democratic Movement; Prosecution of Sao Paulo mayor Paulo Maluf for fraud; How corruption was allowed to thrive in Brazil due to the inefficiency of Brazilian justice.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=5299732&site=ehost-live>

“Jeffersonian democracy, tropical style.”

Economist; 6/25/2005, Vol. 375 Issue 8432, p37-38

Abstract:

The article focusing on allegations of bribery in the government of Brazilian President Luiz Inácio Lula da Silva. True or not, bribery allegations made by Roberto Jefferson have left Lula's government reeling. Little has been proven. Nearly everything has been denied. Yet a mushrooming bribery scandal that began with a thousand-dollar pay-off to a post-office official has knocked the stuffing out of the government of Lula da Silva, Latin America's leading left-wing president. No one knows yet how deep the rot goes.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17438137&site=ehost-live>

“Law-enforcers on the rampage.”

Economist; 4/9/2005, Vol. 375 Issue 8421, p31-31

Abstract:

The article reports that 30 people were murdered on March 31st in Baixada Fluminense, a poor area outside Rio de Janeiro, allegedly in a co-ordinated action by rogue members of the state police force. Twelve policemen have been arrested, including eight charged with murder. The Baixada Fluminense massacre seems to have started as a reaction against a crackdown by a local commander against crooked officers, but has its roots in a police force that is both fiercely repressive in its approach to crime and prone to criminality itself. Police "extermination groups" kill for hire and sometimes engage in theft and kidnapping. Since their victims are generally criminals, most people approve of them, says Pedro Strozenberg of Viva Rio, an anti-violence organization.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=16711947&site=ehost-live>

“Lula's mid-term blues.”

Economist; 6/4/2005, Vol. 375 Issue 8429, p35-35

Abstract:

The article focuses on problems faced by Brazil's president, Luiz Inácio Lula da Silva, who hopes to win a second term in office in October 2006. Scandal, receding popularity and sagging economic growth are not the best preparation for an election. His government is fighting a losing battle to suppress a probe by Congress into corruption allegations. This bad news is not in itself fatal to the president's electoral prospects. But it threatens to cripple his government, a coalition of left-wing, centrist and conservative parties. The central bank's battle to contain inflation by raising interest rates has chilled investment. The government has agreed to a rise in the minimum wage, lifting other salaries and pensions linked to it. Public spending, slow in the first four months of 2005, will probably quicken. But the government is unlikely to abandon fiscal and monetary caution, which has spared the economy a full-fledged crisis. There is little sign that Lula plans reforms to correct the flaws in the bureaucracy and political parties that lead to political appointees pocketing bribes.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17233560&site=ehost-live>

"Lula's purge."

Economist; 12/20/2003, Vol. 369 Issue 8355, p48-49

Abstract:

The article reports on conflicts within the Workers' Party (PT) of Brazil's president, Luiz Inácio Lula da Silva, which have led to the expulsion of several dissident members. On December 14th four dissident legislators from the PT's left-wing who violated the second part of that credo were expelled from the party. Their sin: voting against the government's bill to trim the pensions of public-sector workers in order to contain Brazil's debt, and making their case loudly in public. The expulsions are the result of the party's bruising transit from opposition to power. The PT, born in 1980 as an agglomeration of social movements, trade unions, radical Catholics and left-wing intellectuals, became increasingly pragmatic as it began to win elections in states and large cities. It has become even more so since January, for two reasons. First, lacking a majority in Congress, the PT heads a broad coalition with several centrist parties. Second, to avoid debt default or a return of high inflation, Mr da Silva had to convince sceptical investors that Brazil would be fiscally responsible. About a third of the PT's congressmen agree with the dissidents. The mainstream has its perils. The PT did not get where it is by being just another centrist party. Corruption, which the PT is quick to denounce in others, could also tarnish its image.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=11751955&site=ehost-live>

"No ecstasy yet."

Economist; 10/15/2005, Vol. 377 Issue 8448, p41-42

Abstract:

The article discusses political conditions under Luiz Inácio Lula da Silva in Brazil following various scandals. It has been four months of agony for the government of Lula da Silva. Revelations of wrongdoing by his Workers' Party (PT) and its allies have emerged, mangling Lula's prestige, jeopardizing his re-election and paralyzing Congress. On September 28, 2005, the government

beat off the opposition to elect Aldo Rebelo, a soft-spoken Communist friendly to Lula, as president of Congress's lower house. Rebelo can influence expulsion proceedings against politicians implicated in the scandals and, most important from Lula's point of view, he is the man who must decide whether to initiate impeachment proceedings against the president himself. The PT, which sacked its leaders after admitting making illegal campaign donations to its own congressmen and those of other parties, now looks set to replace them with another set of Lula allies.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18593529&site=ehost-live>

“Not-so-swift justice.”

Economist; 3/27/2004, Vol. 370 Issue 8368, p37-38

Abstract:

Brazil's president, Luiz Inácio Lula da Silva, makes friends more readily than enemies. The chief judge of the Supreme Court, Maurício Corrêa, is a conspicuous exception. Since da Silva took office in 2003, the two men have sparred in public over the independence of the judiciary, economic policy and cuts in pensions for public servants, including judges. Da Silva created a new job--a secretary of judicial reform in the justice ministry--to sort out his least-favorite branch of government. Brazil's judiciary is dysfunctional: agonizingly slow, beset with frivolous cases designed to evade justice and enmeshed in useless procedure. A police operation called "Anaconda" caught judges selling favorable sentences to criminals. All this drains Brazil of money and morale.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=12657726&site=ehost-live>

“Out of love.”

Economist; 4/3/2004, Vol. 371 Issue 8369, p38-38

Abstract:

This article focuses on the impact of a series of political scandals on the government of Brazil and its president, Luiz Inácio Lula da Silva. The low point may have come when the head of a government party called for the sacking of the finance minister, Antônio Palocci. Or maybe it was when José Dirceu, the embattled chief of staff to Brazil's president, lashed out at friendly members of the opposition. For the queues of passengers at Brazil's airports, the nadir was the strike by the federal police that delayed their travel. Whichever embarrassment you pick, something has clearly gone awry for the 15-month-old government of President Luiz Inácio Lula da Silva. Thus far, Lula's government has rested on two pillars: his own extraordinary rapport with voters, and a grand alliance with most parties in Congress. Both are wobbly. The latest opinion polls register steep declines in Lula's popularity and that of his government (see chart).

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=12725665&site=ehost-live>

“Palocci under siege.”

Economist; 11/19/2005, Vol. 377 Issue 8453, p39-40

Abstract:

The article looks at economic conditions in Brazil under Finance Minister Antonio Palocci. Many businessmen and economists, and even fellow-members of the government, have blasted Palocci's cautious policies, saying they undermine economic growth. With the economy slowing and a presidential election less than a year away, the barrage has intensified. It is claimed that he illegally funnelled money to the ruling Workers' Party, both when mayor of Riberão Preto and as President Luiz Inácio Lula da Silva's campaign chief in the 2002 election. On November 16th, the minister broke several days of silence to rebut the claims in testimony before the Senate. His vigorous self-defence may quell speculation that he is about to resign.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18920028&site=ehost-live>

“Pitta v Pitta.”

Economist; 04/08/2000, Vol. 355 Issue 8165, p36-37

Abstract:

Mentions the spring 2000 scandal surrounding Celso Pitta, mayor of Sao Paulo, Brazil. His former wife Nicea's accusations of fraud and political corruption; Consideration of his impeachment; Role of conservative politician and former mayor Paulo Maluf; Impact of scandals on support for opposition candidates Marta Suplicy and Luiza Erundina.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=2968391&site=ehost-live>

“Playing Brazil's Race Card.”

Foreign Policy; Nov/Dec2005, Issue 151, p86-87

Abstract:

The article focuses on the March 23, 2005 edition of the popular Brazilian magazine "Veja." The author reviews how Brazil not only suffers from problems of government corruption but social problems such as poverty, crime and environmental degradation. Veja's opposition to a recently proposed initiative that would impose admission quotas for blacks and public school students in federal universities is analyzed. It is inferred that the materials compiled by the magazine were examples of misinformation provided by the government.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18715552&site=ehost-live>

“Playing by the Numbers.”

Mehring, James; Smith, Geri

Business Week; 10/10/2005, Issue 3954, p32-32

Abstract:

Offers a look at economic conditions in Brazil. Impact of political scandals on the Brazilian economy; Decline of President Luiz Inácio Lula da Silva's approval ratings due to alleged bribes and vote-buying scandals; Focus of Lula da Silva on fiscal policies; Report that Finance Minister Antonio Palocci wants to raise the primary fiscal surplus target; Discussion of interest rates in Brazil.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18429566&site=ehost-live>

“Scandal Taking a Toll in Brazil.”

Samor, Geraldo; Moffett, Matt

Wall Street Journal - Eastern Edition; 7/8/2005, Vol. 246 Issue 5, pA5

Abstract:

Reports on the political-corruption scandal in Brazil involving president Luiz Inácio Lula da Silva as of July 8, 2005.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17572672&site=ehost-live>

“Scandals threaten Lula.”

New Statesman; 11/14/2005, Vol. 134 Issue 4766, p14-14

Abstract:

The article focuses on Luiz Inácio Lula da Silva, Brazil's president. The party Lula helped found has been affected by two different forces. The first was a strategic compromise involving Lula's promise to maintain contracts and avoid a debt moratorium. Even more damaging are the corruption scandals that forced the party's manager and president to resign. Whether the party was ever a party of the left is a matter for debate. The question remains whether Brazil, where income distribution is one of the most unequal in the world, will ever get a real government of the left.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18847870&site=ehost-live>

“Stopping the rot in public life.”

Economist; 09/16/2000, Vol. 356 Issue 8188, p41-42

Abstract:

Discusses the prevalence of corruption and white-collar crime in Brazil. The soft stance taken toward this crime by the Brazilian judicial system; View of many Latin Americans that corruption is gnawing away at democracy and public institutions; The case of labor-court judge Nicolau dos Santos, accused of embezzlement; Steps taken by Latin American countries to root out corruption.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=3555366&site=ehost-live>

“The fall of the Workers' Party.”

Economist; 8/20/2005, Vol. 376 Issue 8440, p28-29

Abstract:

This article discusses how political corruption is reshaping Latin America's largest left-wing party, the Workers' Party (PT). The fortunes of Luiz Inácio Lula da Silva, Brazil's president, could yet recover from the corruption scandal which has paralysed his government for the past three months. But his Workers' Party will never be the same again. An internal election next month is likely to see the party turn further left or split--or both. In any event, it seems set for a drubbing from the voters at a general election next year. The PT's move to the centre in the 1990s stirred optimism about Brazil's economic prospects. It is now in jeopardy. The scandal turns on

allegations that PT officials used illicit cash to finance the party's campaigns and to buy the loyalty of congressional allies. They deny this; no prosecutions have yet been brought. But the affair has already toppled José Dirceu, the president's chief adviser, along with the PT's entire leadership. It has also implicated a score of congressional leaders from the PT and allied parties, along with some opposition figures. The scandals have triggered a three-way struggle for the party's soul. The left wants to restore its former ideology and structure, as well as its ethics. Mr Dirceu's group is fighting to keep control. The party's new president, Tarso Genro, formerly the education minister, is caught in the middle. The PT is due to elect new leaders on September 18, 2005; after the end of that month, prospective candidates in the 2006 elections can no longer switch parties. By then the PT's new shape will be clearer.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=17989983&site=ehost-live>

“The loneliness of Lula.”

Economist; 9/24/2005, Vol. 376 Issue 8445, p46-46

Abstract:

The article looks at political changes in Brazil under President Luiz Inácio Lula da Silva. The corruption scandals that have transfixed Brazil have cost the president, Lula da Silva, some of his most stalwart allies. On September 21, 2005, Severino Cavalcanti, the president of the lower house of Congress, resigned. Meanwhile, Lula's Workers' Party (PT) started choosing a new slate of top officials. Its former leaders, firm backers of the president, were forced to resign over claims of illegal financing and votes-for-cash. Lula's candidate, Ricardo Berzoini, was the front-runner to become the PT's president. Lula, who did not vote in the party election, is probably more worried about who will replace Cavalcanti. Were the job to go to the Liberal Front Party, which holds the interim presidency of Congress and is the most strident opposition force, Lula might be threatened with impeachment.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18382094&site=ehost-live>

“Will Scandal Spare Lula But Kill Reform?” Lindblad, Cristina; Wheatley, Jonathan

Business Week; 9/12/2005, Issue 3950, p67-67

Abstract:

Focuses on a corruption scandal involving Brazilian President Luiz Inácio Lula da Silva. Details of accusations erupting around Brazil, including claims that members of the ruling Worker's Party (PT) paid legislators of other parties for their votes; Accusations that Lula's economic czar, Antonio Palocci, took kickbacks for the PT from waste-hauling companies while serving as mayor of São Paulo; Prediction that Lula will not be able to push through reforms necessary to keep Brazil's economy growing due to the scandal.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=18139976&site=ehost-live>

Items before 2000:

“All fall down.”

Economist; 4/4/92, Vol. 323 Issue 7753, p51-51,

Abstract:

This article describes how tales of corruption, involving active or departed officials of President Fernando Collor de Mello's government in Brazil, recur depressingly on the front pages of Brazilian newspapers. An official who recorded a telephone conversation about the deal had accused Antonio Magri, fired from the job of labor minister in January, of taking a \$30,000 bribe. Two of the President's assistants have been linked to irregular business transactions. Several senior officials have been busy investigating other members of the presidential team. Collor himself, who has not been directly implicated, has at last moved to rid himself of tainted or tired subordinates. On March 30, in a general house cleaning, he asked for the resignations of all his ministers and assistants.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9204270505&site=ehost-live>

“Brazil's bought votes and presidential perils.”

Economist; 05/24/97, Vol. 343 Issue 8018, p33-33

Abstract:

Discusses political corruption in Brazil involving the buying of votes by Sergio Motta, the communications minister. Motta's close relationship with President Fernando Henrique Cardoso; The January 28, 1997 vote in the lower house of Congress to back a constitutional amendment to allow an incumbent president a second consecutive term; The internal investigation ordered by the Congress; The relation of the scandal to privatization efforts in Brazil.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9706031392&site=ehost-live>

“Brazil's honest bureaucrat.” Gaspari, Elio

World Press Review; Apr94, Vol. 41 Issue 4, p44.

Abstract:

Focuses on two Brazilian civil servants. Jose Alves dos Santos, a symbol of corrupt bureaucrats and the perverted state; Osiris Lopes Filho, of the Federal Taxation Bureau, the personification of hard work and a tightly run office; Lopes' lifestyle and accomplishments; Reported in Sao Paulo's 'Veja.'

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9404157569&site=ehost-live>

“Congress takes its own lid off.”

Economist; 1/29/94, Vol. 330 Issue 7848, p48-48

Abstract:

Discusses the damning report of a committee set up by Brazil's Congress to inquire into corruption among its own members. Committee recommendation that 18 of them should be expelled; Corruption in the placing of public-works contracts; Example of legislator Joao Alves, a

senior congressman who headed the budget committee for five years and in doing so became \$51 million richer; The Democratic Movement Party (PMDB); The Liberal Front Party; Effects of the coming purge.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9402177600&site=ehost-live>

“Crossed lines in Brazil.”

Economist; 11/28/98, Vol. 349 Issue 8096, p33-34

Abstract:

Presents information on the resignation of four senior officials from the administration of Brazil's President Fernando Henrique Cardoso. Resignation led by Luiz Carlos Mendonca de Barros; Release of tapped telephone conversations between him and other officials concerning the privatization of Telebras; Mendonca de Barros trying to arrange for the sale of part of the company to a friend, Persio Arida; Impact of the discovery.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=1306418&site=ehost-live>

“Fat cats and thin marmosets.” Homewood, B.

New Scientist; 5/9/92, Vol. 134 Issue 1820, p48

Abstract:

Criticizes the Group of Seven Leading Industrial Countries (G7) over their possibly giving money to Brazil for a pilot forest protection project because the government is so corrupt. Examples of how money is wasted; The high taxes the Brazilians must pay; Suggestion on how the problem could be overcome.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9206010768&site=ehost-live>

“Newscan Latin America: Brazil.”

North-South: The Magazine of the Americas; Jul/Aug94, Vol. 4 Issue 1, p58

Abstract:

Reports on the political and social developments in Brazil as of August 1994. Superior Electoral Tribunal's authorization to place ads inside polling booths to help pay election costs; Extent of malnutrition in Brazil; Recommendation to militarize Rio de Janeiro's security forces to eliminate police corruption.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9411181964&site=ehost-live>

“Nuts in Brazil.”

Economist; 2/5/94, Vol. 330 Issue 7849, p15-15

Abstract:

Speculates on whether or not Finance Minister Fernando Henrique Cardoso and governor of the central Brazilian bank Pedro Malan, can bring order out of chaos in Brazil. Resignation of President Fernando Collor amid charges of corruption; Members of Congress caught in similar scandal; Feeble tax collection; Possibility needed reforms will not get through Congress.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9403047715&site=ehost-live>

“Police death squads.” Kowalski, B.J.

World Press Review; Feb98, Vol. 45 Issue 2, p23

Abstract:

Asserts that Brazil's police force is tainted by death squads and coverups according to a report from the Organization of American States (OAS). Calls for police reform; Death statistics in Rio de Janeiro involving military police; Involvement of recognized policemen with pending charges of abuse.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=206406&site=ehost-live>

“Policing the police.”

Economist; 04/12/97, Vol. 343 Issue 8012, p42-44

Abstract:

Discusses Brazil's police corruption problems. The history of police abuse; The helplessness of the civilian population; The secret filming of police corruption in action; Its broadcast on TV Globo, Brazil's largest television station; Outcome; Comment from the Brazil office of Human Rights Watch; The human-rights plan of President Fernando Henrique Cardoso; Obstacles; The pressure for reform.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9704200508&site=ehost-live>

“Reining in the rogue cops of Brazil and its neighbors.” Epstein, Jack

Christian Science Monitor; 12/10/98, Vol. 91 Issue 11, p7

Abstract:

Focuses on the problem of crimes committed by rogue police officers in Brazil. Police reforms promised by the federal government; Extortion and murder by police officers; Statement from the Organization of American States claiming Latin American police officers are a threat to democracy; Forced retirement of police officers; Efforts of the International Criminal Investigative Training Assistance Program to end police corruption in Central America.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=1351356&site=ehost-live>

“Sick man's relapse.” Millman, Joel; Button, Graham

Forbes; 12/6/93, Vol. 152 Issue 13, p14-14

Abstract:

Comments on problems with the economic prospects of Brazil. Scandalous tales of bribery and kickbacks on state construction projects; Arrest of Jose Carlos Alves dos Santos; Probe of Odebrecht S.A.; More.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9311247652&site=ehost-live>

“Snow White sings.”

Economist; 10/30/93, Vol. 329 Issue 7835, p45-45

Abstract:

Says that on October 14, 1993, economist Jose Carlos dos Santos admitted he had fiddled the congressional books and revealed details that may uncover Brazil's biggest scam in living memory. Santos already suspected of drug trafficking and the murder of his wife; Claims he was tortured by the police; Full congressional inquest started this week; Numbers of officials implicated; Amount of money missing unknown; Santos admits to taking \$3.7 million; Details.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9311087569&site=ehost-live>

“Suffocation in Sao Paulo.”

Time; 2/20/89, Vol. 133 Issue 8, p49

Abstract:

Discusses police brutality in Brazil where 51 prisoners were punished for an escape attempt, resulting in 18 deaths.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=8902270262&site=ehost-live>

“Traffic control.”

Economist; 11/25/95, Vol. 337 Issue 7942, p43-44

Abstract:

Reports on corruption in Brazil's Sivam program, a Portuguese abbreviation for the Amazon Monitoring System, a grand plan for surveillance and air-traffic control of Brazil's vast Amazon regions. Charges of corruption against politicians who are involved with Sivam; Bugged telephone conversations between Julio Cesar Gomes dos Santos and Jose Alfonso Assumpcao.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9602027734&site=ehost-live>

“You scratch my back.....”

Economist; 07/05/97, Vol. 344 Issue 8024, p32-32, 2/3p

Abstract:

Reports on efforts to crack down on political corruption in Brazil as of July 1997. The Senate's investigation of alleged fraud in the issue of bonds; The role of the media in spurring the investigation; The use of money raised by the bonds for unauthorized practices such as financing swollen payrolls and political campaigns; The implications on taxpayers; The impeachment of Paulo Afonso Bieira, governor of Santa Catarina; The role of President Fernando Henrique Cardoso.

<http://search.ebscohost.com/login.aspx?direct=true&db=aph&AN=9707175759&site=ehost-live>