



**Government Defence  
Integrity Index**

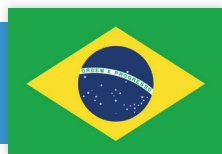


**2020**



Country Brief:

**BRAZIL**



# BRAZIL

After a period of strong economic growth and increasing international influence during the first decade of the 21st century, Brazil has recently struggled to contend with a series of domestic crises. Since 2014, the country has suffered from a deep recession, spiralling homicide rates and a series of high-profile corruption scandals paving the way for right-wing populist Jair Bolsonaro to win the presidency in October 2018. His tenure has been marked by hard-line security policies, political polarisation and attacks, and threats to democratic institutions and a catastrophic mishandling of the COVID-19 pandemic, which had resulted in more than 600,000 deaths by October 2021.<sup>1</sup>

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2005.
Arms Trade Treaty	Ratified in 2018.

Another characteristic of the Bolsonaro presidency has been the increasingly political role of the military, with former military personnel appointed to senior government positions.<sup>2</sup> On Independence Day in 2021, Bolsonaro further increased authoritarian rhetoric, attacking and threatening the Supreme Court and the Brazilian electoral system.<sup>3</sup> Bolsonaro's pressure on top military officials to display public, and political, support of his policies has led to tensions between military officials committed to non-partisanship and those who advocate more active political engagement, culminating in the firings of the Defence Minister and subsequent resignations of all three chiefs of the armed forces in March 2021.<sup>4</sup> These tensions are emblematic of governance backsliding that has been visible in the defence sector, characterised by increasing executive interference and a weakening of external scrutiny. A fragmented parliament provides weak scrutiny of defence activities and spending, failing to take advantage of the availability of robust financial information derived from strong internal and external auditing practices. Financial transparency has been undermined, along with access to information freedoms, while whistleblowing is actively discouraged at the highest levels of government. Impunity is a significant issue at the personnel level and anti-corruption safeguards for operations are inadequate, considering the military's increased involvement in public security operations.

## Latin America

Latin America is experiencing one of the most difficult periods in its recent history. The coronavirus pandemic, steep economic contraction and significant democratic backsliding and political polarisation are threatening to undo much of the development, security and governance gains the region has achieved. The financial crisis has fed into public anger at rising inequality, corruption, poor public services and police brutality, with many states seeing massive public protests and social unrest. Insecurity is also on the rise, particularly in Mexico, Colombia, Venezuela and Brazil where powerful organised criminal groups have expanded their influence and capitalised on state dysfunction to strengthen their trafficking networks. Backsliding has been visible from Chile to Mexico, as democratic institutions have been undermined and the military has gained increased political power. The expanding role of the military is also raising questions about governance standards. Allegations of human rights abuses and abuses of power by defence and security forces are mounting, but these actors remain largely unaccountable to the public. Transparency in their activities, administration and financial management continues to be restricted and executive control has been tightened, to the detriment of external oversight. Procurement in particular is at high risk of corruption, while anti-corruption safeguards on operations are extremely weak.



<sup>1</sup> Brazil Covid Cases and Deaths, October 2021.

<sup>2</sup> Bryan Harris and Andres Schipani, 'Bolsonaro and the Generals: Will the Military Defend Brazil's Democracy?', *Financial Times*, 11 August 2020.

<sup>3</sup> Tom Phillips, 'Bolsonaro Diehards Take to the Streets of Brazil to Urge Firing Squads and Coups', *The Guardian*, 7 September 2021.

<sup>4</sup> Anthony Badle, 'Analysis: Politicking General Puts Bolsonaro at Odds with Army Leaders', *Reuters*, 3 June 2021.



# BRAZIL

## Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

**BRAZIL SCORE**  
**MODERATE RISK**

**C**

**59**



A > 83-100 VERY LOW

B > 67-82 LOW

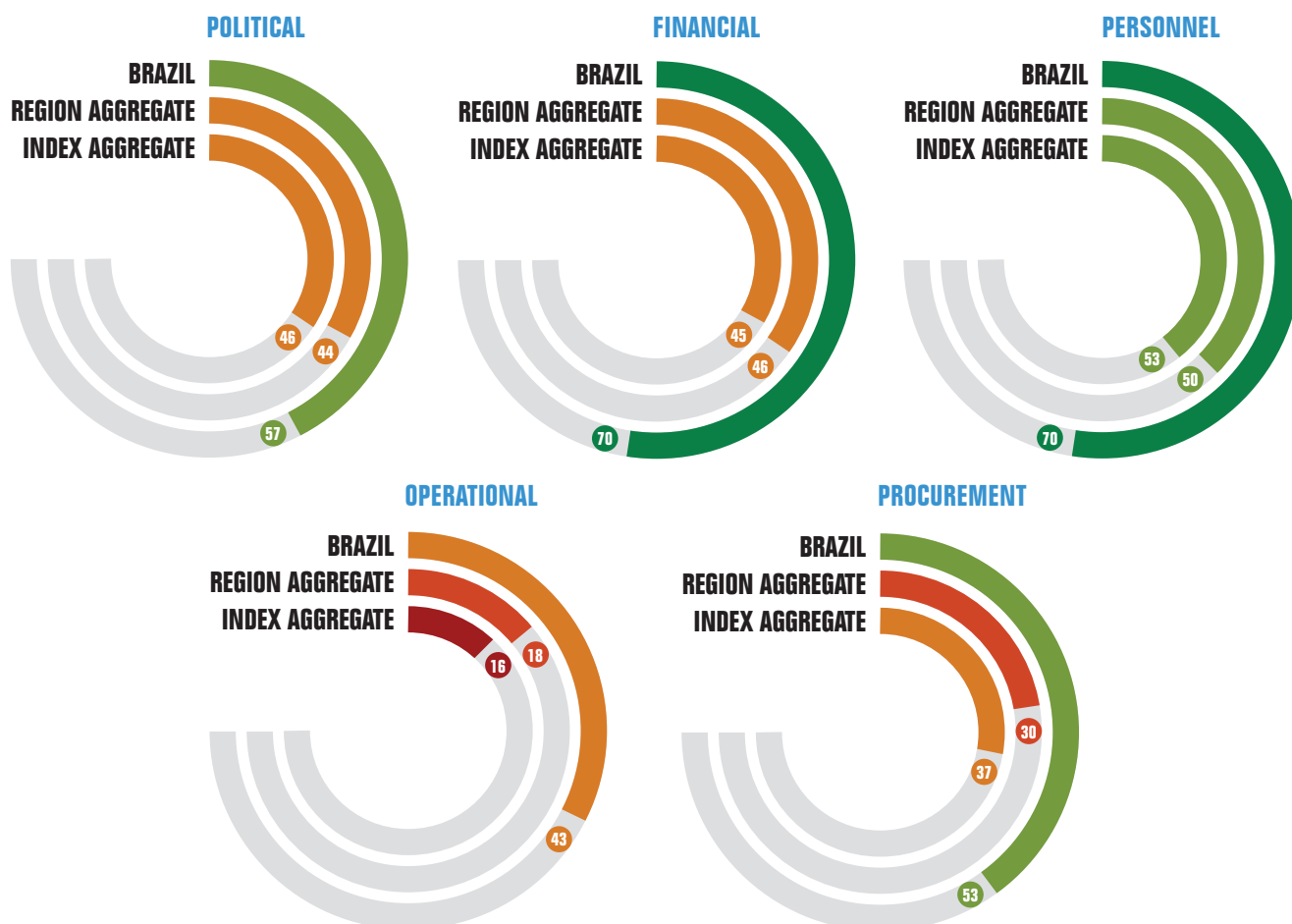
C > 50-66 MODERATE

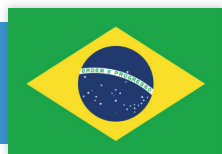
D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

## Risk Comparison





# BRAZIL

## Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	78/100
Military expenditure as share of government spending (SIPRI, 2020)	3.2%
Committee members with defence expertise (%)	Exact data is not publicly available
# of meetings/year	33 (2018); 57 (2019)
Last review of defence policy/strategy	2019

The executive possesses significant powers in Brazil, ensuring that parliamentary oversight occurs within a rigid framework and with limited room for manoeuvre. Though the National Congress has the power to legislate, so does the executive, as the President has the right to issue legislation requiring Congressional validation (called “provisional measures”), as well as the right to veto legislation, which only an absolute majority vote of both houses of Congress can override.<sup>5</sup> The current polarisation and fragmentation of Brazilian politics make it extremely difficult to achieve consensus and pass legislation.<sup>6</sup> This significantly increases the executive's powers and undermines the independence and effectiveness of Congress. In defence, Congress' influence is limited, despite strong formal powers of oversight, including on policies, budgets, activities, and major procurement decisions. The military's congressional lobby is powerful and has significant influence over both the Senate Committee on Foreign Affairs and Defence (CRE) and the lower house's Committee on Foreign and Affairs and Defence (CREDN). The relative lack of expertise within these committees means their capacity is limited and executive influence has increased significantly, as the CREDN was chaired by the President's son until March 2021, who pushed strongly for the committee to promote President Bolsonaro's main security policies.<sup>7</sup> Though the committees meet weekly and have been active in reviewing certain aspects of defence policy, they consistently fail to exercise their full powers, for instance by not submitting requests for classified information despite having the right to do so, and under-utilising their authority to create subcommittees of inquiry.<sup>8</sup> Conversely, auditing practices of defence spending are relatively strong and provide a theoretically strong evidence base for oversight. The Secretariat for Internal Control in the Ministry of Defence (MoD) is responsible for internal auditing of expenditure. The unit has the flexibility to build its own programme of work<sup>9</sup> and legislative committees have access to full reports and analysis, but there is no evidence of defence committees ever using these reports. The Court of Audit is responsible for external auditing and it has a specialised committee responsible for defence. It has a strong relationship with the MoD's internal audit unit and has the power to cancel defence projects if it detects irregularities.<sup>10</sup> It can also be seized by members of congress to investigate any aspect of defence spending, but there is no evidence of this occurring in practice.

## Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Data is not publicly available. (2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence #	6 (2014-2019)
Open Budget Index (IBP, 2019)	81/100
World Press Freedom Index (RSF, 2021)	111th out of 180.

The Bolsonaro administration has overseen significant democratic backsliding, marked by political decision-making that is founded on a return to the pork-barrel, patronage-based politics of previous governments.<sup>11</sup> Correspondingly, government transparency has been undermined and some related initiatives have been rolled back. For instance, Brazil's Freedom of Information Act is fairly robust and provides a good framework for accessing defence information.<sup>12</sup> Requests can be made via a government portal and provides for guidelines on how to proceed if requests are denied. However, in 2019, the new administration adopted a decree which expanded the authority to classify public information to a wide range of officials, including those in temporary posts who lack the necessary training to respond to requests.<sup>13</sup> Unjustified refusals to answer access to information requests and the undermining of the freedom of information law have been recurrent under President Bolsonaro. There have been attempts to modify the Law and reduce its scope, also during the time of Covid-19 pandemic.<sup>14</sup> Recent studies have shown how the Armed Forces use different legal loopholes to circumvent freedom of information requirements.<sup>15</sup> In terms of defence budget transparency, budget disaggregation ensures a good level of detail is included, with a strong breakdown of expenditures across functions.<sup>16</sup> Sources of off-budget revenue, such as the PAC2 investment programme, are published by the MoD and included in the national budget, reducing the opportunities for such funds to be used as sources of off the books spending.<sup>17</sup> Furthermore, military-owned businesses are subject to high standards of transparency and reporting. Companies such as Amazul, IMBEL and Emgepron are subject to audit by the Court of Auditors, although IMBEL releases information on the results of its internal auditing process.<sup>18</sup> Nevertheless, these companies' combined revenue represents less than 1 per cent of the defence budget, ensuring that they do not have an outsized role in funding defence activities.<sup>19</sup>

<sup>5</sup> Bertelsmann Stiftung, *BTI 2020 Country Report – Brazil*, Gutersloh, Bertelsmann Stiftung, 2020, p. 10.

<sup>6</sup> Gustavo Ribeiro, 'Why is Brazil's Congress so Fragmented?', *The Brazilian Report*, 13 November 2018.

<sup>7</sup> Chamber of Deputies, 'Eduardo Bolsonaro', June 2021.

<sup>8</sup> There is currently only one, the Permanent Subcommittee on the National Defence Industry and International Partnerships in the Area of National Defence.

<sup>9</sup> Ministry of Defence, 'CISSET Office Holders', June 2021.

<sup>10</sup> Claudio Dantas Sequeira, 'TCU Condemns Luxury Barracks', *ISTOE*, 7 August 2013; Court of Auditors, 'TCU Sees Problems in Acquisition Processes of the 31st Field Artillery Group', 14 February 2018.

<sup>11</sup> The Economist, 'Brazil's President Jair Bolsonaro is Under Siege', *America* 2.1, June 2021.

<sup>12</sup> Federative Republic of Brazil, *Law No. 12.572 of 18 November 2011*.

<sup>13</sup> Article 19, 'Brazil: New Access to Information Decree Undermines Government Transparency', 30 January 2019.

<sup>14</sup> Rachel Lopes, 'Bolsonaro Management Accumulates at Least 13 Measures to Reduce Official Transparency', *Folha de Sao Paulo*, 21 June 2020.

<sup>15</sup> Luiz Fernando Toledo, 'Black Stripe Transparency', *Folha de Sao Paulo*, 13 May 2021.

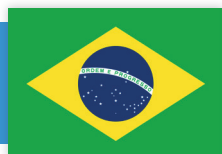
<sup>16</sup> Ministry of Economy, 'Annual Budget 2020'.

<sup>17</sup> Ministry of Economy, 'What is PAC?', June 2021.

<sup>18</sup> Industria de Material Belico do Brasil, 'Annual Audit Activity Report', 2019.

<sup>19</sup> Ministry of Economy, 'Annual Budget 2020'.





# BRAZIL

## Personnel Ethics Framework

Whistleblowing legislation	Law No. 13.608 (2018)
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: No clear code of conduct.
	Civilian: No clear code of conduct.
Financial disclosure system	# submitted: Data is not publicly available.
	# of violations: Data is not publicly available.

Since 2018, the military have been heavily involved in public security, particularly in the favelas in Rio de Janeiro, which are the scene of intense military activity. As the armed forces have taken over many law enforcement duties and regularly conduct raids and military operations against gangs, human rights violations have increased at an alarming rate.<sup>20</sup> The impunity that defence and security forces enjoy is a key facilitator for these abuses. A 2017 law ensures that members of the armed forces accused of unlawful killings of civilians are tried in military, not civilian, courts, which is in violation of international norms.<sup>21</sup> There is little evidence of any investigations into cases of abuses of power or corruption perpetrated by military personnel. A recent illustration of the impunity for high-ranking officers involves former Ministry of Health and active general, Eduardo Pazuello, who was acquitted after violating military rules by participating in political acts supporting the current President. Additionally, the Army imposed a century-long secrecy clause on any documents related to Pazuello's administrative process.<sup>22</sup> Military personnel are not subject to a clear code of conduct that addresses corruption-related issues, with behaviour instead regulated solely by loose federal norms that vaguely address the issue.<sup>23</sup> The development of a strong culture of integrity and anti-corruption within the sector is also undermined by the weakness of reporting mechanisms. A 2018 law institutionalised whistleblowing protection for all public institutions, however the law is not comprehensive, failing to provide clear processes for protecting whistleblowers and omitting the reversed burden of proof regarding retaliation.<sup>24</sup> Additionally, the practice itself is discouraged in the defence and security sector, with the President himself threatening to withdraw security support to a municipality that intended to introduce a hotline for security personnel to report wrongdoing.<sup>25</sup> Finally, the system for selecting military personnel at middle and top management levels is vulnerable to influence. Though there are formal processes in place, with clear criteria for appointments based on job descriptions and standard assessment criteria, the process is conducted entirely by the military's High Command without any external scrutiny. As a result, internal politics can play an outsized role in such decisions, with the absence of independent oversight increasing the chances that appointments are primarily political in nature.

## Operations

Total armed forces personnel (World Bank, 2018)	761,500
Troops deployed on operations #	20 in DRC (MONUSCO), 16 in Lebanon (UNIFIL), 11 in South Sudan (UNMISS), 9 in Western Sahara (MINURSO), 8 in CAR (MINUSCA), 2 in Cyprus (UNFICYP), 1 in Abyei (UNISFA)

The Brazilian armed forces have a long history of involvement in international peacekeeping operations.<sup>26</sup> Alongside this, the military is actively engaged in internal operations largely against drug gangs and in security operations along the country's borders. However, despite the variety of operations conducted and the corruption risks that such operations represent, anti-corruption safeguards for operations are virtually non-existent. Brazil has no military doctrine addressing corruption as a strategic issue for operations, with neither the Guarantee of Law and Order Operations<sup>27</sup> nor the Peace Operations Doctrines<sup>28</sup> making any mention of it. There is also no mention of corruption as a strategic issue in the forward planning for operations, with key documents such as the MoD's Integrity Plan failing to address such risks directly.<sup>29</sup> It does appear as though training on corruption risk is tangentially covered in commanders' 'intendência' training, a mix of logistics, finances, and accountability, which is compulsory before taking over command of a unit. However, the lack of a clear emphasis on anti-corruption, and on corruption risk during operations, means there remains significant room for improvement. Finally, corruption monitoring during large deployments is carried out by a dedicated branch of the Armed Forces (Intendência). During the mission in Haiti as part of MINUSTAH, Intendência officers monitored and reported on corruption risk to the MoD every six months, although it is not clear whether this practice is replicated in every mission that Brazilian forces are involved in.

<sup>20</sup> Campaign Against the Arms Trade, 'Repression in the Favelas', 4 August 2020.

<sup>21</sup> Human Rights Watch, 'Brazil: Events of 2019'.

<sup>22</sup> Guilherme Nazui and Mateus Rodrigues, 'Army Decides not to Punish Pazuello for Participating in Political Act with Bolsonaro', *Globo*, 6 March 2021.

<sup>23</sup> Federative Republic of Brazil, 'Explanatory Memorandum No. 37', 18 August 2000.

<sup>24</sup> Federative Republic of Brazil, 'Law No. 13.608 of 10 January 2018'.

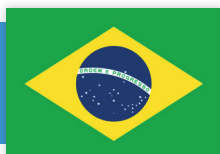
<sup>25</sup> Mateus Rodrigues, 'Bolsonaro Threatens to Take Away National Force from Cariacica If There is a Hotline for Police Officers', *Globo*, 3 October 2019.

<sup>26</sup> United Nations Peacekeeping, 'Country Contributions by Mission and Personnel Type', 30 April 2021.

<sup>27</sup> Brazilian Armed Forces, '2018 GLO Operations Doctrine', *Armed Forces e-Library*.

<sup>28</sup> Brazilian Armed Forces, '2017 Peace Operations Doctrine', *Armed Forces e-Library*.

<sup>29</sup> Federal Government, *Ministry of Defence Integrity Plan*, 2018.



# BRAZIL

## Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	25,101
Open competition in defence procurement (%)	43%
Main defence exports – to (SIPRI)	Afghanistan, France, Chile, Indonesia, Lebanon
Main defence imports – from (SIPRI)	France, United States, United Kingdom, Italy, Israel

Despite a 3.1% drop in spending, Brazil remained South America's largest military spender by some distance in 2020 and the fifteenth largest worldwide.<sup>30</sup> Although the financial impact of the COVID-19 pandemic has limited the availability of public funds, the military's modernisation process, ongoing since 2009, requires sustained investment if Brazil is to attain the objectives of its National Strategy of Defence.<sup>31</sup> Given the scarcity of funding at present, the importance of having effective defence procurement governance mechanisms, with strong anti-corruption safeguards in place, is all the more pressing. Brazilian defence procurement is largely regulated by the Public Procurement Law, which contains exemptions for national security-related items.<sup>32</sup> Other legislation and decrees define these items and establish tendering procedures for these goods.<sup>33</sup> Significantly, all public procurements are required to be publicly registered, even those which are exempted from public bidding, ensuring

that defence institutions are required to announce which programmes are exempt from standard tendering procedures and provide justifications for doing so.<sup>34</sup> The procurement Transparency Portal contains a list of all contracts, with information on the value, bid winner and a description of the service or product. According to its figures, 33.68% of defence contracts are exempted from open tender with a further 17.08% of contracts not containing any information on the mode of acquisition, underlining how progress remains to be made for open tendering for defence goods to become the de facto option.<sup>35</sup> In terms of external scrutiny of defence procurement, oversight is ensured by the Court of Audit, the MoD's audit unit CiSET, and Congress, albeit to varying degrees of effectiveness. The Court of Audit has a broad mandate to scrutinise both open and restricted or single-sourced procurements and regularly conducts detailed investigations into corruption allegations in public acquisitions. On the legislative side though, oversight is weak and generally focusses on the budget, often at the expense of scrutinising procurement decisions, even when the Court of Audit has flagged irregularities. Though the acquisition planning process is done according to the National Defence Strategy, the strategy itself addresses procurement in very general terms and is supposed to be complemented by a Strategic Acquisitions Plan. However, to date, no such plan has been produced, despite it being slated since 2012, leading to a significant gap in linking individual purchases to strategic requirements. According to the Ministry of Defence however, the plan should finally be released in 2021.<sup>36</sup>

<sup>30</sup> Diego Lopes da Silva, Nan Tian and Alexandra Marksteiner, 'Trends in World Military Expenditure, 2020', *SIPRI*, April 2021, p. 7.

<sup>31</sup> Marcos Degaut, 'Brazil's Military Modernisation: Is a New Strategic Culture Emerging?', *Rising Powers Quarterly*, Vol. 2 (1), 2017, pp. 271-297.

<sup>32</sup> Federative Republic of Brazil, *Law No. 8.666 of 21 June 1993*, replaced by the new Public Procurement Law (Law n. 14.133/21) in April 2021

<sup>33</sup> Federative Republic of Brazil, *Decree No 2.295 of 4 August 1997*.

<sup>34</sup> See for instance, Brazilian Navy, 'Submarine Development Program (PROSUB)', June 2021.

<sup>35</sup> Transparency Portal, 'Contracts', 2019.

<sup>36</sup> Response to an FOIA request sent to the Ministry of Defence on 30 November 2019, No. 60502002946201908, answered on 19 December 2019.

Version 1.0, October 2021

GDI data collection for **Brazil** was conducted October 2019 to August 2020. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.

# BRAZIL 2020 GDI Scorecard

	Grade	Score
<b>Political Risk</b>	<b>C</b>	<b>57</b>
Q1 Legislative Scrutiny	B	67
Q2 Defence Committee	C	50
Q3 Defence Policy Debate	E	31
Q4 CSO Engagement	E	17
Q5 Conventions: UNCAC / OECD	B	75
Q6 Public Debate	C	50
Q7 Anticorruption Policy	B	75
Q8 Compliance and Ethics Units	A	83
Q9 Public Trust in Institutions	NS	
Q10 Risk Assessments	D	38
Q11 Acquisition Planning	B	75
Q12 Budget Transparency & Detail	A	100
Q13 Budget Scrutiny	C	63
Q14 Budget Availability	B	67
Q15 Defence Income	C	58
Q16 Internal Audit	A	100
Q17 External Audit	A	100
Q18 Natural Resources	B	70
Q19 Organised Crime Links	D	38
Q20 Organised Crime Policing	D	42
Q21 Intelligence Services Oversight	D	38
Q22 Intelligence Services Recruitment	D	33
Q23 Export Controls (ATT)	D	33
Q76 Lobbying	F	0

<b>Financial Risk</b>	<b>B</b>	<b>70</b>
Q24 Asset Disposal Controls	B	67
Q25 Asset Disposal Scrutiny	B	67
Q26 Secret Spending	A	100
Q27 Legislative Access to Information	E	25
Q28 Secret Program Auditing	C	50
Q29 Off-budget Spending	B	67
Q30 Access to Information	B	75
Q31 Beneficial Ownership	A	88
Q32 Military-Owned Business Scrutiny	B	75
Q33 Unauthorised Private Enterprise	A	88
Q77 Defence Spending	B	69

<b>Personnel Risk</b>	<b>B</b>	<b>70</b>
Q34 Public Commitment to Integrity	C	50
Q35 Disciplinary Measures for Personnel	A	88
Q36 Whistleblowing	E	17
Q37 High-risk Positions	B	67
Q38 Numbers of Personnel	A	100
Q39 Pay Rates and Allowances	A	100
Q40 Payment System	A	92
Q41 Objective Appointments	D	42
Q42 Objective Promotions	A	94
Q43 Bribery to Avoid Conscription	B	67
Q44 Bribery for Preferred Postings	B	75
Q45 Chains of Command and Payment	A	100
Q46 Military Code of Conduct	C	63

## OVERALL COUNTRY SCORE

**MODERATE RISK**

**C**

**59**

### RISK GRADE

A • 83-100 **VERY LOW**

B • 67-82 **LOW**

C • 50-66 **MODERATE**

D • 33-49 **HIGH**

E • 17-32 **VERY HIGH**

F • 0-16 **CRITICAL**



<b>Personnel Risk</b>	<b>B</b>	<b>70</b>
Q47 Civilian Code of Conduct	B	67
Q48 Anticorruption Training	B	67
Q49 Corruption Prosecutions	D	33
Q50 Facilitation Payments	NEI	

<b>Operational Risk</b>	<b>D</b>	<b>43</b>
Q51 Military Doctrine	F	0
Q52 Operational Training	B	75
Q53 Forward Planning	C	50
Q54 Corruption Monitoring in Operations	D	42
Q55 Controls in Contracting	C	50
Q56 Private Military Contractors	NS	

<b>Procurement Risk</b>	<b>C</b>	<b>53</b>
Q57 Procurement Legislation	C	63
Q58 Procurement Cycle	B	75
Q59 Procurement Oversight Mechanisms	D	42
Q60 Potential Purchases Disclosed	D	38
Q61 Actual Purchases Disclosed	B	75
Q62 Business Compliance Standards	C	50
Q63 Procurement Requirements	D	42
Q64 Competition in Procurement	E	25
Q65 Tender Board Controls	D	44
Q66 Anti-Collusion Controls	B	75
Q67 Contract Award / Delivery	B	69
Q68 Complaint Mechanisms	NEI	
Q69 Supplier Sanctions	B	67
Q70 Offset Contracts	C	50
Q71 Offset Contract Monitoring	D	42
Q72 Offset Competition	A	100
Q73 Agents and Intermediaries	NEI	
Q74 Financing Packages	F	0
Q75 Political Pressure in Acquisitions	NS	

### KEY

**NEI** Not enough information to score indicator

**NS** Indicator is not scored for any country

**NA** Not applicable



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