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# COUNTRY REPORT

## A COMPARATIVE GOVERNANCE ANALYSIS OF BRAZIL AND ARGENTINA

Global Risk Management  
Professor Michel Henry Bouchet

Prepared by  
Claire Bavington  
Valentyna Drtinova  
Renata Orlandoni



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# INTRODUCTION

The Global Organisation of Parliamentarians against Corruption (GOPAC) operates in 52 countries across 5 continents including Argentina and Brazil. GOPAC's vision is to achieve accountability and transparency through effective anti-corruption mechanisms and inclusive participation and cooperation between parliamentarians, government and civil society. To achieve this vision, GOPAC's mission is to assist and support parliamentarians in their advocacy and legislation to make governments accountable and transparent. The UN Development Programme now estimates that the developing world loses €10 to corruption for every €1 it receives in official aid. GOPAC estimates that corruption now kills more people than war and famine combined and thus its support towards true governance as defined in Goal 16 Peace, Justice and Strong Institutions and the UN Sustainable Development Goals is imperative towards a fair society and social and economic development.

Akaash Maharaj  
Chief Executive Officer

This Country Comparison Report provides an analysis of two Latin American countries, Brazil and Argentina and the levels of governance recorded within each nation to determine the launch of GOPAC's next Latin American campaign, to control and implement capacity building against Corruption. The report adopts the instruments of the 'Worldwide Governance indicators' which are composite governance indicators based on 30 underlying data sources, that the World Bank has applied statistical methodology to determine governance within these countries. These indicators include the Rule of Law, Control of Corruption, Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness and Regulatory Quality. The report will highlight ongoing partnerships with International Institutions such as the United Nations Convention against Corruption (UNCAC), United Nations Convention Against Transnational Organised Crime, OECD Working Group on Bribery and the UN 2030 Agenda for Sustainable Development Goals to demonstrate levels of commitment within both Argentina and Brazil in the fight against corruption towards good governance.

The report will account for the broader political and institutional environment to demonstrate the specific indicators that show governance performance of each country based on the various indexes available. The report will also define how advanced or behind the countries are in the success of these values. To fulfil the international development role of an NGO committed to promoting and facilitating anti-corruption mechanisms to implement good governance practices, this report seeks to identify the overall state of governance in Brazil and Argentina to identify the risks of international funding as well as determine where donor support and NGO intervention will be better applied. The report will conclude with a clearly defined objective to support future development in Brazil based on the economic, political and governance factors assessed.

## BRAZIL

SACE: political risk 45/100  
COFACE: country risk C  
EULER HERMES: country risk B3

## ARGENTINA

SACE: political risk: 73/100  
COFACE: country risk D  
EULER HERMES: country risk D4

<http://gopacnetwork.org/overview/>

# RULE OF LAW

The United Nations defines five principles for the Rule of Law including measures such as adherence to the supremacy, equality, accountability and fairness in the application of the law, participation in decision-making and legal transparency'. Following decades of corrupt governments and weak legal systems, the current rule of law in Brazil and Argentina has undergone a marked improvement. Based on the OECD Working Group on Bribery in International Business Transactions (WGB), Argentina has fully implemented 15 and partially implemented 23 recommendations enhancing anti-corruption and violations of the rule of law. Brazil has also adopted 39 legal instruments and reformed its fiscal and pension policies. On the World Justice Project, Rule of Law Index, which measures the absence of corruption and civil and criminal justice, Argentina and Brazil are placed at 48 and 67 out of 128 countries, respectively. Argentina has also developed a manual on good governance as well as joint studies with OECD including the Economic Survey and regulatory and Integrity Policy Reviews.

## BRAZIL RANKINGS

WJP Rule of Law Index 2020 performance (1 is best)

BRAZIL OVERALL GLOBAL RANK: 67/128

BRAZIL OVERALL REGIONAL RANK\*: 16/30



FACTOR	GLOBAL RANK	REGIONAL RANK*	INCOME RANK**
Constraints on Government Powers	64/128	18/30	18/42
Absence of Corruption	69/128	17/30	26/42
Open Government	31/128	6/30	5/42
Fundamental Rights	83/128	25/30	30/42
Order and Security	100/128	19/30	31/42
Regulatory Enforcement	60/128	16/30	18/42
Civil Justice	63/128	14/30	21/42
Criminal Justice	103/128	20/30	37/42

## ARGENTINA RANKINGS

WJP Rule of Law Index 2020 performance (1 is best)

ARGENTINA OVERALL GLOBAL RANK: 48/128

ARGENTINA OVERALL REGIONAL RANK\*: 12/30



FACTOR	GLOBAL RANK	REGIONAL RANK*	INCOME RANK**
Constraints on Government Powers	40/128	9/30	8/42
Absence of Corruption	52/128	13/30	16/42
Open Government	28/128	5/30	3/42
Fundamental Rights	30/128	7/30	4/42
Order and Security	108/128	24/30	36/42
Regulatory Enforcement	54/128	11/30	15/42
Civil Justice	45/128	10/30	14/42
Criminal Justice	68/128	14/30	24/42

Both Brazil and Argentina are governed by a Head of State based on a quadrennial electoral process. According to a report by Freedom House, 'Legislative elections are generally free and fair in Brazil'. However, current President, Jair Bolsonaro (former leader of the far-right Social Liberal Party (PSL) and current President since 2019), stands accused of an electoral campaign 'marred by the spread of fake news, conspiracy theories, and aggressive rhetoric on social networks'. In Argentina, voting is democratic, and elections are recorded as having a 'clear, detailed and legislative framework and being competitive with lively media and civil society sectors and unfettered public debate'. In contrast, any public criticism of President Bolsonaro by its own media has been met with intimidation, threats and harassment, where freedom of journalistic reporting is unsupported through the existing legal framework.

## Argentina Ranked 48th Across 128 Countries, 2020

Compare 2020 score rankings for Argentina by toggling between global, Latin America & Caribbean regional peers, and Upper Middle income peers.



## Brazil Ranked 67th Across 128 Countries, 2020

Compare 2020 score rankings for Brazil by toggling between global, Latin America & Caribbean regional peers, and Upper Middle income peers.



Both countries declare 'accountability to the law' and 'legal certainty, but instances during the Covid 19 pandemic have demonstrated blurred edges towards these principles. Similarly to former President Trump, the Bolsonaro administration not only rejected the seriousness of the pandemic but advocated 'the use of discredited medications such as hydroxychloroquine... for the 'little flu' as well as attempting to limit information request' and discredit publicised warnings about the virus'. In efforts towards wider governance, the Supreme Court overruled the attempts by Bolsonaro with Congress passing a bill forcing Bolsonaro to provide emergency healthcare for its citizens. Additionally, a supreme electoral court (TSE) has established a task force in collaboration with Facebook, Google and civil society organisations to investigate fake news, campaign propaganda and disinformation spread by Bolsonaro and other politicians.



In Argentina, President Fernández also took advantage of the emergency powers granted by Congress to 'impose new taxes, determine wage and pension increases by decree and renegotiate foreign debt'. President Fernández, however, has also faced criticisms of favouritism whereby ministers have received vaccinations ahead of other agreed and urgent recipients. A federal investigation led to the resignation of the Health Minister, with Fernandez reporting, "it's a reprehensible act...but it is not a crime".

In terms of good governance in the legal systems, practices in both states have been susceptible to bribery, threats and manipulation. Nevertheless, following landmark rulings in the infamous transnational criminal investigation 'Operation Lava Jato', the justice system has undergone transformative change leading to the conviction of multiple high-level dignitaries and politicians and its assertion as a progressive and autonomous contender for global governance. The Rule of Law faces extensive challenges in Brazil. Criminal syndicates operate across the state, and police corruption and brutality jeopardise peace and stability for the country. Human Rights Watch (HRW) reported this year that police were responsible for 6357 citizen deaths. Prisons are overcrowded, with '755,000 incarcerated, exceeding the maximum capacity of jails'. Institutional reform is critical to enable change. The UN 2030 Agenda includes in Goal 16 of its 17 Sustainable Development Goals, a provision for 'the development of inclusive and accountable justice systems and the rule of law reforms to provide quality services to people and build trust in the legitimacy of their government'.

In an interview with UNODC, Judge Tula, a criminal court judge in Buenos Aires, reports that "an open government would strengthen democracy through the implementation of an open data policy and accountability" and has enabled a YouTube channel to educate citizens on the 'technical terms of the legal system'. In Argentina, despite historical records of bribery, violence and torture by authority figures and links to drug trafficking operations in the last twenty years, the justice system has enabled hundreds of convictions of military and police for crimes of murder, torture and kidnapping.

In terms of judicial independence and improvements to the rule of law, in August 2020, Argentina 'initiated an overhaul of the country's judiciary, including 'proposed reforms for the Magistrate and Supreme Courts' promoting 'legislation for new criminal courts. In Brazil, despite the transformation of 'the Federal Police, the Federal Public Ministry (MPF), and the Federal Public Prosecutor's Office enabling the prosecutions of previously those with protected by impunity' the 'United Nations High Commissioner for Human Rights has expressed concern over attacks against human rights defenders where the President has 'minimised human rights violations' with 'increased involvement of the military in public affairs and law enforcement.. In alignment with the UN Principles of the Rule of Law, proactive governance and transformation within Brazil and Argentina's constitutions must be implemented before the UN goal of 'Peace, Justice, and Strong Institutions' can be fulfilled for the purposes of the global Sustainable Development Goals.

The World Economic Forum (WEF) estimates "the global cost of corruption is at least \$2.6 trillion and the World Bank asserts that "businesses and individuals are paying more than \$1 trillion in bribes every year". As evidenced in the last decade, such as the prevalence of corruption at the highest echelons of government, Brazil's historical investigation, code-named "Operation Car Wash", uncovered US\$778 million worth of government bribes across 12 different countries. In this landmark case, the Brazilian, Swiss and US authorities coordinated judicial responses resulting in fines of US\$2.6 billion and convictions against former Presidents Lula da Silva of Brazil as well as ex-Presidents in El Salvador, Peru and Panama. Although compensation was awarded, this institutional lack of governance and accountability corrodes trust within government institutions and prevents funds designated for infrastructure and facilities such as transport, energy, and education to be implemented.



The drain of corruption on public funding leaves fundamental gaps in reducing poverty and inequalities between the poor and the wealthy. Brazil scores low on the Global Corruption Perception Index, a meagre 38 out of 100 (a decrease of 5 since 2012) (transparency.org, 2020) and in a situation ever more complex, this year saw the overturn of Lula's conviction as links between the former Judge, Sergio Moro and prosecutors indicated collusion against the former President. Corruption allegations continue today as current President Jair Bolsonaro, his family, and aids face corruption investigations via irregular financial movements said to be worth over two hundred thousand dollars.

Argentina scores 42 out of 100 on the Corruption Perception Index, increasing by 7 points since 2012. Nevertheless, 'the country's main anti-corruption office is part of the Justice Ministry headed by a presidential appointee, leaving it vulnerable to improper influence by the executive'. Former President and current Vice President of Argentina, Fernández de, Kirchner faces eight corruption cases dating between 2007 and 2015, but 'weak anti-corruption bodies and the politicisation of the judicial system hamper institutional safeguards against corruption. The OECD reports that although 'major domestic corruption cases are in the media spotlight, eight foreign bribery cases... have not reached trial or even indictment with another ten new allegations also awaiting investigation'.

Corruption is deeply ingrained and has undermined public policymaking, police and judiciary conduct with criminal influence threatening the implementation of governance as a stabiliser to the respective countries. To enhance government effectiveness, both Brazil and Argentina have committed to global institutions which focus on mechanisms to fight corruption. Both are signatories to the United Nations Convention against Corruption (UNCAC), including goals such as reducing corruption by 'prevention, law enforcement, international cooperation, asset recovery, technical assistance and information exchange. Additionally, the Latin American states are members of the United Nations Convention Against Transnational Organized Crime, the Convention on the Fight against the Bribery of Foreign Public Officials in International Commercial Transactions and the Inter-American Convention Against Corruption, amongst others.

# CORRUPTION

In coordination with the OECD, Brazil developed the National Strategy against Corruption and Money Laundering (ENCCLA). However, there has been cynicism that the newly approved 'Bill on Abuse of Power', which addresses potential corruption in the justice system, may enable corrupt individuals to challenge and indeed undermine the judicial process. The work of Argentina with the OECD Working Group on Bribery has seen implementations of 15 recommendations. Nevertheless, termination of cases such as the bribery of '12 Guatemalan public officials' expenses at a luxurious Argentine hotel before going on to win a Guatemalan procurement contract' has prompted concern that bribery allegations are failing to be investigated appropriately and criminalised. Critical to the fight against corruption is 'whistle-blower protection'.

In 2019, Brazil established the Anti-Crime Act, which requires governments to establish ombudsmen offices for reporting corruption and ensure protection against criminal or civil liability. Argentina initiated its own whistle-blower protection programme under the Corporate Criminal Liability Law in 2018, and under the Argentinian Criminal Code (ACC) the Law 27401 states 'legal entities will be held criminally liable for corruption offences if committed with their intervention or in their name, interest or benefit'.

Criminal influence is so ingrained in Latin American politics, the judiciary and police systems that it is hard to have complete faith in 'whistleblowing protection' when historically many involved have been reported as missing, presumed dead before trials even commence. Statistically speaking; however, Brazil has made improvements. In 2019, Brazil had 41,635 killings, a substantial number indeed, but a decrease of 19 per cent since the Violence Monitor Index was launched (Bloomberg.com, 2020). In Argentina, too, the adoption of frameworks guided by global institutions such as the World Bank has enabled the country's 'National Procurement Authority (NPA) to help to develop a transparent procurement system. In Brazil, the World Bank has helped develop 'an Artificial Intelligence System that identifies 225 red flags of potential fraud in public procurement processes and can help improve expenditures, leading to the identification of hundreds of high-risk cases.

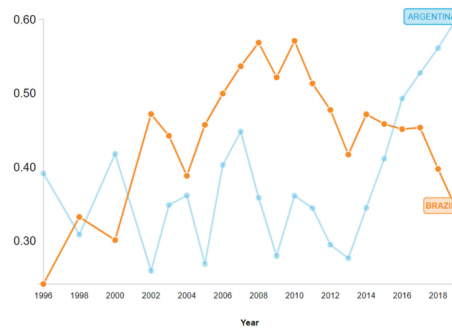
As part of the UN 2030 Agenda for Sustainable Development Goals, the World Bank also considers corruption a significant challenge for the goal of ending poverty, viewing corruption as the 'fuel that perpetuates the inequalities that lead to fragility and conflict'. Institutional Organisations offer many frameworks similar to those listed above. As technological innovation becomes more advanced and the tracking mechanism of government and financial institutions evolve, governance in both states becomes more credible. The bigger challenge will be whether Brazil and Argentina are ready to commit to the accountability and transparency required, which will allow for true governance and the potential eradication of poverty to finally triumph over the spoils of corruption.



# VOICE AND ACCOUNTABILITY

The criteria of Voice and Accountability is used by the World Bank and captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media.

Based on the World Bank data, Argentina is ranked in 63rd place and Brazil, 77th out of 194 countries. However, the score is much higher for Argentina than Brazil. Moreover, as the diagram shows, the trend for Argentina is positive but for Brazil negative.



**Brazil is ranked 111th place in the World Press Freedom Index and Argentina on the 69th.**

Additional rankings that are useful for country comparisons in terms of Voice and Accountability are presented by 'Reporters without Borders' who rank Brazil as 111th and Argentina 69th on their index. Within published reports, there is evidence that Brazilian journalists encounter threats, harassment and physical attacks. The country is reported to feature violence against its national media and many journalists have been killed in connection with their work. In many cases, these reporters were covering stories linked to corruption, public policy or organised crime in small or mid-sized cities. Journalism has become especially problematic since Jair Bolsonaro's election as president in October 2018. Within the report, President Bolsonaro's is cited to have used insults, stigmatisation and humiliation towards the country's own journalists. Any news or media disclosure criticizing Bolsonaro or his administration's interests lead to Bolsonaro's verbal attacks. This behaviour fosters a climate of hatred and mistrust towards journalists. The devastation of the Coronavirus crisis exposed major problems with limited access to information which gave rise to new attacks on the media by Bolsonaro, who trivialised the crisis, circulating misinformation about the pandemic and refusing aid when it was required most. Moreover, media ownership in Brazil continues to be very concentrated, especially in the hands of networks of families that are often closely linked to the political hierarchy.

# VOICE AND ACCOUNTABILITY

According to Freedom House, Argentina is a vibrant representative democracy with competitive elections, lively media and civil society sectors where Argentinian law guarantees freedom of expression. Despite media ownership concentrated among large conglomerates that frequently favour a political grouping, Argentineans enjoy a lively media environment without official censorship. In October 2020 in pursuit of good governance, the government Ombudsman's Office announced the creation of a media observatory aimed at monitoring fake news and hate speech. Although a positive step for the country, press freedom advocates have expressed concern about the project's ambiguity including its vague mission and alleged ideological bias.

In comparison to Brazil, journalists in Argentina face occasional harassment and violence. In addition, those covering discrimination against LGBT+ people report frequent threats on social media. Some journalists have faced corruption or other charges in connection with their investigative work.

Reporters without borders report that the polarisation between state-owned and privately-owned media is still much in evidence in Argentina. Censorship by judicial means is one of the biggest threats the media can encounter. Journalists reporting political corruption, are often the targets of civil defamation suits usually culminating in financial penalties. Evidence of criminal complaints in 2020 designed to intimidate and censor the media led to the exposure of information relevant for public interest which had previously been concealed.

Reports have shown evidence of many journalists who have been the victims of police aggression and violence during major street protests in Argentina's biggest cities since 2017, revealing the need for governance in the areas of media censorship and freedom of speech.

Another internationally recognised non-profit organization fighting for democracy is Freedom House. The Organisation rates countries according to political rights and civil liberties and Brazil's score was 74 out of 100 which positioned it into the category 'FREE' and Argentina's score was 84 and also belongs to the 'FREE' category. This category relates to a country where the government does not control the right to freedom of speech or political actions such as peaceful demonstrations for political reasons without fear of harassment or punishment.

The criticisms of Brazil's governance from Freedom House focus on issues such as its associational and organisational rights. For example, reports show that activists working on land rights and environmental protection issues have faced verbal hostility from President Bolsonaro and other administration officials in recent years. In November 2020, media reports highlighted plans of the Bolsonaro administration to control the activity of non-profit organizations in the Amazon, restricting the efforts towards sustainable development.

In terms of freedom of expression parameter, there was an affair in May 2020, when the Supreme Federal Court found out about existence of a criminal association dedicated to the coordinated spread of false news, led in part by one of President Bolsonaro's sons.

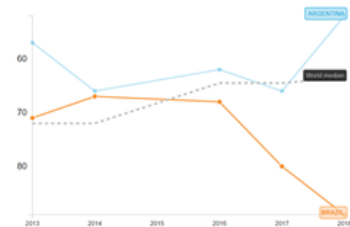
The score of internet freedom is also quite low score. Firstly, there was an affair about a publicly funded "office of hate" within the government where the employees attack critics of the president online. Moreover, at least two online journalists (Leonardo Pinheiro and Romário Barros) were shot and killed, possibly in connection with their work.



# POLITICAL STABILITY AND ABSENCE OF VIOLENCE

When assessing political stability and the absence of violence, it is useful to measure the perceptions or likelihood of political instability and/or politically motivated violence (including terrorism) that may occur within a country. The comparison between Argentina and Brazil depicted below demonstrates the differences between the countries including an unsettled path for Argentina in recent years culminating in a positive and upward trend for Argentina. The opposite success is shown however for Brazil whose downward decline since 2014 and drastic drop in 2016 to its current low position show no sign of abating and the need for positive change .

The Fragile State Index has decreased for Argentina in the last years and increased for Brazil, which shows the same: Argentinian political stability improves and Brazilian worsens.



According to the Freedom House, Brazil is a democracy that holds competitive elections. The political arena, although polarised, is characterized by vibrant public debate. Despite this, Brazil's government has struggled to address high rates of violent crime and disproportionate violence and economic exclusion of minorities. Corruption is endemic at top levels, contributing to widespread disillusionment with traditional political parties. Moreover, societal discrimination and violence against LGBT+ people remain a serious problem. In terms of property rights, whilst laws are generally enforced, indigenous populations' laws specific to exclusive land use are not always upheld, leading to violent conflicts where the law fails to protect these citizens. According to figures released by the Pastoral Land Commission, at least 18 people were murdered over land and resource disputes in 2020, and invasions of indigenous lands rose markedly. Many inequalities have also been reported between urban and rural areas. Slavery-like working conditions pose a significant problem in rural and urban zones. A 2012 constitutional amendment allowed the government to confiscate all property of landholders found to be using slave labour, a measure often criticised by Bolsonaro. In terms of the environment and according to Human Rights Watch, the Brazilian federal government almost ceased the collection of environmental fines completely starting in late 2019, thereby allowing an increase in illegal deforestation. Such failures in governance lead to civil unrest between environmentalists, farmers and activists fighting both for and against deforestation.

Since 2013 the Brazilian economy has suffered from mismanagement, including corruption in large state-owned mining and oil enterprises. A 20-year budgetary spending cap applied in 2016 resulted in the reduction of much needed public services, creating state spending restrictions to improve inequality of opportunity. The constant pressures on civil society from government restrictions on economic and societal growth both by corruption and mismanagement continue to undermine political stability, which would benefit from governance interventions.

The problems in Brazil stem from a much-misaligned government. As aforementioned, clashes between the President and State Governors, Congress and the Supreme Court over the COVID-19 response lead to instability in the political hierarchies. At the outset of the COVID-19 pandemic, poverty and inequality in Brazil had risen more since 2014 than in any other country in Latin America, leading to record numbers of unemployment and workforce reductions. Unless transformation from within occurs, Brazilian society will suffer from this fractionalisation of government blocking future paths to governance.

# POLITICAL STABILITY AND ABSENCE OF VIOLENCE

COFACE use many sources when assessing country risk. The political temperature rose in April 2020, when the then Justice Minister Sergio Moro resigned and accused President Bolsonaro of attempting to interfere in the federal police's investigations.

Freedom House reports that Brazilian President Jair Bolsonaro's administration will continue to face multiple challenges. Bolsonaro's policymaking may become increasingly reactive. Meanwhile, former president (2003-2011) Luis Inacio Lula da Silva was released from prison in November 2019 and he will likely foster the country's left-wing opposition. Overall, Congress's increasing assertiveness over economic policy suggests that liberalizing, investment-supportive reforms will proceed in future.

In Argentina's general elections in October 2019, opposition candidate Alberto Fernández defeated President Mauricio Macri. Freedom House believes that policy uncertainty may weigh on economic activity, particularly amid anticipated debt renegotiations, while economic challenges could undermine social stability.

During COVID-19 pandemic, there was an enforcement of the national quarantine which produced a rise in police brutality, including several deaths, with young people from marginalized sectors particularly vulnerable.

Due to many economic vulnerabilities, the Argentinian government has been in "technical default" since August 2019. Argentina has experienced much economic instability arising from nine sovereign defaults, two in the past 20 years. A recession marred by high inflation has also lead to a weakened institutional framework. However, Freedom House and other institutions have witnessed a positive commitment from Argentina's government to correct these imbalances and manage debt restructuring reducing overall risk for the country. During the last default, financial aid and assistance worth up to US\$ 57 billion by the International Monetary Fund has helped to restore some of the fragility of recent economic times.

In comparison, Brazil has a strong economy with a relatively high GDP however fiscal deficits as well as public debt have increased, pouring pressure on an already convoluted government to manage. As well as high taxation, the "Brazil cost" has gained notoriety in the country referring to the high operation costs of executing business in Brazil with goods and services at inflationary costs compared to other countries.

As per the GINI index which shows the inequality of wealth within a given country, Brazil has shown an increase in inequalities from its level of 53.4 in 2019. Comparatively, Argentina's position is shown as 42.9 in 2019 with no increase in recent years. However, overall and in terms of comparison, Brazil is ranked much higher at 8th place on the Index compared to Argentina at 53rd place out of 159 countries showing itself the stronger country in this relevant economic factor.

# GOVERNMENT EFFECTIVENESS

Brazil's Government Effectiveness index provided by the World Bank is -0.19. The average value for Brazil during the period from 19996 to 2019 was -0.12 points with a minimum of -0.45 points in 2018 and a maximum of 0.2 points in 2003.

Brazilian governments, during the last twenty years, have proven capable of learning from past experiences by means of effective monitoring and evaluation. They have promoted international knowledge exchange and cooperation, being a strong and active partner of international organizations, including the OECD and the World Bank. Brazil had become a global player under Presidents Cardoso and Lula. However, President Bolsonaro adopted an anti-multilateralism and anti-globalization rhetoric during the presidential campaign, it is to be hoped that these tendencies will not gain the upper hand in the new government, because that would lead Brazil to abandon its role as a credible regional power.

Argentina's Government Effectiveness index provided by the World Bank is -0.09. The average value for Brazil during the period from 19996 to 2019 was -0.06 points with a minimum of -0.32 points in 2009 and a maximum of 0.38 points in 1998.

Chronic instability has been a key feature of 20th-century Argentine history. Indeed, frequent changes in the system of government, irregular regime changes, and crises within the dominant power cartels have impeded both development and the implementation of coherent policies.



Both countries are not poor, however, serious socio-economic inequalities divide the population and are an obstacle to the sustainable growth of both societies.

Indeed, in Brazil, around 40 million people have overcome poverty since 2003 and extreme poverty has almost been eradicated however inequality and significant regional disparities continue to present major challenges. In fact, the administrative structures of the state provide the most basic public services throughout the country, but their operation is to some extent deficient. In 2015, 98 per cent of the population had access to a water source with 83 per cent to sanitation. The state apparatus operates efficiently and professionally in some regions, whilst others are still characterized by clientelism and patronage, demonstrating a considerable need for reforms.

On the other side, in Argentina, there are programs designed to compensate for the social differences but they are highly dependent on political cycles and are limited in scope and quality. Indeed, in the country, there has been no real commitment to promoting equal opportunity through the development of welfare institutions, with the main consequence that socially disadvantaged people including women, indigenous people and immigrants do not have equal access to public services.

# GOVERNMENT EFFECTIVENESS

In both countries, although the same civic rights are accorded to all citizens, a large number of people continue to encounter difficulties in exerting their basic rights. According to a Freedom House report, Brazil has a score of 3 out of a total of 4 for the political rights and the electoral opportunities provided to the various segment of the population. Indeed, the constitution guarantees equal rights without prejudice however some groups have greater political representation than others. The interests of Afro-Brazilians, women and indigenous for example remain underrepresented in electoral politics and in government.

Moreover, during the 2018 electoral campaign, Brazil's new President Bolsonaro made disparaging comments about Brazil's indigenous population, calling indigenous territories an obstacle to mining and agribusiness, criticizing the demarcation of indigenous territories, and promising to forcibly integrate indigenous people into Brazilian society.

In Argentina, the minorities and disadvantaged people are better represented than in Brazil, with a score of 4 out of a total of 4 for the political rights and the electoral opportunities provided to the various segment of the population. However, even if the ethnic and cultural identities of the indigenous peoples are recognized, the indigenous population of Argentina, which accounts for about 2.4% of the population, is largely neglected by the government and suffers disproportionately from extreme poverty and disease.

It is interesting to underline that, according to the Freedom House source, Brazil and Argentina have different scores for the "capacity of the government to operate with openness and transparency, and for the guarantees that the government is able to put in place against corruption". Indeed, Brazil has a score of 2 out of a total of 4, while Argentina has a score of 3 out of a total of 4. For both governments, openness and transparency should be improved, but, if on the one side, in Argentina, important steps to improve transparency at the national level have been taken; on the other side, in Brazil, the endemic corruption continues to be one of the country's most important problems, undermining the government's ability to implement policies, without influence from private and criminal interests.



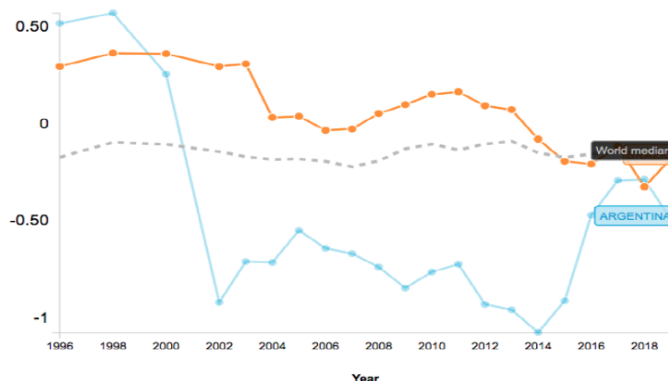
# REGULATORY QUALITY

Brazil's Regulatory Quality index provided by the World Bank is -0.18. The average value for Brazil during the period from 1996 to 2019 was 0.06 points with a minimum of -0.32 points in 2018 and a maximum of 0.36 points in 1998.

In recent years, Brazil faces significant challenges to improve the quality of its regulation. However, according to the OECD Product Market Regulation indicator, Brazil's regulatory framework is less conducive to competition than the OECD average. In general, Brazil's regulatory agencies have led the development of Good Regulatory Practices (GRPs) and show advanced technical capacity and methodical use of regulatory management tools. However, despite progress, the implementation of such tools lags behind the world average, underlying the necessity to expand their use and ensure their consistent implementation across the whole government.

Although Brazil is the first economy of South America, the inequality levels remain among the highest in the world. Social exclusion is pronounced and to some degree structurally ingrained. With a GINI coefficient of 51.3 in 2015, Brazil still shows one of the world's most unequal distributions of income.

An important aspect to enhance Brazil's Regulatory Quality framework is to bring a broader consideration of the international context into domestic rulemaking. Indeed, diverging regulatory requirements may create uncertainty in the protection of citizens and consumers and unnecessary costs for businesses. For these reasons, international regulatory cooperation can reduce these unnecessary costs while helping to maintain fair market rules and preserving the necessary levels of protection.



Argentina's Regulatory Quality index provided by the World Bank is -0.49. The average value for Argentina during the period from 1996 to 2019 was -0.54 points with a minimum of -1.07 points in 2014 and a maximum of 0.57 points in 1998.

The country is emerging from a difficult economic period but, given its resources, there is potential to return to the prosperity it enjoyed in the past. After limited growth in 2015, the Argentine economy faced a recession in 2016 with GDP contracting by 2.3% compared to the previous year. In recent years, Argentina has embarked on a series of reforms to improve the quality of its regulatory framework. This has focused mainly on improving the current stock of regulation and government procedures and the more effective use of information and communication technologies. It is necessary now that these tools are systematically used, including incorporating the views of citizens and businesses in the rulemaking process. High-quality regulations should help governments meet policy objectives, such as protecting consumers and the environment, without becoming too burdensome for citizens and businesses.



# REGULATORY QUALITY

According to the Freedom House report, both countries present the same scores under the voices of “providing equal opportunities and freedom to individuals from economic exploitation” and “possibility to exercise the right to own property and establish private businesses without undue interference from state or non-state actors”. Indeed, the slavery-working conditions, the corruption, and the bureaucratic abuses continue to affect private business, putting important brakes on the Regulatory Framework's improvements and the sustainable economic development of both countries.

Moreover, although both countries have shown that they have taken important steps to improve the national Regulatory Framework, the crisis resulting from the COVID-19 pandemic could stop much of the progress done till now, with exponential growth in unemployment, illegal work and corruption.

Indeed, stable and transparent institutions are needed to avoid the most negative economic consequences of the COVID-19 and ensure solid and long-term recovery.

# CONCLUSION

## Future Developments

Based on a comparative analysis of the two countries' governance, Brazil and Argentina have much to do to improve their ranking. Indeed, even if important reforms have been implemented in both countries to improve their governance and make their economy more stable, the endemic corruption, the weak consistency of the institutions to operate with transparency, and the important inequalities that characterize both societies, continue to be the biggest threats for sustainable development.

Considering the importance of the Brazilian economy for the world balance, the GOPAC decided to launch its campaign in Latin America with the primary focus on Brazil. In terms of the state of the economy, Brazil has a larger and more robust economy, even as documented in the GINI index in terms of inequalities of wealth amongst the nation's citizens. Where Brazil is fundamentally weaker than its counterpart Argentina however, is the endemic spread of corruption which is witnessed at the highest echelons of the Brazilian government.

In terms of risk management and donor support, GOPAC believes that the stronger economic placement of Brazil will encourage stable donor support with a lower risk of return than in Argentina. The "Brazil cost" aforementioned will need due consideration to avoid inflationary costs to any project or campaign. The overriding benefits to the launch of an Anti-Corruption campaign in Brazil not only allows for a lower risk investment but enables significant impact in a nation that is operating a much higher rate of corruption spread throughout its government and public sector. This determines the more urgent need for action and the final decision for country engagement.

With its recent partnerships with international institutions such as UNCAC, UNODC, OECD and many more, Brazil has demonstrated on some level of its commitment to working on its corruption issues. GOPAC can then operate as an enabler to encourage positive growth in the anti-corruption mechanisms and instruments that will form part of its package to launch a campaign that will engage the political hierarchy to accomplish developments in these areas.

We believe that our presence in Brazil is fundamental to promote stable and transparent institutions within the country and in neighbouring territories. The impact of our engagement will support measures to restore financial stability within the economy, prevent losses due to corruption, and improve transparent governance without private and criminal interferences. The threat of not supporting development poses a risk in Brazil but also a threat to the Latin American economy. The fight against corruption is fundamental for the balance of the whole region, where trade, employment, inequalities and human rights suffer at the hands of corrupt officials and undermine any hope for transparency. The implementation of true governance is critical locally, regionally for its consideration in the international context and its marked place on the BRICS platform and in order not to abandon its role as a power capable of shaping world developments. GOPAC will monitor the establishment of transparent and accountable institutions by creating effective anti-corruption mechanisms, inclusive participation, and cooperation between parliamentarians, government, and civil society. Ultimately, the issue of Governance will be monitored and reviewed in partnerships with our incredible donors with a commitment to share knowledge and expertise ready for future engagement with other Latin American states, including Argentina. The launch of GOPAC's next campaign within Brazil will endeavour to ensure that the Brazilian Government and Corporations engage with International Institutions to ensure that this commitment will produce a stable and concrete long-term effect, independently from the political cycles of the country.

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