



Paris, 27 October 2021

Elsa PILICHOWSKI
Director of Public
Governance
OECD

No. 025 / 2021

Ref. Cooperation Agreement. Agreement by Exchange of Letters, N. 09/2021.

Dear Mrs. Pilichowski,

I have the honor to inform you that the Federative Republic of Brazil agrees to pay 80,000 EUR towards the costs of the project "Brazil and the OECD Public Integrity Indicators in Latin America: Towards evidence-informed integrity policies", which is included in the 2021-22 Organisation for Economic Co-operation and Development (OECD) Programme of Work and Budget and is described in the Terms of Reference attached to this letter. I also have the honour to inform you that the responsible body on the Brazilian side is the Office of the Comptroller-General (CGU).

The continuation of any outputs beyond 2021-22 is subject to the inclusion of such outputs in the OECD's Future Programme(s) of Work and Budget.

I note that the OECD shall administer the amount paid in accordance with its Financial Regulations and other relevant rules, policies and procedures which provide for an administrative cost recovery charge.

This amount will be paid in full upon receipt of an invoice from the OECD.

To limit administration costs, should upon completion of the project an amount of EUR 2,000 or less remain unspent, the OECD shall not be required to return these funds to the Federative Republic of Brazil.

I note that the results of the work, in whatever form, shall be the sole property of the OECD.

In line with section 4.3 of the Co-operation Agreement between the Federative Republic of Brazil and the OECD signed on June 3rd, 2015, this letter, together with your letter of acceptance, shall constitute an agreement between the Federative Republic of Brazil and the OECD.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Carlos Marcio Cozendey', written over a horizontal line.

Carlos Marcio Cozendey

Delegate of Brazil to the International Economic Organizations in Paris

Brazil and the OECD Public Integrity Indicators in Latin America: Towards evidence-informed integrity policies

Terms of Reference

1. Background

Corruption poses significant threats; it weakens institutions, erodes trust and threatens the economy by undermining fair competition and discouraging investment and trade. Corruption disproportionately affects disadvantaged groups, preventing social inclusion, promoting inequality and inhibiting prosperity. The recent COVID-19 crisis has amplified already existing corruption risks, as it obliged governments to make quick decisions and implement drastic measures to protect communities at risk and limit the socio-economic consequences of the crisis (OECD, 2020^[1]; OECD, 2020^[2]; OECD, 2020^[3]).

In Latin America, corruption scandals and perception of widespread corrupt practices in recent years has impacted on institutions and political systems, undermining legitimacy and citizens' trust. This has fuelled a growing disconnect between citizens and the public institutions representing them (OECD, 2018^[4]). Upholding public integrity and effectively fighting corruption and fraud are therefore key success factors to ensure a recovery from the crisis and an inclusive and sustainable development. Integrity is also at the heart of safeguarding trust in government (Murtin et al., 2018^[5]), which is fundamental to ensure citizens' support for reform measures and to safeguard the democratic social contract.

To promote evidence-based discussions and inform policy choices on fraud and corruption prevention, it is key to improve our understanding of existing integrity policies with respect to gaps and weaknesses as well as opportunities for change and good practices to build on. However, while the measurement of corruption has improved since the Corruption Perceptions Index was launched in 1995 by Transparency International,¹ reliable measures providing guidance to inform policy makers have not matured to the same extent.

2. The OECD Public Integrity Indicators

The OECD Recommendation on Public Integrity provides policy makers with a vision for a public integrity strategy. It shifts the focus from ad hoc integrity policies to a context dependent, behavioural, risk-based approach with an emphasis on cultivating a culture of integrity across the whole of society (OECD, 2017^[6]). Since the adoption of the OECD Recommendation, a Task Force consisting of seven members of the Working Party of Senior Public Integrity Officials (SPIO) has been developing a framework for a set of indicators (**Public Integrity Indicators, PII**) to measure the successful implementation of the OECD Recommendation on Public Integrity.

¹ For example, statistical work has advanced through the inclusion of anti-corruption indicators among the indicators for global monitoring of the 2030 Agenda adopted by the Inter-Agency and Expert Group on SDG Indicators (IAEG), the Handbook on Government Statistics by the UN Praia City Group, and work by various international organisations (e.g. the UNODC Manual of Measuring Corruption through surveys).

The framework establishes *standard indicators for the preparedness and resilience of the public integrity system at the national level* to prevent corruption, mismanagement and waste of public funds, and to assess the likelihood of detecting and mitigating various corruption risks by different actors in the system.

These PII combine sub-indicators establishing minimum legal, procedural and institutional safeguards for the independence, mandate and operational capability of essential actors in the integrity system with more outcome-oriented sub-indicators drawing on administrative data and surveys. The PII apply a mixed methods approach, drawing on both administrative data and big data provided directly by governments and surveys Box 2.1.

Box 2.1. The mixed methods approach of the OECD Public Integrity Indicators

Better indicators require moving away from high-level composite indicators based on expert judgement. As such, the OECD Public Integrity Indicators are moving towards greater use of two other data sources:

- **Administrative data, including big data and data analytics:** Standardisation and better use of administrative data are keystones for better measures of corruption, anti-corruption, and the public integrity system. So far, this has been a largely unexplored frontier at the international level, but national authorities use such data in their own strategies because it is precise, objective and reliable. Several Public Integrity Indicators draw on administrative data, and one uses semantic analysis tools (text mining).
- **Survey data by national statistics offices and other state administration bodies:** The OECD has experience developing public integrity modules for surveys administered by national statistical offices (general population and business surveys) and the central government unit responsible for HRM policy (staff surveys and/or surveys of users and providers of public services). These can be part of larger governance modules or stand-alone victimisation surveys. Such experience-based data is crucial to capture outcomes.

As such, these new OECD Public Integrity Indicators

- fill the **gap** mentioned above, by providing more objective and credible measures;
- are **meaningful** for governments because they are co-created by the OECD with governments and do not rely on subjective expert assessments. The aim is not to provide country rankings, but a tool for learning and informing better policies;
- are the first-ever **comprehensive** set of indicators based on an **agreed** international legal instrument from the OECD and beyond, adhering to the same **high statistical standards** as other OECD indicators, and validated by OECD member countries;
- provide a **better alternative** to existing measures, enabling a better analysis of the impacts of anti-corruption efforts, linking the disaggregated data to a range of economic and social outcomes. The PII could also provide the basis for establishing cost-effectiveness and cost-benefit ratios.

To date, the OECD developed the indicators and sub-indicators for six principles of the OECD Recommendation, and a first measurement has taken place for Principle 3 covering the strategic framework for integrity policies. Selected sub-indicators of the data have been published in the most recent OECD Government at a Glance 2021 (OECD, 2021^[7]).

3. Objective and scope of the project

Objective: Provide an analysis comparing Brazil to selected OECD Public Integrity Indicators for key countries in Latin America as an input for Brazil's OECD Integrity Review and contributing to improving the evidence-base for public integrity systems and policies in Latin America.

The OECD will collect, verify and make available information for dimensions of the OECD Public Integrity Indicators for selected countries in Latin America in an open and re-usable data format to enable a comparative analysis between Brazil and the average, best and worse performance. The project will also contribute to promote the use of the available data by the government and interested stakeholders in both Brazil and other countries of the region.

Countries: For this project, in addition to data for Brazil, the OECD will collect data for:

- Argentina, Chile, Colombia, Costa Rica, México, Paraguay and Peru.

Indicators: The project will gather information for the following four indicators:²

- Principle 3: Quality of strategic framework
- Principle 10: Effectiveness of internal control and risk management mechanisms for safeguarding public integrity
- Principle 11: Fairness, timeliness and openness of enforcement mechanisms
- Principle 13: Accountability of public policy making

The OECD will pre-answer the questionnaires as far as possible and use the PAR.IS system of the OECD for data collection. All answers will be shared with the countries for validation during the data cleaning process. Meetings for clarifications will be conducted through virtual platforms.

Interactive online platform to present the data: To facilitate the use and re-use of the data on the Public Integrity Indicators by policy makers and interested stakeholders in Brazil and other countries, the OECD will provide an online platform to display the results of the data collection in a user-friendly way. Results could be displayed in comparison to the regional average, as well as to the best and worst performer.

4. Budget and timeline

Overall, the project will run over 8 months, from data collection data cleaning and validation and publication of the data.

² Note that for Principle 3, the 2020 values for Argentina, Brazil, Chile and Colombia only require an update. Data collection for Principle 13 will happen through the standard SPIO procedure for the OECD member countries, plus Argentina and Peru as adherents of the OECD Recommendation. Additional data collection for Paraguay is comprised in the estimated budget of this proposal. For Principles 10 and 11, data collection for OECD countries is not yet planned and is therefore included in the estimated budget below.

The OECD is an international organisation and all costs are calculated based on the actual costs incurred by the organisation and the overheads. The total cost of the proposed project is estimated at 80.000 EUR (eighty thousand Euro).

Category	Total Estimated Cost (EUR)
Staff costs	52,498
Chargeback (office space, IT, etc.)	7,145
Experts - Fees	2,000
Mission Costs (OECD staff)	-
Mission Costs (Experts, Peers)	-
Events/Conferences	-
Miscellaneous (Online Platform for the PII, etc.)	13,317
OECD Grant Administration Charge (6.3%)	5,040
TOTAL COSTS	80,000

Note : Any overspend on one budget line may be compensated by an underspend on another budget line while remaining within the overall budget. The "miscellaneous" costs can cover all other "non-staff costs" except (experts fees and mission costs)

5. Contact

At the OECD, the programme will be led by the Public Sector Integrity Division of the OECD Public Governance Directorate. For more information, please contact:

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6. References

Murtin, F. et al. (2018), "Trust and its determinants: Evidence from the Trustlab experiment", [5]
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OECD (2020), *Policy measures to avoid corruption and bribery in the COVID-19 response and recovery*, Organisation for Economic Co-operation and Development, Paris, [2]
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- OECD (2017), *OECD Recommendation of the Council on Public Integrity*, OECD/LEGAL/0435, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0435>. [6]

