

DELEGADO DO BRASIL JUNTO ÀS
ORGANIZAÇÕES INTERNACIONAIS
ECONÔMICAS SEDIADAS EM PARIS

Embaixada do Brasil



DELEGUE DU BRÉSIL AUPRES DES
ORGANISATIONS INTERNATIONALES
ECONOMIQUES SIEGEANT A PARIS

Ambassade du Brésil

Paris, 21/09/2021.

Ms. Elsa PILICHOWSKI
Director of Public Governance
OECD

No. 20/2021

Ref. Cooperation Agreement. Agreement by Exchange of Letters, N. 06/2021.

Dear Ms. Pilichowski,

I have the honour to inform you that the Federative Republic of Brazil agrees to pay EUR 410,000, towards the costs of the project "Supporting trust and public integrity in Brazil" which is included in the 2021-2022 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 (Controladoria-Geral da União, 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 Márcio Cozerdey', with a long horizontal flourish extending to the right.

Carlos Márcio Cozerdey

Delegate of Brazil to International Economic Organizations in Paris

Enc: Terms of Reference

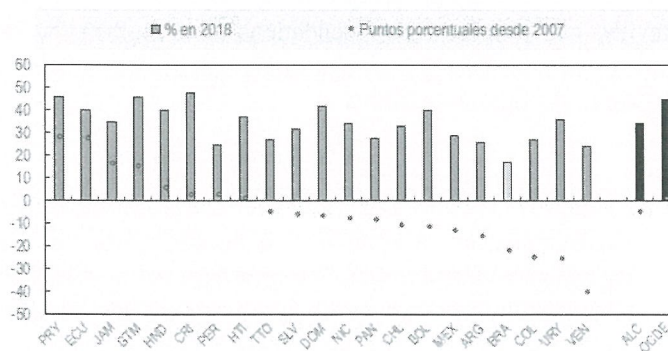
Terms of Reference

Supporting trust and public integrity in Brazil

1. BACKGROUND

Citizen’s trust in government is a key indicator of government performance. It promotes compliance with public policies, reduce costs of economic transactions, and facilitates public reforms. Yet, in Brazil trust has declined consistently during the last decade (Figure 1), and only 17% of Brazilians has reported to trust public institutions, a figure below the average of 45% of trusting people in the OECD area (World Gallup, 2019). Further, 82,4% of Brazilians consider their country is governed by a few powerful groups in their own benefit (Latinobarómetro 2018). The current Covid-19 crisis has exacerbated these trends, and the figures evidence the need to build public trust and to promote public integrity to support policy reforms as well as to promote stability and legitimacy of the political system. There is a need to better understand the drivers of trust and the reasons for its decline in the country and its implications for policy and public management.

Figure - Trust in Government in Brazil



Source: World Gallup, 2018

This project will support Brazil in understanding the main drivers of institutional trust in Brazil, as well as identifying risks and systemic weakness (**Activity 2**). In addition, the

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OECD will carry out an OECD Integrity Review of Brazil to assess the country's current integrity policy framework against the OECD Recommendation of the Council on Public Integrity and to provide concrete recommendations for improving the Brazilian integrity system (**Activity 1**). The main counterpart and donor for the project is the OFFICE OF THE COMPTROLLER GENERAL (Controladoria-Geral da União, CGU).

2. FOCUS AND SCOPE

2.1. Activity 1- Integrity Review

Taking into account and building on previous and ongoing work with Brazil, an OECD Integrity Review of Brazil would support Brazil in requesting adherence to the OECD Recommendation and in deepening its engagement with the OECD, in particular with the Working Party of Senior Public Integrity Officials (SPIO) and the Public Governance Committee (PGC).

The process of OECD Integrity Review of Brazil implies the following outputs:

- An in-depth **OECD** report on the normative framework and practices related to OECD Recommendation of the Council on Public Integrity, organised in chapters as outlined in the table below and providing concrete recommendations for improvement. It is standard practice for peer countries from the SPIO to be involved in the process.
- Three Workshops/Events to support Brazil in raising awareness on selected integrity policies, to bring together key integrity actors and to create ownership for change.
- One Action Plan to guide the implementation of the reforms recommended in the OECD Integrity Review of Brazil, which will include the adoption of good practices of integrity tools.
- A Progress Report on the implementation of the Action Plan.

2.1.1. Analysis and recommendations provided in the OECD Integrity Review of Brazil

The Integrity Review will propose recommendations to strengthen the Brazilian public integrity system in line with the OECD Recommendation of the Council on Public Integrity, organised as outlined in the following table.

Issues under assessment	
1. A coherent and comprehensive integrity system	<ul style="list-style-type: none"> • Chapter 1: Commitment and well-defined responsibilities for designing, leading and implementing the core elements of the integrity system for the public sector as well as the existence of mechanisms for co-operation and co-ordination between the main integrity actors at federal level and between branches [Principles 1 and 2]. • Chapter 2: Strategic objectives and priorities for the public integrity system based on a risk-based approach to violations of public integrity standards as well as the use of data and indicators to assess the level of implementation, performance and overall effectiveness of the public integrity system [Principle 3].

2. A culture of public integrity	<ul style="list-style-type: none"> • Chapter 3: Promotion of an open culture of integrity in the public sector through integrity leadership, a merit-based, professional civil service dedicated to public values, capacity building and through measures enabling the reporting of suspected violations of integrity [Principles 4 and 6-9]. • Chapter 4: Awareness activities in society of the benefits of public integrity and reducing tolerance of violations of public integrity standards and campaigns to promote civic education on public integrity in the private sector, civil society and schools [Principle 5].
3. Effective accountability	<ul style="list-style-type: none"> • Chapter 5: Ensuring an effective integrity risk management and internal control system to safeguard public integrity in public sector organisations [Principle 10]. • Chapter 6: Oversight bodies, regulatory enforcement agencies and administrative courts perform external control [Principle 12]. • Chapter 7: Application of a timely and effective disciplinary regime to detect, investigate and sanction integrity violations [Principle 11]. • Chapter 8: Relations between the public sector and the private sector are regulated and controlled by managing conflict-of-interest situations and by instilling transparency and integrity in lobbying activities and in the financing of political parties and election campaigns [Principle 4 and 13].

2.1.2. Workshops/events

Three workshops/events will be designed jointly with Brazil and aim at supporting the Integrity Review process by bringing together key integrity actors, by raising awareness on public integrity, the OECD Recommendation on Public Integrity and the OECD Integrity Review, and by creating ownership and support for change.

The specific topics of the three workshops/events will be jointly defined by the OECD and Brazil and can focus on any of the issues covered by the OECD Integrity Review. One workshop, however, will be specifically dedicated to emphasise the relevance of public integrity in restoring trust in institutions and will cover findings from both Activity 1 and Activity 2.

Two workshops/events will take place during the Review process in 2021, and one workshop/event will take place during the process of the Progress Report in 2024. The workshops/events will be led by OECD staff and selected peer experts from other countries. Depending on the sanitary situation the three workshops/events may be completely or partly delivered through virtual platforms.

2.1.3. Action plan

As part of the OECD Integrity Review, the OECD will facilitate the development of an **Action Plan** with a sequence for the implementation of the recommendations and reforms suggested in the review. The Action Plan will provide a road map for Brazil to concentrate its efforts and envision a comprehensive agenda to further integrity.

The Action Plan will be developed in consultation with the CGU and other Brazilian authorities and it will be their responsibility to implement it. The Brazilian institutions will

be solely responsible for devoting the necessary resources (i.e., human, financial, etc.) for the implementation of the Action Plan.

2.1.4. Progress Report

Two years following the official launch of the OECD Integrity Review, a **Progress Report** will review the progress made and the challenges encountered in the implementation of the measures considered in the Action Plan; furthermore, through the Progress Report and its process, the OECD will assist Brazil in ensuring continuity of the reforms and to achieve an effective change. The fact finding for the progress report will be carried out through desk research and virtual interviews and focus group discussions.

2.2. Activity 2 – OECD Trust study of Brazil

The OECD trust study of Brazil will be the first case study of institutional trust in Latin America and will support the CGU's work and initiatives in two aspects. First, by understanding the main drivers of institutional trust in Brazil, as well as identifying risks and systemic weaknesses that could challenge the required trust in ongoing CGU initiatives and weaken final outcomes. Secondly, by carrying out a household survey in the country, it will fill an existent data gap in terms of measures on the specific reasons for the decline in trust and to monitor how reforms, public sector's actions and public governance mechanisms have an impact on citizen's trust in government. The study will be based on the OECD framework which understands institutional trust along competence – capacity of government to deliver to citizens the services they need- and values of public institutions – the underlying principles that guide public institutions.

The process of the study implies the following outputs:

- A DATASET on drivers of trust and headline indicators to monitor results.
- One in-depth STUDY on drivers of institutional trust in Brazil, organised in chapters based on the OECD Trust Framework and providing concrete recommendations for improvement. Selected peer countries will be involved in the STUDY process.
- One WORKSHOP, as a knowledge sharing activity.

2.2.1. DATASET on drivers of trust and headline indicators to monitor results

The quantitative data set that the OECD will produce within the framework of this study will include the data on the main drivers of citizens' trust derived from the population survey, as well as specific indicators indicated by the OECD from available statistical sources to address and monitor key elements agreed with the country. The OECD will provide technical assistance in the administration of the survey, including providing the questionnaire in English and discussing its adaptation to Brazil, and the analysis of the survey results, providing key guidance to the entity administering the survey, be it the National Statistics Office or a private agency. The survey will include questions specific to the country and regional context, adapting the OECD framework and measurements to a non-OECD country. It could be applied again in the future to allow longitudinal analysis. The OECD will also develop guidelines on indicators to monitor progress towards the achievement of the expected results and communicate them to high-level policy makers and the public.

2.2.2. Structure of the OECD Trust study

The study will provide a picture of the current situation in Brazil for what regards trust in institutions, including results from the households survey; an analysis of the main drivers of trust, and a set of recommendations on where, what and how to invest to increase positive impact on trust and strengthen policy effectiveness.

The study will be based on the OECD framework which understands institutional trust along competence – capacity of government to deliver to citizens the services they need- and values of public institutions – the underlying principles that guide public institutions.

Table - OECD trust framework

Component	Driver	Definition
<i>Competence:</i> <i>ability of governments to deliver to citizens the services they need, at the quality level they expect</i>	Responsiveness	the provision of accessible, efficient and citizen-oriented public services that effectively address the needs and expectations of people, and evolve over time along with these needs;
	Reliability	the ability of governments to minimize uncertainty in the economic, social and political environment facing people, and to act in a consistent and predictable manner in responding to this uncertainty;
<i>Values</i> <i>drivers and principles that inform and guide government action</i>	Integrity	the alignment of public institutions with broader principles and standards of conduct in order to safeguard the public interest while mitigating the risk of corruption;
	Openness	the extent to which relevant information is shared with citizens in an accessible and usable manner, actions and plans are transparent and a comprehensive approach to interact with stakeholders is in place;
	Fairness	the consistent treatment of citizens and business in policy making and policy implementation

Source: OECD (2017)

The main objectives of the study are:

- To support Brazil in the development of evidence on citizens' expectations, trust in institutions and its drivers, building key actionable data that will inform policy and strategic priorities, as well as will help to monitor objectives, and report them to the public. This will provide a set of measures for which international comparison could be available. Depending on Brazil's interest the study could cover other aspects such as social trust.
- To produce an analysis of the main drivers of institutional trust in Brazil, which can support the Government (CGU) to inform a strategy to address challenges that could affect institutional trust and anticipate potential risks or factors of distrust in public management in the future. The analysis will provide a detailed action guide and a range of different ways to strengthen key "trust drivers", such as openness, and how to promote an inclusive policymaking and better communicate to people.
- To provide, through the population survey and questions on trust included, a tool and assessment of public services that could form a regular source of information for Brazil and create the base for international comparisons.
- To share knowledge and experiences between Brazil and OECD Member countries on the ways government and public institutions can address citizens' needs and expectations in order to strengthen trust, as well as on good practices and experiences on key drivers, such as integrity, openness or fairness.

2.2.3. Knowledge sharing activity

A workshop dedicated to discuss preliminary results, receive feedback, and give visibility to the study. Participants at the workshop will include local stakeholders, OECD, international experts and other participating countries. The workshop will also include findings and recommendations from the work on the OECD Integrity Review (Activity 1) and its link to trust in institutions.

3. ESTIMATED TIMELINE AND MILESTONES

The project will start upon the acceptance of the contribution by the OECD and will terminate on 31 December 2024. The project will be elaborated according to the following milestones, activities and estimated time schedule:

Provisional timeframe	Milestones
Launch date (LD)	Acceptance of the contribution by the OECD
LD + 2 months	Background research and information collection by OECD experts through questionnaires, desk research and fact finding interviews with key integrity actors in Brazil (virtual or in-person, depending on the sanitary situation)
LD + 5 months	First draft OECD Integrity Review shared with CGU for comments. Background research and information collection by OECD experts for the Trust Study through questionnaires, desk research and fact finding interviews with key stakeholders actors in Brazil (virtual or in-person, depending on the sanitary situation)
LD + 6 months	CGU provides comments to the draft Integrity Review and co-ordinates comments from other key integrity actors in Brazil Design and launch of the OECD Trust Household Survey
LD + 9 months	First integrity workshop/event and finalisation of the OECD Integrity Review and the Action Plan Presentation of the Integrity Review in the Working Party of Senior Public Integrity Officials (SPIO)
LD + 10 months	First draft of the OECD Trust study and analysis of the Household Survey's results
LD + 11 months	Workshop on preliminary results of the OECD Trust study and comments provided by CGU
By December 2022	Presentation of the OECD Trust study and the OECD Integrity Review in a high level event and second integrity workshop.
In 2024	Virtual fact finding mission to inform the Progress Report.
By December 2024	Presentation of the Progress Report on the implementation of the Integrity Action Plan and third integrity workshop.

The process of the OECD Integrity Progress Report will be initiated in 2024 and be finalised with the publication of the Progress Report in 2024. The process will include fact-finding interviews and the organisation of one Workshop/event in 2024.

4. BUDGET

The OECD is an international organisation and all costs are calculated based on the actual costs incurred by the organisation and the overheads.

To carry out this work, the OFFICE OF THE COMPTROLLER GENERAL (Controladoria-Geral da União, CGU) will offer to the OECD a financial contribution of **410 000 EUR (four hundred ten thousand Euros)**, to be paid in one instalment upon the receipt of an invoice as stated in the offer letter.

The costs associated with the administration of the household survey are excluded from the agreement and they will directly be borne by the Brazilian authorities.

Estimated Budget: BRAZIL: Integrity Review + Study on Drivers of institutional Trust

Category	Total Estimated Cost
	EUR
Staff Costs	266,632
Chargeback (office space, IT, etc.)	31,938
Experts - Fees	12,000
Mission Costs (OECD staff)	35,000
Mission Costs (Experts, Peers)	20,000
Events/Conferences	15,200
Miscellaneous (MWS, printing, publication, design, translation, etc.)	3,400
OECD Grant Administration Charge (6.3%)	25,830
TOTAL COSTS	410,000

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

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