

EMBARGOED UNTIL:
10:00 AM EST February 23rd, 2010

<http://report.globalintegrity.org>

CONTACT:
Hazel Feigenblatt, Global Integrity
202-449-5160; hazel.feigenblatt@globalintegrity.org
Norah Mallaney, Global Integrity
202-449-8122; norah.mallaney@globalintegrity.org

Wealthy Corporations and Individuals Influence Elections in Brazil, Study Finds

Political Financing Regulations Are Weak and Penalties Are Limited to Small Fines

(Washington D.C.) – Weak political financing regulations allow wealthy corporations and individuals in Brazil to exercise decisive influence on national and local elections, a new study of government accountability in counties around the world has found.

The report, a major investigative study of 35 countries, was released today by Global Integrity, an award-winning international nonprofit organization that tracks governance and corruption trends globally.

Because political contribution limits on corporations in Brazil are regulated based on the size of the company's revenues, large companies are able to exercise decisive influence on elections, especially at the local level. The same applies for individual donations in Brazil, where limits are based on a percentage of personal income. Some Brazilian political candidates even use the companies they own to make huge donations to their own political campaigns.

Other weaknesses in political financing safeguards in Brazil are rooted in the fact that political parties are allowed to obtain financing and redistribute it amongst various candidates, making it difficult to determine which donor is actively supporting a candidate. Penalties for violating these rules are limited to very small fines and, not surprisingly, recent political scandals suggest that the practice of "under the table" donations is alive and strong.

Overall, Brazil's performance on key governance measures continues to serve up a mixed picture. The country earns strong ratings in the areas of civil society, privatization and anti-corruption legal regulations, and the Brazilian Court of Audit is very active in opening investigations into financial irregularities, with all proceedings, minutes, and questions published on its website.

"Unfortunately, there are several dimensions of governance that remain in need of significant improvement. For instance, although a right to access to information exists in Brazil, it is unevenly regulated depending on the government institution in question," said Global Integrity's Managing Director, Nathaniel Heller.

The report also highlighted that the Brazilian Ombudsman Office is not independent and that whistleblowing protections in Brazil remain virtually non-existent as most governmental bodies refuse to accept anonymous complaints.

The Global Integrity Report: 2009 covers developed countries such as the United States and South Korea as well as dozens of the world's emerging markets and developing nations, from Azerbaijan and China to Lebanon and Vietnam. The report assesses the accountability mechanisms and transparency measures in place (or not) to determine where corruption is more likely to occur. Rather than perceptions of

corruption, the report is based on the assessment of more than 300 specific “Integrity Indicators” and includes journalistic pieces covering corruption cases.

Other major findings of the report this year include the following:

- **U.S.: Obama Administration Fails to Make Progress on Anti-Corruption in 1st Year**
Despite the new White House’s rhetorical commitment to reform, there is little evidence to suggest that concrete changes have taken root that will curb corruption at the national level in the years to come. A recent U.S. Supreme Court decision to allow greater levels of corporate and union spending on election advertising will likely increase special interest influence on the electoral process.
- **China: Reforms Slowly Take Root in World’s Fastest Growing Major Economy**
China has been dropped from the Grand Corruption Watch List in part due to the government’s push to raise accounting and auditing standards for the country’s state-owned enterprises to international levels. “In the long-run, this potentially gives the public a fighting chance of understanding the inner workings of China’s largest state-owned companies,” Heller said.

“The country assessments that comprise the Report offer among the most detailed, evidence-based evaluations of anti-corruption mechanisms available anywhere in the world,” said Heller. “They provide policymakers, investors, and citizens alike with the information to understand the governance challenges unique to each country and to take action.”

The Global Integrity Report is the product of months of on-the-ground reporting and data gathering by a team of more than 150 in-country journalists and researchers who prepared close to a million words of text and more than 10,000 data points for their respective countries. The 2009 report covers:

Algeria	Jordan	Rwanda
Armenia	Kenya	Serbia
Azerbaijan	Kosovo	Sierra Leone
Bosnia and Herzegovina	Lebanon	South Korea
Brazil	Liberia	Trinidad
China	Macedonia	Uganda
Colombia	Malawi	Ukraine
Georgia	Mexico	United States
Germany	Mongolia	Venezuela
Ghana	Nepal	Vietnam
India	Nicaragua	Zimbabwe
Indonesia	Norway	

To access full results of the Global Integrity Report: 2009, please visit <http://report.globalintegrity.org>.

Global Integrity is a leading international non-profit organization that tracks governance and corruption trends around the world. Working with a network of more than nine hundred in-country journalists and researchers in more than 100 countries, we aim to shape and inform the debate around governance and anti-corruption reforms through in-depth diagnostic tools at the national, sub-national, and sector levels. Our information is regularly used by aid donors, civil society advocates, and governments alike to press for governance reforms in both the developed and developing world. For more information about the organization, visit <http://www.globalintegrity.org>.

###