



**LARGE INFRASTRUCTURE
PROJECTS IN THE AMAZON,**

**CORRUPTION
AND SOCIO-
ENVIRONMENTAL
IMPACTS**

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IN RECENT DECADES, MAJOR INFRASTRUCTURE PROJECTS IN THE AMAZON, HOME TO THE WORLD'S LARGEST TROPICAL FOREST, HAVE BEEN ASSOCIATED WITH CASES OF SYSTEMIC CORRUPTION AND SERIOUS SOCIO-ENVIRONMENTAL IMPACTS.

As this report shows, some of these cases relate to the largest and most controversial projects carried out in the country, such as the Belo Monte, Jirau and Santo Antônio Hydroelectric Power Plants, the Urucu-Coari-Manaus gas pipeline and the Rio Negro bridge, or even to projects located in other countries in the region but built by Brazilian companies, such as the Peruvian sections of the Pacific Highway. The effects of corruption on large infrastructure projects

are particularly worrying. Practices such as payment of bribes, illegal campaign financing and diversion of public resources distort decision-making processes, increase costs and facilitate state capture by public and private agents. At the socio-environmental level, corruption increases pressure upon the decision to undertake a certain project - despite its risks and impacts - enabling interference in environmental licensing aggravating direct and indirect impacts (includ-

ing those suffered by indigenous peoples, traditional communities and other affected groups) and generating problems in managing resources destined for both impact mitigation and compensation.

Despite investigations carried out over the last few years, accompanied by some improvements in integrity and transparency, there are still risks that corruption schemes continue to affect infrastructure projects in the Amazon region.

The current scenario of weakening institutions and environmental and anti-corruption policies aggravates these risks. In 2019 and 2020, **Transparency International-Brazil** denounced successive setbacks in the legal and institutional anti-corruption framework. This includes, for example, increasing political interference in bodies such as the Federal Revenue Service (taxation authority), the Federal Prosecution Service and the Federal Police. On the

environmental front, **WWF-Brazil** has denounced, on several occasions over these same years, the dismantling of socio-environmental policy, reflected in budget decreases for the area, the reduction of environmental inspection actions and the dissolution or change in composition of environmental councils.

As a result, a "perfect storm" is forming on the horizon: demands for infrastructure on the one hand, especially in the post-pandemic period, as a way to promote economic recovery and ensure public services; on the other hand, the weakening of anti-corruption standards and institutions and those responsible for managing the social and environmental impacts of large projects. In this context, **Transparency-International Brazil and WWF-Brazil** have joined forces to build a proactive agenda that seeks to promote reforms and good practices on integrity, transparency and accountability in the management of large infrastructure projects, especially in the Amazon.



Recommendations were developed to improve processes and decisions that involve the concept building, planning, public procurement, contracting, licensing, execution and operation of infrastructure projects. Without claiming to be exhaustive, we believe that these recommendations have the potential to both reduce opportunities for corruption and ensure that the environmental dimension, as well as the interests of the groups most affected by this type of undertaking, are better taken into account.

There are five sets of proposals:

PROPOSAL 1 - Fighting corruption in public procurement and contracts

Proposal 1 seeks to improve control mechanisms for public procurement and contracts. This encompasses the entire process, from initial planning to oversight, including decisions on eventual amendments. It also presents the need to improve transparency and openness of data related to public procurement and contract execution, including the adoption of international best practices.

PROPOSAL 2 - Regulating lobbying and conflicts of interest

Proposal 2 contains measures to regulate lobbying and conflicts of interest. It includes maintaining clear, transparent and accessible lobbying registries, particularly in relation to legislative proposals and infrastructure projects. This section also includes measures to combat illicit campaign contributions through slush funds (“caixa dois”), including the adoption of integrity practices by political parties.

PROPOSAL 3 - Implementing integrity reforms in the public and private sectors

In turn, Proposal 3 presents a series of recommendations to improve integrity in the public and private sectors. In addition to measures to create complaint mechanisms and protect whistleblowers, it is necessary to implement integrity programs in public

agencies and private sector enterprises, following legal parameters and best practices applicable in each sector. The aim is to promote the implementation of codes of ethics, periodic training and monitoring strategies to prevent corrupt practices at their source.

PROPOSAL 4 - Strengthening participation and social control

Proposal 4 brings actions to deepen participation and social control, ensuring effective mechanisms to let groups and individuals contribute to both general decisions on infrastructure and the implementation of specific projects. More concretely, this includes the improvement of existing instruments, such as councils, hearings and consultations, the guarantee of the rights of indigenous peoples and traditional communities, and the creation of new strategies and participation mechanisms.

PROPOSAL 5 - Improving impact management and environmental licensing

Finally, Proposal 5 introduces measures to improve the management of socio-environmental impacts and environmental licensing, fundamental aspects of large infrastructure projects. Among the recommended actions is the adoption of strategic environmental assessments (SEA) in all sectorial infrastructure plans and the implementation of transparency and control measures for projects and investments related to impact mitigation and compensation.

The best way to prevent corruption is through institution strengthening and the implementation of reforms and good practices for integrity, transparency and accountability. These elements are also essential to ensure that the planning and execution of infrastructure projects are carried out aligned with the public interest, taking into account the need to uphold the social rights of local populations, protect the environment and promote economic development.

Access the full report (in Portuguese):
amazoniasemcorrupcao.org.br

