

Collection of Information Prior to the Sixth Intersessional Meeting of the Open-Ended Intergovernmental Working Group on Prevention Established by the Conference of States Parties to the UN Convention against Corruption – Response of Brazil

Introduction

This document brings some of the legislation and practical measures regarding the promotion of integrity in public procurement processes and transparency and accountability in the management of public finances (articles 9 and 10) and the prevention of money-laundering (art. 14 of the UNCAC). It does not aim at exhausting discussion on these issues. Information was provided in accordance with Note Verbale CU 2015/58/DTA/CEB of the Secretariat of the Conference of the States Parties to the United Nations Convention against Corruption, especially its Annex I (Guidance Note for the provision of information by States parties and signatories for the sixth intersessional meeting of the Working Group on Prevention on 31 August to 2 September 2015).

It does not cover state and municipal legislation and programs, and its primary focus is on the Brazilian Federal Government. It is also worth mentioning that states, municipalities and the Federal District of Brazil are autonomous units of the Federation (in accordance with Article 18 of the 1988 Constitution of the Federative Republic of Brazil), but shall take into account specific provisions of the Constitution related to them.

I. Integrity in public procurement processes, management of public finances and transparency and accountability in public administration.

1. Please describe (cite and summarize) the measures/steps your country has taken (or is planning to take) to implement this provision of the Convention.

In relation to integrity in public procurement processes, States parties and signatories may wish to cite and describe measures that:

- Ensure the national procurement system is based on principles of transparency, competition and objective criteria in decision-making; establishing in advance the conditions for participation, including selection and award criteria and tendering rules;

- Provide for sufficient time to potential tenders to prepare and submit their tenders and using by default an open tender procedure;
- Provide for transparent publishing of all procurement decisions including publishing the invitations to tender;
- Establish procedures, rules and regulations for review of the procurement process, including a system of appeal;
- Provide for a thorough selection of personnel responsible for procurement, including screening procedures; as well as establishing a conflict of interest management system with declarations of interest and methods to resolve conflicts in particular cases;
- Put in place other administrative practices promoting integrity in procurement (such as the rotation of personnel, debarment procedures, etc.).

In 2014, the Brazilian Federal Government procured over R\$ 62 billion of goods and services. During this period, almost 170 thousand administrative proceedings of acquisition were concluded. In that respect and in order to better regulate and control those proceedings and the great amount of resources applied, Brazil has developed a complete legal framework on the matter.

According to the Brazilian Constitution, the governmental entities and entities owned by the Government in any of the powers of the union, the states, the federal district and the Municipalities shall obey the principles of lawfulness, impersonality, morality, publicity, and efficiency, and, with the exception of the cases specified in law, public works, services, purchases and disposals shall be contracted by public bidding proceedings that ensure equal conditions to all bidders, with clauses that establish payment obligations. The law shall only allow the requirements of technical and economic qualifications indispensable to guarantee the fulfilling of the obligations (Art. 37, XXI).

In that sense, law n. 8,666, of June 1993, establishes the public procurement procedures, regulating the Brazilian procurement system. Article 3 of this Law provides that the bidding is intended to ensure compliance with the constitutional principle of equality, with the selection of the most advantageous proposal for the administration, aiming at the promotion of a sustainable national development. The procurement procedure must also be prosecuted and judged in strict accordance with the basic principle of linkage to the bid announcement, so that the tendering rules must be clear and objective and respected in the context of an administrative contract.

The Law also defines the conditions for participating in public bidding procedures, establishing the modalities, exemption limits and qualification requirements, which are exclusively related to legal documentation, technical skills, economic and financial qualification and compliance with tax and labor regulations.

Law 8,666 establishes the obligatory publication of a bid announcement containing a full description of the object of the procurement procedure, the conditions for participating and the selection criteria, which are linked to the Law. The Administration cannot disobey the rules and conditions of the announcement, to which it is strictly bound. The notice containing summaries of the announcement of the bid must be published in the official media in advance, so that there is sufficient time for potential tenders to prepare and submit their tenders. According to Article 21, III, § 2, the minimum period until receipt of tenders will vary from 5 to 45 days, depending on the modality of tendering. In addition, the Access to Information Law, in force since May 2012, states that public bodies and entities shall ensure that information concerning the administration of public property, the use of public resources, government bidding and contracting is made available.

The bidding procedure will be started with the opening of an administrative proceeding, considering the objective criteria defined in the announcement or invitation, which should not violate the rules and principles established by the Law. There is a committee created by the Administration with the function to receive, examine and evaluate all documents and procedures concerning the registration of bids and bidders. This committee will be responsible for conducting the proceeding and, during the decision-making process, it is forbidden to consider any confidential, secret, subjective or reserved element or criteria which can influence on the principle of equality among bidders. According to Article 45, the evaluation of bids will be objective, and the Commission shall proceed to it in accordance with the modality of tender, the criteria previously established in the bid announcement and in accordance with the factors mentioned therein exclusively, so as to allow its assessment by bidders and oversight bodies.

With regard to the selection of personnel responsible for procurement, it is worth noting the entry into force of Law n. 12,813/2013, which regulates the conflict of interests within the Federal Executive Branch. The law defines conflict of interests and privileged information, defining situations that are not compatible with the exercise of the public function. According to the Law, there are situations that constitute conflict of interests during the performance of the activities in the public service and also situations that constitute this kind of conflict after the exercise of public functions, which shall be supervised by the corresponding oversight bodies, which include the Office of the Comptroller General and the Public Ethics Commission. The public servants dealing with public procurement are subject to this law.

Law 8,666 also provides for a system of appeal in relation to the decisions regarding the public procurement procedures. Article 109 states that, within five days, an appeal can be placed in relation to the qualification or disqualification of the bidder; the evaluation of the proposals; the cancellation or withdrawal of tenders; the refusal of the application for insertion in a registry, including any amendment or cancellation; the termination of the contract; and the application of penalties of warning, temporary suspension or fine.

The Brazilian public procurement system also establishes a debarment period. Article 87 of Law 8,666 lists the applicable sanctions in case of total or partial breach of contract: warning; fine, as set forth in the invitation or contract; temporary suspension from participating in bidding and debarment from contracting with the Administration, for a term not exceeding 2 (two) years; and declaration of unfitness to tender or contract with the Public Administration as long as the motives for punishment remain or until the rehabilitation before the very authority that imposed the fine, which shall be granted when the contractor indemnifies the Administration for the losses arising and after the penalty imposed based on the previous item expires. A list of the debarred companies is made publicly available in the Transparency Portal of the Federal Government, including not only information concerning the Federal Government, but also companies debarred in the context of States and Municipalities.

Furthermore, in relation to the use of technologies in the management of public procurement procedures, an important instrument is noteworthy: the Comprasnet Portal.

The www.comprasnet.gov.br address is the Federal Government procurement system which provides ready access to tender notices, completed procurement transactions, the execution of procurement processes using the *pregão* method, and other information relating to negotiations by the federal direct public administration, autonomous agencies and foundations. ComprasNet operationalizes electronic processes of acquisitions and also provides access to the legislation governing general services and procurement, in addition to various publications on this topic. At the website, suppliers have access to various services, such as applying for registration in the federal government suppliers' registry, obtaining bidding documents, participating in electronic procurement processes, among others.

In relation to measures to promote transparency and accountability in the management of public finances, States parties and signatories may wish to cite and describe measures that:

- Provide for transparent and public procedures for adopting of the national budget, that specify the type of information required as part of the submission to the legislature, with opportunity for public input and debate;
- Ensure that reporting on revenue and expenditure is public, timely and regular, and that there are consequences for the responsible agency and officials for failure to report at all or in a timely fashion;
- Ensure that effective system of accounting and auditing is put in place and that there is effective oversight over the budgetary revenue and expenditure with regular training and accreditation requirements for government accountants and auditors;
- Ensure that effective and efficient system of risk management and internal control is put in place, with clear allocation and description of the roles and

- responsibilities and description of how the offices responsible for risk management and internal control maintain, organize and store records;
- Provide for corrective action in case of failure to comply with the legal requirements, with description of the procedure for oversight and implementation.

Concerning overall budget, Brazil has been constantly working to improve its legal and institutional framework, in order to foster more open, participatory, accountable public budgeting. There are three legal instruments that clearly illustrate that proactivity: the Pluriannual Plan (PPA); the Law of Budgetary Guidelines (LDO); and the Yearly Budgetary Law (LOA). The main objective of these laws is to integrate the activities of planning and budget in order to ensure the implementation of government policies in the municipalities, States, Federal District and nationwide.

Furthermore, Brazil has developed some important instruments regarding the promotion of transparency and accountability in the management of public finances. One of those instruments is the Federal Government Transparency Portal (www.transparencia.gov.br).

The Transparency Portal was created in 2004 and it allows any citizen to keep up with the Federal Government revenues and expenditures, with no restrictions and in a timely manner. The Portal provides information on the transfers of federal resources to states and municipalities; on expenses incurred by agencies from the direct and indirect public administration; expenses made through official payment cards; and also information regarding public officers' positions, functions and salaries, among others. Besides, the Portal makes it possible for everyone to follow up on the different revenue stages, divided by agency or source.

Since its launch, the Portal has already presented over 1.5 million registered information, with an average visualization of more than one million.

In that regard, it is worth mentioning that in December 2014, at the Symposium on Anti-Corruption Development Assistance, Brazil was acknowledged internationally by the OECD as a key cooperation partner concerning public transparency area. A successful example of how Brazil has provided technical assistance on the matter was the trilateral cooperation provided by Brazil to the Government of El Salvador, with the support of USAID. The cooperation involved three technical visits from Brazilian experts to San Salvador and a mission from a delegation of Salvadoran officials to Brasília. As a product of this assistance, El Salvador managed to improve its Transparency Portal, which was launched in November 2014.

Another important instrument related to the financial transparency are the Transparency Pages, disciplined by the Decree n. 5,482, of June 2005. Every agency or entity of the

Federal Administration must keep, linked to their official homepage, a special page designed for the disclosure of data and information related to the budgetary execution, including matters related to public procurement, contracts and agreements.

Finally, in 2009, Complementary Law n. 131 was sanctioned, altering the Fiscal Responsibility Law in order to determine that the Union, the states, the Federal District and the municipalities make electronically available, in a timely manner, detailed information about their financial and budgetary execution. If any entity breaches the Law, it will be forbidden to receive voluntary transfers of resources from the Union. Besides, the head of the Municipal Executive Branch will be subject to prosecution for responsibility crime, on the basis of Law n. 1,079/50.

In relation to enhancing the effectiveness of the Brazilian system of accounting and auditing and oversight over the budgetary revenue and expenditure, it is worth noting, on one hand, the creation, in 2003, and later restructuring of the Office of the Comptroller General, in 2013. The Office of the Comptroller General is the agency of the federal executive branch, directly linked to the Presidency of the Republic, which is responsible for the tasks of internal oversight, inspections, ombudsman units, and preventing corruption. In addition to overseeing the use of public funds and initiating audits, the CGU is also responsible for pursuing actions to promote transparency and to prevent corruption. The purpose of the CGU is not only to detect instances of corruption; it must also anticipate them and work to develop ways to prevent their occurrence. The CGU also performs inspection functions, which consist of activities related to the investigation of possible wrongdoing by public servants and to the imposition of the appropriate penalties. In addition to its central offices, located in the Federal District, the CGU also has offices in all the other states of the federation, on account of its decentralized functions.

On the other hand, we should also mention the external control, exercised by the National Congress with the assistance of the Federal Audit Court (TCU). The Federal Audit Court assists the National Congress in two ways. First, it prepares prior opinions on the government's accounts. Second, the Audit Court provides Congress with permanent advice on the execution of the budget. The Federal Audit Court has the power to impose penalties. The penalties it may impose include fines and disqualifications from holding public office or public positions for a specified period of time, and it can also declare the unfitness of suppliers who commit irregularities in public bidding processes. The TCU can impose financial penalties for violations committed by public employees and hold them accountable for any losses arising from misconduct by applying fines and by ordering indemnification for the applicable losses.

In relation to civil and administrative measures to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue to prevent the falsification of such documents, States parties and signatories may wish to cite and describe measures that:

- Put in place a mechanism for recording, storing and preserving the integrity of accounting books, records, financial statements and other related documents, including national archiving or other recordkeeping institution; and sanctioning for falsification;
- Define a general schedule of records retention and disposition, including controls or security standards;
- Establish policies and procedures regarding the storage and preservation of electronic records, including security measures;

Brazil has a broad and complex network of archives, resulting from the exercise of executive, legislative and judicial functions of the Brazilian state. At this context, Brazil has been improving its internal legislation in order to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure. In this sense, The National Council of Archives (CONARQ) has special importance. CONARQ is a public organization in the city of Rio de Janeiro linked to the National Archives with the aim to define a national archives policy (public and private) and integrate procedures via the National System of Archives. Since its creation, CONARQ has played a fundamental role in defining norms for archiving, especially to define a general schedule of records retention and disposition, including controls or security standards. In its Resolution of 39 April 2014, CONARQ has produced a Guidelines for the Implementation of Digital Repositories of Trusted Archival Documents establishing policies and procedures regarding the storage and preservation of electronic records, including security measures. Concerning security measures in order to prevent the falsification, Brazil has been developing a digital certification of the electronic government actions. A digital certificate is a kind of signature that allows identification of who sent the message. Equivalent to an identity in electronic documents, to ensure the safety and legal integrity of information. Brazilian law states that any digital document is valid for the law if it is certified by ITI (Information Technology Institute), a Federal Government Recording Authority Agency, who is responsible to validate user-presence and issue Digital Certificates that are linked to ICP-Brazil (Brazilian Infrastructure of Public Keys). Therefore, main advantages of adopting digital certification refers to the accomplishment of information security, including requirements as data authenticity, confidentiality, and integrity. With the improvements gained from the new Brazilian Access to Information Law and with the consolidated basis of the national archives policy, Brazil has been advancing in a very solid way towards to enhance transparency in public administration.

In relation to public reporting, States parties and signatories may wish to cite and describe measures that:

- Put in place a system of transparency for the public administration including obligation to proactively publish information on the risks of corruption;
- Provide for members of the public to have the right and opportunity to access information on the organization, functioning and decision-making processes of the public administration, as well as their decisions and legal acts;
- Facilitate public access to the competent decision-making authorities.

In matters of publicity of the governmental acts, apart from the above mentioned instruments, such as the Transparency Portal, it is worth noting the entry into force of the Access to Information Law, on May 2012.

The Law institutes as a fundamental principle that the access to public information becomes the rule, being secrecy an exception. According to the Law, every information produced or under custody of public agencies and entities is potentially public, unless it is subject to restrictions legally defined. In order to operationalize the right to information, the Law guarantees to the society the access to public information in two different ways:

- 1) Passive transparency: when specific information is provided under request;
- 2) Active transparency: when information regarding collective and general interest is proactively published.

The Access to Information Law was regulated on the Federal Executive branch by the Decree n. 7,724/12, where information regarding data that should be made publicly available as active transparency, as well as procedures for dealing with passive transparency demands can be found. Both the Law and the Decree establish that every agency and entity must have their own infrastructure in order to receive and answer information requests. To that end, every agency and entity must institute the Service of Information to the Citizen – SIC.

Aiming at facilitating the access to public information, the Office of the Comptroller General developed the Electronic System of the Service of Information to the Citizen (e-SIC). The system is the main channel, within the Executive branch, for the registration of information requests and answers. It enables the citizens to request for information and track the deadline for answer and appeal against a denial of access. The system also allows the access to reports regarding its statistics. Since the launch of the system, more than 270 thousand requests have been registered, 99% of which were answered.

2. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

Examples of the types of challenges States parties and signatories may have faced include:

- Challenges in developing the proper legislative framework;
- Coordination challenges between government agencies responsible for integrity in procurement and management of public finances and other bodies;
- Communication challenges between government bodies, agencies responsible for integrity in procurement and management of public finances, and business community representatives;
- Other implementation challenges; and
- Financial challenges with respect to maintaining sufficient and consistent funding for government bodies and other government agencies responsible for integrity in procurement and management of public finances.

At the moment, Brazil faces two main challenges we should highlight in regard to public procurement. The first one is disseminating to States and Municipalities the good practices and consolidated work done by the Federal Government. Since Brazil is composed of several municipalities, it is not easy to spread the successful experiences across the country. Brazil still has some ground to cover when it comes to ensuring the effective social participation and control over the budget cycle and to publicizing the budget reports and the supervisory process in the subnational entities.

The other challenge Brazil is working to overcome is related to the dialogue with the private sector, especially small companies, in order to enhance integrity within the companies that contract with the public sector. In that sense, the Office of the Comptroller General has been working in the development of booklets and learning materials, besides participating in meetings and seminars. Nevertheless, strategies must be traced to better approach the different companies.

II. Information requested from States parties and signatories in relation to measures to prevent money-laundering (art. 14)

1. Please describe (cite and summarize) the measures/steps your country has taken has taken (or is planning to take) to implement this provision of the Convention.

States parties and signatories may wish to cite and describe measures that:

- Establish a comprehensive domestic regulatory and oversight regime to deter and detect money-laundering;

- Show that, at minimum, banks and non-bank financial institutions ensure effective customer and beneficial owner identification, monitoring of transactions accurate record-keeping, and have in place a reporting mechanism on suspicious transactions;
- Extend the requirements mentioned above to other bodies particularly susceptible of money-laundering;
- Ensure that agencies involved in anti-money laundering can cooperate and exchange information at national and international levels;
- Consider or establish financial intelligence units (FIUs);
- Consider or become part of anti-money laundering (AML) networks (such as FATF, FSRBs, Egmont Group);
- Require individuals and businesses to declare/disclose cash border transportation and other negotiable instruments;
- Require financial institutions, including money remitters to meaningfully identify originator of electronic transfer of funds; maintain such information throughout the payment chain and apply enhanced scrutiny to transfers lacking complete information on originator or beneficiary;
- Refer to or use as a guideline regional or multilateral anti-money laundering initiatives;
- Demonstrate use of mutual legal assistance, administrative or judicial cooperation in cases of money-laundering among law enforcement, judicial authorities and financial regulatory authorities;
- Regulate cooperation and information exchange with relevant agencies (for instance on matters related to asset declarations, real estate transactions, tax matters).

Please note that measures that you have taken in relation to article 52 may also be relevant to your implementation of this provision. Likewise, measures you have taken in relation to articles 38-39 of UNCAC may also be relevant here.

Bearing in mind the international recommendations concerning measures to prevent money-laundering, the Federative Republic of Brazil has strengthened and intensified its internal system to deter and detect money-laundering and other illicit financial transactions.

In July 2012, one of the most important tools in the fight against money laundering in Brazil, the Law n. 9,613, of March 3, 1998, was amended by the Law n. 12,683, for the purpose of making it both more efficient and more effective. The new law defines crimes of money laundering and of concealment of assets, rights, and valuables as those that conceal or disguise the nature, origin, location, disposition, movement, or ownership of property, rights, or valuables originating, directly or indirectly, from a criminal violation. It is important to underscore the fact that the new law widened the extension of the list of predicate offences for money laundering.

Regulatory changes and innovations in anti-money laundering compliance are ongoing, especially regarding the procedures that must be adopted by companies included in the roll of entities subjected to the terms of the law. The Law 12,683/2012 adds new reporting obligations requiring individuals and companies that carry out specific business activities to report suspected transactions of money laundering. Banking, securities and insurance institutions are required to identify beneficial owners. Additionally, all financial institutions are subject to comprehensive requirements to identify politically exposed persons, PEPs, keep records and report suspicious transactions. As a consequence, Brazil has invested in creating data-processing laboratories in several investigative bodies, police and public prosecutors. In order to guarantee that banks and non-bank financial institutions ensure effective customer and beneficial owner identification, monitoring of transactions and accurate record-keeping, data-processing laboratories are available.

In 2007, the Department of Assets Recovery and International Legal Cooperation at Ministry of Justice created the Technology Laboratory Against Money Laundering (LAB-LD) to support complex investigations into corruption and money laundering. Following the success of the first initiative, the government began implementing similar units in other state and federal organs from 2009. As of 2015, there are nearly 50 laboratories across Brazil, which make up the Federal Laboratory Network Against Money Laundering (REDELAB). In these laboratories, a vast amount of data is analyzed to uncover and freeze illicit assets, using a methodology developed by specialists and replicated throughout all laboratory units. To date, REDE-LAB has identified the equivalent of USD8.9 billion in illicit assets, helping authorities to bring legal action against suspected perpetrators of crimes in Brazil.

Seen in these terms, Brazil also has registered some of the most rapid advances in bank data. Although bank secrecy is protected in Brazil, understood as a result of the constitutional right to privacy protection, courts have the power to determine the access to its data. According to Complementary Law n. 105, financial records must be made available to courts, and only to them, with breach of secrecy being authorized when necessary for the investigation of any illicit act at any stage, especially when it refers to crimes such as terrorism, against public administration, against the national financial system, money laundering, among others.

Under Brazil's new money laundering law, the Brazilian Financial Intelligence Unit, FIU, the Council for Financial Activities Control, COAF, instituted by the Law n. 9,613, remains legally responsible for the purpose of regulating, applying administrative sanctions, receiving pertinent information, examining and identifying any suspicious occurrence of illicit activities. In this connection, COAF has refined the way it exchanges information at national and international levels, mainly its international counterparts of the Egmont Group of Financial Intelligence Units in cases arising from international legal cooperation. Brazil is able to provide assistance for cooperation with respect to the investigation, prosecution and judicial proceedings related to the freezing, seizure, confiscation and return of the proceeds of offences in general, including those

established in accordance with the Convention. Also, bilateral agreements in order to provide assistance in criminal matters are in force with: Canada, China, Colombia, Cuba, France, Italy, Peru, Portugal, Spain, South Korea, Surinam, Switzerland, Ukraine, Mexico, Nigeria and the United States of America.

Brazil does not refuse mutual legal assistance, MLA, requests on the grounds that the offence is considered to involve fiscal matters. Although some of the multilateral treaties to which Brazil is a party do provide that a requested state may refuse assistance in such cases, Brazil does not exercise these options. For example, Brazil is a party to the Inter-American Convention on Mutual Legal Assistance in Criminal Matters (Decree 6340/2008). Article 9 of that Convention provides that a requested state may refuse to provide MLA when it determines that the request pertains to a tax crime, except where the offence is committed by way of an intentionally false statement or failure to declare income derived from any other offence covered by the Convention. However, Brazil is also a party to the Optional Protocol to this Convention which provides that countries shall not exercise their right to refuse to provide MLA solely on the ground that the request concerns a tax crime if the requesting country is also a party to this Protocol or if the act specified in the request corresponds to a similar tax crime under the laws of the requested state. Also, Brazil's bilateral MLA agreements with the following countries specifically do not provide for refusing a request on the basis that the offence involves fiscal or tax matters: Cuba, China, Colombia, France, Italy, Korea, Peru, Portugal, Ukraine and the United States.

Concerning national level, Brazil has organized a number of training programs for specialized human resources, including Board staff personnel and officials, in cooperation with other government agencies. All training programs involving COAF includes course content on money laundering and the related predicate offenses, among them the foreign bribery offense. Additionally, every year COAF offers a Financial Intelligence Training Course to professionals employed in financial institutions, oversight agencies and prosecution services. Launched by COAF in 2000, the program is supported by a variety of government academies and educational institutions. Individual courses addressed subjects ranging from money laundering, including the related predicate offenses, to financing of terrorism.

Another successful national initiative is the National Strategy against Corruption and Money Laundering, ENCCLA, which is a group integrated by public institutions and bodies as well as some corporative entities that discusses initiatives to combat corruption and money laundering. Within those initiatives there are bills, databases, case studies, experiences sharing. Each year the group meets to set out goals that should be accomplished during the next year.

Concerning prevention and detection of money laundering in cross-border transportation of cash, Brazil has ensured that its competent authorities have the legal authority to stop or restrain currency. Brazil has borders with ten different countries, totaling 16,885 kilometers. As a consequence, Brazil has repeatedly been in contact

with the government of neighboring countries in order to ascertain and to evaluate money laundering prevention and repression of the cross-border cash. In early 2015, Brazilian federal police dismantled an international criminal network involved in US\$30 billion money laundering which acted in exchange houses in Paraguay and in Brazil.

In the context of an overall international cooperation strategy concerning anti-money laundering, a range of international documents issued by regional and multilateral anti-money laundering initiatives were considered while establishing and developing domestic regulatory and supervisory regime. It should be mentioned that Brazil is a part of the Egmont Group of Financial Intelligence Units, active member of The Financial Action Task Force, FATF, and signatory to the United Nations International Convention for the Suppression of the Financing of Terrorism, the United Nations Convention Against Transnational Organized Crime, the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and to its Protocols and in the regional context Brazil is also signatory to the Inter-American Convention against Corruption and member of the FATF of Latin America, GAFILAT.

Another initiative that is a step forward in strengthening the Brazilian legal system and will bring it more in line with international standards for curbing such crimes is the Law n. 12,846/2013. On February 2014, the Brazilian Congress enacted the Law n. 12,846/2013, which imposes strict liability on legal entities for acts against national and foreign public administrations. The new anti-corruption law includes specific language intended as an incentive for the implementation of compliance programs.

Since then, Brazil has made a clear commitment to further strengthen the national system for the prevention, detection and suppression of money laundering, focusing on comprehensive domestic regulatory and supervisory regime for banks and non-bank financial institutions. Brazil has significantly enhanced its ability to prosecute money laundering offences by implementing a system of Specialized Federal Courts which bring together federal prosecutors and judges specialized and with experience in handling cases involving money laundering and other financial crimes. Numerous other laws have enhanced to provide law enforcement and regulatory agencies with the most effective tools to combat money laundering in Brazil, according to the requirements of Article 14 of the UNCAC.

2. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

Examples of the types of challenges States parties and signatories may have faced include:

- Financial and technical capacity challenges with regard to the ability of agencies involved in combating money-laundering to cooperate and exchange information at the national and international levels;
- Coordination challenges among relevant agencies responsible for combating money-laundering with regard to global, regional and bilateral cooperation;
- Challenges with regard to monitoring the compliance of banks and other reporting entities with the AML preventive measures.

In addition to the preventive measures required by UNCAC, especially the Article 14, Brazil intends to further strengthen its AML regime by the following measures:

- a) Brazil has already started the legislative process to criminalize terrorist financing as a stand-alone offence in a manner that is consistent with the international requirements;
- b) Brazil needs to continue to support the Specialized Federal Courts and other measures to enhance the ability to apply final sanctions for money laundering, what will bring its criminal offence of money laundering in line with FATF;
- c) Last but not least, Brazil must continue to focus on fortifying its data-processing laboratories in order to increase cooperation and exchange information at national and international levels.