

PUBLIC SAFETY: THE IMPORTANCE OF GOVERNANCE

- *The costs associated with the lack of public safety have the effect of repeated taxation, levied on all stages of the production chain, thus reducing the competitiveness of the Brazilian industry.*
- *The increase in property crimes and homicides has increased the cost of the lack of safety in Brazil and contributed to reducing productive investment.*
- *To improve public safety, the Federal Government should act as an inducer of good safety policies in states and municipalities by ensuring coordination between the agencies in charge of public safety in states and municipalities, financing and evaluating projects and training staff.*

Lack of safety leads to a loss of competitiveness for Brazil. Crime growth increases corporate spending on assets protection, insurance and freight, decreases workers' productivity, restricts mobility, and increases aversion to entrepreneurial risk.

The costs of lack of safety for the country account for 5.5% of GDP or 365 billion reais per year, when accounting for factors such as loss of human life, costs of insurance and private security, and costs with the prison system and public safety.

The situation of public safety in Brazil is critical and has deteriorated in recent years. The homicide rate per 100,000 population increased from 26.6 to 30.3 (a 14% increase) between 2006 and 2016.

Property crimes also reflect this deterioration. The rate of cargo theft per 100,000 population increased from 10.1 to 13.2 between 2007 and 2016 – a 31% increase. In the same period, the rate of robbery of financial institutions increased by 47%, from 1.5 to 2.2 per 100 institutions.

The deterioration of public safety occurs despite the increase in the prison population from 297,000 to 726,000 between 2005 and 2016, which corresponds to a variation in the rate of prisoners per

100,000 population from 160.4 to 352.4 (120 %) over the period.

Deterioration occurs despite the 27.5% increase in real terms, between 2007 and 2016, in actual spending by the Union, states and municipalities on public safety, i.e., disregarding the effects of inflation. **Brazil spends about 1.3% of GDP on public safety. This percentage is close to the average of OECD countries,** which spend about 1.6% of GDP on public order and safety activities.

There is a serious governance problem among the multiple agencies operating in the sector in the various federative entities, with a low level of coordination and cooperation.

International experience shows that the most effective practices related to public safety policy are based on the action of local stakeholders. The central government's role lies in coordinating and aligning safety policies as well as in inducing, evaluating and co-financing activities.

There are other activities under federal government responsibility. However, given their relevance, **the proposals presented here focus on governance and structure so that the actions of local authorities can be more efficient and effective.**

COST OF THE LACK OF PUBLIC SAFETY IN BRAZIL

Component	Year of Calculation	GDP	Billion R\$ (2017 GDP)
Private costs (I)		4.0%	264
Intangible Costs of Homicides	2012	2.3%	152
Spending on Private Security and Insurance	2015	1.7%	112
Public Spending (II)		1.5%	101
Public Safety	2016	1.3%	86
Prison System	2013	0.2%	15
Cost of the lack of safety in Brazil (I+II)		5.5%	365

Source: CNI.

Main recommendations

1 A national public safety plan should be implemented. The plan should include actions focused on municipalities with the highest rates of homicide, gang activity, drug trafficking and use, property violence, and interpersonal violence.

2 States should be encouraged to take advantage of good practices. The states present different results in their public safety actions. Taking advantage of successful experiences is one of the safest and fastest ways to achieve positive results.

3 The effectiveness of the Unified Public Safety System could be ensured, through the establishment of the financing system and definition of the role of each federative entity, of the Public Prosecution Service and of the Judiciary in public safety.

4 The Ministry of Public Safety should be restructured, by converting it into a permanent agency and expanding its scope of action to include activities aimed at improving the management of police departments, forensic services and prisons,

harmonizing civil defense, and coordinating violence prevention policies.

5 The National Public Safety Fund and the National Penitentiary Fund should be restructured in order to ensure predictability in the allocation and release of funds. States and municipalities should comply with conditionalities and make counterpart contributions in order to receive funds.

6 A unified statement of annual spending on public safety should be created for the Union, states and municipalities, with standardized criteria for classifying public safety expenditures.

7 The National Institute of Public Safety Studies should be established, with the aim of organizing and keeping public safety data, supporting the evaluation of safety policies, recommending evidence-based safety policies, and coordinating the evaluation of safety professionals' education.

The full version of the document can be accessed through the QR code on the side or at: <http://www.cni.com.br/eleicoes2018/downloads/> This summary is part of the series Proposals of Industry for the 2018 Elections comprising 43 documents. The series, which is based on the *2018-2022 Strategy Map for Industry* is a CNI contribution to the new federal administration and presents analyses and proposals of priorities to increase Brazil's competitiveness. Any part of this publication may be copied, provided that the source is acknowledged. Brasília-DF, July 2018.



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