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## FEATURED Q&A

# How Can Tech Help in the Fight Against Corruption?



Technology holds "remarkable" potential to promote trust between citizens and governments and reduce corruption, Ashley Friedman writes below. // File Photo: Pixnio.

**Q** Smartphones, combined with the use of social media, are being used on a growing scale in Latin America and elsewhere to gather evidence of corruption and other illegal acts and demand accountability, according to a new report by the Inter-American Dialogue and the Adrienne Arsht Latin America Center at the Atlantic Council. How has technology been used most effectively to combat corruption, and what are the most promising ways that it can be employed in the fight against graft in the future? Which countries in the region are making the best use of technology to promote clean and transparent government? What are the biggest obstacles that stand in the way of wider use of technology to fight corruption?

**A** Ashley Friedman, senior director of policy at the Information Technology Industry Council: "Technology has remarkable potential to spur economic growth, promote trust between citizens and their government, and reduce crime and corruption. Governments all over the world have deployed technology to enhance transparency of government proceedings and establish more direct communication channels between citizens and governments. For example, governments have made federal records and data accessible to citizens in order to increase visibility into government activities. They have created repositories of public data containing key information about their countries in areas such as infrastructure, health, climate, finance and education. Such public databases are important ways in which governments can leverage technology to increase access to knowledge and awareness of the current state of the country among citizens. Addition-

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## TODAY'S NEWS

### ECONOMIC

## Power Mainly Restored After Massive Blackout

Electricity was reportedly restored to some 44 million people by this morning after a massive blackout on Sunday plunged nearly all of Argentina and Uruguay and parts of Paraguay into darkness.

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### ECONOMIC

## Head of Brazilian Development Bank Steps Down

Joaquim Levy, the head of Brazilian development bank BNDES, resigned amid tensions with President Jair Bolsonaro.

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### POLITICAL

## Torres Appears to Emerge as Top Vote-Getter in Guatemala

Former Guatemalan First Lady Sandra Torres appeared to emerge as the top vote-getter in the country's presidential election. Partial results showed that a runoff between Torres and Alejandro Giammattei is likely in August.

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Torres // File Photo: Torres Campaign.

## ECONOMIC NEWS

## Power Mainly Restored Following Massive Blackout

A massive power blackout left nearly all of Argentina and Uruguay, and parts of Paraguay, in the dark on Sunday following a regionwide electrical failure at around 7 a.m. local time, power companies said, Clarín reported. Power had been restored to about 44 million people in Argentina, Uruguay and Paraguay by early morning today. The outage left streets de-

**The blackout affected some 50 million people in Argentina, Uruguay and Paraguay.**

serted, shut down public transport and forced businesses to close on Father's Day. Almost 50 million people were affected. Buenos Aires' two airports remained opened, and hospitals in the capital and in other provinces were running on generators. Argentines in the provinces of Santa Fe, San Luis and Formosa had to use lights on their cellphones to cast their votes in regional elections. Argentine President Mauricio Macri said Sunday afternoon that authorities would investigate the "unprecedented case," adding that the blackout originated in "a failure in the coastal transport system, the causes of which we cannot yet determine," The Wall Street Journal reported. Energy Secretary Gustavo Lopetegui said authorities weren't "ruling anything out," including a possible cyberattack, but said he didn't believe that was the cause, NPR reported. One theory is that a power line at a regional hydroelectric dam went down. Lopetegui said the outage "shouldn't have happened" because "the Argentine system is pretty robust." Energy officials said the cause could take two weeks to determine.

## POLITICAL NEWS

## Torres Appears to Top Guatemala Vote, Runoff Likely

Former Guatemalan First Lady Sandra Torres took an early lead in Guatemala's presidential election Sunday, but no candidate appeared to win more than 50 percent of the vote, setting up a likely runoff on Aug. 11, Reuters reported. With ballots counted from 42 percent of polling stations, Torres had 24 percent of the vote, with rival Alejandro Giammattei in second place with 15 percent, according to the election tribunal. Election officials said late Sunday that it could take two weeks to have final results from the first round. Torres, of the center-left National Unity of Hope party, is a businesswoman and the former wife of ex-President Álvaro Colom. Giammattei, of the center-right Vamos party, is a former director of the country's prison system and has run three times before for president.

## Mexico's Migration Chief Steps Down

Mexican immigration chief Tonatiuh Guillén resigned on Friday, and the country's prisons director, Francisco Garduño, was quickly tapped to replace him, the Associated Press reported. The changes came as Mexico's government responds to U.S. pressure to curb the number of migrants traveling through its territory to enter the United States. In a brief statement released by Mexico's National Immigration Institute, Guillén thanked President Andrés Manuel López Obrador but did not provide a reason for his resignation. "I thank Tonatiuh very much," López Obrador said, "He helped in the beginning of this government." The president had reportedly asked Guillén to step down. The shakeup comes after Mexico scrambled to reach a deal with the United States to avoid tariffs on all Mexican exports to the neighboring country. U.S. President Donald Trump had threatened to impose a 5 percent blanket

## NEWS BRIEFS

## Thousands of Venezuelans Seek to Enter Peru Ahead of New Visa Requirements

Thousands of Venezuelans, many of them children, rushed to the Peruvian border on Friday in hopes of entering Peru before tougher immigration requirements came into effect at midnight, Reuters reported. Starting Saturday, all migrants coming into Peru were required to present valid visas and passports, both of which are hard to get in crisis-stricken Venezuela. On Thursday alone, one day before the deadline, 5,849 Venezuelans entered Peru, compared to a daily average of between 1,500 and 2,000, according to the Peruvian immigration office.

## Mercosur, E.U. 'Very Close' to Trade Accord: Brazilian Foreign Minister

South America trade bloc Mercosur, which includes Brazil and Argentina as well as Uruguay and Paraguay, is "very close" to reaching a free trade accord with the European Union, according to Brazilian Foreign Minister Ernesto Araújo, the Financial Times reported Sunday. A deal could be signed as early as July, he said. The agreement would be the largest-ever negotiated by the European Union in terms of tariff reductions. However, Jean-Claude Juncker, the president of the European Commission, last week said the talks on the deal were "difficult."

## Head of Brazilian Development Bank Resigns Amid Tensions

The head of Brazilian state development bank BNDES has resigned amid strain with President Jair Bolsonaro, Reuters reported Sunday. Joaquim Levy, a former finance minister, submitted his letter of resignation, which said he is grateful for the "loyalty, dedication and determination of BNDES executives."

tariff, which would gradually increase to 25 percent, if Mexico did not significantly reduce the number of migrants crossing its border into the United States. On Friday, Mexico released the details of a side agreement that it made with the United States that describes additional measures it will take if it does not successfully decrease the number of Central Americans migrating through its territory toward the United States. As part of the deal, Mexico will require migrants to first seek asylum there, The Wall Street Journal reported. The “safe third country” designation was a key part of the deal between Mexico and the United States that averted Trump’s threatened tariffs on Mexican imports, according to the supplementary agreement that Mexico released, The Wall Street Journal reported. Mexico had long avoided the “safe third country” designation, saying it lacks the necessary resources.

## BUSINESS NEWS

### Venezuela’s Guaidó Asks Jamaica Not to Seize Refinery Shares

The ad-hoc board of Venezuelan state oil company PDVSA, which was appointed by opposition leader Juan Guaidó, has asked Jamaica’s government not to seize the firm’s shares in the Petrojam oil refinery on the Caribbean island, the board said, Reuters reported. Jamaica’s Senate in February passed legislation paving the way for the government to acquire PDVSA’s 49-percent stake in the Petrojam refinery, which it acquired in 2006. The board also warned Jamaica’s government against maintaining ties with the government of Venezuelan President Nicolás Maduro. Guaidó, who invoked the Constitution to declare himself Venezuela’s interim president in January, has also personally asked Jamaican Prime Minister Andrew Holness to suspend the expropriation process. Neither Holness’ office nor Jamaica’s foreign ministry responded to Reuters’ requests for comment.

## FEATURED Q&A / Continued from page 1

ally, many governments use e-services to create more direct channels of feedback and communication between citizens and government, reducing the opacity of government transactions and promoting trust. Technological advancements have also enabled citizens to observe the speed and status of government transactions, decreasing opportunities for corruption to surface. Automating key services or creating ‘paperless’ systems reduces opportunities for individual bribes or influence. To fully embrace these changes, governments must prioritize necessary up-front investments to develop these systems, including measures to safeguard citizens’ privacy and security, which will save significant resources over time, and increase access to technology and connectivity so that these benefits spread to all communities throughout their countries.”

**A** **Richard Fogarty and Phil Beckett, managing directors at the disputes and investigations practice at Alvarez & Marsal:**

“Data is the lifeblood of most modern-day organizations: this is no less true for an investigator looking at potential corruption in Latin America and elsewhere around the globe. Although not the only source of information relevant to an investigation, data can provide an unbiased, unaltered and accurate reflection of historic events unlike other sources. The distinction between work and personal with respect to technology is decreasing as we see work conversations being carried out on messaging systems such as WhatsApp (quite popular as a work and personal tool in Latin America, as are other apps such as Signal, Telegram and Silent Phone) and networks being managed on social media sites such as LinkedIn. Regardless, data can aid an investigation by: 1.) Analyzing communication and document data to look for evidence and intelligence contained within either the content or the metadata of those documents. Sometimes, it can be as important to establish who is speaking to whom

and when as it is what they actually say. 2.) Analyzing relevant structured data (such as accounting data and telephone records) to identify unusual patterns, relationships or records or to prove or disprove a hypothesis. Again, it is beneficial not just to look at the

**“Data is the lifeblood of most modern-day organizations...”**

– Richard Fogarty & Phil Beckett

records themselves, but also the associated metadata—for example when the record was entered and who approved it. The use of smartphones and social media means that when considering the above, it is necessary to cast the net appropriately to capture relevant devices and accounts and also consider Internet investigation techniques to legally gather data from publicly available data related to social media accounts. It is essential that data is central to the investigative process and not viewed as a separate, stand-alone task.”

**A** **Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:** “While I believe technology to be the best ally in the fight against corruption, its effectiveness will largely depend upon the presence or lack of three conditions. First, of course, is rule of law. Except for Chile, Costa Rica and Uruguay, rule of law is absent from most Latin American nations, where judiciaries lack independence from executive branches and from rich and influential people. Second is enforcement which, again in Latin America, largely depends on who you are. If you are among the elite, chances are that law enforcement agents will be less harsh and demanding with you than with an unknown. Then comes institutional consistency. Weak institutional frameworks can easily be

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penetrated by affluent people, who include criminals. Technology can thus facilitate exposing, recording and building cases against corruption but will not be able to overcome structural weaknesses that date from the times of Philip II of Spain. This monarch cre-

“Weak institutional frameworks can easily be penetrated by affluent people...”

— Beatrice Rangel

ated institutions that were and are corporatist, monopolistic and obscure to perform rent extraction. All these conditions breathe life into corruption networks. Unless Latin American nations dare to bring down that institutional framework to create one that is nurtured by private property, competition and free enterprise, corruption will thrive in the region.”

**A** **Laura Gaviria Halaby, senior innovation advisor at IDB Lab:** “From localities using distributed ledger technology to improve land registries when paper records fail, to biometrics providing additional payment security, to machine learning identifying early signs of fraud from vast data sets, a wide range of technology solutions are being used to combat corruption. Chile, Costa Rica and Uruguay are the leaders in transparency, but we have also seen Argentina committing to becoming paperless, Mexico City using a fiscal transparency portal to disclose its public contracts and Colombia testing blockchain to reconstitute land. We are in the early stages of governments adopting these solutions due to procurement challenges, costs, legacy IT infrastructure and unaligned incentives. I therefore believe it’s most important that governments use open-architecture technology, so solutions can work with existing systems, connect to future

services, be easy to use and not take years to implement. I am excited and optimistic to see governments at the local and federal levels continue to use innovative tools to lower transaction costs, increase revenue collection, improve accountability and most importantly, communicate more effectively with the people they represent. I hope countries will share their success and failures along the way and commit to frameworks of data ethics.”

**A** **María Fernanda Pérez Argüello, associate director of the Atlantic Council’s Adrienne Arsht Latin America Center:** “The solutions to Latin America’s oldest problem are at our fingertips. International organizations estimate corruption can cost Latin American countries as much as 10 percent of their GDP. Breakthroughs in data technology provide invaluable tools to fight graft. Blockchain, for example, has great potential to fight corruption on a large scale, as data stored in blockchain is unalterable. When blockchain technology is used for datasets in public contracts, the space for alteration of numbers or other crucial information is significantly reduced. A major obstacle today, however, lies in the quality of data. Even in countries such as Mexico, Brazil and Uruguay that are moving toward publishing more open data, that data is many times unreadable. Open data just for the sake of open data helps no one. In order to fully benefit from the promise of immutable public contracts, data provided by governments must be readable, verified and disaggregated. Another major cross-cutting obstacle is political will and multi-stakeholder collaboration. The problem of corruption is multidimensional and requires all hands on deck in order to effectively disappear.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gene.kuleta@thedialogue.org](mailto:gene.kuleta@thedialogue.org).*

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