



The Accumulation Deficit: Why Brazil's Brilliant Breakthroughs Cannot Compound

A field guide to the capture equilibrium — and how Brazil can build the integration layer that converts its genius into durable capacity

Brazil does not lack capacity — it lacks the ability to compound its breakthroughs into durable, system-wide capacity. This report diagnoses a capture equilibrium produced by coalitional presidentialism and proposes an Algorithmic Bypass as the concrete first step.

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Country Report · Brazil

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Executive Summary

The woman lives in the Zona Norte of Rio de Janeiro, in a neighbourhood where the state's presence is felt most acutely as a police helicopter overhead and an armed militia at the street corner. Once a month, she receives Bolsa Família through PIX — the instant payment system that Brazil built, that the world now envies, that moves money faster and more securely than anything available in Europe or the United States. The payment arrives in seconds. She can use it immediately.

She also has a credit card from the same banking system that built PIX. The interest rate on that card, if she carries a balance from one month to the next, is approximately 300 percent per year. The five largest banks in Brazil control over 80 percent of the financial system's assets. On the same phone that receives Bolsa Família in seconds and charges 300 percent interest on the other side of the ledger, she will vote in the next election using the world's most technologically sophisticated voting system — 150 million voters, results in a single day. And when she walks home, she will pass through a neighbourhood governed not by the state that built these systems, but by a militia composed of off-duty and former police officers.

This is not a contradiction. It is an accumulation deficit.

The core diagnosis: Brazil does not lack capacity, innovation, or democratic energy. It can generate world-class breakthroughs — PIX, the electoral system, EMBRAPA, Bolsa Família, the SUS. What it cannot do is **compound** them into durable, system-wide capacity. Every technological or social leap is immediately surrounded, captured, and taxed by an extractive political and economic architecture. The energy is generated. The system cannot store it.

The signature pattern: the Breakthrough-Capture Loop. Crisis produces a remarkable demonstration of institutional and human capacity — the *Plano Real* breaking hyperinflation, Bolsa Família lifting millions from poverty, PIX transforming payments, Operation Car Wash exposing systemic corruption. The breakthrough creates genuine value. But the capture architecture, which the breakthrough did not dismantle, surrounds the value and extracts it. The *Plano Real* locked in some of the world's highest real interest rates. Bolsa Família left the coalitional architecture that produced poverty intact. PIX operates within a banking oligopoly that charges 300 percent interest on the other side of the same ledger. Car Wash mutated into a politicised crusade and allowed the traditional elite to reconstitute itself. The gains dissipate. The system returns to a low-capacity equilibrium. The next breakthrough must start from a baseline that is not much higher than the previous one — because the previous one's gains have been consumed.

The mechanical root: coalitional presidentialism — and the three engines beneath it. Brazil's 1988 Constitution paired a hyper-powerful Executive with a hyper-fragmented Congress elected through open-list proportional representation. No president's party has ever come close to a legislative majority. To govern, the president must assemble a multi-party coalition — and the currency of that coalition is the state itself. Ministries are distributed to party bosses. Budgetary amendments direct billions to legislators' electoral bases

with minimal transparency. This is not corruption as deviation. It is corruption as governance — a structural transaction in which the price of governability is the continuous distribution of public resources to private interests.

Coalitional presidentialism is the coordination mechanism of the capture equilibrium. Beneath it lie three deeper engines: political fragmentation (an electoral system that structurally pulverises Congress), fiscal rigidity (over 90 percent of federal spending pre-committed through mandatory allocations, leaving a narrow sliver as the *Centrão's* bargaining currency), and economic concentration — reinforced by the symbiotic axis between São Paulo's financial centre (Faria Lima) and Brasília's political rent-seekers. Faria Lima tolerates the *Centrão's* extraction from the public budget because the *Centrão* ensures that the structural banking reforms that would threaten the oligopoly — interest rate caps, credit market competition — never pass. Each actor is the other's protection racket.

The capture equilibrium. The result of these interacting mechanisms is not occasional corruption. It is a stable system in which the formal institutions of a democratic state are comprehensively colonised by private interests — not through malfeasance, but as the operating logic of the system itself. The *Centrão* — the amorphous, ideologically flexible bloc of transactional parties — functions as a thermodynamic sink, absorbing any president's ideological energy and converting it into rent. The impeachment trigger enforces the equilibrium: stop paying the patronage toll, and the legislative agenda freezes and removal proceedings begin. The Supreme Federal Court, thrust into the vacuum left by a transactional legislature and a perpetually embattled executive, has become a compensatory stabiliser — but one that uses 19th-century judicial tools to manage 21st-century political conflicts, creating permanent legal uncertainty.

The subsidiarity paradox and its dimensions. Brazil has one of the world's most decentralised constitutions — 5,570 municipalities with constitutional standing, extensive fiscal transfers — but subsidiarity without integration. The translation layers, fiscal-performance alignment, and learning loops that would make decentralisation functional are absent. Coalitional presidentialism fills the vacuum with transactional bargaining — exchange instead of integration.

The capture equilibrium has specific structural expressions. The inequality machine is simultaneously a racial hierarchy — Brazil has the largest African-descended population outside Africa, and poverty, violence, and institutional access are stratified by colour. The land question remains unresolved: the constitutional provision that property must serve a social function is almost never enforced, and the people closest to the land have the least governance authority over it. The parallel governance reality takes two forms: criminal organisations (PCC, Comando Vermelho) filling the vacuum where the state is absent, and militias composed of off-duty police officers representing a privatised extension of the state rather than an alternative to it. The cultural anchor — *jeitinho* — is the adapted response to a state that enforces rules strictly against the powerless and flexibly against the powerful, simultaneously a source of resilience and a barrier to systemic reform. But the same improvisational, systems-navigating capacity that enables *jeitinho* is also the human foundation for adaptive, polycentric governance — if the incentive architecture rewards collective rather than individual optimisation.

What building accumulation capacity looks like. The central task is not another frontal assault on the capture equilibrium — every such assault for a generation has been absorbed or defeated. It is to build the **integration layer** — the connective tissue — that allows Brazil's demonstrated capacities to accumulate rather than dissipate. Seven interconnected shifts constitute the upgrade.

The **Algorithmic Bypass** — the prime mover — is not a transparency system but a constrained digital coordination layer, built by the same technical community that delivered PIX, that converts opaque political allocation into partially self-enforcing delivery contracts. It tracks federal budget allocations in real time, cross-references administrative data against satellite imagery and citizen reporting, and embeds automatic constraints — funding pauses, audit triggers — when delivery fails. Critically, it includes a completion bond logic that prevents contractors from walking away with the mobilisation fee and leaving the community with an unfinished concrete skeleton: penalties cascade to the contractor's CPF/CNPJ identity, restricting their ability to bid on any future federal contract until the original project is completed.

Alongside the Bypass: **municipal laboratories** — volunteer municipalities granted structured experimentation authority, performance-linked fiscal autonomy, and standing citizens' deliberative councils, scaling by attraction rather than mandate. **Fiscal-performance alignment** — shifting from automatic, unconditional federal transfers to performance-linked grants that reward delivery without punishing incapacity. **Translation layers** between federal intent and municipal reality, through state-level coordination cells and cross-municipal learning platforms. **Bioregional governance for the Amazon** — framed as sovereignty restoration, not sovereignty cession, using the military's own doctrine of *Integrar para não entregar* as the foundation. And **anti-capture architecture** for any new institution — authority that is revocable, information that flows symmetrically, exit that is structurally protected, and a function that is self-limiting rather than self-perpetuating.

The immune system that will resist. The *Centrão* functions as a thermodynamic sink, absorbing reform energy and converting it to transactional rent regardless of its source. The impeachment trigger enforces the equilibrium. The electoral system fragments Congress to the point where ideological coalitions are mathematically impossible. The judicial-legal thicket ensures that any reform can be stalled for years. The narrative strategy is to frame the upgrade not as an attack on Brazilian democracy but as its completion — the fulfilment of the 1988 Constitution's promises, enabled by the digital and institutional capacities Brazil has already demonstrated it can build.

The series context. This report is the seventh in a series spanning Germany, France, Sweden, India, the European Union, and the United Kingdom. Each suffers from a distinct failure mode — execution, integration, feedback, synchronisation, coherence, control-delivery — rooted in the common structural pressure of the subsidiarity deficit. Brazil reveals something the European cases do not: a society that can simultaneously produce world-class excellence and systematically destroy its own capacity to build on it. The problem is not the absence of capacity. The problem is the system's inability to retain and compound it.

A concrete first step. A dual-track pilot: the Algorithmic Bypass deployed for a single federal budget category in a handful of willing municipalities, coupled with those same municipalities granted structured experimentation authority as municipal laboratories. The pilot does not require constitutional amendment. It does not require the *Centrão's* permission. It requires a development team — the same community that built PIX — with a mandate and a budget, and a handful of mayors willing to bet that transparency and accountability will serve their communities. Scaling occurs by attraction, not mandate: municipalities observe the results and choose to join. The evidence accumulates. The conditions for broader reform shift — gradually, incompletely, but perceptibly.

What comes next. Brazil has already built the future in fragments. The fragments are there — in the Central Bank's servers, in the electoral court's records, in the *Ministério Público's* investigations, in the SUS's community health networks, in the MST's settlements, in the favela collectives, in the Amazonian communities who defend the forest with their lives. The question is not whether Brazil is capable of building an accountable, effective, coherent state. It has demonstrated, in specific domains and specific moments, that it is. The question is whether the capture equilibrium can be bypassed long enough for those fragments to connect, compound, and become the new architecture — before the next breakthrough is consumed by the same machinery that consumed the last one.

The accumulation deficit is real, structural, and self-reinforcing. It is not eternal. The integration layer can be built. The first step is the Algorithmic Bypass, in a handful of willing municipalities, on a single budget category. The evidence will do the rest. Or it will not, and the lessons will be captured, and the next attempt will be better informed. Either outcome advances the learning. The only outcome that guarantees failure is the one Brazil has tried for three decades: the frontal assault that the capture equilibrium absorbs, the grand reform that the

Centrão

dilutes, the presidential crusade that ends in impeachment or reconstitution.

The woman in the queue does not need another grand reform. She needs the state to deliver what it has promised — the school that was funded, the health post that was authorised, the safety that the Constitution guarantees. She needs the PIX side of the ledger to grow, and the 300-percent-interest side to shrink. She needs the fragments to connect. The architecture exists, on paper and in prototype. The question is whether the political will exists — not in the abstract, but in the specific choices of the specific actors who could build it — to begin.

Here is the draft of Section 1, "The Accumulation Deficit," now the opening section of the Brazil report after the Executive Summary.

1. The Accumulation Deficit

1.1 The Woman in the Queue

She lives in the Zona Norte of Rio de Janeiro, in a neighbourhood where the state's presence is felt most acutely as a police helicopter overhead and an armed militia at the street corner. She works as a domestic worker in the Zona Sul, cleaning apartments whose monthly rent exceeds her annual income. Once a month, she receives Bolsa Família through PIX — the instant payment system that Brazil built, that the world now envies, that moves money faster and more securely than anything available in Europe or the United States. The payment arrives in seconds. She can use it immediately.

She does not have a bank account in the conventional sense, but she has a fintech app on her phone, and through it she can pay bills, buy groceries, and send money to her mother in the interior of Minas Gerais. The digital infrastructure of her financial life is, in technical terms, world-class. It was designed by some of the most talented engineers in the hemisphere, working within a central bank that has earned genuine operational independence and global respect.

She also has a credit card from the same banking system that built PIX. The interest rate on that card, if she carries a balance from one month to the next, is approximately 300 percent per year. The five largest banks in Brazil control over 80 percent of the financial system's assets. They are enormously profitable. They are also, in effect, an oligopoly, and the interest rates they charge are not set by a competitive market. They are set by a structure that the political system has been unable — and, in important respects, unwilling — to reform.

On the same phone that receives Bolsa Família in seconds and charges 300 percent interest on the other side of the ledger, she will vote in the next election using the most technologically sophisticated electronic voting system in the world — one that delivers results for 150 million voters in a single day, with virtually no credible allegations of fraud. The electoral system is a genuine Brazilian achievement, studied and admired globally.

And when she walks home from the bus stop after voting, she will pass through a neighbourhood where the state does not govern — where a militia composed of off-duty and former police officers controls territory, extracts protection payments, and provides the only functioning dispute resolution mechanism. The state that built PIX, that runs the world's most advanced elections, that established one of the largest unified public health systems on earth — that state is, in her neighbourhood, an absence punctuated by violence.

This is not a story about one woman or one neighbourhood. It is a story about Brazil. The same country that can generate world-class digital infrastructure, that can organise elections of breathtaking technical sophistication, that can create agricultural research institutions that transform global food systems — is the country that cannot compound those breakthroughs into durable, system-wide capacity. The energy is generated. The system cannot store it.

1.2 The Breakthrough-Capture Loop

Brazil's modern history is not a story of stagnation. It is a story of repeated, genuine breakthroughs — each one a demonstration that Brazilian society, at its best, is capable of extraordinary things. And it is a story of each breakthrough being surrounded, captured, and consumed by an extractive architecture that the breakthrough itself did not dismantle.

The *Plano Real* of 1994 was a masterpiece of economic statecraft. It did what many economists had declared impossible: it broke the back of hyperinflation that had reached over 2,000 percent per year, restored the currency's credibility, and created the conditions for a generation of macroeconomic stability. The plan was technically brilliant, politically courageous, and genuinely transformative. It also locked in one of the highest real interest rate regimes in the world — a structural transfer of wealth from the productive economy to the financial sector that has persisted for three decades. The breakthrough was real. The capture was structural. The interest rate architecture that the *Plano* era established has never been reformed.

Bolsa Família

, the conditional cash transfer programme launched in 2003 and expanded under successive governments, lifted tens of millions of Brazilians out of extreme poverty. It was efficient, well-targeted, and internationally acclaimed. It demonstrated that the Brazilian state could deliver social policy at scale with minimal leakage. It also left the coalitional architecture that produced the poverty entirely intact. The same Congress that voted for *Bolsa Família* was funded by the same patronage networks that the programme's recipients were trying to escape. The breakthrough reduced suffering. It did not change the architecture that generated it.

PIX, launched by the Central Bank in 2020, is arguably the most sophisticated instant payment infrastructure on the planet. It was adopted by over 80 percent of the adult population within two years. It is free for individuals. It was built by a public institution with genuine technical independence. It is, by any measure, a world-class public good. And it operates within a banking system that charges 300 percent annual interest on credit cards — a system whose concentration, profitability, and political protection the breakthrough did nothing to disturb.

Operation

Lava Jato

— the Car Wash investigation — exposed a corruption network of staggering scale, spanning the political class, the construction industry, and the state-owned oil giant Petrobras. It was a genuine institutional achievement, driven by an independent Public Prosecutor's Office and a specialised federal court in Curitiba. It sent former presidents to prison. It shattered the previous equilibrium. And then it mutated into a politicised crusade, compromised its own legitimacy through procedural overreach, and ultimately allowed the traditional political elite to reconstitute itself — rewriting the rules to protect against future prosecutions, and leaving the underlying architecture of coalitional presidentialism intact. The breakthrough dismantled a specific corruption network. It did not dismantle the structural incentives that produce such networks as a matter of course.

This is the Breakthrough-Capture Loop. It is the signature pattern of Brazilian governance: crisis, followed by a remarkable demonstration of institutional and human capacity, followed by the gradual, inexorable reassertion of an extractive architecture that the breakthrough did not reach. The pattern is not random. It is the predictable output of a system that can produce excellence and extraction simultaneously — and that has no mechanism for converting the former into durable protection against the latter.

1.3 The Accumulation Deficit Defined

Brazil does not lack capacity. It does not lack innovation. It does not lack democratic energy. It lacks the ability to **compound** — to store the value of its breakthroughs, to build the institutional and political infrastructure that would allow one achievement to become the foundation for the next, to accumulate rather than dissipate.

This is the accumulation deficit. It is distinct from all the other deficits this series has diagnosed. Germany cannot execute — its administrative machinery is fragmented and slow. France cannot integrate — its decisions are technically coherent but locally illegitimate. Sweden cannot sense in time — its high-trust model filters out disturbing signals until they become crises. India cannot synchronise — its extraordinary capabilities at the frontier cannot pull the rest of the system forward. The European Union cannot cohere — it agrees on shared intentions but cannot arrive together. The United Kingdom cannot deliver — it concentrates control at the centre while hollowing out the capacity to execute everywhere else.

Brazil can do all of these things — in specific domains, at specific moments, with specific institutions that have been deliberately insulated from the capture architecture. It can execute: PIX, the electoral system, EMBRAPA. It can integrate: the SUS is a genuinely national health system, aspirationally universal, operationally present in every municipality. It can sense: its civil society is among the most vibrant on earth, its media is competitive and investigative, its electoral feedback is immediate and consequential. It can deliver: Bolsa Família lifted millions from poverty with remarkable efficiency.

What it cannot do is make these capacities **compound**. Each breakthrough is a peak. The capture architecture ensures that the system returns to a low-capacity equilibrium. The next breakthrough must start from a baseline that is not much higher than the previous one — because the gains of the previous breakthrough have been consumed by the extractive machinery in the interim. Brazil is a country that repeatedly demonstrates what it is capable of, and then systematically destroys its own capacity to build on that demonstration.

This is not a failure of talent, or of resources, or of political will in the abstract. It is a structural property of an architecture in which the institutions that produce breakthroughs and the institutions that consume them are part of the same system — and in which the consuming institutions are, by design, more durable than the producing ones.

1.4 The Subsidiarity Paradox

The 1988 Constitution — the

Constituição Cidadã

, the Citizen Constitution — was a remarkable achievement. Written in the aftermath of a military dictatorship that had centralised power to an extreme degree, it sought to distribute authority as widely as possible. It granted constitutional standing to 26 states, a federal district, and over 5,500 municipalities. It guaranteed automatic fiscal transfers from the federal government to sub-national governments. It established health, education, and social assistance as fundamental rights. It was, in its ambition and its democratic energy, one of the most impressive constitutional documents of the late 20th century.

But the Constitution distributed authority without building the integration layer that would make distributed authority functional. It created subsidiarity on paper — municipalities with real responsibilities, states with real autonomy, a federal government with real coordinating capacity. What it did not create were the translation mechanisms, the fiscal-performance alignment, and the learning loops that would allow these different levels of governance to work together coherently.

The result is a subsidiarity paradox: Brazil has one of the world's most decentralised governance architectures, and one of the world's least integrated ones. Authority is distributed. The capacity to exercise it effectively is wildly uneven. The accountability for outcomes is diffuse to the point of non-existence. The federal government is blamed for high taxes and poor services; states and municipalities are frequently insolvent, bailed out, and unaccountable. The automatic transfers that were meant to empower local governance have, in many cases, created a fiscal dependency that rewards incapacity rather than performance.

This is the vacuum that coalitional presidentialism fills. When the integration layer is absent — when there is no institutional mechanism for coherent cross-level governance — the system compensates with transactional bargaining. The President, who needs legislative support to govern at all, distributes resources to the parties and the regions whose votes are needed. The parties distribute those resources to their local bases. The formal architecture of subsidiarity becomes a shell within which the informal architecture of patronage operates. The Constitution intended empowered municipalities. The system produced dependent ones. Exchange replaced integration.

1.5 Brazil's Genuine Strengths

Before proceeding to the diagnosis, it is essential to recognise what Brazil has going for it — not as a gesture of politeness, but because the accumulation deficit argument makes no sense unless the capacities being consumed are real.

Brazil possesses a central bank that has demonstrated genuine operational independence and technical sophistication — PIX is only the most visible output of an institution that has managed monetary policy through multiple political cycles with considerable credibility. It possesses an electoral system that is, by any technical measure, world-class — electronic, secure, rapid, and trusted. It possesses EMBRAPA, the agricultural research corporation that transformed the *cerrado* from unproductive scrubland into one of the world's most productive agricultural regions — a genuine scientific and institutional achievement. It possesses the SUS, the Sistema Único de Saúde, which is the largest unified public health system in the world and which, despite chronic underfunding, delivers care to the vast majority of Brazilians. It possesses the *Ministério Público Federal*, an independent Public Prosecutor's Office with constitutional standing that has demonstrated the capacity to investigate and prosecute corruption at the highest levels. It possesses a civil society that is among the most creative, vibrant, and resilient on earth.

These are not small things. They are the accumulated capital of generations of Brazilian institution-builders, and they exist despite the capture architecture that surrounds them. The question this report asks is not whether Brazil is capable — it is manifestly capable, and has demonstrated that capability repeatedly. The question is why these islands of integrity and effectiveness remain islands, rather than becoming the architecture — and what it would take to connect them into something that can accumulate rather than dissipate.

1.6 The Real Question

At this point, a familiar impatience may arise. *So what should Brazil do? Reform the Constitution? Break the banks? Confront the Centrão directly?*

The argument of this report is that these very questions reflect the architecture they seek to address. They assume that the solution is a frontal assault on the capture equilibrium — a constitutional amendment, an anti-corruption crusade, a presidential confrontation with the coalitional logic. And the history of such assaults is not encouraging. The capture equilibrium has survived every reformist president, every anti-corruption investigation, every constitutional crisis. It has absorbed them, adapted to them, and in some cases been strengthened by them. The

Centrão

is not a villain to be defeated. It is a thermodynamic sink — an institutional mechanism that converts political energy into transactional rent regardless of the energy's source or direction.

The real question is not "How can Brazil defeat the capture equilibrium?" It is "How can Brazil build the integration layer — the translation mechanisms, the fiscal-performance alignment, the learning loops, the algorithmic infrastructure — that would make the capture equilibrium progressively harder to sustain, by making the state's performance visible, legible, and consequential in ways that the current architecture prevents?"

The rest of this report is devoted to that question. It diagnoses the capture equilibrium in its structural mechanisms: coalitional presidentialism as the coordination mechanism, the three engines beneath it (political fragmentation, fiscal rigidity, and economic concentration — reinforced by the symbiotic axis between Faria Lima and Brasília), and the parallel governance reality, the racial hierarchy, the land question, and the *jeitinho* that together make the equilibrium so stable. It describes what building accumulation capacity would look like in practice — starting with a constrained digital coordination layer, the Algorithmic Bypass, that does not attack the capture architecture directly but makes it incrementally harder to sustain without consequences. It names the political immune system that will resist: the *Centrão*, the impeachment trigger, the party fragmentation engine, the judicial-legal thicket. And it proposes a concrete first step: a dual-track pilot of the Algorithmic Bypass and municipal laboratories, in a handful of willing municipalities, that can demonstrate that a different way of governing is possible — and that can generate the evidence that makes scaling by attraction possible.

Brazil does not need to become more innovative. It is already one of the most innovative governance systems on earth. It needs to become more

retentive

— able to store the value of its breakthroughs, to compound its capacities rather than consume them, to build an integration layer that makes the capture equilibrium progressively harder to sustain. The fragments are already there. The question is whether they can be connected before the next breakthrough is consumed by the same architecture that consumed the last one.

2. The Capture Equilibrium: A New Diagnosis

2.1 What "Capture Equilibrium" Means

Every governance system this series has examined has a specific failure mode — a characteristic way in which it breaks under complexity. But those failure modes share a common structure: they are

architectural

. They are produced by the design of the system, not by the corruption of its designers. The execution deficit in Germany, the integration deficit in France, the feedback deficit in Sweden — these are not failures of competence or intention. They are the predictable outputs of architectures that were designed for a simpler version of the problem they now face.

Brazil's failure mode is different in kind, and it requires a different diagnostic vocabulary. Brazil does not merely suffer from an architectural deficit. It suffers from a **capture equilibrium** — a stable system in which the formal institutions of a democratic state are comprehensively colonised by private interests, not through occasional corruption or episodic malfeasance, but as the operating logic of the system itself.

The distinction matters. In a system with ordinary corruption, the corruption is a deviation from the norm — something that happens when the rules are broken, and that can be addressed by enforcing the rules more effectively. In a capture equilibrium, the corruption

is

the norm. The rules themselves are designed, or have been adapted over time, to facilitate extraction. The institutions that should prevent extraction are captured by the actors who benefit from it. The distinction between public and private interest has been blurred not by bad actors but by structural design.

This is not a moral claim about the character of Brazilian politicians, civil servants, or business leaders. It is an architectural claim about the incentives the system generates and the outcomes it reliably produces. A capture equilibrium is not sustained by villains. It is sustained by rational actors responding to the incentives the architecture provides. The problem is not that the system is failing. The problem is that the system is functioning — and the function it performs is the conversion of public authority into private distribution.

2.2 Coalitional Presidentialism: The Coordination Mechanism

The mechanical root of the capture equilibrium is Brazil's system of **coalitional presidentialism** — a term coined by political scientist Sérgio Abranches in 1988, on the eve of the Constitution's promulgation, and which has been the dominant framework for understanding Brazilian politics ever since.

The architecture is deceptively simple. The 1988 Constitution, written in the shadow of a military dictatorship that had centralised power to an extreme degree, sought to prevent authoritarianism by dispersing authority. It paired a powerful presidency — with significant legislative initiative, budgetary control, and decree powers — with a Congress elected through an open-list proportional representation system that practically guarantees extreme party fragmentation. No president's party has ever come close to a legislative majority. The Chamber of Deputies routinely contains over 20 effective parties, many of which are loose electoral vehicles rather than programmatic organisations with coherent ideologies.

To govern, the president must assemble a multi-party coalition capable of commanding a majority in both chambers. For ordinary legislation, a simple majority suffices. For constitutional amendments — which are required for most major structural reforms — a supermajority of 308 out of 513 deputies is needed, in two rounds of voting in each chamber. These numbers are not achievable through ideological alignment, because the parties are not ideological. They are achievable only through transaction.

The currency of that transaction is the state itself. Ministries are distributed to allied parties — not as a matter of coalition governance in the parliamentary sense, where ministers are drawn from the governing parties and pursue a shared programme, but as a matter of *loteamento*: the parcelling out of state machinery to party bosses who then use it as a resource base for patronage. Budgetary amendments — the *emendas parlamentares* — allow individual legislators to direct federal funds to their electoral bases, often with minimal transparency and no performance requirements. Appointments to state-owned enterprises, regulatory agencies, and regional development bodies provide additional streams of patronage. The president's legislative agenda advances only to the extent that the coalition's demands for resources are satisfied.

This is not corruption in the sense of envelopes of cash changing hands in underground garages. It is a structural transaction in which the price of governability is the continuous distribution of public resources to private interests. The system is not secret. It is not even particularly subtle. It is the operating logic of Brazilian governance, and it has persisted through governments of the left, the right, and the centre because no government has found a way to govern without it.

2.3 The Three Engines Beneath the Mechanism — and the Axis That Binds Them

Coalitional presidentialism is the coordination mechanism of the capture equilibrium. But it did not emerge from a vacuum, and it is sustained by three deeper structural engines that make transactional governance not merely possible but necessary. Each engine would, on its own, create vulnerabilities to capture. Together, they make capture the system's default state.

Political fragmentation. Brazil's open-list proportional representation system, combined with massive electoral districts, structurally pulverises Congress. Candidates compete not only against other parties but against members of their own party for the same pool of votes. Party loyalty is weak; personal vote-seeking is strong. The result is a legislature in which no president's party controls more than 15 to 20 percent of the seats, and in which the number of effective parties makes ideological coalition-building mathematically impossible. The system was designed to maximise democratic representation. It also maximises the number of actors who must be paid to govern.

Fiscal rigidity. Brazil's federal budget is among the most rigid in the world. Over 90 percent of federal spending is pre-committed through mandatory allocations — pensions, salaries, constitutional transfers to states and municipalities, and earmarked revenues. What remains — the discretionary space within which a president can actually set priorities — is a narrow sliver of the total, perhaps 5 to 8 percent. That sliver is extraordinarily valuable, because it is the only part of the budget that can be allocated through political negotiation. The mandatory spending that dominates the budget is untouchable without constitutional amendment, which requires the very supermajority that transactional coalitions are built to provide. The rigidity is self-reinforcing.

Economic concentration — and the Faria Lima-Brasília axis. Brazil's economy is not merely unequal in its outcomes. It is *concentrated* in its structures. The five largest banks control over 80 percent of financial system assets. Credit card interest rates exceed 300 percent annually. The tax system is regressive — consumption taxes fall disproportionately on the poor, while capital income is lightly taxed. Commodity exports — soy, iron ore, oil — dominate the trade balance, making the economy vulnerable to global price cycles and reinforcing the power of the agribusiness and extractive sectors.

Beneath these structural features lies a symbiotic relationship that makes the capture equilibrium far more stable than it would otherwise be. The financial centre of Brazil is São Paulo's Faria Lima district — the headquarters of the banking oligopoly, the asset managers, the private equity funds. The political centre is Brasília — the seat of the *Centrão*, the transactional parties, the budget bargaining. The relationship between them is not adversarial. It is mutually sustaining. Faria Lima tolerates the *Centrão*'s immense extraction from the public budget because the *Centrão* ensures that the structural reforms that would threaten the banking oligopoly — interest rate caps, credit market competition, effective consumer protection — never pass. Brasília tolerates Faria Lima's extraordinary profitability because the financial sector provides the credit that funds the public debt that the fiscal rigidity makes permanent. Each actor is the other's protection racket. This is not sequential capture — first the state is captured, then the economy is extracted. It is mutual capture — the political and economic elites are locked in a symbiotic equilibrium that neither can afford to break.

2.4 The

Centrão

: The Thermodynamic Sink

At the centre of the capture equilibrium sits the *Centrão* — the "Big Centre," an amorphous, ideologically flexible bloc of parties that has no consistent programme beyond the pursuit of state resources for its members and their electoral bases. The *Centrão* is not a party. It is not a coalition in the parliamentary sense. It is a *pattern* — a recurring configuration of political actors whose primary binding agent is access to the state's distributive machinery.

The *Centrão* is the system's thermodynamic sink. It absorbs political energy — whether from a left-wing president seeking to expand social programmes or a right-wing president seeking to reduce the size of the state — and converts it into transactional rent. The ideology of the president is largely irrelevant to the outcome. President Lula's Workers' Party governed through the *Centrão*. President Bolsonaro, elected on an anti-establishment platform, governed through the *Centrão*. The mechanism is the same regardless of who holds the presidency, because the mechanism is not driven by ideology. It is driven by the mathematics of coalition formation in a fragmented legislature.

The *Centrão* ensures that the underlying extractive architecture of the state remains intact regardless of who wins the election. It is the political immune system of the capture equilibrium — the mechanism through which the system neutralises any attempt to reform it from within. A reformist president who attempts to govern without paying the *Centrão's* price will find their legislative agenda frozen and their survival threatened.

2.5 The Impeachment Trigger as Ultimate Enforcement

The capture equilibrium has an enforcement mechanism. If a president decides to stop paying the patronage toll — either through an anti-corruption crusade (as Dilma Rousseff attempted to some degree) or through early attempts at structural reform (as Jair Bolsonaro briefly gestured toward) — the

Centrão

freezes the legislative agenda and threatens impeachment.

The impeachment of Dilma Rousseff in 2016 is the paradigmatic case. The formal grounds were fiscal manoeuvres of the kind that previous presidents had undertaken without consequence. The real driver was the collapse of her governing coalition — a withdrawal of support by the very parties she had brought into government through the transactional logic of coalitional presidentialism. When she lost their support, the mechanism that had sustained her presidency became the mechanism that destroyed it.

The impeachment process is not a coup. It is a constitutional procedure, embedded in the 1988 Constitution and regulated by law. But its availability as a permanent background threat shapes the behaviour of every president. The binary choice is stark: surrender the state's resources to the capture machine, or be removed

from office. Most presidents choose the former. Those who do not are removed, and their successors — having observed the consequences of defiance — are more pliable.

This is the enforcement dimension of the capture equilibrium. It is not that capture is inevitable because politicians are corrupt. It is that capture is inevitable because the architecture of coalitional presidentialism makes non-capture politically fatal. The president who refuses to play the game loses the game. The president who plays the game perpetuates the system.

2.6 The STF: System Compensation, Not Distortion

Brazil's Supreme Federal Court — the STF — is often criticised for its expansive role in the political system. It legislates from the bench. It intervenes in policy disputes that would, in other democracies, be resolved through political negotiation. It has become a co-governing institution whose decisions are unpredictable from a policy implementation standpoint. The criticism is valid, but it risks misidentifying the problem.

The STF does not create the instability it mediates. It absorbs it. When Congress is a transactional bazaar and the Executive is perpetually fighting for legislative survival, the system generates a constant stream of unresolved constitutional conflicts — between branches, between levels of government, between individual rights and collective prerogatives. These conflicts do not disappear because the political branches are incapable of resolving them. They flow to the judiciary, because in a system where the political branches are captured by transactional logic, the judiciary is the only institution with the independence and the authority to decide.

The STF has stepped into this structural vacuum. It has protected the system from immediate threats — democratic backsliding under Bolsonaro, constitutional violations during the Lava Jato investigations, the erosion of fundamental rights. But it has done so using 19th-century judicial mechanisms that were never designed for the role the Court now plays. The result is a permanent state of legal uncertainty — a judicialised political arena where laws are constantly reinterpreted based on political weather, where any significant policy decision generates legal challenges that can suspend implementation for years, and where the boundary between legal interpretation and political decision-making has been comprehensively blurred.

The problem is not that the STF is overreaching. The problem is that the political architecture has generated a vacuum that the judiciary has been forced to fill, and the instruments available to the judiciary are ill-suited to the task. The STF is a compensatory mechanism — it does a job that should be done by a functioning political system, and it does it with tools that were never designed for the purpose.

2.7 The Fiscal-Federal Trap

Brazil's Constitution guarantees massive automatic transfers from the federal government to states and municipalities, largely untied to performance or outcomes. The intention was to empower sub-national governments — to give them the resources to exercise the autonomy the Constitution granted them. The effect has been to create a system of fiscal dependency in which sub-national governments enjoy resources without corresponding accountability.

States and municipalities receive significant revenues regardless of whether they deliver effective public services. When they run into fiscal trouble — which many do, repeatedly — they are bailed out by the federal government, which cannot politically afford to let sub-national governments collapse. The bailouts are negotiated, and the negotiation itself becomes another site of transactional politics. The federal government provides rescue funds; the state government provides political support. The cycle repeats.

The result is a structural misalignment between fiscal resources and governance outcomes. The federal government is blamed for high taxes and poor public services. States and municipalities are frequently insolvent, dependent on federal bailouts, and unaccountable for the quality of the services they deliver. The decentralisation that was intended to bring governance closer to citizens has, in many cases, created a layer of unaccountable spending that citizens cannot influence and that the federal government cannot control.

This is the fiscal dimension of the capture equilibrium. The transactions that sustain coalitional presidentialism at the federal level are mirrored by transactions that sustain political alliances at the state and municipal levels. The architecture is fractal: the same logic of exchange without integration operates at every scale.

2.8 The Inequality Machine as Racial Hierarchy

Brazil is one of the most unequal societies on earth. The Gini coefficient has improved in recent decades — largely due to Bolsa Família and rising minimum wages — but remains among the highest in the world. And the inequality is not merely economic. It is racial.

Brazil has the largest African-descended population outside Africa. The legacy of slavery — Brazil was the last country in the Americas to abolish it, in 1888, and received nearly half of all enslaved Africans brought to the New World — is not a historical memory. It is a structural condition. Black Brazilians are overrepresented among the poor, the unemployed, the incarcerated, and the victims of violence. They are underrepresented in the universities, the professions, the judiciary, and the political elite. The racial hierarchy is not a separate problem from the inequality machine. It is the same problem, seen through the lens of who bears the costs of the capture equilibrium and who receives its benefits.

The mechanisms that produce this outcome are not overtly discriminatory — in fact, Brazil's Constitution explicitly prohibits racial discrimination. They are structural. The tax system is regressive — consumption taxes fall disproportionately on the poor, who are disproportionately Black. The public education system is bifurcated: free federal universities, which are among the best in Latin America, are accessible primarily to students who attended private secondary schools; the municipal schools that serve the majority, who are disproportionately Black, are dramatically lower in quality. The public health system, the SUS, is universal in principle and chronically underfunded in practice — and the private health system, which serves those who can afford it, provides dramatically better care. The violence that plagues the peripheries — police killings, militia control, criminal governance — is concentrated in Black neighbourhoods. The criminal justice system processes Black and poor defendants differently than white and wealthy ones.

This is not a side effect of the capture equilibrium. It is the output the captured system was designed to produce. The founding logic of the Brazilian state — colonial extraction, slavery, patrimonialism — has been modernised rather than dismantled. The institutions that perpetuate the racial hierarchy are the same institutions that perpetuate the capture equilibrium. They are the same institutions. The inequality machine and the capture equilibrium are not two problems. They are one problem, seen from two angles.

2.9 The Parallel Governance Reality — and Its Two Forms

In many parts of Brazil, the state is not the primary governing authority. This is the most fundamental challenge to any governance reform strategy, and it is often overlooked by analyses that focus on formal institutions and policy design.

The parallel governance reality takes two distinct forms, and the distinction matters for any transition architecture.

The first form is **criminal governance**. Organisations like the Primeiro Comando da Capital (PCC) in São Paulo and the Comando Vermelho (CV) in Rio de Janeiro are not merely drug trafficking networks. They are alternative governance systems. They regulate markets, enforce contracts, resolve disputes, and provide a form of order — coercive, violent, and predatory, but order nonetheless — in territories where the state is absent or predatory. They have codes of conduct, internal disciplinary mechanisms, and territorial control. They are, in a functional sense, competing sovereigns.

The second form is **militia governance**. Militias, particularly in Rio de Janeiro, are largely composed of off-duty and former police officers, firefighters, and prison guards. They represent a privatised extension of the state rather than an alternative to it. They control territory, extract protection payments, and provide services — but they do so using the training, the weapons, and the institutional connections of the state's own security apparatus. The actors running the parallel system are, in many cases, the same actors who would be responsible for implementing the formal system.

The distinction is critical for any reform strategy. Criminal governance can, in principle, be addressed through the extension of legitimate state authority — the state reclaiming territory it has lost. Militia governance is more insidious, because it is not a loss of state authority. It is the privatisation of state authority by state actors. The Algorithmic Bypass, the municipal laboratories, the fiscal-performance alignment — these operate on the assumption that the state is the primary governing actor, and that the challenge is to make it more effective and more accountable. In territories governed by militias, the state is already present — but it is present as an extractive force rather than a public service. Transparency tools alone cannot address this, because the actors who would be exposed by transparency are the same actors who control the territory.

2.10 The Land Question

Brazil has never had a land reform that stuck. The 1988 Constitution declares that property must serve a social function — a provision that, if enforced, would authorise the expropriation of unproductive estates for redistribution. It is almost never enforced. Land ownership in Brazil remains among the most concentrated in the world: a tiny fraction of the population controls a vast proportion of the territory.

The Movimento dos Trabalhadores Rurais Sem Terra (MST) — the Landless Workers' Movement — is one of the largest social movements in the world, and it exists precisely because land concentration is so extreme and the legal mechanisms for addressing it are so systematically blocked. The MST occupies unproductive land, establishes cooperative settlements, and demands that the Constitution's social function provision be enforced. It has won significant victories over decades of organising. But the structural architecture of land ownership has not been fundamentally altered.

This is a subsidiarity failure of the most intimate kind. The people closest to the land — those who work it, who know its ecology, who depend on it for survival — have the least governance authority over it. The decisions that determine how land is used are made by owners who are often absent, by agribusiness corporations whose interests are global, and by a Congress in which the

bancada ruralista

— the agribusiness caucus, comprising over 200 deputies — exercises enormous influence. The subsidiarity principle — decisions at the level where knowledge and consequences are most immediate — is comprehensively inverted.

The land question also intersects with the racial hierarchy and the parallel governance reality. The communities that have been dispossessed of land over centuries are disproportionately Indigenous and Afro-Brazilian. The conflicts over land in the Amazon and the

cerrado

involve not only MST settlers and large landowners, but Indigenous nations with constitutional rights to their traditional territories, criminal networks involved in illegal logging and mining, and militias that enforce the claims of the powerful. Land is not merely an economic asset in Brazil. It is the site where all the dimensions of the capture equilibrium converge.

2.11 The Inner Operating System —

Jeitinho

as Adapted Response and Latent Capability

Every country in this series has a cultural anchor — a concept that carries the diagnosis at the level of lived experience. For Brazil, that anchor is the

jeitinho brasileiro

— the art of finding a way around formal rules through social creativity, personal relationships, and improvised solutions.

The *jeitinho* is often celebrated as a national virtue — evidence of Brazilian creativity, flexibility, and human warmth in the face of rigid bureaucracy. And it is genuinely a source of resilience. In a system where formal rules are enforced selectively — applied strictly to the powerless and flexibly to the powerful — the *jeitinho* is a survival mechanism. It is how ordinary people navigate a state that was never designed to serve them. It is how they access services, resolve disputes, and get things done when the formal channels are blocked or corrupt.

But the

jeitinho

is also the enemy of systemic reform. When everyone — citizens, civil servants, politicians, business leaders — operates through informal, personal, improvisational channels, the formal rules become a facade. The law exists on paper; compliance is negotiated case by case. The result is a society in which the formal architecture of rights and procedures and the actual operating logic of daily life are comprehensively decoupled. This decoupling is not a bug. It is an adapted response. But it is also a structural barrier to institutional development, because it reduces the pressure to fix the formal system. If you can always find a way around the broken rule, you never need to fix the rule.

The *jeitinho* is the human expression of the capture equilibrium. Just as coalitional presidentialism converts political fragmentation into transactional governance, the *jeitinho* converts institutional failure into individual survival. Both are adaptations to the same underlying condition: a state that extracts without delivering, that imposes rules without providing services, that claims authority without earning legitimacy. Both are sources of resilience — and both make the underlying architecture harder to change, because they enable people to live within it rather than demanding that it be rebuilt.

But there is a deeper insight here, and it points toward the transition architecture that this report proposes. The same cognitive and social capacity that enables the *jeitinho* — the ability to navigate complexity, to improvise within constraint, to find creative solutions when formal systems fail — is also the human foundation for a more adaptive, polycentric governance architecture. Brazilians have developed, through generations of navigating a broken state, a set of skills that are precisely the skills that distributed, participatory governance requires. The challenge is not to eliminate the *jeitinho* — it could not be eliminated if we tried, and we should not want to. The challenge is to align it with institutions that reward collective rather than individual optimisation — to channel the same improvisational energy that currently routes around broken rules into the work of building rules that are worth following.

2.12 How the Mechanisms Reinforce Each Other

The capture equilibrium is not the sum of its parts. It is the product of their interaction.

Coalitional presidentialism demands continuous rent distribution. The three engines beneath it — political fragmentation, fiscal rigidity, and economic concentration, reinforced by the Faria Lima-Brasília axis — make transactional governance both necessary and profitable. The *Centrão* enforces the equilibrium politically; the impeachment trigger enforces it constitutionally. The STF absorbs the conflicts the political system cannot resolve, creating permanent legal uncertainty. The fiscal-federal trap reproduces the same logic of exchange without integration at the state and municipal levels. The inequality machine, simultaneously economic and racial, concentrates the benefits of capture and distributes its costs. The parallel governance reality — criminal governance filling the vacuum where the state is absent, militia governance privatising the state where it is present — means that in large swathes of the territory, the formal architecture of governance is not the primary operating system. The land question concentrates resources and authority in ways that invert the subsidiarity principle. And the *jeitinho* — the adapted response of a creative population to institutions that were never designed to serve them — enables survival within the architecture while reducing the pressure to transform it.

The Breakthrough-Capture Loop is the predictable output of this interacting system. A breakthrough is generated — a new technology, a new policy, a new institutional capacity. It creates value. The capture architecture, which was not dismantled by the breakthrough, surrounds the value and extracts it. The extraction dissipates the gains. The system returns to its low-capacity equilibrium, slightly more brittle than before. The next breakthrough must start from a baseline that is not much higher than the previous one. The cycle repeats.

This is the accumulation deficit at the level of structural diagnosis. Brazil can generate world-class innovations. It cannot compound them, because the architecture ensures that each generation of innovation is consumed by the same extractive machinery that consumed the last. The next section describes what it would

take to build the integration layer that would allow Brazil's breakthroughs to accumulate — not by attacking the capture equilibrium directly, but by making it progressively harder to sustain.

3. What Building Accumulation Capacity Would Look Like

The capture equilibrium carries a practical implication: if Brazil's core problem is not a shortage of capacity, innovation, or democratic energy, but an architecture that consumes the value of its breakthroughs before they can compound, then the central task is not to produce another national development plan or another anti-corruption crusade. It is to build the integration layer — the connective tissue — that would allow Brazil's demonstrated capacities to accumulate rather than dissipate.

This is not a call for a single grand reform. The capture equilibrium has survived every frontal assault for a generation, and it would survive another one. The question is whether it can be bypassed — whether a set of interconnected, incremental shifts can be built at the periphery, in the spaces where the capture architecture is weakest, and allowed to spread by attraction rather than imposition. This section describes what those shifts would look like in practice.

3.1 The Algorithmic Bypass — A Constrained Digital Coordination Layer

The most immediate and most distinctively Brazilian intervention is what we will call the **Algorithmic Bypass**. It is not a transparency system, though transparency is one of its outputs. It is a constrained digital coordination layer that converts opaque political allocation into partially self-enforcing delivery contracts.

The design principle is simple, but its implications are profound: **do not attack the capture architecture directly — make it incrementally harder to sustain without consequences**. The Algorithmic Bypass does not attempt to eliminate political allocation of resources. It does not challenge the right of elected representatives to direct funds to their constituencies. It accepts the transactional logic of coalitional presidentialism as the operating reality and asks: what would happen if the transactions were made legible, verifiable, and subject to automatic constraints when they fail to deliver?

The Bypass would be built as a public API — an open, auditable digital infrastructure that tracks federal budget allocations from the moment they are authorised to the moment they produce measurable outcomes. Every congressional amendment, every ministry disbursement, every transfer to a state or municipality would be geo-tagged, time-stamped, and linked to specific, verifiable performance indicators. A school building funded by a parliamentary amendment would not merely appear as a line item in a budget spreadsheet. It would appear as a GPS coordinate on a public map, with satellite imagery confirming that the foundation has been poured, citizen reports confirming that classes are being held, and administrative data confirming that enrolment has increased.

The design incorporates the hard-won lessons of Brazil's existing transparency infrastructure — the *Portal da Transparência*, the *Lei de Acesso à Informação* — and addresses the specific failure mode that has prevented those earlier innovations from breaking the capture equilibrium. Transparency alone does not produce accountability. Information that carries no consequences becomes noise, or worse, becomes a catalogue of normalised corruption that deepens cynicism rather than enabling action.

The Algorithmic Bypass therefore embeds consequences directly into the architecture. The core design features are:

Visibility coupled to automatic constraint. When a project fails to meet pre-specified milestones — construction has not begun within 90 days, completion has not been verified within the contracted timeline — the system responds automatically. Funding is paused. An audit is triggered. The pause is not a recommendation. It is a hard constraint embedded in the code.

Triangulated reality verification. The system does not rely on any single source of truth. Administrative data — ministry reports, municipal certifications — is cross-referenced against geo-spatial data from satellite imagery and against citizen-reported information through a public interface accessible via smartphone. A school that appears as "completed" in the administrative record but shows no structure in satellite imagery and no activity in citizen reports is flagged automatically. No single actor controls the truth layer.

Version-controlled, publicly auditable rules. The algorithms that determine what constitutes a milestone, what deviation triggers a response, and how quickly the response escalates are themselves public, version-controlled, and subject to independent audit. Any change to the rules is visible and attributable. The system cannot be quietly neutered by those it is designed to constrain.

Layered complexity. The Bypass does not require every municipality to participate at the same level of sophistication. Tier 1 municipalities — those with limited administrative capacity — use a simplified interface with basic tracking and a small set of core metrics. Tier 2 municipalities — those with demonstrated capacity — can access performance-linked fiscal autonomy, predictive analytics, and more sophisticated coordination tools. The system is designed to work at low capacity before it optimises at high capacity.

Independent signal channels where the state is not the sole authority. In territories where criminal governance or militia governance is the primary operating system, the state's own reporting cannot be the only source of information. The Bypass incorporates anonymous citizen reporting channels, civil society verification networks, and remote sensing data that do not depend on the cooperation of local authorities who may themselves be captured or displaced.

3.2 From Islands of Integrity to an Archipelago

The Algorithmic Bypass is not the first institution Brazil has built that operates with genuine independence and effectiveness. It would join a small but significant constellation of institutions that have earned operational autonomy and public trust through demonstrated performance: the Central Bank, whose independence has been progressively strengthened and whose technical capacity produced PIX; the

Ministério Público Federal

, the independent Public Prosecutor's Office with constitutional standing that drove the Lava Jato investigations; the Federal Police, which has demonstrated investigative capacity even under political pressure; the electoral court system, which administers the world's most sophisticated elections with remarkable integrity.

These are islands of integrity. They exist within the capture equilibrium, but they are partially insulated from it — through constitutional protections, through leadership cultures that have been deliberately cultivated, through international connections that raise the cost of their capture. The task now is to connect them, to expand their reach, and to create new islands that can join the archipelago.

This means extending the

Ministério Público Federal

's model to the state and municipal levels — creating local public prosecutor offices with genuine independence and the resources to investigate local capture. It means creating specialised courts for fiscal accountability that can process cases with the speed that the ordinary judiciary cannot provide. It means establishing independent regulatory agencies — for infrastructure, for environmental licensing, for public procurement — whose leadership is appointed through transparent, merit-based processes with fixed terms and protections against political removal. And it means embedding anti-capture architecture into the design of any new institution from the moment of its creation: authority that is delegated and revocable, information that flows symmetrically, exit that is structurally protected, and a function that is self-limiting rather than self-perpetuating.

3.3 Municipal Laboratories

Brazil has over 5,500 municipalities. In the current architecture, this is a source of fragmentation — thousands of local governments with constitutional standing but wildly varying capacity, dependent on federal transfers, largely unaccountable for outcomes. In a redesigned architecture, this same diversity becomes a resource: a vast laboratory for governance experimentation, with thousands of potential test sites where different approaches can be tried, evaluated, and — if they work — allowed to spread.

The municipal laboratory model builds on Brazil's existing tradition of participatory governance. Porto Alegre's

orçamento participativo

— participatory budgeting — pioneered in 1989, demonstrated that ordinary citizens, given genuine authority over resource allocation, make decisions that are more equitable and more effective than those made through traditional political channels. The model spread to hundreds of municipalities across Brazil and inspired adaptations worldwide. But it never became the default mode of municipal governance, because the fiscal and political conditions that made it work in Porto Alegre — a strong civil society, a committed local leadership, a particular political moment — were not replicated elsewhere.

The municipal laboratories would be a networked set of willing municipalities — diverse in size, geography, economic base, and political alignment — that volunteer to adopt a more intensive version of the governance model: performance-linked fiscal autonomy, Algorithmic Bypass integration for all federal funds received, standing citizen deliberative councils with formal government response obligations, and transparent, independent evaluation of outcomes. The municipalities would not be selected by the federal government. They would apply. Those that demonstrated the capacity and the political will to participate would be granted structured experimentation authority — the right to deviate from certain national programme specifications in exchange for greater accountability for results.

The model scales by attraction, not mandate. A municipality that participates and demonstrates improved outcomes — better school performance, faster infrastructure delivery, higher citizen trust — becomes visible to its neighbours. The federal government's role is to enable, fund, evaluate, and celebrate success. Other municipalities, observing the results, choose to join. The network expands not because Brasília orders it, but because local leaders see that it works.

3.4 Fiscal-Performance Alignment

The automatic transfers that dominate Brazil's fiscal federalism were designed to empower local governments. In practice, they have often done the opposite: they have created a fiscal dependency that severs the link between resources and outcomes, and that makes sub-national governments accountable to the federal treasury rather than to their own citizens.

The shift is from automatic, unconditional transfers to **performance-linked grants with municipal accountability**. This is not an abandonment of the equalisation principle — the recognition that poorer regions need more resources to provide comparable services. It is a redesign of how those resources flow. A municipality that can demonstrate improved literacy rates, reduced infant mortality, faster infrastructure delivery, or higher citizen satisfaction earns greater fiscal autonomy — the right to allocate a larger share of

its resources according to local priorities, with fewer central restrictions. A municipality that consistently fails to deliver does not lose baseline funding — the equalisation floor remains — but it does not earn the autonomy premium.

The critical design feature is that the performance metrics are not set by Brasília alone. They are negotiated between the municipality, the state government, and the federal government, with citizen input through the deliberative councils. The metrics reflect local priorities as well as national standards. And the evaluation is independent — conducted by academic or civil society organisations, not by the federal audit court alone — and published openly, so that citizens can compare their municipality's performance against its peers.

This is the fiscal dimension of the integration layer. It transforms the relationship between the centre and the periphery from one of dependency and periodic bailout to one of mutual accountability and demonstrated capacity.

3.5 Translation Layers Between Federal Intent and Municipal Reality

Brazil suffers from a version of the same scale gradient problem that the India report in this series diagnosed. A policy designed in Brasília for a continental-scale nation of 213 million people must be implemented in São Paulo — a megacity of over 12 million with a diversified economy and a capable administration — and in a remote Amazonian municipality of a few thousand people, accessible only by river, with minimal administrative capacity and a completely different set of challenges. The same policy, broadcast uniformly, cannot work in both contexts.

What is missing is the **translation layer** — the institutional mechanism that sits between federal policy design and municipal implementation, with the authority, the capacity, and the local knowledge to adapt the policy to specific conditions without abandoning its core objectives.

The translation layer would take the form of **state-level coordination cells** — small, technically staffed units within state governments that work with municipalities to interpret federal programmes, identify adaptation needs, and coordinate across municipal boundaries where challenges spill over. They are not a new layer of bureaucracy in the traditional sense. They are an enabling function — a capacity that currently does not exist, and whose absence is filled by the transactional bargaining of coalitional presidentialism. When a mayor needs to navigate a federal housing programme, they currently rely on personal connections to a deputy or a ministry official. The coordination cell provides an institutional alternative — a predictable, transparent, rule-based pathway to adaptation.

Coupled with the state-level cells are **cross-municipal learning platforms** — facilitated networks that allow municipalities facing similar challenges to share what is working and what is not. A municipality in the semi-arid Northeast that has developed an effective approach to drought-resistant agriculture can share that approach with other municipalities in the same biome. A municipality in the Amazon that has successfully

integrated community health workers into its primary care system can document its methods and make them available through the platform. The learning loop that currently does not exist — the mechanism through which local innovation becomes system-wide capacity — begins to function.

3.6 Bioregional Governance for the Amazon — Restoring Genuine Sovereignty

The Amazon is the most consequential subsidiarity failure in Brazil — and the place where the capture equilibrium inflicts the greatest cost on the nation and the world. The people who steward the forest — Indigenous nations, *ribeirinho* communities, *quilombola* territories, smallholder farmers — have the most intimate knowledge of its ecology and the least governance authority over its fate. The decisions that determine whether the forest stands or falls are made in Brasília, in state capitals, and in the boardrooms of agribusiness corporations — by actors whose interests are often, though not always, aligned with extraction rather than stewardship.

The military doctrine of

Integrar para não entregar

— "Integrate so as not to surrender" — has historically been used to resist any perceived externalisation of governance over the Amazon. The doctrine is not wrong in its impulse. The Amazon is Brazilian territory, and the defence of national sovereignty over it is a legitimate and constitutionally mandated concern. But the current architecture has already surrendered effective sovereignty over large parts of the region — to transnational narco-trafficking networks, illegal mining syndicates, and deforestation operations that the state, in its current configuration, is structurally incapable of controlling. What currently exists in significant portions of the Amazon is not Brazilian sovereignty. It is a formal claim of sovereignty backed by neither territorial presence nor governance capacity. The state is an occasional helicopter flyover. The criminal networks are a daily reality.

Bioregional governance — empowering the local communities, Indigenous nations, and municipal governments who actually hold the territory — is not a dilution of Brazilian sovereignty. It is the only functional pathway to restoring genuine sovereignty to a zone where the state's presence is currently theatrical rather than operational. It means giving the people who live in and steward the forest the legal authority, the fiscal resources, and the digital infrastructure to govern their own territories — to manage land use, to monitor and report illegal activity, to develop bioeconomy value chains that make the living forest more economically valuable than the cleared one. It means recognising that the federal agencies charged with protecting the Amazon — IBAMA, ICMBio, the Federal Police — cannot do their jobs without the active cooperation of the people who live there, and that cooperation cannot be coerced. It must be built through genuine partnership, which requires genuine authority sharing.

Framed as sovereignty restoration rather than sovereignty cession, bioregional governance aligns with the military's own doctrine rather than opposing it. The question is not whether the Amazon should be governed by Brazilians or by foreigners. It is whether it should be governed by the Brazilians who live there, in partnership with the federal state, or abandoned to the criminal networks that currently exercise de facto sovereignty over significant portions of the territory. The current architecture produces the second outcome. Bioregional governance offers a pathway to the first.

3.7 Anti-Capture Architecture for Any New Institution

The final element of the accumulation capacity upgrade is a design principle that should apply to every new institution — and, over time, to the reform of existing ones. The capture equilibrium is so resilient precisely because Brazil's institutions were not designed to resist capture. They were designed in a political context where capture was the expected operating logic, and their structures reflect that expectation.

Any new governance body — an independent regulatory agency, a municipal coordination mechanism, a state-level translation cell, a bioregional governance framework — should be designed from inception with explicit anti-capture architecture. The Global Governance Frameworks' **Accountable Coordination Principle** provides a template. Every new institution should satisfy four testable criteria:

Authority is delegated and revocable. The institution exercises powers that are explicitly granted by a higher democratic authority — a legislature, a elected executive — and those powers can be withdrawn through a defined, transparent process. The institution cannot self-justify its own existence.

Information flows symmetrically. All deliberations, decisions, and resource allocations are public by default. The institution's data is accessible through open APIs. Its performance metrics are published in real time. There is no internal informational advantage that can be exploited for private benefit.

Exit is structurally protected. No citizen, no municipality, no community depends on the institution for their survival in a way that makes exit prohibitively costly. Baseline services, baseline funding, baseline legal protections continue regardless of the institution's performance. The institution must earn participation; it cannot compel it.

The institution's primary function is self-limiting coordination, not self-perpetuation. It exists to solve a specific coordination problem, and its continued existence after that problem is solved or transformed is not automatic. Sunset clauses, periodic reauthorisation requirements, and mandatory external evaluation are built into its design.

These criteria are not aspirations. They are design specifications. An institution that fails any of them should be flagged for mandatory review. An institution that fails multiple should be restructured. The anti-capture architecture is the institutional immune response against the capture equilibrium — a set of mechanisms that

make it harder for new institutions to be colonised by the extractive logic that has consumed so many of the old ones.

What unifies these seven shifts — the Algorithmic Bypass, the archipelago of integrity, the municipal laboratories, fiscal-performance alignment, translation layers, bioregional governance, and anti-capture architecture — is that they are all investments in the integration layer that Brazil currently lacks. They do not attack the capture equilibrium directly. They build, at the periphery and in the spaces where the capture architecture is weakest, the connective tissue that makes the equilibrium progressively harder to sustain. They accept the transactional logic of coalitional presidentialism as the operating reality, and they change the conditions under which the transactions occur — making them legible, verifiable, and consequential in ways they currently are not.

The next section confronts the political immune system that will resist any such effort: the

Centrão

, the impeachment trigger, the party fragmentation engine, the judicial-legal thicket. Understanding that resistance — and designing around it — is the subject to which we now turn.

4. The Political Immune System: Why the *Centrão* and the Impeachment Trigger Block Reform

4.1 The *Centrão* as Thermodynamic Sink

Every governance system develops defences against the redistribution of authority. In Germany, the immune system is bureaucratic inertia — the multiplication of veto points that makes decisive action difficult. In France, it is the Jacobin spectacle — an arena that amplifies conflict and consumes reform before it can take root. In Sweden, it is satisfied competence — the belief, grounded in strong aggregate performance, that the machine is already working well enough. In India, it is the permanent noise of competitive democracy and the widening gap between high-capacity and low-capacity states. In the European Union, it is sovereignty-as-veto — the right of any member state to block collective action. In the United Kingdom, it is the visibility trap — the structural confusion of the appearance of control with the effectiveness of control.

In Brazil, the immune system has a name. It is the *Centrão* — the "Big Centre," an amorphous, ideologically flexible bloc of parties whose primary binding agent is access to the state's distributive machinery. The *Centrão* is not a party. It is not a coalition in the parliamentary sense. It is a *pattern* — a recurring configuration of political actors that appears in every legislature, regardless of which parties win the election, because the electoral system and the coalitional presidentialism it necessitates make some version of the *Centrão* structurally inevitable.

The *Centrão* is a thermodynamic sink. In physics, a heat sink absorbs thermal energy and dissipates it, preventing the system from overheating. In politics, the *Centrão* performs an analogous function: it absorbs ideological energy — whether from a left-wing president seeking to expand social programmes, a right-wing president seeking to shrink the state, or a centrist reformer seeking to modernise public administration — and converts it into transactional rent. The direction of the energy does not matter. The mechanism is the same. The president announces a reform agenda. The *Centrão* names its price — ministries, budgetary amendments, appointments. The agenda advances only to the extent that the price is paid. What emerges from the process is not the reform as designed, but the reform as negotiated — diluted, modified, surrounded by exceptions and opt-outs that preserve the interests of the actors whose support was purchased.

This is not obstructionism. It is not even corruption in the conventional sense of secret deals and hidden payments. It is the operating logic of Brazilian governance, and it is entirely legal. The

Centrão

does not need to conspire to block reform. It simply charges for access to the legislative machinery that the Constitution makes mandatory for any president who wishes to govern. The price is public. The transaction is public. The outcome — reforms that are sufficiently diluted to preserve the extractive architecture — is the predictable output of the system.

The thermodynamic sink metaphor is important because it captures something that conventional diagnoses of Brazilian politics often miss: the *Centrão* does not have an agenda. It does not seek to advance a particular vision of the state or society. It seeks to preserve the conditions under which it can continue to extract rents. Any reform that threatens those conditions is absorbed — its energy dissipated, its ambition diluted — regardless of the reform's content or the president's ideology. The *Centrão* is not a conservative force in the programmatic sense. It is a *preservative* force — a mechanism for maintaining the transactional equilibrium against any attempt to transform it.

4.2 The Impeachment Trigger as Ultimate Enforcement

The capture equilibrium has an enforcement mechanism, and it is absolute. If a president decides to stop paying the patronage toll — either through an anti-corruption crusade, an attempt at structural fiscal reform that would reduce the discretionary space on which the *Centrão* depends, or a systematic refusal to distribute ministries and appointments to transactional parties — the *Centrão* freezes the legislative agenda and threatens impeachment.

The impeachment of Dilma Rousseff in 2016 is the paradigmatic case. The formal grounds were fiscal manoeuvres — the *pedaladas fiscais* — of the kind that previous presidents had undertaken without facing removal. The real driver was the collapse of her governing coalition. The parties of the *Centrão*, which had sustained her presidency through the transactional logic of coalitional presidentialism, withdrew their support. The legislative agenda froze. The impeachment process — a constitutional mechanism, embedded in the 1988 Constitution and regulated by law — was activated. The president was removed.

The lesson was not lost on any subsequent occupant of the Planalto Palace. A president who refuses to play the transactional game does not merely risk legislative failure. They risk removal. The impeachment process is not a coup. It is a constitutional procedure, with formal requirements and judicial oversight. But its availability as a permanent background threat shapes the behaviour of every president from the moment they take office. The binary choice is stark: surrender the state's resources to the capture machine, or be removed from office. Most presidents choose the former. Those who do not are removed, and their successors — having observed the consequences of defiance — govern accordingly.

This is the enforcement dimension of the capture equilibrium. It is not merely that capture is likely. It is that non-capture is politically fatal. The president who refuses to distribute rents cannot assemble the legislative majority necessary to govern. The president who cannot assemble a legislative majority faces impeachment. The impeachment mechanism — a democratic safeguard against executive overreach — has been weaponised as the ultimate enforcement tool of the transactional order. The Constitution intended it as a check on presidential power. The system has adapted it into a check on presidential integrity.

4.3 The Party System as Fragmentation Engine

Beneath the

Centrão

and the impeachment trigger lies the mechanism that makes both possible: the electoral system that structurally pulverises Congress.

Brazil's open-list proportional representation system, combined with massive electoral districts, creates a set of incentives that are almost perfectly calibrated to produce fragmentation. Candidates compete not only against other parties but against members of their own party for the same pool of votes. The personal vote — the direct connection between an individual politician and their electoral base — is more valuable than party loyalty, because it is the personal vote, not the party brand, that determines re-election. The result is a legislature in which no president's party controls more than 15 to 20 percent of the seats, and in which the number of effective parties — often over 20 — makes ideological coalition-building mathematically impossible.

This fragmentation is not an accident. It is the predictable output of a set of institutional choices that were made with democratic intentions — to maximise representation, to prevent the concentration of power that had enabled military dictatorship, to give voice to the full diversity of Brazilian society. But the same institutional choices that maximise representation also maximise the number of actors who must be paid to govern. A system that was designed to prevent authoritarianism has produced a different pathology: not the concentration of power, but the comprehensive capture of power by the interests that can afford to purchase it.

The fragmentation engine is self-reinforcing. The more parties there are, the more the president must build oversized coalitions. The more coalition partners, the more rents must be distributed. The more rents are distributed, the more attractive it becomes for ambitious politicians to form new parties — each one a new vehicle for accessing the state's distributive machinery. The number of parties proliferates. The cost of coalition-building rises. The fragmentation deepens. And any attempt to reform the electoral system — to introduce a higher threshold for parliamentary representation, to move toward closed-list proportional representation, to reduce the size of electoral districts — must be passed by the very Congress whose members benefit from the current fragmentation. The immune system ensures that the reform that would cure the disease cannot be administered by the patient.

4.4 The Judicial-Legal Thicket

If the

Centrão

and the impeachment trigger are the political immune system, and the electoral system is the fragmentation engine, the judicial-legal thicket is the structural environment in which all of them operate — a permanent state of legal uncertainty that makes long-term institutional design nearly impossible and that systematically advantages actors who can afford legal representation over those who cannot.

Brazil has one of the most litigious political cultures in the world. Almost any significant policy decision — an infrastructure project, a regulatory reform, a land use designation — generates legal challenges that can suspend implementation for years. The Supreme Federal Court, the STF, has accumulated extraordinary political power, effectively becoming a co-governing institution whose interventions are unpredictable from a policy implementation standpoint. The Court's individual justices have the power to issue

liminares

— preliminary injunctions — that can halt national policies with a single decision, sometimes for years before the full court reviews the case.

This is not a criticism of the STF's integrity. It is a description of the structural consequences of a system in which the political branches cannot resolve conflicts through negotiation, so the conflicts flow to the judiciary. The STF does what it can with the tools available to it. But those tools — designed for a 19th-century liberal court, not a 21st-century constitutional mediator — generate permanent uncertainty. A policy that is lawful today may be suspended tomorrow by a single justice's injunction. A contract that is valid when signed may be unenforceable by the time it is disputed. The result is a legal environment in which the only actors who can operate with confidence are those who can afford to litigate indefinitely — which is to say, the actors who already benefit from the capture equilibrium.

The judicial-legal thicket also provides a convenient mechanism for resisting reform. Any attempt to change the rules — to introduce performance-linked fiscal transfers, to create new regulatory agencies, to enforce the Constitution's social function of property — generates litigation. The litigation stalls implementation. The stalling buys time for the political actors who oppose the reform to mobilise. And even if the reform eventually survives judicial review, the delay has often been long enough to exhaust the political momentum that made it possible. The thicket is not a barrier to reform. It is a filter — one that selects for reforms that do not threaten the capture equilibrium and against those that do.

4.5 The Narrative Strategy

Given the immune system described above, the way the accumulation capacity agenda is

talked about

is not peripheral to its success. It is central.

A reform proposal that announces itself as an attack on the *Centrão* — that frames the Algorithmic Bypass as an anti-corruption crusade, or the municipal laboratories as a threat to coalitional presidentialism, or bioregional governance as a challenge to national sovereignty — will trigger every immune response simultaneously. It will be painted as technocratic overreach, as an assault on democratic representation, as a foreign import that misunderstands Brazilian realities. The *Centrão* will mobilise against it. The STF will be flooded with challenges. The media will frame it through the lens of the current political cycle. It will fail before it begins.

The task, therefore, is to frame the agenda not as a rupture but as a **completion** — the fulfilment of promises that the 1988 Constitution made and that the capture equilibrium has prevented from being realised. The Constitution promised decentralisation with accountability. It delivered decentralisation with patronage. The Algorithmic Bypass and the fiscal-performance alignment are the accountability layer the Constitution never built. The Constitution promised that property would serve a social function. It has almost never been enforced. Bioregional governance and the land question initiatives are mechanisms for finally making good on that promise — not through confiscation, but through the systematic application of constitutional principles that have been honoured only in the breach.

This framing speaks to multiple constituencies. To the military and national security establishment, it says: *Integrar para não entregar* — the doctrine you have always defended — is being betrayed not by bioregional governance but by the current architecture, which has surrendered effective control of the Amazon to criminal networks. The Algorithmic Bypass and bioregional governance are instruments for restoring genuine sovereignty to the territory you are charged with defending. To the *Centrão* itself, it says: the Algorithmic Bypass does not eliminate political allocation of resources. It makes allocation visible and outcomes verifiable. Politicians can still claim credit for the projects they fund. They simply cannot claim credit for projects that exist only on paper. To the judiciary, it says: the Algorithmic Bypass and the municipal laboratories will generate a flood of new data — verifiable, triangulated, geo-tagged — that will make legal disputes about public spending faster to resolve and harder to manipulate. The system does not challenge the judiciary's role. It gives the judiciary better tools to perform it. To citizens, it says: the state you experience as absent or predatory can become present and accountable — not through a single heroic reform, but through a set of interconnected, incremental shifts that make governance visible, legible, and consequential in ways it currently is not.

The core message is deceptively simple:

Brazil already has what it needs. The Constitution promised a democratic, decentralised, accountable state. The capture equilibrium has prevented that promise from being realised. The tools now exist — digital, institutional, and democratic — to build the integration layer the Constitution never provided. The question is not whether Brazil is capable. It has proven that it is. The question is whether the capture equilibrium can be bypassed long enough for the fragments of integrity that already exist to connect, compound, and become the new architecture.

The political immune system is powerful, but it is not omnipotent. The transition architecture described in the next section — the Algorithmic Bypass as prime mover, the municipal laboratories, the bioregional pilots — is designed specifically to work with the grain of Brazilian institutions rather than against it. It does not attack the *Centrão* directly. It makes the *Centrão*'s transactions legible, and in making them legible, it makes them incrementally harder to sustain without consequences. It does not threaten the STF. It gives the STF better data with which to adjudicate. It does not challenge the military's sovereignty doctrine. It demonstrates that the current architecture has already surrendered the sovereignty the military claims to defend, and offers a pathway to restoring it. The strategy is not confrontation. It is bypass — and, over time, attraction.

5. Working with the Grain: Transition Architecture for Brazil

5.1 The Principle: Build on What Brazil Already Excels At

Every transition architecture must be matched to the immune system it navigates. In Germany, the strategy is to bypass bureaucratic inertia — to build capacity beneath the threshold of political controversy. In France, it is to bypass the national spectacle — to start in low-visibility zones where results can be demonstrated before the arena consumes them. In Sweden, it is to work with existing trust rather than against it. In India, it is to build on the platforms that already work — the digital infrastructure, the federal laboratory, the competitive energy of states. In the European Union, it is to make variable geometry explicit and institutionalised. In the United Kingdom, it is to build on Greater Manchester and the combined authority model.

In Brazil, the strategy is different again. It is to build on the capacities that the capture equilibrium has not yet consumed — the islands of integrity that have demonstrated genuine effectiveness despite operating within an extractive architecture — and to use those capacities to construct the integration layer that makes the equilibrium progressively harder to sustain.

Brazil possesses a set of assets that no other country in this series can replicate. The people who built PIX — a team of developers and designers within the Central Bank who delivered one of the world's most sophisticated public digital infrastructures, on time and under budget, while the political system around them was consumed by the crises of the Bolsonaro years. The people who run the electoral system — the Tribunal Superior Eleitoral and its state-level counterparts, who administer elections of breathtaking technical complexity with remarkable integrity. The people who staff the

Ministério Público Federal

— independent prosecutors who have demonstrated the capacity to investigate and prosecute corruption at the highest levels, and who have built an institutional culture that partially insulates them from the political pressures that surround them. The people who sustain the SUS — healthcare workers, municipal health secretaries, community health agents — who deliver universal care in a system that is chronically underfunded and perpetually reorganised, and who manage to produce outcomes that are far better than the resources they receive would predict. The people who organise in civil society — the MST, the favela collectives, the Indigenous associations, the investigative journalists, the academic researchers — who have built networks of accountability and mutual support that function in the spaces where the state has failed.

These are not abstract "capacities." They are specific communities of practice, with specific skills, specific institutional locations, and specific track records of demonstrated effectiveness. The transition architecture for Brazil does not need to import expertise or build capability from scratch. It needs to connect the capabilities that already exist, to protect them from the capture architecture that surrounds them, and to give them the tools and the permissions to scale what they already know how to do.

The principle is straightforward: **don't replace. Connect.** Brazil does not need a new constitution, a new political class, or a new state. It needs the integration layer that would allow the state it already has — with its genuine strengths and its structural pathologies — to function more coherently than the capture equilibrium permits.

5.2 The Algorithmic Bypass as Prime Mover

The most immediate and most distinctively Brazilian component of the transition architecture is the Algorithmic Bypass — the constrained digital coordination layer described in Section 3. It is the prime mover, the first domino, because it does something that no previous Brazilian reform has done: it changes the informational conditions under which the capture equilibrium operates without directly attacking the equilibrium itself.

The Bypass does not require constitutional amendment. It does not require the

Centrão

's permission. It does not require a president willing to risk impeachment. It requires a team of developers — the same community that built PIX — with a mandate to build a public digital infrastructure, and a budget to sustain it. The mandate can come from an executive decree. The budget can come from existing technology modernisation funds. The political resistance can be managed by framing the Bypass as "administrative modernisation" rather than "anti-corruption" — as the logical extension of the digital transformation that PIX began, applied now to the public budget rather than the payments system.

The political genius of the Bypass — if it can be called genius rather than mere realism — is that it preserves the *form* of the political transaction while changing its *informational environment*. The *Centrão* deputy can still direct funds to their municipality. They can still claim credit for the project. What changes is that the project's progress — or its absence — becomes publicly visible in real time, with consequences that are automatic rather than discretionary. The deputy who delivers a functioning school on time and on budget has nothing to fear from the Bypass. On the contrary: the Bypass provides them with verifiable evidence of their effectiveness, which they can use in their next campaign. The deputy whose school exists only on paper — or whose contractor extracted the mobilisation fee and disappeared — is exposed not by a political opponent or an investigative journalist, but by the system itself. The exposure is not a scandal that fades with the news cycle. It is a permanent, searchable, geo-tagged record of non-delivery.

The Bypass does not eliminate corruption. It changes the risk-reward calculus of the transaction. When opacity is the default condition — when it is impossible to know whether a funded project has been built, or whether the money reached its intended destination — the rational strategy for a transactional politician is to maximise extraction, because the probability of detection is low and the consequences of detection, if it

occurs, are manageable. When visibility is the default condition, the calculus shifts. The politician who extracts excessively is more likely to be detected. The politician who delivers moderately is more likely to be rewarded. The shift from opacity to visibility does not eliminate the transaction. It changes its terms.

The Bypass is piloted first on a single budget category — school infrastructure, or primary health facilities, or a specific federal transfer programme — in a handful of willing municipalities. The pilot demonstrates that the system works: that it can track funds, verify outcomes, and trigger automatic constraints when delivery fails. The municipalities that participate demonstrate improved outcomes, because the funds allocated to them are more likely to reach their intended destination. The politicians who supported the pilot — there will be some, from multiple parties, who are willing to bet that visibility will benefit them — can claim credit for the results. The pilot's success creates the conditions for its expansion. Other municipalities, observing the results, request participation. Other budget categories are added. The Bypass grows not because Brasília mandates it, but because local actors demand it.

This is the scaling logic of the Genesis Protocol — demonstrated value before formal authority — applied to a national context. The Bypass does not need to be perfect from the first day. It needs to work well enough, in enough places, for enough actors to see that it produces better outcomes than the status quo. The rest follows.

5.3 Municipal Laboratories

The Algorithmic Bypass provides the digital infrastructure. The municipal laboratories provide the governance model that the infrastructure enables.

Brazil has over 5,500 municipalities. In the current architecture, this is a source of fragmentation — thousands of local governments with constitutional standing but wildly varying capacity, dependent on federal transfers, largely unaccountable for outcomes. In the transition architecture, this same diversity becomes a resource: a vast laboratory for governance experimentation, with thousands of potential test sites where different approaches can be tried, evaluated, and — if they work — allowed to spread.

The municipal laboratory model builds on Brazil's existing tradition of participatory governance. Porto Alegre's

orçamento participativo

— participatory budgeting — pioneered in 1989, demonstrated that ordinary citizens, given genuine authority over resource allocation, make decisions that are more equitable and more effective than those made through traditional political channels. The model spread to hundreds of municipalities across Brazil and inspired adaptations worldwide. But it never became the default mode of municipal governance, because the fiscal and political conditions that made it work in Porto Alegre — a strong civil society, a committed local leadership, a particular political moment — were not replicated elsewhere. The laboratory model provides those conditions by design.

A municipality that volunteers to become a laboratory receives: integration with the Algorithmic Bypass for all federal funds received, ensuring that every allocation is tracked, verified, and linked to outcomes; performance-linked fiscal autonomy, so that demonstrated effectiveness earns greater discretion over resource allocation; a standing citizens' deliberative council, randomly selected and stratified to reflect the municipality's demographic composition, with formal government response obligations; and independent evaluation of outcomes, conducted by academic or civil society partners and published openly.

The municipality does not receive these benefits unconditionally. It earns them through demonstrated capacity and political will — and it must continue to earn them through demonstrated outcomes. A laboratory that consistently fails to deliver does not lose baseline funding — the equalisation floor remains — but it loses the autonomy premium and the laboratory designation. The model is designed to reward performance without punishing incapacity, and to make the rewards visible enough that other municipalities are motivated to pursue them.

The laboratories scale by attraction, not mandate. A municipality that participates and demonstrates improved outcomes — better school performance, faster infrastructure delivery, higher citizen trust — becomes visible to its neighbours. The federal government's role is to enable, fund, evaluate, and celebrate success. Other municipalities, observing the results, choose to join. The network expands not because Brasília orders it, but because local leaders see that it works.

The critical design insight is that the laboratories are voluntary. No municipality is required to participate. Those that choose to are self-selected for readiness — they have a mayor and a council that are willing to bet that transparency and accountability will benefit them politically. In a system where many local politicians are trapped in the same transactional logic as their federal counterparts, the laboratories offer an alternative pathway: a way to build a political career on demonstrated delivery rather than patronage distribution. The pathway may not appeal to every politician. It only needs to appeal to enough of them to create a visible contrast — a set of municipalities that are clearly outperforming their peers, and whose leaders are being rewarded by voters for the difference.

5.4 Bioregional Pilots in the Amazon

The Amazon is the most consequential subsidiarity failure in Brazil, and it requires a transition architecture that is specific to its conditions. The bioregional pilots proposed in Section 3 are the Amazon-specific component of the transition — a set of territorial governance experiments that give the people who live in and steward the forest the authority, the resources, and the digital infrastructure to govern their own territories.

The pilots are framed — explicitly, consistently, and genuinely — as instruments of sovereignty restoration, not sovereignty cession. The military doctrine of

Integrar para não entregar

— "Integrate so as not to surrender" — provides the rhetorical and doctrinal foundation. The argument is not that Brazil should cede authority over the Amazon to foreign interests or to unaccountable local actors. It is that the current architecture has already surrendered effective sovereignty over large parts of the region to transnational criminal networks, illegal mining syndicates, and deforestation operations that the state, in its current configuration, cannot control. Bioregional governance — empowering local communities, Indigenous nations, and municipal governments to manage their own territories in partnership with the federal state — is the mechanism for restoring genuine Brazilian sovereignty to a zone where the state's presence is currently theatrical rather than operational.

The pilots would be located in specific territories — perhaps an Indigenous territory in the Rio Negro basin, a sustainable development reserve in the Tapajós region, a

quilombola

territory in the Maranhão Amazon — where there is existing community governance capacity, demonstrated interest from local actors, and a clear functional logic for integrated territorial management. Each pilot would be governed by a tripartite board comprising community representatives, municipal government, and federal agencies, with a mandate that includes land use planning, environmental monitoring, bioeconomy development, and coordination with federal enforcement agencies.

The pilots would be equipped with the Algorithmic Bypass infrastructure — making all resource flows into the territory visible, verifiable, and linked to outcomes — and with the legal authority to manage land use decisions that are currently made in distant state capitals or in Brasília. They would receive fiscal mechanisms — carbon credit revenues, ecosystem service payments, bioeconomy investment — that make the living forest economically viable as an alternative to its destruction. And they would be connected to the municipal laboratory network, ensuring that the lessons learned in the Amazon are available to other regions and that the governance innovations developed there can spread.

The political framing is critical. The pilots are not an environmental programme imposed by foreign donors or international NGOs. They are a national security programme — a mechanism for extending genuine Brazilian governance capacity into territories where the state's authority is currently contested by criminal actors. The military is invited to participate, not as an occupying force but as a partner in sovereignty restoration. The success of the pilots is measured not by hectares conserved — though that will be one metric — but by the degree to which the Brazilian state's effective presence in the territory is strengthened.

5.5 Scaling by Attraction

The traditional model of governance reform in Brazil is the constitutional amendment or the presidential decree — a grand design, negotiated in Brasília, imposed uniformly across the territory. This is the replication-by-mandate model, and it has a long and largely unsuccessful track record. The capture

equilibrium absorbs mandates. It dilutes amendments. It surrounds decrees with exceptions and opt-outs and legal challenges that stall implementation for years.

The alternative is **scaling by attraction**. The Algorithmic Bypass begins as a pilot in a single budget category and a handful of municipalities. The municipal laboratories begin as a small network of volunteer cities. The bioregional pilots begin in a few specific territories. None of them requires the *Centrão's* permission. None of them requires constitutional amendment. None of them requires a president willing to confront the capture equilibrium directly. They require willing local actors, a federal government willing to grant permissions and provide resources, and a technical community capable of building the infrastructure.

If they work — if the municipalities that adopt the Bypass and the laboratory model demonstrate measurably better outcomes than their peers; if the bioregional pilots demonstrate that community-led governance can reduce deforestation and strengthen state presence more effectively than the current federal-centric model; if the politicians who supported the experiments are rewarded by voters for the results — then the evidence base for the transition architecture grows. Other municipalities, observing the results, request to join. Other states, observing the results, create their own coordination cells and learning platforms. The federal government, observing the results, expands the Bypass to additional budget categories and integrates it into the regular machinery of public administration.

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is not defeated. It is gradually rendered less relevant — not because anyone has taken away its power, but because the informational and institutional environment in which it operates has changed. When every allocation is visible, every outcome is verifiable, and every failure triggers automatic consequences, the transactional logic of coalitional presidentialism becomes harder to sustain. The transactions themselves become more transparent. The divergence between politicians who deliver and politicians who extract becomes more visible to voters. The electoral calculus shifts — slowly, unevenly, incompletely, but perceptibly.

This is not a fast process. It will not produce a dramatic political transformation within a single presidential term. It may take a generation. But it is durable, because it is built on demonstrated value rather than ideological commitment. It is resilient, because it does not depend on any single political leader or party. And it is consistent with the subsidiarity principle that the architecture itself is designed to instantiate — decisions at the level where knowledge lives and consequences are felt, authority matched to capacity, scaling by attraction rather than imposition.

The transition architecture described here — the Algorithmic Bypass as prime mover, the municipal laboratories as the governance model, the bioregional pilots as the Amazon-specific expression, and scaling by attraction as the diffusion mechanism — is not a formula for painless transformation. Any significant shift

in how Brazil governs itself will generate resistance, contestation, and moments of visible failure. The

Centrão

will not surrender its rents voluntarily. The impeachment trigger remains available. The judicial-legal thicket remains dense. The parallel governance reality in the peripheries will not be transformed by digital infrastructure alone.

But the transition architecture does not require the

Centrão

's surrender. It requires that enough local actors — mayors, state governors, federal deputies, community leaders, civil servants — see an alternative pathway and choose to take it. It requires that the alternative pathway produce visible, verifiable results. And it requires that those results, over time, shift the incentives that sustain the capture equilibrium — not by confronting the equilibrium directly, but by making the cost of sustaining it progressively higher and the benefits of departing from it progressively more attractive.

The next section describes the concrete first step: the dual-track pilot of the Algorithmic Bypass and the municipal laboratories — how it would be selected, governed, funded, and measured.

6. A Concrete First Step: The Algorithmic Bypass and Municipal Laboratories

6.1 The Logic of the Pilot

A framework without a first step is a thought experiment. The accumulation capacity described in this report — the Algorithmic Bypass, the municipal laboratories, the fiscal-performance alignment, the translation layers, the bioregional governance — cannot be built everywhere at once. Attempting to impose it nationally would be to commit the very error this report diagnoses: another grand design conceived in Brasília, broadcast uniformly, and consumed by the capture equilibrium before it has a chance to prove itself.

The wiser path is to begin with a small number of municipalities that choose to pioneer the new architecture — municipalities that already demonstrate both the capacity and the willingness to experiment, that span Brazil's political and geographic diversity, and that can serve as visible demonstrations of what a different governance model looks like in practice. This is the logic of the Genesis Protocol — demonstrated value before formal authority — applied to a national context.

This section proposes a **dual-track pilot**: the Algorithmic Bypass deployed as a constrained digital coordination layer for a single federal budget category in a small number of willing municipalities, coupled with those same municipalities granted structured experimentation authority as municipal laboratories. The Bypass provides the digital infrastructure. The laboratories provide the governance model. Together, they test the hypothesis that transparency with automatic consequence, coupled with local fiscal-performance autonomy and genuine citizen deliberation, can produce measurably better outcomes than the status quo — and that those outcomes, once visible, will attract imitators.

The pilot does not require constitutional amendment. It does not require the

Centrão

's permission. It requires an executive decree authorising the technical development of the Bypass, a budget allocation for the development team and the municipal grants, and a handful of mayors willing to bet that transparency and accountability will benefit their municipalities and their own political futures. These are not trivial requirements, but they are orders of magnitude more achievable than the frontal assault on coalitional presidentialism that has defeated every previous reform attempt.

The pilot is designed to generate evidence — not to prove a predetermined conclusion, but to test whether the integration layer this report describes can produce measurable improvements in governance outcomes under real Brazilian conditions. If it succeeds, the evidence becomes the basis for scaling. If it partially succeeds — if some municipalities outperform others, if some design features work better than others — the evidence provides the basis for refinement. If it fails, the failure is contained, and the lessons are captured. The pilot is an experiment, not a commitment.

6.2 Selection Criteria

The municipalities that participate in the pilot should not be chosen by political convenience or by a competition that rewards the most polished application. The goal is to create a credible proof of concept, and credibility depends on selecting municipalities where the conditions are broadly representative, the local capacity to engage seriously is present, and the political willingness to accept scrutiny is genuine.

Five criteria should guide selection, administered through an open call managed by an independent foundation or academic consortium, at arm's length from the federal government:

Demonstrated participatory governance tradition. The municipality should have some history — even if fragmented or incomplete — of citizen participation in resource allocation, whether through participatory budgeting, community councils, or other mechanisms. Porto Alegre, Belo Horizonte, and Canela are exemplars, but many smaller municipalities have developed their own traditions. The pilot is not an import. It is an extension of what already exists in Brazilian municipal governance.

Administrative capacity. The municipality should have a functional administrative apparatus — not necessarily world-class, but capable of managing the basic requirements of the Bypass and the laboratory model: budget execution, data reporting, citizen engagement. The pilot is not designed for the most capacious municipalities alone. It should include at least one municipality with modest administrative capacity, to test whether the Bypass's layered complexity design — Tier 1 for basic users, Tier 2 for advanced — functions as intended.

Political willingness across the spectrum. The municipal leadership — the mayor and the council — must be genuinely committed to the experiment, not merely tolerant of it. This commitment must include willingness to accept public scrutiny of results — including results that may be politically uncomfortable — and to protect the pilot through its inevitable difficult phases. The pilot cohort should span political parties and regions, so that no single party can claim credit for its successes or be blamed for its failures. Multi-partisan composition provides resilience against political shifts at the federal level.

Geographic and demographic diversity. The cohort should include municipalities from different regions (North, Northeast, Centre-West, Southeast, South), different sizes (a state capital, a mid-sized city, a small rural municipality), and different economic bases (industrial, agricultural, extractive, service-oriented). At least one municipality should be in the Amazon biome or the Legal Amazon, where the intersection of weak state presence, environmental pressure, and Indigenous or traditional community presence makes the governance challenges most acute. At least one should have a significant Indigenous or *quilombola* population.

Willingness to be evaluated transparently. The municipality must commit to independent, public evaluation of its outcomes, with data shared openly and results published in accessible formats. The pilot is not a reward. It is a responsibility — to generate the evidence that will inform the next wave of adoption.

A transparent selection process — published criteria, open call, publicly reasoned decisions — would itself be a signal of the governance model the pilot is designed to demonstrate.

6.3 Core Design: The Algorithmic Bypass in Practice

The Algorithmic Bypass is the digital infrastructure that makes the capture equilibrium's transactions visible, verifiable, and consequential. For the pilot, it would be deployed on a single federal budget category — school infrastructure, or primary health facilities, or a specific federal transfer programme — in the selected municipalities, with the following design features.

Public API tracking. Every allocation of federal funds within the pilot category, from the moment it is authorised to the moment it produces measurable outcomes, is tracked on a public, geo-tagged, real-time dashboard accessible via open API. A school building funded by a parliamentary amendment appears as a GPS coordinate on a public map, with a timeline showing authorisation, disbursement, construction milestones, and completion verification. The API is designed so that any citizen, journalist, researcher, or opposition politician can query the data without specialised knowledge or institutional access.

Pre-committed triggers. The system does not rely on human discretion to respond to failure. Pre-specified milestones are embedded in the code. If construction has not begun within 90 days of disbursement, funding is automatically paused and a notice is sent to the relevant authorities. If cost deviation exceeds a defined threshold, a mandatory audit is triggered. If completion is not verified within the contracted timeline, the project is flagged for review. The triggers are not recommendations. They are hard constraints built into the system. They can be overridden — there must be a human appeals process for legitimate cases — but the override is itself public, attributable, and auditable.

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completion bond. A simple funding freeze on an unfinished project creates a perverse outcome that Brazilian governance has experienced for generations: the contractor keeps the initial mobilisation fee, the politician claims credit for "starting" the project, and the community is left with a permanent concrete skeleton. The Bypass must therefore include a completion bond logic. When a project is flagged for non-completion, the penalty cascades to the contractor's digital profile — their CPF or CNPJ identity, the same infrastructure the PIX team has already built for financial transactions. That contractor's ability to bid on *any* future federal contract tracked by the Bypass is restricted until the original project is completed to specification. A contractor frozen out in Maranhão cannot simply reconstitute under a different legal entity in

Mato Grosso, because the identity verification layer is the same layer that PIX uses to prevent financial fraud. The bond makes non-completion economically irrational in a way that the current architecture does not.

Triangulated reality verification. The system does not rely on any single source of truth. Administrative data — ministry reports, municipal certifications — is cross-referenced against geo-spatial data from satellite imagery and against citizen-reported information through a public interface accessible via smartphone. A school that appears as "completed" in the administrative record but shows no structure in satellite imagery and no activity in citizen reports is flagged automatically. A health post that was built but never staffed is flagged. A road that was paved but is already deteriorating beyond specification is flagged. No single actor controls the truth layer.

Version-controlled, publicly auditable rules. The algorithms that determine what constitutes a milestone, what deviation triggers a response, and how quickly the response escalates are themselves public, version-controlled, and subject to independent audit. Any change to the rules is visible and attributable. The system cannot be quietly neutered by those it is designed to constrain. Civil society organisations, academic researchers, and interested citizens can inspect the rule set at any time and compare the current version to the version that was in place when a particular project was authorised.

Layered complexity. The Bypass is designed to work at low capacity before it optimises at high capacity. Tier 1 municipalities — those with limited administrative staff and technical infrastructure — use a simplified interface with basic tracking and a small set of core metrics. Tier 2 municipalities — those with demonstrated capacity — can access more sophisticated tools, including predictive analytics, cross-sectoral coordination dashboards, and automated performance reporting. The system meets municipalities where they are, rather than demanding a level of capacity that many do not possess.

Independent signal channels where the state is not the sole authority. In territories where criminal governance or militia governance is the primary operating system — and the pilot should include at least one municipality where this condition applies — the state's own reporting cannot be the only source of information. The Bypass incorporates anonymous citizen reporting channels with strong privacy protections, civil society verification networks, and remote sensing data that do not depend on the cooperation of local authorities who may themselves be captured or displaced. The goal is not to punish municipalities for conditions beyond their control. It is to ensure that the system can function — and can generate accurate information — even where the state's authority is contested.

6.4 Municipal Laboratory Design

The same municipalities that pioneer the Bypass would simultaneously adopt the municipal laboratory governance model. The two tracks are complementary: the Bypass provides the informational infrastructure; the laboratory provides the institutional framework that translates information into action.

Integration with the Bypass. All federal funds received by the municipality within the pilot category flow through the Bypass, ensuring real-time visibility and automatic consequence. The municipality's own budget execution — the use of local revenues, state transfers, and federal block grants — is also integrated into the system to the extent that local capacity permits, with the goal of full integration within the pilot period.

Performance-linked fiscal autonomy. The municipality receives an "autonomy premium" — a supplement to its regular federal transfers, with fewer restrictions on its use — in exchange for accepting the Bypass's transparency and accountability requirements. The premium is not permanent. It is renewed annually based on demonstrated outcomes: delivery fidelity, citizen satisfaction, audit results. A municipality that consistently delivers earns greater autonomy; a municipality that fails to deliver retains its baseline funding but loses the premium and, eventually, the laboratory designation.

Standing citizens' deliberative council. Each laboratory municipality establishes a permanent deliberative body, composed of randomly selected citizens stratified to reflect the municipality's demographic composition. The council meets regularly, receives expert information and access to the Bypass data, and produces public recommendations on budget priorities, service delivery, and governance performance. The mayor and municipal council are legally obliged to respond formally to each recommendation within a specified timeframe. The council does not replace elected government. It supplements representative democracy with a mechanism for continuous, informed citizen input — the deliberative infrastructure that the current architecture lacks.

Independent evaluation. Each laboratory municipality is paired with an independent research partner — a university, a research institute, a civil society organisation — that documents its experience, evaluates its outcomes, and publishes results openly. The evaluation is formative, designed to help the municipality learn and adapt in real time, as well as summative, designed to generate evidence for other municipalities and the federal government.

Voluntary participation and open exit. The laboratory model is voluntary. Municipalities apply to join. Those that join can leave at any time, without penalty beyond the loss of the autonomy premium and the laboratory designation. The exit option is structurally protected, consistent with the anti-capture architecture described in Section 3. The model must earn participation; it cannot compel it.

6.5 Budget, Governance, and Legal Basis

Budget. The pilot should be funded generously enough to be serious but not so lavishly that its results are dismissed as the product of exceptional resources. A rough envelope of R\$50–100 million over a three-year initial phase, covering the Bypass technical development, the municipal autonomy premiums, and the independent evaluation, would be appropriate. Funding could be drawn from existing federal technology modernisation budgets, from the *Fundo Nacional de Desenvolvimento Científico e Tecnológico*, and from philanthropic or international development partners with an interest in governance innovation. The total investment is modest relative to the federal budget — a fraction of a percent of the annual discretionary spending that the *Centrão* currently allocates through opaque amendments.

Governance. The pilot would be governed by a tripartite board comprising representatives of the participating municipalities, the federal government (through the Ministry of Planning or the Chief of Staff's Office), and independent experts drawn from academia, civil society, and the technology sector. The board approves the selection of municipalities, oversees the Bypass development, and ensures the independence of the evaluation. Decisions are taken by consensus where possible, with a qualified majority fallback.

Legal basis. The Bypass can be authorised through an executive decree establishing a "Digital Public Expenditure Transparency Pilot" within the existing framework of the *Lei de Acesso à Informação* and the *Portal da Transparência*. The municipal laboratories can be authorised through the existing *consórcios públicos* legislation, which already permits municipalities to form voluntary associations for shared governance purposes, or through a specific *medida provisória* (provisional measure) with immediate effect, subject to subsequent Congressional approval. Neither requires constitutional amendment. Both operate within the existing legal architecture. The political framing — "administrative modernisation," "digital government," "participatory budgeting enhancement" — is designed to avoid triggering the immune responses that a more confrontational framing would activate.

6.6 How to Measure Success

The pilot should be evaluated in terms that connect directly to the accumulation deficit diagnosis, not just to traditional programme metrics.

Capture visibility. The percentage of tracked budget allocations for which real-time status information is publicly available. The baseline is near zero — the *orçamento secreto* and its predecessors were designed precisely to prevent visibility. The target for the pilot is not perfection, but a demonstrable shift: within three years, the majority of tracked allocations should have publicly verifiable status.

Delivery fidelity. The gap between what was allocated and what was verifiably delivered. For each tracked project, evaluators compare the intended output (a school of specified capacity, a health post with specified equipment, a road of specified length) with the verified output. The baseline is the current system, in which delivery fidelity is unknown because visibility is absent. The pilot establishes the baseline and tracks improvement against it.

Citizen trust trajectories. Measured through regular surveys in the pilot municipalities, compared to baseline surveys conducted at the start of the pilot and to control municipalities with similar demographic and economic profiles. The hypothesis is that citizens who can see that funds are being tracked and outcomes verified will express greater trust in local government than citizens in municipalities where the opacity of the current architecture persists.

Adoption rate. The number of additional municipalities that volunteer to join the pilot after the first year of demonstrated results. The ultimate metric of success is not whether the pilot municipalities perform well — that is necessary but not sufficient — but whether their performance attracts imitators. If the pilot succeeds but no other municipality requests to join, the transition architecture has failed. If a steady stream of municipalities requests participation, the transition architecture is working.

For bioregional pilots (if an Amazon municipality is included): deforestation rate within the pilot territory compared to control areas with similar ecological and economic characteristics; the number of community-led monitoring and enforcement actions; and the degree to which federal enforcement agencies report improved operational effectiveness due to community cooperation.

The dual-track pilot is a proposal, not a demand. It does not require the

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's surrender, the STF's blessing, or a president willing to risk impeachment. It requires a development team — the same community that built PIX — with a mandate and a budget. It requires a handful of mayors willing to bet that transparency and accountability will serve their municipalities and their own political futures. It requires a federal government willing to grant permissions and provide resources for an experiment whose results it cannot fully control. And it requires the patience to let the evidence accumulate — to resist the temptation to declare victory or failure prematurely, and to let the results speak for themselves.

That is how Brazil's most successful innovations have always spread — not through grand constitutional moments, but through the patient accumulation of demonstrated success, the quiet spread of what works from one municipality to another, and the gradual recognition that the old way of governing has become harder to justify than the new one. The Algorithmic Bypass and the municipal laboratories are the next chapter of that tradition — not a rupture, but an extension of what Brazil has already demonstrated it can do. The question is whether the political will exists to begin.

7. Coda: From Breakthrough-Capture to Breakthrough-Compound

7.1 The Wealth That Matters

Brazil is rich in natural resources, in democratic energy, in demonstrated technical and institutional capacity. It possesses a central bank that built PIX. An electoral system that delivers results for 150 million voters on a single day. An agricultural research corporation that transformed the

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into one of the world's most productive food-growing regions. A unified public health system that delivers care to the vast majority of its citizens despite chronic underfunding. A civil society that is among the most creative, resilient, and politically engaged on earth. A population that has learned, through generations of navigating a state that was never designed to serve them, how to improvise, adapt, and survive within institutional architectures that would break less resourceful people.

These are not small things. They are the accumulated capital of centuries — the product of Brazilian institution-builders, Brazilian community organisers, Brazilian public servants, Brazilian citizens who refused to accept that the state as it exists is the state as it must be.

But wealth, in the sense that matters for a society's long-term flourishing, is not the stock of what has already been built. It is the capacity to build again — to compound the value of what has been achieved, to store the gains of one breakthrough so that they become the foundation for the next, to accumulate rather than dissipate. On that measure, Brazil has been running down its reserves for generations. The capture equilibrium consumes what the nation's creativity produces. Each breakthrough is a peak; the architecture ensures the system returns to a low-capacity equilibrium before the next one can begin. The accumulation deficit is not a temporary developmental phase. It is the stable output of a system that can produce excellence and extraction simultaneously — and that has no mechanism for converting the former into durable protection against the latter.

The woman in the queue at the bank — receiving Bolsa Família through PIX in seconds, paying 300 percent interest on the other side of the same ledger — is not an anomaly. She is the system in microcosm. The breakthrough and the capture coexist in her life, as they coexist in the nation's institutions. The question is not whether Brazil can generate breakthroughs. It can, and it has, repeatedly. The question is whether the integration layer can be built that allows those breakthroughs to accumulate — to become the foundation for the next one rather than the fuel for the next extraction.

7.2 The Shift

The shift this requires is subtle but profound. It is not a shift in resources, though resources will need to be allocated differently. It is not a shift in political will, though political will is necessary. It is a shift in how Brazil understands the relationship between its demonstrated capacities and the architecture that consumes them.

For decades, the dominant response to the capture equilibrium has been the frontal assault: the constitutional amendment, the anti-corruption crusade, the presidential confrontation. Each assault has been met by the immune system — the

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, the impeachment trigger, the judicial-legal thicket — and each has been absorbed or defeated. The capture equilibrium is more durable than any president, any party, any reform movement. It has survived the left and the right, the military and the democrats, the technocrats and the populists. It will survive the next frontal assault, and the one after that.

The alternative is not surrender. It is bypass. It is the recognition that the capture equilibrium cannot be defeated by attacking it directly — that its resilience comes precisely from the fact that it is not a single actor or a single institution but a pattern, a logic, a stable configuration of incentives that reproduces itself regardless of who holds power. A pattern cannot be defeated. It can only be made progressively harder to sustain, by changing the conditions under which it operates.

The Algorithmic Bypass changes those conditions. It does not eliminate political allocation of resources. It makes allocation visible, verifiable, and subject to automatic constraints when it fails to deliver. It preserves the form of the political transaction while changing its informational environment — making opacity harder to maintain, making extraction riskier, making delivery more rewarding. It is not a solution to the capture equilibrium. It is a tool for making the equilibrium incrementally less stable, less profitable, less sustainable — and for giving the politicians, the public servants, and the citizens who want to build rather than extract a platform on which to do so.

The municipal laboratories change the conditions at the local level. They give mayors and communities who are willing to bet on transparency and accountability the tools to demonstrate that a different governance model produces better outcomes. They make the contrast between municipalities that deliver and municipalities that extract visible, measurable, and politically consequential. They create, over time, a constituency for integrity that is grounded in demonstrated results rather than ideological commitment.

The bioregional pilots change the conditions in the Amazon. They demonstrate that the military's own doctrine —

Integrar para não entregar

— is better served by empowering the people who live in and steward the forest than by persisting with a federal-centric model that has surrendered effective sovereignty to criminal networks. They show that conservation and development are not enemies when subsidiarity is functional — when the people closest to the land have genuine authority over its fate.

None of these shifts, individually, transforms the system. Together, over time, they make the system's current operating logic harder to sustain. They do not eliminate corruption. They change the risk-reward calculus of the transaction. They do not dismantle the

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. They make the divergence between politicians who extract and politicians who deliver more visible to voters. They do not solve the accumulation deficit. They build the integration layer — the connective tissue between breakthrough and breakthrough — that the current architecture lacks.

The shift is from a system that generates breakthroughs and consumes them to a system that generates breakthroughs and compounds them. From islands of integrity to an archipelago. From exchange without integration to integration that makes exchange productive rather than extractive. It is not a dramatic transformation. It is the patient, unglamorous work of building the missing connective tissue — the translation layers, the fiscal-performance alignment, the learning loops, the algorithmic infrastructure — that the 1988 Constitution never provided, and that the capture equilibrium has spent three decades ensuring would never be built.

7.3 The Series Meta-Pattern

This report is the seventh in a series of Country Reports for Systemic Change, and it extends the series logic in a new direction. The previous reports diagnosed deficits in governance systems that, for all their flaws, operate on the assumption that the state is basically functional — that the problem is execution, or integration, or feedback, or synchronisation, or coherence, or delivery, rather than the comprehensive capture of the state by private interests.

Brazil reveals something more unsettling — and more important. It shows that a society can simultaneously produce world-class excellence and systematically destroy its own capacity to build on it. The same country that built PIX, that runs the world's most sophisticated elections, that created EMBRAPA and the SUS — is the country that charges 300 percent interest on credit cards, that operates a Secret Budget, that has never enforced the constitutional provision that property must serve a social function. The excellence and the extraction are not separate. They are produced by the same architecture — an architecture that can generate value but cannot store it, that can innovate but cannot compound.

This is the accumulation deficit, and it is a failure mode that the European cases in this series do not capture. Germany cannot execute because its federal architecture is entangled. France cannot integrate because its Jacobin centre is severed from local legitimacy. Sweden cannot sense because its consensus culture filters out early warning signals. India cannot synchronise because a single constitutional architecture cannot match the variety of 1.4 billion people. The European Union cannot cohere because sovereignty fragmentation prevents collective action. The United Kingdom cannot deliver because the centre has hollowed out the periphery. These are all, at root, subsidiarity deficits — failures to match governance authority to the scale at which problems occur and information lives.

Brazil has the opposite of most of these problems. It has subsidiarity on paper — one of the world's most decentralised constitutions. It has democratic energy — competitive elections, vibrant civil society, a fiercely independent media. It has technical capacity — the people who built PIX, who staff the

Ministério Público Federal

, who sustain the SUS. What it lacks is the integration layer that would allow these capacities to accumulate rather than dissipate. The subsidiarity deficit in Brazil is not an absence of decentralisation. It is an absence of the connective tissue — the translation layers, the performance alignment, the learning loops — that makes decentralisation functional rather than fragmentary.

The series has now spanned seven governance systems, each with a distinct failure mode, each with a common underlying condition: authority is systematically mismatched to scale. The Westphalian architecture that served humanity for centuries is a single-scale governance system in a multi-scale world. The polycrisis — climate, pandemics, financial contagion, migration, digital transformation, mental health — does not respect the borders that the Westphalian system was designed to govern. The subsidiarity deficit is the common structural pressure. Each country's specific failure mode is the interaction between that pressure and its particular cultural, historical, and institutional substrate.

Brazil is the case that shows the failure mode can coexist with world-class capacity. It is not a story of absence. It is a story of presence — the presence of genuine brilliance, genuine innovation, genuine democratic energy — that the architecture prevents from compounding. It is, in that sense, the most hopeful case in the series, because the capacity is already there. The fragments are visible. The question is whether they can be connected — whether the integration layer can be built that transforms islands of integrity into an archipelago, and the archipelago into the new architecture.

7.4 A Final Word

The woman in the queue at the bank does not need another diagnosis of what is wrong with Brazil. She knows, with a specificity that no external analyst can match, what it means to live in a system that extracts without delivering, that imposes rules without providing services, that claims authority without earning

legitimacy. She navigates that system every day with the creativity, the resilience, and the improvisational genius that Brazilians have developed over generations of making do with institutions that were never designed for them.

What she needs — what the nation needs — is not another grand reform announced from the Planalto Palace, another anti-corruption crusade that starts with righteous fury and ends with elite reconstitution, another constitutional amendment that the *Centrão* dilutes before it reaches her neighbourhood. What she needs is an architecture that allows the Brazil that built PIX, that runs the world's most sophisticated elections, that created the SUS and EMBRAPA and the *Ministério Público Federal* — the Brazil of genuine institutional achievement, often against overwhelming odds — to become the default rather than the exception.

The fragments of that architecture are already visible. The Algorithmic Bypass can be built by the same technical community that delivered PIX. The municipal laboratories can be pioneered by the same mayors and communities that created participatory budgeting decades ago. The bioregional pilots can be launched in territories where Indigenous nations and traditional communities have been stewarding the forest for centuries, waiting for the state to recognise what they already do. The anti-capture architecture can be embedded in the design of every new institution, ensuring that what is built is harder to colonise than what was built before.

None of this requires a constitutional convention, a presidential confrontation, or a defeat of the

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. It requires a development team with a mandate and a budget. A handful of mayors willing to bet that transparency will serve their communities. A federal government willing to grant permissions for an experiment whose results it cannot fully control. And the patience to let the evidence accumulate — to resist the temptation to declare victory or failure prematurely, and to let the results do the work of persuasion.

Brazil has already built the future in fragments. The fragments are there — in the Central Bank's servers, in the electoral court's records, in the

Ministério Público

's investigations, in the SUS's community health networks, in the MST's settlements, in the favela collectives, in the Amazonian communities who defend the forest with their lives. The question is not whether Brazil is capable of building an accountable, effective, coherent state. It has demonstrated, in specific domains and specific moments, that it is. The question is whether the capture equilibrium can be bypassed long enough for those fragments to connect, compound, and become the new architecture — before the next breakthrough is consumed by the same machinery that consumed the last one.

The accumulation deficit is real, structural, and self-reinforcing. It is not eternal. The integration layer can be built. The first step is the Algorithmic Bypass, in a handful of willing municipalities, on a single budget category. The evidence will do the rest — or it will not, and the lessons will be captured, and the next attempt

will be better informed. Either outcome advances the learning. The only outcome that guarantees failure is the one Brazil has tried for three decades: the frontal assault that the capture equilibrium absorbs, the grand reform that the

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dilutes, the presidential crusade that ends in impeachment or reconstitution.

The woman in the queue does not need another grand reform. She needs the state to deliver what it has promised — the school that was funded, the health post that was authorised, the safety that the Constitution guarantees. She needs the PIX side of the ledger to grow, and the 300-percent-interest side to shrink. She needs the fragments to connect. The architecture exists, on paper and in prototype. The question is whether the political will exists — not in the abstract, but in the specific choices of the specific actors who could build it — to begin.

Appendix A: Value Systems and Policy Mindsets — A Guide for the Brazilian Context

A Note on This Appendix

The main body of this report avoids specialised terminology from developmental psychology or cultural theory. It speaks the language of governance architecture, capture equilibrium, and institutional design. This appendix offers a complementary lens for readers who wish to understand the deeper value-system dynamics at play in Brazilian governance. It is optional, but it makes the report's underlying logic fully transparent.

A.1 The Basic Insight

Different institutions and political cultures tend to operate from different centres of gravity in how they think about governance, resources, and change. These are not personality types or party affiliations, though they correlate loosely with both. They are underlying value systems — ways of constructing what feels real, legitimate, and important.

Each value system represents a coherent response to particular life conditions. None is "better" in any absolute sense. Each has characteristic strengths that emerge under certain conditions and characteristic blind spots that emerge under others. The challenge of governance in a complex society is to integrate the legitimate concerns of multiple value systems without being captured by any single one.

The framework used here draws on Spiral Dynamics integral theory. What follows is a simplified map of the systems most relevant to contemporary Brazilian governance.

A.2 The Value Systems in the Brazilian Arena

Order and Stability (sometimes called "Blue") — the Constitutional and Bureaucratic State. In Brazil, this mindset expresses itself through the 1988 Constitution's extensive legal architecture, the formal bureaucracy of the civil service, and the rule-of-law institutions — the judiciary, the *Ministério Público*, the electoral courts — that provide the scaffolding for democratic governance. Strengths: procedural integrity, institutional memory, and a commitment to legal equality that is constitutionally guaranteed. Blind spots: rigidity, a tendency to elevate process over outcome, and the formal existence of rules that are selectively enforced — applied strictly to the powerless and flexibly to the powerful. The judicial-legal thicket and the STF's compensatory role are expressions of this mindset operating in a context of systemic capture.

Achievement and Efficiency (sometimes called "Orange") — the Developmental and Financial State. This mindset drives Brazil's economic modernisation, from the developmentalism of the Vargas and military eras to the financial sophistication of Faria Lima. It expresses itself in the Central Bank's technical capacity,

the agribusiness sector's global competitiveness, the entrepreneurial energy of Brazilian business, and the digital innovation exemplified by PIX. Strengths: innovation capacity, global orientation, and results-oriented pragmatism. Blind spots: externalities that fall outside market metrics, inequality that growth does not automatically address, and a tendency for economic concentration to become political capture. The Faria Lima-Brasília axis — the symbiotic relationship between financial elites and political rent-seekers — is an expression of this mindset operating without sufficient integration from other value systems.

Inclusion and Care (sometimes called "Green") — the Social Justice and Environmental Tradition.

This mindset expresses itself through the 1988 Constitution's extensive social rights, the SUS universal health system, the Bolsa Família programme, the MST's struggle for land reform, the environmental movement, and the vibrant civil society that advocates for marginalised communities and ecological protection. Strengths: empathy, solidarity, and a genuine commitment to ensuring that no one is left behind. Blind spots: consensus-dependency, difficulty with hard trade-offs, and a tendency to treat the expression of inclusive values as a substitute for achieved outcomes — to build a constitution that promises everything while the architecture that would deliver those promises remains captured.

Integrative and Systemic (sometimes called "Yellow") — the Accumulation Architect.

This mindset prioritises functional fit, systemic awareness, and the capacity to integrate multiple perspectives without being captured by any of them. Strengths: flexibility, whole-systems thinking, comfort with uncertainty and experimentation. Blind spots: can appear detached, overly intellectual, or politically unworkable to those operating from other mindsets. In Brazil, this mindset is nascent — visible in the PIX team's ability to build world-class infrastructure within a captured state, in the *Ministério Público Federal's* partial insulation from political pressure, and in the emerging discourse on digital transparency and participatory governance — but not yet institutionalised.

A.3 The Accumulation Deficit as a Value-System Clash

The Brazilian governance system is dominated by the interplay of the first three mindsets. The constitutional Blue provides formal rights and procedures that are selectively enforced. The entrepreneurial Orange generates economic value that is captured by concentrated interests. The caring Green demands universal rights and environmental protection that the captured architecture cannot deliver. Each has made essential contributions to Brazilian governance. But the system lacks the integrative architecture that would allow them to cohere rather than collide. The

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— the adaptive, improvisational capacity of a population navigating a state that was never designed to serve them — is the cultural expression of this unresolved clash.

The accumulation architecture proposed in this report speaks to all three mindsets. The Algorithmic Bypass offers Orange measurable improvements in efficiency and delivery. The fiscal-performance alignment offers Blue enhanced procedural integrity and legal coherence. The municipal laboratories and bioregional governance offer Green genuine channels for citizen voice, social equity, and environmental stewardship.

The anti-capture architecture ensures that what is built is harder to colonise than what was built before. The integration layer is not a rejection of any of these value systems. It is the connective tissue that would allow them to function together rather than at cross-purposes.

Appendix B: International Analogues and Precedents

The proposals in this report are not without precedent. The following examples illustrate existing implementations of governance reforms that speak to Brazil's specific challenges.

B.1 South Africa: Colonial Legacy, Racial Hierarchy, and Institutional Capture

South Africa shares with Brazil the legacy of a colonial and racial hierarchy that has proven remarkably durable despite constitutional transformation. The post-apartheid constitution is among the world's most progressive, yet South Africa struggles with extreme inequality, state capture (most visible during the Zuma presidency and the State Capture Commission), and the challenge of building accountable institutions on a foundation of deep structural inequality. The South African experience demonstrates both the possibility of constitutional renewal and the difficulty of preventing the old extractive logic from reconstituting itself within new institutional forms — a cautionary parallel for Brazil.

B.2 Costa Rica: Eco-Transition and Bioregional Governance

Costa Rica has achieved what Brazil aspires to: a reversal of deforestation through payments for ecosystem services, sustained investment in public health and education, and a national identity built around environmental stewardship rather than extraction. Costa Rica is not Brazil — it is a fraction of the size, without Brazil's federal complexity or its extreme inequality. But its experience demonstrates that bioregional governance, community-based conservation, and fiscal mechanisms that make the living forest economically viable are possible and can produce measurable results. The Brazilian Amazon is not Costa Rica, but the design principles travel.

B.3 India: Scale, Informality, and Digital Public Infrastructure

The companion report in this series on India identifies a synchronisation deficit — the inability to align extraordinary pockets of capacity across a vast and heterogeneous territory. India also shares with Brazil the challenge of informal governance, the scale gradient between high-capacity and low-capacity regions, and the transformative potential of digital public infrastructure. India's Aadhaar identity system and UPI payment infrastructure are the closest analogues to Brazil's PIX and CPF — and India's experience with both the benefits and the risks of centralised digital identity provides relevant lessons for Brazil's Algorithmic Bypass.

B.4 Estonia: Digital Governance and Anti-Corruption by Design

Estonia's e-governance infrastructure — digital identity, transparent public spending, automated service delivery — is the world's most advanced example of what happens when governance is built on digital foundations from the ground up. Brazil is not Estonia, but the Estonian experience demonstrates that radical

transparency, coupled with automatic constraints, can reduce the space for corruption without requiring a frontal assault on the political class. The Algorithmic Bypass draws on the same design logic.

B.5 The Global Governance Frameworks: Anti-Capture Architecture

The author's own work on the Global Governance Frameworks — the Treaty for Our Only Home, the Genesis Protocol, the Integrated Meta-Governance Framework — provides a set of design principles for building governance institutions that are resistant to capture. The Accountable Coordination Principle (the four-criteria test that every institution must satisfy) and the Governance Integrity System (the Legitimacy Drift Detector, the Pre-Genesis Power Dissolution Clause, the System Sanity Audits) are directly relevant to Brazil's challenge of building institutions that the capture equilibrium cannot colonise. The Brazil report is, in this sense, the bridge between the country series and the GGF design work — the place where the diagnostic and the prescriptive streams converge most urgently.

Appendix C: The Governance as Engineering Connection

C.1 The Architectural Foundation

This report draws on a deeper body of work: the Governance as Engineering series, a set of formal analyses that model governance institutions as feedback control systems using standard mathematics from control theory, information theory, and cybernetics. The series is technical; this appendix summarises its core findings in non-technical language and shows how they underpin the accumulation deficit diagnosis.

C.2 The Five Papers in Brief

Paper I — Governance Stability Simulator demonstrates that centralised governance systems operating on aggregated signals destroy spatial information. This is the formal basis for the argument that Brazil's decentralisation — distributing authority without the integration layer that would connect local information to central decision-making — produces fragmentation rather than subsidiarity. The information that local governments possess about their own conditions cannot travel upward through the transactional filter of coalitional presidentialism.

Paper II — Fractality as Stability demonstrates that no single-scale controller can stabilise a system facing simultaneous fast, medium, and slow disturbances. This is the formal basis for the translation layers and cross-municipal learning platforms proposed in this report — the nested, multi-level governance architecture that Brazil's formal subsidiarity claims to provide but that the capture equilibrium prevents from functioning.

Paper III — The Observability-Democracy Connection demonstrates that citizen preferences cannot be reliably transmitted through representation chains deeper than two or three layers. Brazil's representation chain — from citizen to municipal councillor to state deputy to federal deputy to minister — is deep enough to destroy the signal, and the *Centrão's* transactional logic adds further noise. The Algorithmic Bypass and the municipal laboratories' citizens' councils are mechanisms for shortening the chain and improving the signal.

Paper IV — Requisite Variety and the Commons demonstrates that governance systems with low-dimensional observation cannot stabilise high-variety resource systems. The Amazon is a high-variety system — ecological, cultural, economic — and the federal-centric governance model observes it through a single dimension (deforestation rates) that misses the complexity of the communities and ecosystems at stake. Bioregional governance is the architectural response to the requisite variety problem.

Paper V — The Coordination Failure Tax demonstrates that the four failure modes do not add — they multiply. A governance system exhibiting all four simultaneously is categorically incapable of the functions it claims to perform. Brazil exhibits all four: spatial blindness from aggregation (policies designed in Brasília for a continental nation), frequency gaps (crises on days, responses on years), preference invisibility (the

transactional filter destroys the citizen signal), and observational inadequacy (the state cannot see what is happening in territories governed by criminal networks or militias). The accumulation deficit is the compounding output.

C.3 From Engineering Analysis to Institutional Design

The Governance as Engineering series provides the formal proof that the capture equilibrium is not merely a political pathology but a structural condition — a set of interacting mechanisms that produce predictable, compounding failure. The series does not prescribe specific institutional designs; it identifies the parameters that any viable design must satisfy. This report translates those parameters into a concrete proposal for Brazil: the Algorithmic Bypass to improve observability, municipal laboratories to match governance scale to problem scale, translation layers to reduce the distance between decision and context, and anti-capture architecture to prevent new institutions from being colonised by the old logic.

Appendix D: Anticipated Objections

D.1 "Brazil has tried transparency before — the *Portal da Transparência*, the *Lei de Acesso à Informação* — and it didn't break the capture equilibrium."

Transparency alone does not produce accountability. Information that carries no consequences becomes noise, or worse, becomes a catalogue of normalised corruption that deepens cynicism rather than enabling action. The Algorithmic Bypass is not a transparency system in the conventional sense. It is a constrained digital coordination layer that couples visibility to automatic constraint — funding pauses, audit triggers, completion bonds — that operate without requiring discretionary human enforcement. Previous transparency reforms made information available. The Bypass makes information consequential.

D.2 "The

Centrão

will block any reform that threatens its ability to extract rents."

The Algorithmic Bypass does not threaten the *Centrão's* ability to allocate resources — at least not initially. It preserves the form of the political transaction while changing its informational environment. The deputy can still direct funds to their municipality. They can still claim credit for the project. What changes is that the project's progress — or its absence — becomes publicly visible in real time, with automatic consequences. The politician who delivers has nothing to fear and much to gain. The politician who extracts faces a higher probability of exposure. The calculus shifts gradually, not abruptly. The *Centrão* is not defeated; it is rendered incrementally less efficient at extraction.

D.3 "This is just technocratic elitism — another attempt to impose a foreign-designed solution on Brazil."

The Algorithmic Bypass was designed in this report as a specifically Brazilian proposal, built on the country's demonstrated digital capacities — the same community that built PIX, the same identity infrastructure that connects every citizen. The municipal laboratories build on Porto Alegre's participatory budgeting tradition, now four decades old. The bioregional governance proposals build on the military's own doctrine of

Integrar para não entregar

. The anti-capture architecture draws on the GGF's principles, but its application is tailored to Brazil's specific constitutional and institutional landscape. This is not an import. It is an extension of what Brazil has already demonstrated it can do.

D.4 "The parallel governance reality — criminal organisations and militias — cannot be addressed by digital infrastructure."

The report acknowledges this explicitly. The Algorithmic Bypass incorporates independent signal channels — anonymous citizen reporting, civil society verification, remote sensing — that do not depend on the cooperation of local authorities who may themselves be captured or displaced. But the Bypass is not primarily an instrument for confronting criminal governance directly. That requires security policy, law enforcement, and territorial presence. The Bypass is an instrument for ensuring that the resources that

do

flow into contested territories are tracked, verified, and linked to outcomes — so that what the state allocates is more likely to reach the people it is intended to serve, and less likely to be diverted by the actors who currently control the territory.

D.5 "The impeachment trigger means no president can risk reform. This is a constitutional dead end."

The Algorithmic Bypass does not require a president to confront the

Centrão

directly. It requires an executive decree authorising a technical pilot, a budget allocation for a development team and municipal grants, and a political framing — "administrative modernisation," "digital government" — that avoids triggering the immune response. The pilot is designed to operate below the threshold of the political spectacle, in municipalities where local leadership has already chosen to participate. The impeachment trigger is real and dangerous. The transition architecture is designed to bypass it, not to challenge it.

Appendix E: About the Author and Method

The Author

This report was written from a position of comparative engagement with governance systems across multiple continents, but not from within Brazil's institutional core. The author is not Brazilian, does not live in Brazil, and does not claim the authority of lived experience within Brazilian governance. The perspective offered here draws on a sustained engagement with complexity science, developmental psychology (Spiral Dynamics), governance theory, and control-theoretic approaches to institutional design — pursued with the conviction that the most valuable diagnoses sometimes come from outside the system being diagnosed, where questions can be asked that insiders have learned not to hear.

The distance from institutional power is both a limitation and a resource. It limits access to the granular, day-to-day texture of Brazilian policy-making — the unwritten norms, the informal power structures, the lived reality that no formal framework can capture. But it also enables a freedom of diagnosis that proximity to power often discourages. The report does not claim insider knowledge. It claims a coherent lens — one that may prove useful to those who do hold institutional positions and are searching for frameworks that make sense of what they are experiencing.

The author has also contributed directly to governance design through the Global Governance Frameworks, the Governance as Engineering whitepaper series, and the EU Subsidiarity Protocol — all of which are referenced in this document and available in full on the author's website. The synthesis is offered in the spirit of collaborative sense-making, not definitive pronouncement. Feedback, criticism, and dialogue are welcomed.

A Note on Method

This report was developed through a structured, multi-model synthesis process. Several large language models were engaged in parallel, each prompted to approach Brazil's situation from a different strategic angle — institutional architecture, political economy, cultural dynamics, and comparative governance. Their contributions were woven together, challenged for contradictions, and shaped by the author's own systems-thinking framework into the final argument. The AI served as a research partner and a perspective engine; the editorial judgment, and the intellectual responsibility are entirely human.

This method is an experiment in cognitive amplification: using AI to facilitate analysis and to deliberately juxtapose multiple strategic intelligences, surfacing patterns and tensions that might otherwise remain invisible. The report is richer for that polyphony. It is also, like any work of synthesis, provisional. It makes no claim to finality. It claims only that the lens it offers merits testing against reality — and that the testing, in the end, is what matters most.

Acknowledgment of Intellectual Debt

This report draws on the work of many scholars and practitioners who have thought deeply about Brazilian governance. The concept of coalitional presidentialism was coined and developed by Sérgio Abranches and has been elaborated by a generation of Brazilian political scientists. The analysis of the

Centrão

, the fiscal-federal trap, and the impeachment dynamics draws on the work of researchers at the Universidade de São Paulo, the Fundação Getúlio Vargas, and the Universidade de Brasília, among others. The understanding of the racial dimension of Brazilian inequality is indebted to the scholars and activists of the Brazilian Black movement. The analysis of the Amazon draws on the work of Instituto Socioambiental, Imazon, and the Indigenous organisations that have defended the forest for generations. The responsibility for any errors of application rests solely with the author.

The Country Reports Series

This report is the seventh in a series of Country Reports for Systemic Change. The first examined Germany through the lens of an execution deficit. The second examined France through the lens of an integration deficit. The third examined Sweden through the lens of a feedback deficit. The fourth examined India through the lens of a synchronisation deficit. The fifth examined the European Union through the lens of a coherence deficit. The sixth examined the United Kingdom through the lens of a control-delivery deficit. Together, the seven reports form a global diagnostic framework spanning the full spectrum of adaptive capacity failures — seven different ways that governance architectures fail under complexity, unified by the common structural pressure of the subsidiarity deficit. The series does not claim to be complete. It claims to be a foundation on which further analysis, deeper testing, and better design can be built.