The Power of Public Data: Disrupting Corruption and Money-Laundering in Brazil

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**Challenge**

Brazil loses between 3 to 5 percent of GDP annually due to corruption. Only a fraction of the assets and bank accounts linked to money-laundering organizations have been identified according to the Brazilian prosecutors. *Investigation requires the intensive use of data analysis, but most law enforcement agencies in Brazil have a low level of data analytics maturity.*

**Solution & Technology Used**

A minimum viable product (MVP) of two Decision Support Systems (DSS) that can automatically detect high-risk individuals and organizations using **data analytics**

**Implementation**

With the local data incorporated into the DSS, the project team will work closely with a State government to test the solutions.

**Impact**

Addressing corruption and money-laundering in Brazil can have substantial regional impact as the country has been the source of corruption schemes affecting the region. **Potential for public procurement regulations reform and improved governance with the use of analytical tools.** Working with large public expenditure datasets presents opportunities in other relevant agendas.
Pilot Results

The prototype of Risk Analysis System that identifies 225 red flags from millions of public procurement processes and companies is developed and ready for deployment.

- Created datasets with 250M data points and USD 100B in public expenditure: The public data on expenditure, beneficiaries of social programs, blacklisted firms, 30M Brazilian firms, politicians, and campaign expenditure included.

- Developed 45 algorithms to detect 225 public expenditure red flags: The system allows investigators to make targeted and data-driven decisions, reducing their reliance on circumstantial evidence.

- Designed a highly scalable system: With the Scalable Data Unification (SDL) approach, the marginal cost of replicating the system in other jurisdictions is dramatically reduced.

Partners

- Rio de Janeiro State Government
- Mato Grosso State Government
- Municipality of Sao Paulo
- The Ministry of Health
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#### Pilot Results

- The team started a collaboration with the Ministry of Health to analyze the potential risks of government subcontractors. **The preliminary analysis of the Ministry's expenditure since the pandemic is complete.**
- Further analysis encompassing the Ministry's all health-related expenditure can augment the Ministry's oversight capabilities and increase the efficiency of the government's Covid-19 response.

#### Relevance in the age of Covid-19

- **System deployment and client training suspended due to Covid-19 as of July 2020.**
- **Help governments around the world fight corruption:** The Ministries of Economy, Health, and Internal Comptroller, as well as other state governments in Brazil, have requested support. The Vice Presidency of Colombia expressed interest in learning more about the project. The decision support system can be incorporated into other WBG projects financing anticorruption system.
- **Boost the WBG's procurement efficiency:** The Brazil procurement team has requested access to the system to evaluate and detect risks from potential local contractors.

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**DT4D Project Overview**

**Brazil**