

Fighting Corruption

OECD Typology on bribery in public procurement = decomposition of an offence into series of constituents

Why engage in a typology?

- Public procurement is an important economic area for all countries – 15% of GDP and above
- Media reports on bribery allegations lead to believe that public procurement contracts lend themselves to bribery
- Need to better understand the different aspects of this criminal activity to fight it

How?

Experts from 12 countries and international organisations - with different qualifications - discussed anonymised cases

Key Findings regarding corruption in public procurement

- Absence of clear procurement rules; unclear regulations, ever-changing regulations &
- Purposely or unintentionally ignored procurement rules & procedures may lead to corruption
- No country or sector is free from it
- Bribery and Corruption are not isolated

crimes: Money Laundering, Tax evasion, Accounting crimes, Fraud, Collusion, Political Party Financing, Conflict of Interest, Organised crime and blackmail are associated

Key Recommendations

- **Set clear procurement rules and procedures complemented by an arsenal of measures:**
 - Prevention tools in public administration
 - Accountability through oversight
 - Internal & external controls
 - Detection tools
- **Apply and enforce the rules, impose sanctions and ensure their execution**

Use of the typology

- Strengthen anti-corruption & procurement laws and systems
- Awareness-raising & Training material for both procurement and law enforcement agencies

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“Bribery in Public Procurement: Methods, Actors and Counter-Measures”

Follow-up proposal:

Detect and investigate corruption through “Red Flags”

= indicators providing warning signals that point to a possibility of fraud or corruption

Used:

- By international organisations and multilateral investment banks to determine the soundness of investment projects;
- By domestic administrations and investigators to analyse and examine contracts by public administrations.
- To determine and implement appropriate preventive means and tools in sectors or administrations which may be exposed to corruption risks.

Example: AWARD PROCEDURE

Evaluation & award

- Active or passive corruption
 - Conspiracy
 - Coercion
 - Conflicts of interests involving a member of the evaluation committee
 - Inappropriate award decision by the competent authorising officer
- ☞ Ambiguous award criteria with the potential for unduly favouring one particular applicant
 - ☞ Narrow specification with the potential for unduly favouring one particular applicant
 - ☞ Complaints from excluded candidates, former employees, etc...
 - ☞ Delay in the award
 - ☞ Inappropriate expertise of members of the Evaluation Committee (technical, linguistic etc.)
 - ☞ Lack of independence of outside experts assisting the Committee
 - ☞ Decision inconsistent or contradicting the opinion of the evaluation committee
 - ☞ Inappropriate contacts between the contracting authority and specific applicants during the award procedure

Suggestion

- Identify red-flags applicable in the Iraq context
- Evaluate their effectiveness to detect and investigate corruption in different Iraqi institutions
- determine the desirability to publicise “red flags” for Iraqi anti-corruption officials.

Thank you for your views & reactions

Nicola Ehlermann-Cache,
Senior Policy Analyst, OECD- MENA Initiative