Measuring Integrity in Public Procurement

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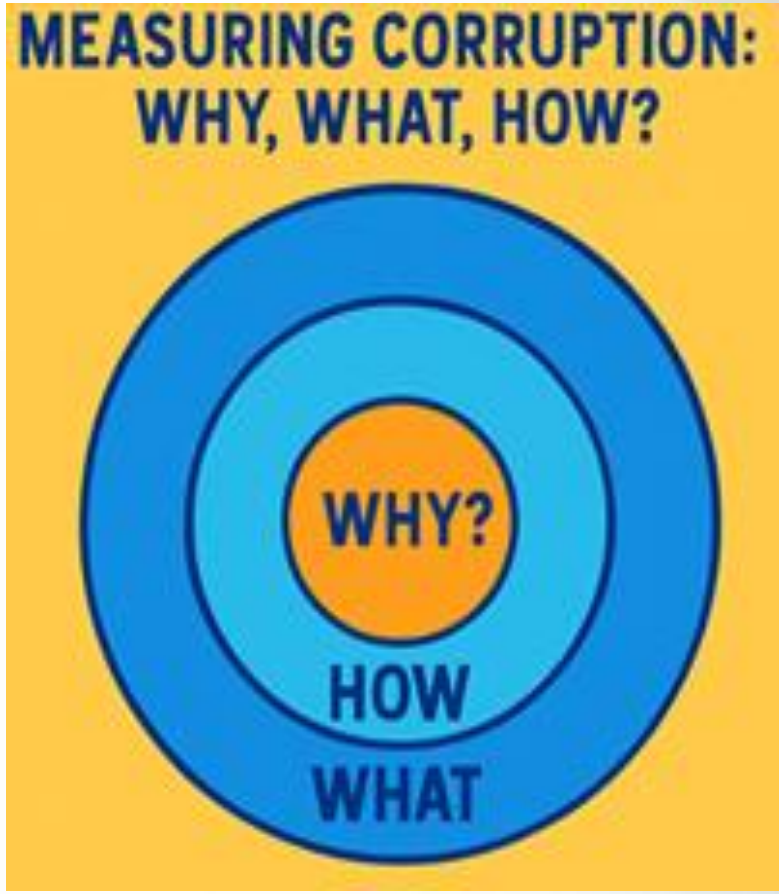
GLOBAL
INITIATIVE ON MEASURING CORRUPTION

Why UNDP Global Initiative on Measuring Corruption?

1. Robust corruption/anti-corruption measurement are fundamental **to know what works, what doesn't and why** (Peter Drucker: "[only] what gets measured, gets managed).
2. Over the past two decades, **significant progress in measuring corruption**: Various indicators and methodologies produced to gauge perception, experience, and the extent of corruption; various resolutions of global processes and mechanisms.
3. Despite more methodologies and guidance, not **enough, actionable, objective, comparable, experience-based data, and indicators** for robust corruption measurement.
4. **The global movement on corruption/anti-corruption measurement seem to be fragmented;** need to bring everyone on the same page to keep the momentum going.



Dec 2023

- Launch of the global initiative at the 10th session of COSP of UNCAC in Atlanta, U.S.A. (Foundation: Vienna Principles, UN/UNODC's Statistical Framework to Measure Corruption, UNCAC Resolutions).

2024

- Methodology development, formation of expert committees, presentation to experts and member states, and testing methodology with G20 countries.

2025

- 2nd Global Conference in Dec 2025; practical and useful outcome document, three global reports; data dash-board and indicators.

2026 & 2027

- Sustaining global network; systematization of data collection; collecting more data; and developing more indicators.

Nazaha نزاهة

هيئة الرقابة ومكافحة الفساد

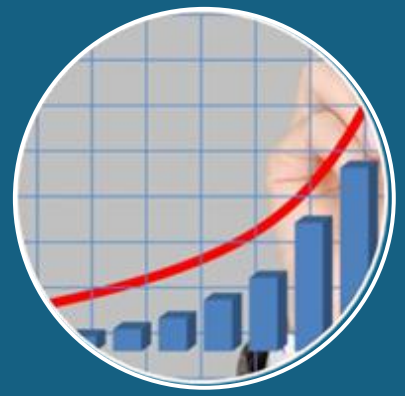
Oversight and Anti-Corruption Authority

Three streams of measurement

Integrity in public procurement

Internationals norms and standards

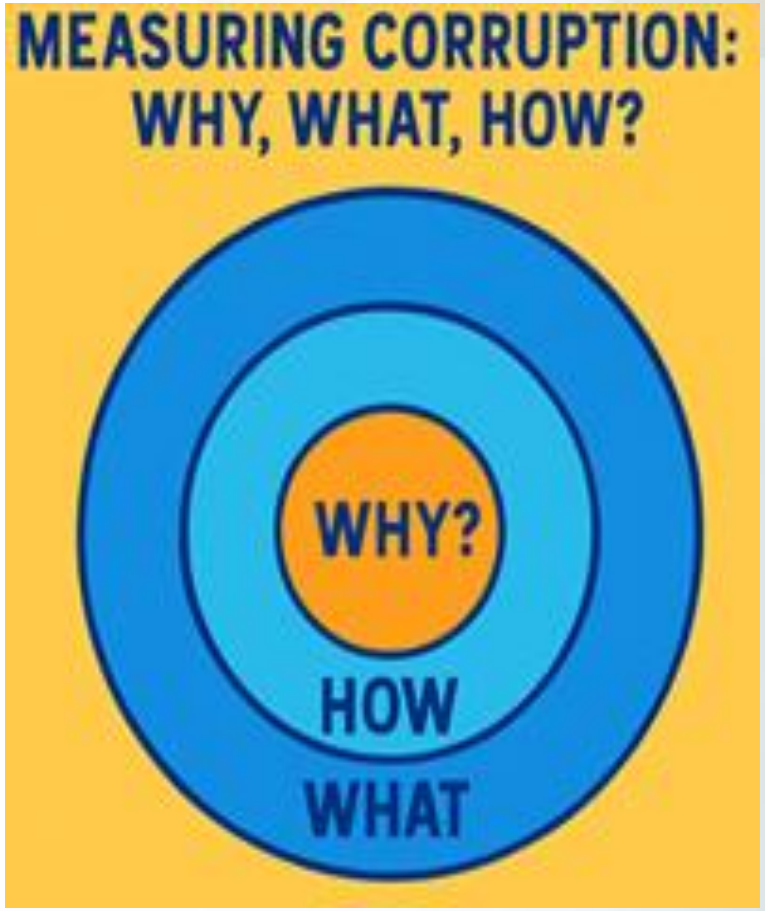
(This stream has been put on hold until the 11th Session of CoSP to UNCAC)



Experiences of businesses with bribery and its drivers

Background: Why focus on public procurement?

1. **1/3rd of government spending; 15 to 30 % of GDP** in many countries → high risks area for corruption
   - Estimates indicate that **bribes** in public procurement can range from **8 to 25 % of the contract value**, while **corruption can increase project costs by up to 50%**
2. **Cross-cuts across all sectors of development/SDGs** (health, education, water, infrastructure, etc.)
3. **Involve both public and the private sector** (affects service delivery, growth, private sector development, competitiveness, etc.)



Methodology: Corruption Definition

In public procurement, the aim of corruption is to steer the contract to the favored bidder without detection. This is done in a number of ways, including:

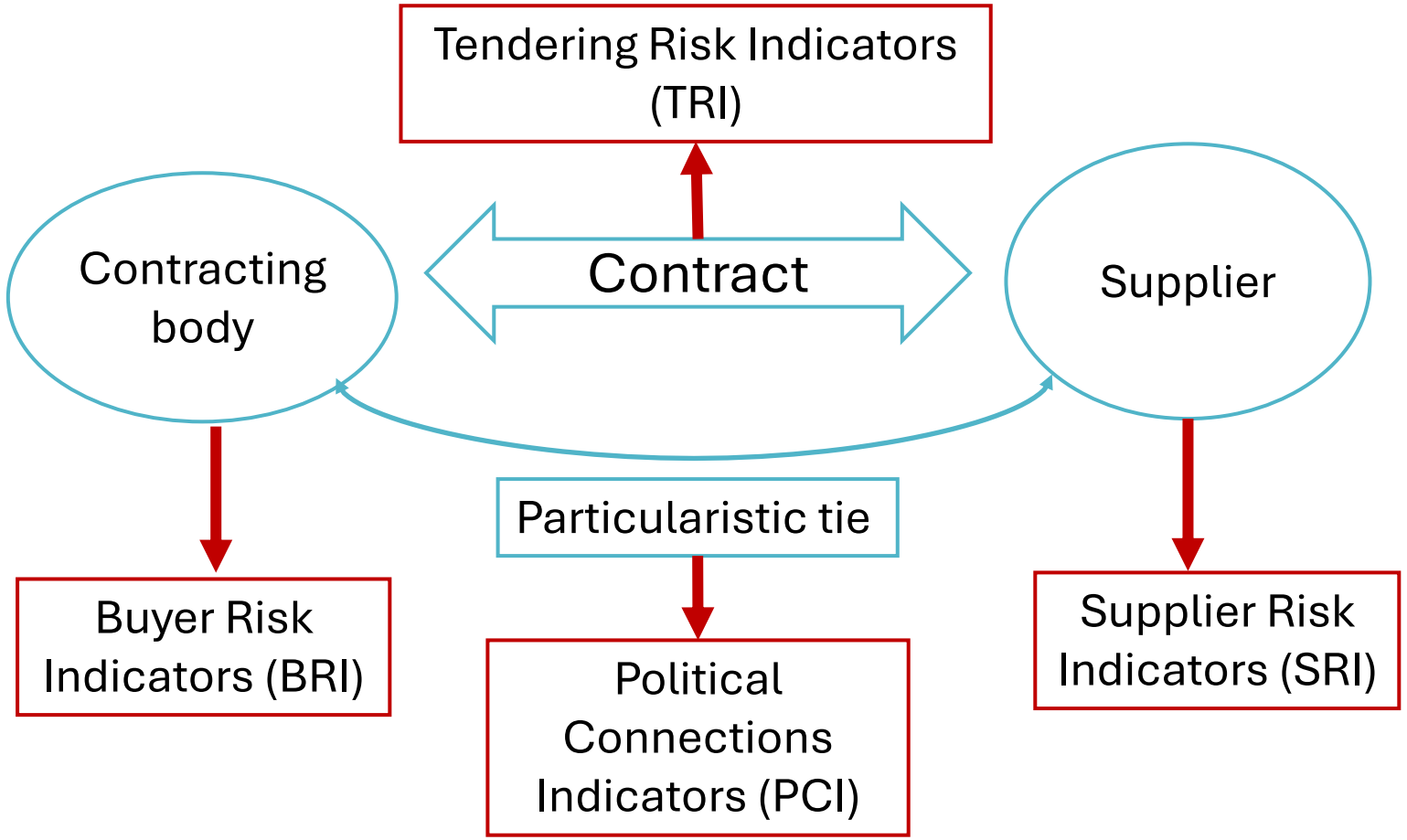
- ***Avoiding competition*** through, *e.g.*, unjustified sole sourcing or direct contract awards.
- ***Favoring a certain bidder*** by tailoring specifications, sharing inside information.

See: World Bank Integrity Presidency (2009) Fraud and Corruption. Awareness Handbook, World Bank, Washington DC. pp. 7.

→ Note the difference from legal definitions

Methodology: Proxying Corruption

Conceptualizing public procurement corruption indicators



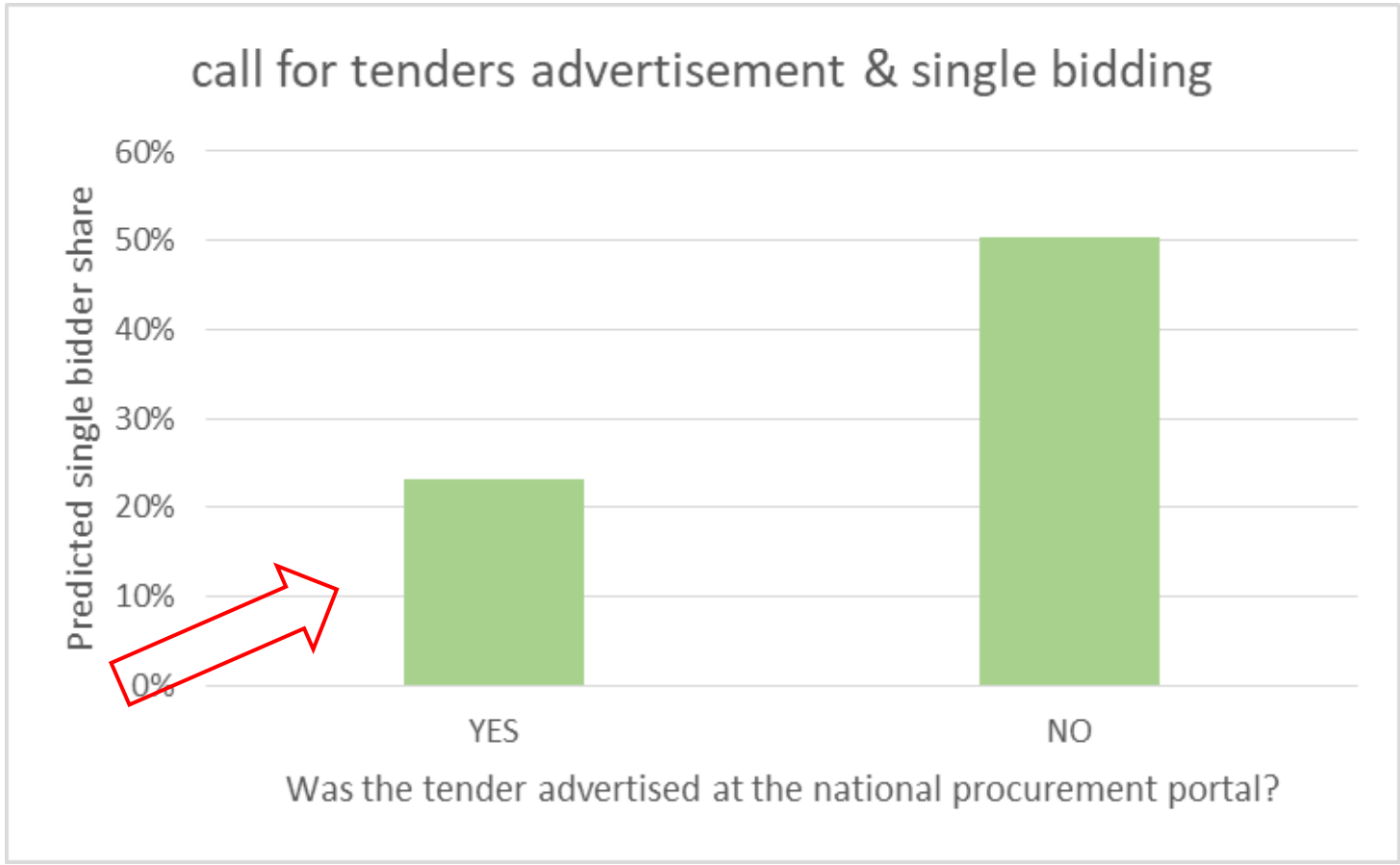
Source: Mihály Fazekas, Luciana Cingolani, & Bence Tóth (2018), Innovations in Objectively Measuring Corruption in Public Procurement. In Helmut K. Anheier, Matthias Haber, and Mark A. Kayser (eds.) Governance Indicators. Approaches, Progress, Promise. Ch. 7. Oxford University Press, Oxford.

How to identify valid corruption risk indicators?

- Drawing on expert assessment
- Data-driven
  - **Theory-driven**
    - Relationships between variables in line with a corruption logic
    - Risk indicators should contribute to favoured access and limited competition
  - **Machine learning-driven**, if learning dataset is good enough, typically it is not…

Dictionary of corrupt schemes in public procurement

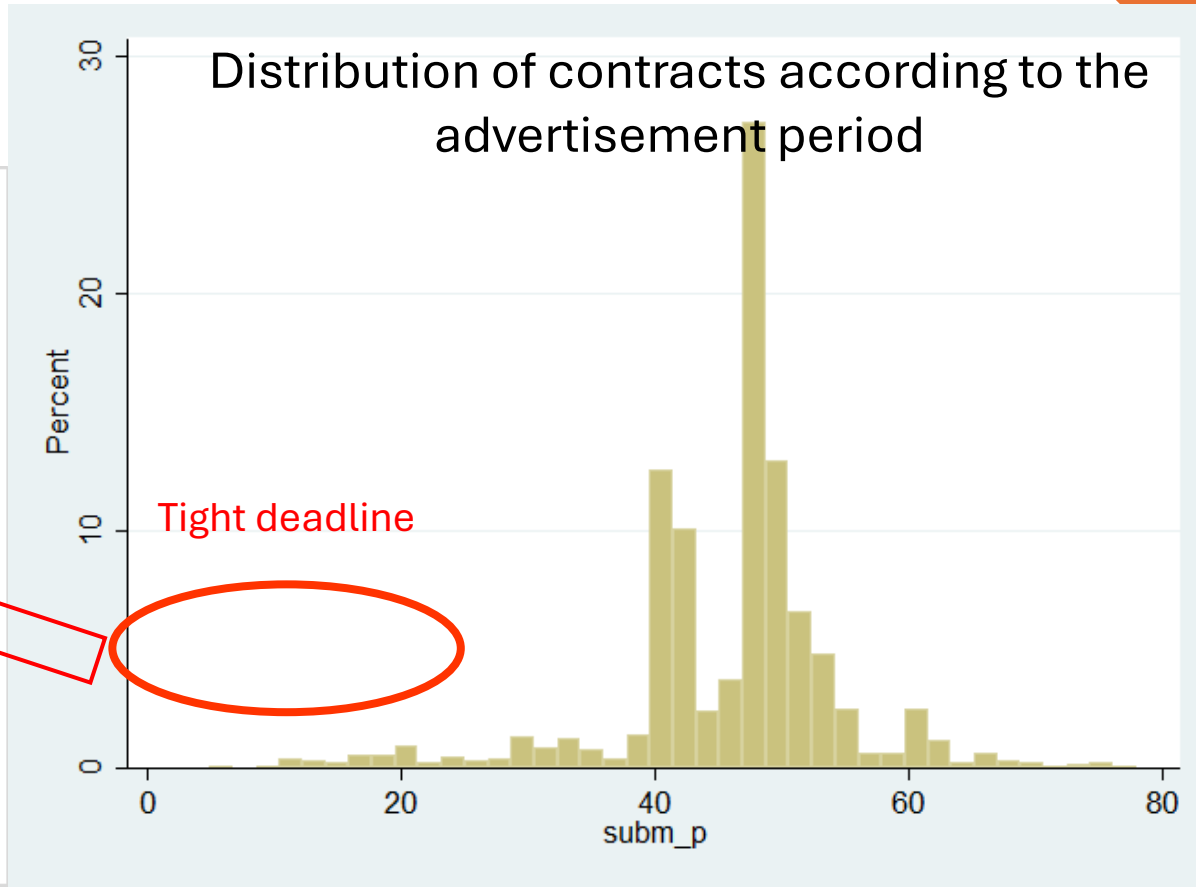
- Risky situation arises when the tender is not advertised on the national procurement portal
- It is evidenced by the increaseing probability of only one bidder bidding in a competitive market.



Source: GTI calculation, Mexico, federal procurement, 2017-2018

Probability of single bid submitted for contracts compared with the market norm of 48+ days

Distribution of contracts according to the advertisement period



Source: EU's Tenders Electronic Daily (TED), Portugal , 2009-2014

Methodology: Integrity in public procurement:

Where we are (UNDP-GTI partnership):

- **Methodology:** Red flag approach
- **Data:** Contract level data; open-source procurement data
- **Total number of indicators** = 61 (for detailed country case studies)
- **Selection of 5 set of indicators** for the global report and data dashboard:

1. **Single bidding**
2. **Non-open procedure**
3. **Non-publication of call for tenders**
4. **Contract modifications**
5. **Tax haven registration**

Additional info: Beneficial ownership

Data content:

Minimum data scope for comprehensive corruption risk assessment

Data period:

2017 2023 ....

Variable group	Variable
Buyer	Buyer's name
	Buyer's unique ID
	Buyer's address
Bidder / bids	Bidder's name
	Bidder's unique ID/tax ID
	Bidder's address
	Number of bids submitted
	Number of bids excluded
	Bid price (details on total and unit prices)
	Exact time of bid submission
	Bid type (winner/loser bid)
	Beneficial owners
Tender / contract	Procedure type
	Framework agreement (1st/2nd stage)
	Estimated price (details on total or unit prices)
	Procurement type (service, supply, work)
	CPV codes (by product type weight)
	NUTS code(s) of contract implementation
	Status (cancelled, pending, etc.)
Dates	Call for tender publication date
	Bid submission deadline
	Contract start and end dates
	Publication date of contract award
	Date of contract completion
Subcontracting	Subcontractor's name and unique ID (tax ID)
	Subcontractor's share
Consortium	Consortium members' name and unique ID (tax ID)
	Consortium members' share
Contract performance	Contract performance end date
	Was performance according to the contract
	Explanation in case of deferring from contract
	Information on contract modification
	Information on performance quality

Visualization of data

1. No numerical ranking creating one index
2. Showing the direction of change to track progress at the indicator level (e.g., overall, as at the country level aggregating all sectors as well as looking into specific sectors/businssess processe).
3. Benchmarking the progress compared to the global average of 60+ countries
4. Clustering countries at the indicator level by various categiroes (e.g.high, medium, low, e.g., UNDP Human Development Index)

Next Steps:

Data collection for 60+ countries and pilot-testing initially with G20 countries

Global report and a data-dash board for 60+ countries using the limited 5 indicators

Use the full scope of indicators (61 indicators) on two countries (gold standard)

Launching these products at the Global conference on corruption measurement on 2-4 December 2024

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UNDP Digital Development Comp

https://digitaldevelopmentcompass.undp.org

Digital Development Compass

ABOUT DATA METHODOLOGY

Is your nation ready to navigate digital transformation?

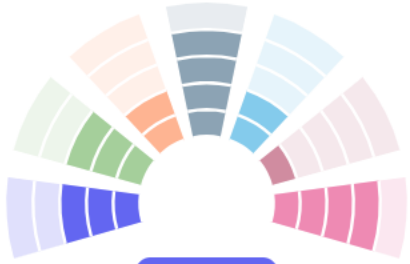
Explore your nation's digital progress using the world's largest database of digital development data. Leveraging the pillars of UNDP's Digital Transformation Framework, the Digital Development Compass lets you discover and compare progress across a range of key issues.

FILTER BY PILLAR

- Overall
- People
- Connectivity
- Government
- Regulation
- Economy

CLOSE

Jordan



OVERALL

STAGE 3: SYSTEMATIC

VIEW MORE

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UNDP data scope

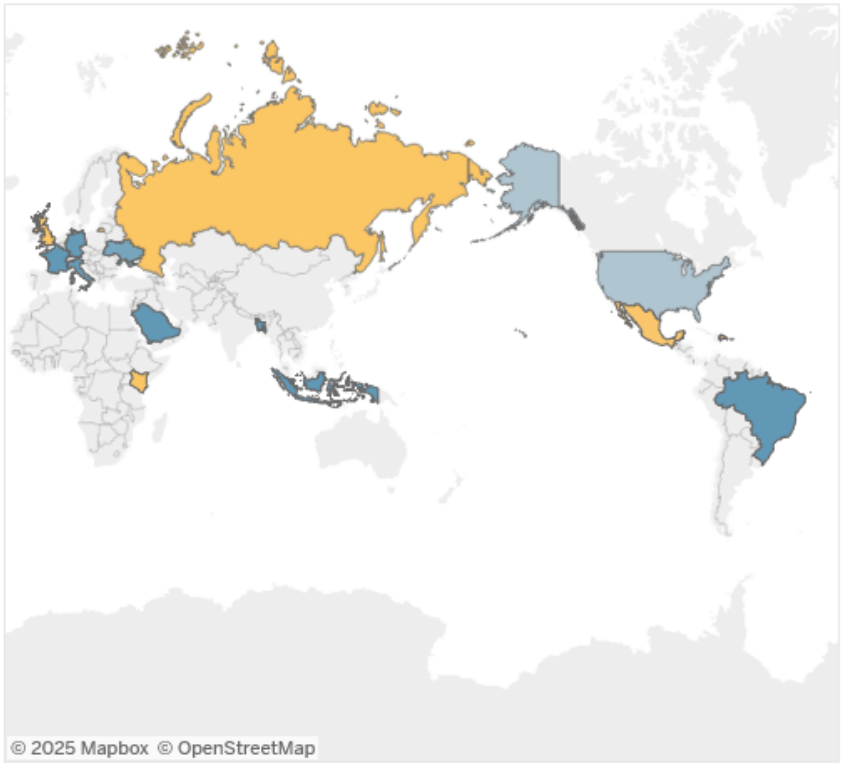
Data availability

This dashboard provides an overview of data availability for procurement indicators globally and in a selected country. On the map, darker shades represent higher missing rates. The charts show trends in data availability over time. Users can filter by indicator type, contract value, and product market to explore data availability more detailed. The "All" option for product market shows the top 10 markets.

Data availability

0% 100%

Select year: (All)



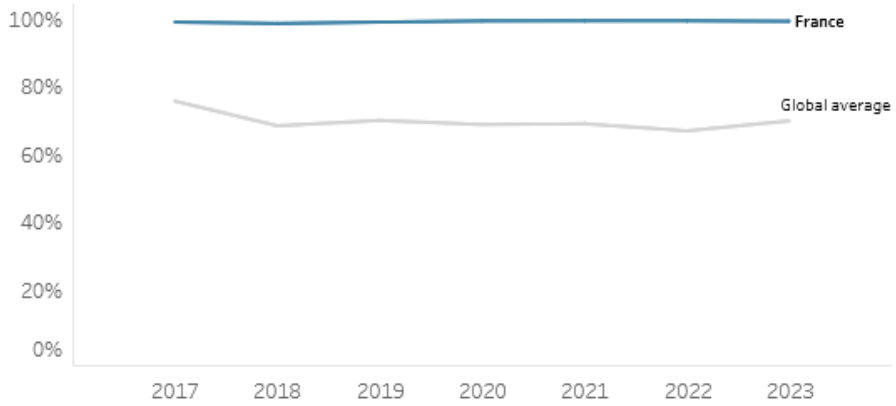
Select country: France

Select indicator: Single bidding

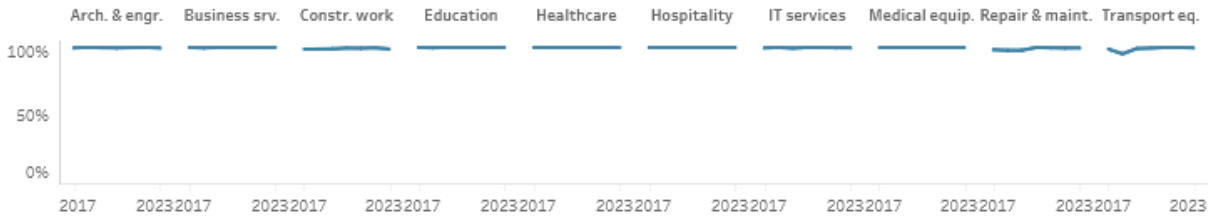
Product market: (All)

Contract value: $5M and above

Comparison to global average

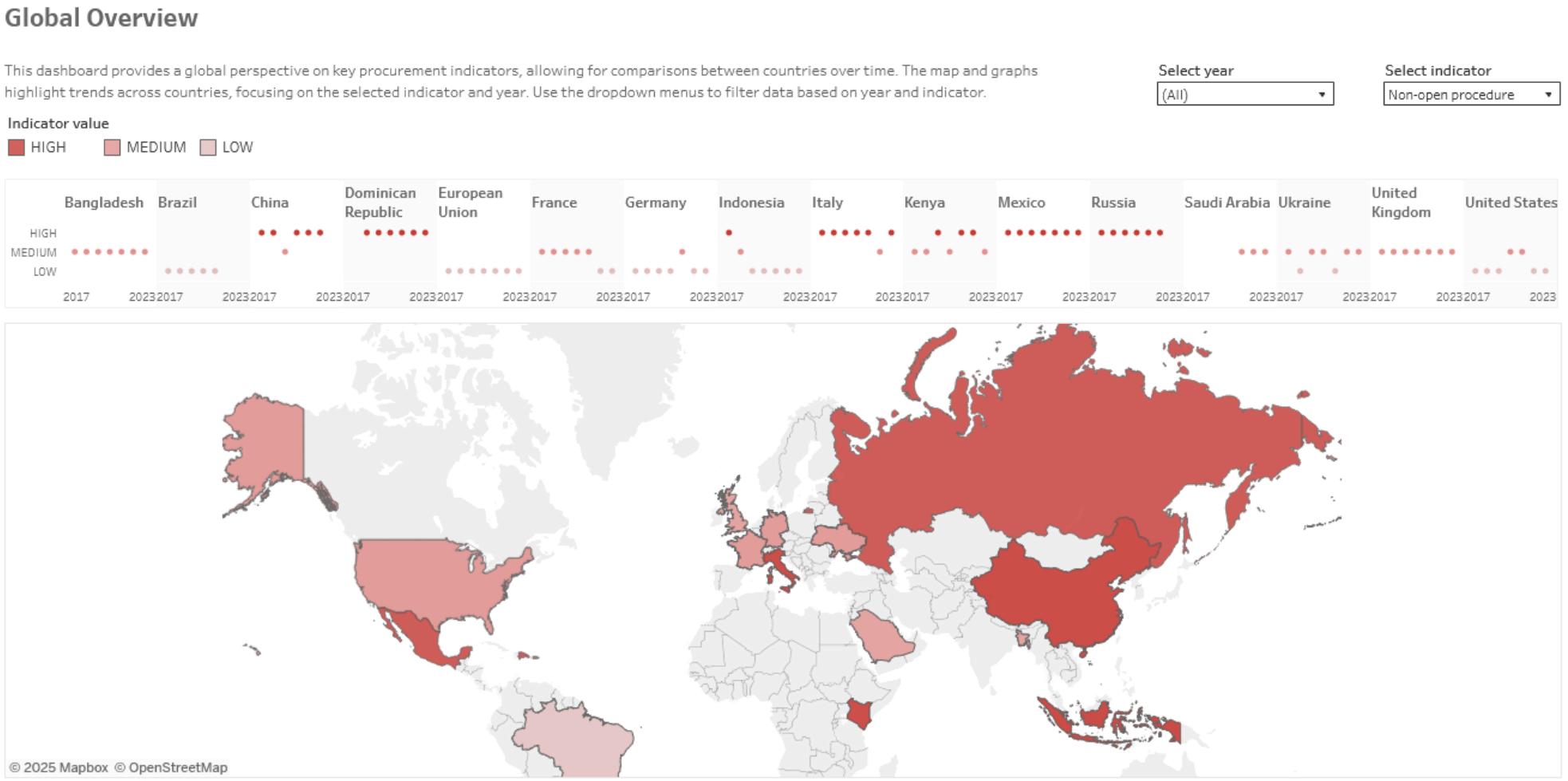


Comparison per market



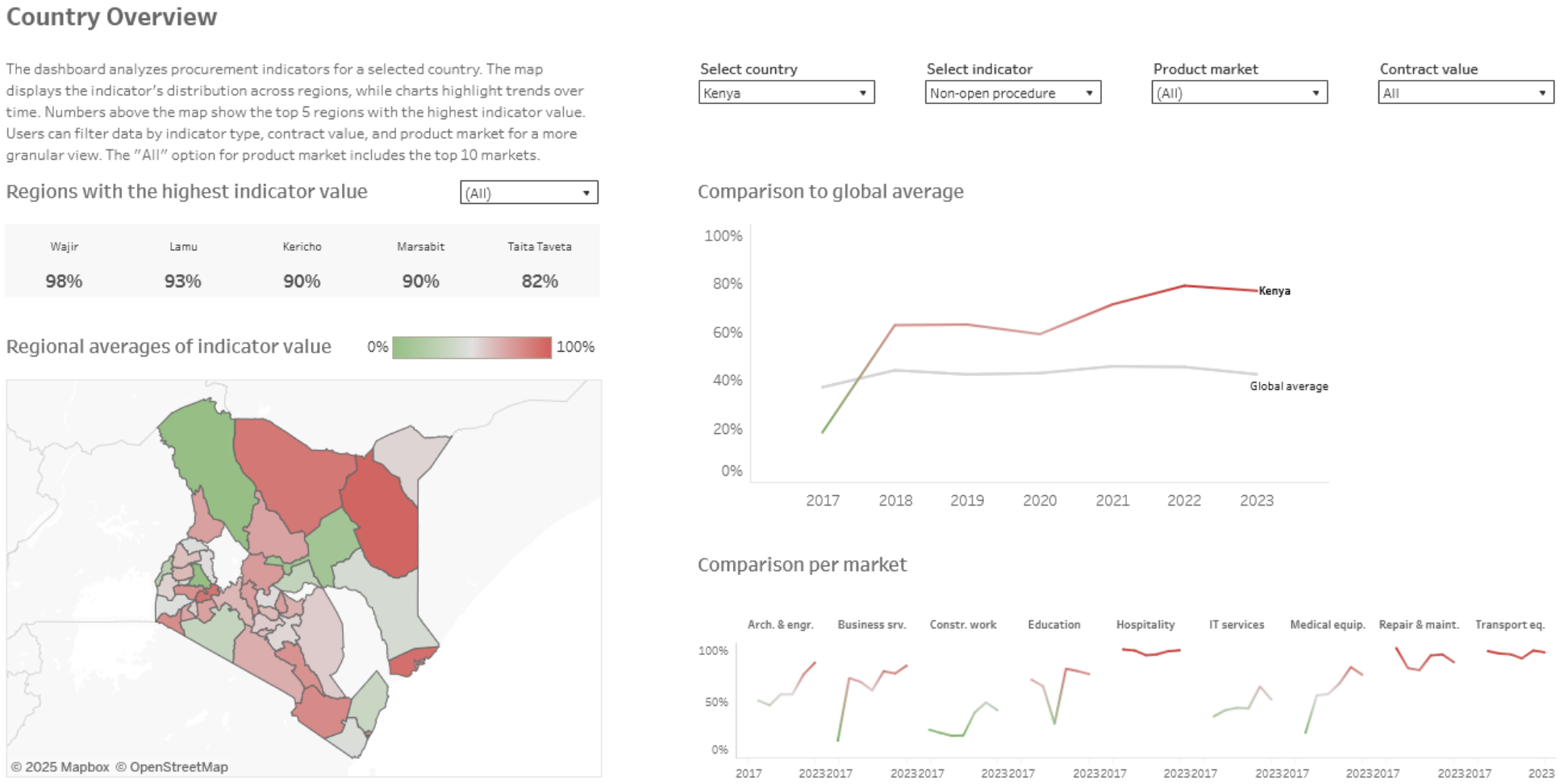
Global overview

- No outright benchmarking
- Multi-dimensional comparisons across countries, markets and over



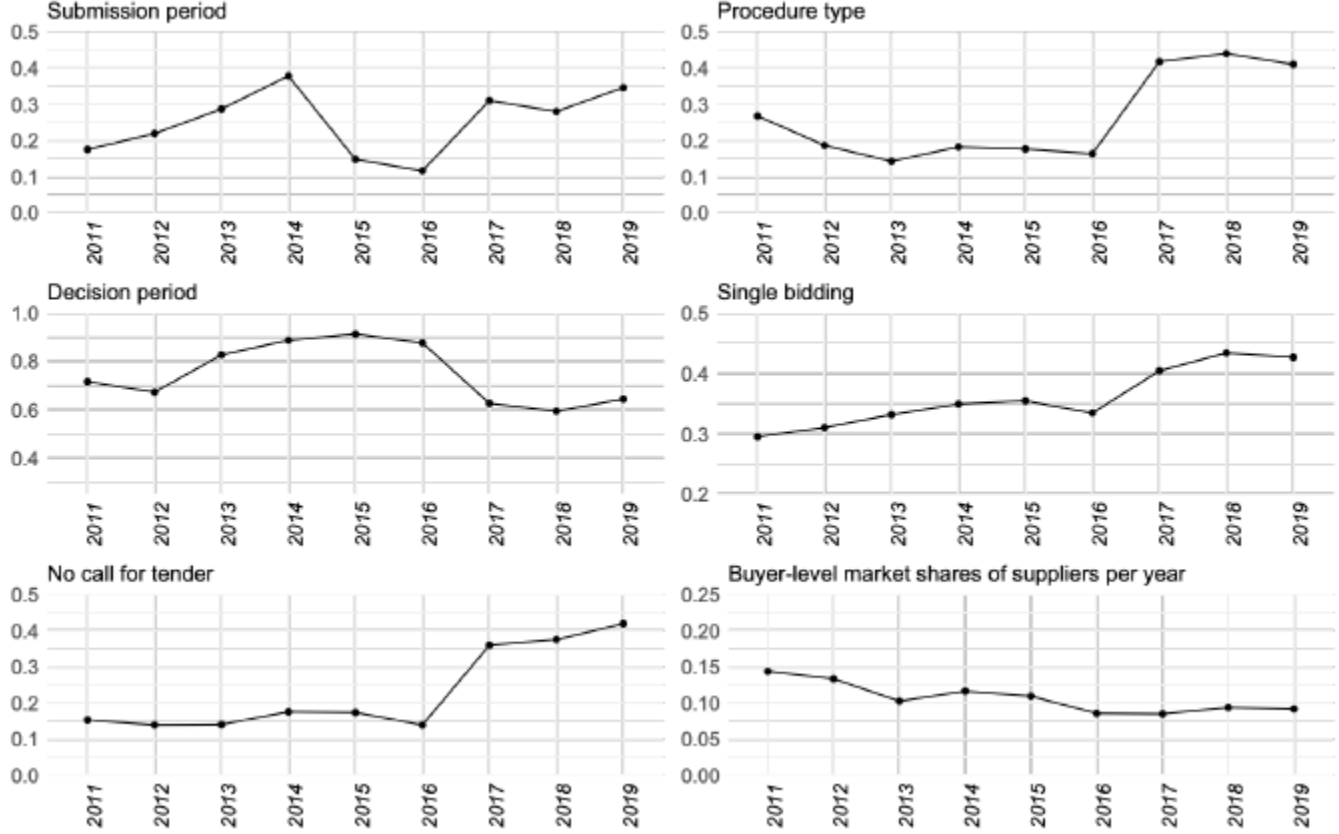
In-depth country analysis

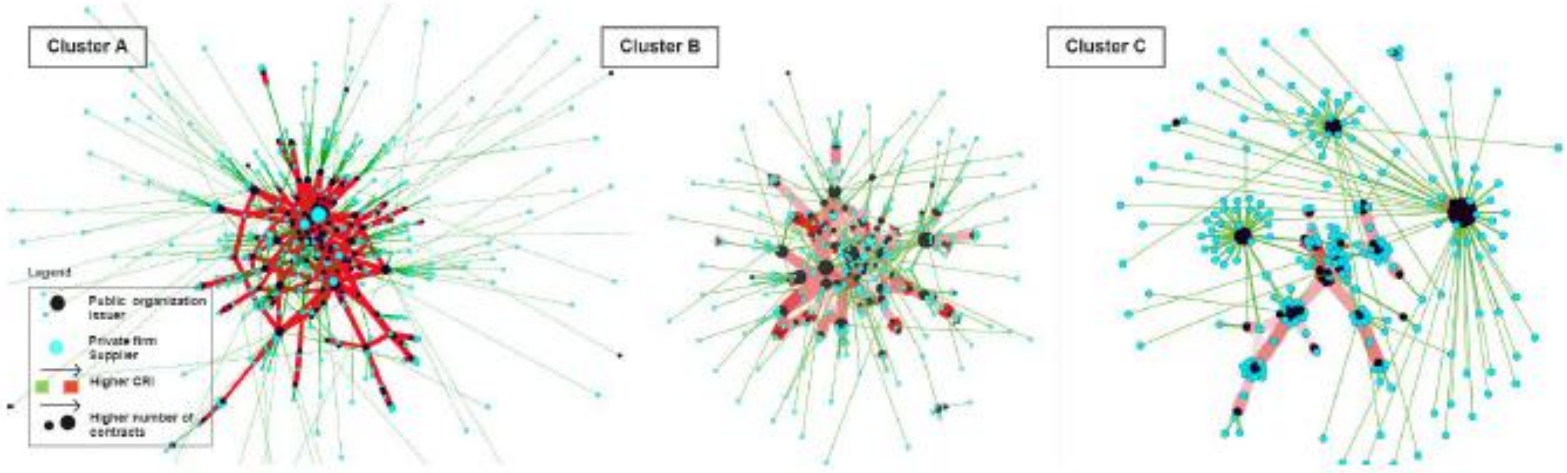
- Detailed look at different risk factors by region, year, market, and contract value threshold



Detailed policy insights

- In-depth country analysis can
  - Draw on a broader set of red flags
  - Identify patterns of risks and their drivers
  - Derive actionable insights
  - Track impact of policy interventions

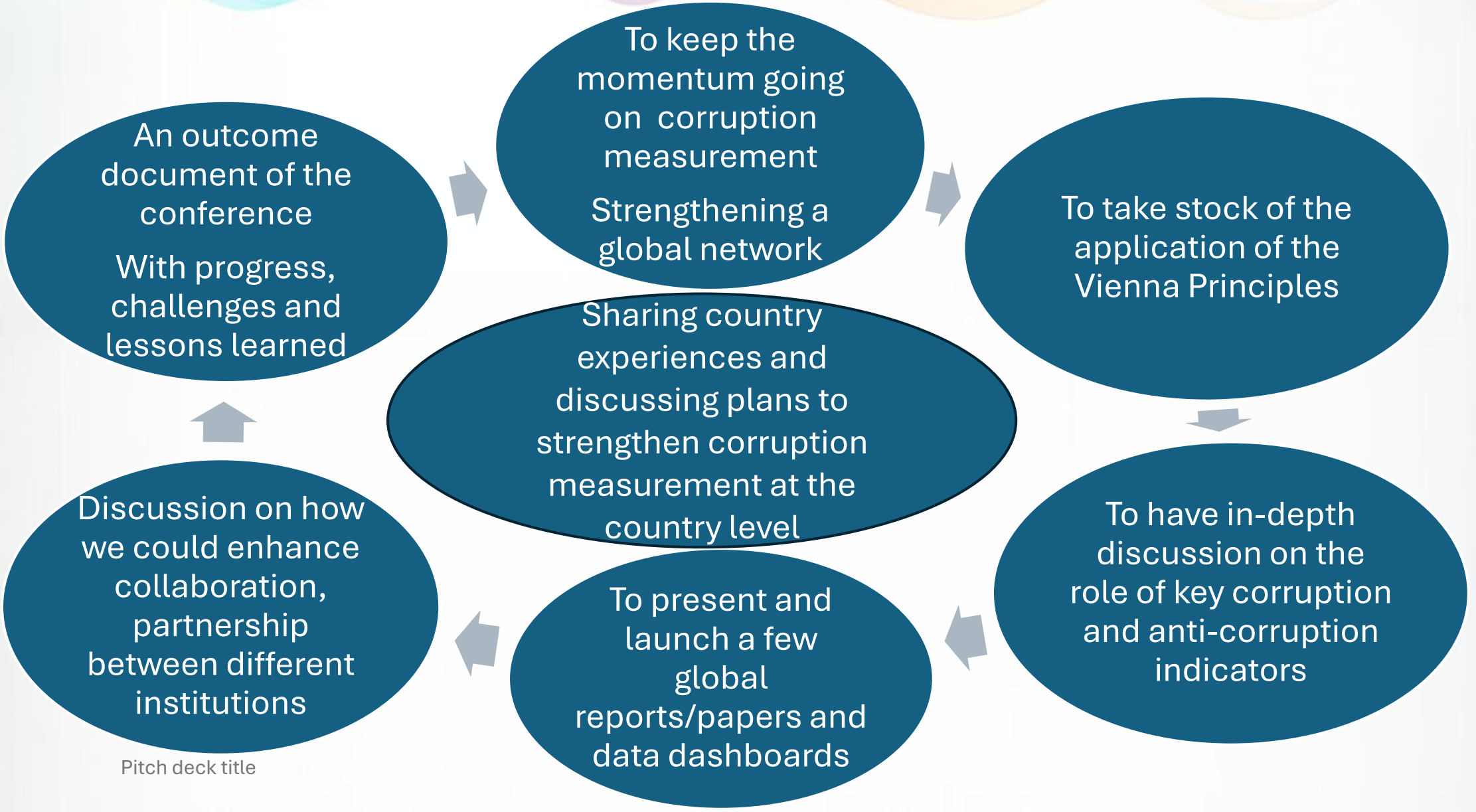




Country factsheet

3. The 2nd Global Conference on Corruption Measurement

Why the second global conference on the measurement corruption?



Proposed thematic/substantive areas of discussion on the measurement of corruption for the 3 days conference

- Integrity in public procurement (and other public processes)
- Experiences of businesses with bribery
- Effectiveness/performance/capacity of ACAs
- Public sector integrity (integrity in the public sector)
- Measuring progress on global anti-corruption frameworks (e.g., OECD, bribery convention, UNCAC)
- Emerging issues such as measuring beneficial ownership transparency, foreign bribery, tax/trade transparency, and the economic impact of anti-corruption, and the role of technologies/data analytics in measuring corruption

Target audiences (up to 200 participants): policy makers, practitioners, academia, researchers, international organizations, CSOs, business community

Expected outcomes:

- An outcome document to summarize progress, challenges and way forward on measuring corruption.
- Launch of new reports, data and indicators by the organizers and partners.

Thank you !

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