



# OECD INTEGRITY FRAMEWORK FOR PUBLIC PROCUREMENT

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## Public procurement is vulnerable to corruption

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- 12% of GDP and 29% of general government expenditure in OECD countries amounting to EUR 4.2 trillion (2013)
- 63% of the public procurement is spent at the subnational level procurement in OECD countries
- 10-30% of the investment in a publicly funded project may be lost through mismanagement and corruption (CoST, 2014)
- More than half of foreign bribery cases occurred to obtain a public procurement contract (OECD, Foreign Bribery Report 2014)
- More than 3 out of 10 companies that have participated in a public tender say corruption prevented them from winning (Flash Eurobarometer 428, 2015).



# Public procurement is vulnerable to corruption

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- Why?
  - amount of money involved;
  - close contact between public and private sectors;
  - multitude of stakeholders;
  - complexity of the process;
  - payment guaranteed.



# Key integrity risks

Phase	Integrity risks
1. Pre-tendering	<ul style="list-style-type: none"><li>• Inadequate needs assessment</li><li>• Undue influence</li><li>• Inappropriate choice of procurement procedure (exceptions, contract splitting, direct award)</li></ul>
2. Tendering phase	<ul style="list-style-type: none"><li>• Bribery, bid rigging, collusion, bid rotation</li><li>• Tailored specifications</li><li>• Absence of public notice (or too short)</li><li>• Undue sharing of tendering information</li><li>• Unclear award criteria</li></ul>
3. Post-award phase	<ul style="list-style-type: none"><li>• Fraud, theft, sub-standard services or materials</li><li>• Incomplete or biased audits/evaluations</li></ul>



## Key mitigation measures

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- Integrity
- Transparency
- Stakeholder participation
- Accessibility
- E-procurement
- Oversight and control





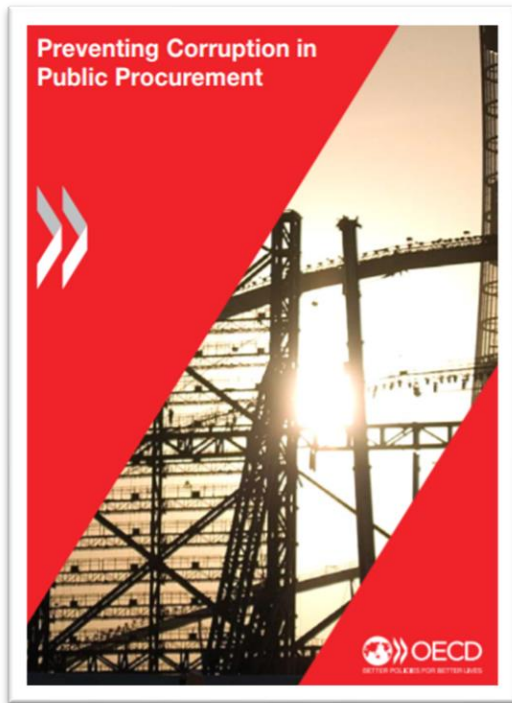
## Key messages

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1. Integrity risks emerge in every phase of the procurement cycle
2. Bribery is only one of the issues, also undue influence, fraud, theft
3. Transparency, stakeholder participation, access, e-procurement, oversight and control can contribute to higher integrity
4. Broader « good governance » : rule of law, transparency, sanctions, control and audit



# Further reading



OECD Home About Countries Topics Coronavirus (COVID-19)

OECD Home > Directorate for Public Governance > Public procurement > Integrity in Public Procurement

## Integrity in Public Procurement

- > Anti-corruption and integrity in the public sector
- > Budgeting and public expenditures
- > Digital government
- > Gender mainstreaming, governance and leadership
- > Illicit trade

**FAST FACTS**

Public procurement is one of the government activities highly vulnerable to corruption.

The financial interests at stake, the volume of transactions and the close interaction between public and private sectors in the award of public contracts all pose risks to integrity.

**IN FIGURES**

> It has been estimated that 10-30% of the investment in a

**FIGHTING CORRUPTION IN PUBLIC PROCUREMENT**

- <https://www.oecd.org/gov/ethics/Corruption-Public-Procurement-Brochure.pdf>
- <https://www.oecd.org/gov/public-procurement/integrity/>