

Action Plan

ENHANCEMENT OF FRAUD DETECTION IN PUBLIC PROCUREMENT OF THE COUNTRIES OF CENTRAL ASIA

08/28/2024

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Contents

1. Background and Purpose

2. Current Status and Issues

3. Improvement Strategy

4. Specific Action Plan

5. Outline of the Action Plan

6. Expected Results

1. Background and Purpose

- **Background**

The e-Procurement System in the countries of Central Asia has been designed to streamline the government procurement process, making it more efficient and transparent. However, there have been instances of unscrupulous suppliers exploiting the system, leading to issues like bid-rigging, the supply of substandard goods, and false documentation.

- **Purpose**

The purpose of this action plan is to address the challenges posed by unethical suppliers, ensuring that the e-Procurement process remains fair, competitive, and trustworthy. By implementing targeted strategies, the aim is to enhance the verification of suppliers, reduce fraudulent activities, and ensure that only qualified suppliers participate in government tenders.

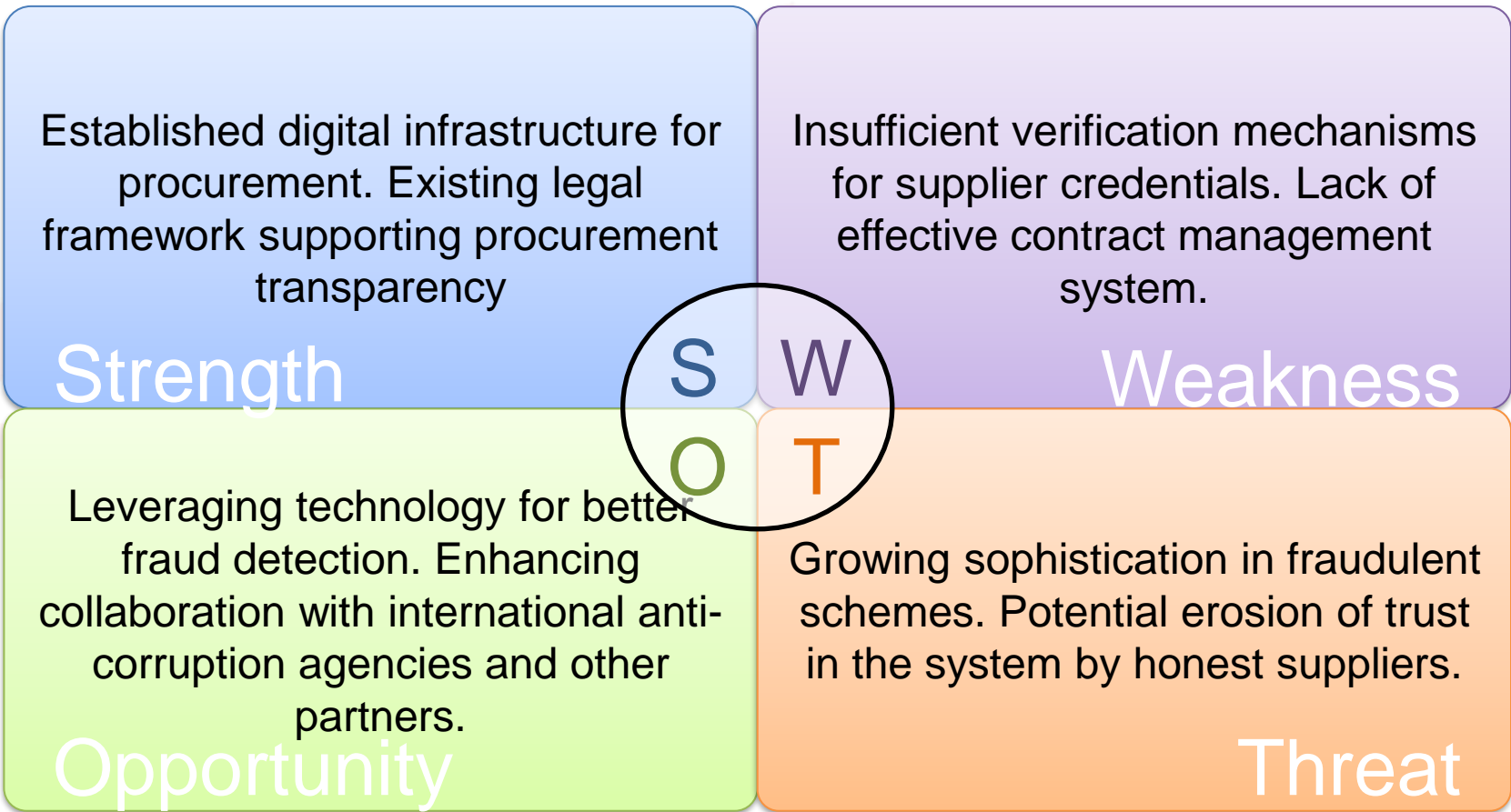
2. Current Status and Issues

While the e-Procurement System has improved the overall procurement process, there are significant challenges related to the behavior of certain suppliers. These challenges include the submission of fake documents, collusion among bidders, conflict of interests, and non-compliance with contract terms, which undermines the system's effectiveness.

• Leveraging technology for better fraud detection.

• Enhancing collaboration with international anti-corruption agencies.

2. Current Status and Issues – SWOT Analysis



2. Current Status and Issues – Gap Analysis

Proposed Overall Goals (Objectives)

↑
To Be

A A robust verification process involving multiple layers of checks, including background checks and real-time data validation.

B Continuous monitoring and auditing of suppliers throughout the contract lifecycle to ensure compliance.

↑
As Is

A Current verification is basic, relying heavily on submitted documents, with minimal cross-checking.

B Post-contract monitoring is not effective, allowing unscrupulous suppliers to operate unhindered.

Proposed Purpose

Introduce stringent background checks for all suppliers registering on the e-Procurement platform

Procuring customers regularly submit a report on the fulfillment of contract terms to the authorized body in the field of public procurement (Ministry of Economy and Finance)

3. Improvement Strategy

- **Strengthen Supplier Verification:** Implement enhanced verification protocols to authenticate supplier credentials and backgrounds rigorously.
 - **Introduce Advanced Fraud Detection Tools:** Use AI and data analytics to identify potential fraud patterns and unethical behaviors early in the process.
 - **Continuous Monitoring:** Establish a system for ongoing monitoring of supplier performance and compliance with contract terms.
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4. Specific Action Plan

Step 1: Revise Supplier Registration Process

Actions:

- Introduce stringent background checks for all suppliers registering on the e-Procurement platform.
- Implement a requirement for third-party verification of key documents submitted by suppliers.

Implementing Organization: Ministry of Economy & Finance, Relevant Stakeholders.

Timeline: 0-3 months.

Step 2: Implement Fraud Detection Tools

Actions:

- Integrate AI-based tools into the e-Procurement system to detect patterns indicative of bid-rigging, collusion, conflict of interests, and other unethical behaviors.
- Train procurement officers on the use of these tools.

Implementing Organization: Ministry of Economy & Finance, Relevant Stakeholders.

Timeline: 3-6 months.

Step 3: Continuous Monitoring and Auditing

Actions:

- Procuring customers regularly submit a report on the fulfillment of contract terms to the authorized body in the field of public procurement (Ministry of Economy and Finance)

Implementing Organization: Procuring Entities, Ministry of Economy & Finance.

Timeline: 6-12 months.

5. Outline of the Action Plan

• **Implementing Organization**

- Name of the organization: **Ministry of Economy & Finance**
- Nature or type of the organization: **Government organization**

Major functions of the organization:

- **carrying out state regulation and state policy in the field of public procurement;**
- **developing and approving the procedure for the formation of the Unified Register of Unscrupulous Performers;**
- **monitoring of the implementation of normative legal acts in the field of public procurement and control over their implementation;**
- **Other tasks according to the legislation.**

• **Duration of the Project : 1 Year**

- Date of commencement: **January 2025**
 - Date of completion: **December 2025**
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❖ Action Plan – Time Table (Examples)

- **Duration: 1 Year**

No	Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund, Thousand US\$
1	Action Plan presentation	■												0
2	Approval of TA		■											0
3	Revise Supplier Registration Process			■	■									50
4	Implement Fraud Detection Tools					■	■	■						200
5	Continuous Monitoring and Auditing								Permanently				0	

6. Expected Results – Outputs/Outcomes

- **Economic Effects**

Significant reduction in procurement-related fraud and financial losses, leading to better allocation of public funds.

- **Technical Effects**

Enhanced e-Procurement system capabilities with advanced fraud detection and monitoring tools.

- **Social and Environmental Effects**

Increased trust among suppliers and the public in the fairness and integrity of the procurement process.

6. Expected Results – Challenges/Solutions

• Challenges and Risks

- Potential pushback from suppliers who may find the new verification processes burdensome.
- Risk of initial implementation delays due to the integration of new technologies.

• Solutions

- Conduct stakeholder engagement sessions to communicate the benefits of the new processes.
 - Establish a dedicated project management team to oversee the timely implementation of all initiatives.
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Action Plan

