



UNCAC COSP
Working Group on the
Prevention of Corruption

Vienna, 31 August-2 September 2015

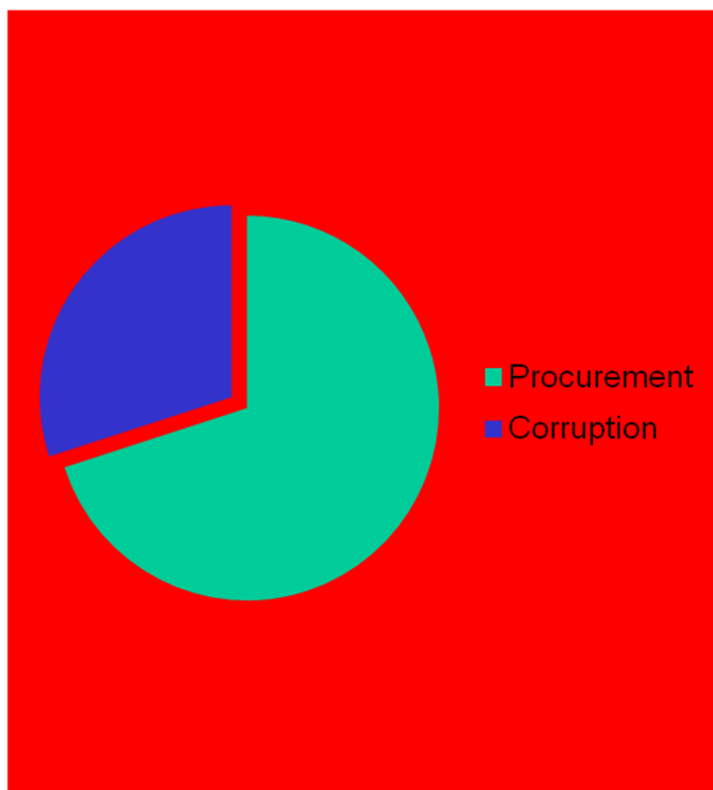
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- Fraud and corruption in Public Procurement



- 3 common perceptions (fallacies) about corruption and procurement:
 - It is a developing country problem
 - There are no real losers
 - There is nothing that can be done about it
- *WBI estimates that systemic corruption = 20-30% of procurement wasted, perhaps US\$ 1tn*
- *Italian study – 80% of procurement waste is inefficiency, not corruption*

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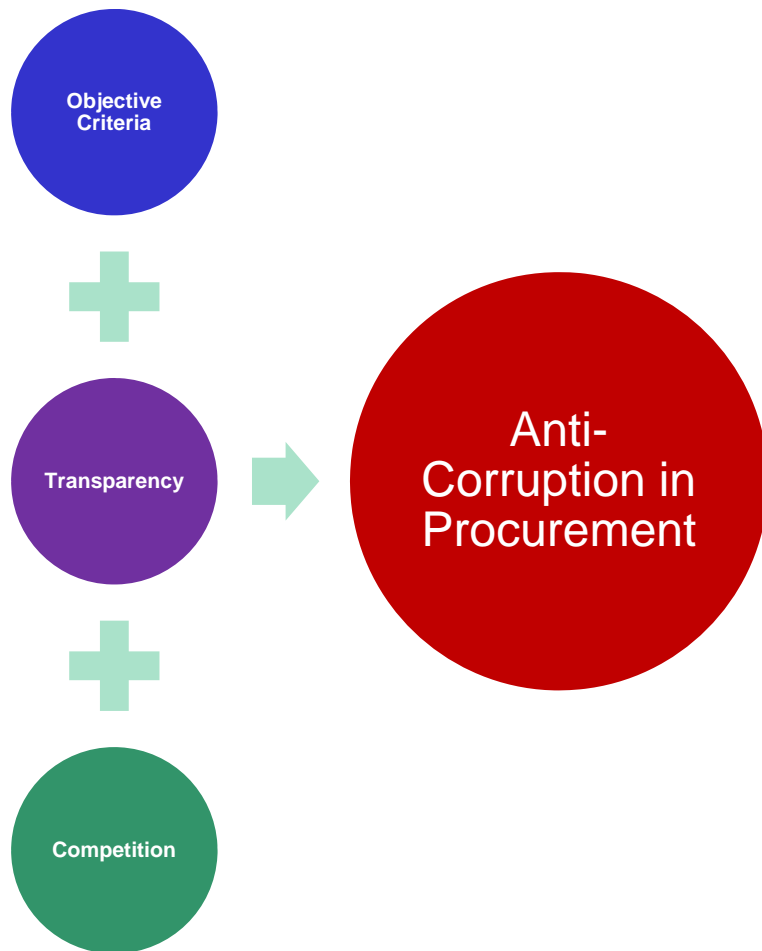
What can be done about it?

- Prevention and sanctions: legal framework and supporting controls
- Prevention through the promotion of *integrity*
- May involve “cultural” change

*TRANSPARENCY is a key tool
Best achieved using “e-procurement”*



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- Preventive measures under UNCAC
 - UNCAC article 9 requires:
 - “appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption”
 - Sanctions regime
 - All “international texts” on Public Procurement focus on transparency, competition and objective criteria in decision-making

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- **Preventive measures: Rules and procedures**
- UNCITRAL Model Law on Public Procurement designed to work with UNCAC
- Essential features of a PP law
 - Robust transparency throughout
 - Rules to determine who can participate, what is to be procured & how it is described
 - Standard procedures
 - Default rule for full, open competition
 - Effective review mechanism



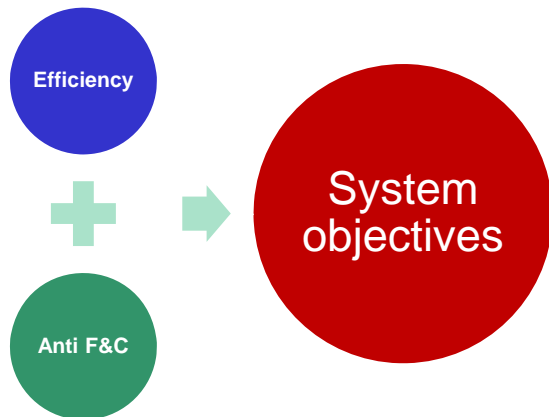
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Why use UNCITRAL ML?

- Negotiated through intergovernmental meetings over 7 years
 - UNCITRAL membership: 60 rotating UN Member States
 - All regions/countries/IGOs/international NGOs shared experience
- Distills best procurement practice for national PP policy and rules
- Not designed by or for any one region
 - Suitable for all countries and systems
- Adaptable
 - Expressly subject to international agreements
 - Designed to be tailored to local circumstances



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- **Limited role of a good PP law**
- Backbone of system
 - Clear declaration of policy objectives
 - PP is not just about fighting F&C
 - Main goal – value for money; others
 - Main principles and procedures
 - Over-regulation?
- Recognition that details of law less important than effective implementation
 - Avoid the procurement pendulum
 - System designed bottom-up
 - Pay procurement officials properly!

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Conclusions

- Long-term, progressive change vs “big bang”
- Cooperation between reform agencies
- Partnership approach with countries
- Integrating sometimes conflicting policy goals

Collaborative approach to PP reform



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For more information

- http://www.uncitral.org/uncitral/uncitral_texts/procurement_infrastructure.html
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THANK YOU

