



Integrity Pacts - in the context of the latest trends in area of PP and anti-corruption

**Integrity Pact Training
Valencia 19-20 April 2018**

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DG Regional and Urban Policy

Unit "Competence Centre for Administrative Capacity Building; Solidarity Fund"



OUTLINE

- 1. Introduction / Rationale**
- 2. Capacity building in area of Public Procurement**
- 3. Measuring performance of Public Procurement / Open Data**
- 4. Anti-fraud and anti-corruption measures - assistance and tools available**
- 5. Integrity Pact pilot**

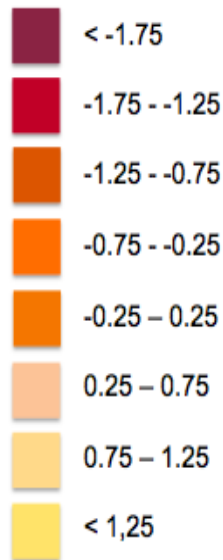
European Quality of Government Index

Governance

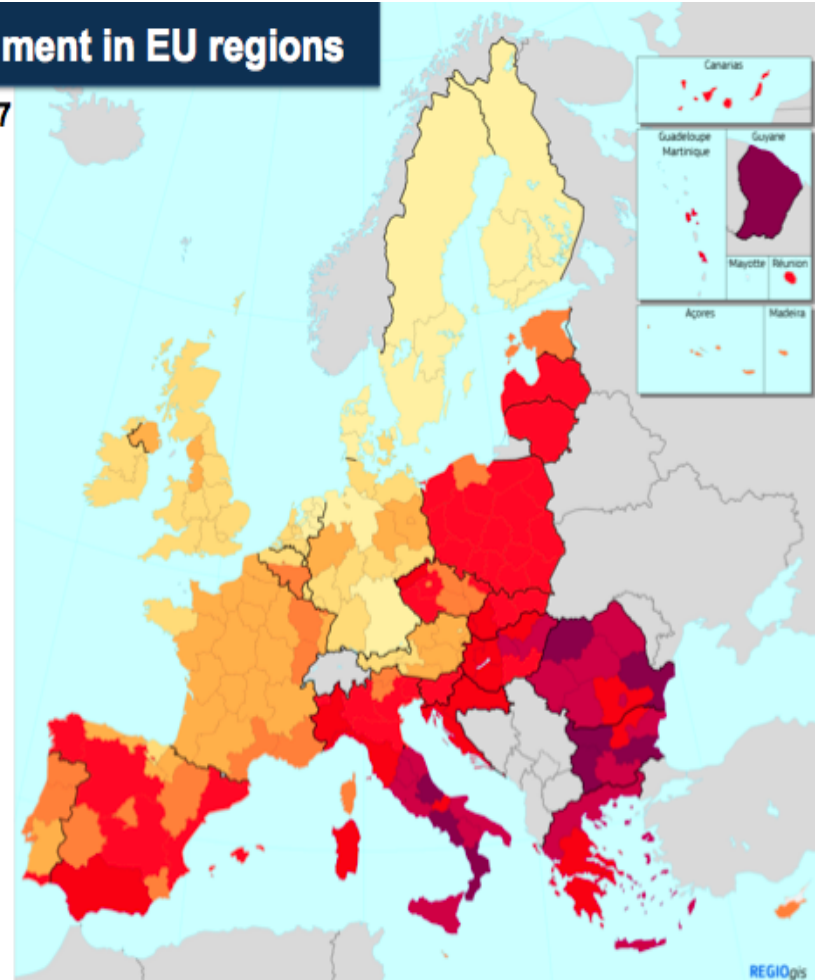
Poor governance slows down Cohesion Policy implementation, reduces its impact and hinders economic growth and entrepreneurship

Quality of government in EU regions

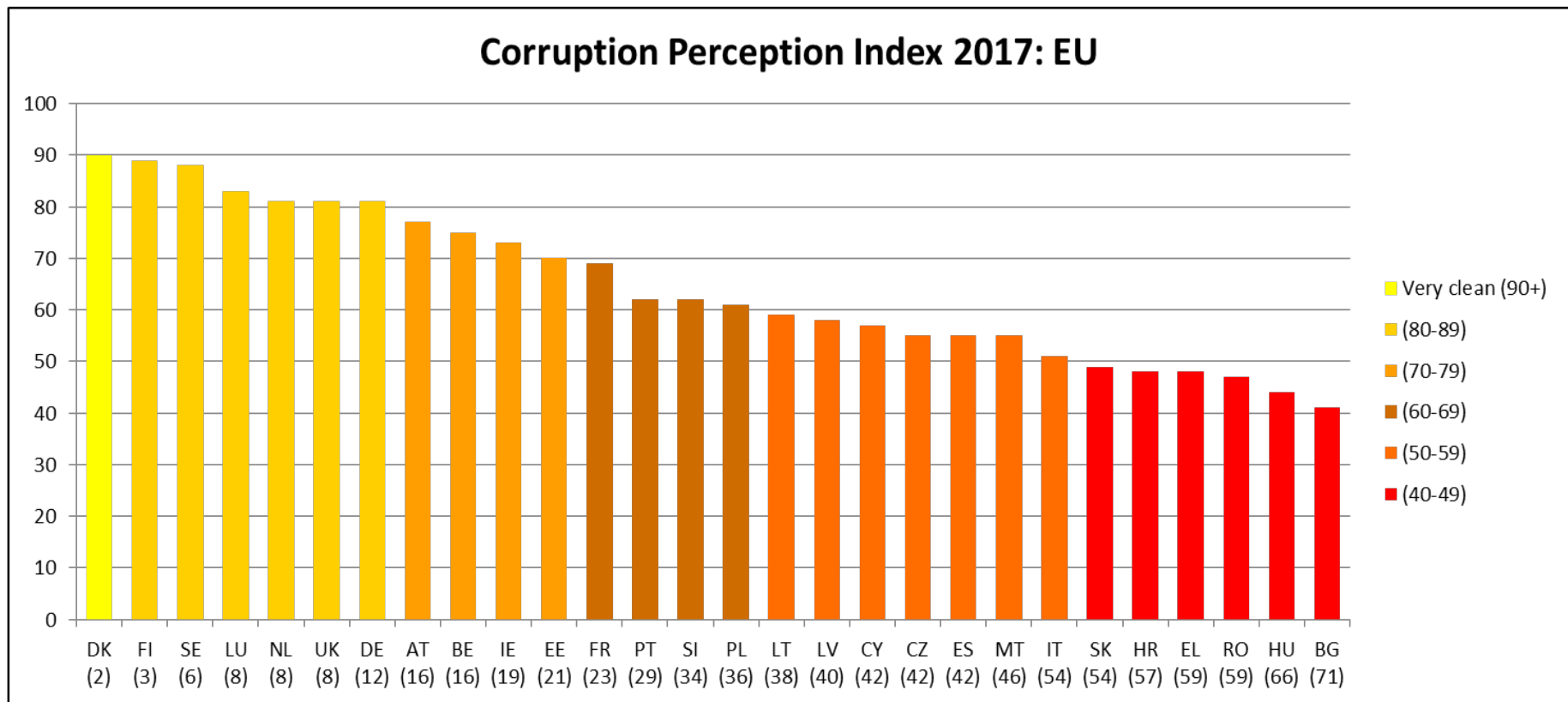
Standard deviation 2017



European Commission,
7th Cohesion Report, 2017



CORRUPTION PERCEPTIONS INDEX

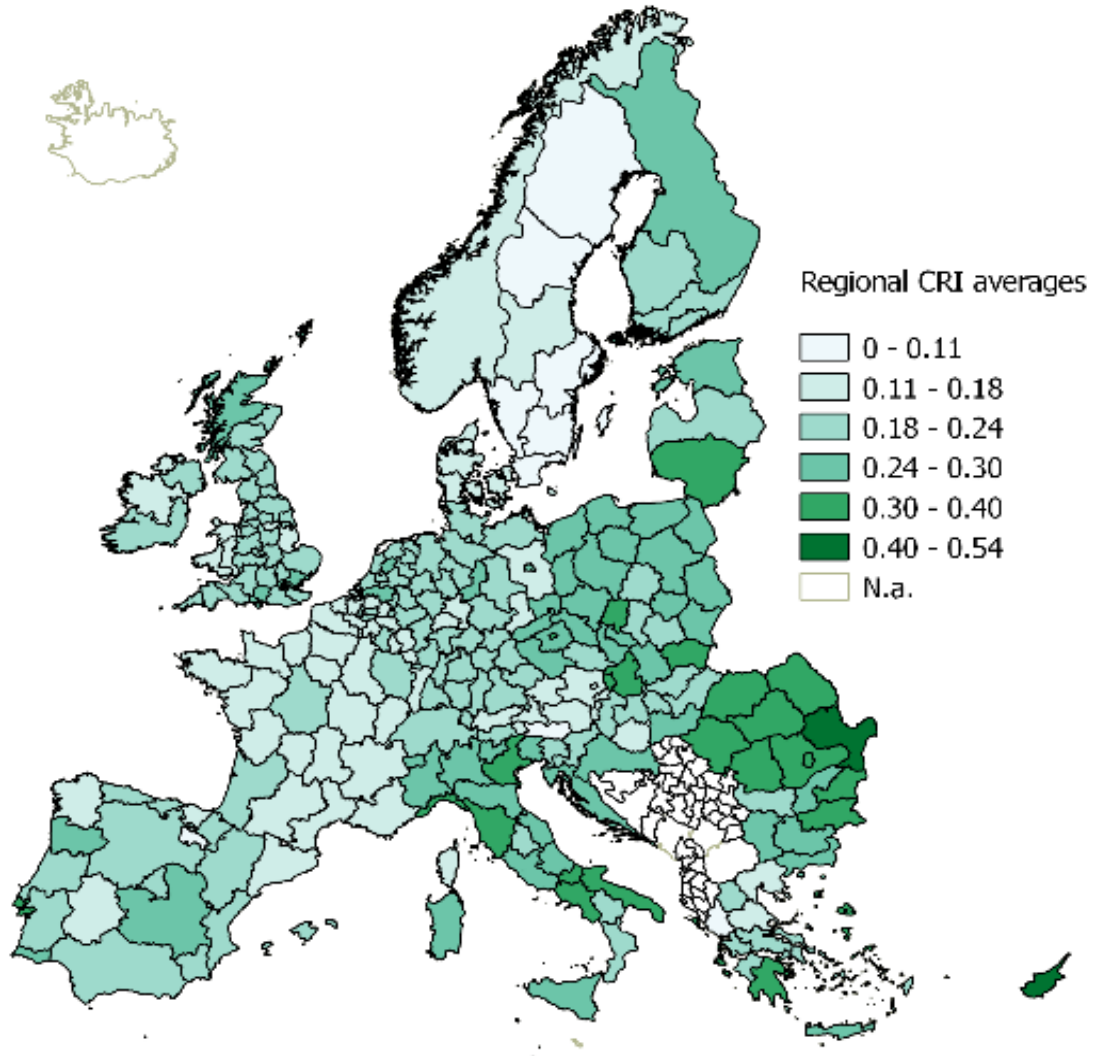


Europe's regional CRI map:

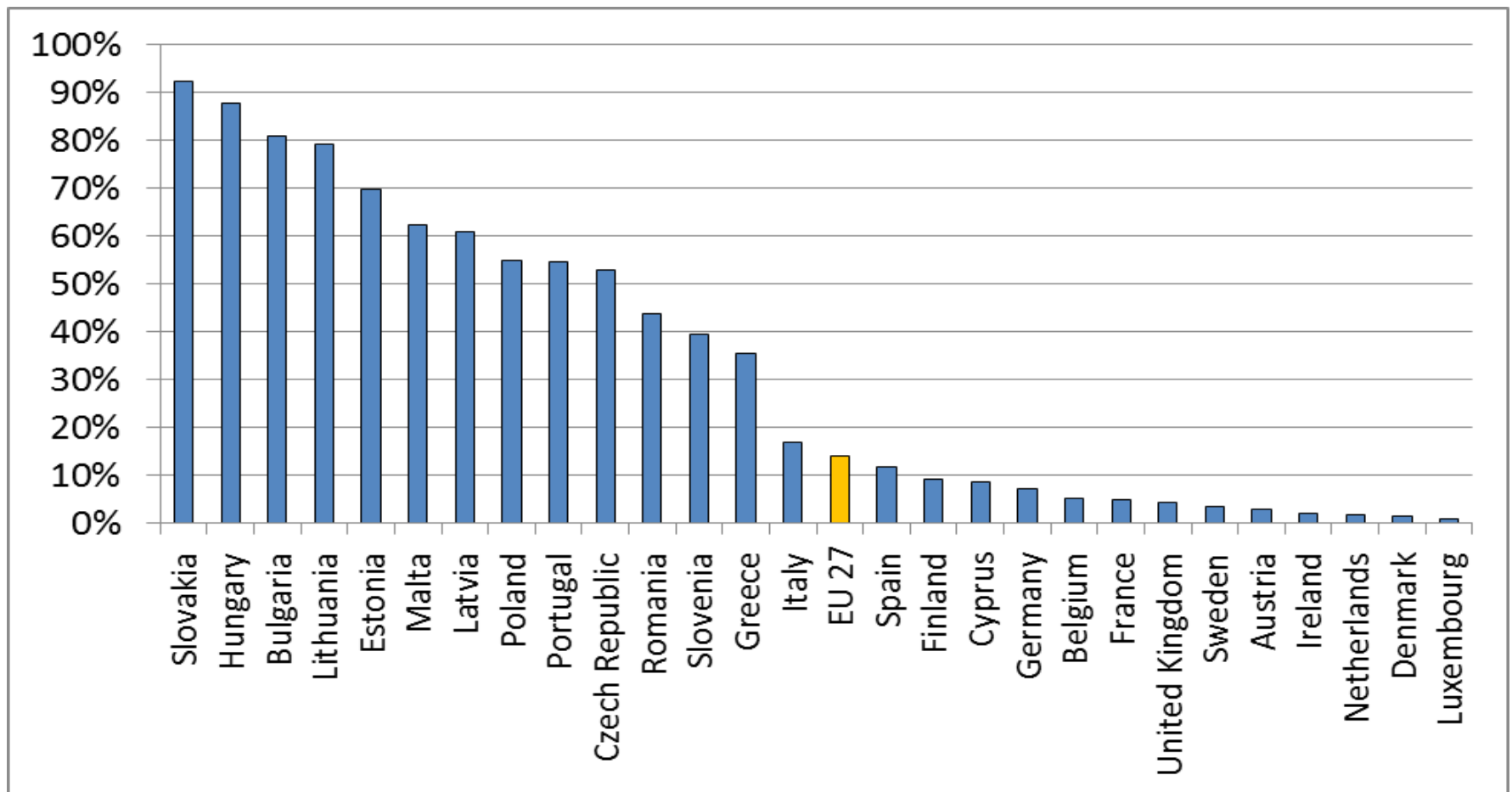
*Corruption Risk
Index averages
across the
EU/EEA*

2009-2014

TED data



- **15 % of EU GDP channelled through public procurement**
- **Cohesion policy and national co-financing as % of total public investment**



Public Procurement





Public Procurement Action Plan

To coordinate actions more effectively, the ESIF DGs and DG GROW, together with the EIB elaborated **Public Procurement Action Plan**

- ✓The 2nd revision was adopted in March 2017
- ✓The current update of the PP Action Plan contains **18 actions** (*14 + 4 follow-up actions*)

**HTTP://
EC.EUROPA.EU/REGIONAL_POLICY/SOURCES/DOCGENER/INFORMAT/2014/ACTION_PLAN_PP.PDF**

FOCUS ON PREVENTIVE ACTIONS!

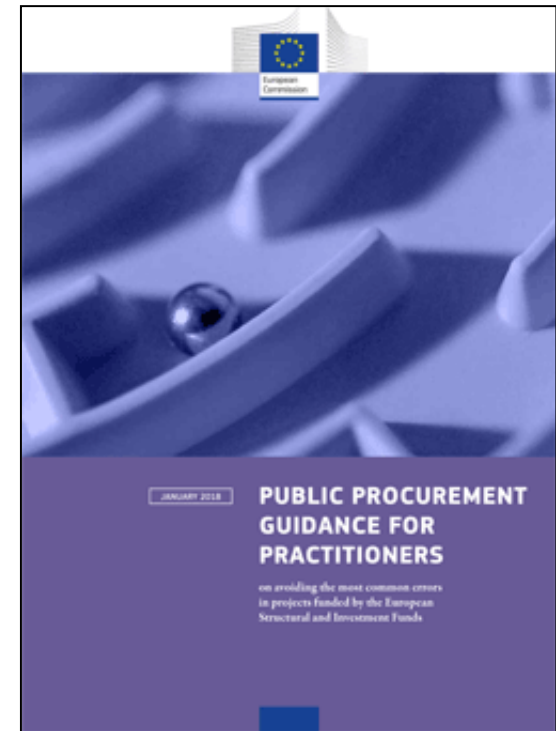
- 1.Spread knowledge of EU PP rules at the level of all stakeholders
- 2.Reinforce administrative capacity
- 3.Better preparation of tenders and projects
- 4.Reduce error rate

Actions supporting administrative capacity building in area of PP

- ❖ **Study on PP administrative capacity involving ESIF**
- ❖ **E-library of public procurement good practices**
http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/public-procurement/e-library/
- ❖ **Tailored roadmaps for PP good practice transfer;**
- ❖ **Public Procurement Guidance for Practitioners;**
- ❖ **Training for MS experts in Brussels;**
- ❖ **Cooperation with OECD – strategic procurement for ESIF**
- ❖ **Integrity Pacts pilot project - 17 pilots in 11 MS**
- ❖ **REGIO PEER 2 PEER** exchanges on public procurement

Public Procurement Guidance for Practitioners

- **Guidance** structured around the **6 main stages** of a public procurement process based on list of **25 most common errors** identified in audits
- **Toolkit** of resources addressing specific topics with concrete examples, checklist, links
- **Updated version of the Guidance document is already available!** (*it takes into account new PP Directives*)



E-library of PP good practices

E-library is a collection of solutions and approaches for improving public procurement processes

❖ 30 good practices are classified in 8 thematic categories:

- ☐ ***Ad hoc support***
- ☐ ***Guidance documents***
- ☐ ***Professionalisation / Training***
- ☐ ***Increasing the quality of public procurement***
- ☐ ***Simplification and efficiency***
- ☐ ***Transparency***
- ☐ ***Anti-corruption***
- ☐ ***Strategic public procurement***

❖ Fiches provide information on potential impact on procurement objectives (10) by the implementation of a good practice

3 October 2017 - adoption of Public Procurement Package

- 1. *Communication on Public Procurement - Commission's strategy for improving PP;***
- 2. *Communication on a voluntary ex-ante mechanism for large infrastructure projects***
- 3. *Recommendation on professionalisation of public procurement to Member States;***
- 4. *Guidance document on procurement of innovation – launch of targeted consultation on the draft.***

http://europa.eu/rapid/press-release_MEMO-17-3544_en.htm

6 priority areas for improving PP

1. *Wider uptake of strategic procurement*

2. *Professionalising public buyers*

- ✓ Encourage MSs to develop professionalisation strategies
- ✓ Ensure buyers have the needed skills and competences
- ✓ Provide necessary tools and support

3. Increase access to procurement markets

4. Improving transparency, integrity, data

5. Digital transformation has potential to improve the collection, storage and use of PP data;

6. Better and more accessible data on procurement;

7. Setting-up contract registers is strongly recommended (use of Open Contracting Data Standard (OCDS)!)

8. Enable effective reporting of corruption and protecting whistleblowers

6 priority areas for improving PP

5. Boosting the digital transformation of PP

- ✓ Legal obligation in October 2018, but **real benefits if all steps of PP process are digitalised**
- ✓ Roll-out of eProcurement is slow
- ✓ Continue to provide technical & financial support to MS

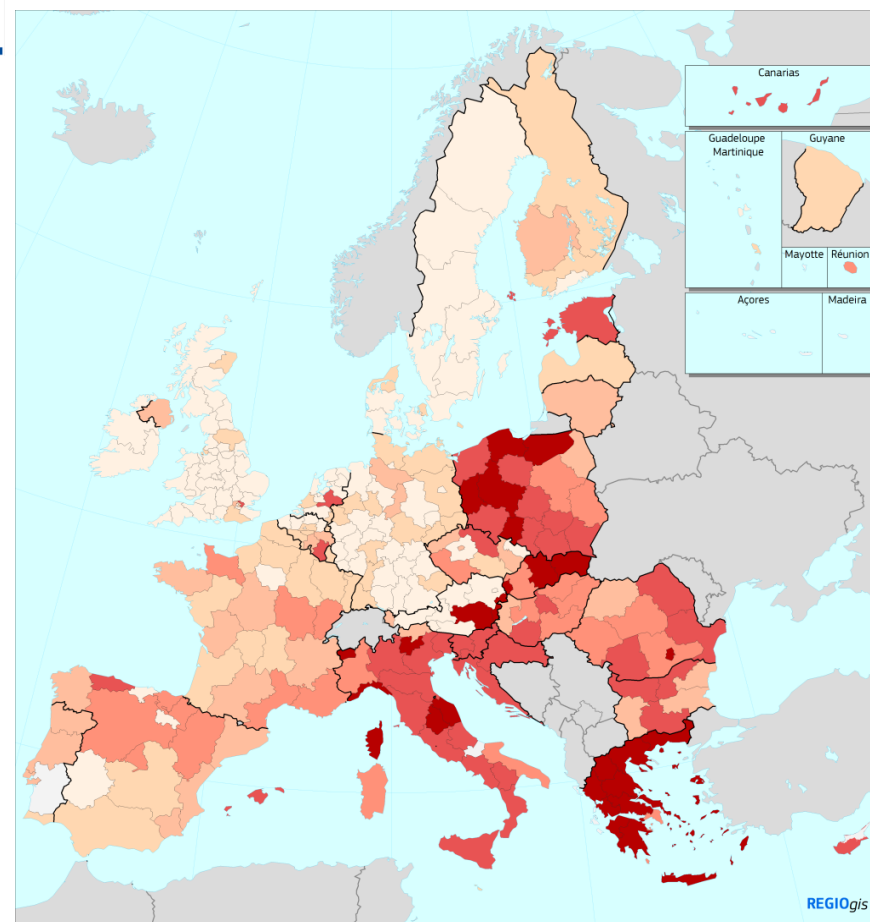
6. Cooperating to procure together

Measuring performance of Public Procurement

Limited competition

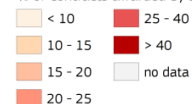
- ✓ Too many contracts for single bidders
- ✓ Not always collusion
- ✓ Low value for money?
- ✓ More e-procurement
- ✓ Better information
- ✓ More offers from outside the country

Source: **7th Cohesion Report**



Public procurement with a single bidder, average 2013-2015

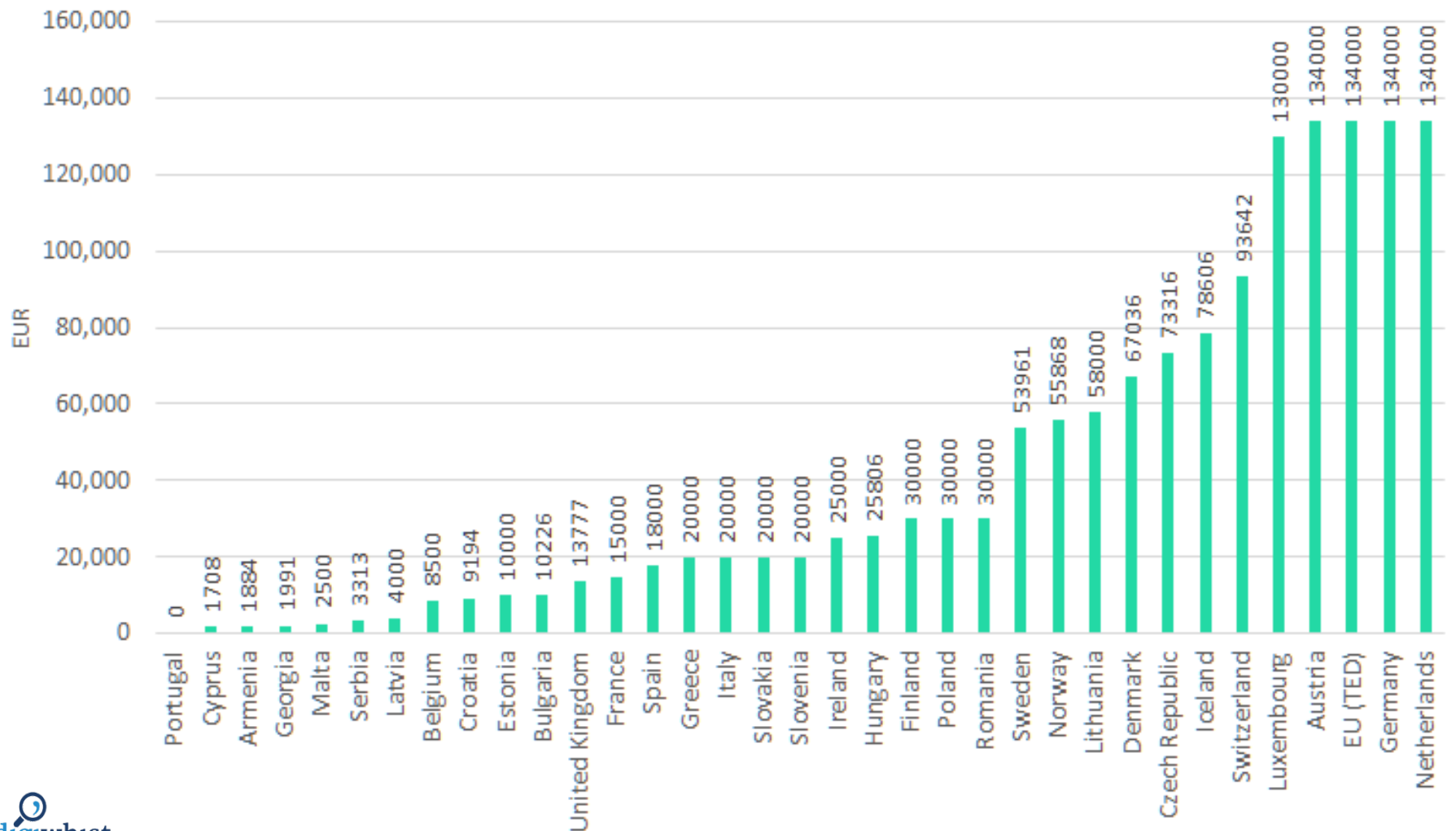
% of contracts awarded by sub-national authorities



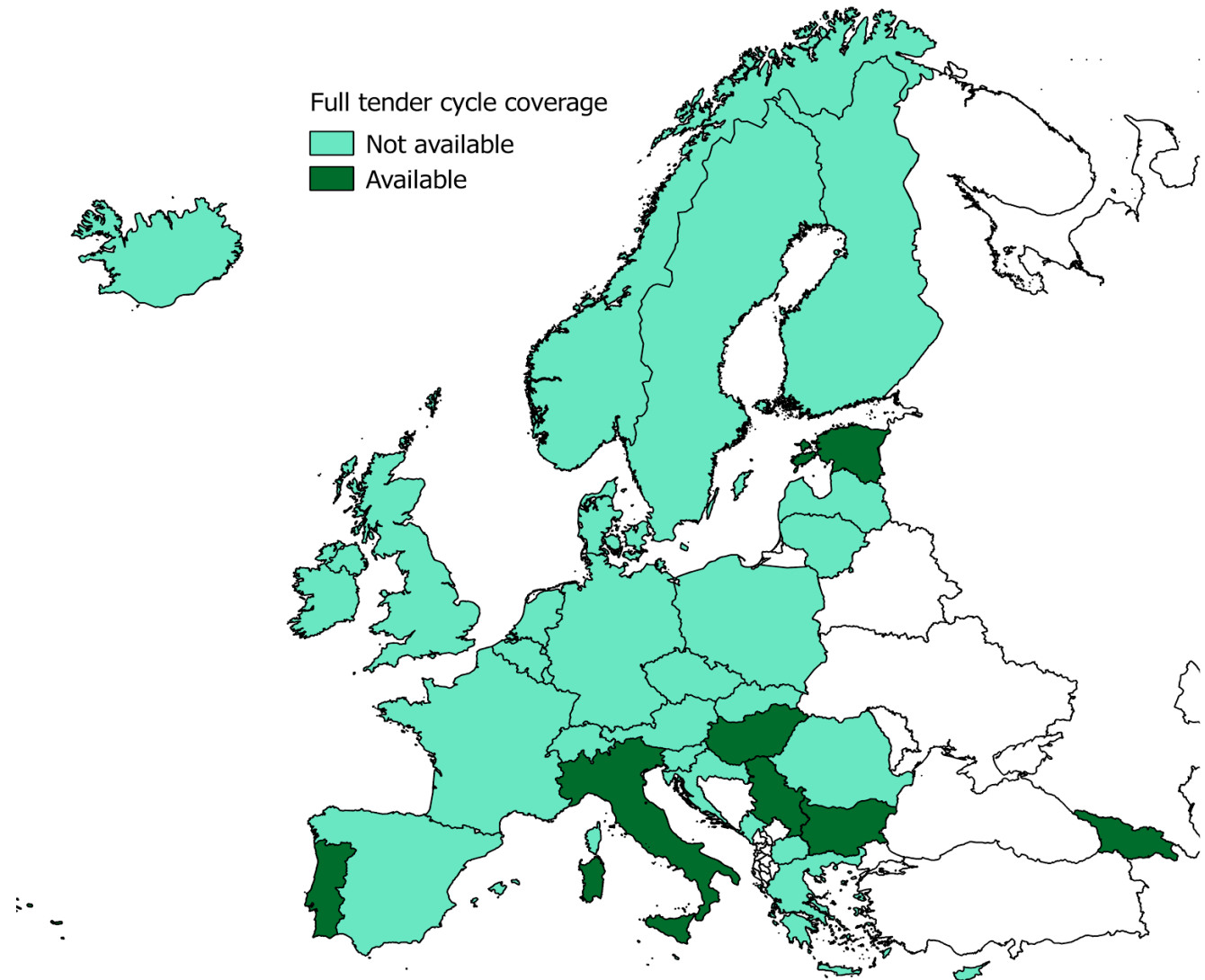
Excludes regions with less than 50 contracts awarded. Includes only contracts above the threshold of the public procurement directive.
In CY, EE, LT, LU, LV, and MT, contracts awarded by national authorities in sectors used by regional and local authorities were included. Source: EU Tenders Electronic Daily and DIGIWHIT

0 15 500 km

Data Scope: Reporting thresholds across Europe



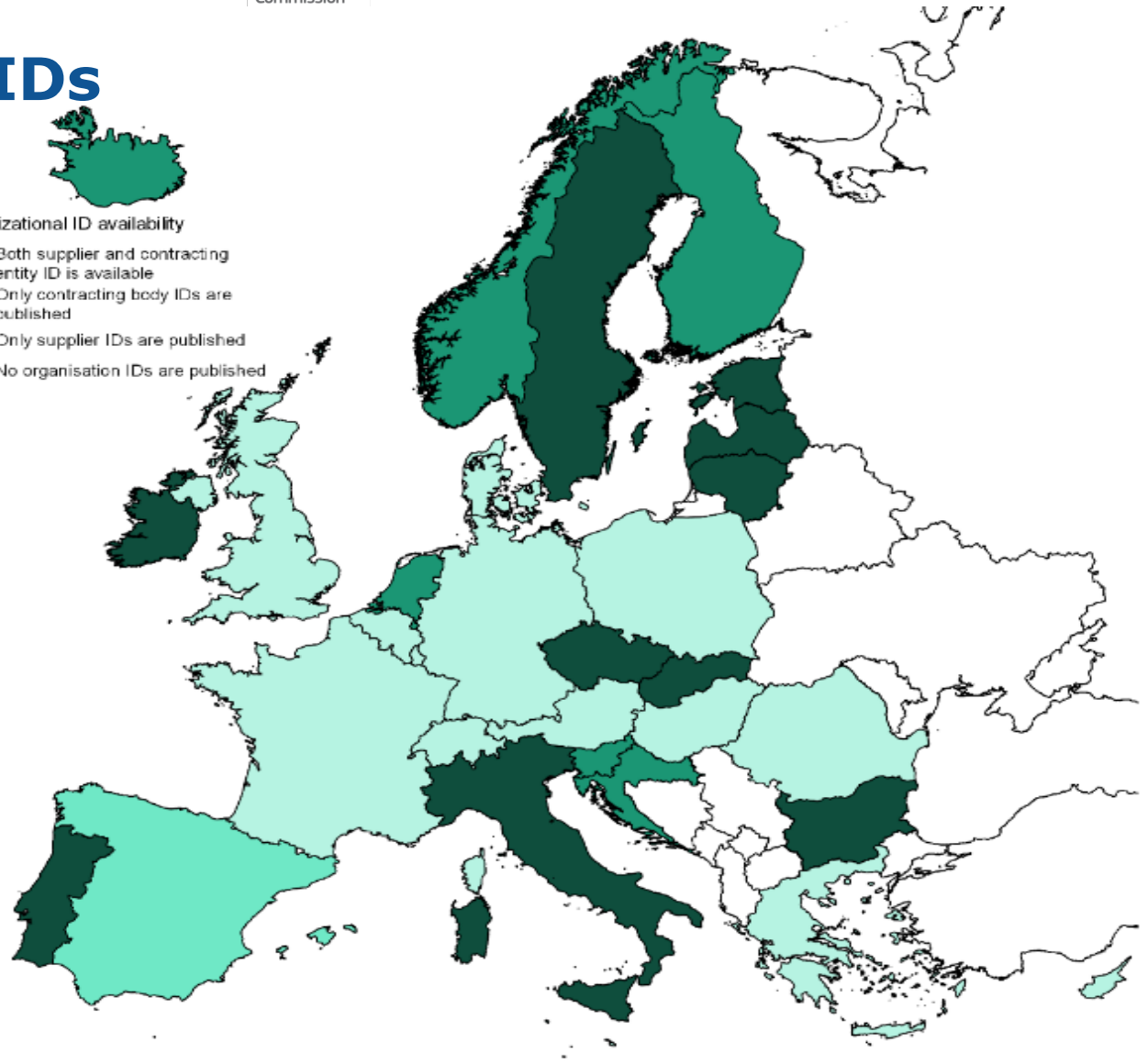
Data depth: Full tender cycle



Data depth: Organisational IDs

Organizational ID availability

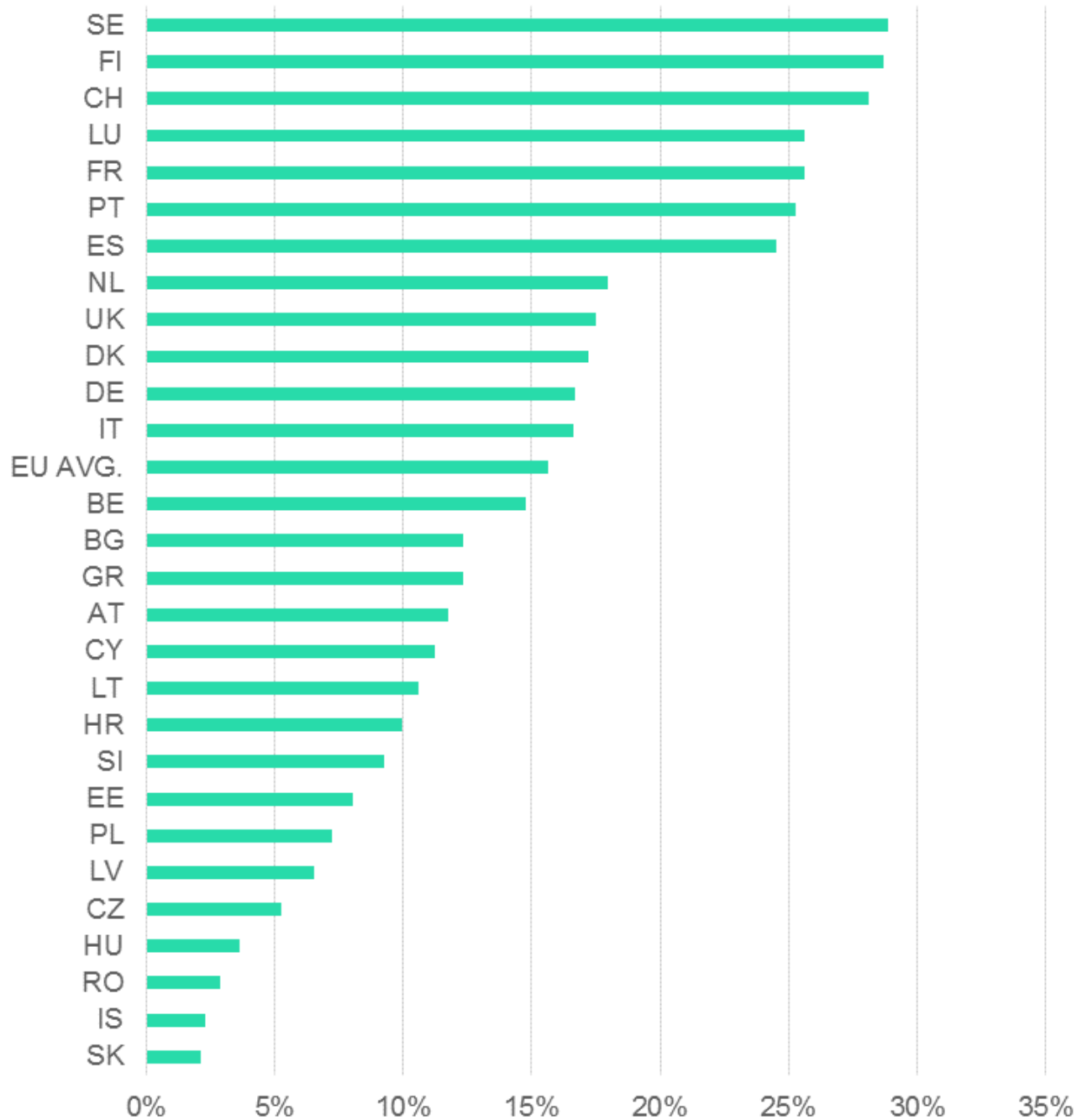
- Both supplier and contracting entity ID is available
- Only contracting body IDs are published
- Only supplier IDs are published
- No organisation IDs are published



Data quality

Administrative error: missing information

Average % missing information (13 mandatory fields), 2009-2015, TED data



Anti-fraud and anti-corruption measures for ESIF



Anti-fraud requirements in Article 125.4(c) of the CPR for 2014-2020

For the 1st time in the Regulation governing the implementation of ESI Funds explicit reference:

*"As regards the financial management and control of the operational programme, **the managing authority shall put in place effective and proportionate anti-fraud measures taking into account the risks identified.**"*

N.B. Commission's Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-fraud Measures

Important policy initiatives

- ❑ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the **fight against fraud to the Union's financial interests by means of criminal law** (so-called "PIF Directive")
- ❑ 12 October 2017 – the regulation establishing the **European Public Prosecutor's Office (EPPO)** was adopted by 20 member states under an enhanced cooperation procedure.

REGIO capacity building measures

- ❖ **Fraud risk assessment tool**
- ❖ **Guidance** - <https://ec.europa.eu/sfc/en/2014/anti-fraud>
- ❖ **Seminars on anti-fraud measures (2013-2015)**
 - ✓ *1 Seminar in Brussels, all MS, 400 persons*
 - ✓ *12 seminars for 14 MS, 1227 persons*
- ❖ **Integrity Pacts pilot project** - 17 pilots in 11 MS
- ❖ **ARACHNE** - risk scoring tool
- ❖ **Stock taking study** *"Preventing fraud and corruption in ESIF"*
- ❖ **REGIO PEER 2 PEER** exchanges on fraud prevention

Preventing fraud and corruption in ESIF – taking stock of practices in MSs

Key tasks

Carry out a **review of fraud risk assessments** - 50 OPs

draft a **study on the implementation of Article 125 (4) c)**

Develop a **handbook of good practices**

A workshop in Brussels - 13 September 2018



ANTICORRP –

Anticorruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption

Funded by 7th Framework;

Duration: March 2012 - February 2017;

20 research groups in 15 EU countries;

Organised into 4 thematic pillars, which include 11 substantive work packages;

Webpage: <http://anticorrrp.eu/>

ANTICORRP

NATURE, CAUSES & MECHANISMS OF CORRUPTION

WP1

Social, legal, anthropological and political approaches
to theory of corruption

WP2

History of corruption
in comparative perspective

WP4

The ethnographic study of corruption practices

PERCEPTIONS AND EXPERIENCES OF CORRUPTION

WP5

Pan-European
survey on quality
of government
and corruption
at national and regional level

WP7

Individual values
and motivations
to engage against corruption

WP11

Building accountability: transparency,
civil society and administrative
responses

IMPACT OF CORRUPTION

WP6

Media and
corruption

WP9

Organized crime
and impact on vulnerable groups

POLICY RESPONSES TO CORRUPTION

WP3

Corruption and governance improvement in
global and
continental perspectives

WP8

Corruption,
assistance and development

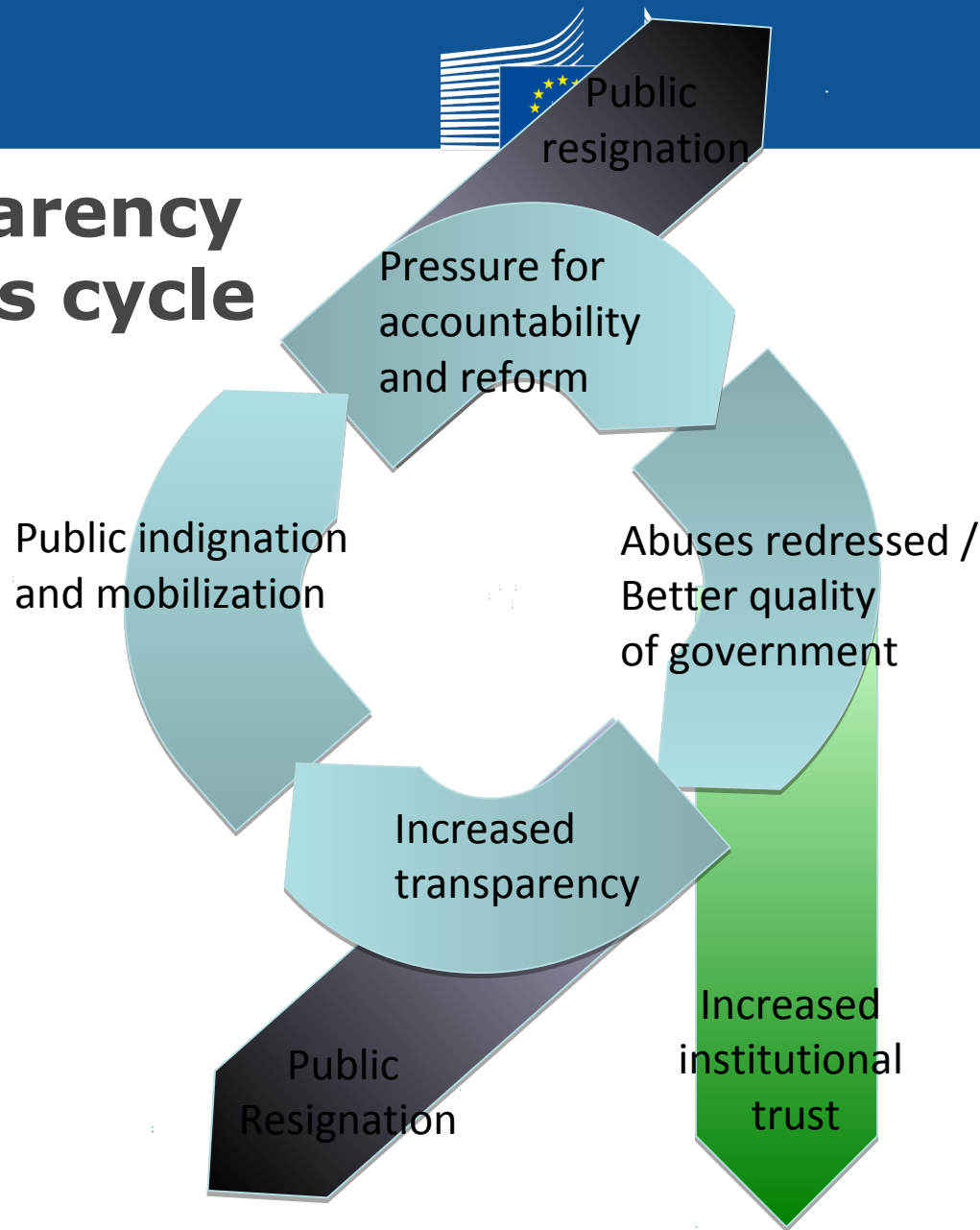
WP10

Monitoring
and enforcing
anti-corruption legislation in
Europe

WP12: Dissemination: Translating research into evidence-based policy and informing multi-stakeholder action

WP13: Management and coordination

Transparency virtuous cycle



Integrity Pacts project



What is an Integrity Pact?

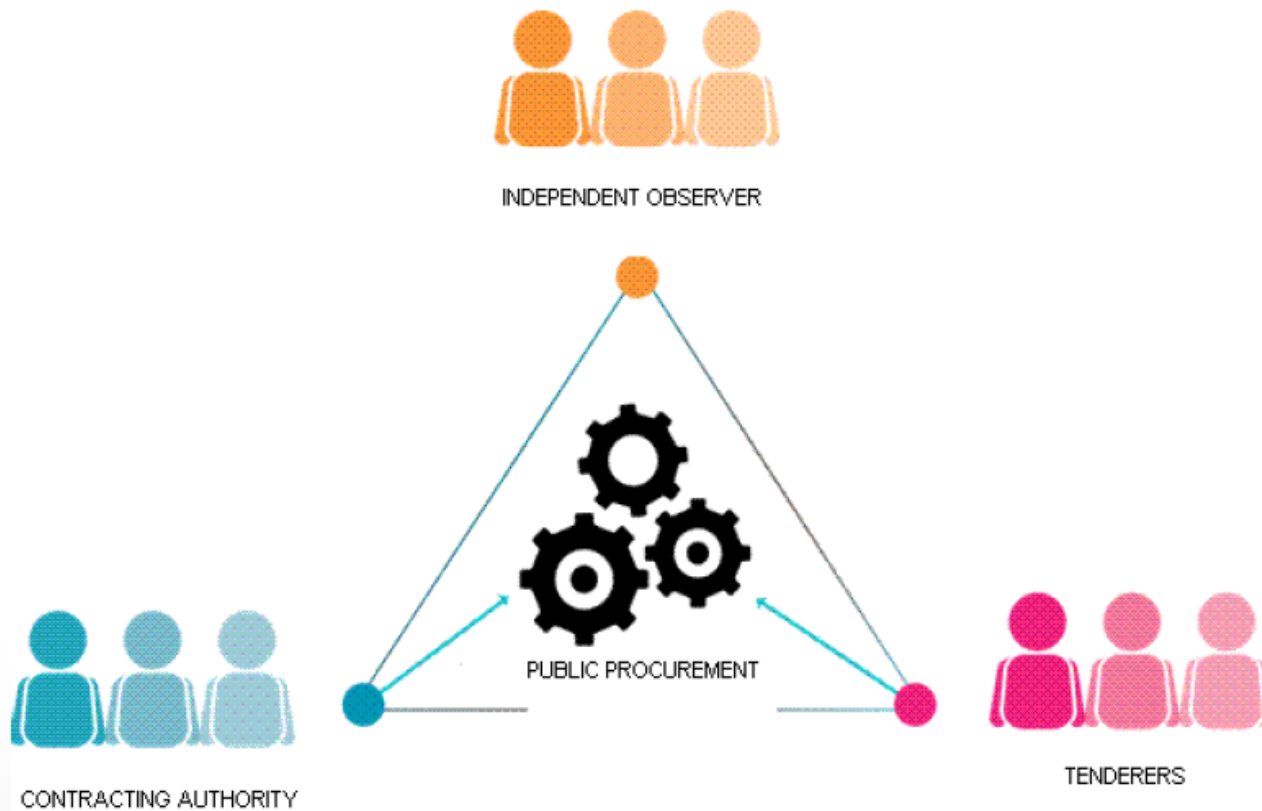
2 key elements:

(1) Agreement between Contracting Authority (beneficiary, project owner) and bidders to abstain from corrupt practices and conduct a transparent procurement

(2) External independent Monitor – NGO – monitors that all parties comply with commitments

- ✓ **a collaborative tool**
- ✓ **preventive**
- ✓ **flexible**

INTEGRITY PACT MODEL



Integrity Pacts – pilot project

Nr of projects/country

Current status:

✓15 IPs signed





Key benefits of Integrity Pacts for Regional Policy

- Contributes to increased efficiency and effectiveness of Cohesion policy
- Acts as preventive early warning system for irregularities
- Improves the communication between contractor, local stakeholders and general public
- Strengthens reputation of public body as reliable, transparent contracting authority
- Increase in trust
- Can lead to cost savings
- Can reduce the total implementation period

Early Lessons Learned

- **improves communication and increases trust** between contractor, local stakeholders and the general public
- contribute to **transparency**
- act as a preventive **early warning system for irregularities** (BG, LV, HU, RO);
- can bring **cost savings** through preventing irregularities or mismanagement (BG, LV and HU);
- **Promotes fair play** among competitors (BG, IT);
- can contribute to the **strengthening of the reputation of a public body**

Early Lessons Learned

- **Stimulate collaboration** - successful implementation require joint efforts from all involved partners.
- If combined with other available tools (open data, public demand for accountability and transparency) **can trigger wider benefits and create spill-over effect.**
- Importance of a **strong, independent, professional and engaged civil society sector** able to monitor and scrutinize the implementation of Cohesion policy in MS



Thank you!

Regio-E1-administrative-capacity@ec.europa.eu

on InfoRegio "Improving investment"

http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/

also