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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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.
CORRUPTION PERCEPTIONS INDEX

Corruption Perception Index 2017: EU

- Very clean (90+)
- (80-89)
- (70-79)
- (60-69)
- (50-59)
- (40-49)
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 2\textsuperscript{nd} 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
- 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.

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
Data Scope: Reporting thresholds across Europe
Data depth: Full tender cycle
Data depth: Organisational IDs
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


- 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
- **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

* Geographical scope - all EU Member States
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://anticorrp.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

- Public resignation
- Pressure for accountability and reform
- Abuses redressed / Better quality of government
- Increased transparency
- Increased institutional trust
- Public indignation and mobilization
- Public Resignation

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

INDEPENDENT OBSERVER

PUBLIC PROCUREMENT

CONTRACTING AUTHORITY

TENDERERS

Source: Transparency International Bulgaria
Integrity Pacts – pilot project

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!

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on InfoRegio "Improving investment"

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