

Corruption is the ultimate betrayal of public trust"
Secretary-General António Guterres

Integrity in Public Procurement: Towards Sound Governance and Economic Recovery

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Virtual Workshop “Transparency, Accountability and Ethics in Public Institutions with a focus on Public Procurement”
Wednesday, 24 March and Thursday, 25 March 2021, each from 16:00 – 18:00 (Nairobi time) and 9:00 – 11:00 (New York time)



Context: 2030 is approaching, the pressure to act with an increasing sense of urgency in a context of unprecedented pandemic and ensuing financial and economic challenges

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)

	2019	PROJECTIONS	
		2020	2021
World Output	2.8	-4.4	5.2
Advanced Economies	1.7	-5.8	3.9
United States	2.2	-4.3	3.1
Euro Area	1.3	-8.3	5.2
Emerging Markets and Developing Economies	-2.4	6.3	5.0
Emerging and Developing Asia	-1.1	8.3	5.9
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
ASEAN-5	-3.7	5.2	6.0
Emerging and Developing Europe	-2.8	4.0	3.9
Russia	-3.6	3.0	3.9
Latin America and the Caribbean	-7.4	4.1	2.9
Brazil	-4.5	3.6	2.6
Mexico	-8.5	4.3	2.5
Middle East and Central Asia	-3.2	3.0	4.2
Saudi Arabia	-3.9	2.6	4.0
Sub-Saharan Africa	-2.6	3.2	3.9
Nigeria	-3.2	1.5	2.5
South Africa	-7.5	2.8	1.4

- WORLD: Positive global growth projections for 2021
- SUB-SAHARAN AFRICA'S projected growth is lower than EMDE average (3.9% compared to 5% in 2021).
- KENYA'S economic growth averaged 5.7% (2019) placing it as one of the fastest growing economies in Sub-Saharan Africa.
- Due to Covid-19 pandemic, GDP could see a delay in the projected recovery to 5.2% growth in 2021
- Due to scarcity of national resources, the IMF has made available in 2020, US\$250 billion out of its US\$1 trillion lending capacity to EMDE.
- KENYA: An IMF financing package of US\$2.4 Billion over 3 years for economic & structural policies was agreed (2021): to advancing structural reform & governance agenda, including ongoing efforts to strengthen transparency & accountability through the anticorruption framework.
- Domestic financial solutions remain important for governments to consider as instruments in favor of economic recovery.
- Unlocking the potential of public procurement as key policy instrument is a priority while respecting integrity, transparency and accountability.



Public Procurement: An untapped source of economic and social prosperity

Public procurement accounts for...

In Asia
20%
of GDP

In the MENA region
18%
of GDP

In OECD countries
29% of government expenditure
12% of GDP

In Africa
15%
of GDP

In Latin America and the Caribbean
22% of government expenditure
7% of GDP

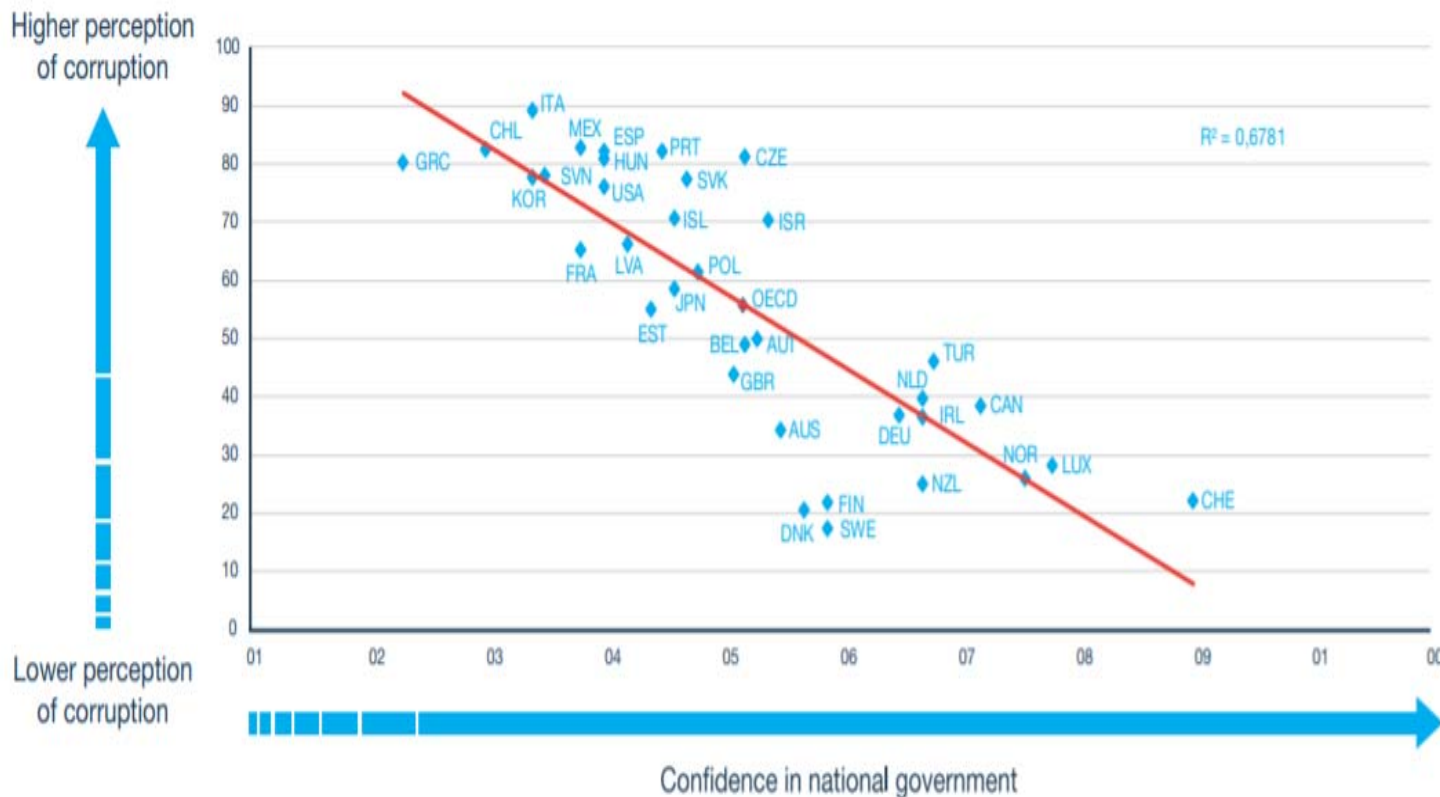
In the European Union
14%
of GDP

- Governments are the **largest buyers** in economies.
- Public Procurement is a powerful tool for **value for money** and efficiency and is key to achieving **secondary policy objectives**: stimulating economic activity, sustainable green growth, SMEs development, innovation, responsible business conduct or industrial policy objectives.
- It remains an **untapped source of economic and social prosperity**
- It is largely bureaucratic, inefficient and highly vulnerable to corruption.
- **An urgent need for developing economies** to have **efficient public procurement systems** to ensure that quality works, goods or services are acquired **at the best value and in transparent and accountable ways.**



CORRUPTION: Direct losses, opportunity costs & deteriorating confidence

Confidence in national government and perception of government corruption



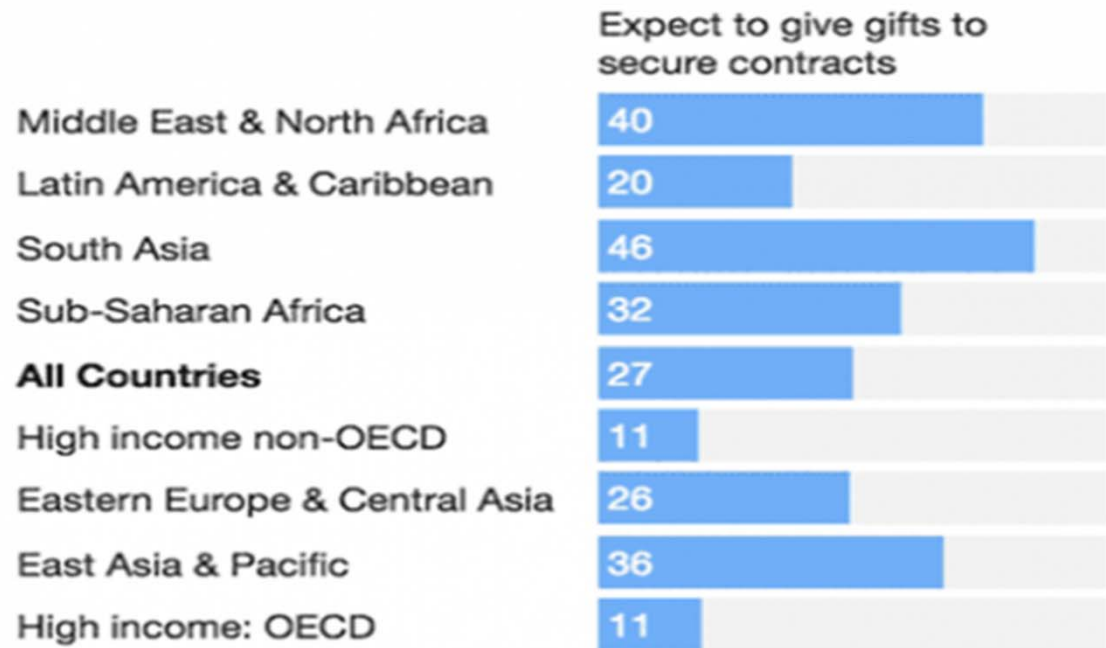
Source: Government at a Glance 2017 using World Gallup Poll data

- **57% of corruption cases involve bribes to obtain public procurement contracts** (OECD, 2014).
- Estimated **10-30% of the investment in publicly funded construction projects may be lost** through mismanagement and corruption (CoST, 2014).
- **+30% of companies** that participated in a public tender report that corruption prevented them from accessing public procurement market (Flash Eurobarometer 428, 2015)



CORRUPTION: Direct losses, opportunity costs & deteriorating confidence

Percentage of companies surveyed about dealing with government that:



Shortcomings and enormous costs:

- Necessary projects delayed or made unfeasible
- Additional costs and less fiscal space of expenditures
- Poorly performing suppliers/contractors leading to degrading quality of goods and services
- Citizens' safety compromised
- Decrease in government's confidence and its capacity to institute change and sustain reforms
- Losses in economic opportunities & investment attractiveness

Source: [World Bank Enterprise Surveys](#)

<http://www.finance.gov.lb/en-us/Finance/DC/Pages/default.aspx>



Integrity is a whole-of-government and whole-of-society matter: 3 PILLARS

Source: OECD Recommendation of the Council on Public Integrity, 2017



Commitment

Top-level management develop the necessary legal and institutional frameworks and display high standards of personal propriety.



Responsibilities

Public sector organisations co-ordinate well with each other, with well-defined responsibilities. It is clear 'who does what'.



Strategy

Using data and indicators for evaluation and based on legitimate risks to integrity, a strategy is developed outlining objectives and priorities.



Standards

Rules and public sector values are reflected in laws and organisational policies and are effectively communicated.

COHERENT SYSTEM



Whole of society

Businesses, individuals and non-governmental actors uphold public integrity and do not tolerate corruption.



Leadership

Managers lead with integrity in public sector organisations; they carve out the 'integrity agenda' and communicate it to the organisation.



Merit based

The public sector strives to employ professional and qualified people that have a deep commitment to the public service integrity values.



Capacity building

Public officials are skilled and trained to apply integrity standards.



Openness

Integrity concerns are openly and freely discussed in the workplace and it is safe to report suspected violations of integrity.

INTEGRITY CULTURE



Risk management

An effective integrity risk management and control system exists in public sector organisations.



Enforcement

Corruption and other violations to integrity are detected, investigated and sanctioned.



Oversight

Oversight bodies, regulatory enforcement agencies and administrative courts perform external control.



Participation

A transparent and open government allows for the meaningful participation of all stakeholders in the development and implementation of public policies.

EFFECTIVE ACCOUNTABILITY



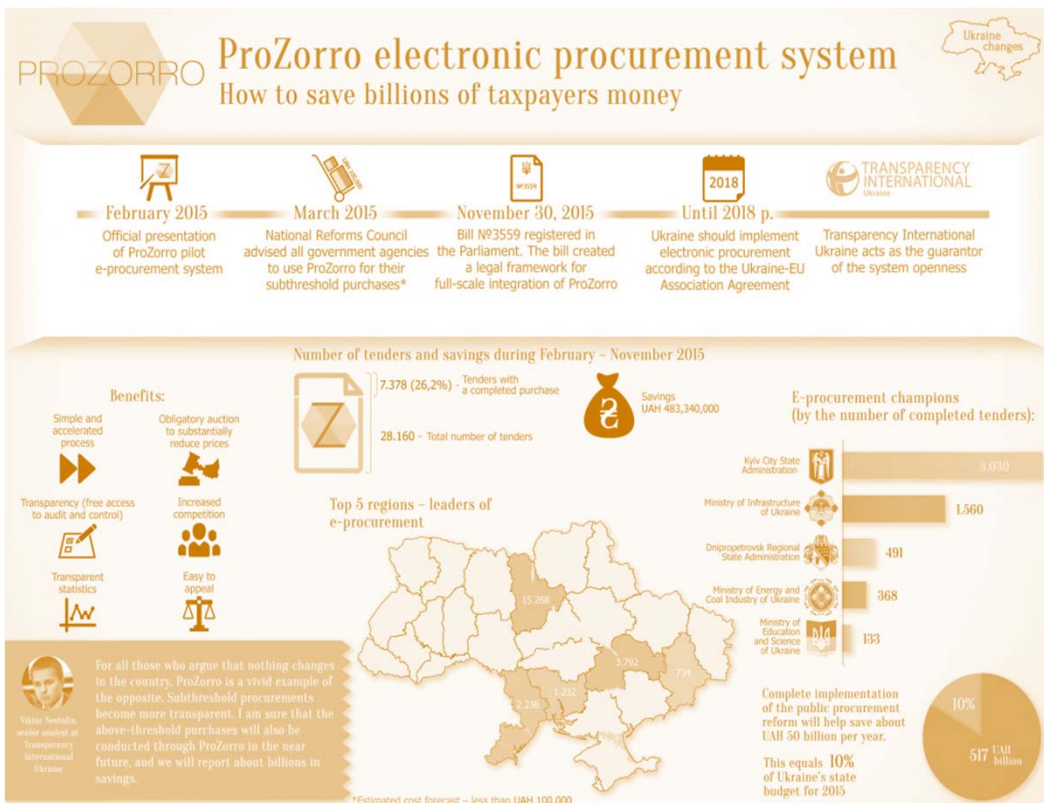
Principles of Effective Governance

- The 2030 Agenda cannot be realized without transparent, accountable and ethical public institutions.
- Goal 16 of the 2030 Agenda highlights the need to substantially reduce corruption and bribery in all their forms (Target 16.5).
- The Principles of Effective Governance for Sustainable Development³, developed by the Committee of Experts on Public Administration (CEPA) and adopted by the United Nations Economic and Social Council (ECOSOC) in 2018, also emphasize the need for accountability, integrity, transparency and independent oversight

Table 1: Excerpt from Principles of Effective Governance for Sustainable Development

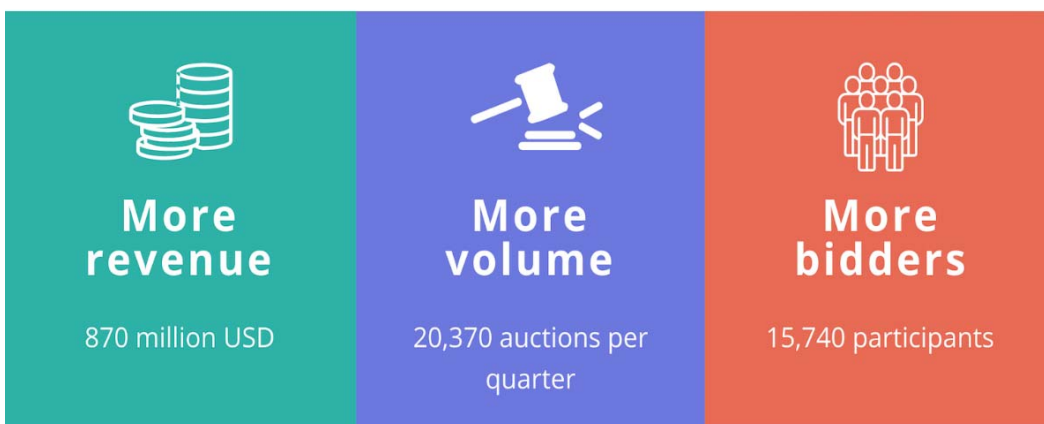
Principle		Commonly used strategies
Accountability		
Integrity	To serve in the public interest, civil servants are to discharge their official duties honestly, fairly and in a manner consistent with soundness of moral principle	<ul style="list-style-type: none">• Promotion of anti-corruption policies, practices and bodies• Codes of conduct for public officials• Competitive public procurement• Elimination of bribery and trading in influence• Conflict of interest policies• Whistle-blower protection• Provision of adequate remuneration and equitable pay scales for public servants
Transparency	To ensure accountability and enable public scrutiny, institutions are to be open and candid in the execution of their functions and promote access to information, subject only to the specific and limited exceptions as are provided by law	<ul style="list-style-type: none">• Proactive disclosure of information• Budget transparency• Open government data• Registries of beneficial ownership• Lobby registries
Independent oversight	To retain trust in government, oversight agencies are to act according to strictly professional considerations and apart from and unaffected by others	<ul style="list-style-type: none">• Promotion of the independence of regulatory agencies• Arrangements for review of administrative decisions by courts or other bodies• Independent audit• Respect for legality

³ United Nations Economic and Social Council (2018). Principles of effective governance for sustainable development. Official Records, 2018. Supplement No. 24. E/2018/44-E/C.16/2018/8, para. 31. Retrieved from https://publicadministration.un.org/Portals/1/Images/CEPA/Principles_of_effective_governance_english.pdf (last accessed on January 22, 2021).



Open procurement data: Towards integrity and effective governance

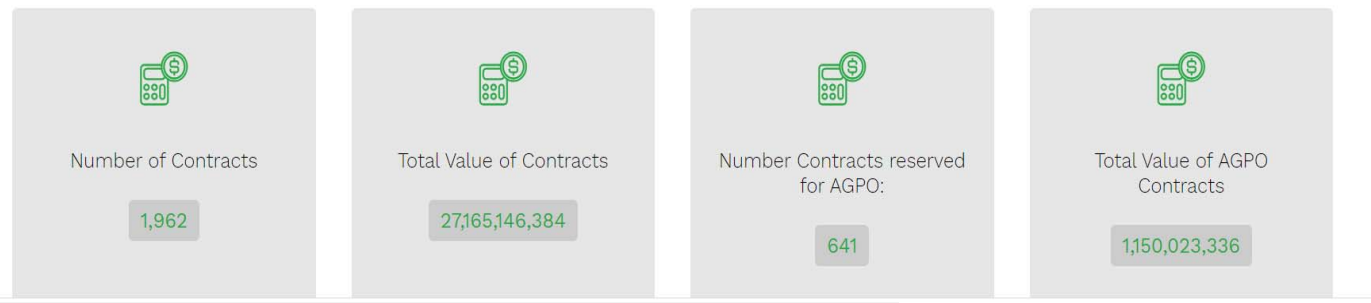
- Sound public procurement systems are a **key pillar to achieving the Sustainable Development Goals** and form a prerequisite for delivering effectively medical goods, water services and sustainable infrastructure for economic recovery.
- **Tackling integrity risks in procurement** not only contributes to better quality of services for the people and stronger infrastructure, but it also enables substantial government savings, resulting in increased domestic resources to finance other development initiatives.
- **Open procurement with systematic and free access to data is the foundation for better procurement policies, procurement system enhancement, sound monitoring, competitive environment for businesses and especially SMEs, and increased oversight by competent authorities and CSOs.**
- Legal and institutional foundations for Open procurement come in line with the **United Nations Convention Against Corruption, the EU Directives, and the OECD Recommendations on PP.**



www.finance.gov.lb/en-us/Finance/DC/Pages/default.aspx

The Public Procurement Information Portal

Financial Year 2020 - 2021



The Act establishes the **Public Procurement Regulatory Authority** among other functions, to monitor, assess and review the public procurement and Asset Disposal system to ensure they respect the National values and other provisions including Article 227 of the constitution on public procurement.

<https://www.tenders.go.ke/website> is the **Public Procurement Information Portal**, an online platform managed by Public Procurement Regulatory Authority (PPRA) for publication of contract awards and tender notices by Procuring Entities.

- Number of annual tenders:** 19,729 (*Global PP database, World Bank*)
- Number of annual contracts:** 5,769 (*Global PP database, World Bank*)
- Value of annual contracts:** \$1,467,514,733 (*Global PP database, World Bank*)

★ Lessons learned:

1. **REGULATORY FRAMEWORK:** *consistent with obligations deriving from legally binding international anti-corruption agreements and that clearly define fraud, corruption and other prohibited practices in procurement, .*
2. **STRATEGIC Vs CLERICAL** function
3. **PROFESSIONALIZATION**
4. **EFFECTIVE COMPLAINTS** mechanisms: Independent – efficient – timely+ engagement of civil society
5. **OVERSIGHT INSTITUTIONS** *Regulator, Review bodies, Curt of accounts ..etc.*
6. **ANTI-CORRUPTION FRAMEWORK:** *prevent, detect and penalise corruption (public and private) commensurate with the level of responsibility and the capacity of agencies to enable responsibilities to be carried out.*
7. **ADEQUATE AND TIMELY ACCESS TO INFORMATION** *by all stakeholders as a precondition for effective participation.*
Transparency is not enough. Should go hand in hand with **effective scrutiny and accountability mechanisms.**
8. **AN ENABLING ENVIRONMENT** for public consultation and monitoring:
 - Build the capacity of relevant stakeholders (Public leaders, Civil society, academia, think tanks, private sector...)to understand, monitor and improve public procurement regulations and processes;
 - Transparent and consultative process when formulating changes;
 - Government takes into account the input, comments and feedback received from civil society
9. **CONTINUOUS LEARNING** from Worldwide Experience

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Thank You



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