Open Procurement: the World Bank Approach

Organization of American States
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Outline

1 Procurement at the WB: corporate responsibility for fraud and corruption

3 Governance Risks Assessment System (GRAS)

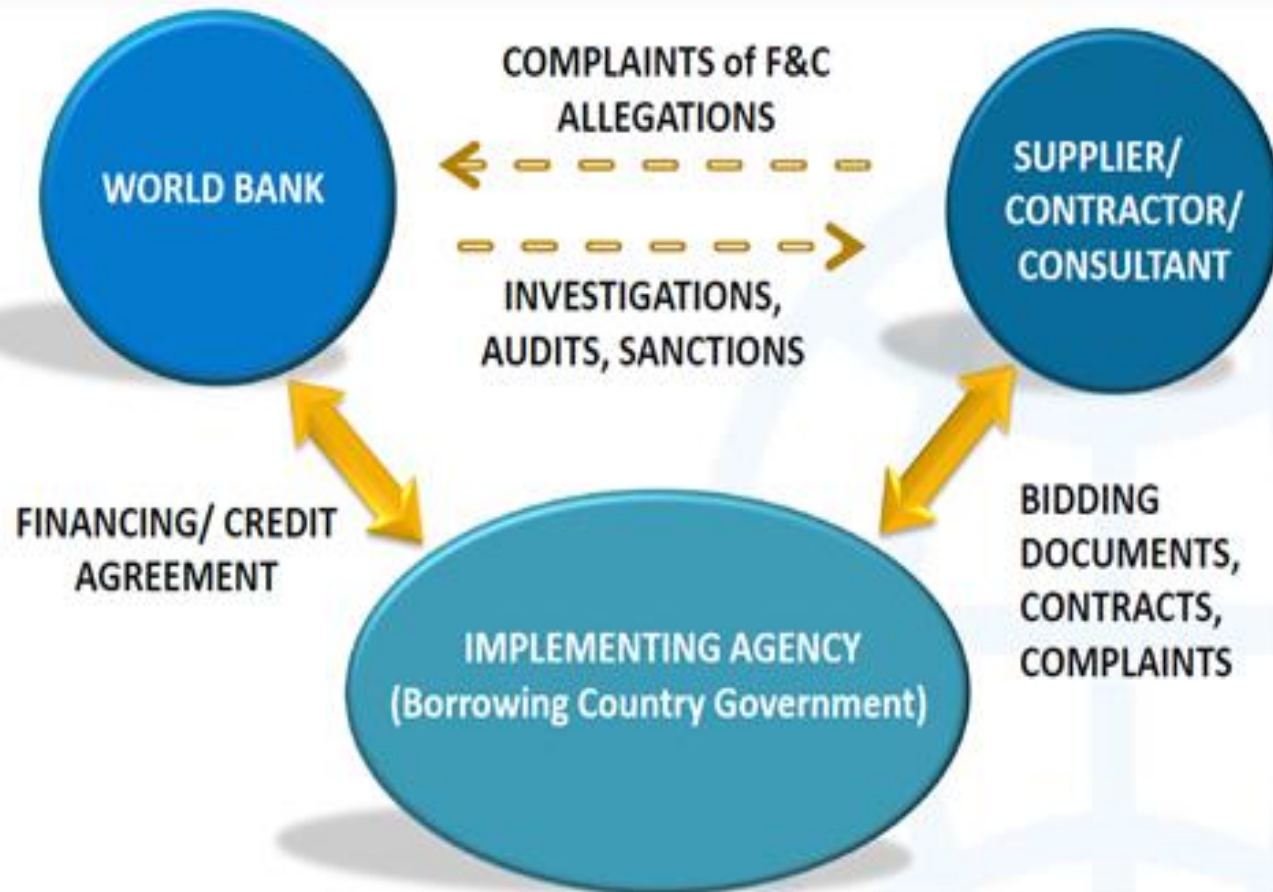**2** Methodology for Assessing Procurement Systems (MAPS)

4 Procurement Anticorruption and Transparency Platform

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01

Procurement at the WB

Contractual Relationships

- ❑ If WB determines that any firm or individual has engaged in fraud and corruption in connection with a financed contract, the WB:

  - shall apply legal remedies as appropriate
  - may declare mis-procurement
  - shall suspend and/or debar the firm or individual
  - will not finance any new contract signed with the debarred or suspended firm or individual

- ❑ If a firm or an individual is debarred or suspended while a contract is ongoing:

  - The Borrower shall not sign an amendment including time extension without WB's review & no objection
  - WB will not finance any new amendment introducing a material change to an exiting contract signed with a debarred firm

02

Methodology for Assessing Procurement Systems

MAPS

- **Provides a harmonized tool for assessing public procurement systems**

- **Universal tool guided by the principles value for money, transparency, fairness and good governance**

- **Aspirational standards serving as a guide toward reform**

- **Core assessment methodology, structure for country context analysis, refined indicator system for assessing the quality and performance of the system in terms of outcomes and results**

- **Indicator system (see figure)**

- **Each pillar has a number of indicators and sub-indicators, with a total of 14 indicators and 55 sub-indicators**

MAPS-Argentina

PILAR I		Pleno cumplimiento	Brechas menores identificadas	Brechas sustantivas / Oportunidades de mejora	Banderas rojas
1. El marco legislativo para la contratación pública cumple con las normas acordadas y las obligaciones aplicables.	1 (a) - Esfera de aplicación y cobertura del marco legislativo y regulatorio				X
	1 (b) – Procedimientos usados para la contratación			X	
	1 (c) - Reglas de publicidad y plazos			X	
	1 (d) - Reglas de participación			X	
	1 (e) - Documentación de contratación y especificaciones técnicas		X		
	1 (f) - Criterios de evaluación y adjudicación			X	
	1 (g) - Presentación, recepción y apertura de ofertas			X	
	1 (h) - Derecho a impugnación y apelación				X
	1 (i) - Gestión de contratos			X	

Principales recomendaciones

- **Amplia reforma normativa (regulación integral del régimen de contratación)**

- **Sistematizar de manera comprehensiva los distintos mecanismos de impugnación**

- **Definición de una política de compras y plan de implementación de compras públicas sostenibles**

- **Establecer una estrategia integral que reconfigure el marco institucional actual, con claridad de funciones, responsabilidades y jerarquías, y rol institucional de la Oficina Nacional de Contrataciones**

- **Fortalecimiento de los procesos de contratación**

- **Establecer normativamente la obligatoriedad de elaborar estudios de mercado para contrataciones cuantiosas y complejas, de innovación**

- **Promoción de la participación de la sociedad civil**
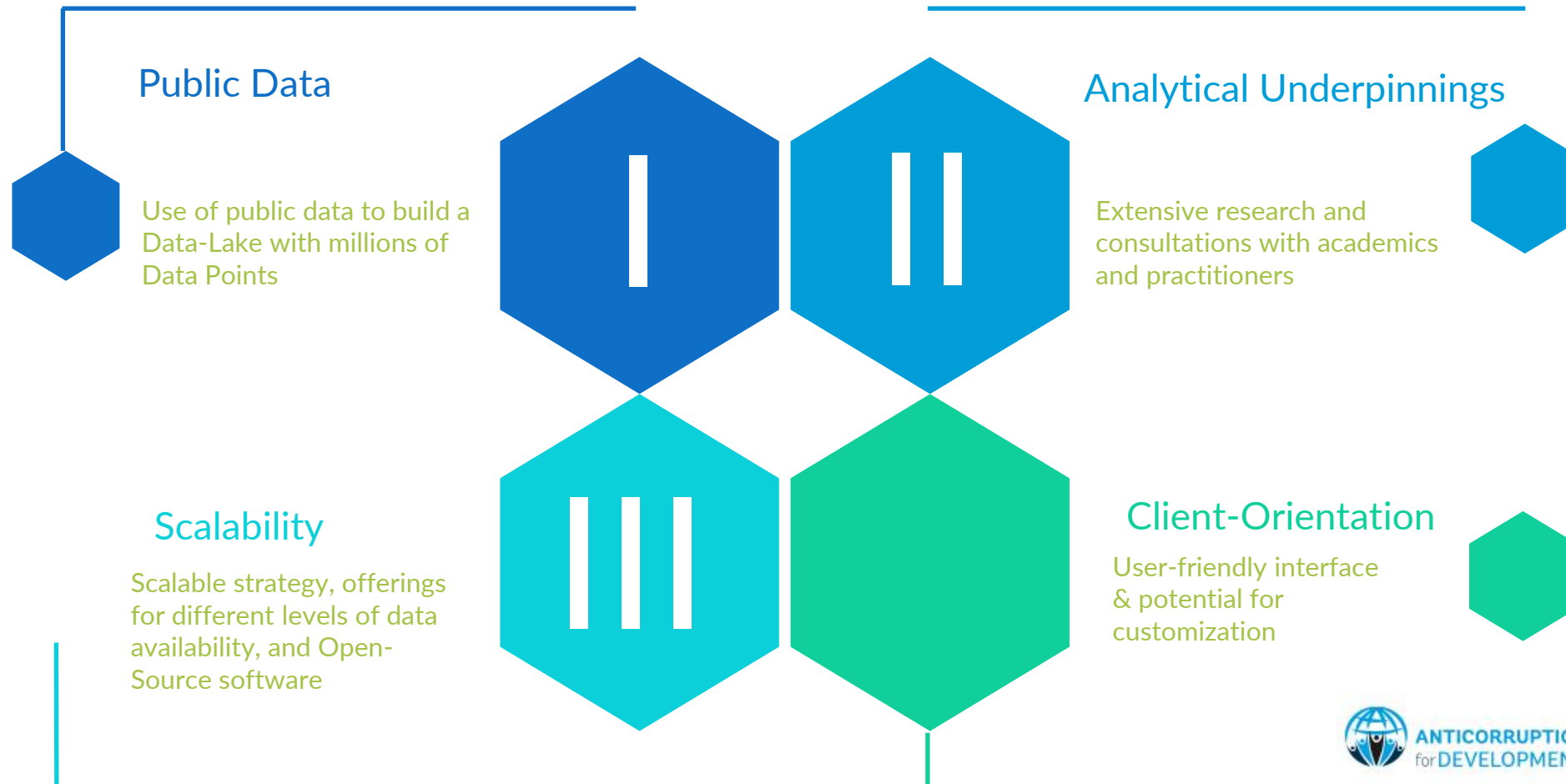
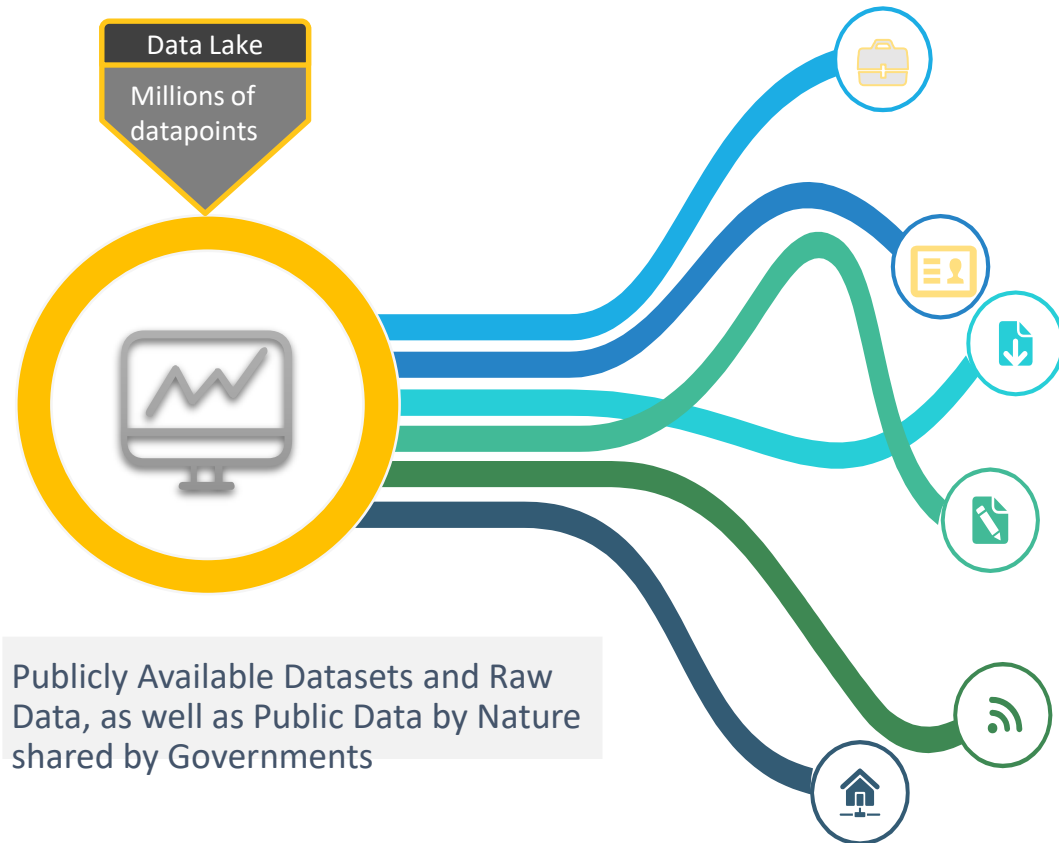ANTICORRUPTION for DEVELOPMENT

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03

Governance Risks Assessment System

GRAS

Data Analytics to Deter Corruption piloted in Brazil, Indonesia, Colombia.

Public Data

Use of public data to build a Data-Lake with millions of Data Points

I

Analytical Underpinnings

Extensive research and consultations with academics and practitioners

II

Scalability

Scalable strategy, offerings for different levels of data availability, and Open-Source software

III

Client-Orientation

User-friendly interface & potential for customization

Large Volume of Public Data: Six types of Data

Data Lake

Millions of datapoints

Publicly Available Datasets and Raw Data, as well as Public Data by Nature shared by Governments

Contractual Level Data
Over R$500 billion in public procurement from 12 States and Federal Government

Public Sector Payroll
Payroll of millions of public sector officials

Govt Transfer & Social Benefits
Data on 20 million social program beneficiaries

E-Invoices
Over 15 million electronic invoices from two States

Banned Companies
Data on 30,000 + banned firms on different jurisdictions

Electoral Data
Data from 20 million politicians and 800,000 electoral donations

Online News
Over 30,000 news and reports on fraud and corruption

Corporate Data & Georeferencing
Analyzed over 750,000 firms Details about 30 million firms (e.g. HQ address, partners, economic sector) & Google Maps reference
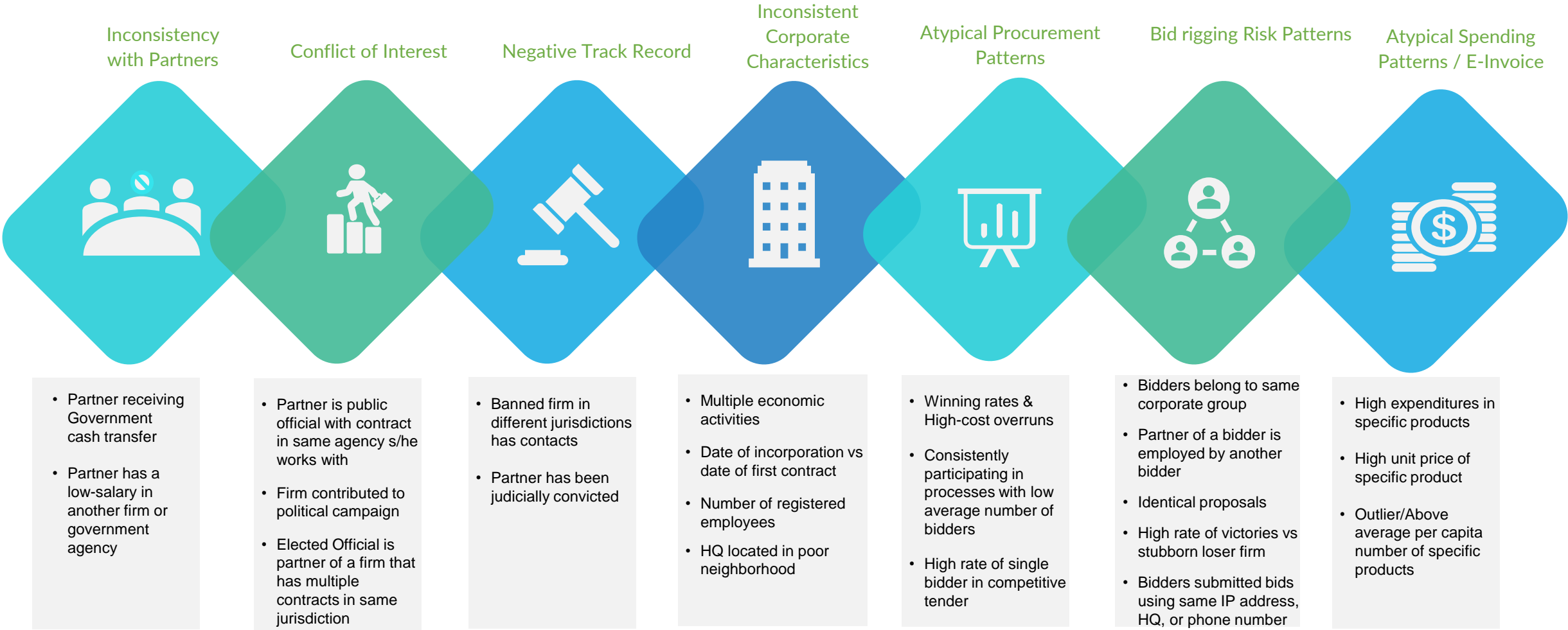
Labor Relations
Relations between 4 million firms and 70 million Brazilians

GRAS: Evidence-Based / Scalable / Customizable

Innovation: System that identifies ~200 red-flags of potential fraud in public expenditures, which has been piloted at three levels of Government in Brazil (State/Municipal)

Inconsistency with Partners

- Partner receiving Government cash transfer
- Partner has a low-salary in another firm or government agency

Conflict of Interest

- Partner is public official with contract in same agency s/he works with
- Firm contributed to political campaign
- Elected Official is partner of a firm that has multiple contracts in same jurisdiction

Negative Track Record

- Banned firm in different jurisdictions has contacts
- Partner has been judicially convicted

Inconsistent Corporate Characteristics

- Multiple economic activities
- Date of incorporation vs date of first contract
- Number of registered employees
- HQ located in poor neighborhood

Atypical Procurement Patterns

- Winning rates & High-cost overruns
- Consistently participating in processes with low average number of bidders
- High rate of single bidder in competitive tender

Bid rigging Risk Patterns

- Bidders belong to same corporate group
- Partner of a bidder is employed by another bidder
- Identical proposals
- High rate of victories vs stubborn loser firm
- Bidders submitted bids using same IP address, HQ, or phone number

Atypical Spending Patterns / E-Invoice

- High expenditures in specific products
- High unit price of specific product
- Outlier/Above average per capita number of specific products

Preliminary Results and Expected Impact - Brazil

Preliminary Results

Identified over 420 firms that won bids against companies which have a high likelihood of being shell companies and reflecting potential bid rigging.

Identified 857 companies that won bidding processes against firms that have at least one partner in common.

450 firms whose partners are beneficiaries of the conditional cash transfer program *Bolsa Família*, and potentially strawmen.

Identified more than 500 firms who are owned by public servants working at the same governmental agency that has executed the contract

Expected Impact

Savings for identifying risks and improve public spending & More evidence to formulate cases against potential fraudulent firms

Use of Evidence for Decision-making & a potential "race to the top"

Positive signal to the market and companies to increase participation and competence in public bids

Increased Transparency of public expenditures and procurement processes

04

Procurement Anticorruption & Transparency Platform

ProACT: Value Proposition

What ProACT offers: a unique harmonized database of procurement transactions

Transactions-based indicators for comparative analysis and benchmarking of integrity and transparency of procurement

Going deeper: Detailed and customized analysis of integrity and transparency of procurement (e.g. sectors, buyers, suppliers)

How it generates impact: global public good + tool for country engagement

Corruption risk diagnostics and benchmarking → Inform reforms

Screening tool for ex-post reviews: Anticorruption Agency, Supreme Audit Institution, CSOs, etc

Business development: capacity building for clients, ad-hoc diagnostics, GRAS, etc

Development objective

Strengthen accountability, transparency and integrity of public procurement

ProACT in the Procurement Data ecosystem

Repository of procurement legislation and review of maturity of eGP systems – global database

GPPD

Transactional database for data-driven analysis of integrity and transparency in public procurement – global database

ProACT

Firm- and Agency-level corruption risk using (open and non-open) public expenditure data – customized solution

GRAS

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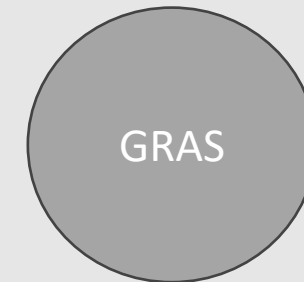
A global public good and platform for engagement

WB leadership in anticorruption in procurement and in advancements in corruption measurement frameworks

Supports and incentivizes the global adoption of digital eGP systems, open data, OCDS, and data analytics for anticorruption

Multistakeholder engagement, and collaboration with AC4D partners on the open data agenda
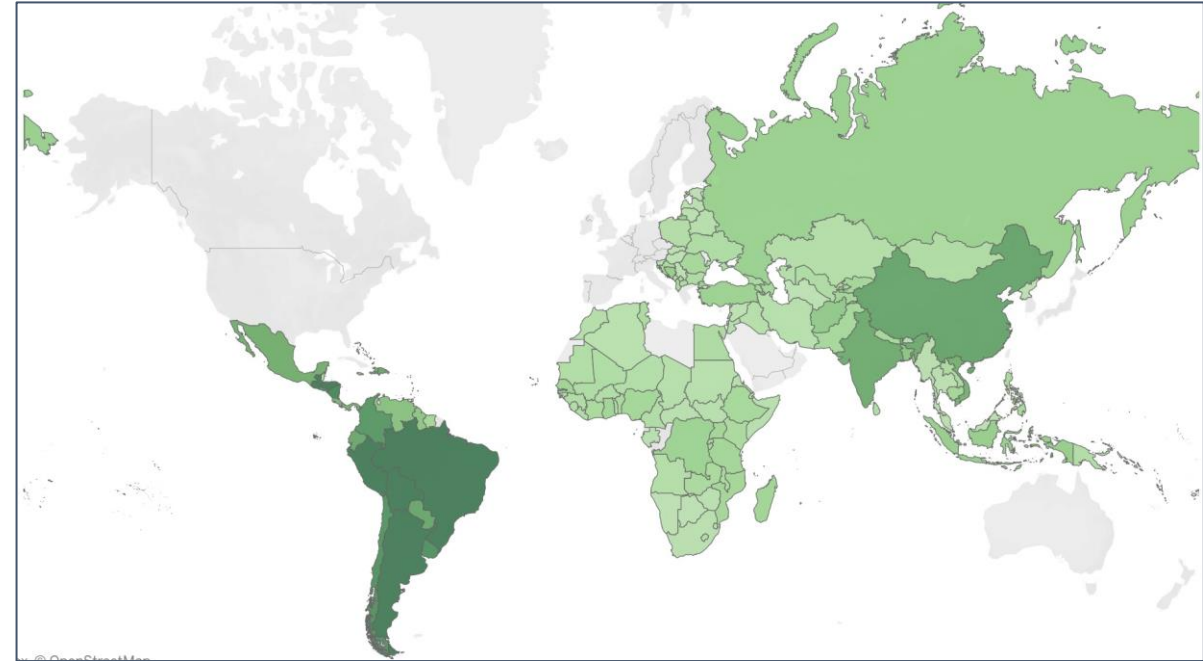
A global public good for governments, NGOs, citizens, other international organizations, etc

ProACT: What data?
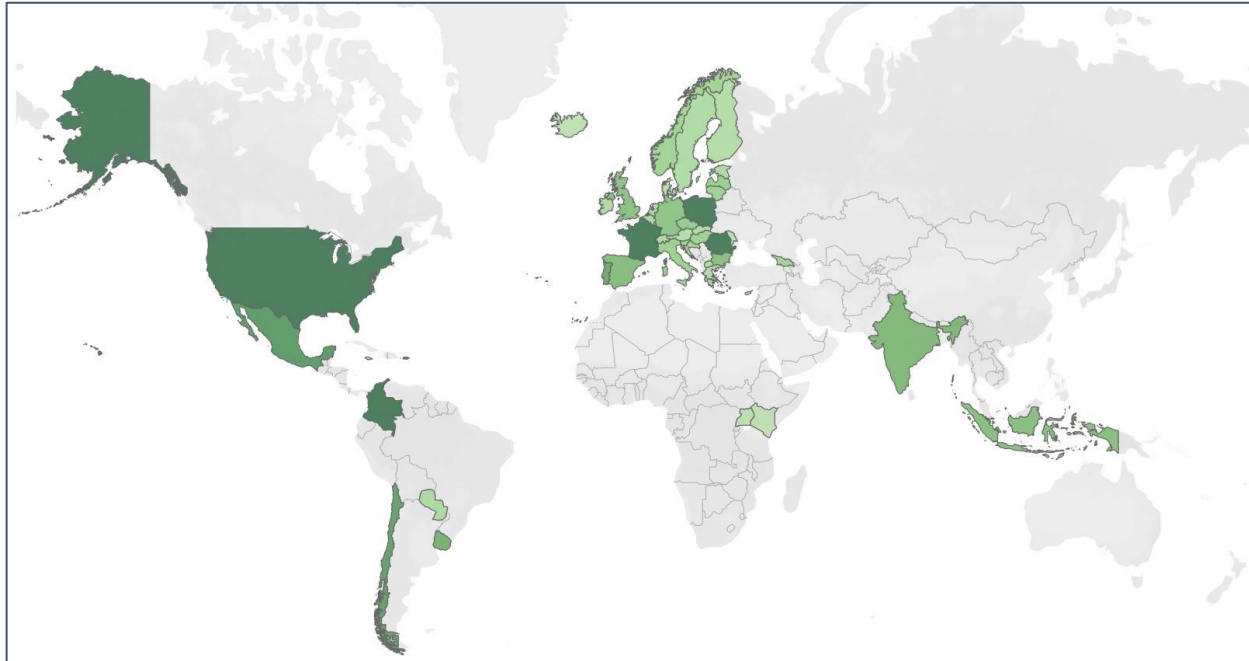
e-procurement data from 46 national procurement systems*

WB & IADB contracts for 100+ countries*

- Over 10 years of data: January 2006 – (early) 2020
- 21 million contracts+
- 5 million suppliers+
- 1 million buyers+
- sanctions data for eleven sanctioning authorities
- **Link to platform:** ProACT

* Data collection & mapping by Government Transparency Institute

Proact: Current Status: Indicators

ProACT provides access to eGP data on tenders and contracts that are publicly available to enable detailed analysis on integrity, transparency and competition in public procurement. It allows to analyze these dimensions at country level, or for specific buyers, suppliers, markets and contracts. The indicators measure practices and risks, they are not proof of misconduct.

Integrity

- Use of non-open procedure types
- Call for tenders publication
- Length of advertisement period
- Single bidder contract
- Length of decision period
- Benford's law
- Supplier's share of buyer spending on procurement
- Supplier is registered in a tax haven
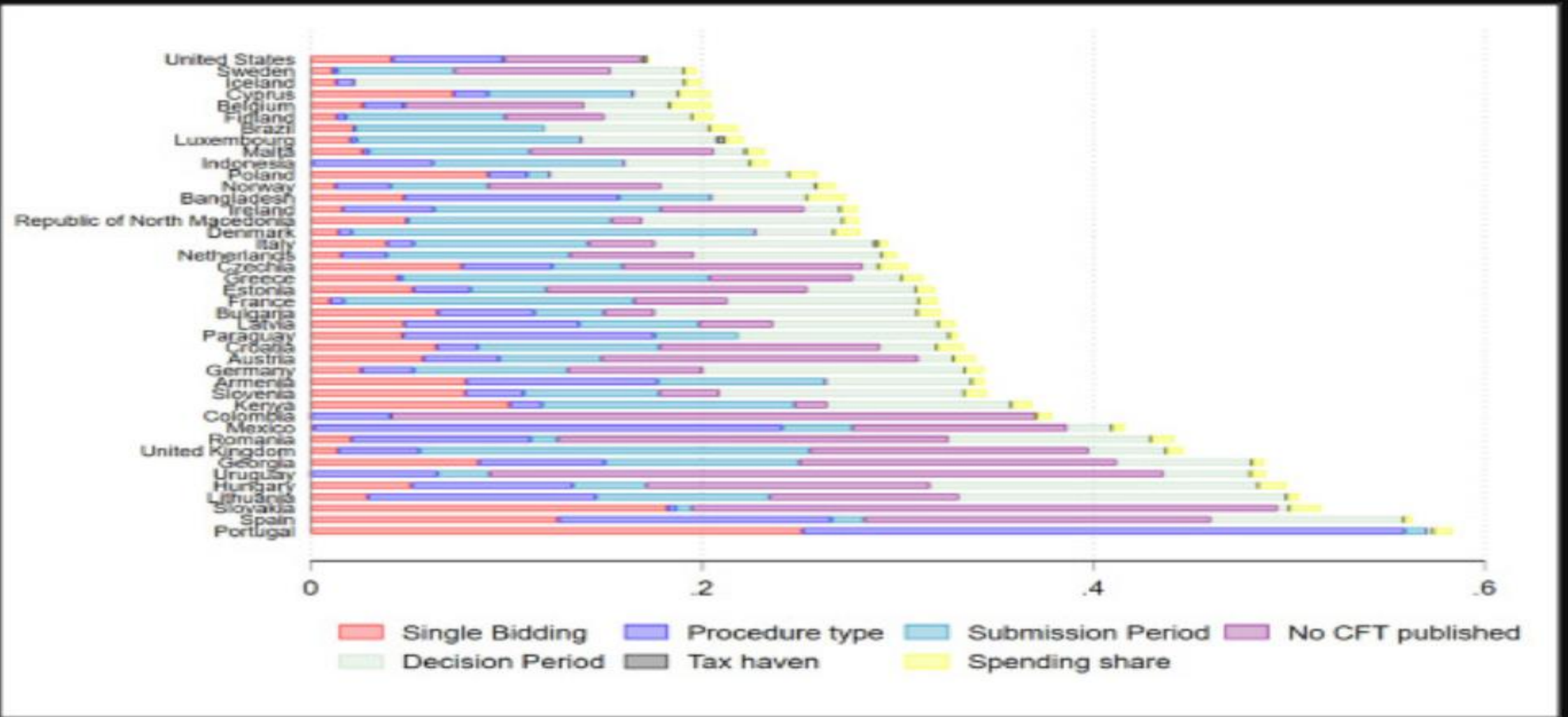- Delivery delay
- Cost overrun

Transparency

Fields are available as open data:

- Buyer name
- Contract title
- Supplier name
- Supply type
- Contract value
- Buyer/implementation location
- Procedure type
- Number of bids
- Award date

Competition

- Number of bidders
- Non-local supplier
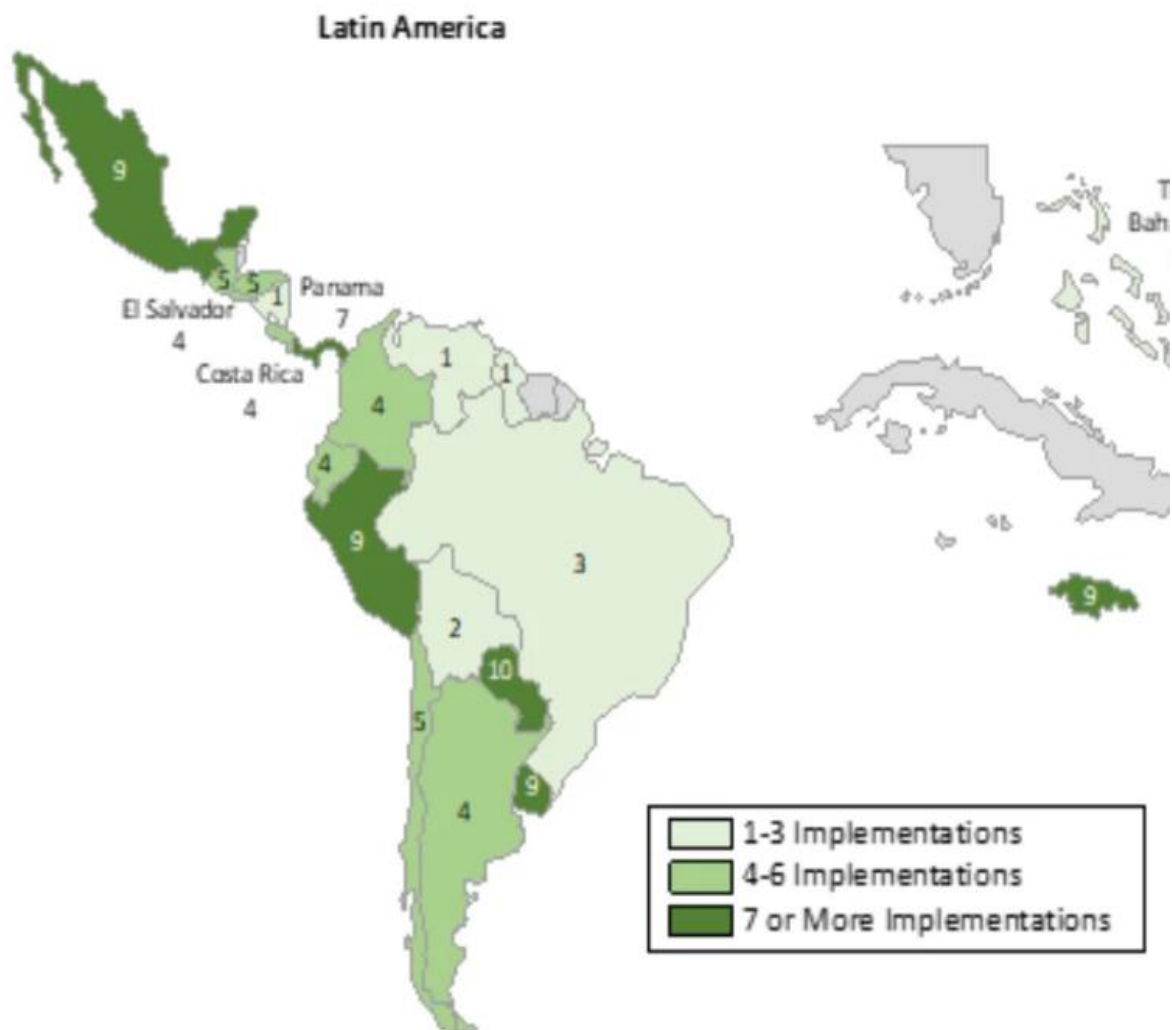- Supplier market entry
- Supplier market share

05

Additional Resources

Latin America

1-3 Implementations
4-6 Implementations
7 or More Implementations

- **PEFA** assesses the institutional framework for key aspects of procurement management: monitoring of purchases, emphasis on open & competitive procedures, public access to information, and access to appeal and redress arrangements

- **GovTech Maturity Index (GTMI)** is a measure of digital transformation in the public sector across the globe, including the existence of an eGP portal, the eGP functionalities and whether eGP data are publicly available in open data (OCDS) format

- **Global Public Procurement Database (GPPD) captures data about country procurement systems, regulatory framework, and status of eGP implementation at global level.** GPPD identifies the Public Procurement Agency, the Central Purchasing Body, and relevant clauses, such as preferences for SMEs, preferences for domestic firms, and the use of MEAT (most economically advantageous tender) evaluation methods.

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Thank you

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