



FRAUD PREVENTION AND CAPACITY BUILDING IN PUBLIC PROCUREMENT

Initiatives by DG Regional and Urban Policy

5 April 2016

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Anti-fraud provisions in European Structural and Investment Funds

Article 125.4 c) of Regulation 1303/2013

*"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**"*



Special attention to public procurement

- ~48% of ESIF financing is spent via public procurement
- Risks related to fraud and corruption
- Procurement is the most common source of administrative errors and financial corrections across all cohesion policy funds
- Slow PP procedures delay implementation of investments

Tools offered by the Commission (1)

1) Guidance on anti-fraud measures containing a **fraud risk assessment tool** (excel-based).

The tool is pre-filled with specific fraud risks, including those relating to public procurement.

Available at:

http://ec.europa.eu/regional_policy/en/information/legislation/guidance/

Tools offered by the Commission (2)

IT tool **Arachne** can help managing authorities identify potentially risky projects

- It is based on a set of risk indicators (separate set of indicators concern public procurement)
- Internal data enriched with publicly available information (Orbis, WorldCompliance)

Integrity Pacts project





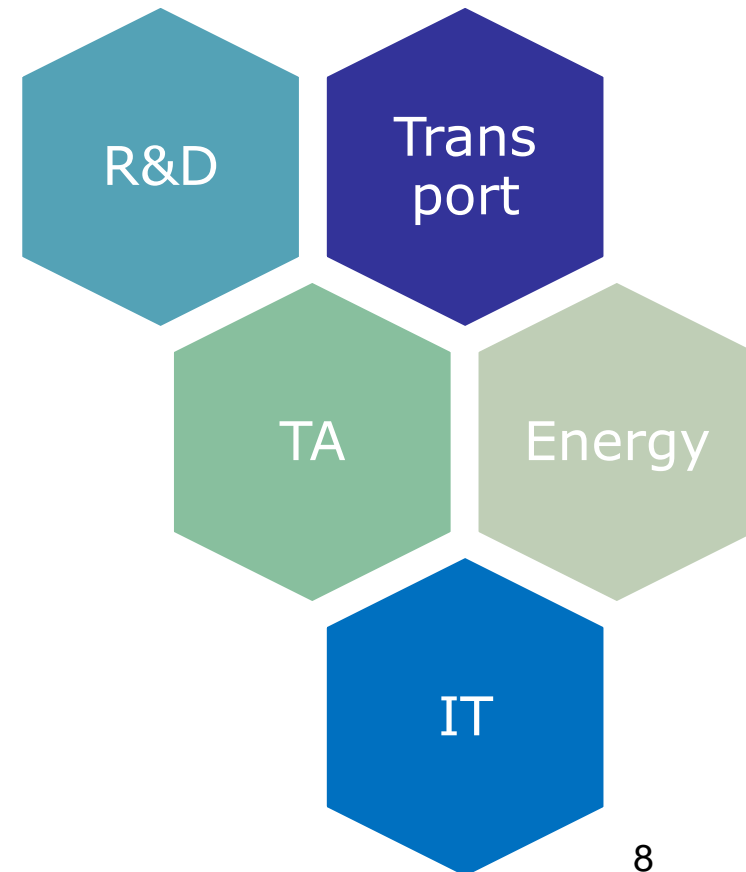
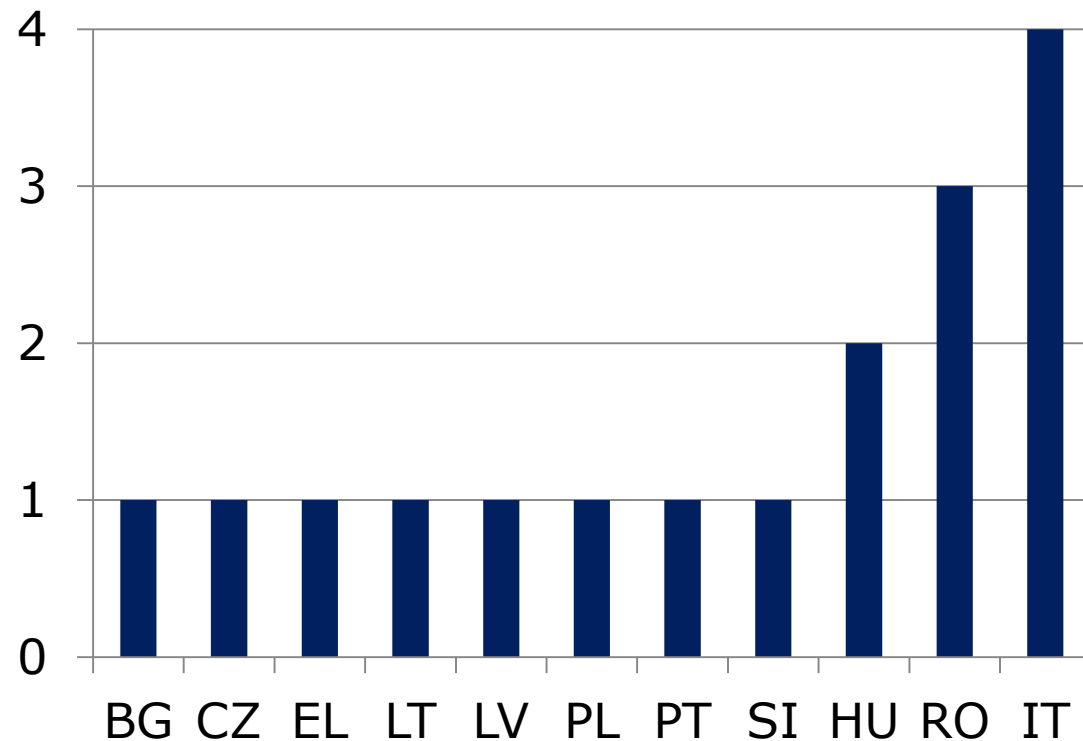
DG REGIO pilot project “Integrity Pacts - Civil Control Mechanisms for Safeguarding EU Funds

01/2015 DG REGIO and *Transparency International* launched **pilot project**. Objective – **promote integrity pact** tool in ERDF/CF projects.

Integrity Pact - agreement between contracting authority and companies bidding for public contract to abstain from corrupt practices. External monitor from civil society monitors that process is transparent and credible

Integrity Pacts pilot project

17 pilots from 11 MS



Integrity Pact pilot in Poland

Applicant	Project	Monitor	Project budget	Project period	Tenders
Ministry of Infrastructure and Development	Works on E30 and E65 railway line	Stefan Batory Foundation	EUR 966 mln (estimate)	2015 – 2020	11 tenders planned



Benchmarking performance in public procurement

Measuring performance in public procurement – national level

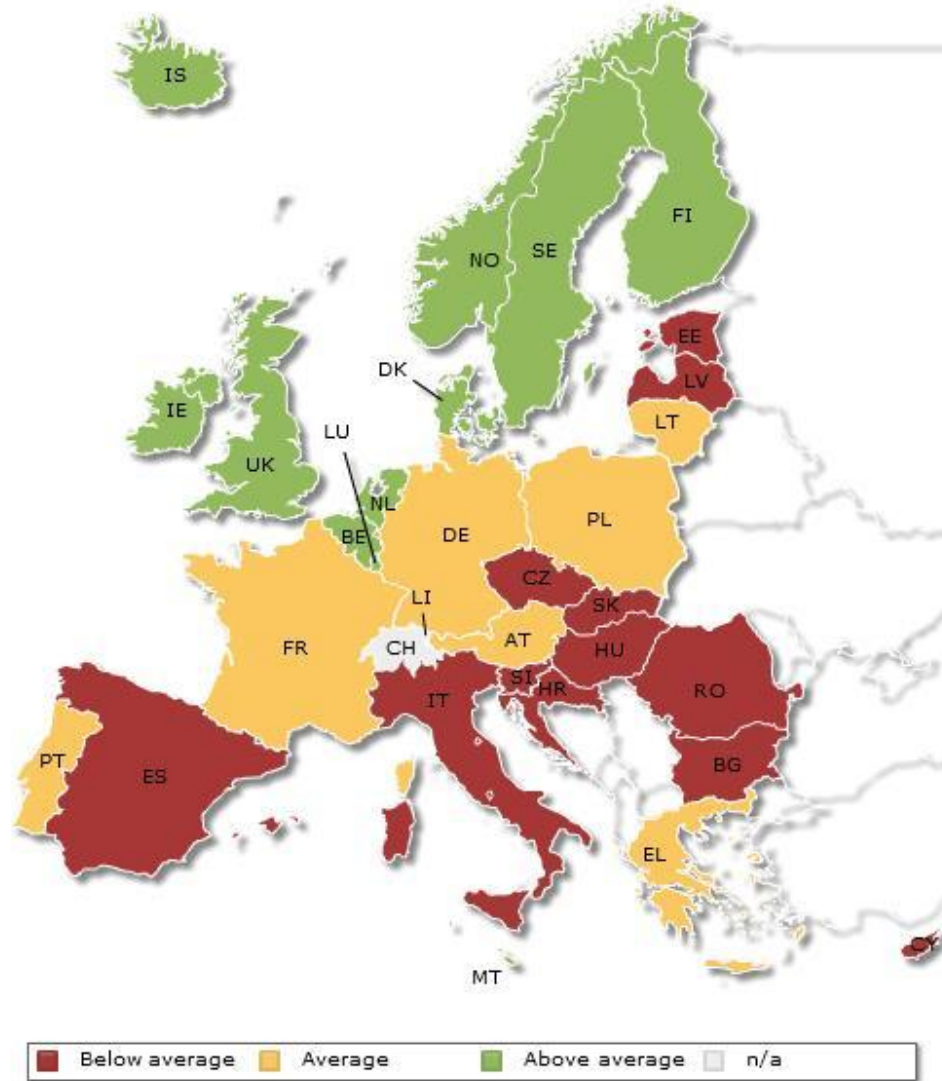
portal name/url	country	portal type	sector	thematic focus	data sources	benchmarked units	user contrib.
http://zindex.cz/	CZ	watchdog	non-profit	overall good practice	announcement data plus company & survey data	buyers: state-owned enterprises, hospitals, central government	yes
http://firmy.transparency.sk/	SK	watchdog	non-profit	transparency and competition	procurement announcement data plus company data	state-owned enterprises	no
http://supervisor.kpk-rs.si	SI	watchdog	government	corruption	spending transactions data	organisations	no
http://spendnetwork.com/	UK	business intelligence	for-profit	market analytics	announcement data	organisations	no
http://tender.sme.sk	SK	watchdog	non-profit	spending overview	announcement data	organisations, tenders	no
http://www.integrityobservers.eu	HR	watchdog	non-profit	spending overview	announcement data	organisations, tenders	no
http://www.redflags.eu	HU	watchdog	non-profit	corruption	announcement data	organisations, tenders	no
http://www.ro.tendertracking.eu/	RO	watchdog	non-profit	corruption	announcement data	organisations, tenders	yes

Measuring performance in public procurement – EU level

Single Market Scoreboard – performance in public procurement measured by **6 indicators**

Single Market Scoreboard: indicators for public procurement performance	Thresholds	
[1] One Bidder	≤10%	> 20%
[2] No calls for Bids	≤ 5%	≥ 10%
[3] Aggregation	≥10%	< 10%
[4] Award Criteria	< 80%	≥ 80%
[5] Decision Speed	< 120 days	≥ 120 days
[6] Reporting Quality	≤ 3%	> 3%

(all 6 indicators combined)



Single Market Scoreboard (for 2014)



Measuring performance of contracting authorities level – feasibility analysis

- Performance of contracting authorities varies not only across, but also within the country.
- **Task:** select and test/pilot indicators with a sample of contracting authorities using TED data.
- **Expectation:** benchmarking system works as "compass" for economic operators, contracting authorities and public procurement offices.

Single market strategy

Single Market Strategy presented by the Commission in 10/2015.

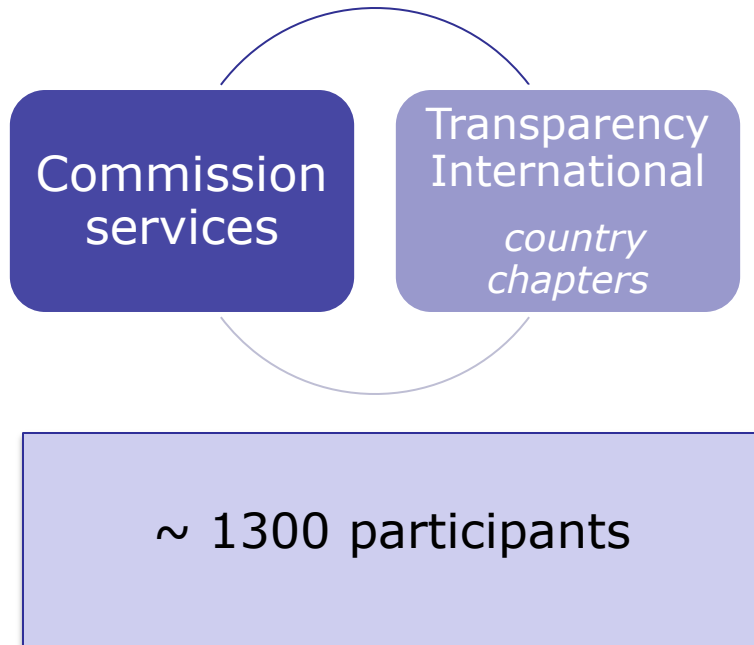
- One of objectives - more transparent, efficient and accountable public procurement.
- Challenge: the lack of available data and analytical tools that would allow problems or irregularities to be prevented or detected.
- The Commission will seek to facilitate the collection, consolidation, management and analysis of procurement data.



Capacity building actions by DG Regional and Urban Policy

Anti-fraud seminars

Co-operative endeavour



Themes

Opening session

Political messages, overview of status quo and future plans

Thematic workshops

1. Fraud risk assessment

2. IT tool "Arachne"

3. "Fraud-proofing" public procurement

4. Civil society initiatives

Closing session

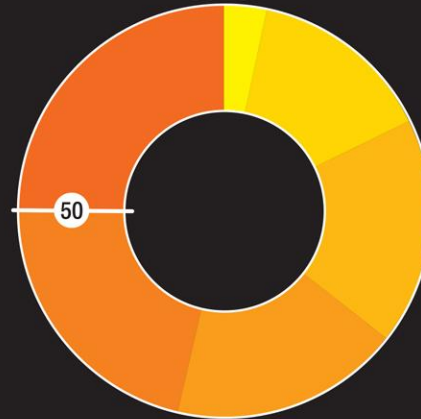
Reporting suspected fraud and protecting whistleblowers

Presentations available at:

http://ec.europa.eu/regional_policy/en/conferences/anticorruption/

Countries covered

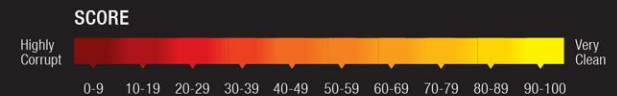
CORRUPTION PERCEPTIONS INDEX 2013: EU



The perceived levels of public sector corruption.

25% score below 50

Top: Denmark
Bottom: Greece



RANK	COUNTRY/TERRITORY	SCORE
1	Denmark	91
3	Finland	89
3	Sweden	89
8	Netherlands	83
11	Luxembourg	80
12	Germany	78
14	United Kingdom	76
15	Belgium	75

21	Ireland	72
22	France	71
26	Austria	69
28	Estonia	68
31	Cyprus	63
33	Portugal	62
38	Poland	60
40	Spain	59
43	Lithuania	57

RANK	COUNTRY/TERRITORY	SCORE
43	Slovenia	57
45	Malta	56
47	Hungary	54
49	Latvia	53
57	Croatia	48
57	Czech Republic	48
61	Slovakia	47
69	Italy	43

69	Romania	43
77	Bulgaria	41
80	Greece	40

The 2013 Corruption Perceptions Index measures the perceived levels of public sector corruption in 177 countries/territories around the world. To see the full results go to:

www.transparency.org/cpi
[#stopthecorrupt](https://twitter.com/stopthecorrupt)

How to avoid common public procurement errors in ESIF projects? – Guidance for practitioners

- **Target Audience** - “Procurement Officer” managing day-to-day procurement activities
- **Purpose** help avoid the steps that lead to errors and to adopt good practices
- **Living document** – guidance and accompanying toolkit to be updated
- It is not a legal interpretation of the Directives!

How to avoid common public procurement errors in ESIF projects? – Guidance for practitioners

- Step by step approach to the public procurement process
- Highlights typical mistakes
- List of 25 most common/serious errors
- gives recommendations how to avoid them
- 10 Toolkit documents on specific topics with case studies, checklists, links

Public Procurement Guidance

Available in all EU languages

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



Study on administrative capacity in public procurement (1)

Objective - to compare administrative capacity in public procurement

- Organisational structures
- Human resources in public procurement
- Tools to support and monitor procurement
- Lessons from past capacity building measures

Main **focus** on procurement within the EU funds management system in EU Member States



Study on administrative capacity in public procurement

Results

- 28 country profiles with recommendations for Member States and Commission
- 2 in-depth country studies: CZ and PT
- Survey: 2000 replies
- Overview of good practices



Study on administrative capacity in public procurement

Good practices identified in the following areas:

- Ad hoc support for contracting authorities
- Guidance documents and standardisation
- Professionalization of procurers
- Simplification and efficiency of procedures
- Quality execution of procurement

TAIEX-REGIO PEER 2 PEER

A new tool bringing together
cohesion policy experts



http://ec.europa.eu/regional_policy/p2p

What exchanges do we organise?

Expert
missions



2-5 Days

Study visits



2-5 Days

Workshops

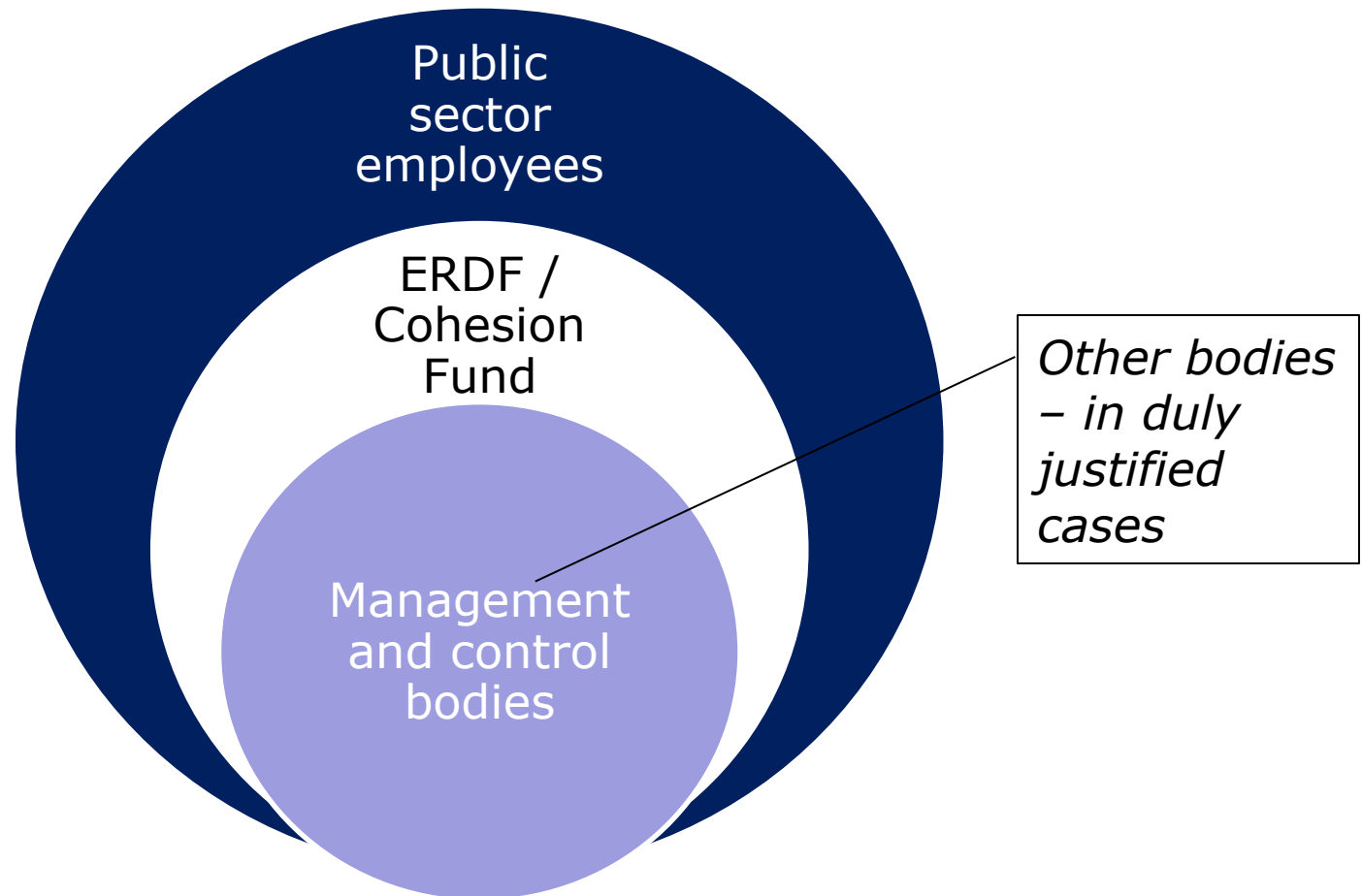


2 Days



On topics directly linked
to the management of
ERDF/CF

Who can participate?





Exchanges on public procurement

Applicant	Public procurement topics	Type of exchange	Provider of expertise
<i>Slovakia</i> : Central Coordination Body and PP Office	Controls, conflict of interest, standard documents	Expert mission	Portugal and Poland
<i>Bulgaria</i> : Public Procurement Agency	Central Purchasing Bodies, e-procurement, framework contracts	Workshop	Italy, Austria, Croatia, Finland
<i>Croatia</i> : Ministry for Regional Development	PP controls, sampling	Workshop	Germany, Greece, Italy, Lithuania, Poland
		Study visit	Estonia



EU Public Procurement Reform – aiming for more transparency and efficiency

Towards more transparent and efficient public procurement

- New **EU Public Procurement Directives** enter into force on 18/04/2016.
 - Increased focus on preventing corruption and creating culture of integrity.

- **Single Market Strategy** of 2015.
 - One of strands of action - more transparent, efficient and accountable public procurement.

New elements (1)

- **Definition of conflict of interest.** Contracting authorities should take measures to prevent, identify and remedy such cases. Monitoring and reporting foreseen.
- **New exclusion grounds:** if company unduly influenced the decision-making or made false statements.
- **Standard self-declaration** for bidders → more difficult to exclude tenders in the selection phase.

New elements (2)

- Extension of scope of directives to ***post-award phase*** - modification of contracts without a new tender procedure is now regulated.
- ***Dedicated legal framework for concession contracts*** to enhance transparency.
- **E-procurement** becomes mandatory by 2018.



Thank you !

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