

33rd SESSION

Making public procurement transparent at local and regional levels

Recommendation 405 (2017)¹

1. In its many forms, corruption poses a major threat to governance and democracy in Europe and undermines the confidence of citizens in democratic institutions. Its prevalence affects citizens, governments and business alike, increasing unpredictability and impeding new investments. With this in mind, at its 31st session, the Congress of Local and Regional Authorities adopted a Roadmap of activities for preventing corruption and promoting public ethics at local and regional levels. This Roadmap includes the preparation of thematic reports, including on transparency in public procurement.
2. Public procurement lies at the heart of public service provision for local and regional governments. At the same time it can be particularly vulnerable to corruption, as it involves the transfer of public resources to the private sector or to non-profit organisations.
3. An essential part of good governance is therefore to ensure clean and efficient procurement, which, as an important area of public expenditure, carries significant risks of corruption.
4. Maximum transparency in all stages of the procurement cycle is the key principle for reducing the risks of corruption in procurement and maintaining public trust in local and regional administrations.
5. Public procurement tends to be vulnerable to corruption, particularly as it involves the transfer of public resources to the private sector or to non-profit organisations.
6. Corruption in the procurement process can take many forms, such as the allocation of government contracts to friends or political cronies at the expense of a transparent and competitive process, or the revolving door phenomenon, where civil servants benefit from their insider information or shape policy contracts while they are in office in order to benefit from it later when they work for a private contractor, or create other opportunities for themselves or friends.
7. Risks are present at all stages of the procurement process: in the needs assessment phase, an individual might inflate the needs, hence impacting the whole competition process, or make excessive provision costs for errors. In the design phase the risks are related to the drafting of the requirements or the unclear selection details; in the award phase, a corrupt official could insist on weaknesses of a particular supplier and on the supposed advantages of the others; in the implementation phase, the risks concerning the monitoring of the contractor could lead to deficient quality or increasing costs, signifying a waste of public funding.
8. Many local authorities are also at risk on account of the lack of contracting expertise among their staff, which makes the assessment of public procurement difficult. The staff involved in procurement processes sometimes lacks the competence to carry out complex contracting procedures and to monitor their application.

¹ Debated and adopted by the Congress on 19 October 2017, 2nd sitting, (see Document [CG33\(2017\)13final](#), rapporteur: Amelie TARSCHYS INGRE, Sweden (L, ILDG)).

9. An effective tool in fighting corruption in public procurement is the information supplied by those with inside knowledge of the processes. These whistleblowers need to be protected. They face a real risk of reprisals and intimidating pressures which can be particularly daunting at local level.

10. In the light of these considerations, the Congress invites the Committee of Ministers to encourage the governments and parliaments of member States and, where applicable, regions with legislative powers, to:

a. establish national standards regarding public procurement, in order to make the process more transparent and easier to understand;

b. introduce e-procurement systems to minimise the amount of human discretion in the process, using standardised norms and procedures for communication and online tools;

c. ensure maximum transparency at all stages of the procurement cycle by publishing comprehensive and machine-readable data from the beginning of the procurement process;

d. ensure a common level of training and/or professional qualification for staff responsible for procurement processes;

e. establish a common set of indicators at national level to facilitate analysis of the risk of favouritism in procurement processes;

f. establish an independent body to investigate complaints;

g. regulate and track employment movements from public to private sectors to lower the risk of conflicts of interest through the “revolving door” process;

h. set up an anonymous whistleblower hotline in order to facilitate the reporting of malpractice and to ensure the protection of those who report such information.