

## **G20 PRINCIPLES FOR PROMOTING INTEGRITY IN PUBLIC PROCUREMENT**

Public procurement represents a significant share of G20 countries' economies, on average over 13% of GDP. Procurement is also a strategic tool used by governments to deliver public services of the highest quality and best value for money. Taking into account the vast resources and close interaction of the public and private sectors, public procurement processes are particularly vulnerable to waste, misconduct, corruption and collusion which lead to inefficient allocation of public resources and a diminution of trust by citizens in the good governance of their country. Recognizing that sound management of procurement contracts is critical for transparent and accountable spending of tax payers' money and essential to building stronger, inclusive and sustainable growth and promoting development outcomes, special scrutiny should be devoted to public procurement processes. Digital technologies and open data provide new opportunities throughout the public procurement cycle for addressing growing expectations of transparency and access to the extent permitted by law. Also recognizing that the entire public procurement cycle is a high risk activity that requires governments to apply transparency and integrity, adoption of measures against conflict of interest and corruption, as well as limitation on exceptions to the use of competitive tendering should be standard, according to internal legislation.

Integrity in public procurement is also an interest of business: according to the OECD Foreign Bribery Report, in 57% of the cases bribes are paid in order to obtain public procurement contracts. Providing a level playing field in procurement requires joint efforts and has also been identified by the private sector as a priority. At their 2014 Summit, the G20 called on G20 governments to apply best practice procurement processes in all large and/or publicly significant infrastructure projects. The G20 Anti-Corruption Task Force has also established a work stream on Government Procurement.

G20 countries committed to ensure they have in place *"systems of procurement based on transparency, competition and objective criteria in decision-making to prevent corruption"* and called on the OECD to develop a Compendium of Good Practices for Integrity in Public Procurement (OECD Compendium) approved by the G20 in 2014.

In support of these commitments, the G20 supports the following good practices which build on the results of the OECD Compendium and are in line with relevant international standards such as those contained in Article 9 of the UNCAC and, where appropriate, the OECD Recommendations on Public Procurement, on Further Combating Bribery of Foreign Public Officials in International Business Transactions, on Fighting Bid Rigging in Public Procurement and on Anti-Corruption Proposals for Bilateral Aid Procurement. The good practices identified in the whole procurement cycle – from needs assessment until payment and contract management – are applicable to all public procurement systems at the central government level, though differences in form of government, legal framework and level of development of the public procurement system may yield differences in application in various country contexts. Countries should also seek their application at subnational level, where appropriate.

*An adequate degree of transparency and accessibility of general procurement information, including through the use of information and communication technologies and open data, promotes integrity and competition, minimizes waste and prevents corruption.*

1. **Public procurement laws, regulations, policies and procedures should be easily accessible to, and understandable by, the interested public.** To pursue this objective, G20 countries should promote:
  - 1.1. Timely and online publication and awareness of relevant laws, regulations, policies and procedures and public procurement opportunities in plain language.
2. **G20 countries should improve the effectiveness of the public procurement system and foster openness and competition, including by promoting**
  - 2.1 Fair and equitable - impartial treatment of potential suppliers, for example by publishing selection criteria and the method and reasons for awards and contract details as far as feasible and appropriate.
  - 2.2 Transparency of public procurement opportunities and awards, except where reasonable exceptions apply (e.g., security concerns or low-value procurements).
  - 2.3 Use of competitive tendering procedures and specific, limited exceptions to the use of competitive tendering, as set in applicable national laws and regulations.
3. **To reduce the risk of corruption, G20 countries should work to streamline public procurement processes, increase transparency and reduce red tape including through the use of information technology.** To pursue this aim, they should promote:
  - 3.1 The use of integrated e-procurement solutions to the maximum extent possible and practicable.
  - 3.2 The use of generally accepted best practices to increase information sharing and efficiency, such as the online publication of public procurement information and data with easy access.

*Effective remedies for challenging procurement decisions are essential to build confidence in the integrity and fairness of the procurement system.*

4. **G20 countries should have in place adequate complaint mechanisms for suppliers.** To undertake this objective, G20 countries should promote:
  - 4.1 Laws, regulations, policies, and procedures for handling complaints in an impartial, timely, effective, and transparent way.
  - 4.2 Awareness of channels for pursuing complaints, and the practical implications for suppliers.
  - 4.3 Effective redress and sanctions in cases of corruption and collusion.
5. **G20 countries should maintain clear laws, regulations, policies and procedures to facilitate competition and private-sector and civil society participation.** To this end, G20 countries should promote:
  - 5.1 Public procurement laws, regulations, policies and procedures that are coherent and operate in a predictable manner.
  - 5.2 Opportunities for public input when amending public procurement laws and regulations.

- 5.3 Opportunities for input from civil society and the general public on the public procurement processes.
- 5.4 Participation, during the pre-tendering phase, of relevant stakeholders, including representatives of suppliers, users and civil society consistent with law.

*High standards of propriety and professionalism of public officials and integrity programs for private sector suppliers serve to mitigate the risks associated with public procurement.*

- 6. **Integrity in public procurement should be facilitated by developing or enhancing appropriate capabilities within the civil service.** In order to achieve this, G20 countries should promote:
  - 6.1 High standards of integrity and ethics for all public procurement officials, and provide tools for application in daily practice, for example by disclosures of relevant private interests that could improperly influence the performance of official duties and responsibilities to prevent conflict of interest.
  - 6.2 Procurement officials meeting appropriate professional standards in education, training and practice.
- 7. **Effective and accountable public procurement institutions or offices responsible for policy development or purchasing or both should be established.** G20 countries should promote:
  - 7.1 Clear chains of responsibility for the oversight of public procurement.
  - 7.2 The coordination and integration of laws, regulations, policies and procedures regarding management and relevant controls, including financial controls and internal audit.
  - 7.3 Periodic reviews of various stages of the public procurement cycle, including both for oversight and for identification of best practices.
  - 7.4 Implementation of anti-corruption provisions in the rules of operation of development agencies, and in particular the introduction of anti-corruption provisions governing bilateral aid-funded procurement.
- 8. **G20 countries should foster a culture of integrity in public procurement among suppliers by:**
  - 8.1 Encouraging supplier efforts to develop internal corporate controls, and compliance measures, including competition and anti-corruption programs and looking at ways in which due recognition could be given to suppliers that have effective controls, measures and programs in place.
  - 8.2 Providing appropriate procurement guidance for companies, especially SMEs.
  - 8.3 Having mechanisms to protect the government in conducting public procurements from suppliers that have been convicted of or admitted to corruption, for example establishing records of debarred suppliers convicted of corruption and requiring suppliers to report whether they have been convicted of corruption.