



Integrity Marathon

Integrity Challenges in Private Procurement in Times of Crisis – Key Takeaways

#IntegrityMarathon #PrivateSector #GlobalPerspective #PrivateProcurement

Tuesday, 04 August 2020

Procurement departments have gained prominence in these times of crisis, as they have the daunting task of making purchasing decisions in unprecedented conditions. In normal situations, companies and governments have defined processes designed to promote fair and open competition for their businesses, minimising risks such as exposure to fraud and collusion. However, the unpredictability, urgency, the threat to health, and the need for new supplies during this crisis, increases the risks of corruption and non-compliance. The practical and technical knowhow in dealing with such situations was the focus of this event.

Seven online sessions were held (Indonesia, India, Europe, West Africa, Brazil, South America and Andean Latin America) with participants from the public and private sector and from civil society.

Main challenges

- Working in a high-risk environment with lack of transparency, heightened with many working from home.
- Ensuring technical and quality-related specifications are met in remote purchases.
- Dealing with price pressures in the supply chain and scarcity of products.
- Slower/ delayed processes.
- Monitoring and keeping records of donations.
- Disruption in cash flows and business continuity.
- Having separate processes with different rules for the private and public sector.
- Fostering communication instead of changing internal processes.
- Flexibility in procurement processes seen as an approval for corruption.
- Tension between following established processes that ensure quality and transparency and adaptively responding to the new challenges of a rapidly changing market and regulatory environment.
- Perception of integrity and compliance processes as an administrative burden, especially for larger companies, instead of a tool to bring risk considerations to the decision-maker.
- Challenges with e-government, such as the implementation of e-procurement in Africa due to the high cost of internet within the continent.



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Best practices

- Involving compliance departments earlier in the procurement process.
- Using digital channels to complete due diligences and approval processes more quickly.
- Creating a steering committee consisting of HR, Risk, IT and management to monitor processes.
- Creating equal opportunities for smaller companies, such as with Colombia Compra Eficiente, a programme by the Colombian Government that changed the joining criteria for public procurement digital portals to be based only on product requirements so that smaller companies have the same chance as larger providers.
- Strengthening internal control measures and harnessing the power of internal collaboration.
- Having expertise in-house so that due diligence processes do not become a bottleneck in the procurement process, which also includes hiring people with experience on anticorruption.
- Having emergency procurement processes in place before crises.
- Strengthening existing partnerships within the supply chain and training regularly suppliers and employees.

Recommendations

- Seeing compliance and transparency as non-negotiable, even in times of crisis and not differentiating between small or big types of corruption.
- Due diligence processes should not be more flexible, but rather simpler and more agile in order to respond proportionately to the rising demand in times of crisis without compromising efficiency.
- Intensifying risk analysis-
- Having holistic due diligence processes that include not only anticorruption but also human rights, fraud, related parties and financial analysis in order to fully assess suppliers.
- Due diligence processes should always follow a four-eyes principle of double verification.
- Cooperation, collaboration and information sharing within and across companies are key.
- Optimising the tools already available by reviewing and communicating better existing compliance measures.
- Collaborating with the public sector and governments.
- Procurement professionals need to be preventively trained on emergency procurement and not only normal competitive bidding processes.
- Small and medium-sized enterprises (SMEs) should be provided with additional support to be able to establish emergency processes in times of crisis.
- Harnessing technology and maximising digitalisation for transparency and accountability.
- Empowering stakeholders to report breaches and communicating clearly the avenues for reporting, such as whistleblower channels.
- Higher levels of management setting examples to be followed by other employees.