



Theory-driven approaches to identifying red flags of corruption in public procurement

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to identify and address corruption in procurement World Bank,
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What were your objectives?

How to build indicators which are...

- Specific & theory-driven
- Valid & reliable
- Actionable

What steps did you take?

Indicator building approach

1. Clear definition of corruption
2. Dictionary of corruption *technologies*
3. Modelling corrupt contracting
4. Indicator validation

What steps did you take: technical approach

Example: definition+technology of corruption

1. Corruption type:

competition restriction

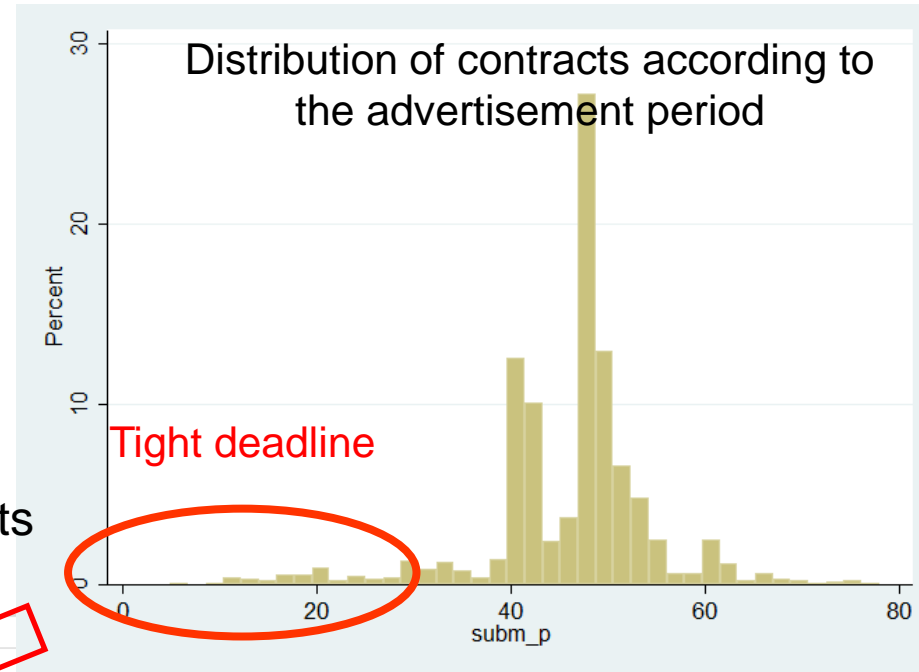
→ award to favoured firm

2. Technology:

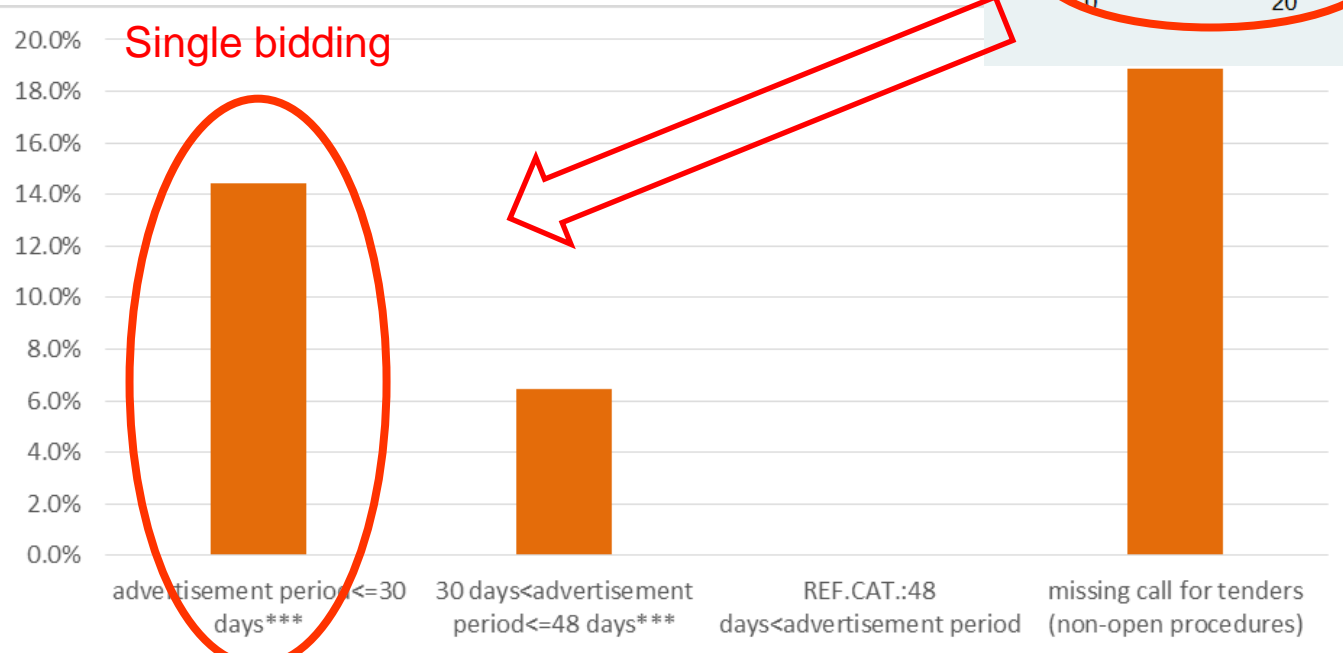
- Early tip to favoured company
- Short time for non-favoured companies to bid
- Only favoured company can bid

What steps did you take: technical approach

Modelling corrupt contracting

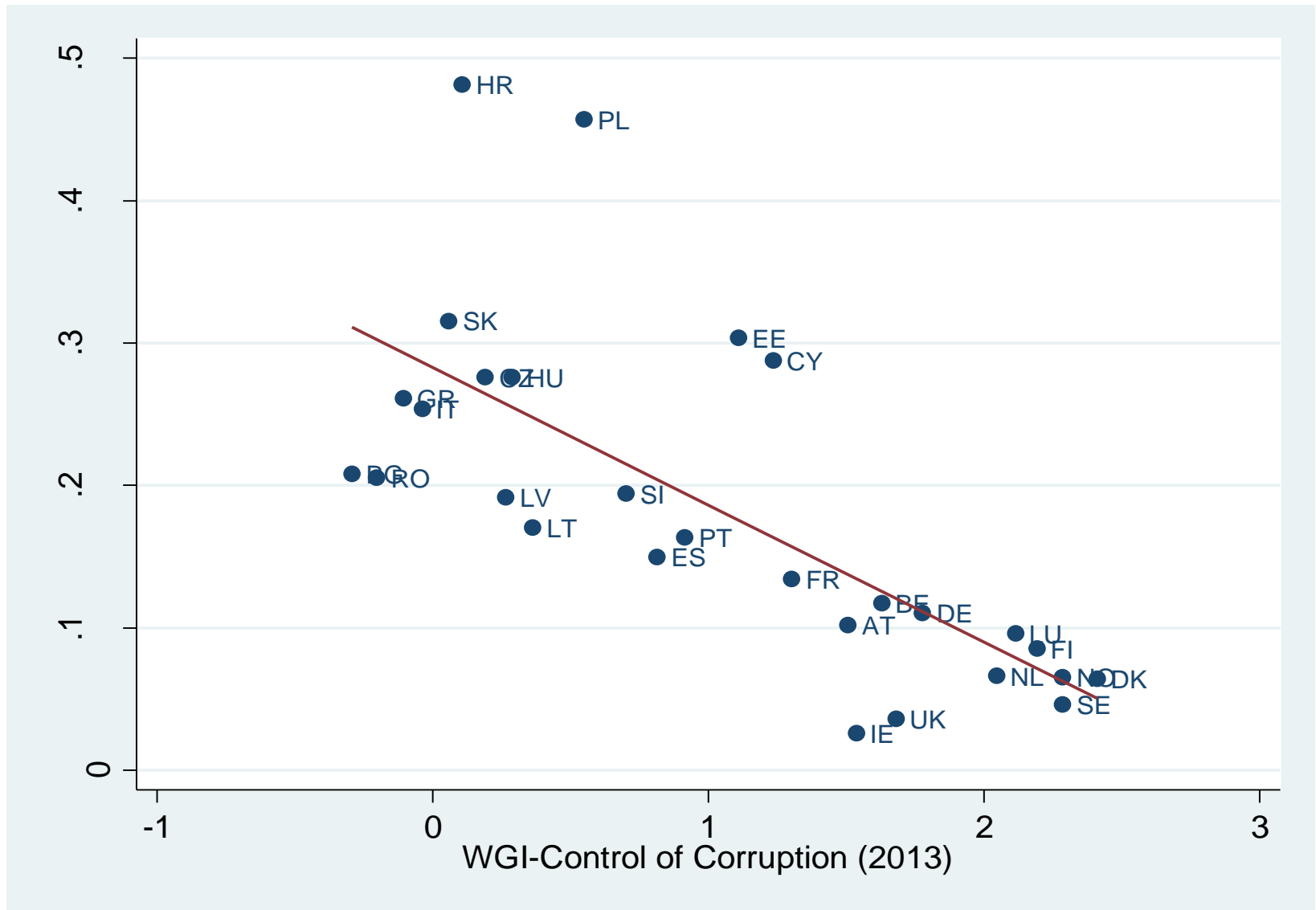


Probability of single bid submitted for contracts compared with the market norm of 48+ days

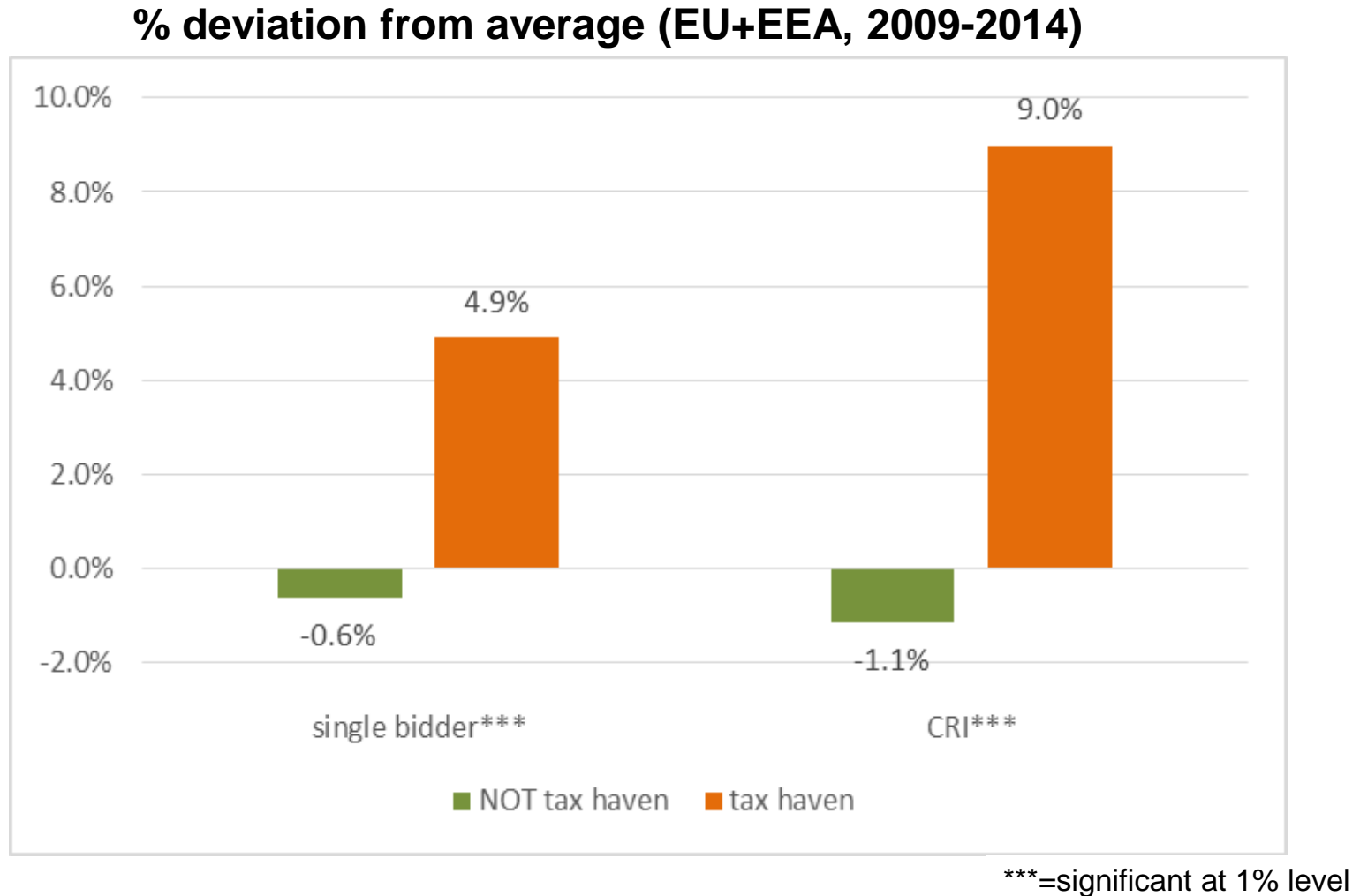


Source: EU's Tenders Electronic Daily (TED), Portugal, 2009-2014

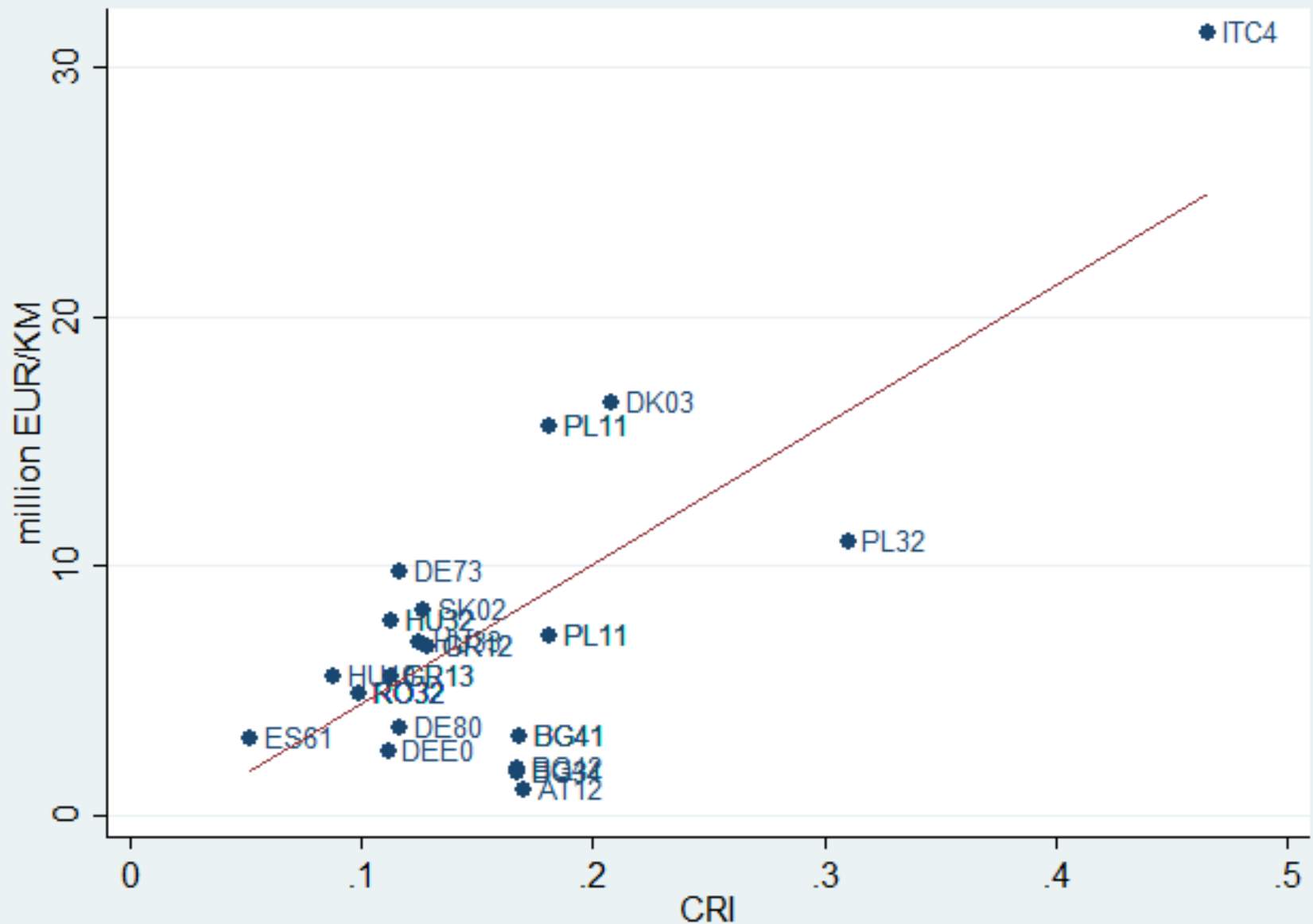
Macro-validity



Micro-validity: company registration



Micro-validity: Motorway prices



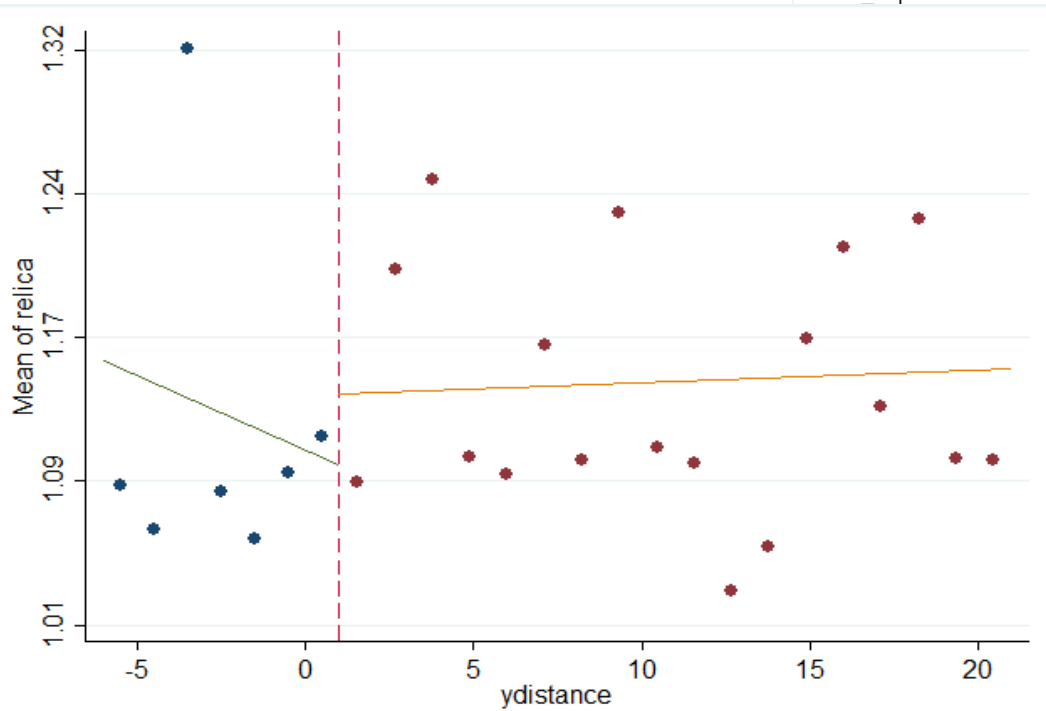
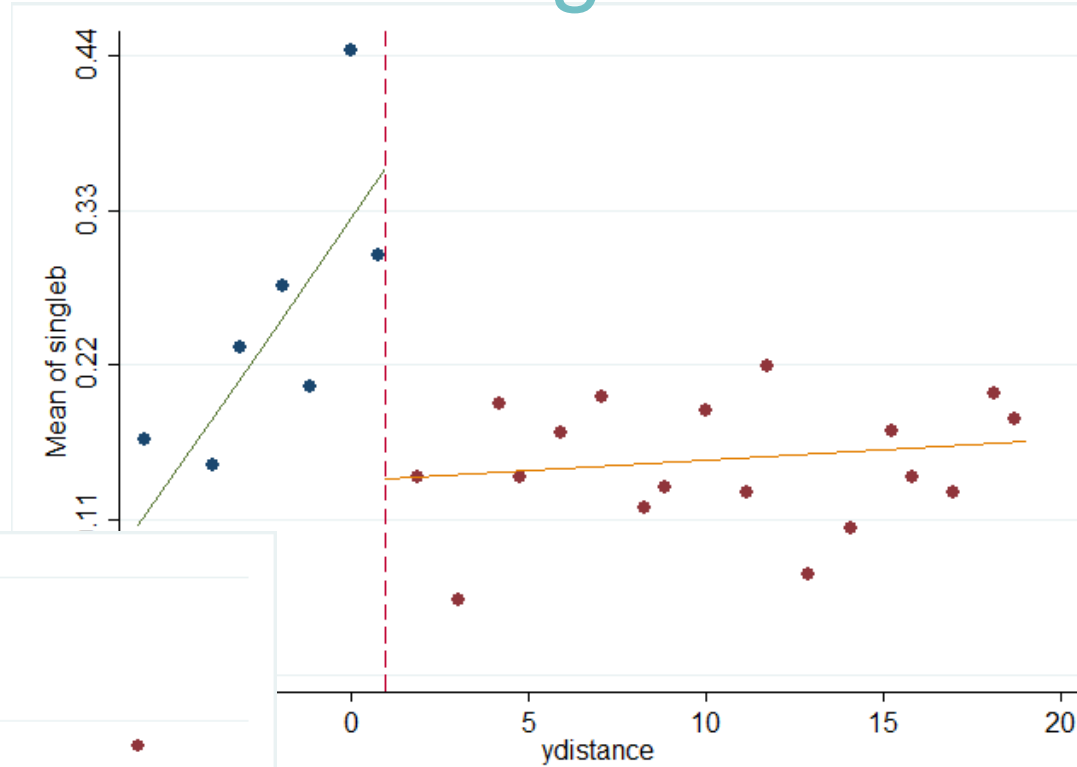
Lessons of experiences

Diversity of corruption & red flags

Municipalities dissolved due to mafia infiltration in Italy

single bid
vs cost overrun

Corruption strategies matter

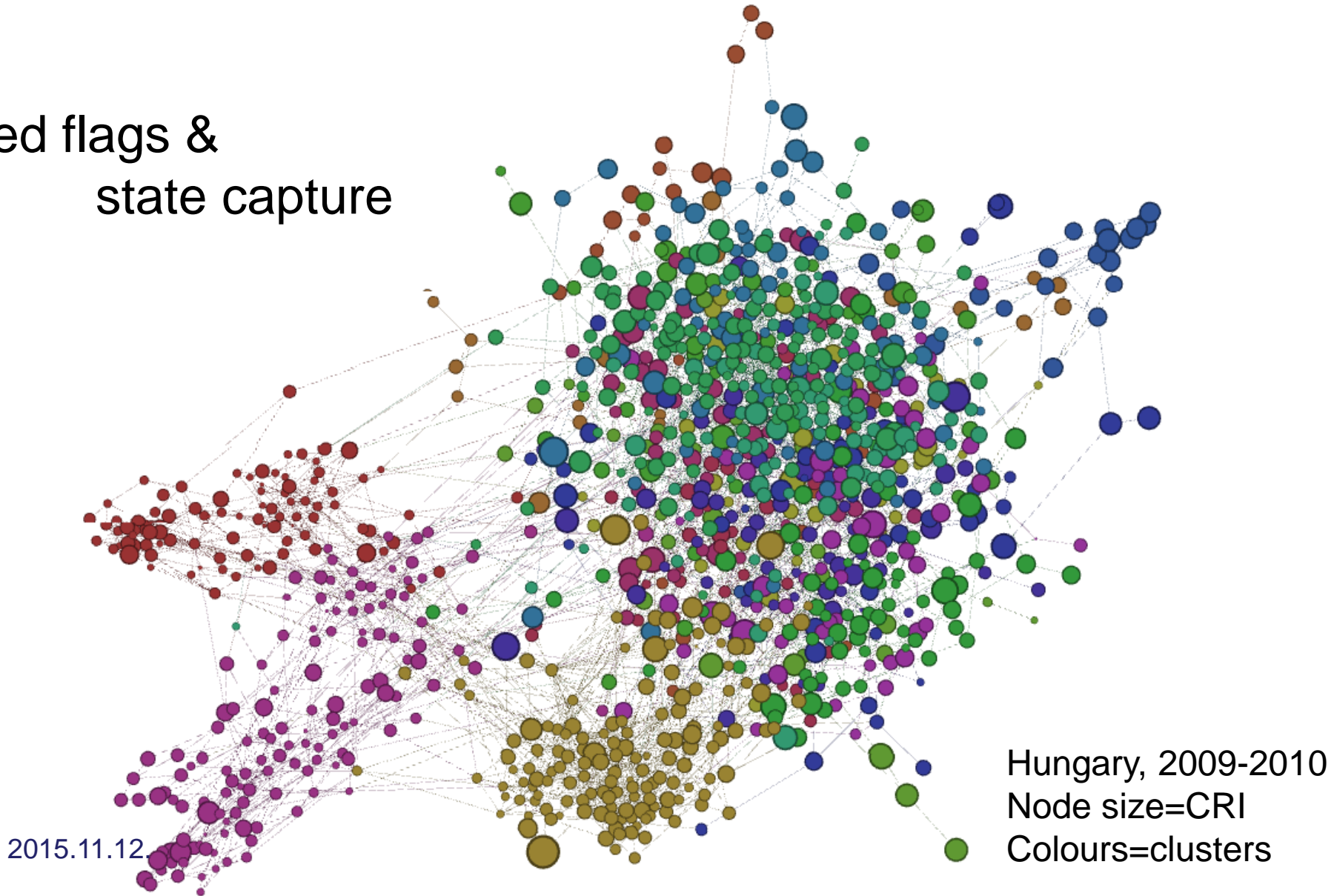


Italy, ANAC & Ministry of Interior data

Lessons of experiences

Seeing the forest for the trees

Red flags &
state capture

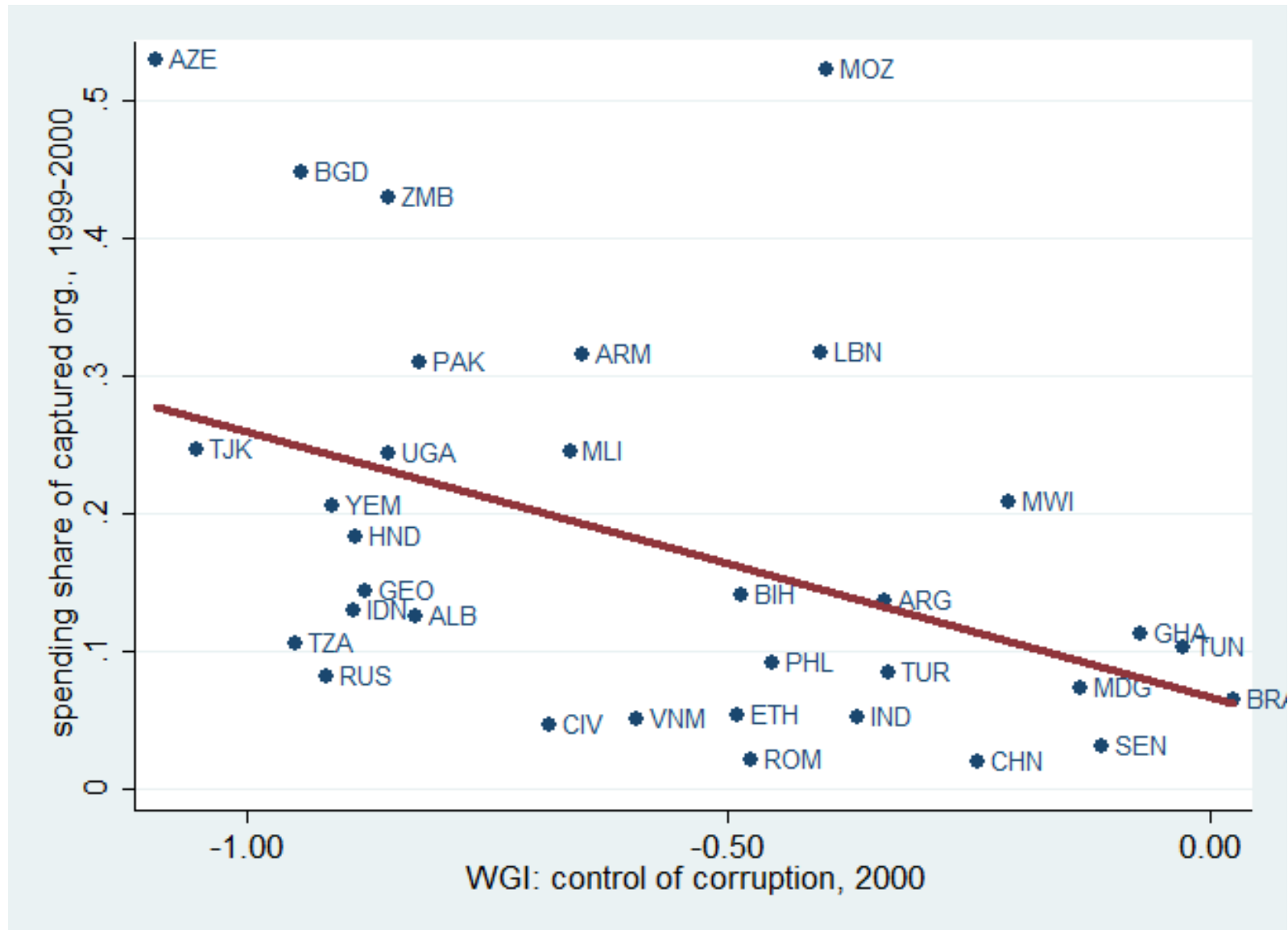


Furter information

digiwhist.eu

Additional slides

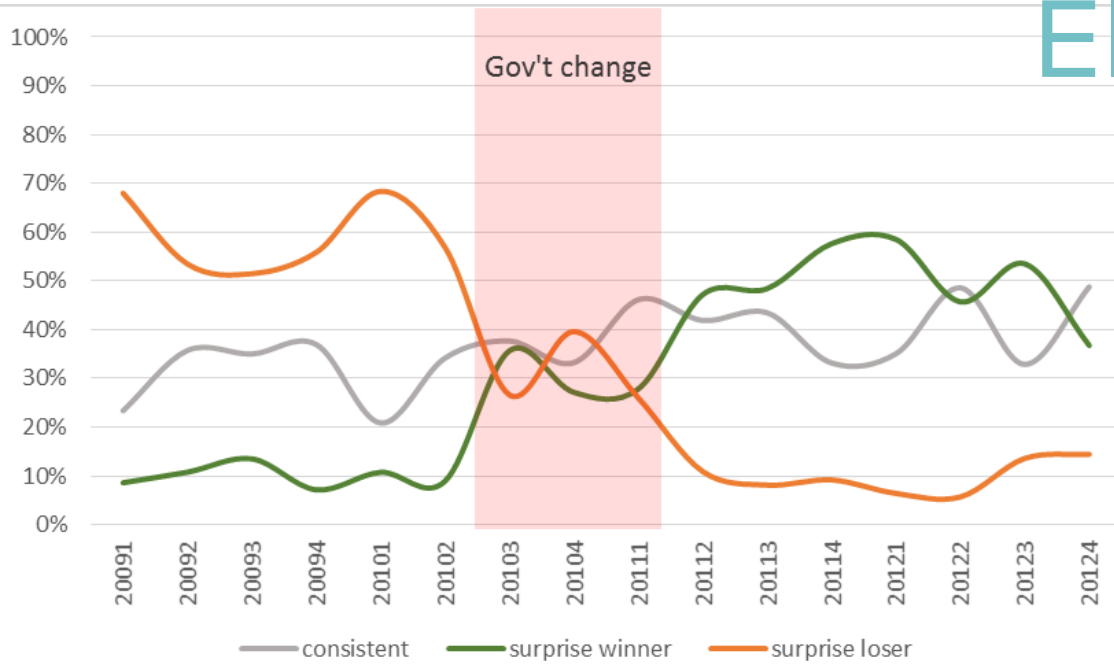
Macro validity – WB red flag



Elite favouritism & partisanship

Hungary, 2009-2012

Government change
+ Δ CRI(%)



2015.11.12.

