



Embajada Británica
Ciudad de Panamá



GovRisk

The International Governance & Risk Institute

Balancing the Competing Priorities of Anti-Corruption and Anti-Collusion Strategies in Public Sector Procurement

Panel discussion

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GovRisk Senior Expert**

Regional Forum for Latin America and the Caribbean
Panama City, Panama 10 - 13 September, 2013

Balancing Competing Priorities

Why do we refer to Competing Priorities of Anti-corruption and Anti-collusion?

- Because Collusion and Corruption are similar but distinct problems within Public Sector Procurement (PSP) that usually occur in parallel and have a mutually reinforcing effect
- Both are important threats to the integrity of PSP and the wellbeing of society
- Sometimes, tackling one may have negative effects on the other

Balancing Competing Priorities

- Most governments and IFIs define **Corruption as the abuse of power for personal gain**
- This abuse of power may occur when a public official uses it to award a contract - or manipulates the award of a contract - in exchange for a favour or money (a bribe)
- Consequently, corruption is a **vertical relationship** between a buyer and a seller

Balancing Competing Priorities

- **Collusion includes a form of secret agreement between two or more people.**
- These individuals typically meet secretly, reaching an agreement designed to deceive or defraud someone else, be it an organization or the government
- In PSP, when two bidders conspire to work together they collude and this Collusion involves **a horizontal relationship** between them

Balancing Competing Priorities

- Initiatives to fight corruption and reduce opportunities for collusion should not work against each other as there is need to work on both in order to ensure an efficient and transparent PSP
- The tensions that occur can be minimized with appropriately coordinated approaches
- The benefits of coordination are substantial since evidence of collusion may be uncovered during a corruption investigation or corruption during a collusion investigation

Balancing Competing Priorities

- An example is transparency that is essential to fighting corruption
- Yet excessive transparency can mean a very predictable market with greater opportunities for collusion
- Consequently, excessive or unnecessary transparency should not be demanded or instituted

Balancing Competing Priorities

- The principle of transparency, which includes the availability of information on contract opportunities, the rules of the process, decision-making, verification and enforcement, is of critical importance in preventing corruption

Balancing Competing Priorities

- In certain instances, however, transparency is inconsistent with the need to ensure maximum competition within PSP
- Transparency requirements can result in unnecessary dissemination of commercially sensitive information, allowing firms to align their bidding strategies, thereby facilitating collusion and the formation of bid rigging cartels

Balancing Competing Priorities

- Transparency may also make a procurement procedure predictable, which can further assist collusion
- This may lead to tensions between the sometimes competing approaches to prevention of collusion and corruption within PSP and require trade-offs in terms of how to achieve these objectives

Balancing Competing Priorities

- While transparency of the process is indispensable to limit corruption, excessive or unnecessary transparency should be avoided in order not to foster collusion
- Since preventing both collusion and corruption are essential in PSP, the purpose of this panel discussion is to hear opinions from the experts and have a thorough discussion on the subject

Many thanks for your attention

Panel discussion follows

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