

CORRUPTION RISK INDICATORS IN EMERGENCY

Why do adapting corruption risk assessment systems in public procurement to emergency scenarios is important?

The main focus of the CO.R.E project is on assessing the risk of corruption in the public procurement process over emergency scenarios. Why?

There are various reasons for this choice. First, focusing on crises is important as crisis are increasingly frequent. From environmental crises to health crises like the COVID-19 pandemic, the impact of these events reverberates across borders, affecting individuals, communities, and entire nations. Therefore, dealing with crises by investing in both proactive preparedness and effective mitigation strategies is crucial for a society resilience, not only to anticipate further potential crises but also to reduce the severity and long-term consequences of current ones.

Indeed, crises do produce severe consequences. Some of these consequences are particularly relevant in our context because are concerned directly to public procurement processes. At this regard, it has been noted that emergency shocks have important effects on anti-corruption enforcement. First, these primary effects concern threats to accountability, control, and oversight, stemming from the relaxation of constraints to quickly spend funds in an effort to address crisis-induced economic downturns. The second major effect of emergency events pertains to risks of integrity violations in public organizations. Instances of workplace fraud, bribery of public officials, and other integrity violations within public entities tend to increase during crises. At the same time, the internal control and audit systems of organizations may become less effective due to widespread mass layoffs, making them more vulnerable to internal fraud and misconduct. Thirdly, global emergencies like the Covid-19 crisis give rise to new integrity risks in the public procurement process.

WHAT HAPPENS TO PUBLIC PROCUREMENT SYSTEMS DURING CRISES? HOW DO THEY CHANGE TO RESPOND TO CRISES?

During crisis, public procurement systems enter a relaxed regulatory framework in which governments largely rely on emergency procurement procedures - such as accelerated processes, negotiated and direct contracting, to speed and ease the acquisition of critical supplies and ensure the timely acquisition of vital goods and services. Hence, under the relaxed public procurement control system introduced by crises, many of the bids receive a single offer, or are adopted through exceptional and very rapid procedures or are awarded directly to companies.



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It follows that measuring the risk of corruption in the public procurement process over emergency scenarios by relying on ordinary risk indicators - such as the proportion of exceptional procedure types or direct awards or procedures with short advertisement time-periods – can be misleading and might well lead us to overestimate corruption risks over crises and give rise to false positive. Why? Because high values assumed by common red flag indicators might well express the legitimate adaptive response to a relaxed regulatory framework rather than (or other than) an actual high level of corruption.

Thus, the CO.R.E project takes action into three directions to deal with the issue of false positives, a very known issue raising concerns on red flag effectiveness also in ordinary circumstances and becoming much more serious in emergency settings:

1. elementary indicators of corruption risk need then to be re-thought if we want to raise effective red flags for corruption risk over emergencies
2. measures to mitigate false positives should be reinforced in crisis settings
3. corruption risk assessment systems should be readapted for crisis situations so that they are effective in devising solutions for mitigating corruption risk during emergency situations.