

Knowing about the main sources and forms of corruption helps decision makers to focus anti-corruption efforts and disburse resources to establish effective countermeasures. A survey of international business executives conducted by the World Economic Forum in 2006 identified public procurement as the government activity most vulnerable to corruption in OECD member countries and beyond.

Public procurement, the purchase by governments and state-owned firms of goods, services and works, is a major economic activity where corruption has a potentially high impact on taxpayers' money. The financial interests at stake, the volume of transactions on a global level, the close interaction between the public and private sectors, and the tensions created by introducing other policy goals (e.g. innovation, environmental) make it particularly vulnerable to corruption.

The size of public procurement markets vary across OECD member countries, ranging from under 10% of GDP in Greece to over 25% in the Czech Republic, the Netherlands and the Slovak Republic. Public procurement is increasing as governments implement fiscal stimulus programmes in response to the financial and economic crises, many of which include increased spending on infrastructure projects, such as roads and bridges. This large increase in government expenditures and procurement could heighten the risk of corruption and requires countries to enhance their capacity to manage and oversee the procurement cycle.

Developed and agreed upon by all OECD member countries, the OECD Principles for Enhancing Integrity in Public Procurement represent common standards for preventing waste, fraud and corruption in the entire procurement cycle, from the definition of needs to bidding, contract management and payment. These principles provide a blueprint for enhanced transparency, good management, prevention of misconduct, and control and accountability to map out and minimise the risk of corruption and provide a level playing field for businesses.

#### Methodology and definitions

Data presented in 27.1 on the level of perceived bribery risk in selected government activities are from the World Economic Forum's 2006-07 *Global Competitiveness Report*. They are based on a survey conducted between January and June 2006 of 11 297 top management business leaders in 125 countries. The respondents were asked how commonly firms would make undocumented extra payments or bribes connected with public utilities, tax payments, the award of public contracts and favourable judicial decisions. The responses range between 1 (common) and 7 (never occurs).

Data presented in 27.2 on the size of the public procurement market relative to GDP are from Eurostat and are only available for the 19 OECD member countries that are also members of the European Union. The total value of public procurement is the sum of utilities procurement and the following portions of countries' national accounts: intermediate consumption, gross fixed capital formation, and social transfers in kind related to expenditure on products supplied to households via market producers (payable).

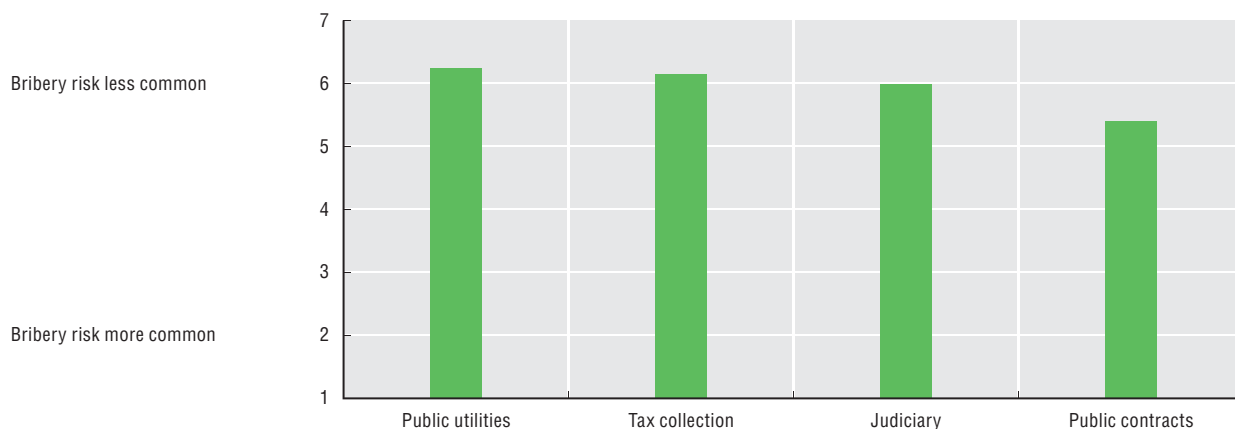
#### Further reading

- Lopez-Claros, A. et al. (eds.) (2006), *Global competitiveness report 2006-2007: Creating an Improved Business Environment*, Palgrave, Houndmills, Basingstoke, New York.
- OECD (2007), *Integrity in Public Procurement: Good Practice from A to Z*, OECD, Paris.
- OECD (2009), *OECD Principles for Integrity in Public Procurement*, OECD, Paris.

#### Note

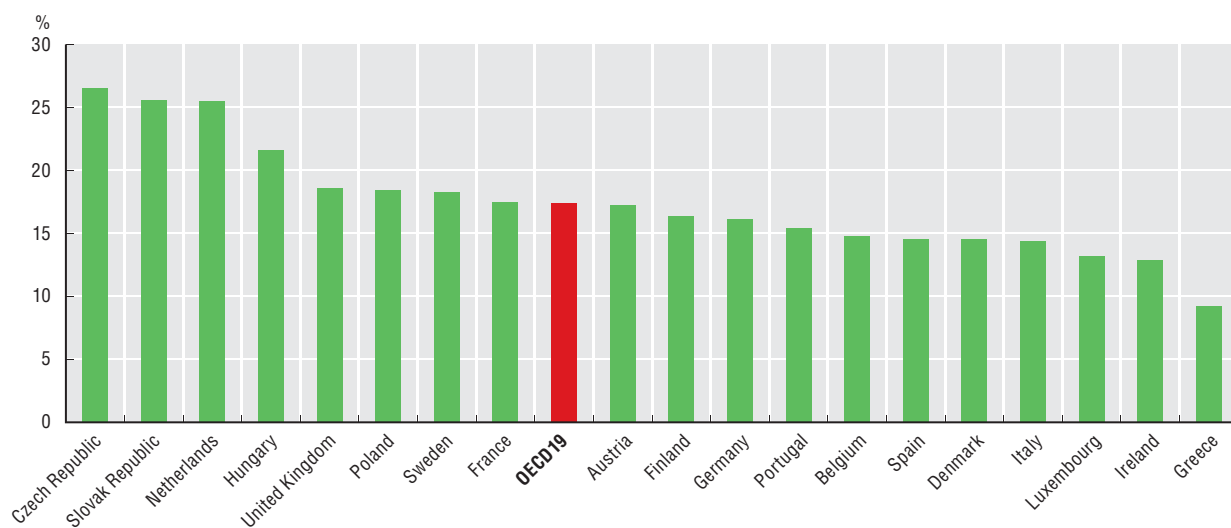
27.2: Data are provided for the 19 OECD member countries that are also members of the European Union. The following OECD member countries are not included in the Eurostat data: Australia, Canada, Iceland, Japan, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey and the United States.

### 27.1 Average perceived level of bribery risk in selected government activities in OECD member countries (2006)




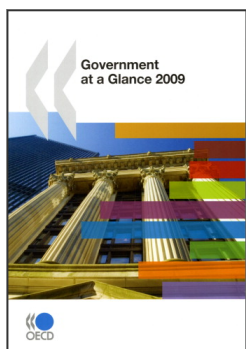
Source: World Economic Forum, Executive Opinion Survey (2006), [www.weforum.org/documents/gcr0809/index.html](http://www.weforum.org/documents/gcr0809/index.html).

### 27.2 Public procurement as a percentage of GDP (2006)



Source: Eurostat (2006).

StatLink  <http://dx.doi.org/10.1787/724227300453>



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