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OECD countries agree new approach to cut fraud and corruption in public procurement

OECD countries and industry must do more to crack down on fraud and waste in government contracts, such as building new schools and roads that cost taxpayers billions of dollars every year, says OECD.

Governments should prevent firms from overcharging and cheating on contracts, explain to taxpayers why a new bridge, for example, is needed, how much it will cost and ensure suppliers deliver on budget. Getting value for money is more urgent than ever at a time when governments are facing major pressures on budgets as job losses rise as a result of the financial crisis.

These are among the recommendations in the new OECD *Principles for Enhancing Integrity in Public Procurement*, part of a broader OECD initiative to tackle corruption and improve governance.

The ten principles aim to help policymakers set out clear guidelines for managing government contracts. They cover four main issues: transparency; good management; prevention of misconduct, fraud and corruption; and accountability and control.

Among other things, they call on governments to:

- Make more transparent the entire public procurement cycle to ensure a fair and equitable treatment of potential suppliers. It is vital to document information on key procurement decisions so that inspectors can check that contracts are awarded fairly.
- Ensure that oversight bodies, such as auditors and parliamentary committees, check that project budgets are well managed, deliver value for money and that the projects themselves are needed.
- Apply sanctions that are set out in law to deter misconduct.
- Monitor the private sector to ensure that high standards of integrity are maintained, notably when managing a contract.
- Handle complaints from suppliers in a fair and timely manner, including, if appropriate, setting up alternative dispute settlement mechanisms, to speed up the process.
- Make information on major contracts publicly available to enhance scrutiny by media and civil society.

OECD countries will report on progress made in implementing the Principles in 2011. It will also be a key instrument for benchmarking for non-member countries in the process of accession to OECD membership and enhanced engagement. A checklist that gives practical guidance on putting the Principles into practice is available [here](#). For further reading about OECD work on ethics and anti-corruption in the public sector, please refer to: www.oecd.org/gov/ethics.

The Principles were developed in consultation with a broad group of public and private sector experts from OECD and non-OECD countries, as well as from civil society and international organisations including the United Nations and the World Trade Organisation.

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