Data-mining to identify corruption in public procurement in the European Union

Public Procurement Principle: **Transparency, Integrity, Risk management**

Procurement Stage: **All phases**

Audience: **Procuring entity, Civil society, Policy maker, Private sector**

Description

In recent years, a team of sociologists has developed a new system to identify potential corruption in public procurement in Europe. The research team developed a "Corruption Risk Index" (CRI) to mine available information on public procurements to identify potential corruption issues. To develop the CRI, the lead researcher spoke with experts on public procurement to identify 13 "red flags" that could indicate corruption in an individual contract or tender. These red flags included very short tender periods (e.g., a tender issued on a Friday and awarded the following Monday), very specific or suspiciously complex tenders compared with others in the field, tender modifications leading to bigger contracts, inaccessible tender documents, and very few bidders in highly competitive markets.

The flags were then weighted to determine a risk ranking for each contractor or firm. In a proofof-concept conducted using data from Hungary, Slovakia, and the Czech Republic, the research team found that firms with a higher CRI score made more money than firms with lower CRIs, and were also more likely to have politicians involved as either managers or owners and to be registered in tax havens.