

## Public Contracting Monitoring System (PCMS)<sup>1</sup>

TILAC – Design and First Test Run  
April 2005

### PROJECT SUMMARY

#### I. Objective

The Public Contracting Monitoring System (PCMS) is a tool aimed at enabling Chapters and other interested stakeholders to observe and monitor (measure) public contracting systems and its changes towards to or away from an “ideal” system in terms of transparency and corruption prevention and control features.

The specific objectives of the project is to:

- i) raise public opinion and other stakeholders’ awareness about the nature of the problem of corruption in public contracting;
- ii) indicate/guide change and improvement
- iii) identify changes and improvement in order to dissuade corrupt practices
- iv) allow each country to evaluate its own improvement

This project is part of the TILAC Regional Programme for Transparent Public Contracting, a multi level (regional and national) project designed by the TILAC network in the context of its annual regional meeting held in Morocco in 2002. In this initial stage, a pilot test has been implemented in the following countries: **Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Panama, Paraguay and Peru.**

#### II. Structure

- The PCMS consists of 138 indicators grouped in to the following four categories:
  1. **Institutional Indicators.** These are 86 yes/no questions that asses whether or not the procurement laws and organizations of the country studied contain or not certain features considered in the “ideal system” necessary to reduce the risk of corruption. (For example, “are exceptions to open bidding regulated in the procurement law?”)
  2. **Integrity System ( or context) indicators.** These are 14 numeric indicators built upon existing surveys performed in the country that asses the quality of the political system, the judiciary and the government.
  3. **Performance Indicators.** These are 14 hard data indicators that gather actual practices in regards to public contracting systems ( for example, number of open public bids out of total number of public contracts).

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<sup>1</sup> The first stage of the project to develop this tool has been performed with the sponsorship of the Tinker Foundation and the contribution and effort of TILAC Chapters, the Global Public Contracting Programme and the Americas Department at TI-S. The initial design was developed together with Mundo Uno, a Colombian consultancy company. We also thank the research and Policy Dept. at TI\_S who have provided input and will continue providing support and to all the experts and volunteers who have given valuable input.

4. **Perception Indicators.** These are 24 open questions that point at how the system works in practice. (For example, “in your opinion, are the exceptions to open bidding abused? Justify your answer”).

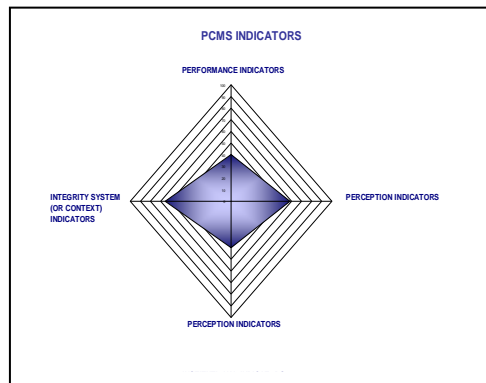
- Each indicator is expressed in terms of percentage of risk (100% being high, 0% being no risk).

- As described above, some indicators measure the existence of legal mandates or certain institutional designs (institutional indicators), some measure actual practices (performance indicators, perception indicators) and some measure aspects related to the context, to the integrity system that are relevant to the public contracting system (integrity indicators).

- The risk is determined by the distance between the existing government procurement system and an ideal system ( IS). The IS is a set of legal and institutional standards –“best practices”- regarding the following aspects: planning, rule of law, transparency, accountability, citizen participation and control. The IS has been defined based on TI’s previous work (risk maps), academic research, existing international guidelines and best practices. The indicators develop the idea that if the laws and institutions of a country reflect these best practices, the corruption risk in this country will be lower than if these aspects were not present or were not sufficiently developed.

- The results can be presented in different ways:

- Aggregate form compounding the four categories. This form allows to identify rough area of greatest and lowest vulnerability.

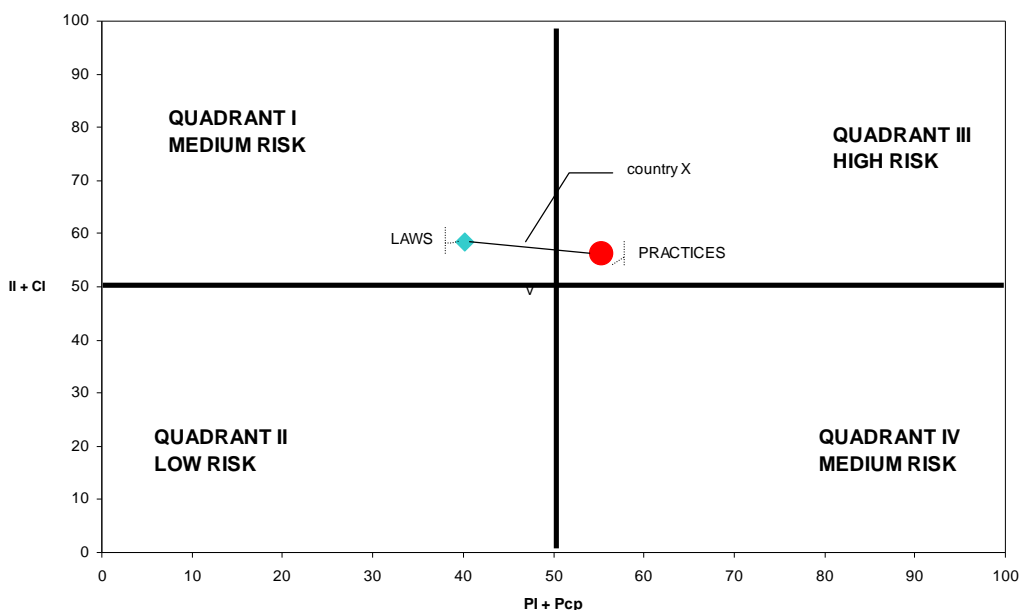


- Aggregate form grouping Institutional and Integrity indicators and comparing them with the compound of performance indicators and perception indicators. This enables to determine the overall level of risk – risk tendency within the following categories:

QUADRANT	VALUE	MEANING
I	MEDIUM RISK	Institutional, legal or contextual aspects could be working well but practices fall short creating a factor of corruption risk
II	HIGH RISK	High risk of corruption due to the divergence with the IS.
III	LOW RISK	Low risk of corruption due to the proximity to the IS
IV	MEDIUM RISK	Institutional, legal or contextual problems could be a factor of corruption risk



## LAWS AND INSTITUTIONS VS PRACTICES



- c) Results can be grouped in to topics in within each type of indicator, for example: the topic contracting methods could be looked into within each of the indicator categories. Other choices of focus are also possible, for example, only on the institutional aspects, or only on the practices, etc.

The topic of access to information receives special attention within the set of indicators. Among the Institutional, performance and perception indicators, several questions address this issue. Moreover, the performance indicators also collect the associated risk in case the indicator cannot be answered because of lack of information on it.

### III. The Project

The Project to develop this tool has been divided in two phases. A first phase with to design and perform a pilot test of the indicators set in seven countries as mentioned above. A second phase of this project which include country wide validations with experts and focus groups at the country level. OSI has committed resources to sponsor this second phase and to use this output within our efforts to monitor and follow up the OAS and UN anti-corruption conventions' compliance.

