



2020

Public procurement during the COVID-19 pandemic

Digest prepared by the Department for
International and Regional Cooperation
of the Accounts Chamber of the Russian
Federation

Contents

Introduction.....	3
1. New conditions for the public procurement system	4
1.1. Public procurement as a management tool.....	4
1.2. Challenges in the context of COVID-19	9
2. Measures taken by international organisations	13
2.1. Procurement mechanisms at the supranational level.....	13
2.2. Assisting countries in addressing public procurement issues	17
3. Measures taken by countries	22
3.1. Country experiences in responding to COVID-19 challenges.....	22
3.2. Public procurement control by Supreme Audit Institutions	28
3.2.1. Enhancing the role of Supreme Audit Institutions in public procurement controls.....	28
3.2.2. The INTOSAI Working Group on Public Procurement Audit	38
Findings and recommendations	40

Introduction

Latest trends in the society's development imply a greater demand from the citizens for transparency and accountability of the government as well as for more involvement in its activities. Such expectations clearly require more effective budget management. Therefore, the public procurement system is becoming the subject of close public scrutiny.

A transparent and well-organized public procurement system benefits all stakeholders involved in the process: the public sector (government, public bodies, state-owned enterprises), private businesses and ordinary citizens. An efficient public procurement system is thus crucial for economic growth and meaningful public investment. In contrast, mismanagement inevitably leads to wasted budget funds, additional costs and difficulties in achieving the set goals.

The crisis caused by the COVID-19 pandemic has brought about significant changes in many areas of life. Public procurement is no exception: operational conditions have changed, new challenges have emerged and traditional ones have become more serious. Countries have to adapt to these conditions and find solutions (often non-standard ones) to the difficulties they face. In a sense, the current crisis has imposed additional responsibility on the public procurement system, since people's lives depend directly on how effective it is in emergency situations.

At the same time, the COVID-19 pandemic may become an additional stimulus for reforming the public procurement system. New challenges should be seen as an opportunity for real and fundamental change, and the public procurement reform itself as a catalyst for improving public policy and engaging civil society and other stakeholders.

1. New conditions for the public procurement system

1.1. Public procurement as a management tool

Public procurement means purchase of goods, works and services by public bodies or state-owned companies. According to World Bank [data](#), public procurement amounted to USD 11 trillion in 2018, or 12% of global GDP (USD 90 trillion).

Given the importance of public procurement in achieving economic results and sound public governance, national governments are using procurement as a **strategic tool** to pursue additional policy objectives aimed at addressing environmental, economic and social challenges, in line with national priorities. Public procurement is key to **improving the functioning of the public sector and boosting public confidence**. In order to ensure high-quality public services and protect public interest, governments need to ensure efficient public procurement that meets high standards.

Public procurement is increasingly seen as a **lever to stimulate economic growth**. The OECD [report](#) “Reforming Public Procurement: Progress in Implementing the 2015 OECD Recommendation” stresses that the relationship between additional policy objectives and economic growth is recognized by the countries surveyed¹. In some cases, countries collect data on progress in achieving additional targets and submit reports at various levels of government. This is especially true for data on green public procurement and small and medium-sized enterprises (SMEs): approximately 70% of the countries surveyed collect information or evaluate public procurement results in these two areas.

Public procurement enables **provision of basic services**, such as healthcare, infrastructure and energy. [Healthcare](#) is the second largest spending area for

¹ The OECD [understands](#) additional public policy objectives as goals, for example sustainable green growth, small and medium-sized enterprise development, responsible business standards, as well as broader policy objectives for relevant industries that the government uses as a tool to implement public policy in addition to the main objective of carrying out the necessary public procurement.

governments (over 9% of GDP). However, corruption risks in healthcare are higher than in many other areas: one third of those living in OECD countries believe that the healthcare sector is corrupt or highly corrupt. Corruption in this area can be reduced by increasing transparency in the pricing of medicines, developing uniform requirements or conducting joint public procurement procedures involving two or more contracting authorities.

In the infrastructure and energy sector, public procurement is comprehensive and is also vulnerable to corruption risks. Total global infrastructure investment needs are [expected](#) to reach USD 71 trillion by 2030. Sound public procurement management can lead to substantial savings, enhanced productivity and improved services.

Public procurement **promotes innovation**. Strategic use of public procurement helps governments stimulate innovation at both the national and local levels, resulting in increased productivity and inclusiveness. Eighty-one percent of OECD countries have [developed](#) strategies or policies to support innovative goods and services through public procurement. Yet only 34% of OECD countries measure the results of the strategies they have implemented. According to the OECD [report](#) “Public Procurement for Innovation,” innovation procurement was primarily driven by the request for new products or services. Another common motive is the need to enhance the effectiveness of existing products or services by reducing costs and/or improving energy efficiency. Almost half of the countries surveyed (49%) reported improved efficiency and increased user satisfaction.

Governments use public procurement to **meet evolving environmental challenges**. Green public procurement is the procurement of goods and services that do less environmental damage during their life cycle. Such procurement can be a major driver for innovation to create environmentally friendly products and services. They can also yield savings for countries, and governments that use green public procurement will be better equipped to meet emerging environmental challenges, such as reducing greenhouse gas emissions. Almost all OECD countries have [developed](#) strategies or policies to support green public procurement, with 69% of OECD countries measuring their results.

The OECD Council on Public Procurement has [issued](#) recommendations on the strategic and holistic use of public procurement. The document is designed to promote sound budget allocation, make public spending more efficient and reduce the risks of corruption.

More efficient public spending can be crucial in helping **countries achieve the Sustainable Development Goals (SDGs)**. [According](#) to the United Nations Office for Project Services (UNOPS), between USD 3 trillion and USD 5 trillion is needed annually to achieve the SDGs by 2030. Effective public expenditure can alleviate this burden through less wasteful spending practices (which frees up resources) and through public procurement of goods and services organised in ways that promote social and environmental sustainability.

The European Commission [points](#) to the following reasons for **the importance of public procurement**:

- Every year, over 250,000 public bodies in the European Union spend around **14% of GDP (approximately EUR 2 trillion per year)** on the purchase of goods, work and services.
- **The public authorities are the main buyers** in many sectors (such as energy, transport, waste management, social protection and health or education services).
- The public sector uses procurement **to boost jobs, economic growth and investment, and to create an economy that is more innovative, resource and energy efficient, and socially inclusive.**
- High-quality public services depend on **modern, well-managed and efficient procurement.**
- Improving public procurement **can yield big savings**: even a 1% efficiency gain could save EUR 20 billion per year.

In the 2017 [document](#) “Making Public Procurement Work in and for Europe,”

the European Commission identifies six strategic priorities for public procurement:

- *ensuring wider uptake of strategic public procurement;*
- *professional development of public buyers;*
- *improving access to procurement markets;*
- *increasing transparency, integrity and better data;*
- *boosting the digital transformation of procurement;*
- *cooperating to procure together.*

Public procurement is considered **highly vulnerable to fraud and corruption risks**. The OECD [estimates](#) that 10–30% of the investment in a publicly funded construction projects may be lost through mismanagement and corruption. According to other [sources](#), bribery in public procurement adds 10–20% to the total cost of purchased goods, works and services. And more than 30% of companies that have participated in a public tender [say](#) that corruption prevented them from winning.

The share of public procurement is almost the same in low-, middle- and high-income countries. According to an [analysis](#) carried out by the World Bank, low-income countries purchase goods, works and services at an average rate of 13% of total GDP, compared to 13.2% of GDP for middle-income countries and 14% of GDP for high-income countries. Such a difference is not considered statistically important.

Yet, there are significant differences within these groups of countries. For example, Botswana, a middle-income country, reported public procurement at 26% of GDP, while Sri Lanka (also in the middle-income group) spends just 6% of its GDP for the same purposes. Public procurement in low-income countries such as Kenya and Madagascar amounts to 26% and 5% of GDP, respectively.

The World Bank experts also point out that European countries as a whole tend to have a greater share of public procurement as a percentage of GDP. For example,

public procurement in Switzerland totals 25% of the country's GDP, while the Netherlands spends 20% of its GDP on public procurement, Finland 19%, and Sweden 16.5%. A similar pattern is found in large developing countries: public procurement in Brazil, Egypt, India, Pakistan, South Africa, Turkey and Vietnam, for example, exceeds 20% of GDP. In contrast, "unstable" countries have seen their share of government procurement decline, reflecting their limited capacity to provide services. In 2018, government procurement in Cameroon, the Democratic Republic of the Congo, Niger, South Sudan, Sudan and Yemen made up less than 5% of GDP.

The World Bank's figures [show](#) that it takes an average of 14 weeks (about 100 days) for public procurers to make final payments on their purchases.

1.2. Challenges in the context of COVID-19

The COVID-19 pandemic has brought about significant changes in the way economies function, including in public procurement. The OECD [outlines three main integrity challenges](#) in public procurement. First, governments have been urgently procuring large quantities of goods and services, such as hospital equipment, medical ventilators, hand sanitisers, and face masks in order to meet the immediate needs of the health sector. Many OECD countries [are using emergency public procurement regulations](#) based on provisions that allow the use of special procurement procedures. Such provisions allow for the necessary goods to be procured directly from suppliers or through a pre-approved list, without resorting to lengthy standard procurement procedures. This may increase [the integrity risks of procuring services and goods](#) that may not meet quality standards. Moreover, while risks of fraud and corruption are always present in public procurement, they are elevated within emergency procurement processes. Past health and humanitarian crises, such as Hurricane Katrina in 2005 or the Ebola outbreak in 2014–2016, have shown how these processes can be abused at the expense of those most in need of said goods and services. Without proper integrity and transparency safeguards in place, such emergency processes are vulnerable to abuse.

As part of the fight against coronavirus, U.S. President Donald Trump has on several occasions [invoked](#) the Defence Production Act. For example, emergency powers were used by the federal authorities to purchase the required number of N95 respirators, and General Motors pledged to speed up the production of ventilators.

The second challenge, according to OECD, is [the lack of stockpile preparedness](#) across many OECD countries, leading to increased competition for necessary supplies globally. In this situation, [the mechanics and bargaining powers of the public and the private sectors are reversed](#). Thousands of contracting authorities and private institutions are scouring the market for the same products that are produced by only a small number of suppliers. Furthermore, production in some of these companies is suspended or seriously affected by the lockdown measures. This exacerbates

competition among public agencies and provokes chaotic market behaviour. Additionally, many countries are introducing export curbs to satisfy their national needs, which affects product availability at the global scale. Many transactions are taking place off-book, and price volatility is extreme, with significant advance payments often required by vendors. This could contribute to a **paradigm shift in corruption schemes**, as buyers could now corrupt sellers in order to receive essential goods and services. This risk could spread throughout the supply chain, since many of the supplies needed rely on scarce raw materials.

*U.S. President Donald Trump **banned** the export of medical equipment and medicines that could be used in the fight against the virus. The Russian government also **imposed** restrictive measures on the export of personal protective equipment (the ban was lifted in early May).*

As the third challenge, the OECD points to the **need for governments to manage ongoing public contracts**. They must identify those particularly at risk and provide effective responses for suppliers seriously affected by the crisis and its economic impacts. Governments, alongside their contracting authorities, must ensure that the suppliers most at risk are in a position to resume normal contract delivery once the outbreak is contained. Public procurement legislation often provides exceptional measures for paying ongoing contracts in emergency situations, for example allowing specific advance payments or exempting suppliers from penalties for the deficient performance of contracts. Such derogations from established practices that govern contractual relationships could open the door to corrupt practices, should those derogations not be subject to transparent guidelines communicated to all contracting authorities.

The World Economic Forum has **identified** three main challenges faced by Italy in the area of public health procurement during the COVID-19 pandemic. The first challenge was **the lack of preparation for such emergencies**. Despite the existence of pandemic plans at the national and regional levels, the system was not prepared to face the surge in demand. Such products as personal protective equipment that are usually widely available, turned out to be scarce. Common procurement management practice would

recommend stockpiling in this case, which was almost non-existent in Italy. However, as the U.S. example shows, even strategic reserves are not an answer. Contractual remedies did not help either, as many multinational firms found it impossible to fulfil their obligations in the presence of an international supply shock. In Italy, it took almost two months to begin domestic manufacturing of personal protective equipment.

The second challenge was **the lack of coordination**. Like almost all national healthcare systems, the Italian National Health Service has multilevel governance. During the COVID-19 emergency, regional authorities have had to coordinate the procurement of supplies together with Italy's Civil Protection Department. The lack of coordination between national and regional levels has placed stress on procurement, production and delivery systems. The authorities, private companies, local hospitals and other actors were all trying to place orders at the same time. In this context, the actual level of need for medical supplies was not clear.

The third challenge was **procurement centralization**, which was structured as a top-down cost-cutting initiative. In the context of a high perceived risk of fraud and bribery in public procurement, legality and transparency have frequently been prioritised over value for money, innovation or effectiveness. Procurement rules and the fragmented control system have encouraged a climate of bureaucratic conformity and mistrust within the public sector, and between authorities and suppliers. The Italian public authorities have, therefore, lost the chance to establish appropriate institutional and organisational approaches to encourage business-government cooperation and facilitate strategic public procurement. For example, in this emergency situation, integrated solutions — not just single pieces of equipment — could have been bought to ensure the continuity of treatment in hospitals. However, lack of experience and the urgent need to fill warehouses have not allowed health-procuring authorities to find effective solutions.

The World Bank described its procurement experience in the [article](#) “COVID-19 Challenges and Response: How procurement underpins the World Bank's response to the pandemic,” where it outlines the most serious challenges it is currently facing. First of all, it is **the state of the market for supplies and workforce** that are vital to contain

and combat the pandemic. In addition to the fact that goods and services are not available, experts also pointed out the problem of **inflation**, as demand around the world exceeds supply.

Another area of concern highlighted by the World Bank is **impact on ongoing operations**. Procurement processes may be delayed or cancelled in some ongoing projects because of COVID-19. There is a strong possibility of contracts being delayed or terminated due to force majeure situations, as contractors and suppliers are not able to carry out their contracts due to border closings or self-isolation.

In the article, the World Bank also looked at the **problems associated with procurement staff**. Home-based work (by both Bank staff and government counterparts) and cancellation of mission travel are necessary measures to contain the spread of the virus. But these pose certain challenges. Special attention to procurement processes for essential goods and services puts added pressure on staff and counterparts. It is harder to find right solutions given the unprecedented global crisis, as well as to manage team dynamics under tight deadlines and remote work mode.

2. Measures taken by international organizations

2.1. Procurement mechanisms at the global level

Generally accepted procurement and ordering principles are set out in a number of international documents, such as the [EU directives](#), the [Plurilateral WTO Agreement on Government Procurement](#) and documents developed by the Asia-Pacific Economic Cooperation organisation.

International institutions are developing mechanisms to ensure centralised procurement of goods and services for their units and assist member countries in their fight against the COVID-19 pandemic.

As far back as in 1990, **the United Nations** established a special platform—the [United Nations Global Marketplace](#) (UNGM)—to procure goods and services.

The main functions of UNGM are:

- to provide suppliers with access to tender calls issued by 29 United Nations organisations;
- to ensure centralised and uniform procurement procedures;
- to disseminate relevant UN procurement and UN market information.

The UN Marketplace consists of a multitude of specialised agencies, affiliated programmes, funds and many subsidiary bodies.

The UNGM promotes UN partnerships with the private sector through chambers of commerce, ministries and member state institutions, as well as by disseminating information (through business seminars). The platform aims to increase procurement opportunities for suppliers from developing countries, enhance transparency and harmonise UN procurement practices.

During the COVID-19 pandemic, the United Nations Children's Fund (UNICEF)

issued a call for tender to supply personal protective equipment (PPE) to meet the needs of organisations such as WHO, IAEA, UNDP, UNICEF, the International Organization for Migration and the International Federation of Red Cross and Red Crescent Societies. An important requirement for bidders is the ability to immediately provide products from their warehouses for operational use to fight COVID-19.

The pandemic continues to put pressure on the production capacities of world manufacturers and global supply chains. UN organisations face the same procurement challenges as individual nations: border closures, flight disruptions, quarantine measures, inflated prices, and supply that does not meet demand. The main suppliers of PPE for UN organisations were Chinese manufacturers who were unable to meet their contractual obligations due to restrictive measures. Short- and long-term market problems persist due to the limited availability of raw materials, coupled with uncertainty over the scale and duration of demand.

The UN [reports](#) that the collapse in the airline industry affected the procurement and delivery of vital vaccines. As a result of supply disruptions, countries across Asia and Africa have indicated **vaccine stocks reaching critically low levels**, including for measles, diphtheria, tetanus, whooping cough, hepatitis B, pneumococcus, etc. Due to a slowdown in shipments countries are experiencing a risk of vaccines reaching expiry before they can be used. In early May, a total of **99 countries reported the suspension of immunisation campaigns** for measles, rubella, polio, yellow fever, typhoid, cholera, tetanus and diphtheria because of quarantine measures.

Since the start of the outbreak, UN organisations have been assessing, [on a regular basis](#) developments and the impact of the crisis on shipping and logistics, as well as on sourcing of essential and strategic supplies.

The organisations are in an ongoing dialogue with manufacturers to assess the risks to supply availability and are engaging with suppliers, partners and countries to mitigate any risks that have been identified.

Measures taken by UNICEF:

- faster payments for all deliveries (within 10 days);
- new minimum shelf-life requirements for vaccines (at least 18 months) are being considered in collaboration with the WHO;
- UNICEF is consulting countries and global partners such as the Pan American Health Organization (PAHO), the WHO and the Global Alliance for Vaccines and Immunisation (GAVI) to assess PPE and vaccine stock levels and supply requirements, and to reduce impact on delivery due to the disruptions in air shipments.

Back in 2009, the H1N1 outbreak highlighted the weaknesses in the purchasing power of the **EU countries** and their access to vaccines and medications during pandemics. In 2010, the European Council instructed the European Commission to start [working on a mechanism for the joint procurement of vaccines in the event of a possible pandemic](#).

In 2014, the EU member states signed the [Joint Procurement Agreement to Procure Medical Countermeasures](#) (hereinafter the Agreement), which provided the framework [mechanism](#) for addressing cross-border threats to health. The Agreement was signed by 37 nations, including all of the EU and European Economic Area countries, Albania, Bosnia and Herzegovina, Northern Macedonia, Serbia and Montenegro. The United Kingdom remains a party to the Agreement. This document defines practical measures governing procurement and regulates the decision-making process with regard to selecting procurement procedures, evaluating tenders and awarding contracts.

The aim of the joint procurement mechanism is to secure more equitable access to specific medical countermeasures and an improved security of supply, as well as to establish more balanced prices for EU member countries. **Together, countries can act as a major customer ensuring better prices and enabling priority deliveries to the countries that are most in need.**

In order to be prepared for a serious cross-border threat to health, EU institutions and countries that have joined the Agreement may engage in a joint procurement

procedure for vaccines, antivirals, diagnostic kits, medical equipment, personal protective equipment and medical services.

The joint public procurement mechanism is meant to ensure:

- better preparedness of countries for pandemics;
- strengthened purchasing power of individual countries;
- more exchange of best practices and expertise among countries.

*As of April 2020, the European Union had **organised** four procurement schemes for medical equipment related to the COVID-19 pandemic (including medical masks, personal protective equipment (PPE), medical ventilators and diagnostic kits) through the joint procurement mechanism. The total value of the PPE purchased **reached** EUR 1.5 billion, and medical ventilators were estimated at EUR 790 million. Twenty-five European countries took part in the procurement process. The United Kingdom, which is on track to leave the European Union by 31 December 2020, was also entitled to take part in the procurement, but the UK government opted out of the scheme.*

2.2. Assisting countries in addressing public procurement issues

The European Union, the OECD and the World Bank Group assist countries in ensuring a fast and flexible response to the coronavirus pandemic. Advisory and technical services are provided in areas ranging from healthcare and education to trade and technology.

With the number of COVID-19 cases growing exponentially, client countries have [requested](#) emergency support and help from the World Bank as they tackle the pandemic. Medical goods must be procured urgently, the same goes for procurement of consultancy services to raise public awareness and to develop laboratory and medical protocols.

WHO Procurement specialists are working round the clock with government counterparts and Bank colleagues on needs assessments and design of faster and more efficient procurement mechanisms. They assist client countries in addressing such pandemic-related issues as disrupted supply chains and delays at borders that affect the ability of contractors and suppliers to implement contracts.

The World Bank provides support in a variety of ways. The Bank launched the [COVID-19 Fast Track](#) Facility in early April that represents a set of templates and guidelines, including fast-track procurement mechanisms: contracts are now subject to ex-post rather than ex-ante review by the Bank to accelerate procurement; retroactive financing (financing of expenses incurred before the contract enters into force) can be used up to 40% of the contract value. In addition, in some projects depending on the country context, mechanisms are introduced that allow using customs documents as proof of imports in the last 12 months. A client government can now choose from several streamlined and simplified processes.

The Bank is also offering hands-on support at all stages of procurement—from help with supplier identification to contract signing and monitoring of implementation. The World Bank's borrowers also have the option to procure through UN agencies thanks to the Bank's new procedures.

With the help of the Emergency Care Research Institute ([ECRI](#)), comprehensive market research on medical goods has been carried out and is being updated regularly to provide **global data on the availability of WHO-recommended health and medical supplies**.

The World Bank's longer-term approach to mitigating the impact of the crisis is to focus on the economic and social implications of COVID-19, address the health issues, help countries provide facilities with adequate tools and take measures to prevent new cases. The support involves helping countries develop credible and effective systems (including e-procurement systems). The tools developed for COVID-19 projects will be further refined by considering lessons learned with a view to enhance their efficiency in similar crisis situations in the future. The Bank will step up the use of technology, data collection and analysis to provide proactive support and assistance to countries that face pandemics and other dire emergencies.

Due to disrupted supply and distribution chains of goods, works and services, as well as the urgent need for certain goods in dramatically increased volumes, public buyers are faced with the following problem: in many cases, a public buyer may find that there is only one supplier able to deliver the material it requires. In the best of cases, there may be a limited pool of suppliers with delivery capacity, but no time for the buyer to run a competitive procurement process due to the urgency of the needs to be covered. In these cases, buyers may need to **directly negotiate and buy from suppliers through direct awards, without competitive procedures**. While direct awards are normally strongly **discouraged** by procurement rules across OECD members, they may be considered necessary in cases of emergency and force majeure.

For example, [the OECD estimated](#) that competitive tenders by the Mexican Institute of Social Security (Instituto Mexicano del Seguro Social, IMSS) resulted in a price 11.2% to 11.9% lower than the price achieved through direct awards or tenders restricted to few suppliers.

The COVID-19 pandemic is such a major global public health emergency that **it may justify direct awards** if certain conditions are met:

- A number of potential suppliers exist, but **time constraints** mean that traditional competitive tenders or fast-track simplified competitive procedures cannot be run.
- Alternatively, there is **only one supplier** that has capacity to deliver.
- Direct awards should aim to address current **urgent needs** that were not foreseeable before the crisis. As a rule, such awards are used to procure indispensable material that needs to be used immediately, or replace an urgently needed existing supply source that has ceased to deliver, as a result of pandemic-related disruption. To assess the immediacy, types and volumes of such urgent needs, procurers should be in continuous communication with the units that will use the procured material, for example, with hospitals.
- Existing public contract arrangements have been negotiated in accordance with normal procurement standards and normal conditions (pre-pandemic). However, **preference should be given to existing suppliers** and contracts if they have capacity to deliver under the new conditions.

The OECD offers a number of **recommendations** to public procurement entities:

- Follow **national and international rules** and guidelines on emergency and COVID-19 related procurement.
- Use direct awards (single-source procurement) only to respond to **urgent and unforeseen needs**.
- Ensure that the supplier with whom they intend to contract is the only one able to provide the required goods, services or works on time. If there are a number of possible alternative suppliers, consider whether there is time to conduct **a fast-track competitive procedure**.
- Review and analyse existing market intelligence to inform decisions on urgency purchases.
- **Pool forces with other countries** and conduct joint procurements to attract

suppliers, achieve economies of process and limit price spikes.

- **Phase out direct award procedures and contracts** as needs become foreseeable and start planning competitive tendering for the medium and long-term needs resulting from the crisis.

The European Commission has issued a [Guidance on using the public procurement framework](#), which is designed to help provide public buyers with a system for fast and efficient procurement of required goods.

The possibilities range from considerably shortening the public procurement process to emergency procurement that is not subject to EU procedural requirements and does not require the prior publication of tender notices. The Guidance also recommends that public buyers consider **alternative innovative solutions and ways of engaging with the market**. This Guidance focuses in particular on procurements in cases of extreme urgency, which enable public buyers to buy within a matter of days, even hours.

Shortening of the tender procedure

Procedure ²	Minimal regular deadlines	Minimal shortened deadlines
Open procedure	35 days	15 days
Restricted procedure (step 1: application for participation)	30 days	15 days
Restricted procedure (step 2: Submission of the tender)	30 days	10 days

In order to speed up their procurements public buyers are recommended to:

- contact potential contractors in and outside the EU by phone, e-mail or in person;

² With open procedures, information about public procurement is communicated by the public buyer to an unlimited number of persons. In the case of restricted procedure, invitations for bidding will be sent to a limited circle of persons who meet the customer's requirements.

- hire agents that have better contacts in the markets;
- send representatives directly to the countries that have the necessary stocks and can ensure immediate delivery;
- contact potential suppliers to agree to an increase in production or the start or renewal of production.

3. Measures taken by countries

3.1. Country experiences in responding to COVID-19 challenges

The basic [principles](#) established in foreign procurement practices include:

- **transparency** – openness and accessibility of procurement information;
- **accountability and due process** – strict adherence to procurement procedures subject to state and public scrutiny;
- **open and effective competition** – non-discrimination;
- **fairness** – equal opportunities for all participants of the procurement process.

The basics of procurement and order placement are defined in the laws of individual countries and are stipulated in international agreements. The differences in the laws of individual countries are due to the priorities of the economic policy of the nation in question.

The health crisis caused by the COVID-19 pandemic requires rapid and deliberate action and flexibility to deal with increasing demand for goods and services while certain supply chains are being disrupted.

In an attempt to unite their efforts in the fight against the global challenge, countries are exchanging experience in the area of public procurement during the pandemic.

In June, the OECD [held](#) a webinar entitled “**Public Procurement responses to the COVID-19: Lessons and experiences from countries**” that provided a general overview of the EU responses to the COVID-19 outbreak. In particular, an agreement was adopted on the procurement of medical supplies and equipment, and general measures were developed to accumulate and reallocate funds according to the needs of each country. Recommendations were also issued to ensure that procedures are transparent and the procurement is as efficient as possible.

The discussion focused on the following **key points**:

- In the face of the crisis, there is a vital need for procurement cooperation between countries, as well as between the public and private sectors.
- Particular problems were caused by the accumulation of necessary goods and their distribution in different regions to satisfy the demand.
- There is a critical need for emergency procurement guidelines and their implementation.
- Effective responses to the public procurement crisis require digitalisation of procurement procedures.

During the webinar, public buyers from different countries shared information on **key challenges** faced in this area during the coronavirus pandemic.

Ireland's Office of Public Procurement identified the following factors as major challenges:

- *Uncertainty at the early stages of the pandemic.*
- *Procurement planning challenge.*
- *Reliance on foreign manufacturing.*
- *Ireland, as an island nation, is dependent on the import of materials and goods by sea and air, which has created additional challenges for procurement mechanisms amidst the pandemic.*
- *There is a need to diversify procurement suppliers and, therefore, new procurement skills are required, as domestic manufacturers are unable to supply certain types at volumes demanded.*

The main actions taken by different countries to address the problems encountered boiled down to **simplifying and speeding up procurement procedures**.

In March 2020, the United Kingdom adopted a [policy document](#) that serves as a guide to public procurement procedures during the COVID-19 pandemic. According to the document, if necessary, contracting authorities may use a standard procedure with accelerated timescales, and they can also extend or modify a contract during its term. Direct awards are allowed under the following conditions:

- There is a need for emergency response measures.*
- The events that have led to the need for extreme urgency were unforeseeable.*
- The situation of extreme urgency is not attributable to actions (inaction) of the contracting authority.*

Administrator for the U.S. Office of Federal Procurement Policy Dr. Michael E. Wooten forwarded a [message](#) to the participants in the webinar announcing the introduction of the new Guidance on Application of National Interest Action (NIA) in the federal system. This Guidance will be assigned to all procurement actions issued in response to the pandemic in order to increase transparency.

Scotland has introduced [new procurement regulations for public bodies](#), providing for fast-track procurement procedures, while also allowing parties to call off and modify existing contracts.

A critical measure for ensuring sound and balanced emergency procurement policies is the establishment of a **centralised procurement coordination** mechanism, which has been greatly facilitated by the digitalisation of procurement procedures.

Talking about the main lessons of the pandemic, the head of the Central Purchasing Body of the Federal State of Schleswig-Holstein (Germany) [pointed out](#) the need for centralisation in times of crisis, as well as the availability of (technical and legal) e-bidding opportunities, international cooperation and cooperation between different levels of government (federal and land authorities). Particularly challenging were issues related to the coordination of

measures and the complexity of market structures (the unavailability of goods and materials and supply chain disruptions).

The Public Procurement Service of the Republic of Korea has developed an emergency procurement guideline, taking measures to stabilise supply and centralise the distribution of essential supplies. South Korea's digital public procurement platform (Online Shopping Mall) has proved extremely useful in implementing these measures.

In Italy, the authorities have made prepayments and rapid decision-making in public procurement [possible](#). The measures mentioned included mechanisms for the centralised assessment of demand for goods, selection of suppliers and identification of end recipients, as well as the use of an online supplier directory. During the Italian crisis, preference was given to direct awards rather than to lengthy bidding procedures.

In view of the difficult epidemiological situation in Russia, the [decision](#) was made to amend [Federal Law](#) No. 44-FZ “On the Contractual System for Procurement of Goods, Works and Services for State and Municipal Needs” dated 5 April 2013:

1. The COVID-19 pandemic has been declared a force majeure event.

According to the [Ministry of Finance of the Russian Federation](#), the coronavirus pandemic is of an extraordinary and unavoidable nature, and therefore represents a circumstance of insuperable force, or a force majeure event. It should be noted that the Federal Antimonopoly Service of Russia (FAS) has also [recognised](#) COVID-19 a *force majeure* for public procurement.

The factor of insuperable circumstances shall be considered by all inspection bodies, customers and FAS organs when monitoring administrative violations and reviewing complaints and applications for inclusion in the Register of Unscrupulous Suppliers.

In a [letter](#) published by the Ministry of Finance “On the Position of the Ministry of Finance of the Russian Federation, the Ministry of Emergency Situations of the Russian Federation and the Federal Antimonopoly Service of Russia on the

Procurement of Goods, Works and Services for State and Municipal Needs in Connection with the Spread of New Coronavirus Infection Caused by 2019-nCov,” the executive authorities acknowledge the spread of coronavirus infection as a force majeure situation that allows suppliers to be exempt from penalties (fines) for breach of delivery schedules and failure to provide works and services in accordance with Part 9 of Article 34 of Federal Law No. 44-FZ. At the same time, the law stipulates the need to provide evidence of *force majeure* events.

2. Single-source procurement is allowed.

A contracting authority may procure any goods, works and services required in connection with the introduction of a high-alert regime, but there must be a causal link between the subject matter of the procurement and the measures taken to prevent and eliminate the disease ([Letter No. IA/21684/20 of the Federal Antimonopoly Service of Russia dated 18 March 2020](#)).

In accordance with Clause 9 of Article 93 of Federal Law No. 44-FZ, companies are allowed to purchase products, works and services to combat the pandemic, provided that there is a confirmed link between procurement and the implementation of treatment and preventive measures.

3. Inspections are cancelled, complaints are reviewed remotely

In accordance with the high-alert regime, the meetings of the FAS Commissions at the central office and territorial directorates have been held via video link since 6 April 2020.

The FAS announced the suspension of inspections due to the spread of COVID-19. The Federal Antimonopoly Service said [in a statement](#) that, given the current epidemiological situation, the agency would be changing the procedure for carrying out inspections and reviewing cases, while continuing to work as normal and reacting promptly to violations of the applicable law.

[To support contracting authorities](#) and suppliers, the respective laws and regulations have been amended. Public buyers are entitled to:

- change the deadlines and prices of public contracts due to the coronavirus pandemic.
- not require security for the performance of contractual obligations.
- increase the price if additional funds are allocated to the institution and the relevant regulations are issued. The regulations shall be developed by the executive bodies of the region of the Russian Federation or the municipality with which the contracting authority is affiliated, and shall regulate pricing and deadlines for deliveries. Higher prices must be justified.

3.2. Public procurement control by Supreme Audit Institutions

3.2.1. Enhancing the role of Supreme Audit Institutions in public procurement controls

Depending on specific features of national legislation, the involvement of Supreme Audit Institutions (SAIs) in the control of public procurement **may take different forms**.

In some countries, SAIs have the authority to **approve public procurement in advance**, prior to the final selection of the contractor and the award of the contract. In this case, the speed and quality of control during a pandemic is literally a life-saving and effective response to the spread of the infection.

The Supreme Audit Institution of Panama has [set up](#) a special group to approve urgent purchases arranged to combat the spread of the virus and deal with emergencies. The group [coordinates](#) the procurement of medicines, medical and laboratory equipment with accelerated timescales.

The SAI of Costa Rica has the same authority: in the initial stages of the outbreak, the agency had to urgently [approve](#) the purchase of medical equipment by the Social Security Fund for more than USD 2 million, including video laryngoscopes, mobile vital signs monitors, irrigators and other tools to treat infected patients.

However, SAIs are mainly engaged in the audit of public procurement as part of their **ongoing monitoring of public bodies** during the COVID-19 pandemic.

The Congress of the Republic of Peru [adopted](#) a law on concurrent control that expands the powers of the Office of the Comptroller General and allows for real-time monitoring of budget allocations for the emergency response. On the basis of its new powers, Peru's Supreme Audit Institution [carried out](#) a large-scale audit of the procurement, storage and distribution of food by local authorities to

provide social assistance to the population – approximately 400 employees of the territorial control and accounting bodies inspected the activities of more than 1800 municipalities during a two-week period. Detailed reports on each individual action are available on a special [portal](#) “Monitoring of control and transparency during COVID-19.” The key violations identified [were](#) failure to comply with the delivery schedule, low-quality products or insufficient supplies.

The Office of the Comptroller General of the Republic of Colombia also [audits](#) the procurement of goods and services by regional and local authorities as part of its real-time monitoring activities.

Based on the interim results, the SAI’s department of information, analysis and immediate response has [identified](#) three main risk factors in the procurement process:

- the incompleteness of information collected prior to signing contracts, including lack of market research, commercial offers from suppliers and information about beneficiaries or the unit prices of products;*
- overpricing of products such as food, personal protective equipment and medical goods, technological infrastructure;*
- ambiguous and uncertain contractual provisions that do not specify the obligations of suppliers, do not include particular items and prices, do not contain inspection provisions, and do not correspond to the commercial offer.*

However, the legislation in some countries **does not allow the audit bodies to participate in the operational control of public procurement**, despite reports of potential irregularities and requests from civil society.

The Chairman of the Modern Revolutionary Party of the Dominican Republic Jose Paliza requested that the SAI provide detailed information on all public procurement and emergency contracts. In response, Comptroller General Daniel Santana officially [reported](#) that, in accordance with the law, public institutions

were required to provide such information to the controlling authority only within 15 days after the end of the state of emergency, which had not yet been lifted. The SAI plans to inspect all relevant expenses once documents have been received within the timeframe established by law.

In this case, the responsibility for direct control of public procurement during a pandemic may lie with the internal control services, which are provided with technical and methodological assistance by the staff at the SAI's central office.

The SAI of Honduras [set up](#) an emergency team to assist the internal control bodies of public institutions. At the end of the emergency, the audit institution plans to obtain all procurement documents and carry out a detailed audit of the expenditures incurred. In addition, the SAI [instructed](#) municipal internal control agencies to monitor the procurement of goods and services during the state of emergency using funds allocated by the central government in order to ensure that procurement is fully documented, and refer the materials to the SAI department responsible for auditing the municipal sector. It is particularly recommended to put controls in place to ensure that the funds allocated are used exclusively for the purchase of food, medicine and personal hygiene items intended to combat the emergency.

Other public procurement activities of SAIs during the current crisis include **providing recommendations and disseminating best practices** to prevent inefficient spending of public funds, as well as the announcing in advance specific requirements against which public procurement will be checked.

The website of the Peruvian SAI [features](#) recommendations and a list of best practices to guide municipal authorities in the procurement and distribution of food assistance on behalf of the Government, Meanwhile, in Panama, SAI guidelines [have been put in place](#) to monitor procurement until the end of the state of emergency.

Similarly, the Office of the Comptroller General of the Republic of Colombia, in conjunction with the Office of the Inspector General, has proactively

recommended that the government procure, centrally or jointly with regional authorities, the goods needed to prevent and control the spread of coronavirus infection, thereby reducing costs and increasing budgetary control. To this end, it was recommended that a platform be established to enable regional and local governments to jointly purchase similar goods.

A clear indication of the **growing role** of SAIs in auditing public procurement during the pandemic is the numerous reports on the **results of the activities undertaken and the response to violations identified**. This applies in particular to the cancellation of tender results, the suspension or punishment of those responsible, and compensation for damages caused by illegal activities.

For example, the solid evidence presented by the Office of the Comptroller General of the Republic of Colombia on the basis of audit results forced eight municipalities to renegotiate some contracts, thus reducing the total amount of contracts by almost 5.7 billion pesos (approximately USD 1.4 million). Moreover, the SAI initiated action to hold the Governor of Arauca Department and certain other officials of the Department accountable for the violations revealed in the food procurement process, to the extent of 1.05 billion pesos (approximately USD 262,400). The SAI Special Investigation Department for Corruption launched another 27 preliminary investigations on the same grounds against a number of national ministries and heads of departments and municipalities.

Ecuador's SAI approved a number of reports that provide grounds to institute criminal proceedings against officials responsible for irregularities in the contracts for medical supplies and construction of a new hospital.

In some cases, **auditing agencies** have come under scrutiny themselves with regard to procurement audits.

Following reports of irregularities during the procurement of personal protective equipment for SAI staff, the Office of the Comptroller General of Peru announced that the internal control unit had been instructed to check for irregularities in procurement procedures by responsible officers, while the Public

Prosecutor's Office had initiated an investigation in accordance with its authority, and the staff of the supply department had been ordered to take a polygraph test.

At the same time, in some cases, SAI audits **do not find any significant irregularities** in the procurement process, and the results of the respective audit **add to the list of best practices and positive experience**.

The SAI of New Zealand published a [report](#) entitled "Ministry of Health: Management of personal protective equipment in response to COVID-19." Despite some shortcomings related to the inefficient planning and allocation of stocks, forecasting demand and monitoring available national reserves, the SAI acknowledged that the Ministry had been able to promptly re-establish an effective centralised procurement system for PPE in a health emergency situation.

The introduction of innovative work methods, as well as the use of information technologies and the search for new ways to interact with stakeholders, contributes to a better analysis and systematisation of findings based on an analysis of the public procurement process.

The Office of the Comptroller General of Peru has [developed](#) an online platform for local authorities, which provides data on food procurement and distribution within the limits of the allocated public funds.

Costa Rica's SAI has developed and launched the "Transparency in Public Administration under the COVID-19 Emergency" [portal](#), which provides up-to-date statistics and infographics on legislative initiatives adopted or under consideration in the context of the emergency, including those assessed by the SAI, as well as public procurement statistics approved by the Comptroller General's Office.

In a separate [article](#), the SAI points out that the use of information technology is crucial for ensuring that the key parameters of each contract are transparent. This will ensure the efficient use of budget funds, minimise the risks associated

with the application of streamlined procedures and increase citizen participation in the control process. At the same time, according to the Comptroller General's Office, an active and modern state should go beyond the minimum criteria established by law and provide the population with as much information as possible, thus fostering people's trust that budgetary funds are being spent responsibly.

A similar approach is adopted by Transparency International. In its guidance on public procurement during states of emergency, the organisation [highlights](#) the need to implement **additional oversight mechanisms** over and above those foreseen by national and local government legislation. In particular, it is necessary for audit and control bodies to **maintain constant coordination with the contracting entities** to keep effective control of both the budget and goods and services contracted to deal with the emergency situation.

The publication stresses that audit and control bodies must have unhindered **access to all the records and documents related to the procurement procedures**, including contracts, agreements, documents, data, books, files and supporting documentation relating to the fulfilment of the objectives set by the client. The SAI also recommends that the audit and control bodies must, on an ongoing basis, **publish reports on all procurement procedure audits** in an emergency situation, containing observations and recommendations concerning the audited files, and the related follow-up actions.

Among other things, Transparency International [mentions](#) the possibility of **involving the public in the monitoring of the public procurement process**: mechanisms should be developed that allow citizens to promptly, anonymously and safely report violations they observe to the control authorities, which is confirmed by numerous practical examples.

Following reports of possible irregularities, the SAI of Panama checked and [rejected](#) two purchases of computer equipment and office supplies by the Ministry of Economy and Finance for a total of 94,700 balboas (approximately USD 95,000) due to a significant overpricing of the contract.

In Honduras, the participation of civil society organisations in the control of public procurement has become systematic and official: the non-governmental Association for a More Just Society, the local chapter of Transparency International, [signed](#) an agreement with the state-owned company INVEST-H, which is authorised to conduct procurement with funds allocated to fight the spread of COVID-19. The document covers the technical support provided by the Association and the control and implementation of an external non-state (“social”) audit of all the procurements in order to analyse and confirm their openness, efficiency and effectiveness. The process involves experts in various fields from Honduras and the United States, and the results will then be analysed together with data from other Transparency International offices in Latin America.

The SAI of Honduras is also conducting a parallel audit of INVEST-H. On 23 June 2020, the agency [said](#) it had finished collecting the information needed to analyse the legal, technical and commercial aspects of the procurement conducted by the state-owned company since February 2020, and plans to issue a detailed report on the results of the inspection soon. The administration of the SAI decided to introduce an ongoing control mechanism involving the personal presence of staff in order to strengthen internal control services in all government bodies that manage budgetary funds intended for the fight against the coronavirus infection. However, by that time, INVEST-H had already completed the procurement of seven mobile hospitals and seven medical waste disposal units, along with other medical products for the Ministry of Health, and the decision was made to carry out a special inspection in this respect, in addition to the ongoing monitoring.

In turn, the Argentinean non-governmental organisation Poder Ciudadano (“Citizen Power”), the national branch of Transparency International, [came to the conclusion](#) that public bodies did not comply with the minimum disclosure requirements related to the procurements made by the government as part of its effort to combat the spread of the coronavirus.

The organisation has [launched](#) its own independent platform “Procurement Observatory,” a unified open access database for monitoring public emergency procurement. The organisation estimates that no more than 20% of all public contracts have been officially published, and Poder Ciudadano has [requested](#) that Argentina’s SAI include a review of all government procurements made in the context of the pandemic in its work plan.

The need to control public procurement in crisis situations **has demonstrated the importance of the collective experience of SAIs when it comes to sharing best practices and tools**, which translate into the **development of common methodological documents, joint audits and the discussion of issues as part of collective action.**

In particular, the audit of public procurement during the pandemic has been greatly facilitated by guidelines and reviews prepared in advance, drawing on previous experience and regional specifics.

For example, in accordance with international standards and considering the strategic objective of regional performance audits, the **African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E)** has developed **template guidelines** for public procurement audits, leading to the development of several related documents, including the [Public Procurement Performance Audit Guideline](#) published in 2011.

The document stressed **the need for SAIs to monitor the public procurement system in order to create an environment that prevents corruption and fraud.** It also **lists typical risks and approaches to audit** (national approach, performance evaluation by specialised procurement organisations, assessment of specific projects), and provides examples from several countries in the region.

Back in 2004, the European Court of Auditors and the EU SAI Contact Committee set up a **working group on the audit of public procurement**, which prepared several related methodological documents in its first years of operation. However, in 2014, **the EU adopted a new guidance on public procurement** to ensure open and fair competition on the European market.

In this regard, the unified updated [Public Procurement Audit guide](#) was prepared

in 2017–2018 at the initiative of Portugal’s SAI, which includes the description of public procurement principles, instructions for auditors, a list of standard questions for procurement performance audits, a questionnaire on compliance audit and financial reporting, as well as a list of the related reports by European SAIs.

The INTOSAI Development Initiative (IDI), in cooperation with the African Organisation of French-speaking Supreme Audit Institutions (CREFIAF) and the SAIs of Liberia and Sierra Leone, have [prepared a guide on Accountability In A Time Of Crisis](#) that interprets the lessons learned from the 2014–2015 Ebola outbreak in Liberia and Sierra Leone in the context of the COVID-19 pandemic. One of the conclusions made was that **the role of SAIs needs to be enhanced** when it comes to ensuring effective public procurement in developing countries both during and after the crisis.

The authors believe that the lack of a clear understanding by governments and donors of the role that SAIs should play in managing emergency funds **creates opportunities to deviate from the established standards and reduce the accountability of public institutions**. The audits carried out during the Ebola outbreak demonstrated the importance of **clear emergency procurement procedures in a crisis situation**.

The publication provides **lists of possible** financial, compliance and performance audit **topics** in the short, medium and long term, along with the **key irregularities identified, which SAIs can use as a benchmark during the COVID-19 pandemic**.

The findings of the audits in Sierra Leone and Liberia revealed major lapses or lack of compliance with procurement procedures, particularly in sole-sourced contracts. In some cases, there was absent or incomplete documentation to justify the selection of suppliers and reasons for payment, lack of an adequate control system leading to the deliveries of substandard goods and services, delays in the approval of budget transfers to the accounts of the authorised contracting authorities, and the government’s failure to act on previous audit reports.

At the same time, **the exchange of experience of SAIs in auditing public procurement** often goes beyond theory and translates into joint audits, usually across countries in

the same region.

In particular, with **simplified procurement procedures in place almost universally** during the COVID-19 pandemic, the Pacific Association of Supreme Audit Institutions (PASAI) **refers** to the results of the first **cooperative compliance audit on public procurement in the region**, which was carried out in several stages between 2015 and 2019 with the assistance of the INTOSAI Development Initiative.

The PASAI notes that the main problems of public procurement identified during the audits recur from year to year and from country to country, **but may be aggravated as COVID-19 puts additional pressure on public bodies.**

The following challenges are common to all countries and should be addressed specifically when auditing public procurement during the pandemic:

- the lack of documented procedures and guidelines for some aspects of the procurement life-cycle or regular legislative updates;
- poor procurement planning and contract performance tracking;
- the lack of training for employees;
- the failure to comply with regulations and legislation;
- poor record keeping, poor administrative and internal controls.

A similar joint event was **organised** by the Secretariat of the Caribbean Organization of Supreme Audit Institutions (CAROSAI) in 2017 with the assistance of the World Bank and the Inter-American Development Bank. The SAIs from eight countries and territories (Bahamas, Barbados, Belize, Curaçao, Guyana, Montserrat, Saint Kitts and Nevis, and Suriname) sent staff for training and then audited the procurement of selected government agencies in their countries for the overall quality of organisation.

The findings revealed that **none of the eight countries was compliant at the bidding and evaluation stages**, and only one in eight countries was compliant at the planning, bidding and contract performance stages.

The SAI of the Bahamas, which was involved in the joint audit, identified the use of the **Online Tender Management System as the most useful monitoring tool** for the timely detection, prevention and correction of irregularities. Despite the technical challenges of implementing the system, it was recommended on the basis of the results of the audits **that this practice be extended to all countries in the region**. The report also offers separate recommendations for improving the public procurement process at each stage in order to improve its accountability and effectiveness.

Another **joint action on auditing sustainable public procurement using data analytics** is **currently** under way in cooperation with IDI and the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS).

3.2.2. The INTOSAI Working Group on Public Procurement Audit

The multilateral exchange of experience in public procurement is of particular interest to **SAI activities within international and regional organizations**.

In this respect, the Accounts Chamber of the Russian Federation and the U.S. Government Accountability Office **came up with a joint initiative to establish a specialized Working Group on Procurement Contract Audit** within INTOSAI, which was unanimously approved by the participants of the 64th meeting of the INTOSAI Governing Board and the XXI INCOSAI held in China in 2013.

During the first three years of its work, the task force **analyzed international experience in procurement audit, scrutinized the methodological base, developed a glossary of terms, and implemented several pilot projects** involving the SAIs of Portugal, Slovenia and Zambia.

The initiative was renamed the **Working Group on Public Procurement Audit** at the 22nd Congress of INTOSAI in Abu Dhabi in 2016.

The group, which is currently chaired by the Accounts Chamber of the Russian Federation, includes the SAIs of 18 other countries: Armenia, Azerbaijan, Belarus, China, Georgia, India, Kazakhstan, Kyrgyzstan, Kuwait, Latvia, Pakistan, the

Philippines, Portugal, Serbia, Slovenia, South Africa, Thailand and Zambia.

The strategic goal of the Working Group is to assist the SAIs of its member states in developing a **common methodological framework for the preparation and conduct of public procurement audits**, and also **to enhance the contribution of SAIs to transparency and accountability** in public administration.

The achievement of strategic priorities will be supported by the task to develop the **Public Procurement Audit Guide** based on professional documents of INTOSAI and internationally recognized universal principles, along with the further improvement of the methodological framework, information exchange system and available information resources in the field of public procurement audits.

Such guides are designed to **support national SAIs in their audit activities in the new situation**, highlight common risks and problematic issues, and help them better apply international auditing standards.

The members of the Working Group are currently developing a draft Guidance in collaboration with the [Forum for INTOSAI Professional Pronouncements \(FIPP\)](#), which has the authority to review and approve new documents, and the final version is scheduled to be endorsed at the INTOSAI Governing Board meeting in November 2021.

There are also short-term plans **to bring new members to the Working Group** from among the SAIs who have been active in auditing public procurement during the pandemic and systematize the lessons learned for further application.

Findings and recommendations

Public procurement accounts for a significant portion of global GDP (12% in 2018).

Public procurement is used as **a tool to stimulate economic growth**, enable provision of basic services (for example, healthcare, infrastructure and energy), promote innovation and help address environmental challenges, while also playing an important role in the achievement of the Sustainable Development Goals (SDGs) by countries.

Experts have identified new challenges and increased risks in public procurement in connection with the COVID-19 pandemic:

- Greater risks of corruption and fraud in the procurement of goods and services. There has been a shift in **the specifics and paradigm of corruption schemes**. New challenges associated with the need to continue managing ongoing government contracts are emerging.
- **Lack of training, poor coordination of activities, low stock levels, weak labour market, inflation, and staff-related problems.**
- The collapse of the airline industry has led to procurement disruptions, causing **vital vaccine stocks** in Asia and Africa **to reach critically low levels.**

To address these and other challenges, supranational organizations **recommend** that countries take the following measures at the international and national levels:

- **Use joint public procurement procedures**, which allow countries to act together as a major buyer, ensuring fairer prices and enabling priority deliveries to countries that are most in need. International organizations are developing mechanisms for the centralized procurement of goods and services to meet the needs of their structural units and to assist member states in their fight against the COVID-19 pandemic.
- **Use simplified procurement procedures** and accelerated timescales, which improves the efficiency of contracting authorities in times of crisis.
- **Use direct awards** (or single-source procurement) while strictly adhering to the

standards of openness and transparency and only to meet urgent needs related to the pandemic.

Foreign countries are also resorting to the following public procurement solutions during the pandemic:

- Allowing public buyers to **modify the terms of existing contracts** or cancel them altogether.
- **Digitalizing procurement procedures** and using online supplier directories to speed up processes and attract a wider range of suppliers.

In the face of the new challenges and risks, **SAIs are playing an increasingly important role** in ensuring the transparency of public institutions and the efficiency of government procurement both during and after the crisis. The lack of a clear understanding by governments of the role that SAIs should play in managing emergency funds allocated to combat the pandemic creates opportunities to deviate from the established standards and reduce the accountability of public institutions.

The audit of public procurement is one of the key activities of SAIs during the pandemic, given the total amount of public funds allocated to fight the spread of coronavirus and the social demand for **transparency and accountability of the respective public expenditures**. The forms of SAI involvement vary according to national legislation and may include:

- prior approval of procurement procedures;
- concurrent or subsequent control;
- providing advice and recommendations to public bodies to improve the efficiency of public procurement.

In this situation, SAIs continue to focus on procurement audits within their own jurisdictions, and in doing so they rely, among other things, on the exchange of experience with colleagues from other countries and regions, as well as on guidelines, instructions and best practices resulting from joint activities and multilateral organizations.

