Fraud Detection and Anti-Corruption in Procurement:
The Ethiopian Experience

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Public Procurement in Ethiopia

- **National Development**: Public procurement in Ethiopia is essential for executing large-scale projects such as the construction of roads, schools, and hospitals. Help foster economic growth and improve the quality of life for citizens.

- **Service Delivery**: Efficient procurement processes ensure that essential services, such as healthcare, education, and transportation, are delivered effectively to the population.

- **High Volume and Complexity**: Ethiopia's public procurement system deals with a vast number of transactions, each involving significant public funds. The complexity arises from managing multiple contracts, ensuring compliance with procurement laws, and coordinating between various stakeholders, including federal and regional bodies. **This complexity increases the risk of fraud and corruption if not properly managed.**

- **Significant Public Funds**: 60%-70% Ethiopia's national budget is allocated to public procurement.

Types of Procurement Fraud and Corruption

- **Bid Rigging**: Collusion among bidders to manipulate the bidding process.

- **Kickbacks**: Illicit payments to procurement officials for favorable decisions.

- **Invoice Fraud**: Submission of inflated or fake invoices.

- **Conflict of Interest**: Personal interests influencing procurement decisions.

- **Embezzlement**: Misappropriation of funds allocated for procurement.

Cases of fraud and corruption in Ethiopian procurement.

- Weak Institutional frameworks.
- Limited enforcement of anti-corruption measures.
- Gaps in transparency and accountability.

Anti-Corruption Strategies in Ethiopia

- **Legal Framework**
  - Anti-Corruption Proclamation.
  - Public Procurement Proclamation.

- **Institutional Roles**
  - Federal Ethics and Anti-Corruption Commission (FEACC).
  - Public Procurement and Property Authority (PPPA).

Legal Framework

- **Anti-Corruption Proclamation**:
    - Establishes the legal foundation for identifying, investigating, and prosecuting corruption-related offenses.
    - Criminalizes various forms of corruption such as bribery, embezzlement, abuse of power, and illicit enrichment.
    - Includes provisions for whistleblower protection and public involvement in reporting corruption.

- **Public Procurement Proclamation**:
    - Sets out the rules and procedures for conducting public procurement in a transparent and accountable manner.
    - Requires competitive bidding processes, clear documentation, and strict adherence to procurement standards.
    - Imposes penalties for violations of procurement regulations to deter corrupt practices.

2. Institutional Mechanisms

- **Federal Ethics and Anti-Corruption Commission (FEACC)**:
  - The central agency responsible for enforcing anti-corruption laws.
  - Investigates and prosecutes corruption cases across both public and private sectors.
  - Leads public awareness campaigns to educate citizens and public officials about the dangers of corruption and the importance of ethical conduct.

- **Public Procurement and Property Authority (PPPA)**:
  - Oversees the public procurement system to ensure compliance with legal and ethical standards.
  - Develops guidelines, conducts audits, and monitors procurement activities to detect and prevent corruption.
  - Provides training and support to procurement professionals to enhance their capacity for ethical decision-making.
  - Prosecution of high-profile cases to set an example and deter others from engaging in corruption.

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3. e-Government Procurement (eGP) System

- **Automation and Transparency**:
    - The eGP system digitizes procurement processes, reducing opportunities for human interference and fraud.
    - Provides real-time monitoring and automated alerts for suspicious activities.
    - Ensures transparency by maintaining digital records that are easily accessible for audits and public scrutiny.

4. Capacity Building and Training

- **Education and Training Programs**:
  - Continuous training for public officials and procurement professionals on anti-corruption practices and ethical standards.
  - Workshops and seminars to build capacity in detecting and preventing fraud.
  - Incorporation of anti-corruption modules in civil service training curricula.

5. Public Engagement and Whistleblower Protection

- **Public Awareness Campaigns**:
  - Initiatives to educate the public on the impact of corruption and how to report it.
  - Encouraging citizen participation in monitoring public procurement activities.
- **Whistleblower Protection**:
  - Legal protections for individuals who report corruption, ensuring they are not retaliated against.
  - Establishment of confidential reporting mechanisms to facilitate the safe reporting of corruption cases.

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6. International Collaboration

- **Partnerships and Agreements**:
  - Collaborating with international organizations, such as the United Nations and African Union, to align with global anti-corruption standards.
  - Participation in regional anti-corruption networks and initiatives to share best practices and resources.

7. Enforcement and Penalties

- **Strict Enforcement**:
  - Vigorous enforcement of anti-corruption laws, with severe penalties for those found guilty of corrupt practices.
  - Regular audits and inspections to ensure compliance with anti-corruption regulations.
  - Prosecution of high-profile cases to set an example and deter others from engaging in corruption.

Role of the e-Procurement System (eGP)

- Manages planning, tendering, contract management, and audit functions.
- **Anti-Fraud Features**
  - Transparency through digital records and audit trails.
  - Real-time monitoring and automated alerts for suspicious activities.

318 Total Active Tenders

73 Tender Published Today

1536 Tenders Under Evaluation

10 Tenders Cancelled

19,797 Registered Suppliers

0 Tenders Closing Today

0 Tenders Opening Today

2019 Tenders Awarded

27,364 Tenders Published to Date

251 Procuring Entities

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Procurement Plans

Publish annual procurement plans of government agencies so that the business community gets prepared and respond more effectively.

Tenders

Access tender notices of various government agencies for the procurement of goods, services and works.

Procurement Information

Provide access to tender statistics, tender opening minutes, evaluation reports, contract awards, and other procurement information.

Registration Services

Register your company in the national suppliers list to be able to identify government procurement opportunities and participate in tenders.

Suppliers List

Access registered companies from the national suppliers list. Identify suppliers that are debarred from participating in government procurement.

Resources

Access various electronic resources related public procurement legislatio standard bidding documents, eGP materials and the like.

Do you have a case you wish to share with us?
Please fill in the form and send us

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* Case Type: * Organization

⌃

Compliant

Inquiry

Suggestion

Whistleblowing

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Takeaway

- **Strengthen Institutional Frameworks**
  - Proposals for enhancing laws and enforcement mechanisms.

- **Enhance the e-GP System**
  - Integrating more advanced anti-fraud features, such as AI-based detection.

- **Capacity Building**
  - Regular training and education for procurement professionals.

- **Foster a Culture of Integrity**
  - Promoting ethical behavior across all levels of government and within society.

Thank You

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Easy. Efficient. Secure