

Corruption in sub-national procurement

- IT sector case study –

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National data

- SEAP data 2007-2020
 - 10.718 IT contracts
- Strong national bias
 - 89.8% domestic firms in IT (86% in construction)
- High market concentration
 - National avg. HHI score is 5300
 - Fewer than 10% of IT companies win bids
 - 57% single bidding

County-level data

IT SPENDING AT COUNTY LEVEL BASED ON PARTY PERFORMANCE AND GOVERNMENT INCUMBENCY

	IS IN GOVERNMENT	IS NOT IN GOVERNMENT
IS PARTY STRONGHOLD	37%	18%
IS NOT PARTY STRONGHOLD	25.16%	19.84%

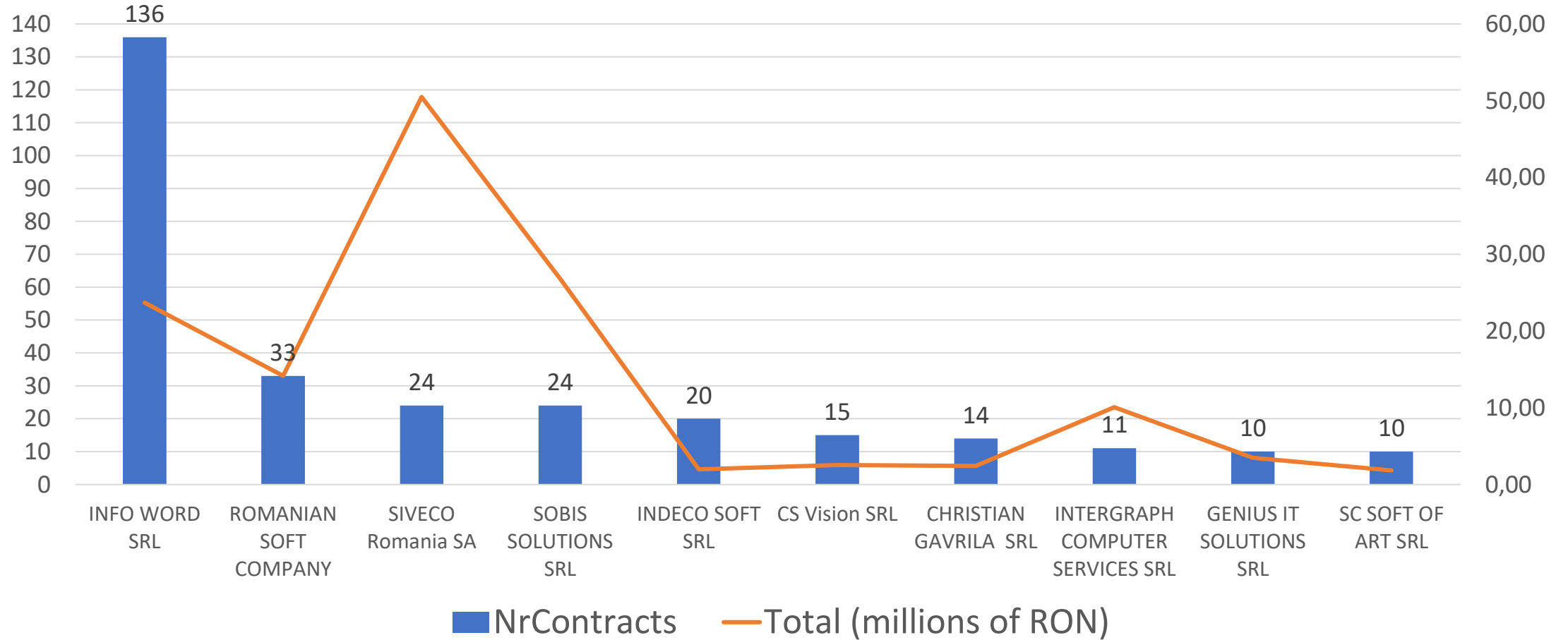
County-level data

- 786 contracts (2008-2020)

INTERVAL	2008-2012	2012-2016	2016-2020	Overall
Single bidding share of total IT expenditure	51.5%	30%	62.9%	48.13%
Single bidding absolute amounts (mil. Euro)	13.7	18.3	11.7	43.7
Number of winning companies	128	86	103	243

Who are the winners?

Most contracts and earnings by company



COMPANY	NO. OF CONTRACTS	TOTAL VALUE OF CONTRACTS (RON)	SINGLE PARTY	SINGLE COUNTY	NATIONAL CONTRACTS
SC SOFT OF ART SRL	10	1833216.61	YES	YES	NO
IME ROMANIA SRL	8	1982670.01	YES	NO	YES
SC IT LAURENTIU SRL	8	49856.68	YES	YES	NO
SC INFO D&P SRL	6	167407.92	YES	YES	NO
CENTRUL TERITORIAL DE CALCUL ELECTRONIC SA	5	1502540.00	NO	NO	YES
Sc Cosara Srl	5	348682.91	YES	YES	NO
EXTRANET SRL	4	672000.00	YES	YES	YES
SAN SOFTWARE SRL	4	434592.56	YES	YES	NO
DIVERGENT SOLUTIONS SYSTEMS	3	3598750.00	YES	NO	YES
EXPERTISSA HQ SRL	3	819264.14	NO	NO	YES
CENTRUL PENTRU MANAGEMENTUL SERVICIILOR DE SANATATE	3	172000.00	NO	NO	YES

Models of corruption

- Insular and layered
- New kind of capture
- Dilemma: How to break the cycle?

No capture/Fair procurement *Capture by dependence* *Capture by political ties*

<i>Market concentration</i>	Low	High	High
<i>Number of winners</i>	High	Low	Low
<i>Competition</i>	High	Low	Low
<i>Single bidding</i>	Low	High	High
<i>Relevance of incumbency</i>	Low/None	Low	High

References

- Doroftei, Mădălina, and Valentina Dimulescu. 2015. “Romanian Public Procurement in the Construction Sector. Corruption Risks and Particularistic Links.” Country report. <https://anticorrp.eu/wp-content/uploads/2015/06/D8.1.5-Romania.pdf>
- SICAP data