

# The Corrupting Effect of Political Connections in Public Procurement through Crises

## Project Summary

The project will generate high-quality, generalisable quantitative evidence on how political connections in public procurement lead to corruption, especially in situations of crisis and emergencies. It also strives to test the conditions under which conflict-of-interest regulations are effective in curbing corruption. First, it will gather high-quality novel evidence on the corrupting effect of political connections in public procurement, especially in crisis situations. Second, the project will help anti-corruption actors turn new insights into anti-corruption action. Third, we seek to identify specific conflict-of-interest rules and institutions which can effectively limit the impact of political influence in public procurement to support better policies.

Specifically, we will first combine public procurement data with data on ownership and financial interests from office-holders' interest disclosures to map the scope and structure of political connections in public procurement in selected countries. We then track the impacts of political connections on public procurement outcomes, particularly in crisis situations. We will also investigate under which conditions a specific anti-corruption tool, or conflict-of-interest regulations, are effective in mitigating the corrupting impact of connections. Finally, we aim to turn the project's research results - large-scale administrative datasets, validated corruption risk indicators, and actionable, causal findings - into anti-corruption action. To this end, we will team up and collaborate with stakeholders, such as NGOs, journalists and international organisations to facilitate anti-corruption campaigns, advocacy and policy reform.

## Policy and Programming Implications

Based on the expected research findings, data, and indicators, the research team will work with stakeholders, such as local NGOs and international organisations, to support anti-corruption campaigns and policy reform. Knowing that political connections are bad in public procurement is not enough for policy targeting, we need to know when and where political connections are more corrosive to integrity.

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The Governance & Integrity Anti-Corruption Evidence (GI ACE) research programme supports 8 projects around the world generating actionable evidence that policymakers, practitioners, and advocates can use to design and implement more effective anti-corruption initiatives.

## Research Questions

- 1.What are the magnitude, distribution, and trends of political connections of suppliers in public procurement in developing country contexts?
- 2.What are the impacts of political connections on public procurement outcomes in terms of the value of contracts won and favoured treatment in contract awards?
- 3.To what degree do connected firms benefit from crises impacting public procurement?
- 4.Which conflict of interest rules can effectively mitigate the corrupting impact of political connections in public procurement?

## Methodology

First, we will build on the existing data, partially funded by GI ACE in phase 1, on public procurement, collected from official government publications and open data portals. Secondly, we will collect data from the financial asset and interest disclosures from official repositories of declarations made by high-ranking public officials, such as members of parliament and the executive branch. Third, we will build on the Public Accountability Mechanisms methodology to systematically map the key dimensions of conflict-of-interest regulations, such as restrictions on company ownership, transparency of beneficial ownership, regulation of gifts, or restrictions on employment after holding political office.

## Research Team Members

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