The Use of Defence Expertise in Reform

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7.2 Defence Procurement Reform & Defence Integrity Pacts

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Transparency International (UK)
Colombian Combat Aircraft Procurement
Observations and Lessons Learned
Current Experience in Poland
Procurement Methodology.
Colombia – Combat Aircraft Procurement

Integrity Pacts – a reminder

The request – why TI (UK)?

The requirement and the budget: circa 22 counter narcotics airframes for $250m; turboprop versus turbofan

The impact of the Presidential 4 year term on the acquisition process

The in-country acquisition mechanism: specification, evaluation, freedom of information.
TI (UK) Technical/Contract Evaluation

Document assessment: complex, substantial and translated from Spanish

In country visit: to consider unresolved technical and contract issues

Background meetings with TPC (Transparencia por Colombia)

Meetings with senior Military and Government officials.
Colombia – Current Inventory

OV-10
- 38 YEARS OF SERVICE
- LOW PERFORMANCE
- LOW COMBAT READINESS
- IMPRECISE ORDNANCE DELIVERY
- NON PRESURIZED
- HIGH LIFE CYCLE COST
- OBSOLETE SYSTEMS

A-37
- 38 YEARS OF SERVICE
- LOW COMBAT READINESS
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Colombian Threat

YEAR 2004

CLOSE AIR SUPPORT 344
AIR-GROUND INTERDICTION 242
AIR-AIR INTERDICTION 38
Major Observations

Core Purpose and Capability - unclear
Future Capability - not considered
Simulation - not considered
Operational Evaluation - inadequate
Prototype Inclusion - unwise
Tender Evaluation Matrix - operationally weighted
Pre and Post Contract Award - insufficient controls
Offset Programme - required transparency.
Tender Collapse

Bidder withdrawal except one: insufficient bid preparation time; turboprop preference over turbofan; high cost of shipping

Ministerial Options: revise and re issue documents; continue with one bidder; process re-start

Single source option preferred by Colombia

TI(UK) and TPC withdrawal.
Lessons Learned - The Human Factor

Manpower UK and Colombia: team composition and relationships crucial

Value for Money UK and Colombia: exceptional

Technical Evaluation: complex, requiring broad knowledge and experience to balance information.
Lessons Learned

Differences in Perspective: balance between corruption and technical assessments

Difficulty in Differentiation: value for money versus corruption risk

Contract Requirement – implementation, pre and post award controls.
Conclusions – the bottom line

Integrity Pacts CAN work –
Colombia experience significant building block for the future
Poland

Initial technical specification review
In country workshop
Percepetions: many parallel lessons with Colombia including unclear capability and lack of contract and technical specification clarity.
Procurement Reform

INDEPENDENT MONITOR OVERSIGHT

RELATIONSHIP BUILDING

PROJECT INITIATION

INITIAL TECH REVIEW

CONTRACT REVIEW

WORKSHOPS

SECONDARY REVIEWS

BIDDER

CONTRACT DOCUMENTATION

ASSESSMENT

INTERFACE

QUERIES

POST AWARD OVERSIGHT

CATALYST FOR CHANGE

SKILLS ENHANCEMENT
The Bottom Line

Huge optimism but a long way to go!
The Team

Admiral
Hugh Edleston

Commander
Patrick Brown

Mark Pyman

Dominic Scott

Air Commodore
Alan Waldron
TI (UK) – Defence Initiative
Balance of Expertise

Financial/contract expertise with global petrochemicals (Shell)
Contract expertise with major UK Government procurement
European defence and NATO
Air systems and large defence contracts
Integrity Pacts – a Reminder

Contract between bidders and procuring Government
Independent Monitor
Public Transparency
Sanction: bidder exclusion if non compliant.
Conclusions

TI contributed to transparency and credibility of the bid

TI(UK) and Transparency por Colombia expertise complementary

Valuable anti corruption contribution within limited timeframe with small team

Ability to distinguish between value for money/operational/corruption risk

Single source contract – probably unrealistic.
Lessons Learned

Contract Assessment: implementation, pre and post award controls, offsets

Structure of TI Support: supporting and supported
  TI Chapters, contents of report to Governments

Action Post Contract Collapse: competition required?
In-Country Meetings

Background meetings with TPC (Transparencia por Colombia)
Meetings with senior Military and Government officials.