



The project is funded by the European Union



Եվրոպական անվտանգության և համագործակցության կազմակերպություն
Երևանյան գրասենյակ

The project is co-funded by the OSCE Office in Yerevan



Implementer:
Armenian Lawyers Association



Partner:
Freedom of Information Center of Armenia



Implementer:
“Decent Generation” NGO

“DECENT GENERATION” NGO

“Monitoring of the Possibilities of Reducing Corruption Risks in the Processes of Public Procurement”

PROJECT REPORT

GEGHARKUNIK MARZ

“Decent Generation” Non Governmental Organization implemented “Monitoring of the Possibilities of Reducing Corruption Risks in the Processes of Public Procurement” Project with funds of small sub-grants provided in the framework of “Multi-Faceted Anti-Corruption Promotion” project implemented by the “Armenian Lawyers’ Association” NGO and the partner “Freedom of Information Center” NGO. Project budget is 714,000 AMD, of which 554,000 AMD was provided by the “Armenian Lawyers’ Association” Non Governmental Organization. Project duration: October 1 – November 1, 2016.

“Multi-Faceted Anti-Corruption Promotion” project is funded by the European Union and co-funded by OSCE Yerevan Office.

Gavar

2016

Contents

1. Introduction / background
2. Revelation of problems and corruption risks
3. Monitoring methodology and tools
4. Summary of monitoring results and analysis
5. Conclusion
6. Suggestions

1. Introduction / background

It's already a long time that the RA Law on Procurements is in force in RA. The aim of the law is to control organization of public procurement procedures. Among the main objectives of the law and the issuing from it numerous legislative acts is to reduce corruption risks in the public procurement system, ensuring transparency of procurement, competition and fairness. Though the circumstance of the legislation on public procurement is in the process of improvement, there are still numerous problems in the system which includes considerable corruption risks.

"Decent Generation" NGO is highlighting participation of organizations, which implement procurement of goods, services and labor for public and especially state needs, especially in terms of reduction of corruption risks. The Organization, working in different spheres always attached priority to revealing of importation problems, rising of awareness, transparency of relations and the increase of the efficiency of functions. The experts of the organization are specialized in the field of procurement, are constantly interested in changes and their impact upon the organizations.

Considering the above mentioned circumstances the "Decent Generation" NGO implemented the "Monitoring of the Possibilities of Reducing Corruption Risks in the Processes of Public Procurement" Project in the period of October – June 2016, having the aim to analyze the existing situation in the procurement sphere through monitoring and evaluate the impact of the reforms in procurements sphere upon the educational and healthcare organizations in Gegharkunik marz of the RA.

The Project was implemented with funds of small sub-grants provided in the framework of "Multi-Faceted Anti-Corruption Promotion" project implemented by the "Armenian Lawyers' Association" NGO and the partner "Freedom of Information Center" NGO. The project "Multi-Faceted Anti-Corruption Promotion" is funded by European Union and co-funded by the OSCE.

The beneficiaries of the project are educational and health organizations of Gegharkunik province.

2. Identification of problems and corruption risks

Studies conducted in the procurements sphere related with the anti-corruption strategy, are aimed to identify the main problems of the sphere and reduce corruption risks.

Successful activity of state organizations, which purchase goods, works and services for the state needs, is due to the fact to what extent they are well aware of the rules that regulate public procurement

procedures and how efficiently they apply these rules. Studies show that legislation related with the public procurement is quite extensive, includes a lot of concepts, procedures and functions, which are complicated and difficult to perceive. In addition, it is constantly changing.

These problems are more obvious in state organizations that work in the regions, which should purchase necessary goods for their operations in compliance with the procurement legislation. Specifically, it refers to public schools and health institutions in regions. In many cases, there are no relevant specialists in the mentioned organizations, who have knowledge about procurement processes. In general, they have vague idea about procurement, and this fact largely increases corruption risk in the sphere.

Application of monitoring in this sphere is very important for the realization, analysis and evaluation of the mentioned problem. As a result of monitoring it is possible to identify the problems of the sphere, which in many cases have systematic nature. It is possible to discuss and analyze these problems through interviews, letters, observations, meetings and effective dialogue.

3. Monitoring methodology and tools

Methodology of monitoring in the field of public procurement processes is based on surveys, conversations, meetings and dissemination of the information regarding the realization of the project. The expert of the organization has prepared questionnaires, which include 15 different questions concerning the organization and implementation of the procurement process.

The expert of the organization has chosen 22 educational and health organizations of Gegharkunik marz where the research was carried out. Most of the selected organizations were from Gavar and Martuni regions.

About 100 participants of the organizations who were involved in procurement processes participated in the survey.

The objective and goals of the project were discussed with participants during the project implementation. The expected results were presented as well. The participants were active at the consultations and presented numerous problems that exist in the field of procurement.

The monitoring was implemented in the atmosphere of the working relations, dialogue and mutual trust between the members of organizations and individuals that were planned in the project.

Information on implementation of the project, as well as its goals and objectives was presented in written form to Gegharkunik marz Administration. The results and conclusion of the monitoring were also presented to the marz Administration..

According to the preliminary research the object of the monitoring is quite interesting, controversial, partially less transparent and closed field for wide circles of public.

"Decent Generation" NGO has also organized summarizing and discussion of the results with participation of civil society of the marz. Summary of the monitoring was electronically distributed to beneficiaries and other interested individuals.

The main tool of the monitoring was the questionnaire (including 15 questions and section for proposals), which was prepared by the expert of the organization. The questionnaire is anonymous, and does not require information on the recipient, taking into account the peculiarities and risk of the sphere.

4. Summary of monitoring results and analysis

Surveys were conducted in the scope of monitoring among the 100 participants involved in procurements processes in 22 educational and health organizations in Gavar and Martuni regions of the RA Gegharkunik marz.

The results were analyzed and summarized by the expert.

As a result of the research a report was prepared, which was presented to all interested organizations and individuals, NGOs and state authorities.

Attached is the summary of the survey as a table and numerical analysis, as Annex 1 to this report.

The Table shows that:

1. All the organizations which participated in the survey are implementing procurement. All respondents are people who are involved in the procurement process.
2. The majority of the respondents (74 individuals) are familiar with principles of the procurement processes, 2 individuals are not familiar and 24 individuals are partially familiar with these principles. The participants who mentioned that they are familiar with principles of the procurement processes mainly have mentioned that they know these principles in general.
3. Most of the organizations have a qualified expert for the procurement.
4. 64% of the participants are familiar with procurement procedures, 15% are not familiar and 21% are partially familiar with these processes. Participants mainly mention that they are familiar with open procedure procurement.
5. The organizations have formed Procurement Divisions provided by law and an Evaluation Committee with involvement of different staff members.
6. 70% of participants are familiar with procurement legislation, 3% are not familiar and 27% are partially familiar with this legislation.
7. Most part of the participants (86%) involved in procurement procedure has not attended any training on procurement.
8. 20 interviewed organizations of the overall 22 have compiled a procurement plan, which is an initial stage for the organization of procurement procedures.
9. Participants have presented various problems arising in the procurement procedures, including the following:

- a/ the procurement legislation is quite difficult and is being changed very often;
- b/ the cheapest goods have low quality. Especially it refers to the medicine acquired by the health organizations.
- c/ in some cases the cost of the procured goods is higher than the cost of the same goods in shops;
- d/ the documents of procurement procedure are extensive and complicated and can be compiled wrongly;
- e/ staff involved in procurement process are not paid for that, with the exception of large health organizations, as a result they are not interested in performing these activities and in many cases they are forced to do that.
- f/ there are no trained specialists in the field of procurement, and the trainings are paid;
- g/ sellers of goods can agree beforehand about the prices they offer;
- h/ difficulties related with the purchase of products for the organizations of in remote areas.

- 10. 95% of participants mentioned that the purchased goods correspond to the established characteristic features, 5% mentioned that they do not correspond.
- 11. All the organizations sign procurement agreement.
- 12. 6% of the participants have mentioned unequal treatment in the field of procurement.
- 13. 58% of participants evaluated the level of awareness in the field of procurement as insufficient, 27% - sufficient and only 5% evaluated it as good.
- 14. In the section of suggestions participants presented various recommendations including the issue of simplification of the procurement legislation, the implementation of centralized procurement (mainly large scale procurement), the free trainings for procurement coordinators etc., aimed at reducing the corruption risks.
- 15. Most of the participants mention that they have not faced corruption risk in the procurement procedure; however they mention that there are such risks.

5. Conclusion

According to the legislation of the RA and other legal acts state organizations should implement their purchases in compliance with the procurement legislation.

The surveys showed that there are a lot of problems in the sphere, which can raise corruption risks.

There are systemic problems in the sphere, which require solution. In addition the complicated and often amended legislation, the lack of the experts with the necessary qualification, low level of awareness and many other problems lead to emerging of such problems.

6. *Suggestions*

Based on the results of the activities and monitoring implemented in the scope of the Project and aimed at reducing the corruption risks that exist in the sphere of procurement we recommend to:

- **Simplify the legislative field related to the procurements sphere:**
- **Organize centralized procurement of some goods:**
- **To compensate the procurement coordinators for their work and establish separate position for them:**
- **Provide possibility to buy not only the cheapest goods, but also goods with high quality (mainly medicine);**
- **To organize free trainings for procurement experts;**
- **To increase the level of public control on procurement procedures.**

Implementer: "Decent Generation" NGO

Zhanna Ghuloyan

President of the organization and Project Manager

93 Sayadyan street, Gavar city, Gegharkunik Marz of the RA

Phone: (0264), 093 75 91 78,

E-mail: janna.ghuloyan@gmail.com

2 December, 2016.