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Implementer:
Armenian
Association

Lawyers

Partner:

Freedom of Information
Center of Armenia



Implementer:

“Decent Generation” NGO

REPORT

on

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

Project Results

Gavar

2016

“Decent Generation” Non Governmental Organization

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

(Analysis of monitoring results)

“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.

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1. Introduction

It is already a long time that the RA Law on Procurements is in force in RA, which 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. 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. 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. One of the key elements in ensuring the effectiveness of the fight against corruption, proper awareness of the public about the means and mechanisms is to combat corruption. Specifically, it refers to public schools and health institutions in regions. In many cases, there are no relevant specialists in the mentioned organization, who have knowledge about procurement processes, and this fact largely increases corruption risks in the sphere.

2. Monitoring Objectives and Methodology

“Monitoring of the Possibilities of Reducing Corruption Risks in the Processes of Public Procurement” project having the aim to identify and analyze the problems in the procurement sphere through monitoring, to present their results in order to avoid corruption.

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 questionnaires does not contain targeted information on respondents, taking into account the structural characteristics and risks of the sector.

3. Monitoring Results

Methodology of monitoring in the field of public procurement processes is based on surveys. 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 participants answered the following questions:

1. Does your organization implement procurement processes?

All the organizations which participated in the survey are implementing procurement. All respondents are people who are involved in the procurement process. In fact, the organizations participating in the procurement process by up to 100 percent of all their goods and services purchased by the gain by applying the requirements of procurement legislation. All respondents were involved in the procurement process

2. Do you know about the principles of procurement processes?

The answers to this issue are as follows:

Yes	No	Partly	Total
74	2	24	100

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. Does the organization coordinating the procurement qualified?

Yes	No	Total
88	12	100

According to the legislation, the organization must have qualified procurement coordinator. However, not all organizations have qualified procurement coordinator /from 22 companies qualified of 19/.

4. Do you know about procurement procedures?

Yes	No	Partly	Total
64	15	21	100

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. Does the organization responsible for procurement unit and established a valuation committee?

Yes	No	Total
96	4	100

The organizations have formed Procurement Divisions provided by law and an Evaluation Committee with involvement of different staff members. Only 4 participants have indicated that they have not established.

6. If the members are familiar with the evaluation committee and the department in charge of procurement legislation?

Yes	No	Partly	Total
70	3	27	100

70% of participants are familiar with procurement legislation, 3% are not familiar and 27% are partially familiar with this legislation. In fact, 30% of participants do not know or are familiar with the procurement legislation

7. Have the participants involved in procurements procedure attended any training on procurement?

Yes	No	Total
14	86	100

Most part of the participants (86%) involved in procurement procedure has not attended any training on procurement.

8. Do you compile and publish purchase plan?

Yes	No	Total
92	8	100

20 interviewed organizations of the overall 22 have compiled a procurement plan, which is an initial stage for the organization of procurement procedures.

9. In your opinion, what problems will arise during the procurement process?

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. Do the purchased goods correspond to the established characteristic features?

Yes	No	Total
95	5	100

95% of participants mentioned that the purchased goods correspond to the established characteristic features, 5% mentioned that they do not correspond.

11. Do you sign procurement agreement?

Yes	No	Total
100	-	100

All the organizations sign procurement agreement.

12. Have you mentioned unequal treatment in the field of procurement?

Yes	No	Total

6	94	100
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6% of the participants have mentioned unequal treatment in the field of procurement.

13. How do you evaluate the level of awareness in the field of procurement?

Good	Satisfactory	Bad	Total
15	27	58	100

58% of participants evaluated the level of awareness in the field of procurement as insufficient, 27% - sufficient and only 15% evaluated it as good.

14. What would you suggest for improving sector procurement?

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. What corruption risks in the procurement area you encounter during process?

16. Most of the participants mention that they have not faced corruption risk in the procurement procedure; however they mention that there are such risks.

4. Conclusions and Recommendations

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.

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

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