

## **MAPPING PUBLIC PROCUREMENT SYSTEM IN ARMENIA**



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## LIST OF ACRONYMS

CRD/TI Armenia	Center for Regional Development / Transparency International Armenia
EU	European Union
MaPPS	Mapping Public Procurement System
MFE	Ministry of Finance and Economy
NGO	Non-governmental organization
RA	Republic of Armenia
TI	Transparency International
UN	United Nations

## INTRODUCTION

Public procurement is the purchase of goods, works and services, financed from public funds. It is recognized that a well-functioning procurement system benefits the discipline in public expenditure, efficient use of public funds, transparency and accountability. Meanwhile, public procurement matters are rather complex and exposed to corrupt practices. Thus, in order to prevent corruption and strengthen procurement systems, it is critical to ensure transparency of operations and accessibility of reliable information.

Mapping Public Procurement Systems (MaPPS) is a method, which has been developed in 2005 by Transparency International (TI), the global civil society organization leading the fight against corruption. The objective of MaPPS is to assess the transparency of national procurement systems. It is designed to identify and measure corruption risks within the system to suggest where to focus on the attention to comply with respective international obligations as well as to ensure transparent processes geared towards protecting the public interest and proper use of resources. The method proposes consideration of convergence with or divergence of the national public contracting system from an 'ideal' one.

The 'ideal' system is a set of legal and institutional standards – 'best practices' embracing issues related to planning, regulations, transparency, accountability, control and civic involvement. It has been developed based on TI's experience, academic research, existing international guidelines and best practices. In particular, the 'ideal' system for the Europe and Central Asia region is outlined on the basis of United Nations (UN) Convention against Corruption, European Union (EU) Directives related to procurement as well as TI Minimum Standards for Public Contracting (see **Appendices A, B and C**).

MaPPS was first tested in Latin America and currently is being introduced to the Europe and Central Asia region, where Armenia is the first country to test this methodology. The regional approach within the study is aimed not at comparing countries and ranking their procurement systems, but rather getting a regional perspective.

This study has been conducted by Center for Regional Development / Transparency

International Armenia (CRD/TI Armenia) non-governmental organization (NGO) throughout 2007. The subject of the assessment was the procurement conducted in compliance with the respective legislation of the Republic of Armenia (RA), with a focus on its application at the central government level.

## METHODOLOGY

MaPPS consists of 139 indicators, grouped in four categories: institutional, perception, performance and context. Each indicator is expressed in terms of a 'percentage of risk' (100 percent - being high, 0 percent - being no risk). The level of corruption risk is determined according to the gap/distance between the existing public contracting system and the 'ideal' system. It is assumed that the closer the values of indicators are to the 'ideal' system, the lower are corruption risks in the system under consideration.

Within the methodology a special attention is given to the issue of access to information, including several indicators among the institutional, performance and perception categories. Additionally, performance indicators have been designed in such a way that if the question cannot be answered because such information does not exist or is not available, it is considered to be a risk associated with the lack of access to information.

**Institutional indicators** are 92 close-ended questions that seek to determine if the country's procurement legislation and relevant institutions provide for grounds, which in the 'ideal' system are considered vital to reducing corruption risk. Institutional indicators are developed based on a research of the existing legislation regulating procurement matters in the country. Those measure the public expenditure planning, selection mechanisms, execution of contracts, control and access to information.

Questions normally are formulated so that a response in the negative indicates corruption risk. It is assigned a value of '1', while a response in the affirmative is assigned a value of '0', with some exceptions with reversed formulation. Each indicator is

weighted and the weight given to each is determined as a function of the relative importance that is assigned to the specific indicator in relation to the corruption risk. The weight given is coded in terms of 'A', 'B', 'C', whereas A = 3 (high risk), B = 2 (medium risk) and C = 1 (low risk).

**Perceptions indicators** include 24 open-ended questions that indicate how well procurement systems operate in practice. Those are developed based on an independent assessment and/or a focus group discussion, using a summary of opinions of experts and practitioners in the field of public procurement. These indicators touch issues, such as the exceptions to competitive procurement methods, professional expertise of the staff, conflicts of interests, contracts' execution and compliance, control and oversight, civic participation and access to information.

**Performance indicators** include 14 'hard-fact' indicators that gather important information related to the practices used in contracting systems. Performance indicators are expressed in terms of percentages and data for those is gathered from an objective source to the extent possible. These

indicators are vitally important for the monitoring efforts carried out both by public entities and independent stakeholders since they allow aspects of current practices to be directly observed as a follow-up of provisions contained in legislation. The fact that there is statistical information available on public procurement is seen as a good practice, while not having information is regarded as a risk factor.

**Context indicators** include 9 numeric indicators, which address the quality of country's political system, the bureaucracy and the judiciary. Although those do not directly or exclusively refer to public procurement, the method assumes that procurement practices do not occur in an isolated fashion but rather in the context of certain institutional and governance arrangements. Context indicators are taken from the existing international surveys or sources other than TI. The sources are chosen based on their easy access, being available for most of the countries where the methodology is applied and being produced on an annual basis, so that they are used whenever the model gets applied.

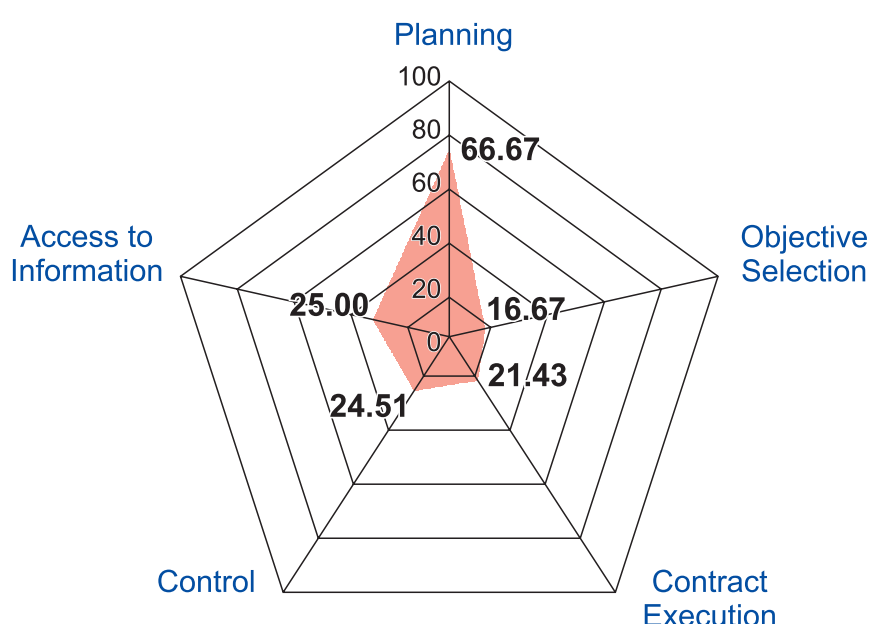
## FINDINGS

### Institutional Indicators

Desk research of procurement legislation was conducted throughout January-May 2007 and results were verified with RA Ministry of Finance and Economy (MFE) Department for Regulation of Procurement Process and Methodology of Budgetary Process in December 2007. The study of the procurement system in Armenia, consisting of

the RA Law on Procurement and about 30 by-laws, revealed that the national legislation and institutions generally do not yield high levels of corruption risk (see details in **Appendix D**). The average corruption risk associated with institutions amounts to 30.85 percent. Disaggregated results of the study are mapped out in **Figure 1**.

**Figure 1**



Conducted research particularly revealed the following:

- Corruption risks are highest - 66.67 percent - in the process of public expenditure planning. These risks mainly relate to the lack of civic participation in the formulation and prioritization of plans and programs as well as budgetary processes. General information about plans and programs, usually adopted by RA Government, is provided by mass media and posted on the website only once the decisions are made, while the actual texts of decisions become available upon their publication in the *Official Bulletin of RA Legal Acts*.

As for the budgetary process, the national legislation provides only for publication of draft budgets in the print media and for the broadcast of respective discussions held in RA National Assembly.<sup>1</sup> Civil society's engagement is not regulated for any of the stages of the budgetary process.

Another risk is associated with the provision that the budgetary approval is not mandatory before initiating a public contracting process, as it may contribute to discretionary decision-making and abuse of power.<sup>2</sup>

<sup>1</sup> RA Law on Budgetary System, Art. 26.

<sup>2</sup> According to MFE comments, this provision has been designed to ensure flexibility of the procurement process and the contracts actually enter into force only upon the availability of funding proposed by those.

- Corruption risks related to access to information are assessed to be 25.00 percent. Main problems are seen in the absence of requirements to publicize contract implementation timelines, to publish the requested adjustments as well as actual changes to the contracts, to enter information about the bidders' implemented contracts as well as fines and sanctions into the bidders' registry, to ensure the publicity of results of investigations related to corruption in public contracting. Some of the risks are associated with the fact that there are no provisions in the procurement legislation, which mandate electronic dissemination of information.<sup>3</sup>
- Control of procurement processes contains 24.51 percent of risk, where corruption may be associated with the absence of provisions to regulate conflict of interest situations, lack of special offices in the control and law enforcement bodies to deal with procurement related issues and insufficiency of regulations for control and liability for illicit enrichment in public office.
- Corruption risks for the execution and fulfilment of contracts amount to 21.43 percent. This is mainly explained by the lack of a legal requirement to use standard models of performance bonds, which is foreseen to be a tool for ensuring adequate implementation of contracts.
- Selection mechanisms contain the lowest level of risk - 16.67 percent. The methodology links these risks to that clarifications to tender documents are not subject to public hearings, there are no registers for national suppliers and no publicly available reference pricelists. Additionally, risks exist in provisions, which prescribe that exceptions to open bidding are allowed not only in cases of emergencies, state secret or existence of only one source, but also in other instances, such as the urgent need for procurement, which was not possible to foresee earlier and it is not possible to organize open competition.

Other problems identified during the study, though not reflected in the methodology and the respective results, related to the inconsistencies amongst the legal acts regulating the field of procurement. This is explained by the fact that some of the existing by-laws have been developed under the previous Law on Procurement, some parts of those became invalid and thus it was difficult without consultation with MFE to understand which provisions do work and which do not. Nevertheless, this problem currently is being addressed by respective state institutions and the draft amendments are made available on the website of MFE for public comments and suggestions.

Serious concerns were also related to the reality that a large volume of procurement within the country is being conducted under projects funded within the framework of international agreements of RA and appears to be beyond the jurisdiction of RA legislation on procurement. Examples include activities under the agreements with the World Bank, the Memorandum of Understanding with Lincy Foundation or the Compact with the Millennium Challenge Corporation. These activities, even if comply with the best international standards, function in a non-transparent manner and generate a concern on the integrity of procurement processes.

In particular, access to the Memorandum of Understanding with Lincy Foundation itself is limited given that this document, which has been recognized by the Constitutional Court to be in compliance with the Constitution of Armenia and ratified by RA National Assembly, is considered to be a secret.<sup>4</sup> Another example is the World Bank's irrigation project, whereby the management of the PIU for Water Systems Development and Reforms verbally refused to provide any access to the procurement documents to CRD/TI Armenia with justification that there are already too many supervisors for the project's activities. Procurement under the Millennium Challenge Account - Armenia program is comparatively more transparent and a certain amount of information gets posted on the internet, however, still it does

<sup>3</sup> In fact, *RA Official Bulletin on Procurement* is regularly posted on the internet.

<sup>4</sup> In its response to CRD/TI Armenia's request for a copy of the Memorandum of Understanding with Lincy Foundation, RA Ministry of Foreign Affairs in October 2007 stated that according to this memorandum Armenia has adopted certain obligations, including the assurance of confidentiality of information within the document and non-accessibility for a third party. And because according to RA Constitution the international agreements ratified by RA prevail over the national legislation, the copy of the document cannot be provided.



not provide for the same extent of access to information to selection processes as the national legislation.

### Perception Indicators

Discussion of a focus group with participation of representatives of MFE, State Procurement Agency non-commercial organization, Armenian-European Policy and Legal Advice Centre (AEPLAC) and some NGOs was held in early November 2007. It was structured around perception indicators and exposed to corruption risks amounting to 58.33 percent (see **Appendix E**).

General thought expressed by stakeholders at the discussion was that the procurement legislation is well developed in Armenia. As the Law on Procurement, entered into force in 2005, was largely based on the World Bank's *Country Procurement Assessment Report* of 2004 and its recommendations, it is mostly in line with international standards and there is a gradual improvement of its implementation practices. This is particularly true for the increased number of complaints, which eventually leads to the development of procedures of enforcement. According to members of the focus group, a positive move is the government's intention to introduce an electronic procurement system and allocation of a considerable volume of funding within 2008 budget for that purpose.

Problems identified during the discussion included the following:

- There is a significant increase in the usage of competitive methods as opposed to others, which can be explained by an improved enforcement of procurement legislation as well as a better government planning. However, there is also a possibility that some of open biddings can be forged. These are preferred over single source procurement as they do not necessarily question the integrity of the procurement and become a better curtain for corrupt practices.

- In spite of the apparent differentiation of the methods of procurement, those may be misused by procuring entities. A significant portion of single source procurement takes place in the fields of education, health and culture, which is not always justified.
- In general, the design of specifications of the procured item, particularly for that of consulting services, may be manipulated to limit the selection in favor of the predetermined participant.
- Conflicts of interests are not monitored along the compliance process as those are not regulated by the procurement legislation. Some general types of conflict of interest situations are addressed for civil servants by the respective legislation. However, these regulations do not relate to situations typical for public procurement. E.g. officials who prepare bid invitations and procurement specifications and then participate in the evaluation of bids have a discretion to misuse their role, while this conflict is not regulated by the civil service legislation.
- Not always is there an adequate expertise within evaluation committees to judge about the bid documents. This is often the case for the procurement conducted by marzpetarans, the regional bodies of the Government of Armenia.
- There is no much information about the quality of supervision of procurement processes as well as its outcomes. Supervision is expected to be improved through the anticipated passage of the RA Law on Internal Audit. Given that supervision is done mainly by the procuring entity, which is also in charge of preparing bid documents and evaluating of those in a situation where there are lots of opportunities for political pressure by high level officials, it seems there may be a conflict of interest and no adequate supervision. The external supervisory body - Chamber of Control - is restructured and it is early to judge about the quality of results of its activities.

- Access to information can be considered limited in practice. *RA Official Bulletin of Procurement* is not seen to be an efficient means as it gets published and posted on the internet once in 1-2 months, while by the time it is distributed to companies it gets outdated for some bids. Participants of the focus group admitted that utilization of the regularly updated electronic media will improve the quality and dissemination of information.
- Another example of a limited access to information is the fact that the publicized records do not include the timelines for contract implementation, which may become an obstacle for adequate public monitoring. Additionally, access to a certain type of information, such as the geological data or maps, may be abused and result in a single source contracting.
- There is a lack of involvement of civil society organizations in the monitoring of public procurement processes and utilization of access to information and public participation tools provided by procurement legislation. This shortcoming may be explained by the lack of knowledge in the issue of procurement as well as limited interest of NGOs to be engaged in this area.
- Judicial system is not often utilized for seeking access to justice in the procurement field. In general, Armenian people are reluctant to apply to courts as those are considered to be non-efficient and corrupt. Additionally, opportunities of civil society organizations to apply to courts to defend the public interest, though not tested yet, may be restricted, as the complaining organizations may be recognized as 'non-relevant plaintiffs' given that their own rights have not been violated.<sup>5</sup>

Further improvements in procurement practices are also tied to the introduction of e-procurement system.

## Performance Indicators

Information related to performance indicators was requested and received from RA MFE Department for Regulation of Procurement Process and Methodology of Budgetary Process. Corruption risks of this category amounted to only 19.57 percent.

Performance of procurement system in Armenia is supervised by MFE, which possesses the statistical data proposed by the methodology. These data are collected and maintained in a different format and provided upon request (see **Appendix F**). No information is available regarding procurement conducted with participation/ attendance of the public and the procuring entities that announce their contracts on the internet.

Nevertheless, given that performance indicators are critical for the monitoring purposes initiated by the respective authorities as well as by other stakeholders, the problem was found in the lack of publicly available sources of data.

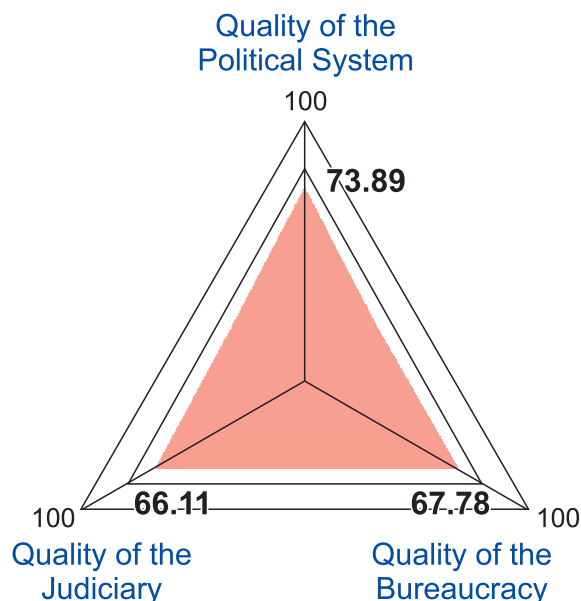
## Context Indicators

The study revealed that the average percentage of risk conditioned with the political, administrative and judicial context in Armenia amounts to 69.26 percent (see **Appendix G**). Sources of these indicators include the World Economic Forum's *Global Competitiveness Report 2007-2008* and Fraser Institute's *Economic Freedom of the World Report 2007*. The first study ranked the countries on the scale of '1-7', where '1' is the lowest score and '7' is the highest. Country ranking according to the second report was done on the scale of '1-10', where '1' indicated the lowest score and '10' - the highest. Disaggregated results for context indicators are mapped out in **Figure 2**.

<sup>5</sup>In addition to the MaPPS methodology, CRD/TI Armenia undertook a few supplementary actions to reveal the perception on enforcement practices, which, however, did not affect corruption risks calculated according to the methodology. Those included the review of a number of procurement protocols and interviews with businesses and exposed to the following problems:

- Political pressure within decision-making processes has become a part of the overall government system. And thus there is a widespread lack of trust in the impartiality of decision-making and general belief that it is not possible to win a tender without having a 'roof' - support of a high level official.
- Evaluation of tenders is frequently done in a way that most of the bids are rejected based on the non-availability of this or that supporting document in the package or wrong completion of forms, and thus the competition gets narrowed and discussion on the quality of bids becomes less substantial.

Figure 2



Political system indicators refer to the level of trust in politicians, impartiality in decision making of government officials and the transparency of government policy making - all taken from the *Global Competitiveness Report*. Corruption risks associated with the political system in Armenia amount to 73.89 percent.

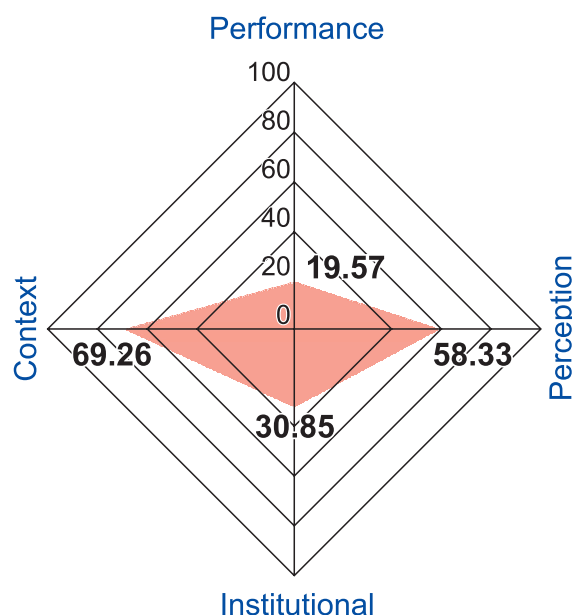
Quality of the bureaucracy indicators emphasize the appropriateness of allocations of public funds, simplicity of government regulations and efficiency of government spending, all taken from the *Global Competitiveness Report*. Corruption risks related to the quality of the bureaucracy score 67.78 percent.

Quality of the judiciary is assessed based on the level of judicial independence (taken from *Global Competitiveness Report*), impartiality of the courts and the integrity of the legal system (both taken from *Economic Freedom of the World Report*). Corruption risks explained by the quality of judiciary amount to 66.11 percent.

## CONCLUSIONS

As in other countries, where the MaPPS methodology has been applied, the legislation and institutions in Armenia showed relatively low levels of corruption risk, while higher levels of risk are seen in the actual practice and the context. **Figure 3** below presents the aggregate picture of four categories of indicators, also designating the area of highest and lowest vulnerability. As was mentioned before, the closer are the values to the 'ideal' system, the lower are corruption risks in the system under consideration.

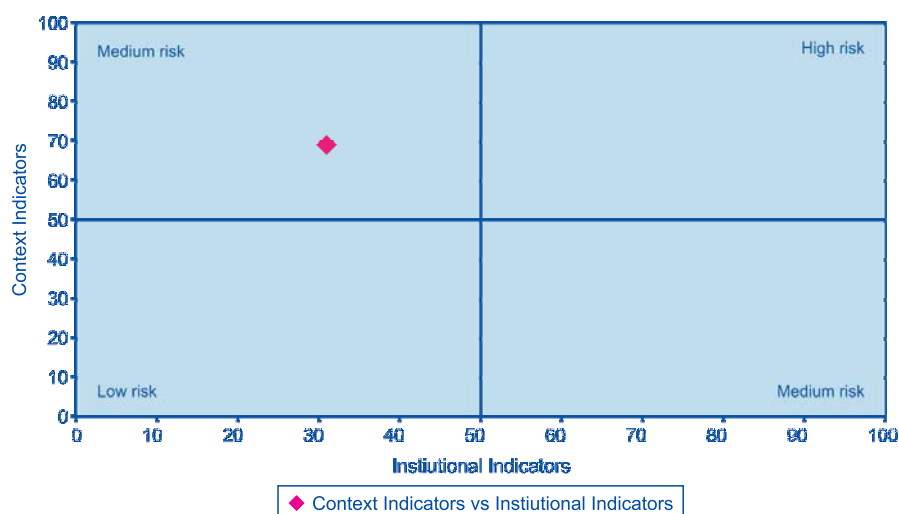
Figure 3



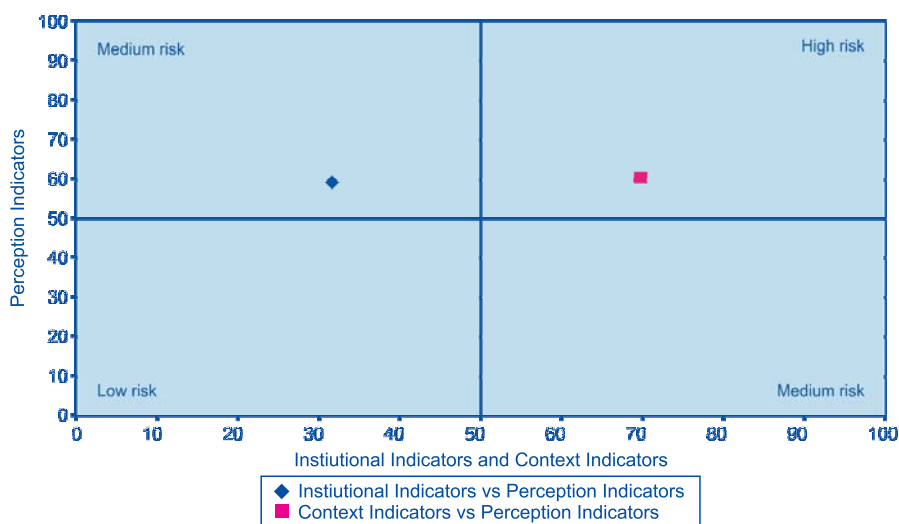
According to MaPPS methodology, Armenia appears to be in the zone of 'medium risk' as legal and institutional arrangements, which are designed to ensure an effective and transparent procurement system, are viewed within the context, where corruption risks are higher than 50 percent (see **Figure 4 (a)**). Viewing institutional indicators together with the perception too places the country in the zone of 'medium risk', while juxtaposition of context and perception indicators illustrates 'high risks' facing the procurement system in Armenia (see **Figure 4 (b)**).



### Figure 4 (a)



**Figure 4 (b)**



## RECOMMENDATIONS

Taking into consideration the major risk factors identified throughout the study CRD/TI Armenia provides a set of recommendations to be addressed by respective authorities to increase the transparency of operations, target the prevention and the control of corruption. These include suggestions of a general nature, which relate to the broader context, and procurement-specific ones - associated with the conflict of interests and the transparency of procurement procedures.

## General measures

- Development of mechanisms for ensuring the transparency of government decision-

making, particularly, in relation with plans and programs, and the public input

- Development of mechanisms for ensuring the transparency of the budgetary process in its early stages
- Development of a legal basis for ensuring access to justice for protection of the public/collective interest, particularly with consideration of the effectiveness of use of public assets
- Development of mechanisms for ensuring adequate control of the enrichment of public officials and liability

## Procurement-specific measures

- Taking measures to transition to a unified system of procurement, with a special attention to the issue of the transparency of procurement conducted under international agreements
- Identification of the manifestations of corruption during the process of procurement, analysis of causes of such cases and possible remedies
- Development of preventive measures to manage conflicts of interests, such as
  - Declaration of the conflict of interests and deterrence from the respective decision-making
  - Separation of roles of the developers of bid invitations and evaluators of bids
  - Prohibition of sub-contracting the public officials who participated in the development of bid invitation and the bid selection process
  - Promotion of codes of ethics related to procurement, including development of regulations for state entities and usage of non-mandatory requirements for bidding companies (e.g. to submit the code of ethics of the company upon availability of such a document) in order to encourage this practice throughout the country
- Development and promotion of the publicly available information about public procurement, including
  - dissemination of information about the website through all media outlets and organization of regular briefings for mass media
  - posting and regular updating of the following information on the website
    - legal acts regulating the procurement field, including sample templates
    - instructions for development of bid documents and guidelines for implementation of contracts
    - annual/quarterly procurement plans and their links to the plans and programs
    - database of contractors, including their respective experience,
  - implemented contracts, names of founders/directors, information about organizations breaching the law and the applied liability measures, etc.
  - database of public procurements, purpose and linkage with the related plans and programs, justification for the applied procurement method, procurement protocols, major contract information, complaints and their outcome, suggestions for modifications of contracts, respective decisions and their justification, protocols of monitoring and control efforts, etc.
  - opportunities for public participation, including access to information, engagement in compliant and oversight committees, etc.
- Development of measures to prohibit preferential treatment in case of companies' access to state-owned information, such as geological and seismological data or maps
- Development of a list of a useful statistical data for monitoring purposes, regular collection, analysis and publication of respective details (such as the number of cases and amount of public procurement, the share of methods used, the information about canceled, terminated and modified contracts, the ratio of contracts implemented through international projects, the complaints, litigated cases and respective decisions, etc.)
- Strengthening of the control and accountability procedures, particularly related to the rationalization of the procurement methods, justification of selections made, validations of refusals, etc.
- Provision of a sufficient period of time from the moment of publication of the award decision till signing of the contract in order to provide an opportunity for the potential complainers to claim against the decision made
- Determination of clear criteria for refusal of bids with an aim to prevent rejection with non-substantial grounds and ensure competition.

**APPENDIX A****Excerpt from UN Convention  
Against Corruption (UNCAC)****Article 9. Public Procurement and Management of Public Finances**

**1.** Each State Party shall, in accordance with the fundamental principles of its legal system, take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption. Such systems, which may take into account appropriate threshold values in their application, shall address, inter alia:

- a)** The public distribution of information relating to procurement procedures and contracts, including information on invitations to tender and relevant or pertinent information on the award of contracts, allowing potential tenderers sufficient time to prepare and submit their tenders;
- b)** The establishment, in advance of conditions for participation, including selection and award criteria and tendering rules, and their publication;
- c)** The use of objective and predetermined criteria for public procurement decisions, in order to facilitate the subsequent verification of the correct application of the rules or procedures;
- d)** An effective system of domestic review, including an effective system of appeal, to ensure legal recourse and remedies in the event that the rules or procedures established pursuant to this paragraph are not followed;
- e)** Where appropriate, measures to regulate matters regarding personnel responsible for procurement, such as declaration of interest in particular public procurements, screening procedures and training requirements.

## APPENDIX B

### Excerpts from Directive 2004/18/EC of The European Parliament and of the Council of 31 March 2004 on the Coordination of Procedures for the Award of Public Works Contracts, Public Supply Contracts and Public Service Contracts

#### Preamble

(2) The award of contracts ... is subject to the respect of the principles of the Treaty and in particular to the principle of freedom of movement of goods, the principle of freedom of establishment and the principle of freedom to provide services and to the principles deriving there from, such as the principle of equal treatment, the principle of non-discrimination, the principle of mutual recognition, the principle of proportionality and the principle of transparency...

(6) Nothing in this Directive should prevent the imposition or enforcement of measures necessary to protect public policy, public morality, ...

(29) The technical specifications drawn up by public purchasers need to allow public procurement to be opened up to competition...

(35) In view of new developments in information and communications technology, and the simplifications these can bring in terms of publicising contracts and the efficiency and transparency of procurement processes, electronic means should be put on a par with traditional means of communication and information exchange...

(36) To ensure development of effective competition in the field of public contracts, it is necessary that contract notices drawn up by the contracting authorities of Member States be advertised throughout the Community... Improved visibility should therefore be ensured for public notices by means of appropriate instruments...

(43) The award of public contracts to economic operators who have participated in a criminal organisation or who have been found guilty of corruption or of fraud to the detriment of the financial interests of the European Communities or of money laundering should be avoided...

(46) Contracts should be awarded on the basis of objective criteria which ensure compliance with the principles of transparency, non-discrimination and equal treatment and which guarantee that tenders are assessed in conditions of effective competition...

#### Article 2: Principles of awarding contracts

Contracting authorities shall treat economic operators equally and nondiscriminatorily and shall act in a transparent way.

**APPENDIX C****TI's Minimum Standards  
for Public Contracting**

The standards focus on the public sector and cover the entire project cycle, including needs assessment, design, preparation and budgeting activities prior to the contracting process, the contracting process itself and contract implementation. The standards extend to all types of government contracts, including:

- Procurement of goods and services
- Supply, construction and service contracts (including engineering, financial, economic, legal and other consultancies)
- Privatisations, concessions and licensing
- Subcontracting processes and the involvement of agents and joint-venture partners.

Public procurement authorities should:

1. Implement a code of conduct that commits the contracting authority and its employees to a strict anti-corruption policy. The policy should take into account possible conflicts of interest, provide mechanisms for reporting corruption and protecting whistleblowers.
2. Allow a company to tender only if it has implemented a code of conduct that commits the company and its employees to a strict anti-corruption policy.
3. Maintain a blacklist of companies for which there is sufficient evidence of their involvement in corruption activities; alternatively, adopt a blacklist prepared by an appropriate international institution. Debar blacklisted companies from tendering for the authority's projects for a specified period of time.
4. Ensure that all contracts between the authority and its contractors, suppliers and service providers require the parties to comply with strict anti-corruption policies. This may best be achieved by requiring the use of a project integrity pact during both tender and project execution, committing the authority and bidding companies to refrain from bribery.
5. Ensure that public contracts above a low threshold are subject to open competitive bidding. Exceptions must be limited and clear justification given.
6. Provide all bidders, and preferably also the general public, with easy access to information about:

- Activities carried out prior to initiating the contracting process
- Tender opportunities
- Selection criteria
- The evaluation process
- The award decision and its justification
- The terms and conditions of the contract and any amendments
- The implementation of the contract
- The role of intermediaries and agents
- Dispute-settlement mechanisms and procedures.

Confidentiality should be limited to legally protected information.

Equivalent information on direct contracting or limited bidding processes should also be made available to the public.

**7.** Ensure that no bidder is given access to privileged information at any stage of the contracting process, especially information relating to the selection process.

**8.** Allow bidders sufficient time for bid preparation and for pre-qualification requirements when these apply. Allow a reasonable amount of time between publication of the contract award decision and the signing of the contract, in order to give an aggrieved competitor the opportunity to challenge the award decision.

**9.** Ensure that contract 'change' orders that alter the price or description of work beyond a cumulative threshold (for example, 15 per cent of contract value) are monitored at a high level, preferably by the decision-making body that awarded the contract.

**10.** Ensure that internal and external control and auditing bodies are independent and functioning effectively, and that their reports are accessible to the public. Any unreasonable delays in project execution should trigger additional control activities.

**11.** Separate key functions to ensure that responsibility for demand assessment, preparation, selection, contracting, supervision and control of a project is assigned to separate bodies.

**12.** Apply standard office safeguards, such as the use of committees at decision-making points and rotation of staff in sensitive positions. Staff responsible for procurement processes should be well trained and adequately remunerated.

**13.** Promote the participation of civil society organisations as independent monitors of both the tender and execution of projects.

## APPENDIX D

Global Public  
Contracting Programme

## INSTITUTIONAL INDICATORS

Indicator		Level of Risk	Yes	No	Reference
<b>I. Public expenditure planning</b>					
1	Does the law mandate the linking of public contracting to plans, programmes and budgets?	A	x		RA Law on Procurement, Art. 15, Par. 1 and 5
2	Is budgetary approval mandatory before initiating a public contracting process?	A		x	RA Law on Procurement, Art. 15, Par. 4
3	Are public agencies obliged to set up an annual programme for public contracting?	B	x		RA Law on Procurement, Art. 15, Par. 1
4	Are there legal mechanisms providing for the participation of civil society in the budget formulation and prioritization process?	C		x	
5	Are there legal mechanisms providing for the participation of civil society in the formulation and prioritization process of plans and programmes?	A		x	
6	Is parliamentary lobbying for the inclusion or exclusion of projects in plans, programmes and budgets legally regulated?	A		x	
Percentage of Risk		66.67			

**II. Objective selection mechanisms**

7	Is there more than one procurement law? (Yes=1)	A		x	
8	Does the procurement law establish open bidding as a general rule?	A	x		RA Law on Procurement, Art. 17, Par. 5
9	Does the law regulate exceptions to the application of the procurement law?	C	x		RA Constitution, Art. 6 and RA Law on Procurement, Art. 4, Par. 2 RA Law on Procurement, Art. 3, Par. 2



	Indicator	Level of Risk	Yes	No	Reference
10	Are exceptions to open bidding regulated in the procurement law?	A	x		RA Law on Procurement, Art. 19-23 and 44 RA Government Decision №1755-N from November 7, 2002 on Adoption of the Procedure for Procurement through a Closed Tender and Amendment to RA Government Decision №1267 from December 27, 2001 RA Government Decision №2274-N from September 8, 2005 on Adoption of the Procedure for Determination of All Possible Participants Having a Right to Participate in the Procurement that Contain State or Official Secret
11	Does the procurement law establish exceptions to open bidding not based on emergency situations, the existence of only one supplier or national security? (Yes=1)	A	x		RA Law on Procurement, Art. 20-23 and 44
12	Does the procurement law establish specific procedures for direct contracting?	A	x		Order of the Minister of Finance and Economy №426-N from April 25, 2005 on Regulation of Grounds and/or Documents for Procurement from A Single Source
13	Does the procurement law mandate each government agency to explicitly designate the office/individual responsible for the procurement process?	A	x		RA Law on Procurement, Art.16, Par. 4
14	Does the procurement law establish criteria to determine the conditions in the bidding documents for public contracting?	A	x		RA Law on Procurement, Art. 27 RA Government Decision №1690-N from September 23, 2004 on Raising the Efficiency of the Organization of Procurement Process



Indicator	Level of Risk	Yes	No	Reference
15 Does the procurement law require the use of formats or model bidding documents (templates) for the contracting process?	C	x		RA Law on Procurement, Art. 8, Par. 2 Order of the Minister of Finance and Economy №16 from January 17, 2001 on Adoption of the Form and Fillout Requirements of the Register of Bids Order of the Minister of Finance and Economy №43 from February 9, 2001 on Adoption of the Inventory and Sample Forms of Information Published in MFE Official Newsletter on Procurement Order of the Minister of Finance and Economy №714-N from September 8, 2003 on Adoption of the Form of A Conclusion for Affirmation of the Conformity of Procurement Process and the Contract to the Requirements of Legal Acts Regulating Procurement Relations; etc.
16 Does the procurement law regulate that the bidding documents establish clear deadlines for the submission of bid offers?	A	x		RA Law on Procurement, Art. 27
17 Does the procurement law establish the possibility of modifying the bidding documents upon request by bidders?	A	x		RA Law on Procurement, Art. 28, Par. 2 and Art. 39, Par. 4
18 Does the procurement law establish that the bidding documents clarifications should be made on public hearings (sessions open to the participation of any interested party)?	A		x	
19 Does the procurement law establish that all participants have to be informed in written form about modification to the bidding documents?	A	x		RA Law on Procurement, Art. 28, Par. 2
20 Does the procurement law provide for the binding character of the offer?	B	x		RA Law on Procurement, Art. 31
21 Does the procurement law determine special provisions regarding the professional proficiency (expertise) of the personnel in charge of evaluating the offers?	B	x		RA Government Decision №1267, Adoption of the Procedure for Formation and Operation of Tender Commissions, Par. 3

Indicator		Level of Risk	Yes	No	Reference
22	Does the procurement law mandate the establishment of committees to evaluate the offers?	A	x		RA Law on Procurement, Art. 32 RA Government Decision №1267, Adoption of the Procedure for Formation and Operation of Tender Commissions, Par. 3 and 5
23	Does the procurement law establish rules concerning the weighing of different evaluation criteria of the offers?	A	x		RA Law on Procurement, Art. 34, Par. 5 RA Law on Procurement, Art. 43, Par. 1 and 2
24	Does the procurement law determine the existence of bidders' registers (national suppliers' register) for public procurement?	B		x	
25	Does the procurement law mandate the use of reference price lists in order to select offers in certain procurement cases?	B		x	
26	Does the procurement law require the use of technical norms, metrological criteria or updated standards for goods and services procurement?	A	x		RA Law on Procurement, Art. 13
27	Does the procurement law establish that the public officials in charge of selecting offers possess specific qualifications?	A	x		RA Government Decision №1267, Adoption of the Procedure for Formation and Operation of Tender Commissions, Par. 3
28	Does the procurement law regulate the possibility to award a contract departing from the recommendation made by the evaluation committee? (Yes=1)	B		x	
29	Does the procurement law include criteria for awarding or not awarding contracts (i.e. for declaring a competition closed without awarding a contract)?	A	x		RA Law on Procurement, Art. 38, Par. 1
Percentage of Risk		16.67			

Indicator		Level of Risk	Yes	No	Reference
<b>III. Execution and fulfillment of the contract</b>					
30	Does the procurement law require that a performance bond for the contract be submitted?	A	x		RA Law on Procurement, Art. 36
31	Does the procurement law require the use of standard models (templates) of performance bonds?	C		x	
32	Does the procurement law allow the revision or the adjustment of budgets (for example, due to budgetary restrictions) which affect contract compliance? (Yes=1)	B	x		RA Law on Procurement, Art.15, Par. 3 Order of the Minister of Finance and Economy №290-N from March 21, 2006 on Adoption of Amendments and Additions to the Line-Item Allocations within Economic Categories of Adopted Expenditures Proposed by the State Budget of RA of the Given Year as well as to the List of Public Procurement Items
33	Does the procurement law regulate criteria and limitations concerning the modification of awarded and ongoing contracts?	A	x		RA Government Decision №1690-N, Par. 2 (d)
34	Does the procurement law establish factors leading to close contracts prior to completion?	A	x		RA Government Decision №1267, Procedure of Adoption of Procurement Specifications, Initial Control and Funding, Par. 18
35	Does the procurement law provide general parameters regarding the dates and conditions of payments within the timeframe set up in the contract?	B	x		RA Law on Procurement, Art. 36, Par. 4 RA Government Decision №1267, Procedure for Adoption of Procurement Specifications, Initial Control and Funding, Par. 3 (b), (c), (d), 18 and 22-29 Order of Minister of Finance and Economy №855-N from December 17, 2002 on Adoption of the Schedule of Implementation of Financial Obligations, Model Forms of Contract Excerpts and Rules for Their Fillout
Percentage of Risk		21.43			

Indicator		Level of Risk	Yes	No	Reference
<b>IV. Control of contractual activities</b>					
36	Does the law establish explicitly which state control agencies are responsible for the external audit of activities related to public contracting?	A	x		RA Law on Chamber of Control
37	Are there special units within the state control agencies devoted to the external audit of public contracting activities?	B		x	
38	Are there legal provisions establishing internal control mechanisms of public agencies (offices and proceedings within the agencies)?	A	x		RA Law on Treasury System Order of the Minister of Finance and Economy №934 from December 30, 2002 on Adoption of the Procedure for Internal Audit in State and Local Government Bodies as well as Organizations under Their Supervision
39	Does the procurement law establish internal review of public procurement processes by those internal control mechanisms?	A	x		Order of the Minister of Finance and Economy №934 from December 30, 2002 on Adoption of the Procedure for Internal Audit in State and Local Government Bodies as well as Organizations under Their Supervision
40	Is there a legal obligation to provide for internal control of decisions related to contracting?	A	x		RA Government Decision №1267, Adoption of the Procedure for Formation and Operation of Tender Commissions, Par. 12
41	Is there a legal obligation to provide for external control on decisions related to contracting?	A	x		RA Law on Chamber of Control
42	Does the procurement law regulate the control mechanisms concerning contracts awarded under exceptional procedures?	A	x		RA Law on Procurement, Art. 9, Par. 1-2 RA Government Decision №1267, Procedure for Adoption of Procurement Specifications, Initial Control and Funding, Par. 16 and Procedure for Control of Protocols of Procurement Proceedings
43	Does the procurement law require that accountability mechanisms are put in place in cases of contracting under exceptional procedures?	A	x		RA Law on Procurement, Art. 9, Par. 1-3
44	Does the procurement law require the establishment of a general follow-up system on public contracting proceedings?	A	x		Order of the Minister of Finance and Economy №435 from November 29, 2001 on Implementation of Monitoring of Procurement Processes

Indicator	Level of Risk	Yes	No	Reference
45 Does the procurement law mandate that the contracting agencies implement procedures to supervise the delivery of goods and services verifying quantity, quality and schedule of the delivery?	A	x		RA Government Decision №1267, Procedure for Adoption of Procurement Specifications, Initial Control and Funding, Par. 5 and 17 Order of the Minister of Finance and Economy №295 from December 4, 2000 on Adoption of the Form of the Conclusion Regarding Implementation of Contracts Order of the Minister of Finance and Economy №786-N from October 14, 2003 on Adoption of the Form of Submission-Acceptance Protocol
46 Are there legal mechanisms enabling civil society to monitor the selection process?	B	x		RA Law on Procurement, Art. 9, Par. 4 and Art. 11 Order of the Minister of Finance and Economy №43
47 Are there legal mechanisms enabling civil society to monitor the implementation of public contracts?	A	x		RA Law on Procurement, Art. 16, Par. 3
48 Do legal mechanisms allow civil society to raise claims of irregularities and corrupt acts before the state control agencies?	B	x		RA Criminal Code RA Law on Administration Principles and Administration
49 Does the law allow for civil society monitoring of the external audit processes applied by state control agencies on public contracting?	B	x		RA Law on Procurement, Art. 16, Par. 3
50 Does the law consider political control mechanisms of the external audit processes applied by state control agencies on public contracting (Congress or Parliament)?	B	x		RA Constitution, Art. 77 RA Law on Procedures of the National Assembly, Art. 86
51 Does the law establish a special government (administrative) office or agency designated to investigate and combat corruption in public contracting?	B		x	
52 Is there a code of ethics or other similar statutes for the public service?	B	x		RA Civil Service Council Decision №13 from May 31, 2002 on Adoption of Rules of Ethics for Civil Servants
53 Is there a special system to prevent conflicts of interest in public contracting?	A		x	RA Law on Civil Service, Art. 24, Par. 1 (a), (b), (c)

	Indicator	Level of Risk	Yes	No	Reference
54	Does the procurement law regulate explicitly conflict of interests situations in regards to staff responsible for the preparation of bidding documents?	A		x	
55	Does the procurement law regulate that the staff in charge of the evaluation of the bids must be different from the staff responsible for the preparation of the bidding documents?	A		x	
56	Are there precise provisions on conflicts of interest for bid evaluators?	A		x	
57	Does the law restrict the participation in competitive bids for private sector individuals/companies that- directly or indirectly- have prepared the bidding documents (i.e. family members)?	A		x	
58	Are public officials who took part in the evaluation/selection process prevented from contracting afterwards with the individuals/companies who were awarded the contract?	A		x	
59	Are public officials required to make periodical affidavits on their assets and income, both at the moment they join public office and after being in office?	A	x		RA Law on Declaration of Assets and Incomes of Physical Persons
60	Is there a specific regulation on illicit enrichment in public office?	A		x	
61	Are actions detrimental to public resources in public contracting qualified as criminal offences?	A	x		RA Criminal Code, Chapters 22 and 29
62	Are criminal offences against the public administration in the field of contracting classified as minor offences? (not subject to imprisonment or subject to low fines) (Yes=1)	A		x	RA Criminal Code, Chapter 29
63	Are there fines or economic sanctions for breaking public administration's rules in relation to contracting processes?	A	x		RA Criminal Code, Chapter 29 RA Civil Code
64	Are there administrative sanctions (i.e. prohibition to hold any public office) for administrative offences against the public administration rules in connection with contracting processes?	A	x		RA Criminal Code, Chapter 29

	Indicator	Level of Risk	Yes	No	Reference
65	Are there provisions within the criminal legislation on collusive behavior in bid submission?	A	x		RA Criminal Code, Chapter 22, Art. 195
66	Does the law prohibit collusive action in bid submission?	A	x		RA Law on Protection of Economic Competition, Art. 36
67	Does the law provide for the possibility to contest before a juridical authority the decision taken by the contracting agency on the bid outcome including the award decision?	A	x		RA Law on Procurement, Art. 56
68	Are the judicial authority decisions binding on the acts of the contracting agency?	A	x		RA Law on Coercive Enforcement of Judicial Acts
69	Are the judicial decisions limited to compensation for damages?	B		x	RA Criminal Code, Chapters 22 and 29
70	Does the law establish a right of appeal against first instance decisions made by the judge?	A	x		RA Law on Structure of Judiciary
71	Are the decisions of the appeal court binding on the acts of the contracting agency?	A	x		RA Civil Procedure Code RA Law on Coercive Enforcement of Judicial Acts
72	Are the decisions of the appeal court limited to compensation for damages?	B		x	RA Criminal Code, Chapters 22 and 29
<b>Percentage of Risk</b>		<b>24.51</b>			

## V. Access to information

73	Is there a legal obligation to publish national plans, programmes and budgets?	A	x		RA Law on Budgetary System, Art. 26
74	Does the procurement law establish the unrestricted dissemination of bidding documents in all public contracting processes?	A	x		RA Law on Procurement, Art. 11
75	Does the procurement law require the publication of invitations to bid via the mass media?	A	x		RA Law on Procurement, Art. 25, Par. 1 RA Government Decision №1267, Adoption of the Procedure for Formation and Operation of Tender Commissions, Art.16 RA Government Decision №1690-N, Par. 1

Indicator		Level of Risk	Yes	No	Reference
76	Does the procurement law require the publication of invitations to bid via electronic media?	C		x	
77	Does the procurement law require the publication of the bidding documents via electronic media?	C		x	
78	Does the procurement law mandate the existence of public records or registers regarding the bid evaluation and selection process?	A	x		RA Law on Procurement, Art. 9
79	Does the procurement law require the publication of the award decision (the winning bidder)?	A	x		RA Law on Procurement, Art. 11 Order of the Minister of Finance and Economy №43
80	Does the procurement law establish that the opening and closure of competitive tenders be subject to public hearings?	A	x		RA Government Decision №1267, Adoption of the Procedure for Formation and Operation of Tender Commissions
81	Are there legal mechanisms to promote the access of civil society to information on the bidding processes?	B	x		RA Law on Procurement, Art. 9 RA Law on Freedom of Information, Art. 6
82	Are public agencies required to keep registers on the implemented bidding processes?	A	x		RA Law on Procurement, Art. 29, Par. 4 RA Government Decision №1267, Procedure for Operation of the State Procurement Agency under RA Government, Art.15 Order of the Minister of Finance and Economy №16 from January 17, 2001 Order of the Minister of Finance and Economy №358 from May 6, 2002
83	Does the procurement law require to keep registers and statistics on contracts that constitute exceptions to open bidding?	A	x		RA Law on Procurement, Art. 9
84	Are the registers and statistics on exceptional contracting public?	B	x		RA Law on Procurement, Art. 9
85	Does the procurement law require the publication of contract implementation timelines?	B		x	
86	Does the procurement law require the publication of requested adjustments or changes to the object, time frame or budget of ongoing contracts?	B		x	



Indicator		Level of Risk	Yes	No	Reference
87	Does the procurement law require the publication of decisions on changes and adjustments of contracts being implemented?	B		x	
88	Does the procurement law mandate to keep records or files on the implementation of contracts and the supervision processes?	A	x		RA Government Decision №1267, Procedure for Adoption of Procurement Specifications, Initial Control and Funding
89	Does the procurement law require the publication of the contract implementation supervision results?	A	x		RA Law on Procurement, Art. 16, Par. 2 (j)
90	Does the procurement law require that information on bidder's implemented contracts, fines and imposed sanctions be entered into the bidder's registry?	B		x	
91	Does the statute regulate public listing of contracting parties sanctioned for unjustified non-compliance (exclusion lists)?	B	x		RA Law on Procurement, Art. 5, Par. 6 Order of the Minister of Finance and Economy №1166-N from November 2, 2005 on Adoption of the List of Entities that Are Not Allowed to Participate in Procurement
92	Are the control bodies obliged to publicize via mass media the results of the investigations related to corruption in public contracting?	B		x	
Percentage of Risk		25.00			
Average Percentage of Risk		30.85			

## APPENDIX E

Global Public  
Contracting Programme

## PERCEPTION INDICATORS

Indicator		Yes	No	Justification
1	Can the criteria included in legal provisions be manipulated in order not to apply the open bidding general principle of procurement law? Justify your answer.	x		It is possible to manipulate the legal provisions so that the single source procurement method is considered more appropriate. However, the actual practice demonstrates an increase in the percentage of open tenders on the level of central government procurement (increase from 20% in 2001 to 90% in 2006 in accordance with the World Bank data). One of the explanations is that the law starts working and the government planning processes become more effective. While, according to another point of view, organization of open though fake tenders does not question the integrity of procurement, justification of the price and the contractor, thus those become a better curtain for corrupt practices than other methods.
2	If there is more than one procurement law, are there contradictions between them or is there the possibility of arbitrary use? Justify your answer.		x	There is only one procurement law, which regulates the procurement of goods, works and services by the state and local government bodies, state and municipal organizations, the Central Bank of Armenia and the state and municipal non-commercial organizations and entities, more than fifty percent of the share of which is possessed by state or municipal organizations. It does not regulate the contracting done under international agreements, if those prescribe other rules of procurement.
3	Are the existing exceptions to open bidding reasonable? Justify your answer.	x		Exceptions largely correspond to the international best practice and have been developed based on recommendations by the World Bank's <i>Country Procurement Assessment Report</i> .
4	Are the exceptions to open bidding abused? Justify your answer.	x		Single source procurement is considered to be abused in the fields of education, health and culture.
5	Are the contracting methods different from open bidding used adequately? Justify your answer.	x		In general, the contracting methods are considered to be used adequately.
6	Are the reasons for choosing one method or another for public contracting (competitive bidding, direct contracting) transparent? Justify your answer.	x		Protocols of procurement proceedings record the method of public contracting and the grounds of using the given method. These documents are public and shall be provided to the interested individuals/organizations within 5 days upon request.

	Indicator	Yes	No	Justification
7	Does the staff in charge of evaluating the bids in a public contracting processes possess expertise in the field of contracting? Justify your answer.		x	Evaluation is done by committees, the members of which are expected to possess necessary professional skills to evaluate the bids, however, in some cases a lack of necessary qualification is observed.
8	Is there an abuse of confidentiality provisions in the contracting processes? Justify your answer.		x	There are no such evidences.
9	Is the option of contract closing prior to completion abused to facilitate corrupt deals? Justify your answer.		x	There are no such evidences.
10	Are the conflict of interest situations in preparing bidding documents for public contracting clearly established and complied with? Justify your answer.		x	Management of conflicts of interest in Armenia is not regulated for the procurement system specifically as their regulation for civil servants through the respective legislation is considered to be sufficient.
11	Are there precise restrictions on the participation in public bids for individuals that have participated in the previous (feasibility) studies on and the elaboration of bidding documents of a contracting process? Are these restrictions complied with? Justify your answer.		x	There are no such restrictions.
12	Is the staff evaluating the bids different from the staff elaborating the bidding documents? Justify your answer.		x	There are no such restrictions.
13	Do cases of conflicts of interests in the evaluation of offers occur? Justify your answer.	x		There are no specific evidences. However, the fact that regulation of conflicts of interests is only limited to restriction for civil servants to engage in other jobs allows to assume that there could be cases of conflicts of interests.
14	Is there an adequate supervision of the implementation of the contracts; when such supervision is under the responsibility of public officials? Justify your answer		x	There are no specific evidences on the quality of supervision.

Indicator		Yes	No	Justification
15	Is the supervision of the contracts of high quality when done by a supervising consultant? Justify your answer.		x	There are no specific evidences on the quality of supervision.
16	Has the performance of state control agencies enabled the adequate and correct identification of cases of corruption in public contracting? Justify your answer.		x	There are no specific evidences on the detection of corruption cases.
17	Do the administrative institutions established to resolve conflicts and problems arising during the contracting process function properly? Justify your answer.	x		The first instance of resolution of conflicts and problems is the MFE Department for Regulation of Procurement Process and Methodology of Budgetary Process, which adequately performs its role and guides the improvement of practices. However, there is a critique that this entity's ability to make objective judgments and be independent may be limited by the fact that both structures, the mentioned department as well as the State Procurement Agency that organizes procurement processes, operate under the same institution - the Ministry of Finance and Economy.
18	Does the judicial system work properly (are costs and times and decisions made reasonable) when resolving conflicts and problems arising during or on the occasion of the contracting process? Justify your answer.		x	Though there are no specific evidences on the efficiency of the judicial system in dealing with procurement cases, the system itself is considered to be non-efficient and corrupt.
19	Are the legal mechanisms providing for the participation of civil society in the monitoring of contracting processes applied adequately? Justify your answer.		x	In spite of the fact that procurement legislation provides for a certain scope of legal mechanisms for participation of NGOs in the monitoring of procurement, there is no adequate use of these mechanisms by those due to the lack of interest and understanding of the issue. Also, there is no opportunity for civil society organizations to appeal to court for violation of public interests as the former will be considered as non-relevant plaintiffs.
20	Are the registers and statistics on contracts awarded as exceptions to open bidding of high quality? Justify your answer.	x		Registers and statistics for all the methods of procurement are of the same quality as those for open bidding.
21	Is the publication of the bidding documents for public contracting adequate and complete? Justify your answer.	x		It is considered to be of an adequate quality and complete. However, the country has adopted a strategy for development of electronic procurement, which will further improve the quality of information and its publicity.

	Indicator	Yes	No	Justification
22	Is adequate (and timely) information available on contracts awards? Justify your answer.		x	Information about the awarded contracts is published in RA MFE <i>Official Bulletin of Procurement</i> , published and posted on the internet once in 1-2 months. For some procurements information appears on a timely manner, while for others gets late. Utilization of the electronic media will improve the quality and dissemination of information.
23	Does the information on contracts awards include the underlying reasons for such awards? Justify your answer.		x	Contract information includes only data about the contractor, procurement item, procurement method, price and date of signing the contract.
24	Is adequate and complete information on the contracting processes equally accessible for all bidders ? Justify your answer.	x		Procurement law stipulates unrestricted dissemination of bidding documents with some limitation for those that contain state or official secret.
Percentage of Risk		58.33		

## APPENDIX F



Global Public  
Contracting Programme

### PERFORMANCE INDICATORS

	Indicator (for 2006)	Percentage
1	Percentage of contracts included in plans and programmes	100
2	Percentage of procurement processes subject to public hearings	no data available
3	Percentage of contracts entered into in compliance with the procurement law	71
4	Percentage of contracts awarded through competitive tendering	68
5	Percentage of contracts which were closed prior to completion	0
6	Percentage of contracts modified during implementation	13
7	Percentage of contracts paid with delay	0
8	Percentage of completed contracts	100
9	Percentage of contracts with legal challenges	0
10	Percentage of contracts where arbitration has been invoked	0
11	Percentage of contracts declared null	0
12	Percentage of contracts announced on the internet	100
13	Percentage of agencies that announce their contracts on the internet	no data available
14	Percentage of contracts announced via mass media	100
	<b>Percentage of Risk</b>	<b>19.57</b>

## APPENDIX G

Global Public  
Contracting Programme

## CONTEXT INDICATORS

Indicator	Factor	Source	Score	Weighing	Percentage of Risk
Quality of the Political System	Public trust in politicians	<i>Global Competitiveness Report</i>	1.80	0.33	73.89
	Impartiality in decisions of government officials	<i>Global Competitiveness Report</i>	2.40	0.33	
	Transparency of government policy making	<i>Global Competitiveness Report</i>	3.50	0.33	
Quality of the Bureaucracy	Appropriate allocation of public funds	<i>Global Competitiveness Report</i>	2.70	0.33	67.78
	Simplicity of government regulation	<i>Global Competitiveness Report</i>	3.00	0.33	
	Efficiency of government spending	<i>Global Competitiveness Report</i>	3.10	0.33	
Quality of the Judiciary	Judicial independence	<i>Global Competitiveness Report</i>	2.30	0.33	66.11
	Impartiality of the courts	<i>Economic Freedom of the World Report</i>	3.00	0.33	
	Integrity of the legal system	<i>Economic Freedom of the World Report</i>	5.00	0.33	
Average Percentage of Risk					69.26