

Integrity in public procurement: perspectives from developing countries

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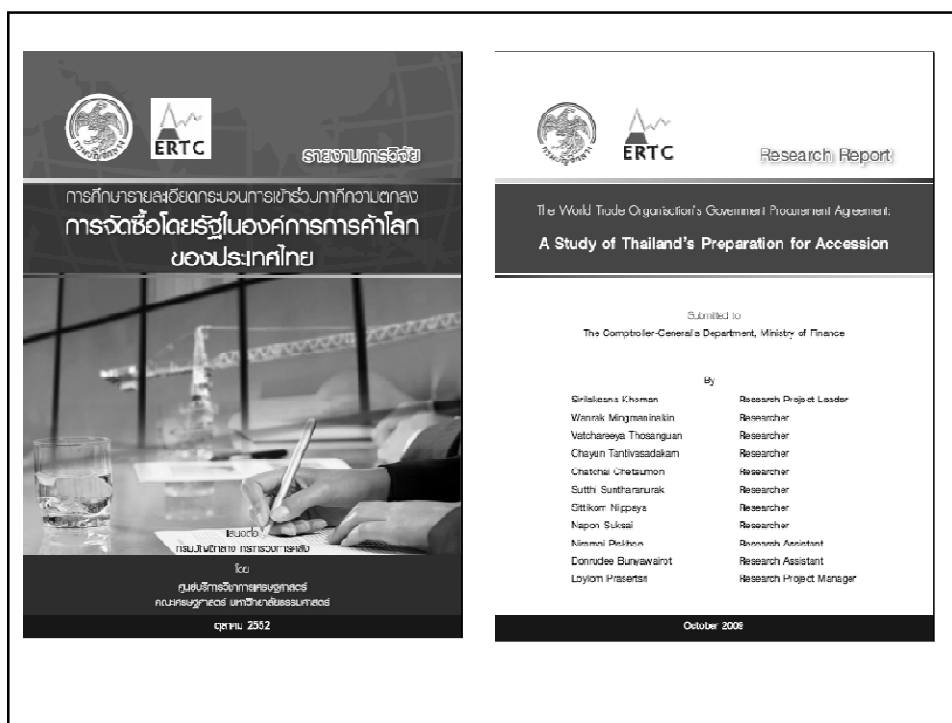
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Questions

- **What are the procurement problems in developing countries (using Thailand as an example)?**
- **GPA principles: can they benefit developing countries?**
- **How does domestic law compare with the GPA?**
- **Would the GPA help alleviate current governance problems?**
- **Are there any pitfalls for developing countries, and how do they need to prepare?**

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What are the procurement laws and regulations in Thailand?

- **Office of the PM Regulations B.E. 2535 (1992) amended 6 times; currently being drafted into an Act**
- **Office of the PM Regulations regarding Electronic Procurement B.E. 2549 (2006)**
- **Ministry of Interior Regulations regarding procurement for local administrative organisations B.E. 2538 (1995); 2548 repealed.**
- **Large state enterprises (such as PTT, EGAT, Thai Airways) and public organisations established under their own Act have their own procurement regulations (based on the OPM Regulations of B.E. 2535)**
- **Act regarding public tendering offenses B.E. 2542 (1999) covering both public officials and private sector**
- **Regulation of the Audit Committee on Fiscal and Budgetary Discipline B.E. 2544 (2001)**

Problems

- Proliferation of regulations and amendments
- Only one has the status of an Act; exemptions abound
- Regulations often do not serve efficiency goals
- Problems of transparency

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World competitiveness report assessment

1. G-procurement provides necessary goods and services

2. Procurement based on technology and encouragement of innovation

Average for developing countries

Score 1 – 7 (best)

Thailand

3. Policies and contracts neutral among firms

5. No bribes connected with procurement projects

4. New governments honor commitments made by previous regimes

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Problems

- Inefficient use of public funds
 - Lowest price
 - Delays
 - Cumbersome rules
- Loopholes and opportunities for corruption

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Incidence of transparency problems

- **High risk areas:**
 - **Ad hoc emergency projects, such as relief of natural disasters**
 - **National security projects that require secrecy**
 - **Repair and maintenance projects where difficulties occur in assessing work required**
 - **Non-durable items that are used up**
 - **Large projects where the returns are high**

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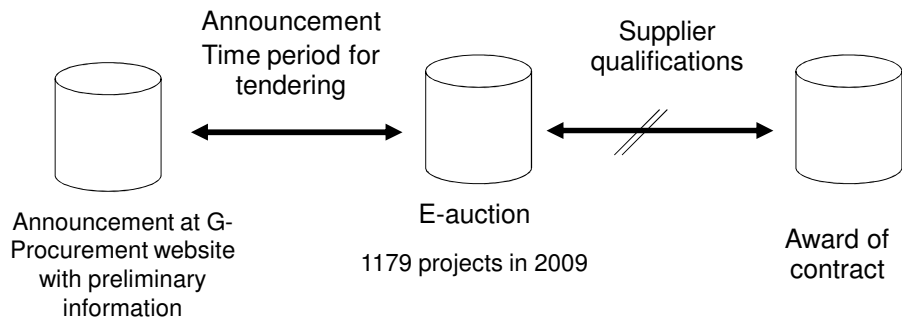
Risks at each stage of procurement

- Project initiation
- Technical specifications and reference prices
- Canvassing suppliers
- Tendering process
- Contract design and management
- Verification and acceptance of work



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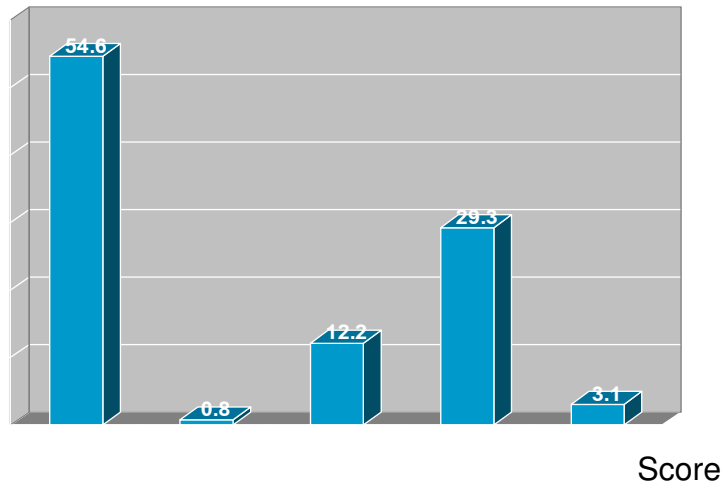
Assessment of transparency in E-procurement



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Results

% projects



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Difficulties in designing procurement system

- Multiple objectives of government procurement
- Designing system that aligns with personal incentives
- Same behavior/ opposite motives
 - Strict conformity
 - “Special method”
 - Lowest price
 - Detailed specifications

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Can the GPA help?

- **How does Thai law compare with the GPA?**
- **Some similarities and differences:**
 - Principles
 - Thresholds
 - Tendering process
 - Time periods
 - Challenges and publication of results

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Principles

- GPA: openness, transparency and non-discrimination
- Thai regulations: openness and transparency
 - Announcements and dissemination of information through Public Relations Department, Mass Communication Organisation of Thailand, G-Procurement website, etc.
 - Procurement committee required often with citizen participation
 - Contracts worth more than one million baht have to be sent to Office of the Auditor-General and Revenue Department within 30 days of signing
 - Regulations for e-procurement also include additional criteria: value for money, transparency, efficiency and effectiveness, and accountability and responsibility for completion
 - At least 3 tenderers (in case of standards license or meeting quality control systems)

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Principles: discrimination

- Thai regulations place emphasis on products made in Thailand and Thai producers (Part 2 Section 2 Articles 16 and 17 OPM Regulations on Government Procurement B.E. 2535)
- Example: Procurement of pharmaceutical products (Article 60-64 of OPM B.E. 2535) – preference given to Government Pharmaceutical Organisation (GPO), by using “special case method” (วิธีกรณีพิเศษ) provided that the price differential does not exceed 3 per cent of the reference price established by the MOPH for products of the same generic name
- Thai regulations promote the use of Thai advisors (Article 74 of B.E. 2535 OPM Regulations)

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Principles: “discrimination”

- If there are 3 or more producers who hold licenses to display Thai Industrial Standards Institute (TISI) marks OR 3 or more producers with factories certified for quality control systems, preference is given to

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https://www.yunbaogao.cn/report/index/云报告?reportId=5_3017

