

WORKSHOP “PUBLIC PROCUREMENT – FINDINGS FROM A BUSINESS PERCEPTION SURVEY”

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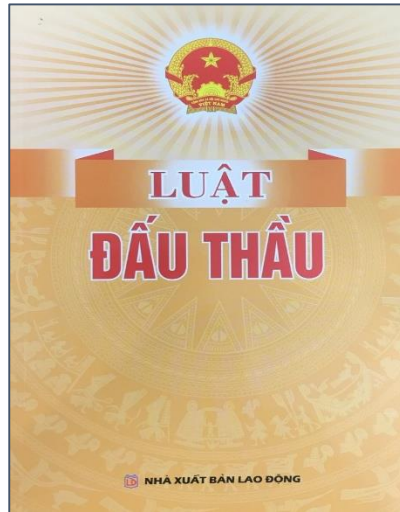
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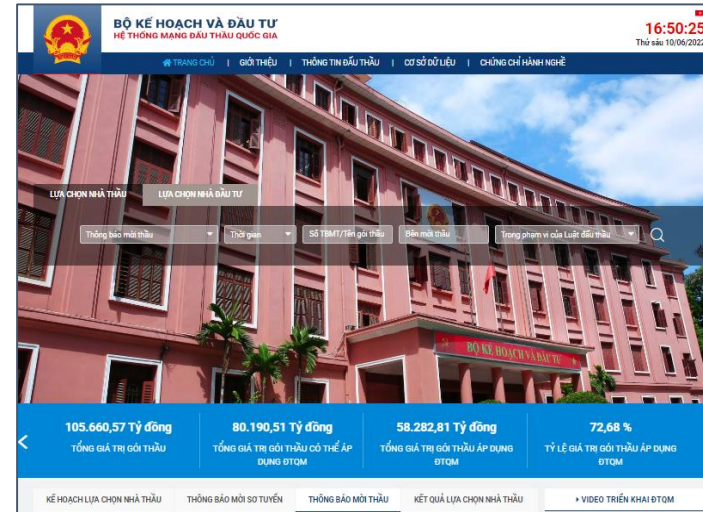
Recommendations

1. Context



2013
Procurement Law 2013
issued

Assessed as providing legal
basis for synchronous
implementation



VNEPS
Vietnam National E-
Procurement System

Assessed as improving
competitiveness, transparency,
and cost saving

2021
COVID-19

Many violations in
public health
procurement
detected



2021
Procurement Law
2013 (revised)

To be submitted to National
Assembly for consideration in
its 4th session in 2022 and for
approval in its 5th session in
2023



Research Goals



The State needs to conduct research into procurement activities of businesses



Explore into business perceptions and experiences in public procurement



Firms need to raise problems facing them in public procurement



Collect firm feedback in public procurement activities, especially in public health procurement



There should be consistency between the Procurement Law (revised) provisions and the implementation on ground.

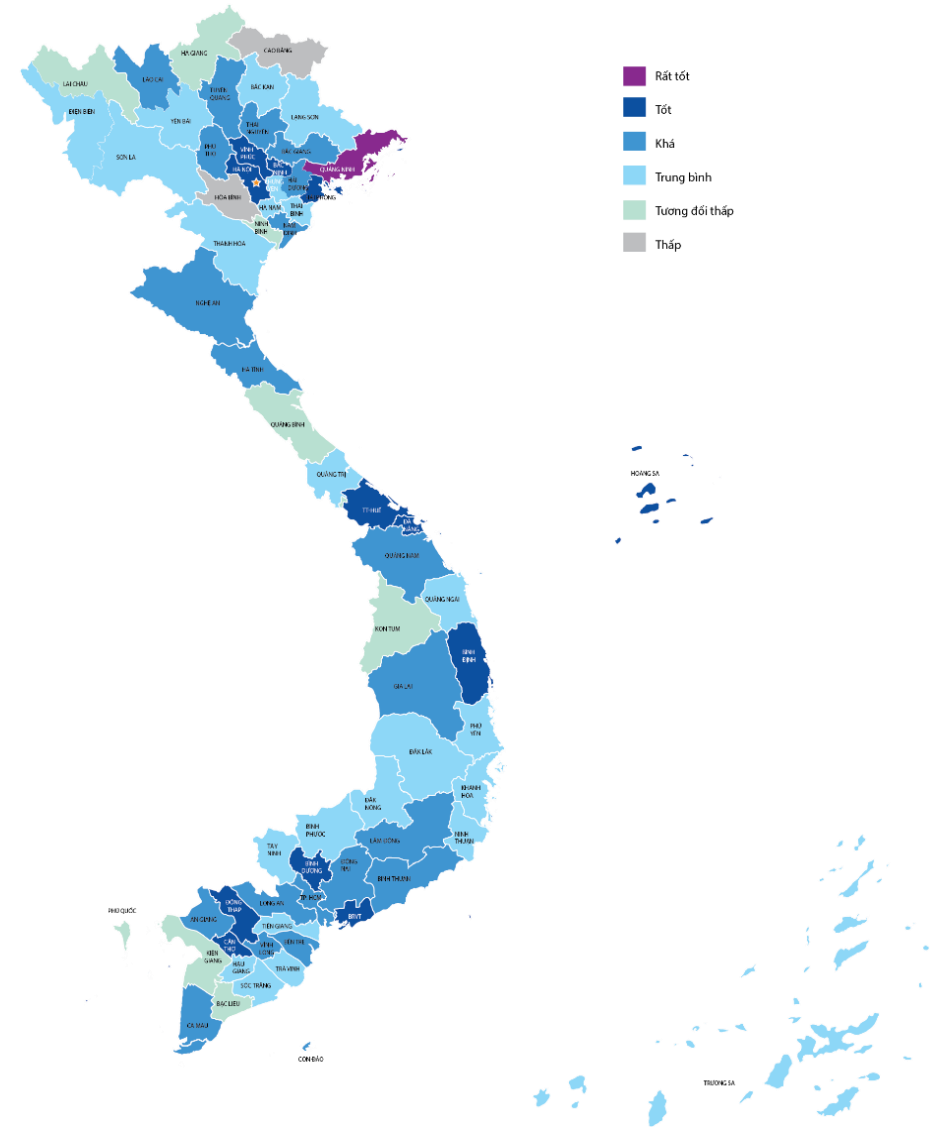


Identify problems facing firms => Make relevant policy recommendations

2. Technical Approach ► Survey Instrument

Integrate a set of questions into the 2021 Provincial Competitiveness Index survey

The survey combined mail-out survey and web-based survey.



CHỈ SỐ NĂNG LỰC CẠNH TRANH CẤP TỈNH NĂM 2021
Phiếu khảo sát dành cho doanh nghiệp có vốn đầu tư nước ngoài

A. TỔNG QUAN VỀ DOANH NGHIỆP

Thông phần này, chúng tôi muốn tìm hiểu về một số đặc điểm cơ bản, các quá hoạt động sản xuất kinh doanh và định hướng hoạt động sắp tới của doanh nghiệp. Những thông tin này có ý nghĩa quan trọng để đánh giá tác động của chất lượng đầu tư nước ngoài và các phương thức hoạt động sản xuất kinh doanh của doanh nghiệp. (Lưu ý: Trong phiếu khảo sát này, cụm từ "công ty của bạn" hoặc "doanh nghiệp của bạn" được dùng để chỉ doanh nghiệp, công ty, hoặc chi nhánh tại Việt Nam của tập đoàn đa quốc gia nơi bạn đang làm việc với tư cách là giám đốc hoặc nhà quản lý.)

1. Doanh nghiệp bắt đầu xin giấy phép đầu tư tại Việt Nam vào năm nào?

2. Doanh nghiệp nhận được giấy phép đầu tư vào năm nào?
 Lưu ý: Năm nhận được giấy phép đầu tư không sớm hơn năm bắt đầu xin giấy phép đầu tư.

Đối với giấy phép đầu tư gần đây nhất, xin vui lòng cho biết:

3. Số vốn được cấp phép (USD): hoặc bằng chữ số hoặc số
 4. Tỷ lệ góp vốn số vốn được cấp phép đầu tư (%): hoặc bằng chữ số hoặc số

5. Doanh nghiệp của bạn thuộc loại hình nào

Doanh nghiệp tự nhận

Công ty TNHH (phải hoàn chỉnh mẫu)

Công ty cổ phần

Công ty hợp danh

Doanh nghiệp 100% vốn nước ngoài

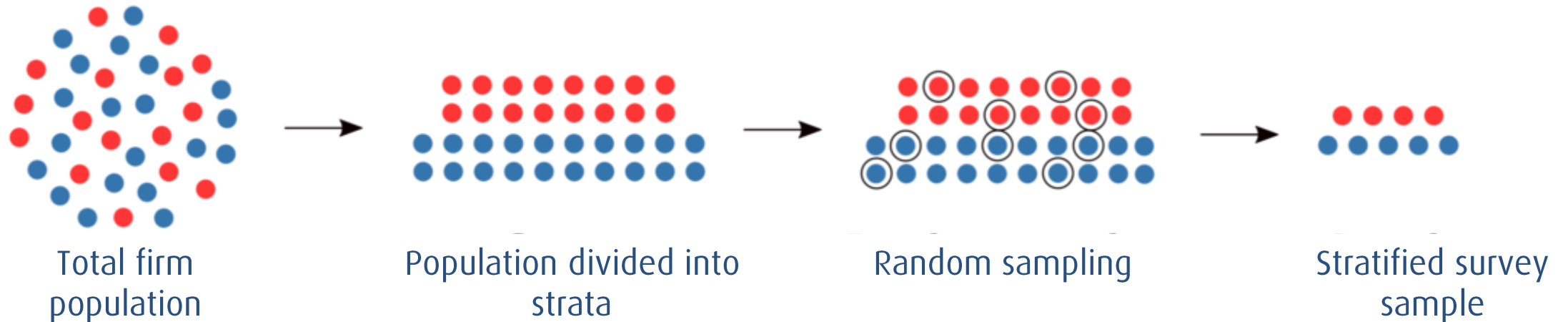
Doanh nghiệp liên doanh

Loại hình khác (xin ghi rõ vào ô bên dưới)



2. Technical Approach ► Sampling

Stratified random sampling on a list of firms operating in each province in all of Vietnam's 63 provinces

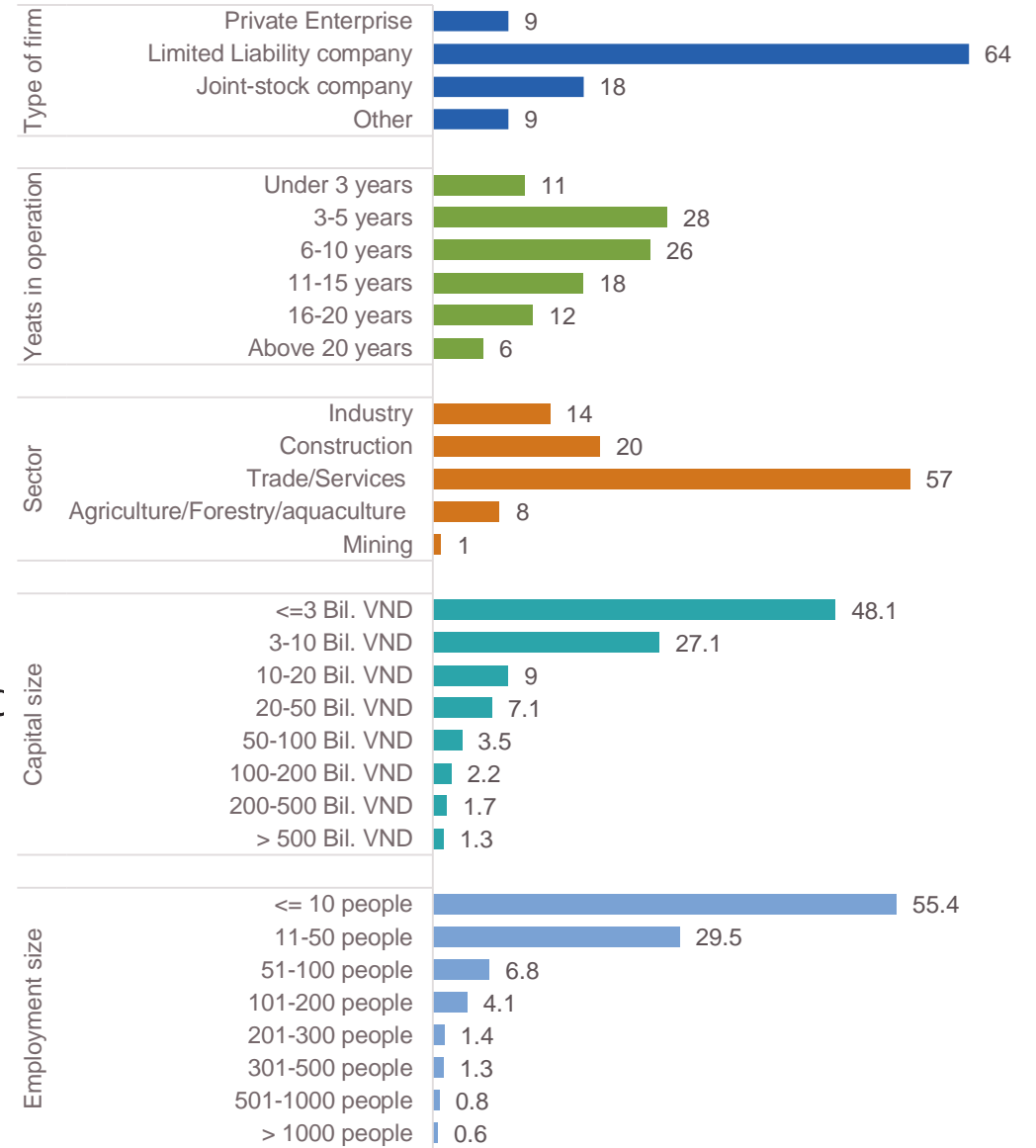


3. Characteristics of Survey Respondents

9,221 Firm respondents

1,170 Firms participating in bids

154 Firms bidding to provide goods, services for public medical service providers





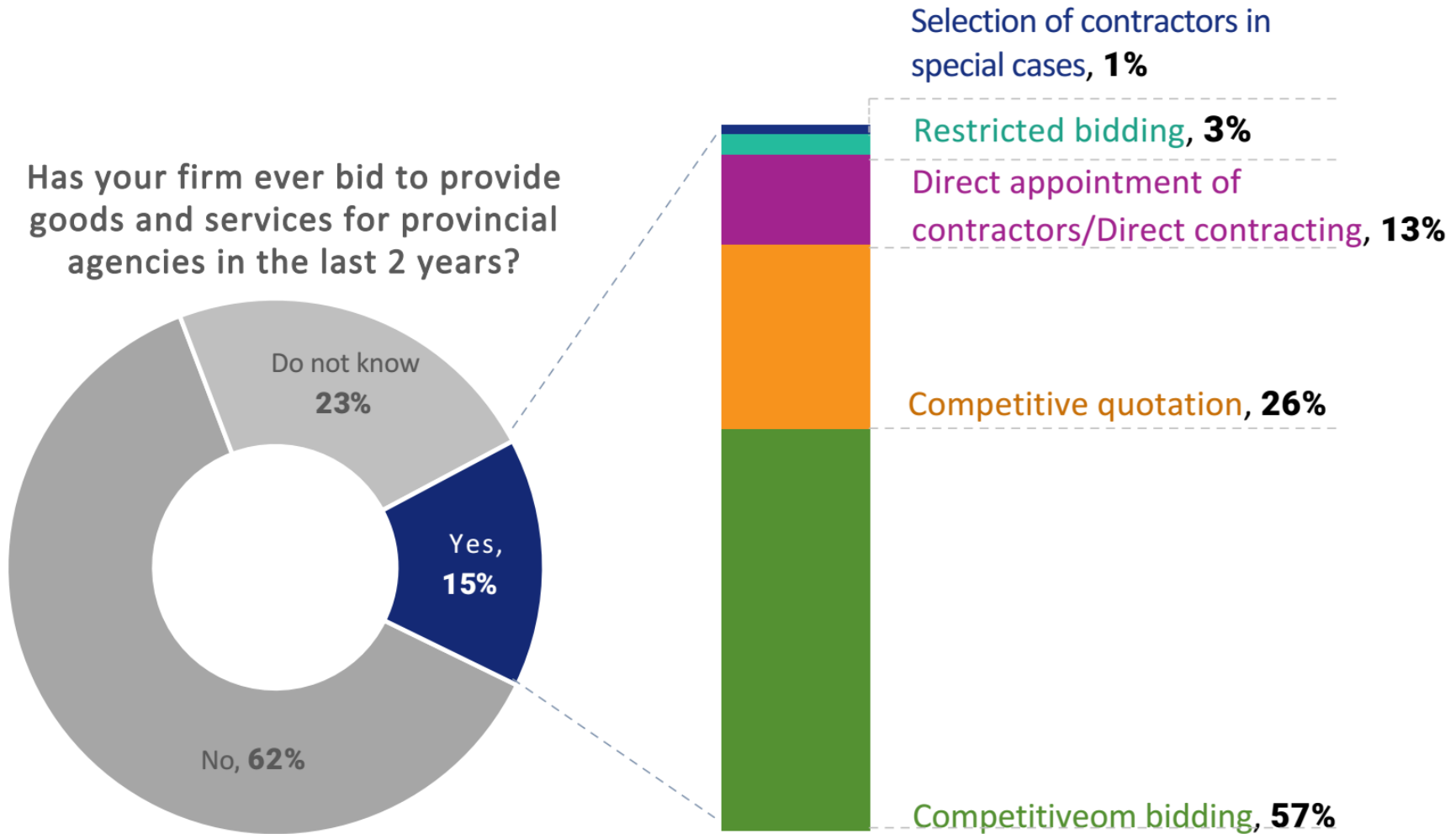
▶ 4. Survey Findings

Firm participation in public procurement

Firm perceptions of public procurement

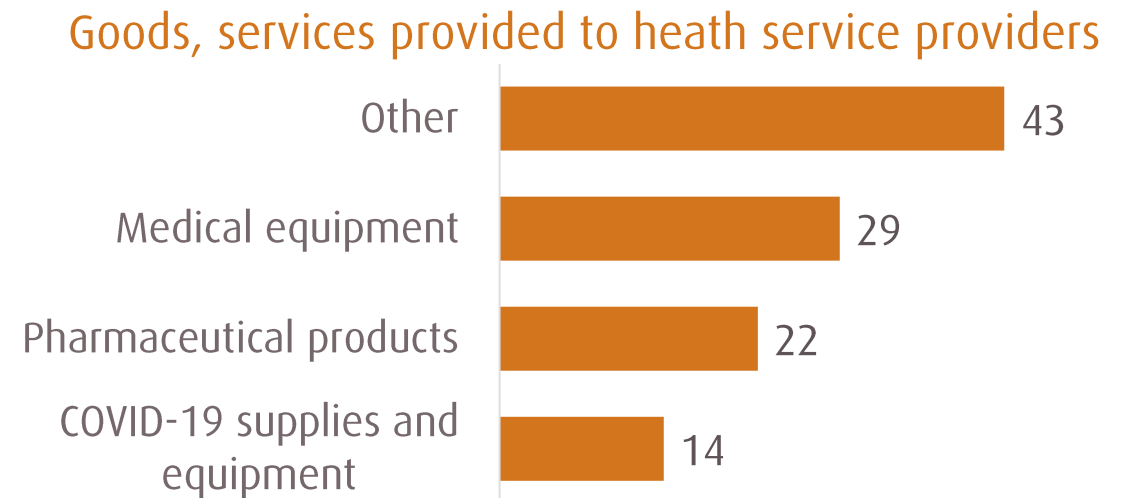
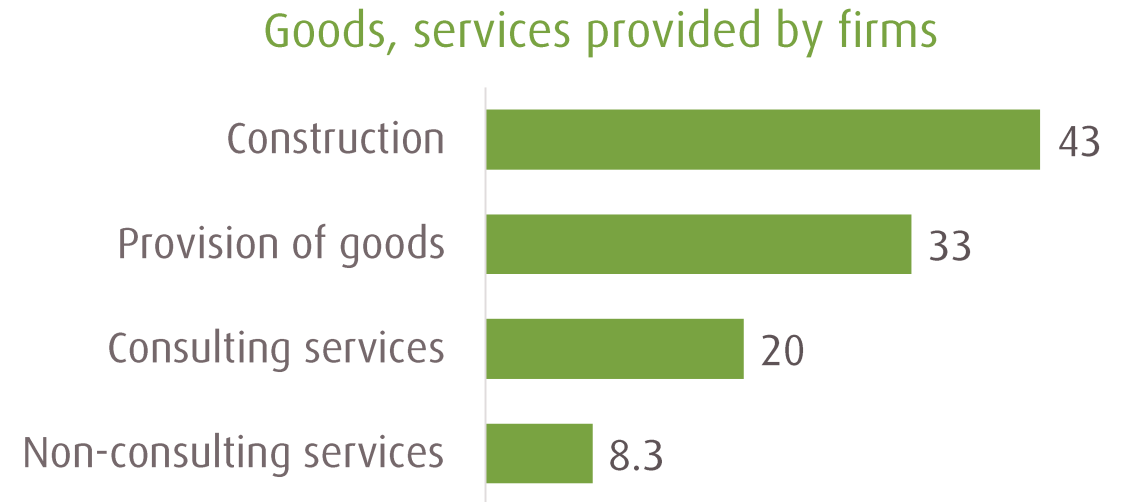
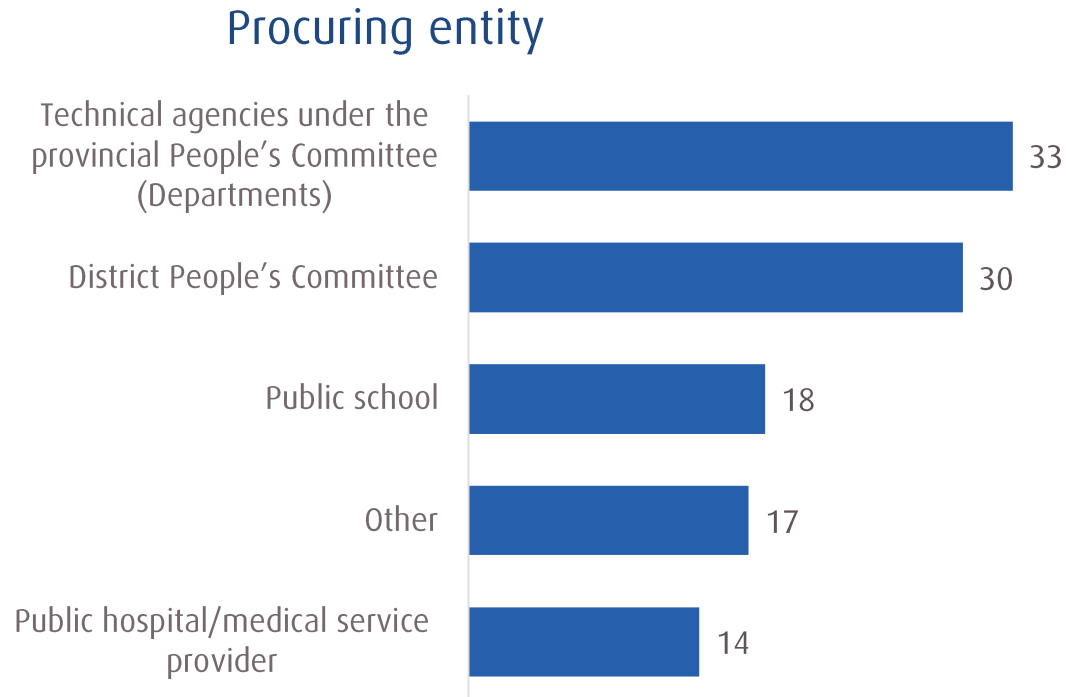
Dispute resolution

Most firms are small-sized and have been in operation for several years



4. Survey Findings ► Firm participation in public procurement

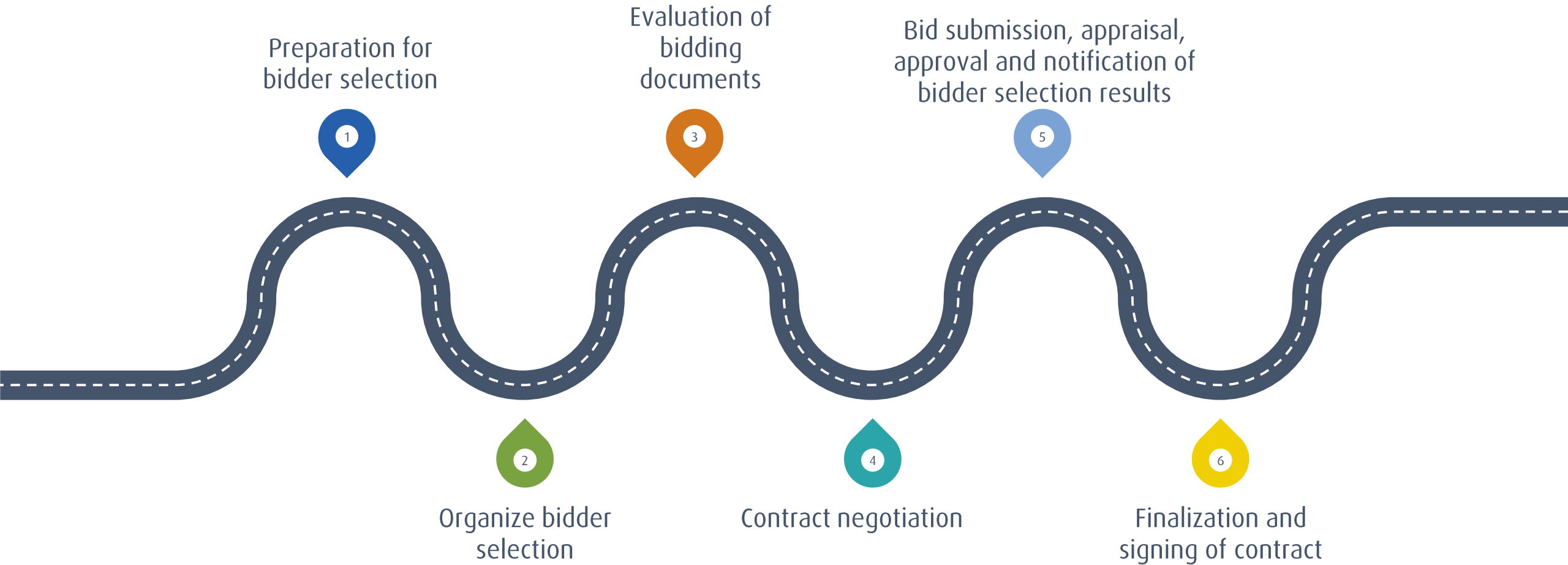
A plurality of firms participated in construction bids at provinces



Share of firms (%)

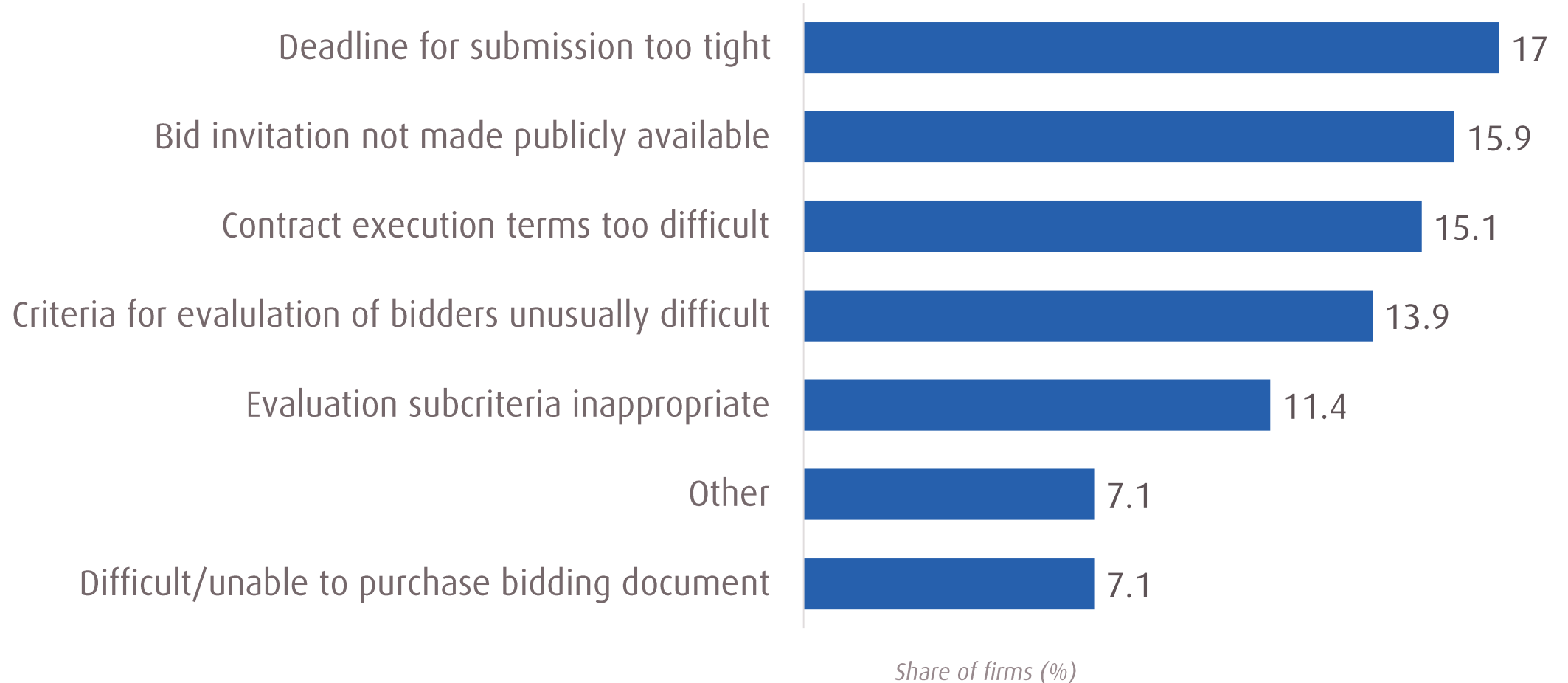
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Process of public procurement



4. Survey Findings ► Firm participation in public procurement

There are still numerous firms facing difficulties during preparation for bidder selection

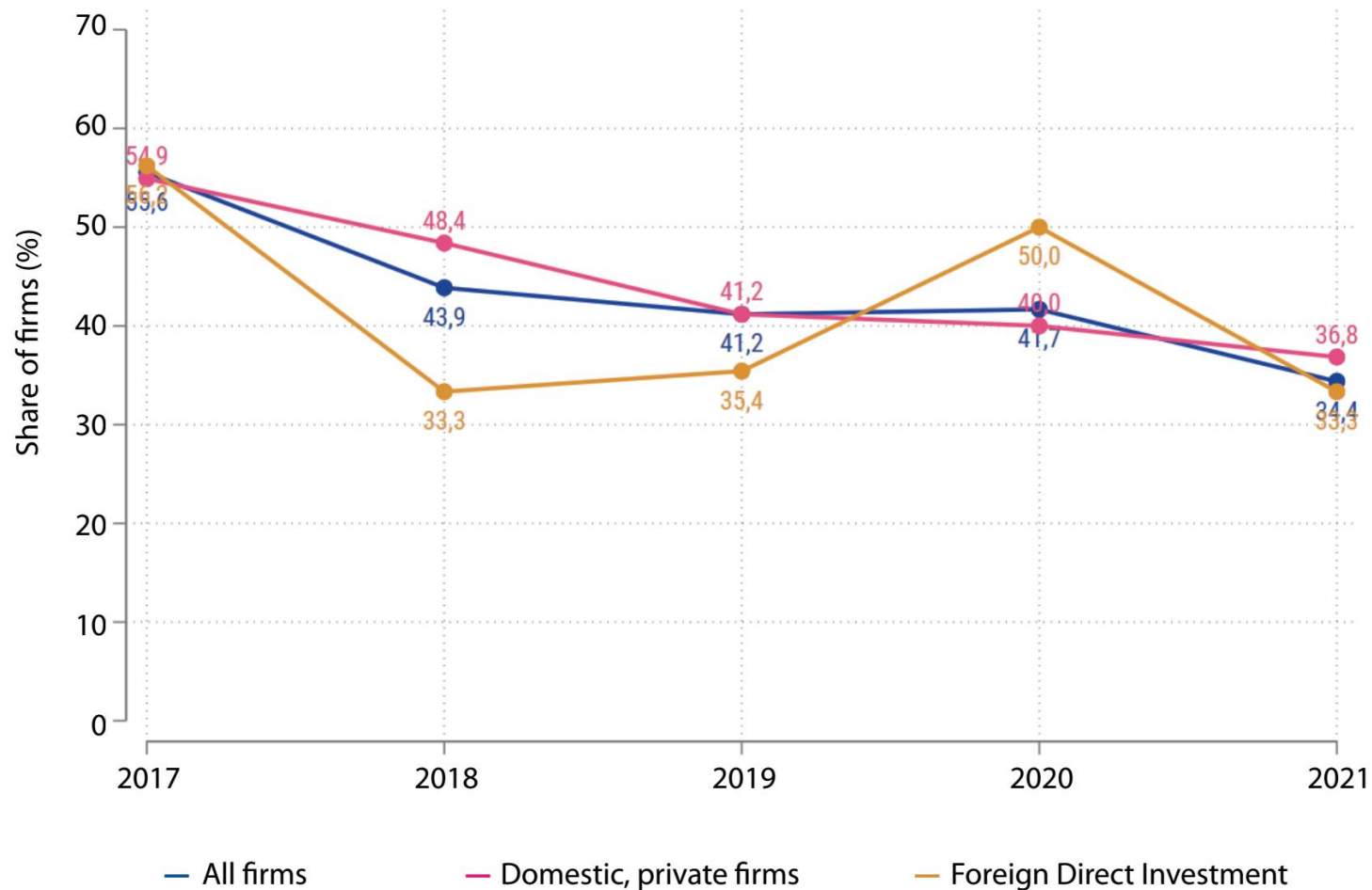


Wrongdoings in public procurement have been uncovered in health and education sectors



4. Research Findings ▶ Informal Charges

In every **3** firms, **1** is likely to pay informal charges to increase chance of winning the contract.

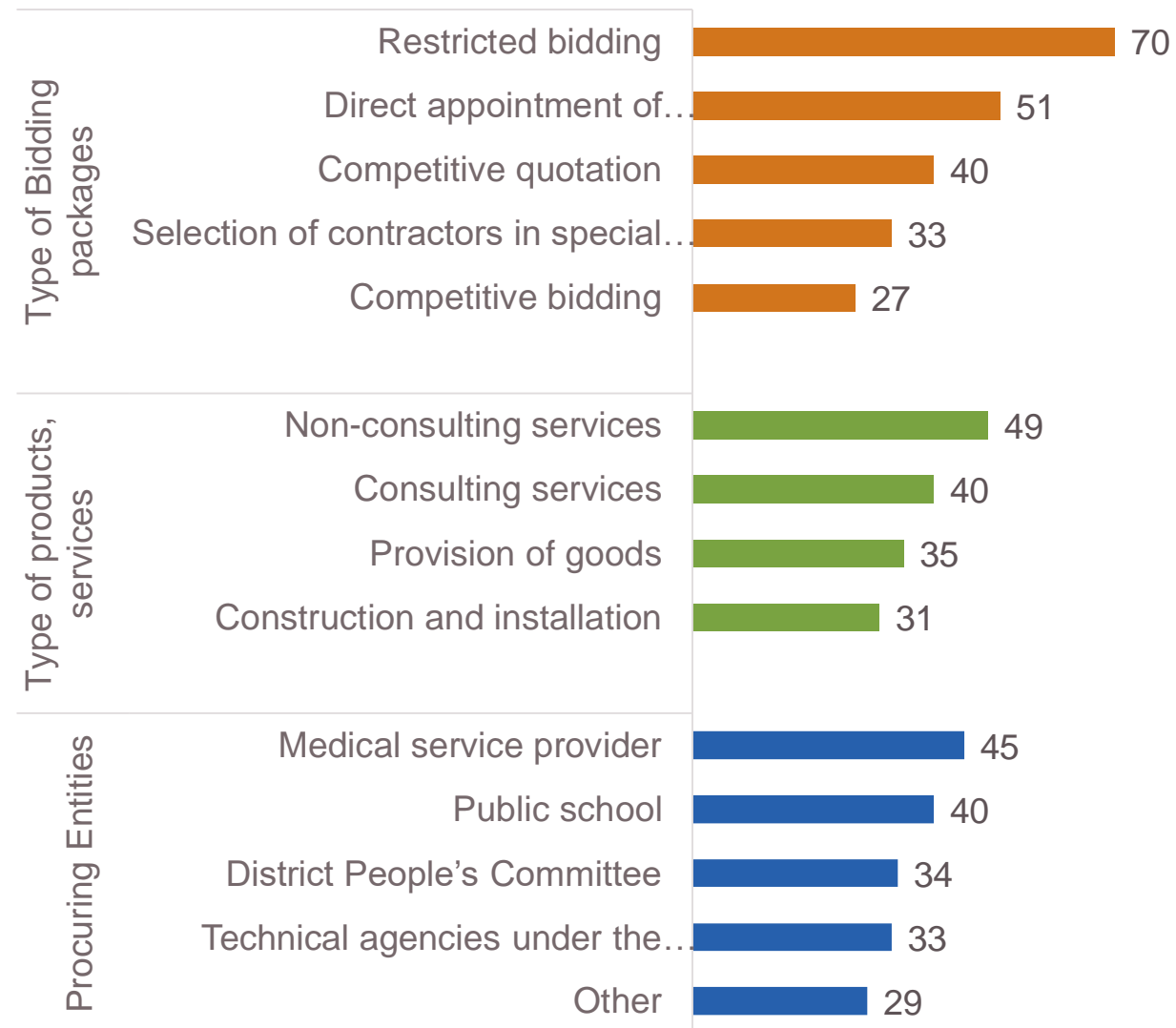


“Enterprises had to pay these charges so that the procedures of preparation and submission of bids became more straightforward. In some cases, enterprises refuse to pay these charges, causing delays in the completion of documents, failure to submit bids, which leads to greater losses than this payment. Additionally, the condition of "captiousness" of the relevant agency also affects the project, it is impossible to refuse to pay informal charges," *shared a surveyed enterprise participating in the bidding.*

4. Research Findings ▶ Informal Charges

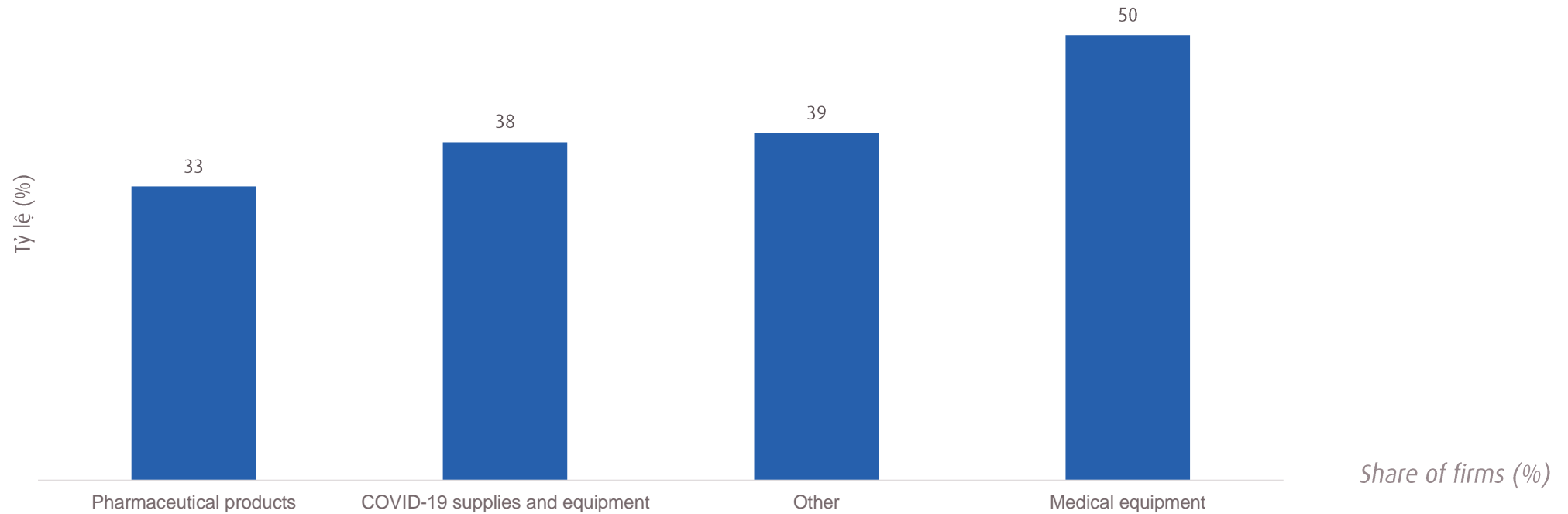
Willingness to pay informal charges to increase chances to win contracts is closely related to type of bid.

Attention should be paid more to non-consulting services and consulting services and procuring medical service providers or public schools.

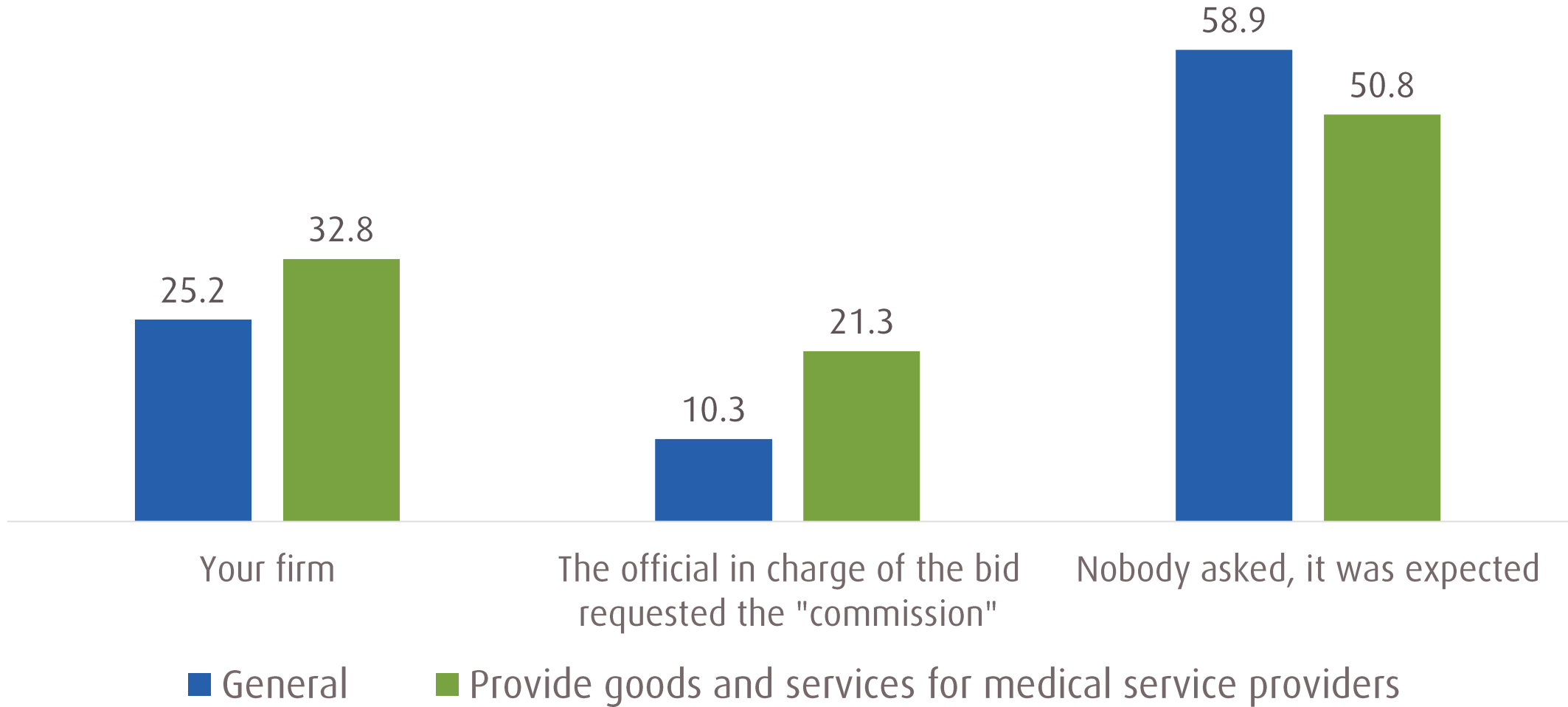


Share of firms (%)

50% of firms providing medical equipment agreed with the statement on paying “commission” to win contracts.

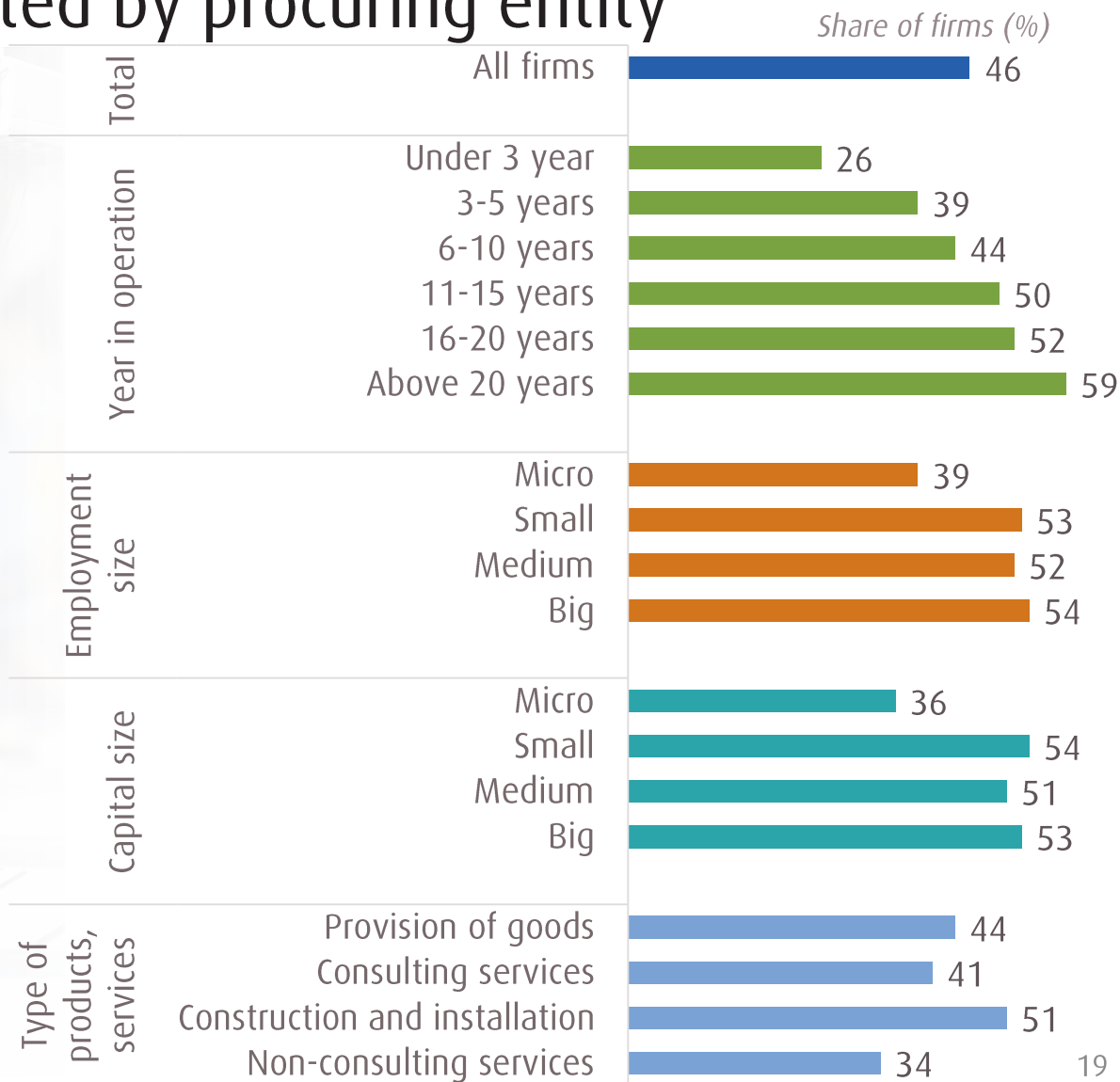


Informal charges are considered “expected, needless to say”



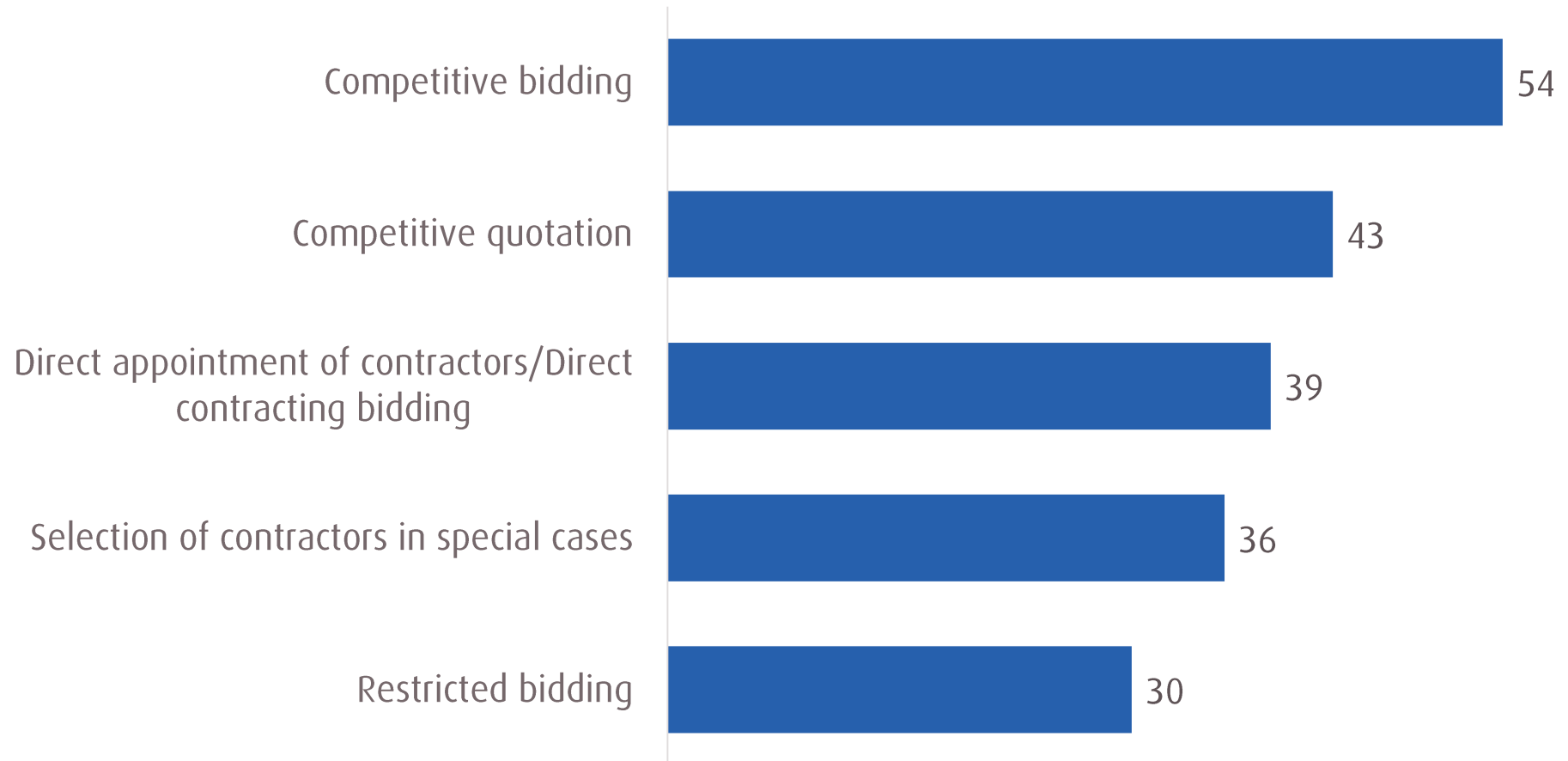
4. Research Findings ▶ Informal Charges

Firms that are micro-sized and in operation for under 5 years are less likely to report they were fairly treated by procuring entity



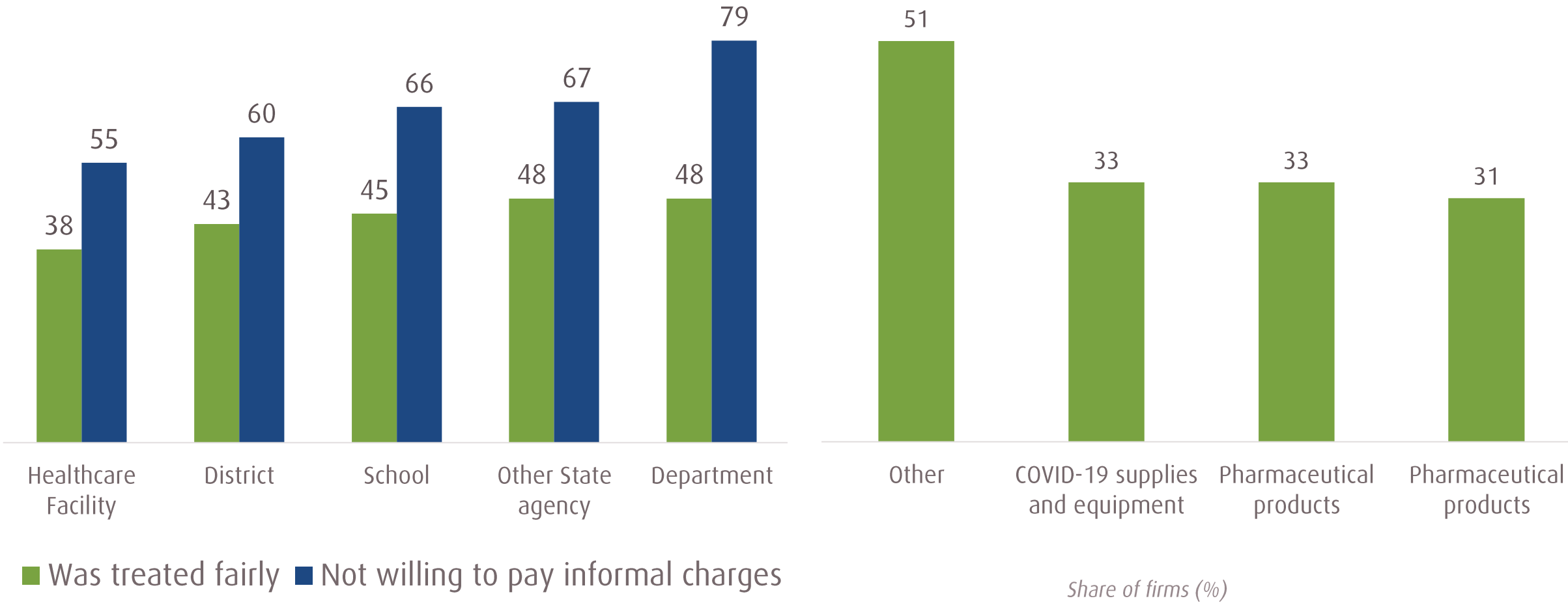
4. Research Findings ▶ Equality and Equity in Public Procurement

Firms participating in **competitive bidding** are more likely to rate positively about the way they were treated



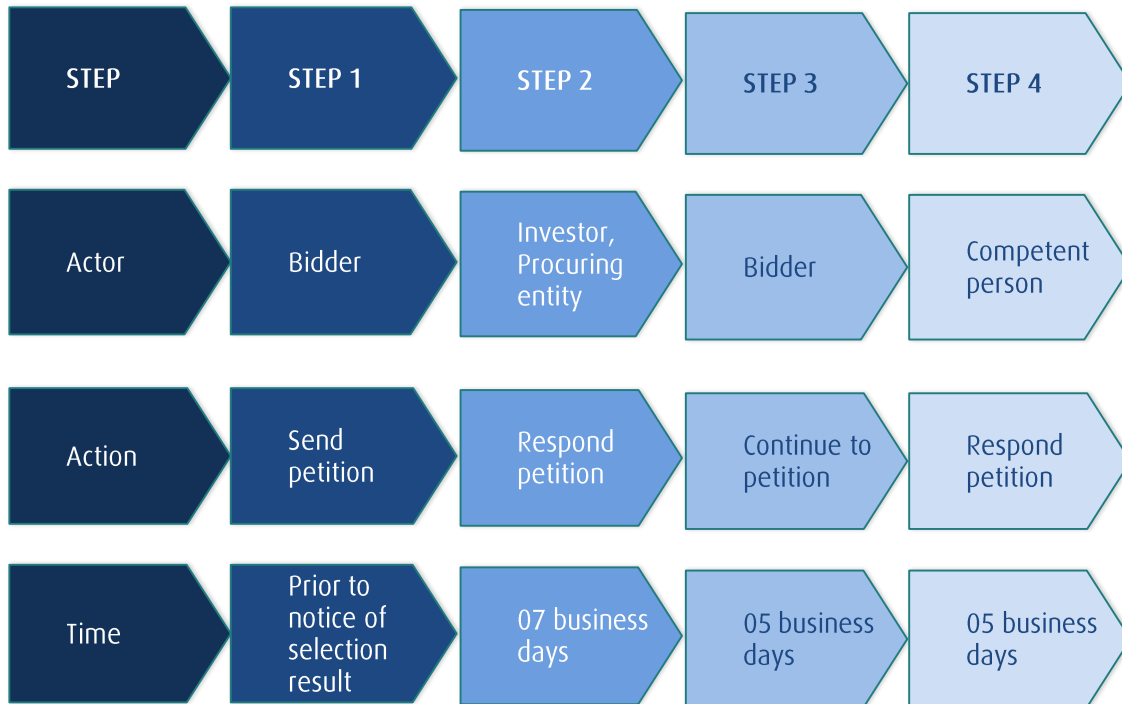
4. Research Findings ▶ Equality and Equity in Public Procurement

There is a correlation between share of firms feeling having been treated fairly and share of firms not paying informal charges

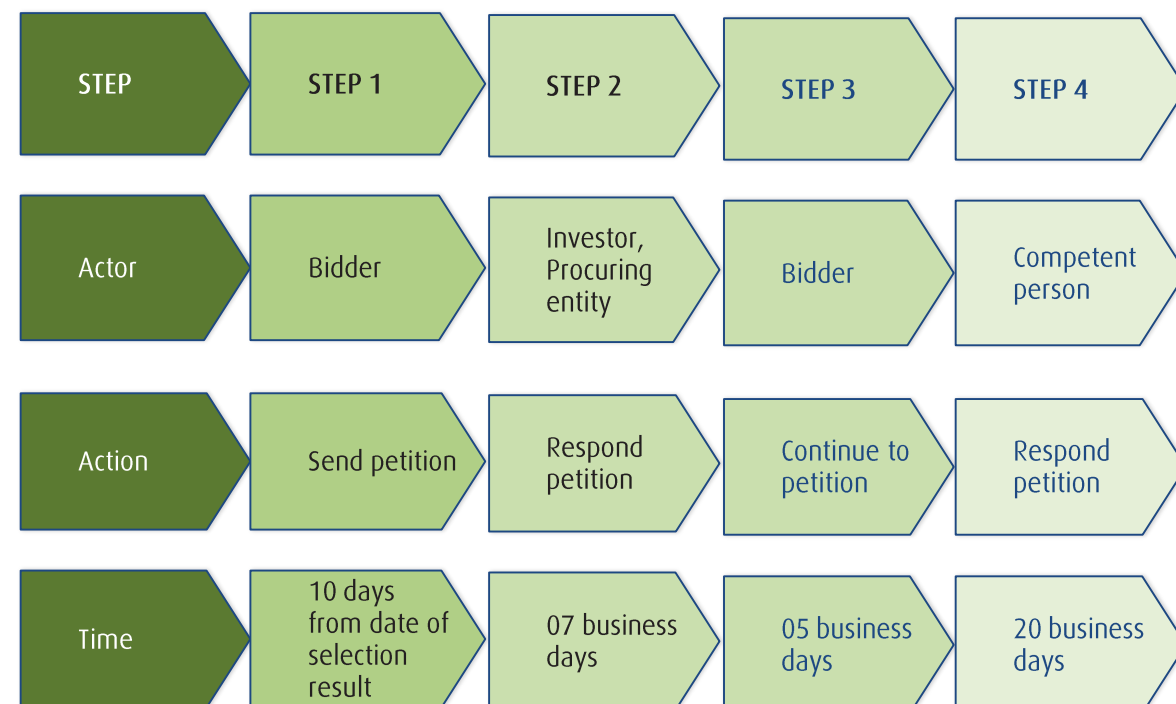


Process of resolving petitions

Petitions on bidder selection

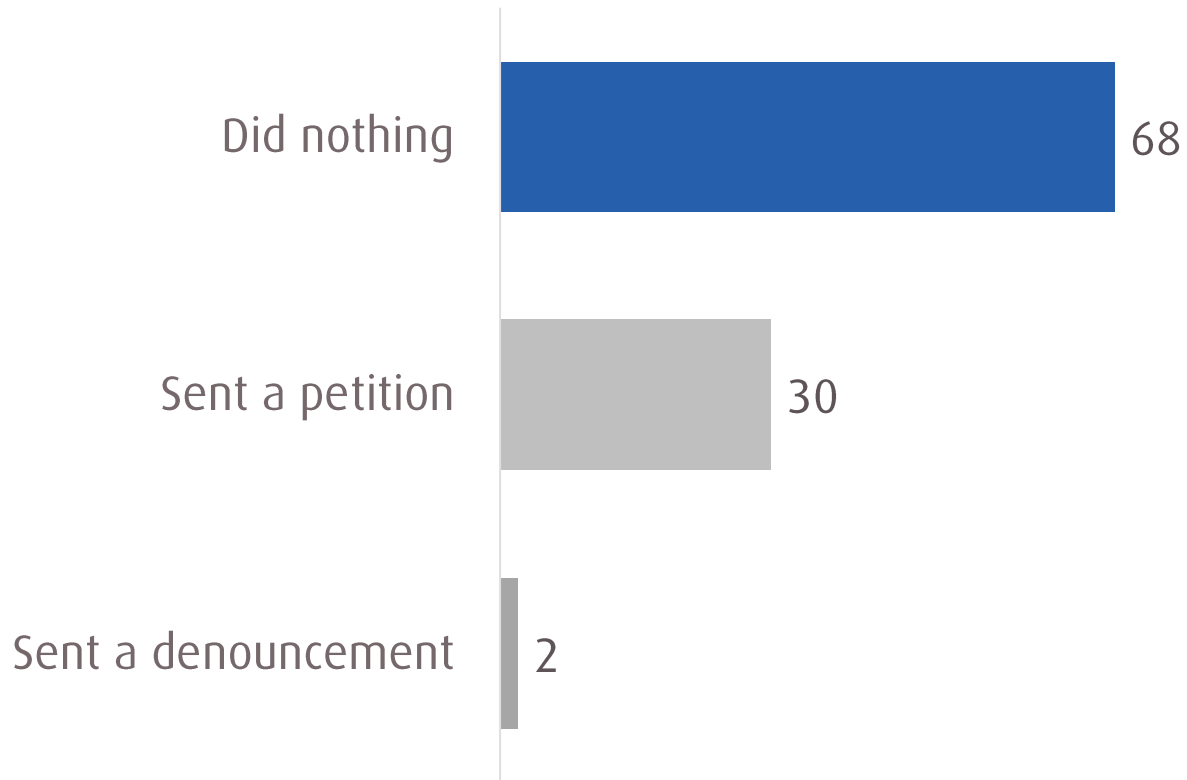


Petitions on bidder selection result



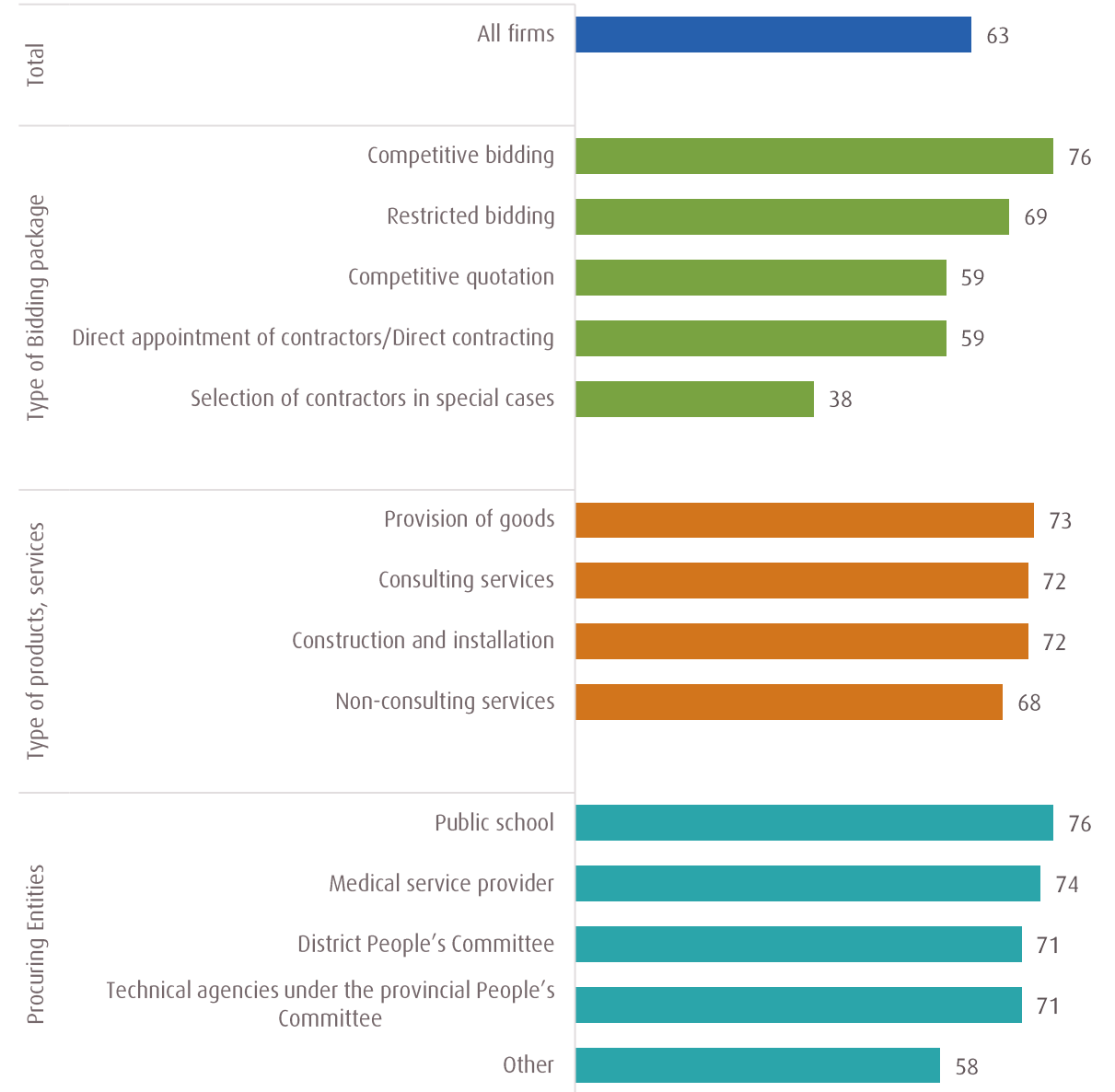
Source: Article 92 Law on Procurement 2013

Firms are still **hesitant** to send petitions requesting reconsideration of bidder selection result



4. Research Findings ▶ Dispute Resolution

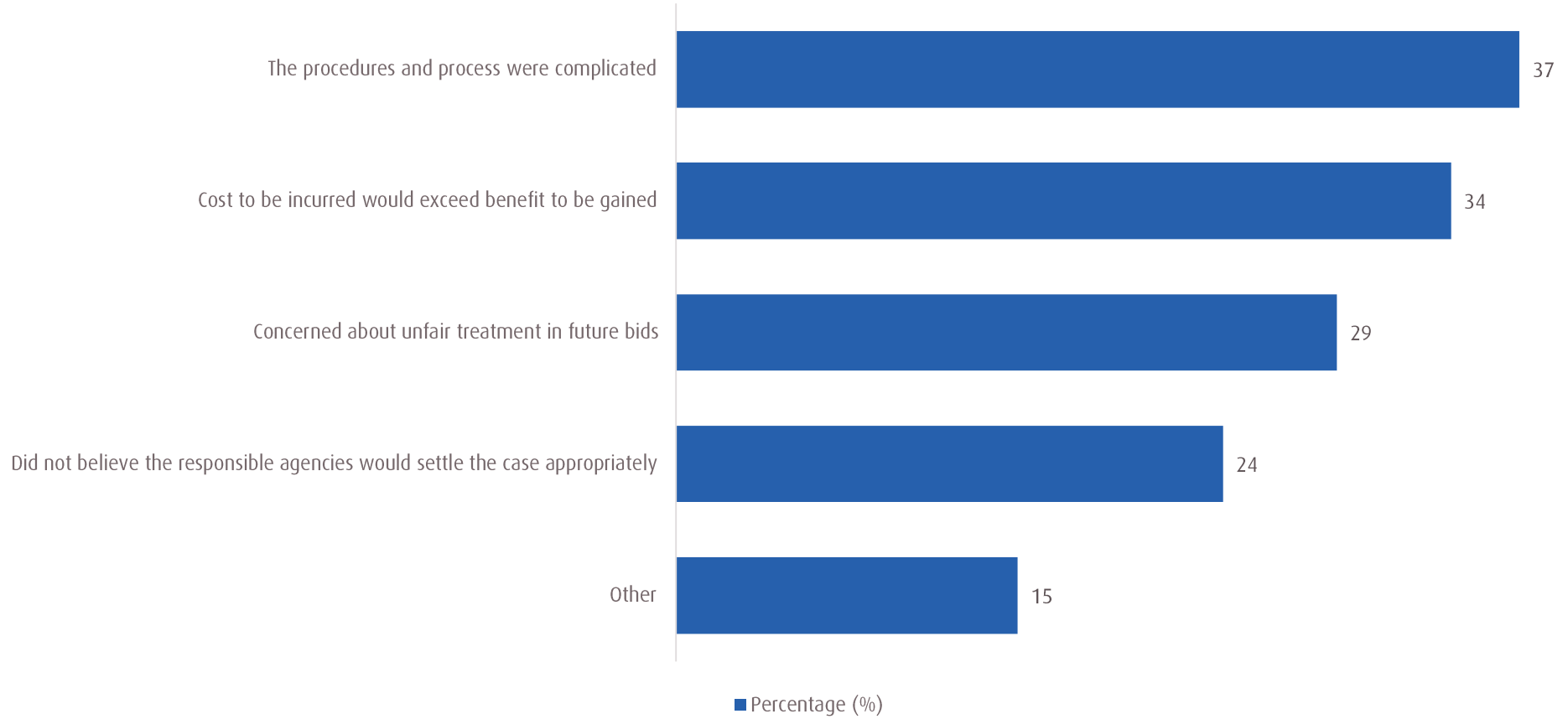
Nearly **2/3** of firms reported their petitions were appropriately settled



Share of firms (%) **24**

4. Research Findings ▶ Dispute Resolution


“Requests for reconsideration of bid results are often “pushed around” from one level/agency to another. The authorities have not addressed problems promptly, leading to delay in handling the case.”






▶ 5. Recommendations

► 5. Recommendations

 Continue stringent settlement of cases in which public officials break regulations or ask businesses to pay bribes to win contract.

 Continue to carry out inspections, examinations, and audits on public agencies and organizations soliciting bids and state management agencies.

 Promoting online bidding activities (e-procurement) and publicizing the information and conditions of bidding



► 5. Recommendations



The Procurement Law (amended) should provide more clarity on cases applying the type of direct contracting, especially in emergency cases such as natural disasters and epidemic remediation



The Procurement Law (amended) should add an independent dispute resolution mechanism.



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Thank you!

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