E-Governmental Procurement in Lao PDR

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Content

Introduction : e-Government

- E-government can be defined as the use of ICT to transform government by making it more accessible, effective and accountable.

- According to *info*Dev, e-government includes:

    - providing greater access to government information;

    - promoting civic engagement by enabling the public to interact with government officials;

    - making government more accountable by making its operations more transparent and thus reducing the opportunities for corruption;

    - Providing development opportunities, especially benefiting rural and traditionally underserved communities.
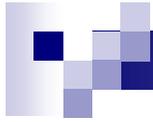
- E-government is a change program, building new governance structures.

- This calls for better coordination within and across multiple tiers of government and deconstruction of agency silos.

- These changes required for a successful implementation of e-government are essentially offering an invaluable opportunity for the less developed countries to enhance their capacity to govern and serve.

- This opportunity can be realized only when they understand the paradigm-shifting nature of e-government initiatives and translate this into their ICT policies.

Background of the Project

- Many international organizations such as ITU, OECD, and World Bank have initiated programs that would narrow "the digital divide."

- UNESCAP is no exception

  - ESCAP: Economic and Social Commissions for Asia and the Pacific

  - UNESCAP's project entitled "Building National Capacity for Efficient Delivery of ICT Applications Development Policy" for the period of 2005 through 2007, which is sponsored by MIC, Government of Republic of Korea, as part of "Special Project for Bridging the Digital Divide in East Asia."

  - Since the proposal of this special project at the ASEAN+3 Meeting held in Singapore in November 2001, MIC has held several symposiums and conferences, built Information Access Centers in Cambodia, Vietnam, and Philippines, and provided IT policy and technology consulting services to such countries as Myanmar, Vietnam, and Indonesia.

- Sponsored by MIC, UNESCAP implements "Building National Capacity for Efficient Delivery of ICT Applications Development Policy," which is essentially an "e-government consulting project."

  - As the first phase of this "e-government consulting project," we are asked to undertake the demand survey for the technical advisory service. Based on the survey results, we recommend selected countries as beneficiaries of the service.

  - At the second phase, UNESCAP, in cooperation with Korean MIC and KISDI (Korea Information Strategy Development Institute), will provide technical advisory service to the selected countries.

Candidate Systems for TA Service

- Government e-Procurement System : GePS

- National Finance Information System : NAFIS

- Tax Integrated System : TIS

- Informatization in Local Governments (Cities and Districts)

- National Education Information System : NEIS

- Computerization of Customs Administration

- Geographic Information System : GIS

- Electronic Document Interchange System : EDIS

- Resident Registration Management System

- Patent Administration System

Areas of TA Service

- The areas of TA service include the following eight components:
  - Government leadership – Government's vision and sponsorship, and it capacity to resource and implement necessary changes
  - Human resource management – Availability of HRM strategies and expertise required for e-government development
  - Planning and management – Strategic planning and re-engineering of management protocols and processes
  - Policy – Policy review and monitoring, linkage between e-Commerce, e-Government an other related policies
  - Legislation and regulation – Laws and regulations to support development in technology and e-government
  - Standards – Development of management and technical standards to ensure interoperability across different systems
  - Private sector integration – Private sector motivated to participate in e-government development
  - Systems – Planning, selection, development and implementation of the e-government systems

An Overview of Lao PDR

Head of State	President Khamtai Siphandon
Head of Government	Prime Minister Bounnhang Vorachith
Capital	Vientiane
Land area	236,800 sq.km
Population	5,758 million (2004)
Language	Lao
Religion	Buddhism
Member of	ASEAN, ADB, ESCAP, FAO, IBRD, WHO, IDA, WIPO, IFC, ILO, IMF, UN, NCTAD, UNESCO, UNIDO, UNICEF, WHO, EALAF
Currency	Kip
GDP	US$ 12,043 thousands (2003) at current market prices
Major Industries	Garment industry, wood-based and processing industries, electricity
Major Exports	Coffee, electricity, clothing, wood and forest product and Gypsum
Major Imports	Industrial machinery, chemicals, iron, electrical machinery and parts, steel, oil, construction material and consumption goods

Lao PDR : A Brief History

- In 1930, the Communist Party of Indochina was established and led by President Ho Chi Minh.

  The Communist Party resolutely led the people's struggle in

  co-ordination with the August revolution of the Vietnamese people, seized administrative power from the Japanese fascists and the French colonialists, and declared to the world the independence of Laos on 12 October, 1945.

- The Laos-Vietnam-Khmer Alliance was established on 11 March, 1951. Since the founding of the Lao People's Democratic Republic on December 2, 1975, Lao changed from a kingdom to a republic, with a President as head of state.

- In succession of the Communist Party of Indochina, on 22 March, 1955, the Lao People's Party was founded.

E-Government in Laos

Country	Index 2005	Global Rank in		Change
		2005	2004	
1. Republic of Korea	0.8727	5	5	0
2. Singapore	0.8503	7	8	1
3. Japan	0.7801	14	18	4
4. Philippines	0.5721	41	47	6
5. Malaysia	0.5706	43	42	−1
6. Thailand	0.5518	46	50	4
7. China	0.5078	57	67	10
8. Brunei Darussalam	0.4475	73	63	−10
9. Mongolia	0.3962	93	75	−18
10. Indonesia	0.3819	96	85	−11
11. Vietnam	0.3640	105	112	7
12. Cambodia	0.2989	128	128	1
13. Myanmar	0.2959	129	129	−6
14. Timor-Leste	0.2512	144	174	30
15. Lao PDR	0.2421	147	144	−3

(Source: UN Global E-government Readiness Report 2005, United Nations New York)

Governmental Procurement in Laos

- Lao PDR has recently passed procurement legislation dealing directly with public procurement, which is based on:

  - Decree of prime Minister on Procurement of Goods, Works, Maintenance and Services No. 03/PM, dated 9 January 2004.

  - Implementing Rules and Regulations on Government Procurement of Goods, Works, Maintenance and Services No. 063/PM, dated 12 March 2004

- This is the only basic legal framework on the procurement system in the country to improve transparency, efficiency and openness in public procurement.

- The Procurement Monitoring Office (PrMO) was established within the Ministry of Finance (MOF) to play a pivotal role in procurement reform, providing monitoring training programs, making harmonized standard bidding documents and developing procurement policy.

- Where there are specific procurement procedures prescribed by multilateral and foreign donors in their loan, credit or grant agreements with the Government, they take precedence over national procedures.

- Approximately 80% of government capital expenditure is currently assisted by multilateral credits, mainly from the WB and ADB, or grants from donors such as JICA and KOICA.

- Direct applications of the Government's regulations therefore apply to only about 20% of official procurement.

Gov. Procurement Processes

- **Public bidding**

- **Limited bidding when**
  - the contract values are low
  - there are a limited number of suppliers or contractors

- **Direct contracting**
  - may be carried out in the event public bidding and limited bidding were unsuccessful, but shall require specific approval from ministry or agency at different levels

- **Price comparison**
  - is applied for the procurement of limited amount and value of goods, small-scale works and low value services, supplies for daily and routine administrative activities

ICT Environment

- Now developing the broadband networks, the wireless and wire-line high speed Internet, the construction of ICT infrastructure and network applications to carry on development and expansion of ICT network to all districts and rural areas countrywide.

- Lao PDR has completed the improvement of the central long-distant telephone system in Vientiane and expanded the number of desk telephone by 7,680.

- The Internet shops have expanded rapidly in the center of cities and provinces. Today all provinces and some districts have access to Internet connection through dial up system. All the government offices, corporations and large private firms use computers.

- But majority of the use is for basic requirements for business for e-mails, chat, Internet telephone, etc.

- The firms and businesses do not utilize e-commerce/business in its real sense.

  The closest form of e-commerce used is e-mail and web sites that are generally used for business development and communication.

- This may be attributed to limited technical capacity and resources, lack of online cash transaction system, and low level of IT literacy and legal framework

Who Accesses the Internet?

		Lao Users		Foreign Users		Foreigner : Lao Ratio
ISP	Users	(%)	Total	(%)	Total	
LaoTel	1839	45%	827.55	55%	1011.45	1.22:1
GlobeNet	492	25%	123	75%	369	3:1
plannetonline	11	0%	0	70%	7.7	NA
Total	2342		950.55		1388.15	1.46:1
Lao subscribers			**40.59%**			
Foreign subscribers			**59.27%**			

Analysis I

- The study on the organization and legal framework for the procurement system in LAO PDR highlights the following characteristics:
  - The legal and organization reforms have been carried out along the guidelines and master plans suggested by Work Bank.
    - Thus, the overall legal framework and organizations are well prepared, although the funds from the WB and outside aids are conditional on the specific projects.
    - But the government officials in LAO PDR still want to know,
      - first, how to implement the procedures and guidelines in more effective ways and,
      - second, how to enforce them into all the other governments units including local governments.
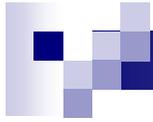
- □ In the organization aspect, PrMO is critical to the success of e-procurement development in LAO PDR.
  - ■ PrMO has to enforce the Decree and IRR and also monitor the procurement methods and procedures done by the various government entities.
  - ■ However, LAO PDR government has the decentralized procurement system. Thus, the provisions of the Decree and the IRR are not easily applied and monitored though the PrMO.
- □ We emphasize the importance of centralized information monitoring of the procurement
  - ■ This does not necessarily mean the centralization of the procurement processes themselves.
  - ■ We rather suggest the official role of an information gateway. Without this information gateway role, the PrMO will face very hard time to enforce and monitor the government procurement.

Analysis II

- This study also conducted in-depth interviews and a questionnaire survey with the government officials in LAO PDR. We obtain the following implications:

  - The suppliers and state-shared companies, whether in private or public sector, addressed the difficulty of their initial access to the information of any purchases and constructions initiated by government entities in LAO PDR.

  - They pointed out the strong need of "Web Portal services" of all the projects initiated by the government. Both the suppliers and the government entities will find such a Web Portal useful if they can find all the information of government projects in one central place.
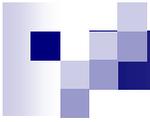
- The interviewees addressed the need for training. The need is twofold.

  - First they need to train governmental officials who are directly involved in actual governmental procurement processes. This training will provide them with opportunities for learning the rules and regulations regarding procurement processes.

  - Second, LAO PDR is in desperate need of IT experts who would play a pivotal role in promoting the use and deployment of IT and also in developing human resources necessary for carrying out the future e-government procurement projects.
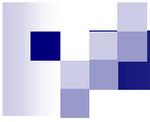
□ The survey result also pointed out that the different government entities carry out their own procurements and also that the different entities have different needs in terms of modernizing procurement processes. These diversified needs seem to result from the decentralized procurement system in LAO PDR. But although they have different needs and different perceptions of the current situation, they also seem to agree that a standardized set of rules and processes will make the government procurement more efficient and transparent.

Recommendations

- Building a Web Portal Site and Providing All the Information on Government Procurement

- Developing the Training and Educational Programs for ICT and Procurement Experts

- Strengthening the Role of PrMO

- Developing the Master Plan and Learning from the past experience of the Korean Government