

PROJECT PROCUREMENT RISK ASSESSMENT REPORT

EXECUTIVE SUMMARY

Overall Assessment: The project procurement risk was assessed as moderate due to weaknesses in staffing and capacity of the Ministry of Education, Culture and Science (MECS, the executing and implementing agency of the project) to procure goods and works and recruit consulting service in accordance with the Asian Development Bank (ADB)'s guidelines and procedures.

Summary of Weaknesses and Risks Identified: The number and qualifications of the staff at the procurement unit of the MECS are insufficient to undertake additional procurement under the project. The procurement specialists of the MECS also assume other tasks than procurement. A project implementation unit (PIU) staffed by a qualified and experienced procurement specialist remains yet to be established by the MECS. Under the ongoing ADB-financed project, the MECS demonstrated weak capacity to procure goods, in particular, to prepare technical specifications and evaluate bids, as well as to recruit consulting firms and individual consultants (the preparation of terms of reference (TORs) and requests for proposals (RFPs), evaluations of expressions of interest (EOIs), technical and financial proposals), in accordance with ADB's guidelines and procedures, causing significant delays in project implementation. The government regulations exist regarding qualifications and composition of bid evaluators but they are not always observed. Not all goods received at local levels are recorded as assets or inventory in a register. The procurement unit of the MECS does not always track warranty and latent defects liability periods.

Summary of Mitigation/Management Measures to Be Adopted: ADB will review and approve TOR for the procurement specialist as well as the selection and recruitment processes. The MECS and PIU staff will be trained, guided and coached on ADB guidelines and procedures by an international project management specialist to be engaged under the project. The Government Procurement Agency will assist the MECS in the evaluation of bids for civil works to be procured following national competitive bidding (NCB). Designs, drawings and bills of quantities will be prepared by an engineering firm to be engaged under the project. A specialist will also be engaged for the preparation of technical specifications of school dormitory equipment and furniture. Detailed TORs for consulting services have been prepared and included in the project administration manual. The PIU will assist the MECS in preparing calls for EOIs and RFPs, evaluating EOIs, technical and financial proposals. All goods procured under the project will be appropriately labelled and recorded, and reported in project quarterly and annual reports. The MECS, *aimag* education departments and the PIU will be assisted by four architectural engineers and the engineering firm which prepares designs, drawings and bills of quantities to supervise civil works contractors. During review missions, ADB will review performance of contractors and suppliers.

I. INTRODUCTION

1. The procurement risk assessment (PRA) was conducted from 25 May 2015 to 15 June 2015 in accordance with *the Guides on Assessing Procurement Risks and Determining Project Procurement Classification*. The PRA considered the organizational and staff capacity, information management, procurement practices and their effectiveness, and accountability measures at the MECS. Preparation activities included reviewing documents, ADB's ongoing procurement experience, interviews with counterpart and discussions with stakeholders.

2. The project will support reform of the school dormitory system in Mongolia to ensure equal access to quality education for all students, particularly those from herder families who live a nomadic life. The outcome of the project will be models to improve physical school dormitory environment and services established and implemented in three *aimags* of the western region in Mongolia. The project will have the following three outputs: (i) physical school dormitory environment improved; (ii) capacity to deliver school dormitory services improved; and (iii) policy and regulatory frameworks for improving school dormitory environment developed. The project will be implemented over three years. The MECS will be the executing and implementing agency of the project. Govi-Altai, Uvs, and Zavkhan *aimag* education departments will also be the implementing agencies.

II. PROJECT PROCUREMENT RISK ASSESSMENT

A. Overview

(i) Organization and Staff Capacity

3. The Public Procurement Law of Mongolia stipulates that a procurement/tender committee independent from the Minister shall be established for each procurement transaction. The chairman of the committee is appointed from department directors or division heads by the state secretary. The MECS has a procurement unit forming part of the Finance and Economics Department, and a permanent office that serves as a Secretariat and the main support unit for procurement/tender committees. The MECS procures mainly goods, civil works and consulting services (engineering firms which prepare designs, drawings and bills of quantities). The procurement unit is currently staffed by two specialists responsible for procurement of civil works and goods, respectively. They have limited English language proficiency. The number and qualifications of procurement specialists at the MECS are insufficient to undertake additional procurement under the project. The MECS remains yet to establish a PIU by recruiting, among others, a qualified and experienced procurement staff who will assist the MECS in undertaking procurement under the project.

(ii) Information Management

4. Procurement records, contracts and subsequent contractual correspondence are in general retained and filed in hard copy as well as in electronic copy. These documents are kept indefinitely for auditing purposes and the others, including police investigations and legal actions. Only procurement specialists have direct access to these documents.

(iii) Procurement Practices

5. The Public Procurement Law incorporates international good practices. The procurement procedures are generally in line with ADB guidelines and procedures. Under the ongoing ADB-financed project, the MECS demonstrated weak capacity to procure goods, in particular, concerning the preparation of technical specifications of goods and bid evaluations, as well as to recruit consulting firms and individual consultants, specifically in relation to the preparation of TORs and RFPs, evaluations of EOIs, technical and financial proposals, in accordance with ADB's guidelines and procedures, which has caused significant delays in project implementation. Payments are usually made as specified in the contracts but tend to be delayed.

(iv) Effectiveness

6. The MECS has limited capacity to monitor and report contractual performance. Complaints resolution mechanisms are described in the Public Procurement Law as well as in procurement documents. Procurement decisions and disputes are usually supported by written narratives.

(v) Accountability Measures

7. The Public Procurement Law requires those who are involved in public procurement to observe proper ethics and avoid any conflict of interest in the performance of procurement tasks. Anybody found to have breached the procedures specified in the Public Procurement Law are considered to have committed a criminal offense and can be fined varying amounts of penalties. However, conflicts of interest occur. Once the procurement plan for any fiscal year is approved along with the budget, the department which requires goods, works and services can commence procurement. Duties concerning procurement transactions, contracts, payments, recording of procurement transactions and events are segregated. Procurement decisions can be traced through documentation.

B. Strengths

8. The Public Procurement Law is generally consistent with international good practices and NCB procurement under ADB-financed projects have been carried out in accordance with the Public Procurement Law. There are harmonized standard bidding documents approved by ADB for ADB-financed projects. The bid evaluation committee as well as the consultant selection committee will be established as specified in the Public Procurement Law. The MECS will follow the established procedures to authorize procurement transactions, procurement invitations, documents, evaluations, contracts and payment which will be reviewed by ADB.

C. Weaknesses

9. The number and qualifications of the staff at the procurement unit of the MECS are insufficient to undertake additional procurement under the project. In addition, the procurement specialists of the MECS assume other tasks than procurement. A PIU staffed by a qualified and experienced procurement specialist remains yet to be established by the MECS. Under the ongoing ADB-financed project, the MECS demonstrated weak capacity to procure goods, in particular, to prepare technical specifications and evaluate bids, as well as to recruit consulting firms and individual consultants (the preparation of terms of reference (TORs) and requests for proposals (RFPs), evaluations of expressions of interest (EOIs), technical and financial proposals), in accordance with ADB's guidelines and procedures, causing significant delays in project implementation. The government regulations exist regarding qualifications and composition of bid evaluators but they are not always observed. Not all goods received at local levels are recorded as assets or inventory in a register. The procurement unit of the MECS does not always track warranty and latent defects liability periods.

D. Procurement Risk Assessment and Management Plan (P-RAMP)

Risk Area	Risk Assessment	Risk Description	Mitigation Measures or Risk Management Plan
Organizational and Staff Capacity			
Procurement Department/Unit	Substantial	The MECS has the procurement unit which is part of the Finance and Economics Department, including a permanent office that serves as a Secretariat and the main support unit for Procurement/Tender Committees. However, the number and qualifications of the staff at the procurement unit are insufficient. Moreover, the procurement specialists also assume other tasks than procurement.	A qualified and experienced procurement specialist will be recruited to the PIU which will be trained, guided and coached by an international project management specialist.
Project Management Unit	Substantial	PIU staffed by a qualified and experienced procurement specialist is to be established by the MECS	ADB will review and approve terms of reference for the procurement specialist as well as the selection and recruitment processes.
Information Management			
Retention and Filing of Procurement Records and Contract Papers	Low	Hard copies as well as electronic copies of documents and correspondence related to particular procurement transaction and contracts are kept and filed together.	An effective document management and filing system will be established at the PIU.
Procurement Practices			
Goods and Works	Substantial	The MECS demonstrated weak capacity to procure goods, in particular, to prepare technical specifications and evaluate bids, in accordance with ADB's guidelines and procedures under the ongoing ADB-financed project, causing significant delays in project implementation. The government regulations exist regarding qualifications and	The Government Procurement Agency will assist the MECS in evaluating bids for civil works to be procured following national competitive bidding. Designs, drawings and bills of quantities will be prepared by an engineering firm to be engaged under the project. A specialist will also be engaged for the preparation of technical specifications of school dormitory equipment and furniture. The MECS and PIU

Risk Area	Risk Assessment	Risk Description	Mitigation Measures or Risk Management Plan
		composition of bid evaluators but they are not always observed. Whereas all goods received at the national level are recorded as assets, not all goods received at the local level are recorded. The procurement unit of the MECS does not always track warranty and latent defects liability periods.	staff will be trained, guided and coached by the international project management specialist. All goods procured under the project will be appropriately labelled and recorded, and reported in project quarterly and annual reports. The MECS, <i>aimag</i> education departments and the PIU will be assisted by four architectural engineers and the engineering firm which prepare designs, drawings and bills of quantities to supervise civil works contractors. During review missions, ADB will review performance of contractors and suppliers.
Consulting Services	Moderate	Due to limited experience, the MECS demonstrated weak capacity to recruit consulting firms and individual consultants, in particular, to prepare TORs and RFPs, evaluate EOIs, technical and financial proposals, in accordance with ADB's guidelines and procedures under the ongoing ADB-financed project, causing significant delays in project implementation. The consultant selection committees are usually composed of the MECS staff only.	Detailed terms of reference for consulting services have been prepared and included in the project administration manual. The PIU staffed by a qualified and experienced procurement specialist will assist the MECS in preparing calls for EOIs and RFPs, evaluating EOIs, technical and financial proposals. The PIU will be guided and coached by the international project management specialist.
Payments	Low	Payments are usually made as specified in the contracts but tend to be delayed.	Through the PIU and review missions, ADB will monitor payments to be made.
Effectiveness			
Monitoring of contractual performance and complaints resolution mechanisms	Moderate	The MECS has limited capacity to monitor and report contractual performance. Complaints resolution mechanisms are described in the Public	The MECS, <i>aimag</i> education departments and the PIU will be assisted by four architectural engineers and the engineering firm which prepares designs, drawings

Risk Area	Risk Assessment	Risk Description	Mitigation Measures or Risk Management Plan
		Procurement Law and procurement documents.	and bills of quantities to supervise civil works contractors. Contractual performance will be reported in quarterly and annual reports of the project. During review missions, ADB will review performance of contractors and suppliers.
Accountability Measures			
Code of ethics, segregation of duties, and documentation	Low	The Public Procurement Law requires those who are involved in public procurement to observe proper ethics and avoid conflict of interest in performing procurement tasks.	Through prior and post reviews, ADB will supervise and ensure compliance by the MECS with ADB guidelines and policies. The MECS, <i>aimag</i> education department, and PIU staff will be trained in ADB guidelines, policies and procedures.
Overall Risk	Moderate		

III. PROJECT SPECIFIC PROCUREMENT THRESHOLDS

10. International competitive bidding will be applied to goods contracts estimated to cost \$500,000 and more, and works contracts estimated to cost \$1 million and more. Goods contracts worth less than \$500,000 and works contracts worth less than \$1 million will follow NCB. Shopping will be used for contracts for works and goods valued less than \$100,000.

IV. PROCUREMENT PLANS

11. 10–20 works contracts for the amount of \$1,800,000 will be procured through national competitive bidding, while at least 8 goods contracts for the total amount of \$168,000 will be procured through shopping. It is expected that the proposed project will fund 4 person-months of international and 91 person-months of national consulting services to provide expertise in architectural engineering, environment safeguards, dormitory equipment and furniture, dormitory staff policy and management, education finance and economics, social development, law, school nutrition, and project management. A national engineering firm will be recruited for estimated 36 person-months using the consultant qualifications selection method. Advance contracting will be conducted to recruit the engineering firm. A total of 4 person-months of international and 55 person-months of national consulting services will be recruited following the individual consultant selection method. There will be no retroactive financing for the project. The procurement plan is in Appendix 2.

V. CONCLUSION

12. The project arrangements with appropriate mitigation measures, are considered satisfactory. ADB and the government will jointly undertake reviews of the project at least once a year. The reviews will assess progress in the project activities, including implementation of the

mitigation measures, procurement transactions, performance of contractors and suppliers, monitoring and reporting of project assets, identify issues and constraints, and determine necessary remedial actions and adjustments.

APPENDIX:

- 1. COMPLETED PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE**
- 2. PROCUREMENT PLAN**

APPENDIX 1 : PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

QUESTION	RESPONSE	RISK
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT/UNIT		
A.1 Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	Yes. The Ministry of Education, Culture and Science (MECS) forms Procurement/Tender Committees which are independent from the Minister.	Low
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Yes. The MECS has a Procurement Unit which is part of the Finance and Economics Department, including a permanent office that serves as a Secretariat and the main support unit for Procurement/Tender Committees. Specifically, the procurement officer of the Unit responsible for procuring goods and civil works acts as a Secretary of Procurement/Tender Committees. The chairman of the committee is appointed from department directors or division heads by the state secretary.	Low
A.3 If yes, what type of procurement does it undertake?	Mostly procurement of goods and civil works. Consulting services are also recruited when the MECS needs services of civil engineering firms to prepare designs, drawings, bills of quantities for procurement of civil works.	Low
A.4 How many years' experience does the head of the procurement department/unit have in a direct procurement role?	Director of Finance and Economics Department has more than 10 years of experience in dealing with procurement. Head of Procurement Unit has more than 10 years of assuming direct procurement function.	Low
A.5 How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	The procurement unit is staffed by 2 full time staff each responsible for procurement of civil works and goods who are supported by a clerical staff.	Low
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	The staff have limited English language proficiency.	High*
A.7 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	The number of staff at the Procurement Unit is not sufficient to undertake additional procurement under the proposed project. Qualifications and experience of the staff is also insufficient, considering that they have not directly been involved in procurement under ADB-financed projects implemented by the MECS in the past.	High*
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the	The unit has adequate facilities for procurement transactions of the MECS but not for additional procurement planned under the project.	Moderate

QUESTION	RESPONSE	RISK
planned procurement?		
A.9 Does the agency have, or have ready access to, a procurement training program?	MECS does not conduct procurement training program by itself. Procurement training program is organized by the Ministry of Finance (MOF) for all government staff involved in public procurement in collaboration with the National University of Mongolia. Participants who completed a 3-day training program are awarded an A3 Procurement Certificate issued by the MOF.	Low*
A.10 At what level does the department/unit report (to the head of agency, deputy etc.)?	Procurement Unit reports to Director of Department of Finance and Economics who in turn reports to the State Secretary who heads all the departments at the MECS.	Low
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Procurement is just one of the tasks specified in the job descriptions of the 2 staff responsible for procurement. The procurement staff of MECS must possess A3 Procurement Certificate issued by MOF. There are no clear career routes for the procurement staff or the head of the Unit.	High
A.12 Is there a procurement process manual for goods and works?	There is a procurement process handbook which details step by step procedures to be observed for procuring works and goods using public funds.	Low
A.13 If there is a manual, is it up to date and does it cover foreign-assisted projects?	The procurement process handbook covers foreign-assisted projects and is regularly updated in line with amendments to the Public Procurement Law.	Low
A.14 Is there a procurement process manual for consulting services?	There is a procurement process handbook for recruiting consulting services. The procurement staff responsible for civil works is familiar with the procedures as most designs, drawings and bills of quantities for civil works are prepared by recruiting private consulting firms.	Low
A.15 If there is a manual, is it up to date and does it cover foreign-assisted projects?	The handbook covers foreign-assisted projects and is regularly updated in line with amendments to the Public Procurement Law.	Low
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	No. A project implementation unit (PIU) will be established by the MECS before the grant becomes effective.	Substantial*
A.17 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	The PIU will be staffed by a procurement specialist. The PIU will be guided and coached by an international project management specialist. Procurement of civil works, which is complex, as rehabilitation sites are dispersed in rural remote areas, will be conducted with the support of the Government Procurement Agency. It will be further assisted by an engineering firm which prepares designs, drawings and bills of quantities, and four architectural engineers	Substantial*

QUESTION	RESPONSE	RISK
	who assist the PIU in supervising civil works contractors, if necessary. Other procurement packages are small and can be handled by the procurement specialist recruited to the PIU.	
A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	The PIU will be equipped adequately with PC and internet connection photocopy facilities, printers, etc. under the project.	Low
A.19 Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	There are harmonized standard bidding documents approved by ADB for ADB-financed projects.	Low*
A.20 Does the agency follow the national procurement law, procurement processes, guidelines?	The MECS follows the Public Procurement Law of Mongolia, and procurement process handbooks. The Public Procurement Law will be followed for national competitive bidding under ADB-funded projects.	Low*
A.21 Do ToRs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes. All ToRs for consulting services will be reviewed and approved by ADB.	Low
A.22 Who drafts the procurement specifications?	The Procurement/Tender Committee is tasked to draft the procurement specifications. The Committee members should possess A3 procurement Certificate issued by the MOF. At least 2 Committee members should be representatives of civil society organizations. The Procurement/Tender Committee may enlist the support of specialists to prepare the procurement specifications. Under the project, technical specifications of civil works will be prepared by an engineering firm to be engaged, and technical specifications of equipment and furniture will be prepared by a school dormitory equipment and furniture specialist. Other technical specifications will be prepared by the Procurement/Tender Committee with the support of the PIU.	Substantial
A.23 Who approves the procurement specifications?	Technical specifications of civil works will be reviewed and approved by ADB. Technical specifications of goods to be procured for the first time under the project will also be reviewed and approved by ADB.	Low
A.24 Who in the PMU has experience in drafting bidding documents?	The procurement specialist recruited to the PIU should have experience in drafting bidding documents. Other PIU staff, including a project manager, are also expected to have some experience in drafting bidding documents. The MECS will select and recruit the procurement specialist, which will be	Substantial*

QUESTION	RESPONSE	RISK
	reviewed and approved by ADB.	
A.25 Are records of the sale of bidding documents immediately available?	Yes.	Low*
A.26 Who identifies the need for consulting services requirements?	ADB project team, in consultation with the MECS, identified consulting service requirements.	Low
A.27 Who drafts the Terms of Reference (ToR)	ADB project team, in consultation with the MECS, drafted the outline terms of reference which are found in the project administration manual. The terms of reference will be updated by the PIU, reviewed and approved by ADB during project implementation.	Low
A.28 Who prepares the request for proposals (RFPs)	The PIU will prepare RFPs by using ADB's harmonized RFP document and based on outline terms of reference in the project administration manual.	Low
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	Yes, there is a referencing system for procurement files which are all preserved in hard copies.	Low
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Two staff (1 staff for procuring goods and 1 staff for procuring civil works) are assigned to keep and manage all respective records pertaining to procurement at the MECS. Desktop computers which save records in electronic format need to be upgraded, as well as printer and photocopy machines.	Moderate*
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Records are retained indefinitely for auditing purposes and for others, including policy investigations and legal actions. Only the procurement staff have direct access to the records.	Low*
B.4 Are copies of bids or proposals retained with the evaluation?	All documents related to a procurement transaction are kept together in hard copy, including bids or proposals, bid evaluation committee minutes and reports.	Low
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Copies of the original advertisements are retained with the pre-contract papers.	Low
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes, a contract file contains a copy of the contract and all subsequent contractual correspondence.	Low
B.7 Are copies of invoices included with the contract papers?	All invoices that have been cleared by the concerned procurement staff are processed by Department of Finance and Economics and subsequently are included with the contract papers in the file.	Low
B.8 Is the agency's record keeping function supported by IT?	Documents related to procurement are scanned and stored in electronic format.	Low
C. PROCUREMENT PRACTICES		

QUESTION	RESPONSE	RISK
Goods and Works		
C.1 Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Procurement of goods under ADB-financed Higher Education Reform Project and procurement of goods and works under the Global Partnership for Education/World Bank-financed Preschool Education Project.	High*
C.2 If the answer is yes, what were the major challenges faced by the agency?	Weak capacity of the MECS and PIU to prepare technical specifications of goods, to evaluate bids in accordance with ADB's guidelines and procedures caused significant delays in project implementation.	High*
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes. Procurement requirements are first prepared by all the departments of the MECS with the corresponding budget proposals and consolidated into a procurement plan for the following fiscal year for approval by the State Great Hural (Parliament).	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	The Public Procurement Law does not specify a minimum period for the preparation of bids but 1 to 2 months are the standard periods to prepare bids, depending on the type and complexity of the goods or works to be procured.	Substantial*
C.5 Are all queries from bidders replied to in writing?	Yes, all queries from bidders are replied to in writing.	Low*
C.6 Does the bidding document state the date and time of bid opening?	Yes, bidding documents should state the date, time, and place of bid opening.	Low*
C.7 Are bids opened in public?	Yes, in the presence of those who submit bids.	Low*
C.8 Can late bids be accepted?	No.	Low*
C.9 Can bids (except late bids) be rejected at bid opening?	No, all bids submitted by the specified time are not rejected.	Low*
C.10 Are minutes of the bid opening taken?	Yes.	Low*
C.11 Are bidders provided a copy of the minutes?	A copy of the minutes is not circulated but bidders who participated in the bidding can request for a copy of the minutes of bid opening.	Low*
C.12 Are the minutes provided free of charge?	Yes.	Low*
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	A temporary Procurement/Tender Committee is established for each procurement transaction and tasked to undertake the evaluation of bids.	Low
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	The evaluators should be familiar with the goods or works under evaluation, and possess A3 Procurement Certificate issued by the MOF. However, in practice, the qualifications requirements are not strictly met.	High*

QUESTION	RESPONSE	RISK
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	The decision of the evaluators is final and every committee member present is required to sign the evaluation report. Members who disagree are required to register and indicate their remarks and sign the evaluation report. The final decision can be made with the attendance rate of 80% and above.	Substantial*
C.16 Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	7 months.	Substantial
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes, but clearance of cargoes through ports of entry is normally the responsibility of the supplier assisted by its local partner or the supplier's representative.	Low
C.18 Are there established goods receiving procedures?	The Procurement/Tender Committee who evaluate the bids receive, inspect and certify that the goods delivered are in accordance with the quantities, specifications and prices as ordered.	Moderate
C.19 Are all goods that are received recorded as assets or inventory in a register?	Generally yes, the Asset Management staff who is also the procurement staff record the goods received as assets or inventory in a register at the MECS. However, if goods are received at local levels, not all goods received are recorded as assets or inventory in a register.	High*
C.20 Is the agency/procurement department familiar with letters of credit?	The MECS (Legal Division) is familiar with letters of credit.	Moderate
C.21 Does the procurement department register and track warranty and latent defects liability periods?	The Procurement Unit does not always track diligently warranty and latent defects liability periods.	High
Consulting Services		
C.22 Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. Under ADB-financed Higher Education Reform Project.	High*
C.23 If the above answer is yes, what were the major challenges?	The MECS had little experience in recruiting consulting firms under ADB-financed projects. Weak capacity of the MECS and PIU to prepare ToRs for the consulting services, to evaluate EOIs, technical and financial proposals in accordance with ADB's guidelines and procedures caused substantial delays in project implementation.	High*
C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?	Yes.	Low

QUESTION	RESPONSE	RISK
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	The Selection Committees are usually composed of the MECS staff.	High
C.26 What criteria are used to evaluate EOIs?	For the recruitment through QCBS, EOIs are usually evaluated based on management capacity, technical capacity and geographical experience of the firms. For the recruitment through ICS, EOIs are evaluated based on general qualifications, experience specific to the assignment, and geographical/country experience (international), or experience with international organizations (national). For the recruitment through CQS, more detailed criteria are specified depending on the assignment.	Substantial
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	The Least Cost Selection is the most commonly used method to select consultants.	Moderate
C.28 Do firms have to pay for the RFP document?	No.	Low
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes, the Procurement Law specifies that the procuring agency shall detail evaluation criteria to be scored in a pre-determined structure in the RFP.	Moderate*
C.30 Are pre-proposal visits and meetings arranged?	Sometimes, but not frequently, to allow prospective consultants to raise questions or request clarifications on some aspects of the RFP.	Moderate
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Minutes are prepared but not generally circulated. Copy of the minutes can be provided to auditors or police conducting investigations.	Moderate*
C.32 To whom are the minutes distributed?	The minutes are not generally circulated or distributed.	Moderate*
C.33 Are all queries from consultants answered/addressed in writing?	Yes.	Low*
C.34 Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	Yes, when using public funds, the Public Procurement Law specifies that technical and financial proposals should be placed in separate envelopes. Financial proposals should remain sealed until the technical proposal evaluation is completed.	Low*
C.35 Are proposal securities required?	The Public Procurement Law specifies that "If required, the procuring entity may set tender security to be equal to 1-2% of the cost estimate given goods, works and/or services and indicate in the tendering document."	Low*
C.36 Are technical proposals opened in public?	Yes, the Public Procurement Law and the ADB Guidelines on the use of Consultants require that technical proposals are opened in the presence of shortlisted consultants' representatives.	Low*

QUESTION	RESPONSE	RISK
C.37 Are minutes of the technical opening distributed?	Normally not intended for general distribution but copy may be provided for audit purposes and for police investigations.	Low*
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes.	Low*
C.39 Who determines the final technical ranking and how?	The Selection Committee determines the score of each technical proposal and the final technical ranking. A minimum total score is established as a benchmark for assessing the responsiveness of each technical proposal and rejecting those which do not meet the requirements.	High*
C.40 Are the technical scores sent to all firms?	Yes.	Low*
C.41 Are the financial proposal opened in public?	Yes.	Low*
C.42 Are minutes of the financial opening distributed?	The minutes of the financial opening are not generally circulated except for audit purposes and police investigations.	Low*
C.43 How is the financial evaluation completed?	By scoring financial proposals based on the total proposal costs.	Moderate*
C.44 Are face to face contract negotiations held?	Yes.	Low*
C.45 How long after financial evaluation is negotiation held with the selected firm?	Within 2-3 weeks.	Low
C.46 What is the usual basis for negotiation?	ToRs and technical and financial proposals.	Low
C.47 Are minutes of negotiation taken and signed?	Yes.	Low*
C.48 How long after negotiation is the contract signed, on average?	5-10 days.	Low
C.49 Is there an evaluation system for measuring the outputs of consultants?	No.	Moderate
Payments		
C.50 Are advance payments made?	Yes, if they are specified in the contract.	Low
C.51 What is the standard period for payment included in contracts?	The standard period for payment depends on the type of goods, works and services purchased.	Moderate
C.52 On average, how long is it between receiving a firm's invoice and making payment?	On average, 2-3 months, assuming that there are no other problems related to the acceptance of delivered goods or completed works. Besides, a "no-objection" letter has to be issued first by the Minister of the client agency and another by the Minister of Finance.	Moderate
C.53 When late payment is made, are the	Normally not, unless this is stipulated in the	Low

QUESTION	RESPONSE	RISK
beneficiaries paid interest?	contract.	
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	No. The MECS has limited capacity to monitor and report contractual performance.	Substantial
D.2 Does the agency monitor and track its contractual payment obligations?	Generally, yes.	Moderate
D.3 Is a complaints resolution mechanism described in national procurement documents?	Yes, complaints resolution mechanisms are described in the Public Procurement Law as well as in procurement documents. However, using the complaints resolution mechanism can be cumbersome.	Moderate
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes, formal non-judicial mechanisms are described in the Public Procurement Law. The first two stages of complaints resolution are non-judicial. Any complaint can be dealt with at the level of the procuring agency as the first stage of complaints resolution. If the issue is not resolved, the complaint can be elevated to the Expert Board and then to the court as a last resort if the issue is not resolved by the Expert Board. The type of mechanism to use also depends on the stage in which complaints arise. Until bid opening complaints shall be filed at The Fair Competition and Consumer Protection Agency. From bid opening till contract award, complaints shall be filed at the Procurement Department of the Ministry of Finance. After contract award, complaints shall be filed at the court.	Low
D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Generally yes, written narratives are provided for procurement decisions and disputes.	Moderate*
E. ACCOUNTABILITY MEASURES		
E.1 Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes. The Public Procurement Law requires those who are involved in public procurement to observe proper ethics and avoid any conflict of interest in the performance of procurement tasks. Anybody found to have breached the procedures specified in the Public Procurement Law are considered to have committed a criminal offense and can be fined varying amounts of penalties.	Low*
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes, but sometimes conflicts of interest exist.	Substantial*
E.3 Is the commencement of	Once the procurement plan for a financial	Low*

QUESTION	RESPONSE	RISK
procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	year and the accompanying budget are approved by the Parliament, procurement can commence immediately and no further approval is required.	
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	Procurement transactions are approved by the department which requires them and the Procurement/Tender Committee except financial matters. All committee members should have procurement experience and possess A3 Procurement Certificate issued by the MOF.	Low
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		
a) Bidding document, invitation to pre-qualify or RFP	Department which requires the goods, works, and services to procure approves bidding documents, invitation to pre-qualify, or RFP prepared by the Procurement/Tender Committee. Staff of the department are usually part of the Procurement/Tender Committee.	Low
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Department which requires the goods, works, and services to procure approves the advertisement of an invitation for bids, pre-qualification or call for EOIs prepared by the Procurement/Tender Committee. Staff of the department are usually part of the Procurement/Tender Committee.	Low
c) Evaluation reports	The Procurement/Tender Committee approves the evaluation reports.	Low*
d) Notice of award	Department which requires the goods, works, and services to procure approves the notice of awards prepared by the Procurement/Tender Committee. Staff of the department are usually part of the Procurement/Tender Committee.	Low*
e) Invitation to consultants to negotiate	The Selection Committee approves the invitation to consultants to negotiate.	Low
f) Contracts	Contracts are prepared by the Department of Finance and Economics and approved by the department which requires the goods, works and services and the State Secretary.	Low*
E.6 Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	No, different departments are involved at different stages. The department which requires the goods, works, and services authorizes procurement transactions, procurement invitations, documents, evaluations, and contracts. These are recorded by procurement specialists. The MOF is responsible for authorizing payments.	Low*
E.7 Is there a written auditable trail of	Generally yes. Documents and	Moderate*

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QUESTION	RESPONSE	RISK
procurement decisions attributable to individuals and committees?	correspondence related to a transaction are kept and made available to auditors.	

APPENDIX 2: PROCUREMENT PLAN

General Description	Estimated Value	Number of Contracts	Procurement Method	Review (prior/post)	Bidding Procedures	Advertisement Date (quarter/year)	Comments
Civil works (repair/rehabilitation of buildings, repair/installation of WASH facilities) (10 lots)	900,000	5-10	NCB	Prior	1S1E	Q1/2016	Prequalification of Bidders: N Bidding Document: Small Works
Civil works (repair/rehabilitation of buildings, repair/installation of WASH facilities) (10 lots)	900,000	5-10	NCB	Prior	1S1E	Q1 2017	Prequalification of Bidders: N Bidding Document: Small Works
Equipment (kitchen, laundry, etc.)	20,000	1	Shopping	Post		Q2/2016	Prequalification of Bidders: N
Furniture (beds, tables, chairs, wardrobe, trash cans, bookshelves, etc.)	25,000	1	Shopping	Post		Q2/2016	Prequalification of Bidders: N
Books and other teaching-learning materials	30,000	1	Shopping	Post		Q2/2016	Prequalification of Bidders: N
Materials for extracurricular activities (musical instruments, etc.)	30,000	1	Shopping	Post		Q2/2016	Prequalification of Bidders: N
PIU ICT equipment (including accounting software)	15,000	1	Shopping	Prior (the first contract under shopping)		Q4/2015	Prequalification of Bidders: N
PIU furniture	3,000	1	Shopping	Prior (the first contract under shopping)		Q4/2015	Prequalification of Bidders: N
Equipment (kitchen, laundry, etc.)	20,000	1	Shopping	Post		Q2/2017	Prequalification of Bidders: N
Furniture (beds, tables, chairs, wardrobe, trash cans, bookshelves, etc.)	25,000	1	Shopping	Post		Q2/2017	Prequalification of Bidders: N
General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (prior/post)	Type of Proposal	Advertisement Date (quarter/year)	Comments
Engineering firm for drawings (12 school dormitories)	60,000	1	CQS	Prior	Bio Data	Q3/2015 (Advance Contracting)	Assignment: National Expertise: Engineering
Architectural engineer (supervision) (4 nationals)	140,000	4	ICS	Prior		Q1/2016	Assignment: National Expertise: Engineering
Environment specialist (national)	15,000	1	ICS	Prior		Q1/2016	Assignment: National Expertise: Environment
Dormitory equipment and furniture specialist (national)	10,000		ICS	Prior		Q4/2015	Assignment: National Expertise: Interior Design
School dormitory staff policy and management specialist (national)	20,000		ICS	Prior		Q4/2015	Assignment: National Expertise: Education

General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (prior/post)	Type of Proposal	Advertisement Date (quarter/year)	Comments
Education finance specialist (national)	30,000		ICS	Prior		Q4/2015	Assignment: National Expertise: Education Economics
Social development specialist (national)	35,000		ICS	Prior		Q4/2015	Assignment: National Expertise: Social Sciences
Legal specialist (national)	15,000		ICS	Prior		Q1/2017	Assignment: National Expertise: Law
Nutritionist (national)	10,000		ICS	Prior		Q4/2015	Assignment: National Expertise: Nutrition
Education economist (international)	44,000		ICS	Prior		Q2/2016	Assignment: National Expertise: Education Economics
Project management specialist (international)	44,000		ICS	Prior		Q4/2015	Assignment: National Expertise: Project Management