

PROJECT PROCUREMENT RISK ASSESSMENT REPORT

EXECUTIVE SUMMARY

1. The overall assessment of project procurement risk is *moderate*.
2. **Summary of weaknesses and risk identified.** The Ministry of Energy (MOE), the executing agency, has a Finance and Investment Department and project management units which administer all goods and services procurement activities in government and international donor-financed projects. MOE has experience in managing several international donor-financed loan projects, and small ADB grant projects funded by the Japan Fund for Poverty Reduction but has no experience in Asian Development Bank (ADB) loan-financed project for the last 10 years. Procurement units of the implementing agencies (IA): Western Region Energy System State-Owned Joint Stock Company (WRES), Altai-Uliastai Region Energy System State-Owned Joint Stock Company (AUES), and National Renewable Energy Center (NREC), have staff to undertake local regular procurement of goods and services. However, these procurement units do not have sufficient personnel who control sizable procurement, and have no experience on ADB-funded projects.
3. **Summary of mitigation and management measures to be adopted.** A project management unit (PMU) is established in MOE for integrated procurement management. It supports the IAs throughout the bidding process. Insufficient procurement staff in the IAs and a lack of ADB-funded project experience can also be mitigated and controlled through the involvement of PMU. A project management consultant team also supports PMU and the IAs (i) in drafting tender documents, (ii) preparing bid evaluation reports, (iii) supporting contract negotiation, and (iv) monitoring implementation of contracts. The Energy Division, East Asia Department of ADB (EAEN) will also continuously assist PMU and the IAs on top of a series of procurement trainings under the project preparatory technical assistance (PPTA).

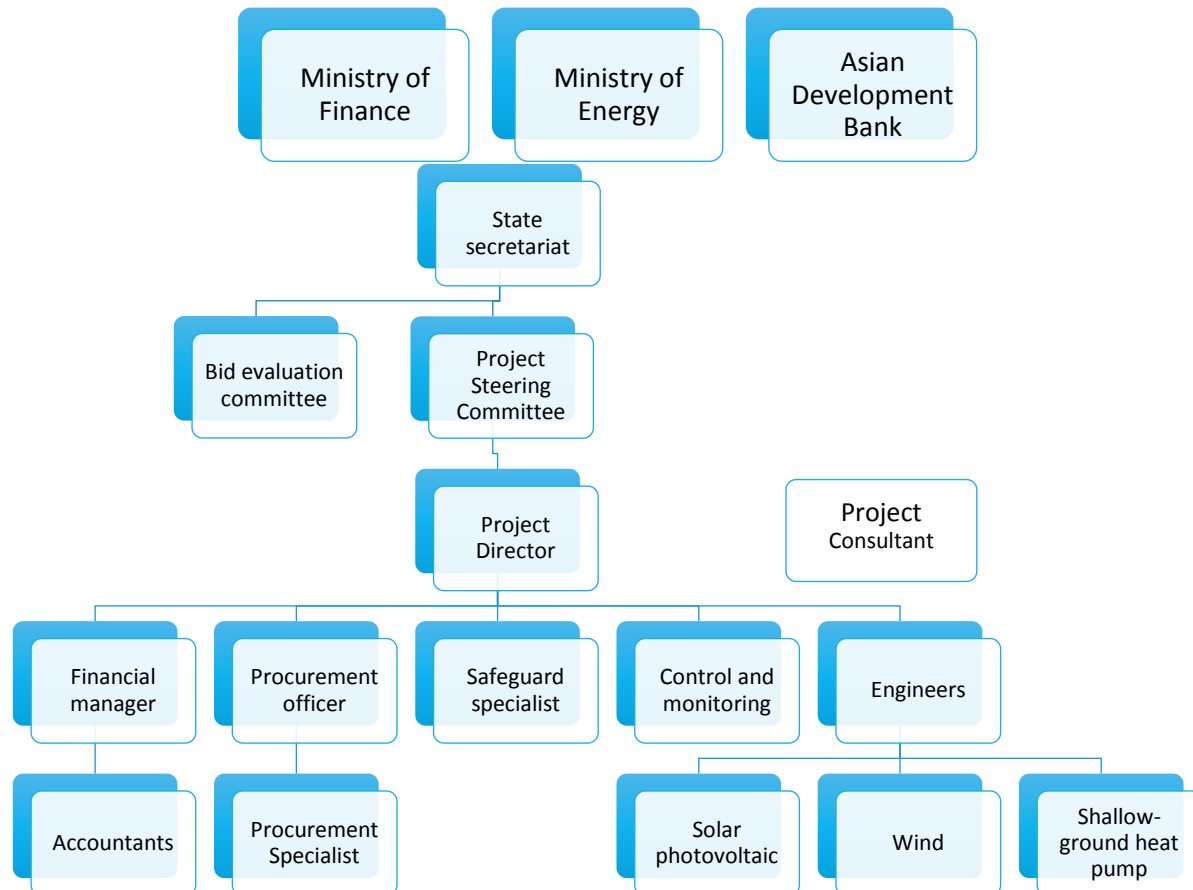
I. INTRODUCTION

4. This procurement assessment was prepared in accordance with ADB's Guidelines for Assessing Country, Sector and Project Procurement Risks to identify strengths and weaknesses of the executing and IAs. The assessment was conducted in November 2017, and it covers the procurement environment of MOE. All procurement assessment data were collected by the procurement specialist of the PPTA team through interview with counterparts and review of internal procurement practice of MOE.
5. The project will help develop 40.5 megawatt (MW) of distributed renewable energy system and 0.5 MW of geothermal heat pump demonstration in the western Mongolia. The project is comprised of three outputs: output 1 will be implemented with two batches to develop a total of 40.5 MW of renewable energy throughout the project implementation period from 2018 to 2022. The first batch (2018-2021) will develop a total of 25.5 MW of distributed renewable energy system in Umunogovi of Uvs province, Altai town of Govi-Altai province, Uliastai town of Zakhvan province, and Altai-Soum of Govi-Altai province. The second batch (2021-2022) will see construction of another 15.0 MW of distributed renewable energy capacity in Telmen (Numrug soum) of Zavhan province and Moron town of Khovsgol province. Output 2 will be implemented with three batches (2018-2023) to install a total of 0.5 MW of Shallow-ground heat pump demonstration in the public buildings in five selected townships of the targeted region to supply air pollutant free space heating which will cover 10,000 square meters of floor area in total.

Output 3 will help strengthen the organizational and institutional capacity of the government and the IAs for project implementation and future renewable energy investment.

6. The proposed project implementation structure is shown in Figure 1, designed considering current project management and procurement environment of MOE, and project characteristics.

Figure 1: Proposed Project Implementation Structure



II. OVERVIEW

A. Expected Procurement

7. Procurement under the project consists of procuring of works (99.5%) and consulting services (0.5%). Procurement package is comprised of 9 packages under international competitive bidding. A consulting firm for output 3 will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) using the quality- and cost-based selection method (90:10), following submission of full technical proposals. A qualified and experienced project management consultant team will be recruited to assist MOE in undertaking the procurement activities in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

B. Assessment of the National Environment

8. The legal and institutional systems in Mongolia are well established. Laws and regulations are systematically in place. MOE and the IAs are forced to strictly carry out the entire procedure in accordance to the policies and regulations of the Ministry of Finance (MOF). Audit is carried out by an independent national government organization with a strict ethical code. The system also accommodates applying the foreign donor's procurement and consultant selection guidelines for the project to be funded by foreign donors including ADB.

9. For National Competitive Bidding (NCB), procedures to be followed shall be those set forth in the Public Procurement Law of Mongolia (PPLM) on 1 December 2005, effective 1 February 2006, as amended in February 2007, July 2009, and February, June and December 2011. The guidelines on NCB, which follows the provisions of the ADB Procurement Guidelines, is in Appendix 1.

C. Roles and Responsibilities

10. **MOE.** It assumes responsibility for overall guidance during implementation. The PMU for the project is established to support the IAs. A bid evaluation committee will be formed inside MOE consisting of representatives from WRES, AUES and NREC, representatives from local NGOs, and qualified external experts randomly selected.

11. **PMU.** It is responsible for all day-to-day management work including procurement of goods and services, and consulting services, preparation of bid document, invitation of bid, bid evaluation, contract award, and contract management.

12. **Project management consultant.** It (i) provides support to MOE and PMU in preparing documentation for tendering packages; (ii) provides advertisement of tenders; (iii) facilitates questions and answers of bidders during the tendering process; (iv) provides support on the evaluation of bids by the assigned bid evaluation committee; and (v) provides support on the preparation of bid evaluation reports. It will ensure all documentation and procedures for tendering packages are followed according to ADB guidelines.

III. PROCUREMENT RISK ASSESSMENT

A. Ministry of Energy

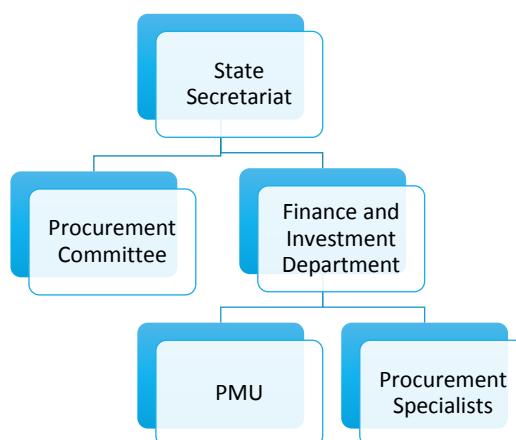
1. Organization and Staff Capacity

13. MOE has a Finance and Investment Department which is responsible for the required procurement management including procurement planning, preparation of bid document, contract management, and assistance in evaluation committees which are established temporarily for each project. The procurement management unit reports to the deputy director and administers all type of procurement. All procurement processes, forms and procedures are well established in accordance with associated laws and regulations.

14. A procurement committee with 7–9 members for each project is established temporarily by order of the State Secretariat. A senior procurement specialist with at least 8-year experience is assigned. All procurement staff are well trained and certified by the Procurement Policy Department of MOF, with three-year tenure period before renewal. Figure 2 shows the procurement department organizational chart of MOF.

15. A project management unit that will undertake all project management activities including procurement is required to be established for international donor assisted projects.

Figure 2: Procurement Department Organizational Chart of MOF



16. MOE has an archive unit responsible for keeping all records with appropriate referring system and with proper archive space, resources and equipment. All procurement transaction documents produced by the procurement committee and the Finance and Investment Departments including bid document, proposals, advertisements, minutes of meetings, and contract documents are kept in the procurement department until procurement closure. After procurement closure, all documents are recorded properly and are transferred to the archive unit. All documents are preserved in archive for 10 years and managed in accordance with the Mongolian Law on Archive.

2. Procurement Practices

17. The Finance and Investment Department is well experienced in undertaking regular procurement activities in accordance with the PPLM and related regulations which is based on international best practices and continuously developing by the Procurement Policy Department of MOF.

18. MOE is well experienced to undertake foreign-assisted projects including procurements of projects as is in Table 1.

Table 1: List of major projects implemented by MOE for the last 10 years

	Project Name	Contributor	Loan Number	Start date	Finish date
1	CHP 4 Rehabilitation II	Overseas Economic Cooperation Fund, Japan	MON P6	2001	2008
2	NDC, Program on Energy Sector	kfW	200066183	2002	2006
3	Rehabilitation of Central Power Transmission Network	The Swedish International Development Agency	20061026	2004	2010
4	Ulaanbaatar Heat Network Energy Efficiency Project	Asian Development Bank	1548 MON	1997	2006

	Project Name	Contributor	Loan Number	Start date	Finish date
5	Eastern Energy System, Choibalsan Thermal Power Plant Project Phase I and II	German Reconstruction Credit Bank	9766031, 976603A	1998	2004
6	Rural Power Supply by Using Renewable Energy	World Bank	P099321	2009	2012
7	Energy Sector Project I	World Bank	P099340	2009	2013
8	Project for Improving Local Heat System	Asian Development Bank (JFPR)	Grant 9109 - MON	2008	2010
9	Reducing Air Pollution in Poor Households in Ger Area"	Asian Development Bank (JFPR)	Grant 9127- MON	2009	2010
10	Rehabilitation of Central Power Transmission Network	The Swedish International Development Agency	20061026	2005	2011
11	Rehabilitation of Fuel Delivery Technology of Thermal Power Plant Number 4	Czech Republic		2006	2010
12	Modernization of the Control Room, Measurement and Control Equipment of Chemical Water Treatment Facilities in Thermal Power Plant Number 4	Czech Republic		2011	2013
13	Demonstration Project for Improved Electricity Services to the Low Income Communities in Rural Areas	Asian Development Bank (JFPR)	JFPR 9139- MON	2010	2013
14	Thermal Power Plant of Baruunurt City	Korea International Cooperation Agency		2010	2013

CHP = combined heat and power, JFPR = Japan Fund for Poverty Reduction, MON = Mongolia.

19. The entire procurement process starting from preparation of bid, bid opening, rejecting and accepting bids, minutes of meetings, establishing evaluation committee, bid evaluation, contract award, contract monitoring, receiving and accepting goods and services, and closing the contract are well established in accordance with the PPLM and subsequent regulations and resolutions.

3. Effectiveness

20. MOE has internal regulations and routine procedures for controlling, monitoring and reporting system to administer ongoing contracts, evaluate contract performance, and track payment obligations. Minutes of evaluation, minutes of negotiation and notices of default and withheld payments are recorded as an evidence for procurement decision.

21. According to the complaints resolution mechanism described in the PPLM, a bidder may submit a written complaint to the procuring entity within 5 days after the procuring entity perceived any breach as well as if a complainant does not agree with the procuring entity's decision, may appeal to the state administrative body for budgetary issues and the authority for fair competition and consumer protection within 5 working days.

4. Accountability Measures

22. There is a standard statement of ethics in place required to be followed by all employees of state-owned enterprises. Participants in the procurement process should formally commit to the statement of ethics and declare if there is any potential conflict of interest and remove themselves from the procurement process.

23. All procurement transactions are drafted by the procurement department and there are regular processes to authorize procurement transactions, procurement invitations, documents, evaluations and contracts, payments, and recording of procurement transactions.

B. Western Region Energy System State-Owned Joint Stock Company

1. Organization and Staff Capacity

24. WRES does not have a procurement department responsible for the required procurement management related to international donor-financed loan projects. Procurement of donor funds and state funds related projects are handled and processed by MOE. For local regular procurement of goods and services, its Executive Director appoints a procurement committee usually composed of 5–7 members. Two of the members are from independent organizations or NGOs, and the rest are head of departments, engineers and specialists with procurement certifications issued by MOF.

2. Information Management

25. WRES has an archive unit responsible for keeping all records with appropriate referring system with proper archive space, resources and equipment. All procurement transaction documents produced by the procurement department including bid document, proposals, advertisements, minutes of meetings, and contract documents are kept in the procurement department until procurement closure. After procurement closure, all documents are recorded properly and transferred to WRES' archive unit. All documents are preserved in the archive and managed in accordance with the Mongolian Law on Archive.

26. WRES does not currently have a record keeping function supported by IT.

3. Procurement Practices

27. WRES has not undertaken procurement of goods or works related to ADB funded projects but has experience in local regular procurement of goods and services.

28. The entire procurement process starting from preparation of bid, bid opening, acceptance of bids, minutes of meetings, establishing evaluation committee, bid evaluation, contract award, contract monitoring, receiving and acceptance of goods and services, and closure of contract are well established in accordance with the PPLM and subsequent regulations and resolutions.

4. Effectiveness

29. WRES has internal regulations and routine procedures for controlling, monitoring and reporting system to administer ongoing contracts, evaluate contract performance, and track payment obligations. Minutes of evaluation, minutes of negotiation and notices of default and withheld payments are recorded as an evidence for procurement decision.

30. According to the complaints resolution mechanism described in the PPLM, a bidder may submit a written complaint to the procuring entity within 5 days after the procuring entity perceived any breach as well as if the complainant does not agree with the procuring entity's decision, may

appeal to the state administrative body for budgetary issues and the authority for fair competition and consumer protection within five working days.

5. Accountability Measures

31. There is a standard statement of ethics in place required to be followed by all employees of state-owned enterprises. Participants in the procurement process should formally commit to the statement of ethics and declare if there is any potential conflict of interest and remove themselves from the procurement process.

32. There are regular processes to authorize procurement transactions, procurement invitations, documents, evaluations and contracts, payments, and recording procurement transactions.

C. Altai-Uliastai Energy System State Owned Company

1. Organization and Staff Capacity

33. AUES does not have a procurement department responsible for the required procurement management related to international donor-financed loan projects. Procurement of donor funds and state funds related projects are handled and processed by MOE. For local regular procurement of goods and services, its Executive Director appoints a procurement committee usually composed of 5–7 members. Two of the members are from independent organizations or NGOs, and the rest are head of departments, engineers and specialists with procurement certifications issued by MOF.

2. Information Management

34. AUES has an archive unit responsible for keeping all records with appropriate referring system with proper archive space, resources and equipment. All procurement transaction documents produced by the procurement department including bid document, proposals, advertisements, minutes of meetings, and contract documents are kept in the procurement department until procurement closure. After procurement closure, all documents are recorded properly and transferred to AUES's archive unit. All documents are preserved in the archive and managed in accordance with the Mongolian Law on Archive.

35. AUES does not currently have a record keeping function supported by IT.

3. Procurement Practices

36. AUES has not undertaken procurement of goods or works related to ADB funded projects but has experience in local regular procurement of goods and services.

37. The entire procurement process starting from preparation of bid, bid opening, acceptance of bids, minutes of meetings, establishing evaluation committee, bid evaluation, contract award, contract monitoring, receiving and acceptance of goods and services, and closure of contract are well established in accordance with the PPLM and subsequent regulations and resolutions.

4. Effectiveness

38. AUES has internal regulations and routine procedures for controlling, monitoring and reporting system to administer ongoing contracts, evaluate contract performance, and track payment obligations. Minutes of evaluation, minutes of negotiation and notices of default and withheld payments are recorded as an evidence for procurement decision.

39. According to the complaints resolution mechanism described in the PPLM, a bidder may submit a written complaint to the procuring entity within 5 days after the procuring entity perceived any breach as well as if the complainant does not agree with the procuring entity's decision, may appeal to the state administrative body for budgetary issues and the authority for fair competition and consumer protection within five working days.

5. Accountability Measures

40. There is a standard statement of ethics in place required to be followed by all employees of state-owned enterprises. Participants in the procurement process should formally commit to the statement of ethics and declare if there is any potential conflict of interest and remove themselves from the procurement process.

41. There are regular processes to authorize procurement transactions, procurement invitations, documents, evaluations and contracts, payments, and recording procurement transactions.

D. National Renewable Energy Center

1. Organization and Staff Capacity

42. NREC does not have a procurement department responsible for the required procurement management related to international donor-financed loan projects. Procurement of donor funds and state funds related projects are handled and processed by MOE. For local regular procurement of goods and services, its Executive Director appoints a procurement committee usually composed of 5–7 members. Two of the members are from independent organizations or NGOs, and the rest are head of departments, engineers and specialists with procurement certifications issued by MOF.

2. Information Management

43. NREC has an archive unit responsible for keeping all records with appropriate referring system with proper archive space, resources and equipment. All procurement transaction documents produced by the procurement department including bid document, proposals, advertisements, minutes of meetings, and contract documents are kept in the procurement department until procurement closure. After procurement closure all documents are recorded properly and transferred to NREC's archive unit. All documents are preserved in the archive and managed in accordance with the Mongolian Law on Archive.

44. NREC does not currently have a record keeping function supported by IT.

3. Procurement Practices

45. NREC has not undertaken procurement of goods or works related to ADB-funded projects but has experience in local regular procurement of goods and services.

46. The entire procurement process starting from preparation of bid, bid opening, acceptance of bids, minutes of meetings, establishing evaluation committee, bid evaluation, contract award, contract monitoring, receiving and acceptance of goods and services, and closure of contract are well established in accordance with the PPLM and subsequent regulations and resolutions.

4. Effectiveness

47. NREC has internal regulations and routine procedures for controlling, monitoring and reporting system to administer ongoing contracts, evaluate contract performance, and track payment obligations. Minutes of evaluation, minutes of negotiation and notices of default and withheld payments are recorded as an evidence for procurement decision.

48. According to the complaints resolution mechanism described in the PPLM, a bidder may submit a written complaint to the procuring entity within 5 days after the procuring entity perceived any breach as well as if the complainant does not agree with the procuring entity's decision, may appeal to the state administrative body for budgetary issues and the authority for fair competition and consumer protection within five working days.

5. Accountability Measures

49. There is a standard statement of ethics in place required to be followed by all employees of state-owned enterprises. Participants in the procurement process should formally commit to the statement of ethics and declare if there is any potential conflict of interest and remove themselves from the procurement process.

50. There are regular processes to authorize procurement transactions, procurement invitations, documents, evaluations and contracts, payments, and recording procurement transactions.

E. Strengths

51. MOE has well developed procurement systems which comply with the Mongolian procurement law and regulations, and have well designed training and accreditation system for procurement officers-in-charge. Existing procurement processes are governed by regulations that require robust documentation which are archived in established information management systems. Existing information management systems have the capability to provide data to support contract negotiations, dispute resolutions, and required audits.

F. Weaknesses

52. **Description of risk.** The project is comprised of multiple subcomponents (solar PV, wind energy, batteries, and heat pump) which will require integrated procurement management. For over 10 years, MOE have no prior experience in sizable procurement of goods and civil works and consulting services under the project funded by international donors including ADB, though it has sufficient domestic procurement experience, qualified staffs, and well developed internal

regulation, and information management. WRES, AUES, and NREC do not have a procurement department and their procurement committee is temporarily appointed by the Executive Director for local regular procurement of goods or works.

53. **Potential impact.** For integrated procurement management, the PMU is established to carry out procurement. Weakness due to limited experience on sizable international donor-funded projects including ADB can be mitigated and controlled with an involvement of project management consultant team to support MOE throughout the bidding process. Insufficient procurement capacity of the IAs can also be mitigated and controlled through the involvement of the PMU. EAEN will also continuously assist MOE for smooth implementation of procurement on top of a series of procurement trainings under the PPTA.

G. Procurement Risk Assessment and Risk Management Plan

Risk Description	Risk Assessment	Mitigation Measures and Management Plan
Organizational and Staff Capacity		
<p>Procurement department/Unit. The Finance and Investment Department of the Ministry of Energy (MOE) undertakes all procurement activities. One staff from the Finance and Investment Department is appointed to coordinate all procurement functions. There is a regulation approved by order of the Ministry of Finance (MOF) on 16 June 2013 for "Training of Procurement Specialist and Certification Regulation". All procurement staff should have trained and certified by the Legal and Procurement Department of the Ministry of Energy (MOE) and retrained and certified every 3 years.</p>	Low	Project management consultant supports the MOE and project management unit (PMU) to ensure full compliance with ADB procurement guideline as well as law on public procurement.
<p>Project Management Unit (PMU). It has been established for the World Bank financed project which construct 10 MW solar PV station in Myangad, but have no prior experience of ADB project. ADB project will also be under this unit but staffing will only be started upon ADB loan and grant effectiveness.</p>	Moderate	Full time procurement staff in PMU for ADB project has been budgeted (to be funded by ADB loan): procurement manager (50 person-months), and procurement officer (50 person-months) per the project administration manual. Qualification criteria includes knowledge and experience of the procurement of the project funded by ADB and other international donor, and proficient in English. These are to be selected through open competitive selection. Project management consultant supports the MOE and project management unit (PMU) to ensure full compliance with ADB procurement guideline.
Information Management		
<p>Reporting and filing of procurement records and contract papers. All documents including procurement documents of the agency should be preserved in the agency archive with referencing system in accordance with Law on Archives of Mongolia.</p>	Low	MOE and PMU will establish information management procedure per requirement in the domestic law.
Procurement Practices		
<p>Goods and Works. MOE has procurement experience for the several projects funded by the World Bank and the other</p>	Moderate	Project management consultant supports the MOE and project management unit (PMU) to ensure full compliance with ADB procurement guidelines. To ensure the preparation of adequate

international donors, but has limited experience in ADB project (JFPR funded grant only) for the last 10 years.		technical specification and an assistance at the stage of bid evaluation, solar/Wind/shallow-ground heat pump engineers in the PMU is fully budgeted under ADB loan as detailed in the PAM, and these are to be supported by technical consultant under the project management consultant team.
Consulting Services. MOE has experience in selection of consultant for the several projects funded by the World Bank and the other international donors, but has no experience in ADB project for last 10 years	Moderate	MOE requested ADB fact finding mission to manage selection of consultant for an engagement of project management consultant under the institutional strengthen and capacity enhancement component under the project. Upon ADB's formal approval, EAEN will initiate the recruitment process while obtaining MOE endorsement at each stage: advertisement, short-listing, and proposal evaluation.
Payment. MOE has an established procedure for payment per requirement in the contract having been funded by the World Bank, and the other international donors. It also has prior experience of ADB's JFPR funded grant projects.	Low	Financial management and audit officer (60 person months) has been budgeted under ADB loan as detailed in the PAM to ensure necessary payment in full compliance with ADB loan disbursement handbook.
Effectiveness		
Monitoring of contractual performance and complaints resolution mechanism. PMU and engineering staffs of the implementing agencies monitors contractual performance. Per domestic procurement law, complainant may appeal to MOE with regard to the bidding process and results within 5 working days if he or she does not agree with the procuring entity's decision.	Low	Project manager and engineering staffs in the PMU have been budgeted under ADB loan, and project management consultant team also supports PMU for contractual performance monitoring for each subprojects. Full time procurement staff in PMU for ADB project has been budgeted (to be funded by ADB loan): procurement manager (50 person-months), and procurement officer (50 person-months) for primary complaints resolution.
Accountability Measures		
Code of ethics, segregation of duties, and documentation	Low	Law on Public Procurement outlines ethical standards for all government officials involved in procurement. They should not serve on procurement committee if there is a conflict of interest. MOE also has segregation of duties: (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. All procurement transaction primarily under PMU also requires review and approval of finance and investment department, MOE to avoid possible mis-procurement.
Overall Risk	Moderate	

IV. PROJECT SPECIFIC PROCUREMENT THRESHOLDS

A. Procurement of Goods

Method	Threshold	Comments
International Competitive Bidding for Goods	\$2,000,000 and above	Prior review
International Competitive Bidding for Civil Works	\$5,000,000 and above	Prior review
National Competitive Bidding for Goods	\$101,000 to \$1,999,999	Post review
National Competitive Bidding for Civil Works	\$101,000 to \$4,999,999	Post review

B. Recruitment of Consulting Services

Method	Comments
Quality- and-cost-based selection	Prior review, quality-cost ratio of 90:10, full technical proposal

V. PROCUREMENT PLAN

54. The procurement plan is in Appendix 3.

VI. CONCLUSION

55. MOE has well-established procurement systems in accordance with related laws and regulations. Officers-in-charge of procurement are experienced through regular training and accreditation systems in the country.

56. All procurement processes and procedures to authorize procurement transactions, tender documentation and authorization of payment need to be strictly followed in accordance with related regulations. WRES, AUES and NREC have operational archive units functioning in accordance with the Mongolian Law on Archive and record keeping systems available for all type of audit including internal and external audit.

57. For integrated procurement management, a PMU is established to carry out procurement. Weakness due to limited experience on sizable international donor-funded projects including ADB can be mitigated and controlled with the involvement of a project management consultant team to support MOE throughout the bidding process. EAEN will also continuously assist MOE for smooth implementation of procurement on top of a series of procurement trainings under the PPTA.

APPENDIX 1: NATIONAL COMPETITIVE BIDDING

A. Regulation and Reference Documents

1. The procedures to be followed for national competitive bidding shall be those set forth in the Public Procurement Law of Mongolia of 1 December 2005, effective 1 February 2006, as amended in February 2007, July 2009, and February, June and December 2011 (hereinafter referred to as PPLM), with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Asian Development Bank (ADB) Procurement Guidelines.

B. Procurement Procedures

1. Eligibility

2. The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines (2015, as amended from time to time); accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in Section I of the Guidelines.

3. Government-owned enterprises in Mongolia shall be eligible for projects only if they can establish that they: (i) are legally and financially autonomous; (ii) operate under the principles of commercial law; and (iii) are not dependent agencies of the Borrower, Beneficiary, Recipient executing agency (EA) and/or the implementing agency (IA).

2. Participation of Foreign Bidders

4. Since universal procurement applies to the project, international bidders from non eligible and eligible countries of ADB shall be allowed to participate in local procurement and may not be denied participation due to nationality.

3. Preferences

5. No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

4. Prequalification and Registration

6. Prequalification is discouraged for procurement contracts using National Competitive Bidding (NCB). When used, particularly for works contracts, an individual prequalification exercise is acceptable for each contract as is the use of a registration system (or approved standing list) of contractors based on criteria such as experience, financial capacity, and technical capacity. Foreign bidders from eligible countries must, however, be allowed to register and to bid without unreasonable cost or additional requirements.

5. Rejection of All Bids and Rebidding

7. All bids shall not be rejected or new bids invited without ADB's prior written concurrence.

8. No bid shall be rejected merely on the basis of a comparison with the estimated cost or budget ceiling without ADB's prior written concurrence (with specific reference to Article 30 of the PPLM).

C. Bidding Documents

1. Use of Bidding Documents

9. National Standard Bidding Documents Goods and Works that have been approved for procurement in ADB-financed projects shall be used.

2. Language

10. Bidding documents may be prepared in other languages, but a copy of the bidding documents must be made available in English and submitted to ADB for review.

3. Bid Validity

11. Bidders shall be requested to extend the validity of their bids only under exceptional circumstances and the Executing or Implementing Agency, as the case may be, shall communicate such request for extension to all bidders before the date of expiry of their bids. When the procurement is subject to ADB's prior review, the Executing or Implementing Agency, as the case may be, shall obtain in a timely manner the prior written concurrence of ADB for the extension of the bid validity period.

4. Bid Evaluation

12. Evaluation and qualification criteria, and submission requirements, to be used in each bidding activity shall be clearly specified in the bidding documents. The evaluation of bids shall be done in strict adherence to the criteria specified in the bidding documents.

13. Negotiations with bidders shall not be undertaken before award of contract, except as provided in Paragraph 2.63 of ADB's Procurement Guidelines, bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify its bid as originally submitted.

14. At the same time that notification on award of contract is given to the successful bidder, the results of the bid evaluation shall be posted on a well-known freely accessible website (namely Mongolia's Ministry of Finance e-procurement website: www.e-procurement.mn) identifying the bid and lot numbers and providing information on the: (i) name of each bidder that submitted a bid; (ii) bid prices as read out at bid opening; (iii) names of bidders whose bids were rejected and the reasons for their rejection; and (iv) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. The EA or IAs, as the case may be, shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids were not selected.

5. ADB Policy Clauses

15. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

16. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that the Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question.

17. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices or any integrity violation in competing for, or in executing, ADB-financed contract.

APPENDIX 2: PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

A. Ministry of Energy

Questions	Response/Findings	Risk
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT		
A.1 Does the agency have a Procurement Committee that is independent from the head of the agency?	Yes	Low
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?	The Finance and Investment Department undertakes all procurement activities. One staff from the Finance and Investment Department is appointed to coordinate all procurement functions.	Low
A.3 If Yes, what type of procurement does it undertake?	All type of procurements including open tendering, two stage open tendering, request for quotations (proposal comparison), single source, request for proposal, consulting services, and restricted tenders	Low
A.4 How many years of experience does the head of the procurement department/unit have in a direct procurement role?	8 years	Low
A.5 How many staff in the procurement department/unit are:		Moderate
- Full time	Temporary procurement committee with 7–9 staff	
- Part time		
- Seconded		
A.6 Do the procurement staff have a high level of English language proficiency? (verbal and written)	Average	Moderate
A.7 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project	Sufficient	Low
A.8 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Sufficient	Low
A.9 Does the agency has, or has ready access to, a procurement training program?	There is a regulation approved by order of the Ministry of Finance (MOF) on 16 June 2013 for "Training of Procurement Specialist and Certification Regulation". All procurement staff should have trained and certified by the Legal and Procurement Department of the Ministry of Energy (MOE) and retrained and certified every 3 years.	Low
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	State secretariat	Low
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	Low
A.12. Is there a procurement process manual for goods and works?	According to the regulations set by the MOF	Low

A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Procurement process manual is up-to-date and can cover foreign assisted projects.	Low
A.14. Is there a procurement process manual for consulting services?	Yes, in accordance with the law and related regulations	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	Yes. Work Group covering WB and ADB SREP projects is established by MOF and group will be PMU when the project implementation is started	Low
A.17 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Sufficient	Low
A.18 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Yes	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 is a standard procurement document in use but not approved for use on ADB funded projects.	Moderate
A.20 Does the agency follow the national procurement law, procurement process, guidelines?	Yes	Low
A.21 Does the TOR follow a standard format such as background, tasks, inputs, objectives and outputs?	No standard form for terms of reference (TOR), however, established internal procedure or formats can be used for preparation of technical and design requirements. Generally, design documents can be provided as a TOR.	Moderate
A.22 Who drafts the procurement specifications?	Operating agencies prepare the procurement specifications	Low
A.23 Who approves the procurement specifications?	State Secretariat	Low
A.24 Who drafts the bidding documents?	Procurement committee	Low
A.25 Are records of the sale of bidding documents immediately available?	Secretary of Procurement Committee	Low
A.26 Who identifies the need for consulting services requirements?	Department of Strategic Policy and Planning	Low
A.27 Who drafts the terms of reference (TOR)?	Department of Strategic Policy and Planning	Low
A.28 Who prepares the request for proposals (RFPs)?	Procurement committee	Low
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	Yes, in accordance with the Law on Archive	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?	Yes	Low
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes, records are kept for 5 years.	Low
B.4 Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low

B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Yes	Low
B.8 Is the agency's record keeping function supported by IT?	Planning to implement automated record keeping system within the next year	Moderate
C. PROCUREMENT PRACTICES		
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.	No	Moderate
C.2 If the answer is yes, what were the major challenges faced by the agency?		
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	There is no systematic process for identifying procurement requirements.	Moderate
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	30 days.	Low
C.5 Are all queries from bidders replied to in writing?	Yes	Low
C.6 Does the bidding document state the date and time of bid opening?	Yes	Low
C.7 Are bids opened in public?	yes	Low
C.8 Can late bids be accepted?	No	Low
C.9 Can bids (except late bids) be rejected at bid opening?	Incomplete and unsealed bids can be rejected.	Moderate
C.10 Are minutes of the bid opening taken?	Yes	Low
C.11 Are bidders provided a copy of the minutes?	No	Moderate
C.12 Are the minutes provided free of charge?	No	Moderate
C.13 Who undertakes the evaluation of bids (individuals, permanent committee ad-hoc committee)?	Ad-hoc procurement committee	Low
C.14 What are the qualifications of the evaluations with respect to procurement and the goods and/or work under evaluation?	Standard contents, technical requirements, financial requirements and proposed price	Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	After the evaluation of the evaluators, the State Secretariat approves the evaluators' decision.	Moderate
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?	Not applicable	
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes, according to customs' regulations	Low
C.18 Are there established goods receiving procedures?	No	Moderate
C.19 Are all goods that are received recorded as assets or inventory in a register?	If goods are for investment and periodic maintenance, they are recorded as assets. If goods are consumables for maintenance activities, they are recorded in inventory register.	Low
C.20 Is the agency/procurement department familiar with letters of credit?	Yes	Low
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes, in accordance with the contract.	Low

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)	No	Moderate
C.23 If the above answer is yes, what were the major challenges?	NA	
C.24 Are assignments and invitations for expressions of interests (EOIs) advertised?	Yes	Low
C.25 Is a consultants' selection committee formed with appropriate individuals and what is its composition (if any)?	Consultant's selection committee formed with appropriate individuals according to the regulation set by MOF such as representatives of technical, financial departments, operation entity, non-governmental organization and MOF.	Low
C.26 What criteria is used to evaluate EOIs?	Following the pre-qualification requirements, it is evaluated against minimum criteria set in the pre-qualification document; general qualification requirements, financial qualification, technical qualification and expertise	Low
C.27 Historically, what is the most common method used (QCBS, QBS, etc) to select consultants?	quality-and-cost-based selection	Low
C.28 Do firms have to pay for the RFP document?	Yes	Moderate
C.29 Do the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30 Are pre-proposal visits and meetings arranged?	Yes	Low
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes	Low
C.32 To whom are the minutes distributed?	To all bidders	Low
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 evaluations is completed?	Yes	Low
C.35 Are proposal securities required?	Yes	Low
C.36 Are technical proposals opened in public?	Yes	Low
C.37 Are minutes of the technical opening distributed?	Technical opening minutes are not distributed. Minutes are only presented to bidders and signed by the bidders.	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?	Procurement committee	Low
C.40 Are the technical scores sent to all firms?	Only technical evaluation results (pass/fail) sent to all firms.	Low
C.41 Are the financial proposal opened in public?	Yes	Low
C.42 Are minutes of the financial opening distributed?	Financial opening minutes are not distributed. Minutes are only presented to bidders and signed by the bidders.	Low
C.43 How is the financial evaluation completed?	Financial evaluation completed in accordance with related regulations	Low

	with criteria of price, financial capability and borrowing capacity.	
C.44 Are face to face contract negotiation held?	Yes	Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	Within bid validity period.	Low
C.46 What is the usual basis for negotiation?	Standard contract form	Low
C.47 Are minutes of negotiation taken and signed?	Yes	Low
C.48 How long after negotiation is the contract signed, on average?	2-5 days	Low
C.49 Is there an evaluation system for measuring the outputs of consultants?	There is no any evaluation system for measuring the outputs of consultants. Work report were submitted.	High
Payments		
C.50 Are advance payment made?	Yes	Low
C.51 What is the standard period for payment a firm's invoice and making payment?	15–30 days	Low
C.52 On average, how long is between receiving a firm's invoice and making payment?	15–30 days	Low
C.53 When late payment is made, are the beneficiaries paid interest?	No	Moderate
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	Yes	Low
D.2 Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3 Is a complaints resolution mechanism described in national procurement documents.	Yes	Low
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes	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?	Yes	Low
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	Low
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	State secretariat	Low
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case maybe, and who grants the approval?		
a) Bidding document, invitation to pre-qualify or RFP	State secretariat	Low
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Procurement committee	Low
c) Evaluation reports	State secretariat	Low
d) Notice of award	State secretariat	Low
e) Invitation to consultants to negotiate	State secretariat	Low
f) Contracts	State secretariat	Low

<p>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?</p>	<p>No Procurement committee Owner Operator State secretariat</p>	<p>Low</p>
<p>E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?</p>	<p>Yes</p>	<p>Low</p>

General Ratings

Criterion	Risks
A. Organization and Staff Capacity	Low
B. Information Management	Low
C. Procurement Practice	Moderate
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATINGS	Low

B. Western Region Energy System State-Owned Joint Stock Company

Questions	Response/Findings	Risk
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT		
A.1 Does the agency have a Procurement Committee that is independent from the head of the agency?	No. For bidding within the company, Executive Director appoints Bid Evaluation (Procurement) Committee usually with 5 – 7 members. 2 of the members are from independent or NGOs, and the rest is head of departments, engineers and specialists with procurement certifications issued by MOF.	High
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?	No.	High
A.3 If Yes, what type of procurement does it undertake?	N/A	
A.4 How many years of experience does the head of the procurement department/unit have in a direct procurement role?	N/A	
A.5 How many staff in the procurement department/unit are:	N/A	
- Full time		
- Part time		
- Seconded		
A.6 Do the procurement staff have a high level of English language proficiency? (verbal and written)	N/A	
A.7 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	No, needs more procurement staffs to undertake additional procurement.	High
A.8 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	N/A	
A.9 Does the agency have, or have ready access to, a procurement training program?	No. training program in place in the agency, however, there is regulation approved by order of MoF on 16 June 2013 for "Training of Procurement Specialist and Certification Regulation". All procurement staff should have trained and certified by Legal and Procurement Department of MOE and retrained and certified every 3 years.	High
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	N/A	
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	N/A	
A.12. Is there a procurement process manual for goods and works?	Yes. Follows Public Procurement Law and related regulations.	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes it covers foreign assisted projects	Low

A.14. Is there a procurement process manual for consulting services?	Yes, according to procurement law of Mongolia	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	No	High
A.17 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?		
A.18 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?		
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?		
A.20 Does the agency follow the national procurement law, procurement process, guidelines?		
A.21 Does the TOR follow a standard format such as background, tasks, inputs, objectives and outputs?		
A.22 Who drafts the procurement specifications?		
A.23 Who approves the procurement specifications?		
A.24 Who drafts the bidding documents?		
A.25 Are records of the sale of bidding documents immediately available?		
A.26 Who identifies the need for consulting services requirements?		
A.27 Who drafts the terms of reference (TOR)?		
A.28 Who prepares the request for proposals (RFPs)?		
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	All documents including procurement documents of the agency should be preserved in the agency archive with referencing system in accordance with Law on Archives of Mongolia.	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?	Yes	Low
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes, in accordance with Law on Archives of Mongolia.	low
B.4 Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Copies of invoices kept by Financial department	Low
B.8 Is the agency's record keeping function supported by IT?	No.	High
C. PROCUREMENT PRACTICES		
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.	No	Moderate

C.2 If the answer is yes, what were the major challenges faced by the agency?	-	
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	30 days	Low
C.5 Are all queries from bidders replied to in writing?	Yes	Low
C.6 Does the bidding document state the date and time of bid opening?	Yes	Low
C.7 Are bids opened in public?	Yes	Low
C.8 Can late bids be accepted?	No	Low
C.9 Can bids (except late bids) be rejected at bid opening?	No.	Low
C.10 Are minutes of the bid opening taken?	Yes	Low
C.11 Are bidders provided a copy of the minutes?	Yes	Low
C.12 Are the minutes provided free of charge?	Yes	Low
C.13 Who undertakes the evaluation of bids (individuals, permanent committee ad-hoc committee)?	Ad-hoc procurement committee undertakes the evaluation of bids. CEO appoints Procurement committee.	Moderate
C.14 What are the qualifications of the evaluations with respect to procurement and the goods and/or work under evaluation?	Following qualification and requirements should be evaluated against minimum criteria set in the bid document; general qualification requirements, financial qualification, technical qualification and expertise, delivery time and bid price.	Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	CEO reviews and approves evaluation committee decision.	Moderate
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?	Approximately 30 days	Low
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes, in accordance with related Mongolian laws and regulations	Low
C.18 Are there established goods receiving procedures?	Yes	Low
C.19 Are all goods that are received recorded as assets or inventory in a register?	If goods are for investment, periodic maintenance they should be recorded as assets. If goods are consumables for maintenance activities, they should be recorded in inventory register.	Low
C.20 Is the agency/procurement department familiar with letters of credit?	Yes	Low
C.21 Does the procurement department register and track warranty and latent defects liability periods?	All warranty and latent defects liability periods tracked according to contract.	Low
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)	No	Moderate
C.23 If the above answer is yes, what were the major challenges?	-	
C.24 Are assignments and invitations for expressions of interests (EOIs) advertised?	Yes	Low

C.25 Is a consultants' selection committee formed with appropriate individuals and what is its composition (if any)?	Yes. Same as tender for goods and works.	Low
C.26 What criteria is used to evaluate EOIs?	Following pre-qualification requirements should be evaluated against minimum criteria set in the pre-qualification document; general qualification requirements, financial qualification, technical qualification and expertise	Low
C.27 Historically, what is the most common method used (QCBS, QBS, etc) to select consultants?	QCBS	Low
C.28 Do firms have to pay for the RFP document?	No	Low
C.29 Do the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30 Are pre-proposal visits and meetings arranged?	Yes	Low
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes	Low
C.32 To whom are the minutes distributed?	To all participants and key stakeholders	Low
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 evaluations is completed?	Yes, technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed.	Low
C.35 Are proposal securities required?	Yes, for procurement of above 100 million MNT consulting services, bidder should provide proposal security.	Low
C.36 Are technical proposals opened in public?	Yes	Low
C.37 Are minutes of the technical opening distributed?	Yes	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?	Procurement committee	Low
C.40 Are the technical scores sent to all firms?	Only technical evaluation results (pass/fail) sent to all firms.	Low
C.41 Are the financial proposal opened in public?	No	Moderate
C.42 Are minutes of the financial opening distributed?	No	Moderate
C.43 How is the financial evaluation completed?	Financial qualification criteria indicated in the bid documents such as correspondent bank statement, financial statements and audit reports, number of consultants and their compensation, and other costs, similar work experience for last 5 years	Low
C.44 Are face to face contract negotiation held?	Yes	Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	10-15 days within tender validity period	Low
C.46 What is the usual basis for negotiation?	According to bid requirements	Low
C.47 Are minutes of negotiation taken and signed?	Yes	Low

C.48 How long after negotiation is the contract signed, on average?	Within 5 days	Low
C.49 Is there an evaluation system for measuring the outputs of consultants?	No	Moderate
Payment		
C.50 Are advance payment made?	No	Moderate
C.51 What is the standard period for payment a firm's invoice and making payment?	14 days	Low
C.52 On average, how long is between receiving a firm's invoice and making payment?	21 days	Low
C.53 When late payment is made, are the beneficiaries paid interest?	In accordance with contract	Low
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	Yes	Low
D.2 Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3 Is a complaints resolution mechanism described in national procurement documents.	Yes	Low
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes	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?	Complainant may appeal to the state administrative body for the budgetary issues and The Authority for fair competition and consumer protection within 5 working days if he or she does not agree with the procuring entity's decision.	Low
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	Low
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	Executive director and they have procurement experience	Low
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case maybe, and who grants the approval?		
g) Bidding document, invitation to pre-qualify or RFP	Director	Low
h) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Director	Low
i) Evaluation reports	Director	Low
j) Notice of award	Director	Low
k) Invitation to consultants to negotiate	Director	Low
l) Contracts	Director	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	Low
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

General Ratings

Criterion	Risks
A. Organization and Staff Capacity	High
B. Information Management	Low
C. Procurement Practice	Moderate
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATINGS	Moderate

C. Altai-Uliastai Energy System State-Owned Joint Stock Company

Questions	Response/Findings	Risk
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT		
A.1 Does the agency have a Procurement Committee that is independent from the head of the agency?	No. For bidding within the company, Executive Director appoints Bid Evaluation (Procurement) Committee usually with 5 – 7 members. 2 of the members are from independent or NGOs, and the rest is head of departments, engineers and specialists with procurement certifications issued by MOF.	High
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?	No.	High
A.3 If Yes, what type of procurement does it undertake?	N/A	
A.4 How many years of experience does the head of the procurement department/unit have in a direct procurement role?	N/A	
A.5 How many staff in the procurement department/unit are:	N/A	
- Full time		
- Part time		
- Seconded		
A.6 Do the procurement staff have a high level of English language proficiency? (verbal and written)	N/A	
A.7 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	No, needs more procurement staffs to undertake additional procurement.	High
A.8 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	N/A	
A.9 Does the agency have, or have ready access to, a procurement training program?	No. training program in place in the agency, however, there is regulation approved by order of MOF on 16 June 2013 for "Training of Procurement Specialist and Certification Regulation". All procurement staff should have trained and certified by Legal and Procurement Department of MOE and retrained and certified every 3 years.	High
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	N/A	
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	N/A	
A.12. Is there a procurement process manual for goods and works?	Yes. Follows Public Procurement Law and related regulations.	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, it covers foreign assisted projects	Low

A.14. Is there a procurement process manual for consulting services?	Yes, according to procurement law of Mongolia	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	No	High
A.17 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?		
A.18 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?		
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?		
A.20 Does the agency follow the national procurement law, procurement process, guidelines?		
A.21 Does the TOR follow a standard format such as background, tasks, inputs, objectives and outputs?		
A.22 Who drafts the procurement specifications?		
A.23 Who approves the procurement specifications?		
A.24 Who drafts the bidding documents?		
A.25 Are records of the sale of bidding documents immediately available?		
A.26 Who identifies the need for consulting services requirements?		
A.27 Who drafts the terms of reference (TOR)?		
A.28 Who prepares the request for proposals (RFPs)?		
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	All documents including procurement documents of the agency should be preserved in the agency archive with referencing system in accordance with Law on Archives of Mongolia.	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?	Yes	Low
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes, in accordance with Law on Archives of Mongolia.	
B.4 Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Copies of invoices kept by Financial department	Low
B.8 Is the agency's record keeping function supported by IT?	No, there is a plan to implement IT for record keeping function	High
C. PROCUREMENT PRACTICES		
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.	No	Moderate

C.2 If the answer is yes, what were the major challenges faced by the agency?	-	
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	30 days	Low
C.5 Are all queries from bidders replied to in writing?	Yes	Low
C.6 Does the bidding document state the date and time of bid opening?	Yes	Low
C.7 Are bids opened in public?	Yes	Low
C.8 Can late bids be accepted?	No	Low
C.9 Can bids (except late bids) be rejected at bid opening?	No.	Low
C.10 Are minutes of the bid opening taken?	Yes	Low
C.11 Are bidders provided a copy of the minutes?	Yes	Low
C.12 Are the minutes provided free of charge?	Yes	Low
C.13 Who undertakes the evaluation of bids (individuals, permanent committee ad-hoc committee)?	Ad-hoc procurement committee undertakes the evaluation of bids. CEO appoints Procurement committee.	Moderate
C.14 What are the qualifications of the evaluations with respect to procurement and the goods and/or work under evaluation?	Following qualification and requirements should be evaluated against minimum criteria set in the bid document; general qualification requirements, financial qualification, technical qualification and expertise, delivery time and bid price.	Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	CEO reviews and approves evaluation committee decision.	Moderate
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?	Approximately 30 days	Low
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes, in accordance with related Mongolian laws and regulations	Low
C.18 Are there established goods receiving procedures?	Yes	Low
C.19 Are all goods that are received recorded as assets or inventory in a register?	If goods are for investment, periodic maintenance they should be recorded as assets. If goods are consumables for maintenance activities, they should be recorded in inventory register.	Low
C.20 Is the agency/procurement department familiar with letters of credit? ¹	Yes	Low
C.21 Does the procurement department register and track warranty and latent defects liability periods?	All warranty and latent defects liability periods tracked according to contract.	Low
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)	No	Moderate
C.23 If the above answer is yes, what were the major challenges?	-	

C.24 Are assignments and invitations for expressions of interests (EOIs) advertised?	Yes	Low
C.25 Is a consultants' selection committee formed with appropriate individuals and what is its composition (if any)?	Yes. Same as tender for goods and works.	Low
C.26 What criteria is used to evaluate EOIs?	Following pre-qualification requirements should be evaluated against minimum criteria set in the pre-qualification document; general qualification requirements, financial qualification, technical qualification and expertise	Low
C.27 Historically, what is the most common method used (QCBS, QBS, etc) to select consultants?	QCBS	Low
C.28 Do firms have to pay for the RFP document?	No	Low
C.29 Do the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30 Are pre-proposal visits and meetings arranged?	Yes	Low
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes	Low
C.32 To whom are the minutes distributed?	To all participants and key stakeholders	Low
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 evaluations is completed?	Yes, technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed.	Low
C.35 Are proposal securities required?	Yes, for procurement of above 100 million MNT consulting services, bidder should provide bid security.	Low
C.36 Are technical proposals opened in public?	Yes	Low
C.37 Are minutes of the technical opening distributed?	Yes	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?	Procurement committee	Low
C.40 Are the technical scores sent to all firms?	Only technical evaluation results (pass/fail) sent to all firms.	Low
C.41 Are the financial proposal opened in public?	No	Moderate
C.42 Are minutes of the financial opening distributed?	No	Moderate
C.43 How is the financial evaluation completed?	Financial qualification criteria indicated in the bid documents such as correspondent bank statement, financial statements and audit reports, number of consultants and their compensation, and other costs, similar work experience for last 5 years	Low
C.44 Are face to face contract negotiation held?	Yes	Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	10-15 days within tender validity period	Low
C.46 What is the usual basis for negotiation?	According to bid requirements	Low
C.47 Are minutes of negotiation taken and signed?	Yes	Low

C.48 How long after negotiation is the contract signed, on average?	Within 5 days	Low
C.49 Is there an evaluation system for measuring the outputs of consultants?	No	Moderate
Payment		
C.50 Are advance payment made?	No	Moderate
C.51 What is the standard period for payment a firm's invoice and making payment?	14 days	Low
C.52 On average, how long is between receiving a firm's invoice and making payment?	21 days	Low
C.53 When late payment is made, are the beneficiaries paid interest?	In accordance with contract	Low
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	Yes	Low
D.2 Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3 Is a complaints resolution mechanism described in national procurement documents.	Yes	Low
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes	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?	Complainant may appeal to the state administrative body for the budgetary issues and The Authority for fair competition and consumer protection within 5 working days if he or she does not agree with the procuring entity's decision.	Low
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	Low
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	low
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	Deputy director and they have procurement experience	Low
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case maybe, and who grants the approval?		
m) Bidding document, invitation to pre-qualify or RFP	Director	Low
n) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Director	Low
o) Evaluation reports	Director	Low
p) Notice of award	Director	Low
q) Invitation to consultants to negotiate	Director	Low
r) Contracts	Director	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	Low
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

General Ratings

Criterion	Risks
A. Organization and Staff Capacity	High
B. Information Management	Low
C. Procurement Practice	Moderate
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATINGS	Moderate

D. National Renewable Energy Center

Questions	Response/Findings	Risk
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT		
A.1 Does the agency have a Procurement Committee that is independent from the head of the agency?	No. For bidding within the company, Executive Director appoints Bid Evaluation (Procurement) Committee usually with 5 – 7 members. 2 of the members are from independent or NGOs, and the rest is head of departments, engineers and specialists with procurement certifications issued by MOF.	High
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?	No.	High
A.3 If Yes, what type of procurement does it undertake?	N/A	
A.4 How many years of experience does the head of the procurement department/unit have in a direct procurement role?	N/A	
A.5 How many staff in the procurement department/unit are:	N/A	
- Full time		
- Part time		
- Seconded		
A.6 Do the procurement staff have a high level of English language proficiency? (verbal and written)	N/A	
A.7 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	No, needs more procurement staffs to undertake additional procurement.	High
A.8 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	N/A	
A.9 Does the agency have, or have ready access to, a procurement training program?	No. training program in place in the agency, however, there is regulation approved by order of MOF on 16 June 2013 for "Training of Procurement Specialist and Certification Regulation". All procurement staff should have trained and certified by Legal and Procurement Department of MOE and retrained and certified every 3 years.	High
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	N/A	
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	N/A	
A.12. Is there a procurement process manual for goods and works?	Yes. Follows Public Procurement Law and related regulations.	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, it covers foreign assisted projects	Low

A.14. Is there a procurement process manual for consulting services?	Yes, according to procurement law of Mongolia	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	No	High
A.17 Are the numbers and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?		
A.18 Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?		
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?		
A.20 Does the agency follow the national procurement law, procurement process, guidelines?		
A.21 Does the TOR follow a standard format such as background, tasks, inputs, objectives and outputs?		
A.22 Who drafts the procurement specifications?		
A.23 Who approves the procurement specifications?		
A.24 Who drafts the bidding documents?		
A.25 Are records of the sale of bidding documents immediately available?		
A.26 Who identifies the need for consulting services requirements?		
A.27 Who drafts the terms of reference (TOR)?		
A.28 Who prepares the request for proposals (RFPs)?		
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	All documents including procurement documents of the agency should be preserved in the agency archive with referencing system in accordance with Law on Archives of Mongolia.	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?	Yes	Low
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes, in accordance with Law on Archives of Mongolia.	Low
B.4 Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Copies of invoices kept by Financial department	Low
B.8 Is the agency's record keeping function supported by IT?	No, there is a plan to implement IT for record keeping function	High
C. PROCUREMENT PRACTICES		
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.	No	Moderate

C.2 If the answer is yes, what were the major challenges faced by the agency?	-	
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	30 days	Low
C.5 Are all queries from bidders replied to in writing?	Yes	Low
C.6 Does the bidding document state the date and time of bid opening?	Yes	Low
C.7 Are bids opened in public?	Yes	Low
C.8 Can late bids be accepted?	No	Low
C.9 Can bids (except late bids) be rejected at bid opening?	No	Low
C.10 Are minutes of the bid opening taken?	Yes	Low
C.11 Are bidders provided a copy of the minutes?	Yes	Low
C.12 Are the minutes provided free of charge?	Yes	Low
C.13 Who undertakes the evaluation of bids (individuals, permanent committee ad-hoc committee)?	Ad-hoc procurement committee undertakes the evaluation of bids. CEO appoints Procurement committee.	Moderate
C.14 What are the qualifications of the evaluations with respect to procurement and the goods and/or work under evaluation?	Following qualification and requirements should be evaluated against minimum criteria set in the bid document; general qualification requirements, financial qualification, technical qualification and expertise, delivery time and bid price.	Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	CEO reviews and approves evaluation committee decision.	Moderate
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?	Approximately 30 days	Low
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes, in accordance with related Mongolian laws and regulations	Low
C.18 Are there established goods receiving procedures?	Yes	Low
C.19 Are all goods that are received recorded as assets or inventory in a register?	If goods are for investment, periodic maintenance they should be recorded as assets. If goods are consumables for maintenance activities, they should be recorded in inventory register.	Low
C.20 Is the agency/procurement department familiar with letters of credit?	Yes	Low
C.21 Does the procurement department register and track warranty and latent defects liability periods?	All warranty and latent defects liability periods tracked according to contract.	Low
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)	No	Moderate
C.23 If the above answer is yes, what were the major challenges?	-	
C.24 Are assignments and invitations for expressions of interests (EOIs) advertised?	Yes	Low

C.25 Is a consultants' selection committee formed with appropriate individuals and what is its composition (if any)?	Yes. Same as tender for goods and works.	Low
C.26 What criteria is used to evaluate EOIs?	Following pre-qualification requirements should be evaluated against minimum criteria set in the pre-qualification document; general qualification requirements, financial qualification, technical qualification and expertise	Low
C.27 Historically, what is the most common method used (QCBS, QBS, etc) to select consultants?	QCBS	Low
C.28 Do firms have to pay for the RFP document?	No	Low
C.29 Do the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30 Are pre-proposal visits and meetings arranged?	Yes	Low
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes	Low
C.32 To whom are the minutes distributed?	To all participants and key stakeholders	Low
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 evaluations is completed?	Yes, technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed.	Low
C.35 Are proposal securities required?	Yes, for procurement of above 100 million MNT consulting services, bidder should provide bid security.	Low
C.36 Are technical proposals opened in public?	Yes	Low
C.37 Are minutes of the technical opening distributed?	Yes	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?	Procurement committee	Low
C.40 Are the technical scores sent to all firms?	Only technical evaluation results (pass/fail) sent to all firms.	Low
C.41 Are the financial proposal opened in public?	No	Moderate
C.42 Are minutes of the financial opening distributed?	No	Moderate
C.43 How is the financial evaluation completed?	Financial qualification criteria indicated in the bid documents such as correspondent bank statement, financial statements and audit reports, number of consultants and their compensation, and other costs, similar work experience for last 5 years	Low
C.44 Are face to face contract negotiation held?	Yes	Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	10-15 days within tender validity period	Low
C.46 What is the usual basis for negotiation?	According to bid requirements	Low
C.47 Are minutes of negotiation taken and signed?	Yes	Low
C.48 How long after negotiation is the contract signed, on average?	Within 5 days	Low

C.49 Is there an evaluation system for measuring the outputs of consultants?	No	Moderate
Payment		
C.50 Are advance payment made?	No	Moderate
C.51 What is the standard period for payment a firm's invoice and making payment?	14 days	Low
C.52 On average, how long is between receiving a firm's invoice and making payment?	21 days	Low
C.53 When late payment is made, are the beneficiaries paid interest?	In accordance with contract	Low
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	Yes	Low
D.2 Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3 Is a complaints resolution mechanism described in national procurement documents.	Yes	Low
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes	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?	Complainant may appeal to the state administrative body for the budgetary issues and The Authority for fair competition and consumer protection within 5 working days if he or she does not agree with the procuring entity's decision.	Low
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	Low
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	Deputy director and they have procurement experience	Low
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case maybe, and who grants the approval?		
s) Bidding document, invitation to pre-qualify or RFP	Director	Low
t) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Director	Low
u) Evaluation reports	Director	Low
v) Notice of award	Director	Low
w) Invitation to consultants to negotiate	Director	Low
x) Contracts	Director	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	Low
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

General Ratings

Criterion	Risks
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A. Organization and Staff Capacity	High
B. Information Management	Low
C. Procurement Practice	Moderate
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATINGS	Moderate

APPENDIX 3: Procurement Plan

Project Name: Scaling Up Renewable Energy Project	Approval Number: Lxxxx, Gxxxx, Gxxxx
Project Number: 50088-002	Executing Agency: Ministry of Energy
Country: Mongolia	Implementing Agencies:
Project Procurement Classification: B	(i) Western Region Energy System State-Owned Joint Stock Company
Procurement Risk: Moderate	(ii) Altai-Uliastai Region Energy System State-Owned Joint Stock Company
	(iii) National Renewable Energy Center
Project Financing Amount: \$ 66.22 million	Project Closing Date: 29 February 2024
ADB Financing: \$40.00 million	
Cofinancing (ADB-Administered):	
Strategic Climate Fund: \$14.60 million	
Japan Fund for the Joint Credit Mechanism: \$6.00 million	
Non-ADB Financing: \$5.62 million	
Date of First Procurement Plan: 19 September 2018	Date of this Procurement Plan: 20 July 2018

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

1. Except as the ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and related works.

Table 1: Procurement of Goods and Civil Works

Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$5,000,000	Prior review
International Competitive Bidding for Goods	\$2,000,000	Prior review
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	The first NCB is subject to prior review, thereafter post review
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	The first NCB is subject to prior review, thereafter post review

Table 2: Recruitment of Consulting Services

Method	Comments
Quality- and Cost-Based Selection (QCBS)	Prior review, quality-cost ratio of 90:10, full technical proposal
Individual	Prior review.

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

2. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Table 3: List of Goods and Works Contracts

Package Number	General Description	Estimated Value (\$ million)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
1	10 MW of Umunogovi wind	13.710	ICB	Prior	1S2E	Q4 2018	SBD Plant. Universal procurement
2	10 MW of Altai solar PV and hybrid system of Altai soum	10.630	ICB	Prior	1S2E	Q4 2018	SBD Plant Universal procurement
3	5 MW of Uliastai solar PV	7.950	ICB	Prior	1S2E	Q4 2018	SBD Plant
4	5 MW of Telmen wind	6.000	ICB	Prior	1S2E	Q3 2019	SBD Plant Universal procurement
5	10 MW of Moron solar PV	8.990	ICB	Prior	1S2E	Q3 2019	SBD Plant Universal procurement

1S2E = single stage-two envelope, ICB = international competitive bidding, MW = megawatt, PV = photovoltaic, Q = quarter, SBD = standard bidding document.

3. Consulting Services Contracts Estimated to Cost \$100,000 or More

3. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Table 4: List of Consulting Services Contracts

Package Number	General Description	Estimated Value (\$ million)	Recruitment Method	Review (Prior / Post)	Advertisement Date	Type of Proposal	Comments
6	Project management	1.550	QCBS	Prior	Q3 2018	Full	Advance contracting. International, 90:10 quality-cost ratio
7	PMU office support	1.280	Individual	Prior	Q3 2018	NA	Advance contracting. National.

NA = not applicable, PMU = project management unit, Q = quarter, QCBS = quality- and cost-based selection.

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

4. The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments

8	Shallow-ground heat pump demonstration Part 1	200,000	1	ICB	Prior	1S1E	Q4 2018	SBD works Universal procurement
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B. Indicative List of Packages Required Under the Project

5. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review	Bidding Procedure	Comments
9	Shallow-ground heat pump demonstration Part 2	400,000	1	ICB	Post	1S1E	SBD works Universal procurement
10	Shallow-ground heat pump demonstration Part 3	400,000	1	ICB	Post	1S1E	SBD works Universal procurement

1S1E = single stage-one envelope, NCB = national competitive bidding.

APPENDIX 4: PROJECT PROCUREMENT RISK ANALYSIS

SL No.	RISK	IMPACT ^a	LIKELIHOOD ^b	STRATEGY ^c
A6, A7, A9, A16, A17, A23, C1, C2, C14, C22, C23	The procurement department and/or the PMU have sufficiently qualified staff to efficiently undertake the procurement required to implement the project.	Moderate	Unlikely	The Finance and Investment Department of MOE have sufficient qualified staffs with good English command. The PMU in MOE supports the implementing agencies for the entire procurement process, with the assistance of a project management consultant.
A19 – A20	The agency uses practices inconsistent with national procurement law or bidding documents unsuitable for ADB-funded procurement.	Low	Unlikely	MOE has an established internal procurement manual which complies with Law and regulations on Procurement of Mongolia. Current practice for domestic procurement needs to comply with relevant provisions in the Project Administration Manual.
B2 –B3	Recordkeeping is inadequate to enable internal or external audit of procurement processes.	Low	Unlikely	MOE has adequate system to accommodate internal and external audit system.
A25, C4 - C12, C24- C44, C47, D5, E7	The agency promotes non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism).	Low	Unlikely	MOE has a structured bidding system to ensure non-discriminatory participation and transparent tender processes.
C15, E1 – E.6	The agency has inadequate ethics and anticorruption measures in place.	Moderate	Unlikely	MOE's procurement manual incorporates code of ethics.

ADB = Asian Development Bank, MOE = Ministry of Energy, PMU = project management unit.

^a Any risk that may result in actions that are inconsistent with the ADB Procurement Guidelines or Guidelines on the Use of Consultants is assessed as 'High'.

^b 'Likely' or 'Unlikely' to occur in the life of the project, given the response to the question in Appendix 2 and the guidance note in the column.

^c 'Mitigate' (either through the Procurement Plan including NCB Annex or through measure/s indicated in Appendix 5), 'Monitor' or 'Avoid'.