

FIDUCIARY SYSTEMS ASSESSMENT– ADDENDUM

Additional Financing and Restructuring of the Primary Health Care Quality Improvement Program (PHCQIP) (P167598) (P178856)

April 2023

A. Program fiduciary systems assessment update

1. In general, the Program fiduciary systems are adequate to support the Program and provide overall reasonable assurance that the Program financing proceeds will be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability, subject to the implementation of fiduciary actions as defined in the PAP. The Program fiduciary responsibilities will be carried out by the MHIF and the MoH for their respective parts of the Program, except for BP 1 under MHIF, which the MoH will carry out for the MHIF. The MoH will be responsible for the coordination of fiduciary responsibilities for the overall Program. **The Fiduciary risk rating is Substantial, since the FM risk is assessed as Substantial, and the Procurement risk is assessed as Substantial.**
2. It was confirmed that there was no change to the planning and budgeting process within MoH and MHIF, and it remains adequate. The Program budgeted expenditures, in general, are prepared with due regard to relevant government policies and are executed overall in an orderly and predictable manner. It is expected that there will be no changes in the Program budgeting and planning arrangements after the restructuring. The arrangements are expected to be the same as under the original Program. However, the AF will be implemented as an IPF component, for which a separate FM assessment report has been prepared.
3. The Program funds will continue to be reflected in the republican budget under separate functional classifications for the MoH and MHIF. During the formation of the subsequent year's republican budget (as per the budget calendar), the expected amounts of cash flow under the Program will be reflected in the income and expenditure parts of the republican budget.
4. Disbursement arrangements under the Program continue to operate effectively and will stay the same after the restructuring, except for the proportion of the funds disbursed to be allocated between the MoH and MHIF, which will be flexible based on actual needs. (to be confirmed during appraisal)
5. There was no change to the treasury management and funds flow. The State Treasury continues to implement an adequate control system overall, including commitment controls, application of an automated transaction processing system, and use of Treasury Single Account (TSA), which generally continue to be adequate for the Program implementation. The Program will continue to rely on the country treasury system, and the Program's IDA and MDTF funds will be disbursed upon achievement of the restructured DLRs.
6. In general, the accounting and financial reporting systems of the MoH, MHIF, and PHC facilities continue to be adequate. At the original Program's appraisal, the major risk to the accounting and financial reporting systems was low staff capacity and high turnover. The capacity among accounting staff in the health

sector has slightly improved following capacity-building measures undertaken as part of the Program and recent salary increases, which led to an almost 50% reduction in the turnover rate since 2018.¹

7. The MoH continues using the services of consultants who provide development and maintenance services for the sector's IT and accounting systems at the central level. The relevant staff of the MHIF regional departments will continue supporting PHC accounting staff in upgrading the 1C accounting software as well as accounting/financial reporting policies, procedures, and reporting formats as necessary.

8. For the purposes of the Program accounting and financial reporting, the WB will continue to rely on the existing government accounting and financial reporting arrangements. The MoH will continue to be responsible for the submission of the Program's annual audited financial statements to the Bank.

9. The requirements to audit the Program's annual financial statements remain the same, and the audit report should be submitted to the Bank within nine months after the end of the reporting year. The WB does not rely on country systems for conducting audits of WB-financed projects' financial statements due to insufficient capacity of the Supreme Audit Institution to perform financial audits. All financial audits of WB projects in the country, including this operation, are conducted by private auditors acceptable to the WB. The MoH consolidates the Program's annual financial statements based on inputs provided by MHIF. The statements include: (i) a summary of Program funds received (separately indicating those received under each DLI) and a summary of Program expenditures under the Program headings, both for the current fiscal year and cumulative to-date; and (ii) notes, comprising a summary of significant accounting policies and other explanatory notes. The cost of the Program audit will be financed from the proceeds of the operation.

10. The audit report for FY2021 for the Program was submitted in April 2023 with significant delay after the deadline of September 2022. The auditor issued a qualified audit opinion due to insufficient evidence obtained from the MHIF on expenditures incurred by four FMCs. The auditor's management letter raised several observations and recommendations in relation to weaknesses in (i) internal controls over the preparation of financial statements, (ii) payroll accounting, (iii) storage and security of accounting information; (iv) reconciliation between the 1C accounting system and reporting forms; (v) planning for and spending on medical devices and other inventory items that were available but not used during the reporting period; and (vi) organization and safekeeping of tender documents. In response to the issues raised by the auditor regarding the FY2020 financial statements, the MoH conducted training for its employees and employees of relevant facilities in June 2022. Following the FY2021 audit results, the WB will request the MoH to (i) provide additional training to the accounting staff and (ii) provide a detailed action plan to address the auditor's recommendations, including the timeline and responsible units/staff by May 31, 2023. The Bank team will also actively monitor the implementation of the action plan.

11. While the overall internal control system remains weak in both MoH and MHIF, during the implementation of the Program, the action item on ensuring proper segregation of duties between procurement and accounting functions was properly addressed. Currently, each PHC facility has both an accountant and a procurement specialist in place.

12. A significant change occurred in the Internal Audit (IA) department, which was reorganized and moved from the MoH to the MoF. The change happened as part of a reorganization that moved all government internal audit functions formerly operating in respective ministries to the MoF. While all agencies are still

¹ The MoH monitoring indicates 9.7% turnover for FY2022, which decreased by almost 50% since FY2018, when turnover rate was reported to be over 18%.

subject to annual financial audits by the internal auditor, in practice, the capability of carrying out internal audits is currently on hold due to the ongoing reorganization.

13. Therefore, a Program action agreed upon within the original Program, (the IA units of the MoH and the MHIF will conduct joint audits of the PHC facilities at least once in a three-year period, with more regular audits of health institutions with higher risks), will be revised to assign the IA unit within MoF to become responsible for this action. Since IA staff at MoF is responsible for IA at all ministries and government agencies and may lack resources to conduct IA of PHC facilities with the necessary regularity, the WB recommended to hire at least two internal audit consultants within the Program, to be subordinated to the MoF IA unit to ensure the completion of internal audits within the MoH, MHIF, and PHC facilities in accordance with the action plan. The need for such consultants is justified due to restructuring of the Government internal audit system and transition process. The WB team will seek the possibilities to phase out the use of such consultants. During the IA, particular attention should be paid to payroll controls at the PHC facility level, sample-based physical verification of medical services delivered to patients, and review of the control system for drug prescription registration and distribution. Internal auditors will agree with the WB on annual audit plans, terms of reference, and the audit scope for both the Program and the Project. The audit reports and findings will be shared with the Bank.

14. **The risk of fraud and corruption under the Program is Substantial.** The Kyrgyz Republic ranked 140th out of 180 countries according to Transparency International Corruption Perceptions Index 2022, representing a slight change from the previous year's position of 144th.² There is quite an intense anti-corruption agenda in the country, and the efforts of the Government and the state bodies on setting anti-corruption measures are encouraging. However, the distribution and coordination of anti-corruption functions are ineffective. These functions are dispersed among too many authorities without proper coordination, resulting in overlaps and fragmentation and undermining independence, proper allocation of resources, and specialization of these authorities per international standards.³

15. The Law of the Kyrgyz Republic No. 57 "On National Security Bodies of the Kyrgyz Republic" of 2022 specifies that the national security bodies of the Kyrgyz Republic combat corruption and carry out operative and investigative activities, inquiries and preliminary investigations of individuals who have committed offences or are suspected of committing them, including through the use of operational, technical, and other means, and keep records of these persons.

16. The Anti-Corruption Service under the State National Security Committee of the Kyrgyz Republic was dissolved in June 2021 by Presidential Decree No. 271 and replaced by the Anti-Corruption Business Council under the President of the Kyrgyz Republic, established by Presidential Decree No. 293 in July 2021. The main goals of the Anti-Corruption Business Council are to build mechanisms for sustainable dialogue and interaction between public authorities, civil society, and businesses on combating corruption, improve business environment and investment climate, and develop mechanisms for legal protection of citizens and business entities. The Council consists of the heads of relevant state bodies, members of parliament, representatives of private sector, civil society, and international development partners.

17. The institution of the *Commissioner for Preventing Corruption in the State Bodies* has also been established. In connection with the introduction of this office, full-time employees responsible for corruption prevention function were assigned in 43 state bodies. This was approved by the relevant Presidential Decree (No. 17, of January 31, 2017) that specifies the register (the list) of the state and municipal positions in the Kyrgyz Republic (including the officers responsible for corruption prevention). Some ministries and

² <https://www.transparency.org/en/cpi/2022/>

³ <https://www.oecd.org/corruption/acn/OECD-ACN-Kyrgyzstan-4th-Round-Monitoring-Report-2018-ENG.pdf>

departments have anti-corruption departments (units) with 3-4 full-time staff. At the MoH, only one staff is assigned to the function of the anti-corruption Commissioner who has been working at this position since October 2018. The main responsibilities of the Commissioner include coordination of the MoH activities in combating corruption and developing an anti-corruption action plan for fraud and corruption prevention as well as monitoring of implementation of anti-corruption measures. The anti-corruption action plan for such units is approved by the Cabinet of Ministers. The Commissioner is also responsible for assessing corruption risks in the sector, identifying factors that may create potential for conflict of interest, conducts analysis of the MoH Public Reception Center’s work on registering and addressing complaints received from citizens, as well as monitoring of mass media information on fraud and corruption. The anti-corruption Commissioner represents the main chain linking the MoH and the Cabinet of Ministers on fraud and corruption agenda. The anti-corruption Commissioner has reported to have limited capacity and staff to address anti-corruption reporting. The WB recommended to hire a consultant to work on anti-corruption issues; however, this action item was not yet implemented.

18. The MoH’s Public Reception Center is responsible for registration of and follow up on written and oral appeals of citizens. The Center is guided by the Law of the Kyrgyz Republic No. 8 “Procedure for considering proposals, applications, and complaints of citizens” of July 05, 1995, and other regulatory and legal acts. The main task of the Center is the timely response to complaints of citizens of the Kyrgyz Republic on health issues. The Center employs three specialists, who are responsible for transferring applications for consideration to relevant authorities and taking respective actions or rejecting a complaint (if unjustified) with respective clarification provided. Complaints are registered in two books of records, one for personal visits to the Center and the other for complaints received via “hot-line” phone at the MoH. Complaints are to be reviewed within 14 days and citizens are promptly notified on the results of their complaints. Once a year, the Prosecutor’s Office of the Kyrgyz Republic conducts routine inspection of the registration of complaints and respective measures taken.

19. During Program implementation, the WB fiduciary team will (i) review the implementation progress and work with the task team to examine the achievement of Program results, legal covenants, and program actions that are of a fiduciary nature; (ii) provide institutional support and help the Recipient resolve implementation issues; (iii) monitor implementation of the PAP, audit reports, and performance of fiduciary systems, and (iv) monitor changes in fiduciary risks to the Program.

20. The PAP will be modified to reflect the updates to fiduciary risk mitigation measures, as summarized in Table 1.

Table 1: Fiduciary Program Actions, original and revised

	Action item before restructuring	Source	Responsibility	Timing	Completion Measurement	Implementation status	Action item after restructuring
1	The Program’s IDA and MDTF funds will be reflected in the republican budget under separate functional classification for the MoH and MHIF.	Fiduciary Systems	MoF	Throughout Program implementation	The approved and published republican budget will separately indicate the Program funds.	The approved and published republican budget separately indicates the Program funds.	The same action item is valid after restructuring.

2	During the formation of the subsequent year's republican budget, reflect the expected amount cash flow under the Program in the income and expenditure parts of the republican budget.	Fiduciary Systems	MoF	During the formation of the republican budget (as per the budget calendar)	As per the MoH and MHIF requests the Program funds will be reflected in the income and expenditure parts of the approved budget.	The Program funds are reflected in the income and expenditure parts of the approved budget; however, the risk rating is still appropriate.	The same action item is valid after restructuring.
3	Ensure timely transfer of the IDA and MDTF funds to the MoH and the MHIF in corresponding amounts.	Fiduciary Systems	MoF	Within reasonable time after the IDA and MDTF funds are received to the MoF treasury account	The MoH and MHIF will confirm the receipt of relevant funds after each transfer.	The MoH and MHIF confirm the receipt of relevant funds after each transfer. However, there are certain delays in receipt of funds; therefore, the risk rating is still appropriate.	The same action item is valid after restructuring.
4	The MoH and MHIF will present the quarterly financial reports to the MoF on utilization of the Program funds, considering also the effectiveness of achieved indicators.	Fiduciary Systems	MoH, MHIF	Throughout Program implementation	The MoH and MHIF will present quarterly financial reports to the MoF.	The MoH and MHIF present quarterly financial reports to the MoF.	The same action item is valid after restructuring.
5	Ensure adequate fiduciary capacity with at least 2 consultants at the MoH for FM/Disbursement function, 2 consultants (accounting and IT support) at the central level who will support MHIF regional depts in providing services to PHC accounting system	Fiduciary Systems	MoH	Throughout Program implementation	Roster of existing staff and consultants to be reported semi-annually as part of Program implementation progress reports and prior to World Bank implementation support visits.	Both MoF and MHIF have currently adequate capacity in place. However, to ensure these staff are not removed, the action item needs to be in place in the updated action plan.	The same action item is valid after restructuring.
6	Implement a health sector fiduciary capacity building plan, including measures to reduce the fiduciary staff turnover and to increase the fiduciary staff professional capacity both at the MoH and the PHC level.	Fiduciary Systems	MoH	Throughout program implementation	The health sector fiduciary capacity building plan specifying concrete activities, resources and deadlines developed, agreed with the Bank and approved by the MoH to be implemented by the MoH. The Bank will monitor the implementation of	Implemented. The MoF developed and agreed with the Bank the capacity building plan. It was agreed that the MoH will regularly (at least once a year) monitor the fiduciary staff turnover at the MoH and PHC levels and report the results to the	The same action item is valid after restructuring.

					the action plan activities. The MoH to regularly (at least once a year) monitor the fiduciary staff turnover at the MoH and PHC levels, and to report the results to the Bank.	Bank.	
7	Ensure adequate capacity of Internal Audit staff to have each PHC facility audited at least once in a three-year period, with more frequent audits of PHC facilities with higher fiduciary risks as assessed by Internal Audit unit under MoF (moved from MoH to MoF).	Fiduciary Systems	MoH, MHIF	Throughout Program implementation	Annual internal audit plans, with terms of reference and audit scope, will be agreed with the Bank. Annual audit reports of MoH and MHIF Internal Audit units will be shared with the Bank.	The IA reports for FY2021 and for the first half of FY2022 were received by the time of the mission. In July 2022, the IA function was transferred to the MoF, and the status of the function is now pending. The Bank was recommended the MoH to hire several IA consultants within MoH to complete the IA plan for FY2022.	Annual IA plans, with terms of reference and audit scope, agreed with the Bank to be implemented by the IA Unit of the MoF (currently under reorganization) with the help of at least 2 IA consultants hired under the Program, but subordinated to the MoF Internal Audit Unit. Annual audit reports of MoH and MHIF will be shared with the WB by the MoF's IA Unit.
8	Adopt measures to eliminate the practice of dual fiduciary function (procurement and accounting/financial management functions assumed by the same individuals) at PHC facilities by segregating these duties.	Fiduciary Systems	MoH, PHCs	No later than 6 months after Program effectiveness	A MoH order prohibiting the practice of dual fiduciary function. MoH to report semi-annually as part of Program implementation progress reports and prior to WB implementation support visits. 100% of	Implemented. According to the MoH, there are separate procurement specialists who execute procurement function and are now participating in the training of the MoF on public procurement.	Ensure continuous segregation of procurement and accounting/financial management functions at PHC facilities.

					segregation shall be achieved within 2 years		
9	N/A	Fiduciary systems	MoH	Throughout program implementation	Program audited financial statements will be submitted by the MoH to the WB within 9 months from the end of fiscal year.	Due to continuous delays in appointment and submission of the audited Program financial statements, the action item was added to the Program action plan.	Timely appoint external auditor for the audit of Program financial statements and timely submit Program audited financial statements to the WB within 9 months after the end of the fiscal year.

B. Fiduciary arrangements for the Project

FM ARRANGEMENTS FOR THE PROJECT

21. The MoH with the support of the fiduciary consultants hired under the operation will be responsible for implementation of the FM function under the Project, including planning and budgeting, accounting, financial reporting, external auditing, funds flow, and internal controls.

22. The FM arrangements in place at the MoH were reviewed in February 2023 and were assessed as meeting the WB's minimum requirements for Project implementation subject to implementation of the following agreed actions: (i) a Project Operations Manual, including FM section, must be in place and acceptable to the WB by effectiveness; (ii) within 60 days from Project's effectiveness, the MoH shall install accounting software for the Project which meets WB reporting and accounting requirements; and (iii) open a designated account in a commercial bank acceptable to the WB within 30 days from the Project's effectiveness. The MoH currently has 5 FM consultants under the Program: 2 IT consultants working on the 1C accounting system, 1 financial manager, 1 disbursement specialist, and 1 financial management assistant. The financial manager and disbursement specialist are well experienced and knowledgeable of WB procedures and payment system. While the MoH has the 1C Accounting software of the latest version (8.2) installed, to ensure security of the accounting data, a separate independent accounting system will have to be installed for Project implementation purposes.

23. The Project will produce a full set of quarterly interim un-audited financial reports (IFRs) to be submitted to the WB within 45 days of the end of each calendar quarter, from the first disbursement and throughout the Project life.

24. The audit of the Project annual financial statements will be conducted (i) by independent private auditors acceptable to the WB, under terms of reference acceptable to the WB, and procured by the MoH, and (ii) according to the International Standards on Auditing (ISA) issued by the International Auditing and

Assurance Standards Board. The annual audits of the Project financial statements will be provided to the WB within nine months after the end of each fiscal year, and at the Project closing.⁴ The cost of the Project audit will be financed from the proceeds of the Project. One auditor will be procured to audit the financial statements for both the Program and the Project.

25. The Recipient has agreed to disclose the audit reports for the Project within one month of its receipt from the auditors and acceptance by the WB by posting the reports on the website of the MoH or other official websites of the Recipient. Following the Bank's formal receipt of these reports from the Recipient, the WB will make them publicly available according to WB Policy on Access to Information.

26. The Project's Designated Account (DA) will be opened in United States Dollar (USD), in a commercial bank acceptable to the WB. The Statement of Expenditures (SOE)-based disbursement method will be applied to the Project. Funds will flow from the WB, either: (i) via the DA, which will be replenished on the basis of SOEs or full documentation; or (ii) on the basis of direct payment withdrawal applications and/or special commitments, received from the implementing entity. Withdrawal applications documenting funds utilized from the DA will be sent to the WB at least every three months. The following disbursement methods may be used under the Project: Reimbursement, Advance, Direct Payment, and Special Commitment. The DA ceilings (for each DA, if several) will be specified in the Disbursement and Financial Information Letter (DFIL). The detailed instructions on withdrawal of Project proceeds will also be provided in the DFIL.

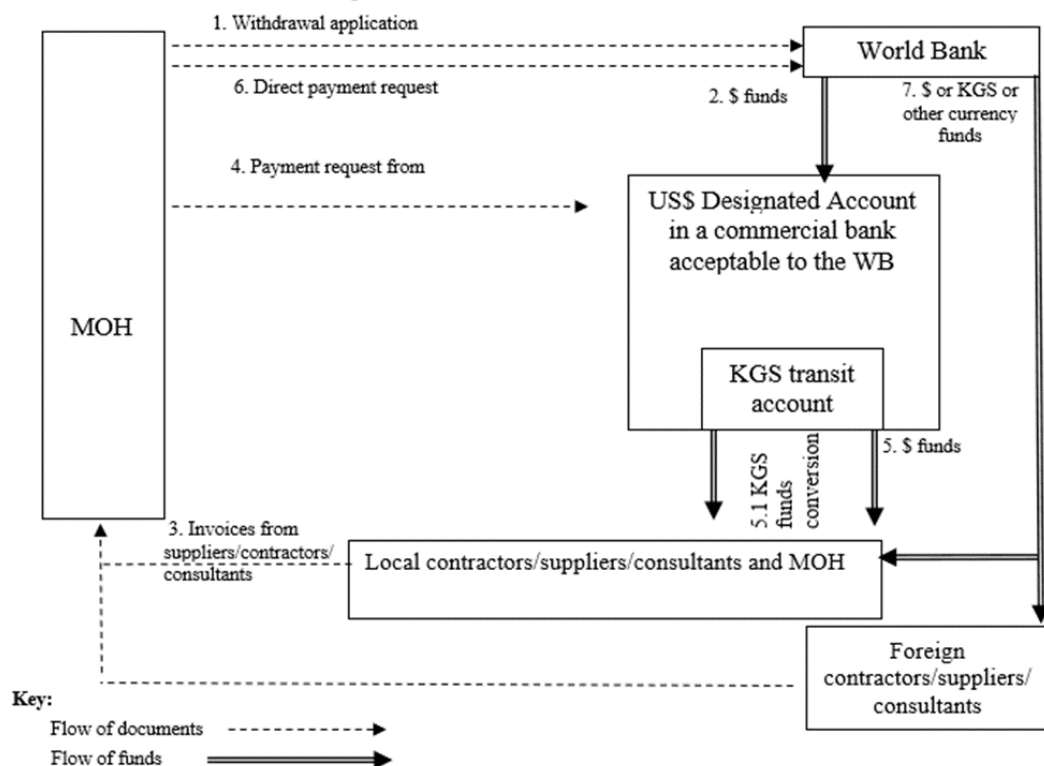
27. Corruption is perceived as an important issue in project implementation. Therefore, adequate mitigation measures have been established and will be closely monitored to ensure that the residual project risk remains acceptable. Such measures include: (i) a formal internal control framework to be described in the POM; (ii) a flow of funds mechanism via a commercial bank(s) acceptable to the WB; (iii) project financial statements to be audited by independent auditors and under terms of reference acceptable to the WB; and (iv) regular FM implementation support and supervision, and procurement prior and post reviews to monitor and assess the corruption risk.

28. The overall residual FM risk for the Project after mitigation measures is assessed as Substantial due to Substantial Country and Entity risks and a history of overdue audits.

⁴ The audit deadline is set as 9 months from the end of each year to align with the deadline for the Program audits.

FLOW OF FUNDS FOR THE PROJECT

This Annex describes the procedures followed, controls applied as well as the flow of funds and documents under the IPF component.



Step	Description
1-2	Replenishment of Designated Account. As required, the withdrawal application together with relevant supporting information is prepared - SOE listings for expenditures below the established thresholds and full documentation details for expenditures greater than the established thresholds. The withdrawal application is then approved and signed as appropriate and sent to the WB Loan Administration Department for the replenishment of the Designated Account.
3-5	Payments to contractors, suppliers, etc. Payments will be affected as follows: a commercial bank payment order from the DA is prepared and funds are transferred from the DA to the foreign suppliers (in USD or other foreign currency) or to the local suppliers (in KGS after conversion from the DA to the transit account and subsequent transfer).
6-7	World Bank Direct Payments. Direct Payment requests are sent from the implementing entity to the World Bank Loan Department when circumstances require. The payment request will be prepared and authorized as for normal Withdrawal Applications (see above). The World Bank makes direct payment to the contractors/suppliers/consultants as directed.

PROCUREMENT ARRANGEMENTS FOR THE PROJECT

29. **Applicable procurement framework.** Activities under the Project will be subject to the WB Procurement Framework. Procurement of all contracts under the Project will follow the procedures specified in the WB Procurement Regulations (November 2020). The Project will also be subject to the WB Anti-Corruption Guidelines, dated July 1, 2016. The procurement and contract management processes will be tracked through the WB Systematic Tracking of Exchanges in Procurement (STEP) online tool.

30. **Summary of the PPSD.** As required by the Procurement Regulations, the PPSD for the Project is being developed, based on which a PP will be prepared setting out the selection methods to be followed by the Recipient during implementation when procuring goods, and non-consulting and consulting services, financed by the WB. The procurement approaches for key packages have been determined in the PPSD as described in the following paragraphs.

- (a) Procurement approach for key goods, and non-consulting services contracts. Various medical, laboratory, and ICT equipment will be procured through the Request for Bids (RFB) method.
- (b) Procurement approach for key consultancy contracts. Consulting companies for various technical assistance contracts will be selected through the Quality- and Cost-Based Selection (QCBS) method. Consulting companies for financial and procurement audit will be selected following Least Cost Selection (LCS) method.
- (c) Key conclusions from the conducted market analysis. The market offers the possibility of satisfactory competition, which could be achieved by open competitive approach to the market attracting international and national contractors/consultants with wide experience in the respective field to achieve best fit for purpose and value for money in procurement.
- (d) Considering the size and complexity of components, lack of clarity about potential interest of the market, and the need to combine procurement packages to reach economies of scale while minimizing the need for supervision, two-envelope procurement approaches with post-qualification will be conducted for main goods packages. This will help engage the market and mitigate the price pressure during the evaluation.
- (e) The market can meet the procurement needs of the Project. The Government agrees that additional efforts will be required in terms of continuous consultations with the industry, careful approach to the development of procurement documentation, and deliberate efforts to widely advertise tenders to ensure appropriate levels of participation by both local and international vendors.

31. **Procurement risks analysis.** A procurement capacity assessment was performed by the WB using the Procurement Risk Assessment and Management System (Table 2). Based on the assessment, the Project procurement risk is rated **High**. Mitigation measures are identified in Table 3.

Table 2: Procurement risks

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| <ul style="list-style-type: none">• Procurement Regulatory Framework: While current PPL provides for an adequate procurement framework, draft amendments, which were proposed recently, put transparency and accountability of the procurement process at significant risk.• MoH management capability: MoH has limited capacity to prepare detailed designs and technical specifications for defined investments. This increases the risk of accountability of procurement decisions.• Procurement planning. Increase of gas/oil price and fuel will affect the price of end products and put additional risks while preparing cost estimates for procurement packages.• Potential procurement delays. Experience suggests that procurement delays should be expected due to the lack of procurement capacity and limitations of the markets; in addition, local currency depreciation may result in the unwillingness of potential bidders to submit bids/quotations in the local currency.• Potential contract implementation delays. Current difficulties in all aspects of logistical services, including goods transportation, directly affect goods delivery from Commonwealth of Independent States and other European-zone countries.• There is perceived high level of corruption as measured by Transparency International. |
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Table 3: Preliminary Risk Mitigation Measures

- The WB Procurement Framework will be applied to the Project to mitigate the risks of legislation change.
- With the support from additional consultants, the MoH Procurement sector will be responsible for preparation of bidding documents. The WB will provide intensive implementation support.
- Realistic procurement planning, up-to-date cost estimates, and scheduling, including timely preparation of technical specifications or TORs, with the WB's close supervision and monitoring, particularly from the country office, will be required. Early engagement with the market and business outreach will be required for critical packages.
- USD/EUR currency will be used for bid submission in potentially problematic procurement packages, while the payment would be in local currency.
- More emphasis on and training in appropriate contract management is required, supplemented by regular physical inspections during WB supervision missions. Delivery terms will be carefully reviewed with the aim to avoid transportation through conflict-affected zones and seek alternative routes.
- Application of the WB Anti-Corruption Guidelines and close supervision by the WB staff will be ensured.

32. Training and operating costs. The Project will finance the operating costs of the Project. When required, additional personnel will be contracted based on experience, qualifications, and capability to carry out the assignment in question. The selection shall be carried out through comparison of relevant overall capacity of, at least, three qualified candidates among those who have expressed interest in the assignment. Detailed procedures will be outlined in the POM. The MoH will develop a detailed training plan and prepare an annual operational budget for the WB review and clearance. Operating costs and training will be financed according to the annual budget approved by the WB.

33. Record keeping. All records pertaining to award of tenders, including bid notification, register pertaining to sale and receipt of bids, bid opening minutes, and bid evaluation reports and all correspondence pertaining to bid evaluation, communication sent to/received from the WB in the process, bid securities, and approval of invitation/evaluation of bids would be retained by MoH and uploaded in the STEP tool.

34. Disclosure of procurement information. The following documents shall be disclosed: (i) PP and updates; (ii) an invitation for bids for goods and works for all contracts; (iii) request for expression of interest for selection/hiring of consulting services; and (iv) contract awards for goods, works, and non-consulting and consulting services. The following details shall also be published on the United Nations Development Business online and the WB's external website: (i) an invitation for bids for procurement of goods and works following open international market approaches, (ii) request for expression of interest for selection of consulting services following open international market approaches, and (iii) contract award details of all procurement of goods and works and selection of consultants using open international market approaches.

35. Fiduciary oversight by the WB and procurement supervision. The WB shall prior review contracts according to the prior-review thresholds set out in the PPSD/PP. All contracts not covered under prior review by the WB shall be subject to post review during implementation support missions and/or special post-review missions, including missions by consultants hired by the WB. Two half-yearly missions are envisaged for procurement support and supervision of the Project.

36. Use of National Procurement Procedures: In accordance with paragraph 5.3 of the Procurement Regulations, when approaching the national market, the MoH shall follow instructions reflected in the POM for project implementation.

