

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division : COS1

TA No., Country and Name			Amount Approved: \$ 600,000	
TA 3628 – MON: The Establishment of a Central Procurement Monitoring Office			Revised Amount: n. a.	
Executing Agency: Ministry of Finance of Mongolia		Source of Funding: TASF	Amount Undisbursed: \$ 80,843	Amount Utilized: \$ 519,157
TA Approval Date: 02/Feb/2001	TA Signing Date: 19/Feb/2001	Fielding of First Consultant: 02 April 2001 (re-fielding of the team leader 3 Sep 2001)	TA Completion Date Original: 31/Jan/2002	Actual: 31/Dec/2004
			Account Closing Date Original: 31/Jan/2002	Actual: 28/Jul/2005
Description				
<p>In line with ADB/s medium-term operational strategy for Mongolia², ADB financed TA 3031-MON in 1999 that assisted the Government's initiative in the public procurement reform in the country and the enactment of the Public Procurement Law (PPLM), the first comprehensive procurement legislation of the country. The PPLM was based on the Model Law on Procurement (UNCITRAL) and became effective in May 2000.</p> <p>In early 2001, following the achievements of the previous intervention, ADB agreed to finance the follow-up project that was vital to enhance the implementation of the PPLM and to support the timely establishment of the institutional capacity required to lead and sustain the procurement reform process.</p>				
Expected Impact, Outcome and Outputs				
<p>The objective of the TA was to assist the Government during the initial period of implementing the PPLM in building capacity and increasing awareness for the need of good governance in procurement</p> <p>The following outputs were expected: (i) help the Ministry of Finance and Economy (MOFE) establish a Central Procurement Monitoring Office (CPMO) to implement the new PPLM; (ii) provide CPMO with adequate start-up assistance during the initial period of operation; (iii) set-up a database for coordinating projects funded by the Government and external assistance as well as for recording procurement actions; (iv) develop guidelines and standard procurement documents; (v) promote transparency and accountability in public procurement; (vi) help the Agency for Construction and Architecture (ACA) to set-up the Centralized Computer Database for Registration (CCDR) to maintain and record accurate registration of suppliers, contractors and consultants; and (vii) provide formalized training to CPMO and ACA, including international and local training.</p>				
Delivery of Inputs and Conduct of Activities				
<p>MOFE, the Executing Agency responsible for implementing the TA in coordination with the Agency for Construction Urban Development and Public Utilities (CUDPU), the former ACA provided TA coordinators and counterpart staff, office space, and facilities. The main counterpart of the TA was the Procurement Policy and Coordination Division (PPCD), a new office within the MOFE that was strengthened under the TA to function CPMO.</p> <p>TA completion time was postponed by about 5 months due to sickness of the team leader right after his mobilization. The international procurement/contract administration specialist who was concurrent Team Leader (13 p.m of actual input vs 12 p.m planned) also acted as a main resource person for teaching international procurement practices to PPCD and CUDPU through workshops, seminars, and consultations. The international computer systems specialist (9 p.m of actual input vs 4 p.m planned) developed the Centralized Computer Database System with both an English as well as Mongolian language interface and user guide. His tasks also included setting up of a PPCD Web site and training of local consultants and staff. The international consultants were assisted by the 2 national procurement administration consultants (18 p.m of actual inputs vs 24 p.m planned) and the domestic computer systems specialist (10 p.m of actual/planned inputs). Due to some administrative problems, the contract of the domestic computer</p>				

¹ In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

² The Strategy emphasizes the needs to support growth that is financially and environmentally sustainable, promote the efficient use of public resources and support a competitive private sector

systems specialist consultant had to be pre-terminated and some of the tasks assigned to him were performed by the PPCD IT Officer. The Project Team was supported by five ADB Review Missions that were useful in evaluating and adjusting the progress of the TA implementation and coordinating and continuously requesting the full support of the government, donors and other stakeholders. Office equipment procured under TA 3031 and some additional equipment including the project vehicle provided under this TA ensured the smooth operation of the consulting team and PPCD.

Minor changes in the scope of the international consultants' contracts approved toward the end of the assignment provided for i) the team Leader to participate on behalf of ADB in the Stakeholder Consultation Seminar on the Mongolia Country Procurement Assessment Report organized by WB in September 2002; and ii) additional inputs of the international computer systems specialist (5 p.m) for the production of a CD-ROM on procurement, which resulted in an extension of the TA closing date.

Evaluation of Outputs and Achievement of Outcome

The objectives of the TA were mainly achieved as a result of the extensive cooperation between the consultants, Government counterparts and ADB. The institutional capacity enhancement has improved the PPCD functions for public procurement policy and oversight, which is a critical instrument for PPLM implementation and enforcement. Despite these efforts some expected outcomes were partially achieved due to the low level of readiness and willingness of the government agencies to give away to their existing practices and accept new systems in a short period of time. (See the evaluation of Outputs 3 and 6 below)

Outputs 1, 2 and 4: CPMO, which was officially named as PPCD became fully operational during the project. Recommendation was made by consultants to increase the number of PPCD staff from originally six to at least ten and to retain the staff trained under the TA. A draft paper covering PPCD office ordinance with the purpose to strengthen the independent position and legal status of PPCD was prepared and submitted to MOFE. The paper recommends changing the status structure of PPCD that does not allow it to function effectively due to perceived conflict of interest. Currently PPCD falls directly under the supervision of State Secretary who is Chairman of Inter-Ministerial Tender Committees which handles large amount of procurement contracts. The Mission and the consultants recommended upgrading of PPCD to an independent office directly under the Minister of Finance and Economy as an interim measure. In the future an amendment to the PPLM should be considered and the role and status of PPCD should be clearly redefined in the law in order to mitigate any conflict of interest. PPCD should not get involved in day to day procurement issues which are the responsibility of the implementing agencies but should instead provide professional advice on procurement reform and rules and preserve its role as policy, technical assistance, training, information, and oversight office to ensure compliance of procuring entities activities with the PPLM. The Consultants assisted PPCD to update the standard procurement documents developed under previous project and develop the standard bidding documents for turnkey contracts and prequalification documents.

Outputs 5 and 7: The skill levels and awareness for professional procurement practices in PPCD and working groups were increased through international and local training as well as researching, studying and comparing international practices. The PPCD with support from the consultants conducted a large number of local training and seminars for all government procuring entities (1-3 representatives from about 5000 central and local implementing agencies) introducing PPLM and developing the government's capacity to implement it. A total of 8 seminars for 220 government officials were funded directly from the project and the financing for all other training mainly for staff from provincial governments came from the Government.

An English-Mongolian web site for PPCD was developed and went public on 31 July 2002. The site, which can be viewed at www.ppcd.pmis.gov.mn became a single window for all information related to public procurement. However the government infrastructure was not sufficient to provide the reliable connection and maintenance of the new web site.

Outputs 3 and 6: An expanded Centralized Computer Database (CCD) that covers registration, licensing and project management was developed and initially installed in 3 government agencies namely CUDPU, Department of Road, and Civil Aviation Authority of Mongolia. Two user-testing sessions were conducted and three-day user training was held prior to the deployment of the CCD program. A separate one-on-one training was given to PPCD IT Officer who take-over the implementation of the CCD program. Two workshops and a major seminar held for Working Group members.

A procurement monitoring database to be used by all line ministries and agencies was developed as part of the CCD. The information gathered from these agencies will be consolidated at PPCD for the purpose of monitoring government projects and related procurement activities. The CCD however is not fully operational yet as the line ministries don't use the system in their day to day operation of project management, licensing and registration of

contractors and suppliers. Introduction of the CCD to line ministries is a big challenge for PPCD although PPLM mandates the line ministries/agencies to create a registration system in their concerned sectors. It may take time for agencies to issue the implementing rules and regulations to synchronize and transfer their functions to CCD. However, PPCD has issued general framework guidelines on the registration system and the use of CCD as a main tool for the sector ministries to help them to create their own registration system.

Overall, the TA played a critical role in establishing an effective institutional structure for the development of a transparent and efficient national procurement system. The main outcome of the project to support the PPCD and to provide the Government with adequate start-up capacity and basic tools to implement procurement legislation has strengthened the procurement reform in Mongolia and made it an irrevocable process. Thus the long term impact and the sustainability of the TA are to be rated as "very high".

Overall Assessment and Rating

Satisfactory

Major Lessons

Recognizing the complexity of the public procurement reform and the diversity of DMCs, the following general factors should be considered and addressed in future projects with similar nature:

- Project scope and milestones should be designed taking the overall capacity and the unique governance and political structure of a country into account. Budget limitations, human resources constraint, and lack of IT infrastructure within the key ministries need also to be considered since they may have a significant impact on the outcomes.
- Objectives for i) a change or creation of institutional structure including the development of institutional capacity and new skill sets and ii) the introduction of a new operational system that replaces existing organizational practices and behavior need to be carefully defined and planned, by preferably using a strategically phased approach. This may result into a longer implementation period (more than 2 years) but will ensure the sustainability of the project's outcome. A public awareness program on procurement reform should be included as a strategic policy component to leverage the support and attention of the high level authorities and the general public.
- Rigorous individual consultant selection and close supervision, does not always guarantee a consultant's satisfactory performance especially in case of national consultants. Therefore for the assignment with interrelated and common outputs (in most projects of institutional and sector reform), the engagement of a consulting firm rather than individual experts could improve the accountability and overall performance of the consultants

Recommendations and Follow-Up Actions

The government should be vigorously reminded to fully implement and put in place the CCD and PIMS to coordinate projects funded by GOM; ADB and other donors; and subsequently to implement the data base in all line ministries and government agencies.

The government actions regarding the strengthening of PPCD and the continuance of the procurement reform should be closely monitored and any Government request for support of the public procurement reform should be coordinated with other donors.