ADB ASIAN DEVELOPMENT BANK

Kyrgyz Republic: Implementing the e-Procurement System

Project Name	Implementing the e-Procurement System
Project Number	46397-001
Country	Kyrgyz Republic
Project Status	Closed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	**TA 8297-KGZ: Implementing the e-Procurement System** Technical Assistance Special Fund — US$ 1.00 million
Strategic Agendas	Inclusive economic growth
Drivers of Change	Governance and capacity development
Sector / Subsector	**Information and communication technology** - ICT industries and ICT-enabled services **Public sector management** - Public expenditure and fiscal management
Gender Equity and Mainstreaming	
Description	The TA will support the development and rollout of the government e-procurement system. The work will involve management system establishment, rules-making, system analysis, building of the hardware and software platform iteratively with system managers and users, capacity building of all stakeholders, testing and installation on a phased basis, and monitoring over the initial use period.
Project Rationale and Linkage to Country/Regional Strategy	Public procurement forms a significant percentage of national GDP. The potential impact of improvements in procurement systems is thus quite large, creating fiscal space for more and better services from governments. Improved public procurement systems also add to increased trust and support for government operations, ADB's R-CDTA 7437: Asia Pacific Public Procurement Initiative has demonstrated the importance of such enhancements. Electronic government procurement (e-GP) helps to improve governance and reduce corruption, particularly when it is integrated with other areas of government functions such as budget, tax and audit. The result is a more efficient, open, transparent and competitive procurement environment for the government as a whole and for the supplier community. Good examples exist in Korea, Andra Pradesh in India, and Georgia. In the Kyrgyz Republic, public procurement accounts for about 6% of GDP. The ADB/World Bank joint procurement assessment reported the need for procurement reform and specific measures for prevention and detection of fraud and corruption. In response to a request submitted by the government in January 2012, ADB provided technical support to (i) conceptualize an e-GP reform strategy, (ii) initiate stakeholder consultation process, and (iii) provide necessary technical advice on development of the e-procurement portal developed by the government. . The Public Procurement Development Strategy 2012-2014, approved on 27 September 2012, provides for national adoption of government e-procurement. The Government has already established a team to develop and implement a unified e-GP system for online bid submission; centralized registration of suppliers; implementation of pre- and post-tendering workflows; e-Payment; e-Shopping mall for ordering low value items; and implementation of unified item code classification system. The government envisages augmentation of the in-house information system center under the Ministry of Finance (MOF) required for development of the full-fledged end-to-end e-procurement software. Overall implementation of the e-GP system will be done in a phased manner over 4 years; the TA will provide essential support for establishment of the system, user capacity building, public information, and problem-solving. The proposed TA fits well with the economic management and governance priority areas of the Joint Country Support Strategy (JCCS) 2007-2010 and subsequent Country Operations Business Plan (COBP) 2011-2012 . The Kyrgyz national development strategy highlights governance reform, in particular public sector reforms and anti-corruption measures. Development and adoption of a nationwide e-procurement system is one of the key reform initiatives announced by the government in January 2012
Impact	Efficiency and trust in public sector spending increased

Project Outcome

Description of Outcome	Transparency and efficiency of the public procurement system improved
Progress Toward Outcome	The progress towards outcome indicators is moderate. It is expected that the average number of bidders will increase by 50% by the end of 2015 from 4-5 bidders per tender in 2012. The average number of bidders as per system generated reports in March 2016 is around the baseline values of 2012. The average number of bidders reported by the system for 2015 is accurate and now government needs to take specific measures to attract more participation from suppliers in 2016. The time taken for an average procurement transaction has reduced from 32.2 days in 2012 to 27 days in 2015.
Implementation Progress	
Description of Project Outputs	The Ministry of Finance establishes a phased rollout for the e-GP system. Technical skills for development, implementation, and use of e-GP system enhanced Awareness and capacity of end users of e-GP system improved
Status of Implementation Progress (Outputs, Activities, and Issues)	Output 1: All procurements (including single-source) are processed through the unified e-tendering platform of the Kyrgyz Republic (https://zakupki.gov.kg) since 16 May 2015. The (i) registration and (ii) e-tendering modules have been used extensively in the last 8 months. The number of tenders published in the system by February 2016 was 22,931 a significant growth as compared to 2,057 tenders published in May 2015. A total 8,223 suppliers and 2,194 procuring agencies have registered in the system as of February 2016. The estimated value of the published tenders is KGS76 billion. Output2: A total of 2,162 procurement entities and 1,387 suppliers have been trained across the country. The mission acknowledges the support extended by the Multi-Donor Trust Fund (MDTF) in delivering these. The training of suppliers and government officials by the e-Procurement project was discontinued since August 2015. The Training Centre developed a certificate course on public procurement for purchasing officials wherein e-Procurement is included as a subject in it. Besides, the World Bank has mobilized a firm to develop interactive training modules on e-Procurement for both purchasing officials and suppliers. This online training module will be deployed in the training server of the e-Procurement project. Three key local consultants were sent to Seoul, South Korea for a study tour on Korean e-Procurement system. During a three-day visit a team met with the management and technical staff of Korean Public Procurement Service and had direct exposure to particular aspects of the system, such as digital signature, e-Shopping mall application, framework agreement etc. The study-tour was helpful in refining certain portal features. Output 3: A Public Relation (PR) and advertisement specialist was engaged under the project to work on the public awareness campaign. This specialist has prepared the audio and video clips and posters required. Full array of video, audio, and print materials are submitted to PPD in March 2016. An international conference on the Kyrgyz e-Procurement system was help in Bishkek in March 2016 and gathered 92 participants from all over the country and some neighboring countries.
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	The government announced implementation of e-GP as one of the key policy initiatives in its 100 day program in January 2012. At the first stakeholder consultation meeting chaired by Vice Prime Minister on 13th February 2012, the government officially launched the implementation of e-GP and sought the assistance and cooperation of concerned agencies and donors to support this initiative. The MOF, the state regulatory agency in charge of public procurement policy and reforms is given the mandate to: a) coordinate all activities associated with implementation; and b) form a working group to advise on implementation of e-GP system. The consultant engaged by the ADB has closely interacted with key procuring entities, budget, procurement and software development teams of MOF, and supplier representative for development of strategy and roadmap for the implementation of e-GP. The draft strategy and the e-GP concept were shared with the working group and interested donors. Based on these consultations, the government finalized the Public Procurement Development Strategy 2012-2014.
During Project Implementation	A paper-based baseline survey conducted in the beginning of the project was repeated online at the end of TA. The survey has gathered responses from over 1,000 respondents. The analytical report will be made available to public. The structured consultation mechanisms Technical Council and Coordination Council did not materialize in practice due to higher-than-expected pace of implementation. Yet ADB has fielded six review missions (two per year), which included consultations with all interested parties. ADB also conducted series of local focus groups with end-users and brought their concerns to the attention of implementing team and government, and made changes in the implementation plans accordingly.

Responsible Staff

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Timetable

Concept Clearance	15 Oct 2012
Fact Finding	23 Oct 2012 to 25 Oct 2012
MRM	-
Approval	11 Dec 2012
Last Review Mission	-
Last PDS Update	30 Mar 2016

TA 8297-KGZ

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
11 Dec 2012	11 Jan 2013	11 Jan 2013	31 Dec 2015	31 May 2016	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	300,000.00	0.00	0.00	0.00	1,300,000.00	11 Dec 2012	907,695.35

Project Page	https://www.adb.org/projects/46397-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=46397-001
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