

Project Procurement Risk Assessment

Project Number: 53324-001
Loan and/or Grant Number(s): LXXXX; GXXXX
August 2020

Kingdom of Cambodia: Grid Reinforcement Project

CONTENTS

A.	EXECUTIVE SUMMARY	1
B.	INTRODUCTION	1
C.	COUNTRY PROCUREMENT RISK ASSESSMENT.....	2
D.	PROCUREMENT ASSESSMENT OF ELECTRICITÉ DU CAMBODGE.....	3
	1. Overview.....	3
	2. Strengths	3
	3. Weaknesses	4
	4. Procurement Risk Assessment and Management Plan.....	5
E.	MARKET RISK ASSESSMENT	6
	1. Overview.....	6
	2. Strengths	6
	3. Weaknesses	7
	4. Recommendations to Mitigate Risks	7
F.	AGENCY PRIOR AND POST REVIEW (SAMPLING) APPROACH.....	7
G.	CONCLUSIONS	7
	APPENDIX: Agency Procurement Assessment Tool.....	9

ABBREVIATIONS

ADB	Asian Development Bank
EDC	Electricité du Cambodge
MEF	Ministry of Economy and Finance
OCB	open competitive bidding
PPU	Project Procurement Unit
PRC	Procurement Review Committee
SBD	standard bidding document

A. EXECUTIVE SUMMARY

1. Overall assessment of project procurement risk is “moderate.”
2. Summary of weaknesses and risks identified: E-procurement is not yet in place and is not expected to be in place for the duration of the proposed project. The implementing agency, namely, Electricité du Cambodge (EDC) will continue to need support to undertake procurement for the proposed project. EDC has limited experience of procurement using open competitive bidding (OCB) with international advertising and has limited experience in consultant selection through quality- and cost-based selection. Further, EDC does not have experience of working with the Asian Development Bank’s (ADB) Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017).
3. Summary of mitigation/ management measures to be adopted: As the procurement for the project will be done according to the ADB’s new procurement framework, EDC will have to be supported with intermittent inputs of two consultants—an international procurement specialist and a national procurement specialist. The procurement capacity of the staff of EDC will need to be enhanced. Suitable training to be provided to work in accordance with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017). Master bidding documents prepared during transaction technical assistance will be used for open competitive bidding with international advertising.
4. Advance procurement action can be taken for equipment packages, namely substation, transmission line, and battery energy storage system packages as well as the selection of the project implementation consultants. For the equipment packages, the engineering, procurement and construction option should be adopted to enhance efficiency in project implementation.

B. INTRODUCTION

5. The Grid Reinforcement Project (the project) The project will support Electricité du Cambodge (EDC), the state-owned power utility, to improve transmission network capacity and stability. The project will (i) expand and reinforce the electricity transmission infrastructure by constructing 115 kilovolt (kV) and 230 kV transmission lines and associated substations in Phnom Penh, Kampong Chhnang, Kampong Cham, and Takeo provinces and (ii) introduce as a pilot the first utility-scale battery energy storage system to understand the performance of the technology and assess different business models for (a) renewable capacity firming, (b) ancillary services, and (c) transmission congestions relief and investment deferral as a combined set of services. Project implementation consultants will complement existing staff of EDC, thus ensuring a high degree of implementation efficiency of components financed under the project.
6. The borrower will be the Ministry of Economy and Finance (MEF) on behalf of the government who will relend/regrant the funds to EDC, the executing and implementing agency for the project. The procurement for the project will be undertaken by EDC and accordingly the procurement capacity of EDC was assessed.
7. The assessment was prepared in accordance with the Guidance Note on Procurement-Procurement Risk Framework of ADB following ADB Procurement Policy (2017) and Procurement Regulations for ADB Borrowers (2017). The assessment was undertaken from December 2019 to February 2020. Preparation activities included reviewing documents, assessing ADB’s ongoing procurement experience, review of previous risk assessment reports and undertaking interviews with counterparts and discussions with stakeholders.

C. COUNTRY PROCUREMENT RISK ASSESSMENT

8. The Law on Public Procurement was enacted in May 2012; and the associated manuals, guidelines, and documents are comprehensive and very clear and adopt the core procurement principles. However different procedures apply for (i) state-funded procurement (included in and referred to as “Implementing Rules & Regulations on Public Procurement”; (ii) externally-financed procurement (included in and referred to as the “Procurement Manual”), (iii) public-private partnership, and (iv) special procurement.

9. The Implementing Rules & Regulations on Public Procurement and the Procurement Manual include detailed procurement procedures, standard bidding documents (SBDs) for various types of procurement under the national competitive bidding, procedures, approval authority, anti-corruption provisions and complaints mechanism, templates for reporting to management, etc. Many of the rules and regulations are either direct references from guidelines of multilateral development banks such as the World Bank and ADB or are derived from their regulations. With the implementation of many externally financed projects and programs in Cambodia, many executing agencies and implementing agencies are familiar with different development partner (DP) guidelines and procedures. Public procurement has, therefore, evolved and improved in terms of capacity building of human resources. This needs to be continued on a regular basis as there is need for substantial improvement.

10. **The standard procedures.** The procurement manual, the associated standard operating procedures, and SBDs for externally financed projects and programs have been developed by MEF for various types of procurement under national competitive bidding, and these are being revised to fit into the new procurement frameworks of ADB and the World Bank.

11. The General Department of Public Procurement in MEF consists of five departments: (i) Department of Administration Personnel and Planning, (ii) Department of Goods Procurement Management, (iii) Department of Public Works and Services Procurement Management, (iv) Department of Sub-National Administrative Procurement Management, and (v) Department of Procurement Review and Dispute Resolution. The Department of International Cooperation and Debt Management under MEF provides guidance to all line ministries regarding all kinds of procurement including for projects funded by external agencies and maintains procurement oversight by participating in the Procurement Review Committee (PRC) for all externally funded contracts.

12. Electronic procurement has not been adopted yet. Initial work has been started and e-procurement will be introduced in the near future.

13. All persons involved in procurement are required to formally sign the statement of ethics. Further, those involved with procurement are required to declare any potential conflict of interest and remove themselves from the procurement process in case a potential conflict may arise. The PRC approves all procurement. There is a written auditable trail of procurement decisions attributable to individuals and committees.

14. Overall assessment of country procurement risk is “moderate.”

D. PROCUREMENT ASSESSMENT OF ELECTRICITÉ DU CAMBODGE

1. Overview

15. EDC has established a Procurement Department that is responsible for all procurement. The Procurement Department is headed by a Director who is supported by a Deputy Director. There are two units reporting to the management of the Procurement Department. One unit is responsible for EDC-funded internal procurement and the other, named Project Procurement Unit (PPU), is responsible for DP-funded and also EDC-funded project related procurement. All procurement for this project will be handled by the PPU. A total of 12 staff are assigned to the PPU, most of whom have received procurement training of different levels.

16. As the concept note for the project has been approved after 1 July 2017, the procurement will be carried out following the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017). The PPU staff have no experience of working with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017). In parallel, MEF is revising the procurement manual and standard bidding documents in line with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017).

17. The PPU offices have adequate facilities and experience in filing and storing procurement documents. Random inspection of files revealed that the documents are filed chronologically and by subject and were easily accessible. The PPU maintains records of its respective procurement proceedings along with all associated documentation. The number of the PPU staff is adequate to handle the additional procurement work under the proposed project. There is no laid down system of procurement training, though some staff are nominated for some training programs organized by DPs.

18. A systematic process to identify procurement requirements is in place in EDC using the procurement plan as a tool. Invitations for tenders are advertised in easily accessible media, such as the websites of MEF, EDC and ADB. Time limits for submission of bids are appropriately provided. Bids submitted after the prescribed time are rejected and returned without being opened. The bids are opened in public. The minutes of the bid opening are prepared, and the bidders are provided a copy of the minutes free of charge. Bids/proposals are evaluated by the respective appointed committees and contracts awarded to lowest evaluated responsive bidders with the approval of the PRC. The procurement capacity of the members of the bid evaluation committee and the PRC needs further enhancement. EDC has experience in the processes for the collection and clearance of cargo through ports of entry and is familiar with letters of credit.

19. EDC monitors the performance of the contractors and the consultants/firms hired for project development and implementation. They diligently track their contractual payment obligations; however, there is still need of improvement in the follow up mechanism and timely release of payment. EDC has established a complaint management system that addresses grievances related to procurements and contract administration.

2. Strengths

20. The Law on Public Procurement and the supporting manuals and documents are comprehensive and accepted by DPs. EDC is required to follow these Guidelines. MEF provides advice to EDC and carries out the mandate to review the amendments to legal/ regulatory framework, monitors public procurement, and requires EDC to maintain all records related to

procurement, develops/supports the implementation of initiatives for improvements in public procurement.

21. Open competitive bidding is commonly used in EDC. There are many regional suppliers that regularly submit bids for the projects. EDC makes best efforts to attract bids by widely advertising the procurement opportunities and giving adequate bidding periods. The private sector in the energy sector in Cambodia has not developed yet and hence reliance is on regional suppliers. For consulting services, many international consulting firms are active in Cambodia and there is generally good competition in the selection process. The tender process in EDC is non-discriminatory and transparent. Adequate number of bidders are available in the market for publicly bid contracts.

22. Domestic preference is applied only when the rules of the DP require such provisions. EDC does not require pre-registration of bidders. There are acceptable provisions for the participation of state-owned enterprises.

23. The banks have delegated powers to branches to issue bid security, advance payment security, and performance security. The banks generally play a supporting role in assisting contractors, especially small ones for obtaining such securities. The banks generally provide necessary credit facilities to the construction industry.

24. Most of the bidding opportunities are published in a medium that is easily and freely accessible. The bidders can easily and freely access the information on the procurement plans, bidding opportunities and contract awards as such details are announced in the media. Third-party observers are allowed to attend bid opening. The processes for information management, effectiveness and accountability measures are simple and satisfactory, and deficiencies can be addressed by additional staff and resources. External audits are budgeted for and conducted according to government requirements.

25. All bids submitted after the prescribed deadline for bid submission are rejected and returned without being opened.

26. A complaint management mechanism is in place, which addresses grievances related to procurements and contract administration.

3. Weaknesses

27. E-procurement is not yet in place and is not expected to be during the duration of the proposed project.

28. The PPU has limited experience in handling international bidding and very limited experience in consultant selection following quality- and cost-based selection. The staff of the PPU have no experience of working with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017).

29. The Procurement Manual, SBDs for various types of procurement under open competitive bidding, and procedures are still being revised to harmonize with the new procurement framework of ADB. Accordingly, master bidding documents for the project under OCB with international advertisement will have to be developed.

30. Procedural delays within PPU for procurement document preparation, tender/proposal evaluation and contract signing may adversely affect the planned procurement/project activities.

31. There is no specialized structured procurement training program for the staff involved for undertaking procurement.

32. The PPU will require services of expert consultants/firms to assist them in planning and implementing the proposed project.

4. Procurement Risk Assessment and Management Plan

Table 1: Risk Likelihood

Risk	Descriptor	Likelihood Score	Description	Indicative Probability
No e-procurement in Cambodia	Substantial	5	Will not be incorporated during the project implementation	100%
Inadequate Procurement Capacity	Moderate	3	May affect for international open competitive bidding processing and selection of consulting firms	50%
Delay in Release of Counterpart Funds	Low	2	Budget planning and funds transfer delayed	25%

Table 2: Risk Consequence

How the risk identified affects the achievement of								
Risk	Descriptor	Consequence Score	Economy	Efficiency	Fairness	Transparency	Quality	Value for Money
No e-procurement in Cambodia	Substantial	5	√	√	√	√	√	√
Inadequate Procurement Capacity	Moderate	3		√			√	
Delay in Release of Counterpart Funds	Low	2	√	√				

Table 3: Procurement Risk Management Plan

Risk	Risk Assessment	Risk Measures/ Risk Management Plan	Mitigated Risk Assessment
No e-procurement in Cambodia	Substantial	Strong oversight by ADB and project start-up consultants support in bid document preparation, prior reviews, bid evaluation and documentation.	Moderate
Inadequate procurement capacity especially for international open competitive bidding and consultant selection	Moderate	Strong oversight by ADB and project start-up consultants support in bid document preparation, prior reviews, bid evaluation and documentation. An international procurement specialist and a national procurement specialist will be engaged to build procurement capacity of the PPU and assist the PPU to carry out procurement for the proposed project.	Low

Risk	Risk Assessment	Risk Measures/ Risk Management Plan	Mitigated Risk Assessment
		<p>Advance contracting will be initiated for project implementation consultants, goods and works (EPC contracts and EPC O&M contract).</p> <p>Master bidding documents prepared during project preparation will be used for open competitive bidding.</p> <p>The PPU should be provided targeted capacity development for project administration (procurement, financial management and monitoring and evaluation) under the ongoing Capacity Development Technical Assistance Strengthening Capacity for Improved Implementation of Externally Funded Projects in Cambodia (approved May 2017, financed by the Japan Fund for Poverty Reduction).</p>	
Delays in release of counterpart funds	Low	Senior management of EDC to expedite allocation of counterpart funds.	Low
	Moderate		Low

ADB = Asian Development Bank; EDC = Electricité du Cambodge; EPC = engineering, procurement and construction; O&M = operations and maintenance; PPU = project procurement unit

E. MARKET RISK ASSESSMENT

1. Overview

33. The power sector market has not yet developed in Cambodia. Manufacturing facilities are not in existence. However, many Asian countries, especially those in the Southeast Asian region have established factories in collaboration with proven international companies that manufacture the required equipment. EDC has received bids from a number of prospective bidders for their contracts, thus establishing that the market is reasonably vibrant and competitive. While the competition is established, it has also been noted that the quality of products supplied to Cambodia are often found to be substandard. This issue has to be addressed and will be discussed in the Strategic Procurement Planning Document.

34. Many international consulting firms are operating in Cambodia and there is generally sufficient competition. A number of Project Implementation Support Consultants have been working in Cambodia. Local consulting firms generally associate with international consulting firms and thereby the local consultants have gained a good experience. Local consulting firms have the capacity to carry out assignments up to \$300,000 without support from international consultant firms.

2. Strengths

35. There are a number of capable suppliers and engineering, procurement and construction contractors in the region and the market is quite competitive.

36. The banks have delegated powers to branches to issue bid security, advance payment security, and performance security. The banks generally play a supporting role in assisting

contractors, especially small ones for obtaining such securities. The banks generally provide necessary credit facilities to the construction industry.

37. There are no restrictions on participation of foreign bidders, and they are not required to get registered in Cambodia before bidding. Domestic preference is applied only if provided in the financing agreement.

38. Many international consulting firms are active in Cambodia and there is a good competition in selection process. A number of project implementation consultants have been working in Cambodia. Local consulting firms have capacity to carry out assignment up to \$300,000 without support from international consultant firms.

3. Weaknesses

39. There are no local suppliers of the equipment that will be procured under the project. Reliance is on regional and international manufacturers.

4. Recommendations to Mitigate Risks

40. Open competitive bidding with international advertising may be adopted for procuring all the equipment. PPU to be supported by international/national procurement consultants during advance contracting and also during balance contracting and contract management.

F. AGENCY PRIOR AND POST REVIEW (SAMPLING) APPROACH

41. Prior review approach may be adopted for all procurement under the project.

G. CONCLUSIONS

42. Overall risk rating is “moderate”. The total score assigned is 2.14 out of a scale of 0.0–3.0, which is better than most other sectors. The project procurement arrangements with appropriate mitigation measures as proposed in this report are considered satisfactory. With the proposed Risk Management Plan, the mitigated project procurement risk assessment is rated as “low.”

43. The following is recommended to mitigate the risks:

- i) As e-procurement is not yet in place, the procurement process should be closely monitored.
- ii) Master bidding documents prepared during transaction technical assistance may be used for open competitive bidding.
- iii) The current procurement staff of the PPU should be assigned full-time on the procurement activities. An international procurement specialist and a national procurement specialist should be hired to assist the PPU to carry out procurement for the proposed project.
- iv) The PPU should be provided with targeted capacity development for project administration (procurement, financial management, record maintenance and monitoring and evaluation) under the ongoing Capacity Development Technical Assistance Strengthening Capacity for Improved Implementation of Externally Funded Projects in Cambodia.
- v) Appropriate project management tools should be used to monitor the procurement

progress on a regular basis and to take suitable corrective action to adhere to the procurement schedule. Senior management of EDC and ADB's Project Division may increase their supervision of the project procurement.

- vi) Senior management of EDC will ensure timely allocation of counterpart funds.
- vii) Advance contracting should be initiated for the project implementation consultants and the equipment packages.

Agency Procurement Assessment Tool

Indicators	Sector/ Agency Questions	Score	Comments
1. Legislative and Regulatory Framework		2.07	
1.1 Does the national public procurement law (including supporting regulations, standard bidding documents and operational manuals/guides) apply to the sector?	<ul style="list-style-type: none"> Is the sector exempted by legislation from being subject to the national public procurement law? 	2	The Law on Public Procurement and the standard operating procedure (SOP) for externally financed projects are applicable to all sectors. There are no special exemptions for this sector.
	<ul style="list-style-type: none"> Even if subject to national public procurement law, does the sector tend to follow it? 	2	
	<ul style="list-style-type: none"> Do agencies in the sector use government-issued public procurement manuals or guidance? 	2	
	<ul style="list-style-type: none"> Have government-issued documents tailored to meet sector requirements? 	2	
	<ul style="list-style-type: none"> In absence of government-issued documents, does the sector have its own standard bidding documents 	2 (Ave=2.00)	
1.2 Is the supply market for the sector sufficiently competitive to give full effect to the national procurement law and/or open competitive tendering?	<ul style="list-style-type: none"> Is competitive bidding a common feature under the sector? 	3	Competitive bidding in the sector is the standard adopted in accordance with the national requirements. There are sufficient number of suppliers and contractors to meet the sector's need, but mostly from the region. Average number of bidders range from 5–7. Sufficient efforts are made to attract bids by advertising on the Electricité du Cambodge website, local and international newspapers, and emails to all embassies in Cambodia and the development partners. Only about 15% of the suppliers are local.
	<ul style="list-style-type: none"> Is there a core of suppliers in the sector who regularly submit responsive bids? 	3	
	<ul style="list-style-type: none"> What proportion, by percentage, of the sector's procurement is undertaken through open competitive bidding? 	3	
	<ul style="list-style-type: none"> What is the average number of bidders for publicly bid contracts? 	3	
	<ul style="list-style-type: none"> Do executing agencies tend to make sufficient efforts to attract bids (e.g., adequate advertising, bidding periods)? 	3	
	<ul style="list-style-type: none"> Is there availability and quality of suppliers, labor force, and/or related goods and services in the domestic market? 	2 (Ave=2.83)	
1.3 If there is a sector-specific legal framework, does it support non-discriminatory participation, transparent tender processes (including	<ul style="list-style-type: none"> Has the sector adopted nondiscriminatory and transparent tender processes? 	3	The sector adopts non-discriminatory and transparent bidding process as per prevailing law. The average number of bidders based on the sample examined and consultations is in the range of 5–7. The bidding documents as well as the SOP
	<ul style="list-style-type: none"> What is the average number of bidders for publicly bid contracts? 	2 (Ave=2.50)	

Indicators	Sector/ Agency Questions	Score	Comments
advertisement, tender documentation, tender evaluation, complaints mechanism)?			provide the complaints mechanism.
1.4 Is the sector subjected to excessive regulation or government control such that competition is limited or non-existent?	<ul style="list-style-type: none"> Does the sector apply a domestic preference scheme? Does the sector require pre-registration of bidders? Are there acceptable provisions in the sector for participation of state-owned enterprises? 	<p>3</p> <p>3</p> <p>3</p> <p>(Ave=3.00)</p>	Domestic preference scheme is not applicable in this sector. There are no country or nationality restrictions. In case of ADB-financed contracts, member country restrictions apply if so, provided in the financing agreement. Pre-registration is not applicable for externally financed projects. Provisions for participation by state-owned enterprises is acceptable and in line with ADB/ World Bank provisions, though there are no state-owned enterprises who are in this field.
1.5 Does the legal and regulatory framework enable the sector/ agency to use an e-procurement system?	<ul style="list-style-type: none"> Does the sector /agency abide by the rules, regulations, and guidelines for the use of e-procurement incorporated in the national procurement laws? Are electronic and paper documents considered as equally valid by the sector/agency? Are there sector/agency specific tender or bidding procedures, contract management processes, and approval ceilings in the e-procurement implementation? 	<p>0</p> <p>-</p> <p>-</p>	The national procurement law does not require the use of e-procurement. No agency uses e-procurement except to post the invitation for bids and the results of the bidding on the website of the agency and the Ministry of Economy and Finance (MEF).
2. Institutional Framework and Management Capacity		2.20	
2.1 Is the procurement cycle in the sector required to be tied to an annual budgeting cycle (i.e. can a procurement activity commence only when budget has been duly appropriated for it)?	<ul style="list-style-type: none"> Are procurement plans in the sector prepared as part of the budget planning and formulation process? Do systems and processes in the sector, or key agencies in the sector, require certification of availability of funds before solicitation of tenders? 	<p>3</p> <p>3</p> <p>(Ave=3.00)</p>	Procurement plans are prepared for each project depending on the duration of the project. In addition, annual plans are prepared for budgeting purposes and approved by the Managing Director. In case of development partner (DP)-financed projects advance action can be taken up to but before contract signing till the project is approved by the DP and the financing agreement is declared effective.

Indicators	Sector/ Agency Questions	Score	Comments
2.2 Does the system foster efficiency through the use of adequate planning?	<ul style="list-style-type: none"> Does the sector, or key agencies in the sector, have a formalized procurement planning process (s)? 	3	The procurement planning process including procurement tracking is well established in the SOP.
2.3 Does the procurement system in the sector feature an oversight or regulatory body?	<ul style="list-style-type: none"> Does the sector fall under the remit of the national oversight or regulatory body? If a national body does not exist, is there a sector-specific body that oversees and/or regulates procurement? 	3 -	MEF is the oversight body
2.4 Is there a public procurement capacity development or professionalization program?	<ul style="list-style-type: none"> What proportions of procurement-related officers and staff in the sector have been trained under the national or sector capacity development program or participated in any formal procurement training program? 	2	Government sponsored and DP funded training programs are conducted but there is no internationally recognized professionalization program. Almost 70% of the procurement staff have attended DP funded programs.
2.5 Is there a dedicated group institutionalized for e-procurement in the sector/ agency's procurement unit?	<ul style="list-style-type: none"> Does the sector/agency use the national e-procurement system, or does it use its own e-procurement system? Is e-procurement strategically positioned in the sector/agency's governance map or long-term development plan? How is e-procurement positioned within the overall sector/agency structure? Does the sector/agency have sufficient IT infrastructure to support e-procurement? 	0 - - -	There is no e-procurement system in place.
2.6 If an e-procurement system is used, is there a structured approach to capacity building and analyzing its effective use?	<ul style="list-style-type: none"> What is the sector/agency's e-procurement capacity to implement the system? Does the agency or e-procurement unit recognize the need for knowledge and skill building for the new way of working under e-procurement? 	0 -	There is no e-procurement system in place.
3. Procurement Operations/ Market Practices		2.30	
3.1 Is private sector competitive, well organized and able to access the sector market?	<ul style="list-style-type: none"> Is the private sector well organized and able to access the sector market? 	2	The private sector is not well developed. Most suppliers are from the region. Civil Society Organizations are allowed to witness bid opening and generally regard public
	<ul style="list-style-type: none"> Do civil society organizations regard public procurement in 	3 (Ave=2.50)	

Indicators	Sector/ Agency Questions	Score	Comments
	the sector to be open and accessible to the market?		procurement under the SOP to be open and accessible.
3.2 Do measures exist in the sector to ensure the adequacy and accuracy of cost estimates before bidding, and to manage contract price variations?	<ul style="list-style-type: none"> What percentage of contracts are awarded for values less than the original cost estimates? 	3	Less than 20% of the contracts were awarded at prices below the respective cost estimates. Contract variations are in the range of 5%–10%
	<ul style="list-style-type: none"> What percentage of contract variations amount to a cumulative impact of more than 10% of the original contract price? 	3 (Ave=3.30)	
3.3 Is the private sector able to access and fully participate in the agency e-procurement activities?	<ul style="list-style-type: none"> What functions exist and are being used in the sector/agency e-procurement system? 	0	There is no e-procurement system in place. Only the invitation for bids and contract award details are posted on the websites of the Ministry and MEF
	<ul style="list-style-type: none"> Are all forms available and accessible online? 	-	
	<ul style="list-style-type: none"> Do bidders pay any fees for the use of the system? 	-	
	<ul style="list-style-type: none"> What other government IT systems does the e-procurement system link to? 	-	
	<ul style="list-style-type: none"> Are foreigners able to participate in the sector/agency's e-procurement system? 	-	
	<ul style="list-style-type: none"> What percentage of sector/ agency's total bids are transacted through the e-procurement system? 	-	
3.4 Do commercial bank practices support the private sector industry and procurement operations adequately?	<ul style="list-style-type: none"> Have banks delegated powers to branches to issue bid security, advance payment security, and performance security expeditiously? 	3	Most bank branches have adequate powers to issue securities without any major delays.
	<ul style="list-style-type: none"> Do banks generally play a supporting role in assisting contractors, especially small ones for obtaining such securities? 	3	
	<ul style="list-style-type: none"> Do banks generally provide necessary credit facilities to the construction industry (especially small and medium sized firms)? 	3 (Ave=3.00)	
3.5 Is there a mechanism in the sector to receive and handle observations, complaints and protests?	<ul style="list-style-type: none"> Are there sector-specific procedures to receive and handle observations, complaints, and protests? 	3	The Law on Public Procurement, the SOP and bidding documents provide procedures for registering complaints and protests. It is understood that
	<ul style="list-style-type: none"> Are complaints and protests in the sector processed 	3	

Indicators	Sector/ Agency Questions	Score	Comments
	<p>within the maximum time limit provided for in the law?</p> <ul style="list-style-type: none"> Have the bidders used the complaint and protest mechanisms? 	<p>3</p> <p>(Ave=3.00)</p>	mutual resolution is the preferred method for dispute resolution.
4. Integrity and Transparency of the Public Procurement System		2.14	
4.1 Is there a formal internal control and audit framework in the sector?	<ul style="list-style-type: none"> Do key agencies in the sector have an independent internal audit function? Do key agencies in the sector have adequate internal control mechanisms to oversee the procurement function? Are key agencies in the sector subjected to regular performance or value for money audits? Are key agencies are subjected to annual financial audits? Are internal/ external audits findings and/or recommendations acted on in a timely manner? 	<p>3</p> <p>3</p> <p>2</p> <p>3</p> <p>3</p> <p>(Ave=2.80)</p>	All key agencies in the sector have set up an internal audit office whose duties also include oversight of procurement functions. The Financial Management Manual (Volume 3) of the SOP covers the internal control requirements of DP funded projects. Financing agreements with DPs require annual external audit of the financed projects. Procurement audit depends on the results of the financial audits, if necessary. Capacity development in audit functions is improving and external audit findings are addressed expeditiously. At present specific audits on performance or value for money are not in place.
4.2 Is information pertaining to public procurement in the sector easy to find, comprehensive and relevant?	<ul style="list-style-type: none"> What percentage of bids are published in the medium that is easily and freely accessible? Can bidders easily and freely access bid information? What is the percentage of contract awards announced in the media that are easily and freely accessible? Are third-party observers invited to attend public bidding? 	<p>3</p> <p>3</p> <p>3</p> <p>2</p> <p>(Ave=2.75)</p>	At least 90% of all bids are advertised and contract awards and other procurement related information are posted on the relevant websites and are freely and easily accessible to prospective bidders. Members of civil society are allowed to attend bid opening.
4.3 Can bidders and other stakeholders easily access sector/ agency's procurement information through the e-procurement system?	<ul style="list-style-type: none"> What is the civil society's involvement in the e-procurement system What kind of dynamics exist between or among private sector and other stakeholder groups? Are bidders and other stakeholders able to monitor all the sector/agency's e-procurement transactions? 	<p>0</p> <p>-</p> <p>-</p>	There is no e-procurement system, however, the relevant procurement laws, implementing rules and regulations, SOPs, standard bidding documents, procurement plans, invitation for bids and contract award details are posted on freely and easily accessible sites.

Indicators	Sector/ Agency Questions	Score	Comments
4.4 Does the sector have ethics and anticorruption measures in place?	<ul style="list-style-type: none"> • Are there sector-specific procedures to verify a bidder's legitimate existence, track records, financial capacity, and capacity to complete the job? • Are there sector-specific procedures to rate performance and/or debar bidders/ suppliers, contractors and consultants for ethical and integrity violations? • Does the sector, or key agencies in the sector maintain register of debarred supplies, contractors, and consultants? • Are there sector-specific integrity principles and guidelines? 	<p style="text-align: center;">3</p> <p style="text-align: center;">3</p> <p style="text-align: center;">3</p> <p style="text-align: center;">3</p> <p style="text-align: center;">(Ave=3.00)</p>	<p>Yes, the Law on Public Procurement and the Law on Anti-Corruption provide the required ethics and anticorruption measures that all line agencies have to follow. Bid evaluation requires the agencies to examine all required and appropriate legal documents to confirm their identity and status. Additional requirements are the examination of financial documents, annual audited accounts, financial capacity and experience.</p> <p>There are national procedures to debar suppliers, contractors and consultants for ethical or integrity violations and a list of such debarred firms and individuals are retained in MEF.</p>
OVERALL SCORE		2.18	