

RESTRICTED

TAR:CAM 28233

ASIAN DEVELOPMENT BANK

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TECHNICAL ASSISTANCE

TO THE

KINGDOM OF CAMBODIA

FOR

ESTABLISHMENT OF A CENTRAL PROCUREMENT OFFICE

AND REGULATIONS AND PROCEDURES

FOR PROCUREMENT OF GOODS AND WORKS

September 1994

CURRENCY EQUIVALENTS
(as of 17 August 1994)

Currency Unit	-	Riel (R)
R 1.00	-	\$0.001206
\$1.00	-	R 898.948

ABBREVIATIONS

CDC	-	Council for the Development of Cambodia
TA	-	Technical Assistance

NOTES

- (i) The fiscal year of the Government ends on 31 December.
- (ii) In this Report, "\$" refers to US dollars

I. INTRODUCTION

1. As a substantial number of projects to be financed by different sources are expected to be implemented by the Royal Government of Cambodia, well-defined regulations and procedures for public sector procurement, correctly applied, are required as soon as possible. A Fact-Finding Mission visited Cambodia in April 1994. This Report is based on the Mission's findings in the field and the understanding reached with the Government on the objectives, scope, cost estimates, financing plan and implementation arrangements for the technical assistance¹ (TA).

II. BACKGROUND AND RATIONALE

2. A new constitution has become effective in Cambodia only recently, and the ensuing legislation and Government administrative procedures are still being drafted. At the moment, there are virtually no written regulations or procedures governing procurement by the public sector. Under the previous socialist government, nearly all works were implemented by the ministries/agencies concerned on a force account basis. The materials and equipment were provided by specialized government supply agencies. These agencies obtained their supplies mostly from other socialist countries under bilateral trade agreements. Only a few contracts were procured with convertible currency. In such cases, canvassing procedures were used between selected foreign suppliers/manufacturers. Therefore, most present Government officers have only very little knowledge about public sector procurement procedures as normally practiced by non-socialist countries and international finance organizations such as the Bank. This means that the regulations and procedures must, in the initial stage, be as simple and straightforward as possible.

3. In view of the situation presented in para. 2, the Government requires assistance to establish regulations and procedures for procurement of goods and works. Further, a central procurement office has to be established to monitor the application of these procurement regulations and procedures. The TA will provide the required assistance.

III. THE TECHNICAL ASSISTANCE

A. Objective

4. The primary objective of the TA is to assist the Government in establishing a central procurement office and regulations and procedures for procurement of goods and works.

B. Scope

5. Under the TA, a team of individual consultants will prepare regulations and procedures for procurement of goods and works by the public sector and sample documents suitable for local competitive bidding procedures. As the Government ministries and agencies will be in charge of procurement of goods and works in accordance with such regulations and procedures, a Central Procurement Office has to be established to monitor/check the correct application of the regulations and procedures by the ministries and agencies concerned. The

¹ The TA first appeared in "ADB Business Opportunities" in June 1994.

consultants will assist the Government in creating the central procurement office and train its staff. Further, a number of Government officers will have to be trained as trainers of staff of the line ministries and agencies. Finally, assistance/advice should be provided during the initial operational period of the central procurement office so that, upon completion of the TA, a fully operational office will be in place.

6. To avoid any conflict of interest and to instill it with the necessary authority to implement the procurement regulations and procedures, the Central Procurement Office will be directly responsible to the Council for the Development of Cambodia (CDC), which is part of the Prime Ministers' Office.

7. In carrying out the objective of the TA close cooperation will be necessary, not only with CDC and the Prime Ministers' Office, but also with the Ministry of Justice, Ministry of Finance, Ministry of Public Works and other aid agencies such as the World Bank and the United Nations Development Programme.

C. Cost Estimates and Financing Plan

8. The total cost of the TA is estimated at \$625,000 equivalent of which the foreign exchange cost is \$560,000. The Bank will finance the full foreign exchange cost and the equivalent of \$40,000 to cover local expenditures. The rest of TA costs, mainly for counterpart support services and facilities, including office facilities will be provided by the Government. Details of costs and the financing plan are given in Appendix 1.

9. The technical assistance will be charged to the Bank-funded TA program.

D. Implementation Arrangements

10. A team of four individual consultants with expertise in procurement, procurement legislation, Cambodian legislation and jurisprudence, and civil engineering is expected to perform the tasks listed in para. 5 over a period of about seven months with a total of about 25 person-months of input. The terms of reference for the four consultants are given in Appendix 2.

11. The procurement legislation consultant will be appointed as team leader and will be in charge of overall coordination. The Executing Agency will be CDC.

IV. THE PRESIDENT'S DECISION

12. The President, acting under the authority delegated to him by the Board, has approved the provision of technical assistance, on a grant basis to the Royal Government of Cambodia in an amount not exceeding the equivalent of \$600,000 for the purpose of the establishment of a Central Procurement Office and Regulations and Procedures for Procurement of Goods and Works, and hereby reports his action to the Board.

**COST ESTIMATES
(\$'000)**

Item		Foreign Exchange	Local Currency	Total Costs
I. Bank Financing				
A.	Consultants			
1.	Remuneration	355.00	-	355.00
2.	Per Diem	135.00	-	135.00
3.	Travel	30.00	-	30.00
B.	Office Equipment			
1.	Three Personal Computers and Printer	13.00	-	13.00
2.	Copy Machines/Facsimile/ Air Conditioners	8.00	-	8.00
C.	Operating Costs			
1.	Local Transport (2 vehicles and drivers)	-	12.00	12.00
2.	Communications	-	4.00	4.00
3.	Office Supplies and Printing	-	5.00	5.00
D.	Incremental Costs for Establishing the Central Procurement Office	-	10.00	10.00
E.	Contingencies	19.00	9.00	28.00
	Subtotal (I)	560.00	40.00	600.00
II. Government Financing				
A.	Office Accommodation	-	14.00	14.00
B.	Office Equipment/Furniture	-	3.00	3.00
C.	Counterpart Support Services	-	8.00	8.00
	Subtotal (II)	-	25.00	25.00
	TOTAL (I + II)	560.00	65.00	625.00

TERMS OF REFERENCE

A. Procurement Legislation Consultant (Team Leader)

I. Scope of Services

1. The technical assistance (TA) is expected to commence on 1 November 1994 and be completed by 31 May 1995. All work associated with the TA will be performed in Cambodia. The TA will be implemented by four individual consultants, with expertise and duties as follows.

2. The procurement legislation consultant will analyze existing procurement regulations and legislation from a legal viewpoint, and identify legislative reforms, including reviewing and recommending provisions to legislation, and recommend appropriate procurement regulations and procedures for the Central Procurement Office. Specific tasks will include:

- (i) serve as the team leader for the technical assistance (TA);
- (ii) formulate procurement procedures within the public sector as proposed by the procurement consultant;
- (iii) recommend a legal and regulatory framework that will include identifying the regulatory role of the Central Procurement Office; the role of the Central Procurement Office will include overseeing procurement in the public sector as well as monitoring the correct implementation and application of such procurement procedures;
- (iv) in cooperation with the other experts, formulate general conditions of contracts for civil works and procurement of goods to be used within the public sector; (Reference in text: page 4, para. 10)
- (v) provide assistance and advice during the initial period of operations of the central procurement office;
- (vi) assist the Prime Ministers' Office and other appropriate Government officials in the identification of candidates for staffing the central procurement office;
- (vii) develop and conduct a series of short-term training courses in the methodology and role of the procurement procedures; and
- (viii) prepare periodic reports covering the major activities and accomplishments of the consultants.

2. Required Expertise

3. The consultant will be a qualified lawyer with relevant experience in drafting legislation and procurement-related issues.

3. Implementation Arrangements

4. The overall authority for the TA will rest with the CDC. In undertaking the tasks the consultant will be responsible to the official delegated by CDC for liaison on all matters relating to the TA.

5. It is estimated that a total of seven person-months will be required to complete the scope of services.

6. The team leader will prepare and submit various reports and documents, in English, to the Government and the Bank.

These will include, but will not be limited to:

- (i) monthly progress report,
- (ii) draft final report at the end of month 3,
- (iii) final report at the end of month 4, and
- (iv) completion report at the end of month 7.

B. Procurement Consultant

1. Scope of Services

7. The procurement consultant will analyze the existing procurement procedures and practices in Cambodia from the viewpoint of recognized/acceptable current international practice, and recommend appropriate procurement regulations and procedures for the Central Procurement Office.

8. The procurement consultant will assist the team leader in all matters relating to procurement procedures and legislation. Specifically, the procurement consultant will:

- (i) prepare procurement procedures within the public sector;
- (ii) make recommendations on the role of the Central Procurement Office, including the overseeing of procurement in the public sector as well as monitoring the correct implementation and application of such procurement procedures;
- (iii) prepare sample bidding documents for local competitive bidding and international shopping for civil works; procurement of goods; and supply, delivery and installation of goods;
- (iv) provide advice to the team leader and civil engineering consultant on the formulation of general conditions of contracts for civil works; procurement of goods, and supply, delivery and installation of goods to be used within the public sector;
- (v) provide assistance and advice during the initial period of operations of the Central Procurement Office;

- (vi) with the team leader, assist the Prime Ministers' Office and other appropriate Government officials in the identification of candidates for the central procurement office;
- (vii) with the team leader, develop and conduct a series of short-term training courses in the methodology and role of the procurement procedures;
- (viii) assist in the preparation of periodic reports covering the major activities and accomplishments of the consultants; and
- (ix) prepare terms of reference for the subsequent stage of the TA, which will be the appointment of an advisor to the central procurement office for a period of 12 months.

2. Required Expertise

9. The procurement consultant shall be a qualified engineer with relevant experience in procurement-related activities for civil works and infrastructure projects in the public sector.

3. Implementation Arrangements

10. In undertaking the tasks the consultant will report, and be responsible on all matters relating to the technical assistance, to the team leader.

11. It is estimated that a total of seven person-months will be required to complete the scope of services.

C. Cambodian Legislation and Jurisprudence Consultant

I. Scope of Services

12. The Cambodian legislation and jurisprudence consultant will assist the team leader in analyzing existing procurement regulations and legislation from a legal viewpoint; will identify legislative reforms, including reviewing and recommending provisions for legislation; and will recommend appropriate regulations and procedures for the Central Procurement Office.

13. The Cambodian legislation and jurisprudence consultant will assist the team leader in all matters relating to legislation and jurisprudence, with specific inputs required as follows:

- (i) act as an intermediary between the team leader and Cambodian Government officials;
- (ii) prepare translations of Cambodian procurement legislation and procedures as required by the team leader;
- (iii) with the team leader, recommend a legal and regulatory framework that would

include identifying the regulatory role of the central procurement office;

- (iv) provide assistance and advice during the initial period of operations of the central procurement office;
- (v) with the team leader, assist the Prime Ministers' Office and other appropriate Government officials in the identification of candidates for staffing the central procurement office;
- (vi) with the team leader, develop and conduct a series of short-term training courses in the methodology and role of the procurement procedures; and
- (vii) assist in the preparation of periodic reports covering the major activities and accomplishments of the consultants.

2. Required Expertise

14. The consultant will be a qualified lawyer with extensive experience in the Cambodian legal system. Fluency in both the Cambodian and English languages is essential.

3. Implementation Arrangements

15. In undertaking the tasks the consultant will report, and be responsible on all matters relating to the TA.

16. It is estimated that a total of seven person-months will be required to complete the scope of services.

D. Civil Engineering Consultant

1. Scope of Services

17. The civil engineering consultant will analyze the existing bidding procedures and practices in Cambodia from the viewpoint of recognized current international practice for the public sector, and recommend appropriate bidding procedures for the central procurement office.

18. The civil engineering consultant will assist the team leader in all matters relating to bidding procedures and practices, with specific inputs required as follows:

- (i) prepare a national contractors registration and classification system under which all local contractors can be registered and classified, with a procedure for annual updating of the contractor's classifications;
- (ii) prepare basic prequalification procedures including the situation where foreign nonregistered bidders are invited to participate in bidding;
- (iii) prepare standard conditions of contract for local civil works;

- (iv) assist the procurement consultant in the preparation of sample bidding documents for local civil works under local competitive bidding procedures;
- (v) assist the procurement consultant in the preparation of sample documents for procurement of civil works under international shopping procedures; and
- (vi) assist the team leader in the preparation of periodic reports covering the major activities and accomplishments of the consultants.

2. Required Expertise

19. The civil engineering consultant will be a qualified civil engineer with relevant experience in bidding procedures and practices for civil works and infrastructure projects in the public sector.

3. Implementation Arrangements

20. In undertaking the tasks, the civil engineering consultant will report, and be responsible on all matters relating to the TA.

21. It is estimated that a total of four person-months will be required to complete the scope of services.

22. The civil engineering consultant will complete the assignment at the end of month 4.