

**MOLDOVA: POLICY ADVICE AND SUPPORT IN LEGISLATIVE DRAFTING FOR EPROCUREMENT REFORM**

**– Assignment 8: Support in Piloting and Deployment of Selected Functionalities of the MTender –**

**Deliverable 1: Support with piloting MTender to provide for basic electronic public procurement procedures for micro, small value and high value public procurements.**

December 2019

# Approval page

Chisinau, December 2019

The completion report for Assignment 2: Support in Piloting and Deployment of Selected Functionalities of the MTender – Deliverable 1: Support with piloting MTender to provide for basic electronic public procurement procedures for micro, small value and high value public procurements was submitted on the 4h of November 2019 by the TC Project team. Deliverables have been examined by the EBRD OL and the Moldova government and are hereby recommended for approval and acceptance.

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Table of Contents

[Approval page 2](#_Toc23198444)

[List of abbreviations 6](#_Toc23198445)

[1 Introduction 7](#_Toc23198446)

[2 Project background 7](#_Toc23198447)

[3 Project objectives 7](#_Toc23198448)

[4 Pilot plan 8](#_Toc23198449)

[4.1 Pilot status 9](#_Toc23198450)

[5 Summary of results 9](#_Toc23198451)

[5.1 Concept Paper 9](#_Toc23198452)

[5.2 Implementation Paper 9](#_Toc23198453)

[5.3 Prototype design 10](#_Toc23198454)

[5.4 Technical documentation 11](#_Toc23198455)

[5.5 Open source deposit on GitHub 11](#_Toc23198456)

[5.6 Powerpoint presentation on MTender 11](#_Toc23198457)

[5.7 MConnect integration 11](#_Toc23198458)

[6 MTender outcomes 11](#_Toc23198459)

# List of abbreviations

Table 1 Definitions, acronyms and abbreviations

|  |  |
| --- | --- |
| Terms / abbreviations | Descriptions |
| CDB | Central database |
| CA | Contracting Authority |
| EBRD | European Bank for Reconstruction and Development |
| EU | European Union |
| e-PS | Electronic Procurement System |
| eProcurement | Electronic Procurement |
| MTender | The e-platform is launched by the Ministry of Finance |
| MinFin | Ministry of Finance of the Republic of Moldova |
| MDL | Moldovan Lei |
| NEPP | Networking Electronic Procurement Platform |
| PP | Public Procurement |
| PPA | Public Procurement Agency, Ministry of Finance of the Republic of Moldova |
| RM | Republic of Moldova |

# Introduction

This completion report covers the Deliverable 1: Support with piloting MTender to provide for basic electronic public procurement procedures for micro, small value and high value public procurements included in the Assignment 8: Support in Piloting and Deployment of Selected Functionalities of the MTender – and constitutes of the technical cooperation project Moldova: Policy Advice and Support in Legislative Drafting for eProcurement Reforms.

# Project background

The Government of Moldova is working on the harmonization of public procurement regulation and practice with the requirements of the Association Agreement with the European Union. In this context, the Government of Moldova has decided to reform the public procurement framework in the state sector in order to increase the speed, transparency and efficiency of public procurements. The overall objective of the eProcurement reform project is to develop an operational electronic system that supports all public procurement procedures in Moldova, for central administration, regional and municipal contracting authorities, as well as contracting authorities in the utilities sector. The eProcurement reform aims to increase transparency and prevent corrupt behavior throughout the entire public procurement cycle, from pre-tendering to post-tendering; raise efficiency and value for money in procurement processes; reduce transaction costs for all stakeholders.

As part of the TC project “Moldova: Policy advice and support in legislative drafting for eProcurement reform”, the EBRD is assisting the Government of Moldova in implementing an innovative eProcurement system to cover all procurement procedures in the public sector. Assignment 8 of the TC Project covers the development of MTender to accommodate the functionalities for the pilot of small and high value procedures.

Deliverable 2 of the Assignment 8 covers the technical documentation of the MTender system, the capacity building activities implemented and the source code of the MTender system.

# Project objectives

The objective of this project is to cooperate with MTender Pilot Partners regarding integrating available Open Source solutions and OCDS-based tools, funded by various international donors (the EBRD, WNISEF, USAID) with e-government services available in Moldova in order to enable implementation of simple electronic reverse auction for micro value procurements, request for quotation for small value procurements and open tender for small and high value procurements in electronic format for piloting and deployment on the MTender in Moldova.

The project objectives consist of:

* ensuring that the MTender piloting scheme based on collaboration of the Ministry of Finance, civil society (NGOs) and commercial partners will remain transparent, aim at achieving full sustainability based on transaction fees payable by bidders participating in the electronic tendering procedures and follow values of Open Source, Open Government Data Principles and Open Contracting Data Standard;
* providing ongoing advice and support for the period of up to 12 months (until a handover to the EuropeAid-funded support is completed) with the objective of engaging of 500 public sector contracting authorities, 100 new commercial buyers and relevant number of public bodies covered by Annex II of the GPA that previously did not use the MTender, in order to ensure that piloting will result in conducting a minimum of 1000 public tenders in each basic electronic tendering procedure supported by the MTender;
* assessing achievements and challenges of the piloted scheme in terms of capturing lessons learned from the pilot activities and identify institutional and operational improvements to contribute to wide-scale piloting of electronic small value procurement in regional municipalities in Moldova;
* undertaking a progress review of the completed stages of the MTender pilot with existing MTender pilot project team and following the discussions and areas identified for improvement will prepare a work plan for the full duration of the Assignment (the “Work Plan”) to contribute to the MTender Implementation Plan 2018-2020 as adopted by the Minister of Finance.

# Pilot plan

Phase 1 of the MTender pilot covered online publication of procurement plans, tender announcements, electronic bidding with electronic reverse auction and registration of public contracts and run from April 2017 to June 2018. The pilot attracted public and commercial buyers and successfully tested in Moldova an innovative concept of cooperative delivery of digital procurement service in the multi-platform networking model based on Open Government values of transparency, accountability and engagement with market stakeholders. In March 2018 online contracting was included and any public body is Moldova could use MTender digital service for signing online contracts and online registration of public contracts in the Treasury of the Republic of Moldova.

On 27 July 2018, the Public Procurement Law 131 of the Republic of Moldova has been changed to introduce electronic tendering procedures as a standard for all public sector entities in Moldova and starting from 17 October 2018 Phase 2 of the pilot and new types of electronic tendering procedures became available on MTender. By 30 December 2018, the MTender digital service covered procurement life-cycle stages of online planning, tendering and contracting and MTender pilot provided basic eProcurement functionality for public procurement methods statistically most frequently used by contracting authorities in Moldova: request for quotation and open tender, with and without electronic reverse auction.

Next stages of the MTender piloting, covering electronic framework agreements (Phase 3) and electronic procurement procedures for utilities sector (Phase 4) are under development to be available in January 2020. Further development of MTender digital procurement service – more integration with e-Government services, more procurement methods and techniques, including dynamic purchasing system and innovative partnership – will be funded from the EU support expected to be available in Q4 2019.

## Pilot status

The pilot is currently running on completion of phase 2 leftovers, which include 1) offline procedures, 2) automated evaluation and 3) document workflow. Additionally, the development of the GPA procedure covered under EUPD 2014/25 and the production of a functionality for the management of framework agreements has been started.

# Summary of results

The results included in this deliverable are summarized below. The outputs are included as annexes to this deliverable.

## Concept Paper

The Concept Paper describes the goals, key objectives of digital public procurement cycle implementation in Moldova and presents legal, business and technology principles as well as planned purpose and minimal technical specifications of the MTender System (SIA“RSAP Ver 2.0).

The “MTender” system aims to support the electronic conduct of the entire public procurement cycle, from procurement planning to last payment for final completion/execution of the public procurement contracts. The “MTender” system provides for tools dedicated to special means of awarding procurement contracts, such as e-auctions, e-catalogues and framework agreements.

The ‘MTender’ system ensures the possibility to plan public procurement, individual or aggregated, advertise procurement opportunities, create, submit and receive tenders, evaluate tenders and award contracts, manage contracts by controlling amendments, contract performance, payments and invoices. The “MTender” system supports regulatory and control bodies, review bodies, and central purchasing bodies to electronically conduct their functions in relation to public procurement as well as provides access to public procurement information to general public and civil society achieved by implementing the Open Contracting Data Standards.

The Concept Paper, named Technical Concept MTender, is provided as an output annexed to this deliverable. It can be found in the following Huddle folder: <https://ebrd.huddle.net/workspace/36712039/files/#/folder/47935187/list>

## Implementation Paper

The initial implementation plan prepared for the Moldovan public procurement reform include a scaled implementation of legislative and regulatory reforms and a phased implementation of a digital procurement solution to cover the full eProcurement life-cycle. This reform project was materialised in the following different projects:

* **Project 1: Legislative reform.** The legislative reform compiles all modifications of laws and regulations that are needed in order to set the legal framework for the eProcurement reform.
* **Project 2: Institutional framework**. This project refers to the activities necessary to improve the institutional framework of the Moldovan public administration to carry out eProcurement.
* **Project 3: Micro value procurement pilot**. This project groups activities related to the implementation of the micro value procurement pilot.
* **Project 4: Small value procurement pilot**. This project groups activities related to the implementation of the small value procurement pilot through Request for Quotation.
* **Project 5: High value procurement pilot – open tender**. This project groups activities related to the implementation of the high value procurement pilot through open tender.
* **Project 6: High value procurement pilot – restricted tender**. This project groups activities related to the implementation of the high value procurement pilot through restricted tender.
* **Project 7: Framework agreements pilot**. This project groups activities related to the implementation of the framework agreements pilot.
* **Project 8: Full eProcurement system roll-out.** These activities are related to the implementation of the eProcurement system at all administration levels for all procurement procedures.
* **Project 9: Centralised purchasing.** This project activities focus on the development of capacity for conducting centralised purchasing procedures.
* **Transversal activities: Change management.** Change management activities are focused on facilitating the reception of the eProcurement framework.

This completion report refers to the projects 4 and 5, which were named Phase 2 of the MTender development. Additionally, change management activities were conducted in order to support the adoption of electronic public procurement procedures and new legal instruments.

The documents can be found in the following Huddle folder: <https://ebrd.huddle.net/workspace/36712039/files/#/folder/47935189/list>

## Prototype design

This document provides the description of the software architecture of the system from a technical point of view, including:

* Technologies to be used to implement the required functionalities
* Structure of the information system identifying each of the subsystems.
* References to software architecture standards and models.
* Description of the interactions between the different subsystems.

The prototype design, named Architecture of the OCDS Open Source Central Unit of the Electronic Public Procurement System, cannot be read as a stand alone description of an eProcurement system. It rather provides a general approach towards an OCDS based architecture, which shall be complemented by an actual definition document (technical documentation) reflecting how this architecture was developed and implemented in a specific context. Such document will be adapted to specific user needs and specific tasks and activities that are not be described in this architecture document. This system architecture follows an end-to-end approach towards digital public procurement. Therefore, it covers the complete public procurement life cycle, from budgeting and planning to contract management.

The prototype designed, named Architecture of the OCDS Open Source Central Unit of the Electronic Public Procurement System, is provided as an output annexed to this deliverable.

The document is provided in the following Huddle folder: <https://ebrd.huddle.net/workspace/36712039/files/#/folder/47935190/list>

## Technical documentation

This document describes the approach of the implementation of architecture, data models, data standard, and environment of the Architecture of the OCDS Open Source Central Unit of the electronic public procurement system for the Electronic Public Procurement System of Republic of Moldova (MTender). The document includes:

* Description of used technologies, approaches and tools
* Description of data structures, classes, interfaces, artefacts
* Description of tasks and users activities
* Description of validation rules
* Description of information processing algorithms
* Used classifiers

The technical documentation is provided as an output annexed to this deliverable. The document can be found in the following Huddle folder: <https://ebrd.huddle.net/workspace/36712039/files/#/folder/47935191/list>

## Open source deposit on GitHub

The source code deposit has been done in GitHub: [https://github.com/MTender-eProcurement-System/](https://github.com/MTender-eProcurement-System/OCDS)

## Powerpoint presentation on MTender

Different presentations on the MTender project were prepared and are accompanying the current deliverable.

The presentations can be found in the following Huddle folder: <https://ebrd.huddle.net/workspace/36712039/files/#/folder/47935196/list>

## MConnect integration

The current deliverable also covers the work conducted for the integration of MTender with MConnect for the exchange of information with government registries and eGovernment tools. This would permit the automation of certain tasks to be conducted in MTender, such as facilitating the qualification of suppliers using automated ESPD.

Nevertheless, the goals of this task were not fully achieved since it was not possible to make an automatic ESPD verification for the full data set, as some registers are not electronic, or not integrated yet with MConnect and data can not be accessed.

The documents can be found in the following Huddle folder: <https://ebrd.huddle.net/workspace/36712039/files/#/folder/48111452/list>

# MTender outcomes

Despite obstacles resulting from insufficient budget, lack of secondary legislation required to progress the MTender development and teething pains of piloting innovation, achievements of the MTender pilots so far are impressive.

Within 11 months since launch of Phase 2 of the MTender pilot (17 October 2018 – 17 September 20198) **2,893** public sector contracting authorities have registered and used the MTender digital procurement (more than 90 per cent of all contracting authorities), **49,228** electronic procedures were registered online, **15,474** electronic bidding procedures were published and awarded competitively and **4,670** suppliers submitted at least one electronic bid.

Out of **49,228** procedures recorded on the MTender web portal, **29,113** tenders is completed and awarded (60 per cent), with **26,814** contracts signed (92 per cent of awarded procedures) and **5,260** electronic tenders are in progress (11 per cent).

Only **2645** tenders were unsuccessful because of no bids (5 per cent) and **7312** cancelled for various reasons (14 per cent); source: <https://mtender.gov.md>.

Tangible value of MTender pilot in terms of increased transparency and accountability of public procurement and market access improvement for local business community in Moldova can be better appreciated by comparing results of 11 months of MTender Phase 2 pilot with official statistics for 2017 of the Public Procurement Agency of Moldova, source: <http://opencontracting.date.gov.md>[[1]](#footnote-1).

In 2017, **317** contracting authorities using SIA RSAP (**1,910** contracting authorities is using MTender pilot) published a total of **2474** competitive procurement procedures (**49,228** electronic tenders published in the MTender pilot), **3,274** suppliers participated in advertised tenders (**4,670** suppliers participated in electronic bidding on MTender) and **5,463** contracts were awarded and registered (**26,814** contracts were registered in the MTender pilot).

In 2017 no electronic bids were submitted and no electronic contracts were signed (SIA RSAP has no Step 3 and 4 functionalities). While still not fully operational, Phase 2 of MTender pilot offers all basic Step 3 and 4 functionalities and during 11 months it processed **33,754** non-competitive procedures and **15,474** public procurement electronic tenders, their total value is **EUR 178,626,409.45** and an approximate budget savings from competitive procedures are estimated at **EUR 24,966,095‬.00.**

1. Between 2017 levels and for the period October 2018 to September 2019 state budget spending is not significantly different; source: <https://tradingeconomics.com/moldova/government-spending> . In 2017 MTender pilot has not been used for public procurement due to lack of regulatory framework – a ‘proof of concept’ Phase 1 MTender pilot was launched in April 2017 but electronic procedures could only be used for public contracts below the thresholds of public procurement law. [↑](#footnote-ref-1)