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Rural Electrification Development Program (REDP) Quarterly Report July – September 2008



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ABBREVIATIONS

BPDB	Bangladesh Power Development Board
BSTI	Bangladesh Standards and Testing Institute.
CAP	Country Assistance Plan (DFID)
CFR	Cost and Freight (Incoterm)
CIF	Cost, Insurance and Freight (Incoterm)
CPT	Carriage Paid To (Incoterm)
DFID	Department for International Development
GBP	Pound (Sterling)
GOB	Government of Bangladesh
GOB PPR	Government of Bangladesh Public Procurement Regulations
HDRC	Human Development Research Centre
IPP	Independent Power Producer
MDG	Millennium Development Goals
MIS	Management Information System
MOF	Ministry of Finance
MPENR	Ministry of Power, Energy and Mineral Resources
MW	Megawatt (1000 kW)
NGO	Non-governmental organisation
NRECA	National Rural Electric Cooperative Association
PBS	Palli Bidyut Samity (Rural Electricity Cooperative)
PDB	Power Development Board
PKSF	Palli Karma Sahayak Foundation
PPR	Public Procurement Regulations
REB	Rural Electrification Board
REDP	Rural Electrification Development Program
SPG	Small Power Generation
TOR	Terms of Reference.
USD	United States Dollar
USAID	United States Agency for International Development

SUMMARY

During the period July through September 2008, REDP project work progressed on-schedule, including monitoring and assistance to REB procurement activities. With respect to member education programs, workshops were conducted in six PBSs. The Human Research Development Centre (HDRC) began work on the baseline survey for the socio-economic study. NRECA also helped to coordinate communication and planning efforts in the Micro-finance credit program to enhance electrical connections for the poor.

In addition, REB continued the bid evaluation process for eight sub-packages under 9PBS (1st & 2nd tranche) and 10Lac (1st tranche) Projects. Of these bids, seven sub-packages with a value of USD 6.29 Million were awarded by REB following receipt of “no objection” from NRECA. The remaining sub-package worth USD 0.16 Million is under process of re-tendering.

Efforts throughout this quarter were focused on expediting the completion of the first tranche of REDP materials procurement. Guidance was provided to REB during the evaluation process, with assistance provided as requested. Throughout the procurement process NRECA advocated that all rules and regulations be followed ensuring proper transparency thus resulting in the correct selection of the companies to receive contracts.

In summary, a total of thirty nine (39) sub-packages have been awarded thus far out of the original forty-nine (49) tendered. Two sub-packages (poles) were subsequently combined into one reducing the total to forty-eight (48). Of the remaining nine (9) sub-packages; two are under evaluation, four will be retendered in the coming months, and three were subsequently abandoned because the project closed prior to the awarding of the bids.

As noted in earlier reports, the REDP team has made a series of recommendations regarding the commercial and technical conditions necessary for improving competition. These recommendations were based on a variety of observations made during the procurement of the first tranche of 9 PBS commodities.

NRECA continued the program of evaluation and oversight of optimal system expansion planning efforts. Comparisons of detailed construction plans of the PBS master plans were completed at 2 PBSs, Rajshahi and Nawabganj. This process includes the comparison of the REB Master Plan with the PBS' work plans with the construction plan checked “virtually” in the field and recorded in the pro-forma analysis. Based upon REB approved revenue criteria, anticipated revenue and required revenue, a benefit-cost ratio (BCR) and priority construction list are developed and used to evaluate the proposed construction projects. Once the priority construction projects are determined and subsequently constructed, a comparison is made of as-built staking sheets with original staking sheets for the purpose of comparing the original design with actual construction. Kilometers of line built and actual consumers connected are recorded in the comparative analysis format. This work will be completed for all nine PBSs in the REDP.

Under the Member Education and Board Development Component, member education workshops were conducted in six PBSs. Eighteen one-day workshops for members, village advisors, directors and staff were presented with a total of 853 people participating (750 males and 103 females). This program made use of the newly prepared training materials using the manual specifically prepared for PBS Member Education programs under the REDP. Copies of the manual are provided to all participants, a practice that appeared to be well received by all program participants.

Under the Socio-Economic component, HDRC, following the Critical Path Analysis of Implementation Plan, began initial planning for the baseline study consultation of study design team members, completing a number of different tasks in preparation to the start of data collection. Report 1 – “Setting Basis for Baseline Survey” was completed and distributed to stakeholders on September 9, while Report 2 “Identification of Variables and Indicators and Sampling” was completed and submitted by HDRC to NRECA for distribution.

As noted in the previous Quarterly Report, the Ministry of Energy/Power Division lifted the ban on most types of new connections in the PBSs. Due to the one year moratorium on most types of new connections, the concern remains a factor that will need to be examined in terms of how this will limit the impacts occurring during the REDP project period that can be measured by the socio-economic studies. NRECA had expressed concern over this point even prior to the announcement of the ban due to the increased amount of load shedding that is occurring due to the power supply crisis.

In summary the principal achievements during the reporting period were:

- NRECA continued to monitor the overall procurement process. Towards this end, NRECA participated in the capacity of observer at all tender openings and all REB Technical Evaluation Committee meetings, as well as reviewing all TEC recommendations per the continuing bidding cycles.
- NRECA team members monitored bid evaluations for the second tranche procurement in collaboration with REB officers in the concerned Directorates
- A comparison of detailed construction plan with master plan was completed in 2 PBSs.
- Activities under the Member Education/Board Development Task continued with the delivery of eighteen one-day member education workshops at six PBS with a total of 853 participants attending. This member education program included 750 males and 103 females.
- Work continues on the development of the new training program for existing and newly elected PBS Board members.
- Work continued on the development of the Training Manual “Performing the Job Effectively in the Board Room” – Both the Trainer and Trainees documents are being developed in Bangla.
- Under the Socio-Economic Survey HDRC began its initial planning for the baseline study and completed Report 1 – “Setting Basis for Baseline Survey” and Report 2 “Identification of Variables and Indicators and Sampling”.
- Established a preliminary plan to enhance the Micro-Finance component of REDP

SECTION 1: INTRODUCTION

1.1 Background to the Rural Electrification Development Program (REDP).

The REDP is five year program of activities designed to support the continued development of REB program management capacity, and to support improvements of selected PBS electric distribution cooperatives that are part of the REB rural electrification program in Bangladesh REDP was designed to provide support for electricity network expansion and intensification within the Second Rural Electrification Master Plan (2000-2020). Support provided directly to REB through DFID funding will finance up to 1.35 million new electricity connections to households and rural businesses, directly benefiting approximately 10 million people. The DFID program includes a micro-finance component to enable poorer and female led households along with small businesses to cover the connection charge and develop new income earning opportunities. If successful, the program will supply electricity to up to 20% of the unconnected rural population.

The overall REDP programme cost is \$ 240.4 million with the GOB contributing \$ 182.2 million through the Annual Development Programme (ADP). The REDP program, financed by DFID through USAID has a total program cost of \$ 74.7 million. DFID will contribute \$ 56.8 million for electric system expansion and improvement with the remaining DFID funds used for a micro-finance component (\$ 14.9 million); management, supervision and monitoring (\$ 1.49 million); and education and awareness building (\$ 1.49 million). NRECA International was contracted by USAID to design and manage the REDP work program within a budget of \$2.99 million.

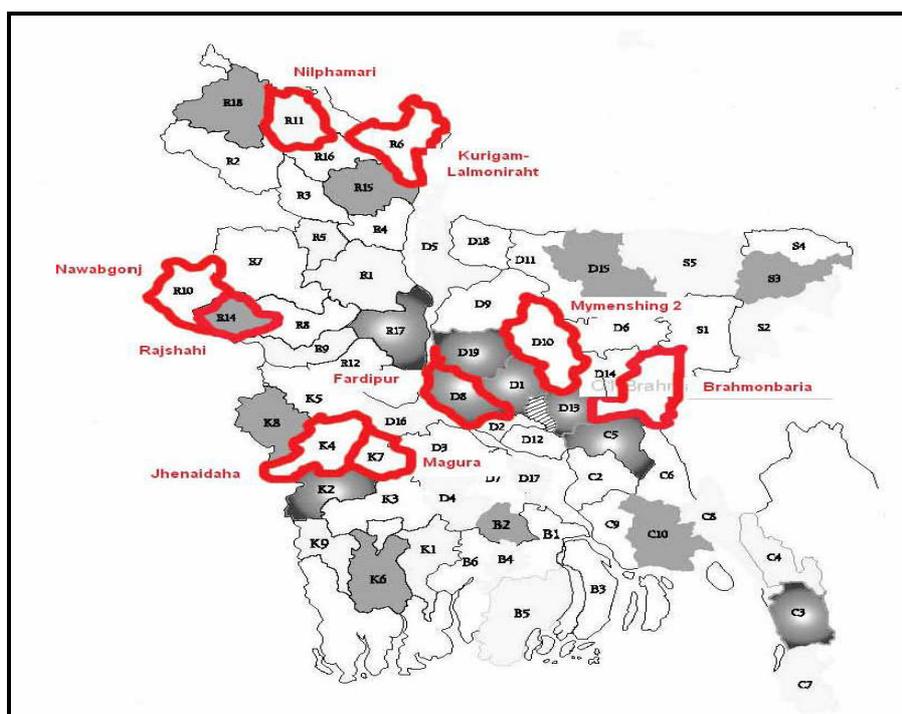
This is the 9th in a series of quarterly reports, providing a summary of activities, progress, and issues for the period July through September, 2008.

1.2 The primary objectives of REDP managed by NRECA

1. To verify materials selection by REB is consistent with REDP requirements.
2. To assist REB with materials procurement process and to verify or otherwise compliance with GOB Public Procurement Policy 2003.
3. Reporting on REB compliance with REDP and GOB requirements.
4. To monitor and substantiate usage of REDP materials is in accordance with REB Masterplan and REDP investment requirements.
5. Regularly reporting on progress of REDP.
6. Establish baseline socio economic data for REDP areas.
7. Effect socio economic surveys within REDP areas midway and on completion of REDP.
8. Provide socio economic reporting on influence of REDP.
9. Establish and effect an education training program for new PBS members and directors.
10. Reporting on membership education and training program.

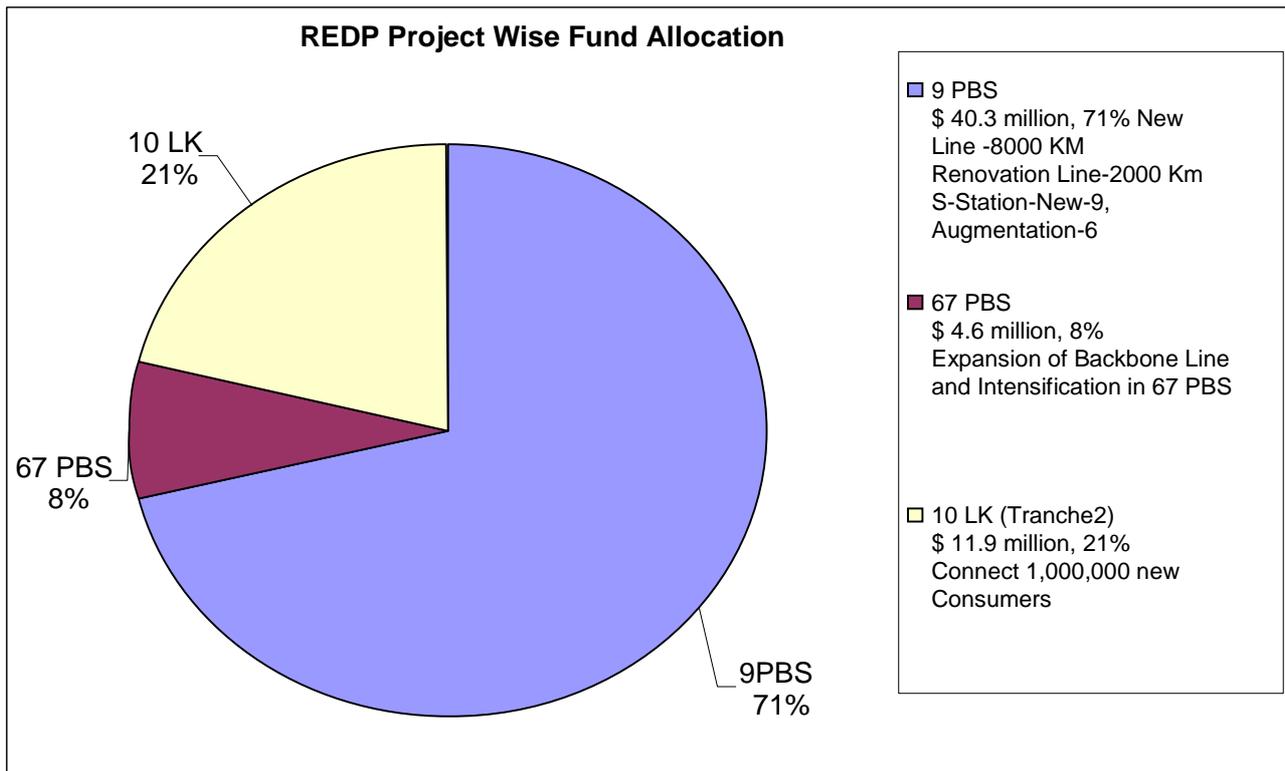
1.3 9 PBSs Receiving Principal Support from REDP

This component of REDP is focused on supporting development of nine PBSs. The nine PBSs were identified by REB as poorer systems with lower revenue generating potential and a severe need for major electrical system improvements and system upgrades. The PBSs are; Brahmanbaria, Faridpur, Jhenaidah, Kurigram-Lalmonirhat, Magura, Mymensingh-2, Nilphamari, Nowabganj, and Rajshahi. The map and chart below describe the 9 PBS.



Name of PBS	Name of Thana	Name of District	Area (Sq.Km.)	No. of Villages	Population	Name of PBS	Name of Thana	Name of District	Area (Sq.Km.)	No. of Villages	Population	
Rajshahi	Boalia	Rajshahi	96.68	-	294,056	Nawabgonj	Bholahat	Nawabgonj	123.52	91	70,507	
	Durgapur	Rajshahi	195.03	122	137,640		Gomastapur	Nawabgonj	318.13	235	191,972	
	Godagari	Rajshahi	472.13	396	217,811		Nachole	Nawabgonj	283.68	190	97,119	
	Mohanpur	Rajshahi	162.65	154	126,396		Nawabgonj	Nawabgonj	451.80	192	389,524	
	Paba	Rajshahi	280.42	261	213,379		Shibgonj	Nawabgonj	525.43	367	422,347	
Brahmanbaria	Tanore	Rajshahi	295.39	207	138,015	Bhaluka	Mymensingh	444.05	102	264,991		
	Akhaura	Brahmanbaria	99.28	125	112,982	Gafargaon	Mymensingh	401.16	218	379,803		
	Banchharampur	Brahmanbaria	217.38	118	258,371	Trishal	Mymensingh	338.98	160	336,797		
	Brahmanbaria	Brahmanbaria	495.85	398	659,449	Sreepur	Gazipur	465.24	186	320,530		
	Kashba	Brahmanbaria	209.76	236	243,833	Magura	Magura	406.50	252	286,925		
Jhenaidah	Nabinagar	Brahmanbaria	353.66	198	378,539	Mohammadpur	Magura	234.29	182	160,340		
	Nasirnagar	Brahmanbaria	311.66	129	234,090	Shalikha	Magura	228.64	118	132,291		
	Sharail	Brahmanbaria	239.52	146	254,481	Sreepur	Magura	179.18	160	144,471		
	Harinakunda	Jhenaidah	227.19	129	162,078	Alfadanga	Faridpur	136.00	118	90,873		
	Jhenaidah	Jhenaidah	467.75	283	333,192	Bhanga	Faridpur	216.34	227	214,702		
Kurigram	Kaligonj	Jhenaidah	310.16	196	219,126	Boalmari	Faridpur	272.34	255	190,159		
	Kotchandpur	Jhenaidah	165.66	79	107,193	Char Bhadrason	Faridpur	141.59	129	69,876		
	Maheshpur	Jhenaidah	416.96	194	246,350	Faridpur	Faridpur	407.02	298	335,386		
	Shaikupa	Jhenaidah	373.42	258	293,341	Madhukhali	Faridpur	230.20	238	165,438		
	Bhurungamari	Kurigram	236.00	124	176,822	Nagarkanda	Faridpur	379.02	335	267,193		
Kurigram	Chilmari	Kurigram	224.97	152	100,516	Sadarpur	Faridpur	290.21	287	172,059		
	Fulbari	Kurigram	163.63	165	129,668	Dimla	Nilphamari	327.00	58	160,000		
	Kurigram	Kurigram	276.45	256	217,311	Domar	Nilphamari	251.00	47	152,000		
	Nageshwari	Kurigram	415.30	367	279,775	Jaldhaka	Nilphamari	326.00	77	199,000		
	Rajarhat	Kurigram	166.23	180	158,648	Kishoreganj	Nilphamari	265.00	130	202,000		
	Ulipur	Kurigram	504.19	418	345,205	Nilphamari	Nilphamari	351.00	107	242,000		
	Total Area (Square km)			15,371			Total Population			11,696,570		

Contribution of DFID –Project wise (9PBS, 67 PBS & 10 Lakh Consumer) for material procurement \$ 56.8 million



1.4 Project Team

As of the end of September 2008 the NRECA project team for REDP comprised:

<u>Person</u>	<u>REDP Duties</u>	<u>Tenure</u>
Robert O. Ellinger	Chief of Party	Long Term Advisor ¹
James VanCoevering	Engineering Director	Short Term Specialist
Ali-AI-Islam Khan	Project Engineering	Dhaka Staff Full Time ²
Md. Hasibur Rahman	Project Engineering	Dhaka Staff Full Time
Shafiquzzaman	Project Engineering	Dhaka Staff Part Time
ATM Selim and Zillur Rahman	GIS Team	Dhaka Staff Part Time
Shital Krishna Das	Socio Economic Consultant	Dhaka Staff Part Time
Syed Nurul Islam	Local Management Specialist	Dhaka Staff Part Time
Narayan Chandra Saha	Education and Training Specialist	Dhaka Staff Full Time

¹ Robert O. Ellinger was hired by NRECA and approved by USAID as Chief of Party, REDP August 15th. Mr. Ellinger is well versed in the rural electric cooperative program across the United States with more than 30 years experience. Mr. Ellinger served as a General Manager and in various other positions at US electric cooperatives, and in senior management at the Rural Utilities Service (RUS), formerly the Rural Electrification Administration (REA) in Washington, DC.

² Mr. Maruf Hasan Bhuiyan has been granted a one year sabbatical to obtain his Masters Degree in Power and Control Engineering, attending Liverpool's John Moores University in the United Kingdom. Mr. Ali-AI-Islam Khan, who has a long experience of working with NRECA International in the rural electrification program, has been appointed full-time as Project Engineer during the temporary leave / vacancy of Mr. Maruf Hasan Bhuiyan.

SECTION 2: KEY ISSUES.

2.1 Background

PBSs continued to experience power supply problems during the July to September reporting period. Weather was seasonally hot, with days being particularly hot. The shortage of power, particularly at peak demand periods, continued to result in significant load shedding and consequent difficulties for all PBS. The serious inability of power generators to meet demand, predominantly at peak times, has resulted in extensive load shedding throughout the whole of Bangladesh as it did during the April to June 2008 reporting period. The Caretaker Government has been unable to take the necessary steps to alleviate the shortage, thus load shedding will continue to negatively impact the RE Program and consequently reduce some of the impacts for the REDP.

A moratorium against providing new connections to various categories of PBS consumers, including most households, was finally lifted last quarter by the Power Division within the Ministry. For the past year the Ministry's position was to simply instruct REB to stop the PBSs from making new connections as a means of controlling the increase of demand. In effect the PBSs were bearing the brunt of the poor performance of BPDB and Ministry officials who had very limited success in being able to improve the power generation situation and thus the PBSs were not allowed to expand their customer base and enhance reviews.

A number of other key issues and observations specific to the procurement process are addressed in Section 3.

2.2 Power Shortage

As has been the case for the past several reporting periods, shortage of power dominates the operation of all PBS and continues to exacerbate public discontent with REB and the PBSs. Due to the importance of this issue with respect to PBS viability and its capacity to provide quality service to its member consumers, NRECA felt it should again be noted in this Quarterly Report.

As has been the case for the past several years, there are currently no major power plants on order and it is unlikely there will be any on order until significant steps are taken to refocus power sector investment in Bangladesh. Long lead times between specifying, procuring, constructing and commissioning a power plant mean a minimum of three years will elapse before any major new power plants come on line in Bangladesh. Estimated capacity deficits are in the range of 1,500MW – 2,000MW, and the deficits continue to mount. Additional capacity is needed to serve load growth, with the balance required to replace aging plants the efficiencies of which continue to deteriorate with the resulting output being well below the installed capacity.

The inability of Petrobangla to provide an adequate supply of gas to fuel the gas-fired plants is also seriously contributing to the power shortage. Declining production in some existing gas fields has reduced the availability of gas supply to the power plants, thus requiring plants to reduce power production. The exploration and development of new gas fields has not kept pace with the demand for gas supply that is required for power, industries, and domestic use. The capacity of the gas delivery system is also creating bottlenecks within the gas transmission and distribution networks and preventing adequate gas supply to reach high demand areas including service to power plants. Gas rationing has been and continues to be employed to maintain existing reserves and to help make gas

available for power at the newer power plants that are more efficient.

Existing power stations are aging and suffer from poor maintenance, contributing to the frequency of outages. This results in daily load shedding during hours of peak demand throughout Bangladesh, and also results in site-specific load shedding during off-peak hours. When failures occur at the largest power stations, this can result in prolonged period of load shedding during both peak- and off-peak hours.

Load shedding is more prolonged and frequent in PBS areas than it is in larger population centers, such as Dhaka and Chittagong. However the declining availability of gas supply to power plants in and around Chittagong has contributed to increasing power shortages for all classes of consumers in that area of the country.

In addition to scheduled load shedding at peak demand times, sporadically-timed load shedding occurs automatically due to low-system-frequency tripping schemes which also occur in PBS areas on a regular basis. Clearly extended power outages at peak times cause significant inconvenience to all customers. Frequent power outages and power quality issues are the cause of recurring difficulties for industrial and commercial operations, particularly export manufacturing processes that require continuous production and are subject to prolonged restart schedules after a power curtailment.

Taken as a whole, scheduled outages at peak load times and unscheduled outages at any time, have introduced substantial and increasing frustration and financial hardship for both PBS consumers, and for the PBSs themselves. PBS revenue is derived primarily through electricity sales, so as power availability is reduced, revenue decreases in nearly direct proportion. Moreover, the less reliable the power supply, the more difficult it becomes for PBS staff to collect revenues from PBS membership.

Most PBSs sell over 85% of the commercialized electricity to low income, residential customers. These PBSs have been extremely challenged to meet operating costs, resulting in delayed repayments to REB. In those PBSs that have relatively higher sales to industrial and commercial customers, the financial hardships are not as acute, but even the largest PBSs and those that have historically most healthy, it has become significantly more challenging to balance costs with sufficient revenue.

In the 9 PBSs participating in REDP, REB data reveals an increase in demand and increased load shedding as compared with last quarter. As can be seen from the graphs shown in Illustration 2.2.1 on the next page, Magura PBS had highest average load shedding of 59% of power supply as compared to demand during peak hours of load for September 2008. Average load shedding for other PBSs varied from 33% (at Jhenaidah and Nawabganj PBSs) to 54% (at Nilphamari PBS). These load data were recorded by the PBSs at 20:00hrs as the evening peak. Overall daily load shedding was noted to be relatively high on 11 September 2008 (illustration 2.2.2). Brahmanbaria, Faridpur, Kurigram, Magura, Mymensingh-2, Nilphamari and Rajshahi PBS experienced a load shedding in the range of 50% to 73%. Jhenaidah and Nawabganj PBS had load shedding between 28% to 40%.

It should be noted that adding more consumers to the rural electric distribution system will exacerbate the power deficit situation in addition challenging the ability of PBSs to recover the cost of service. This could result in negative impacts on the financial condition of all the PBSs, and potentially jeopardize the long-term financial viability of many of the PBSs.

The following graphs illustrate the affects of load shedding in the 9 PBSs of REDP.

Illustration 2.2.1 Shows 20:00 Hrs average demand and supply for month of September, 2008.

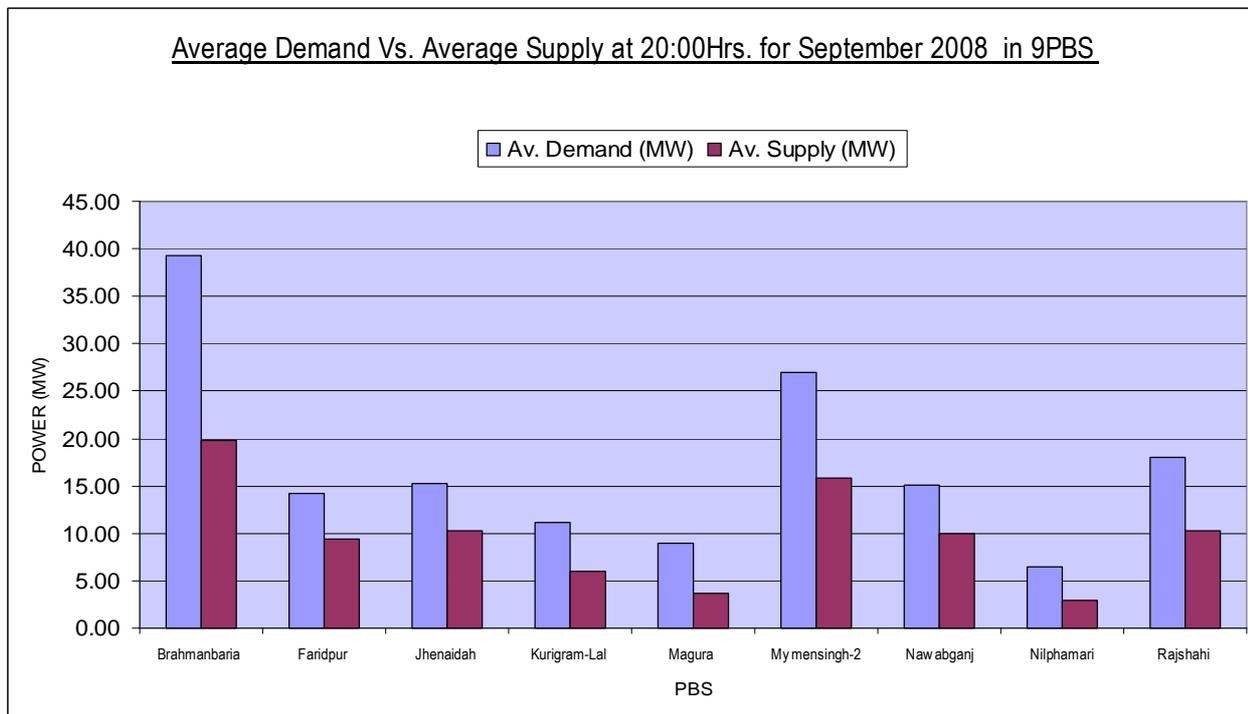


Illustration 2.2.2 Shows 20:00 Hrs Peak demand and supply for 9 PBS on 11th September 08.

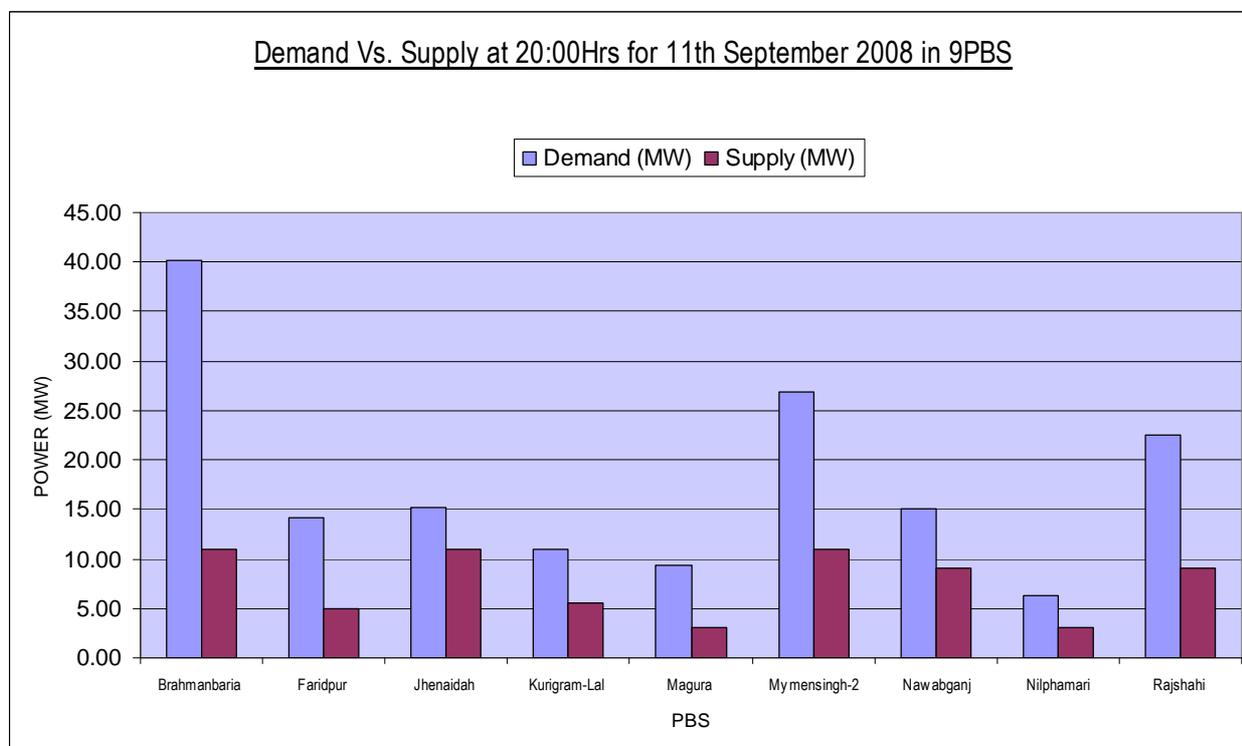


Illustration 2.2.3 Shows variation of evening peak demand for past quarters in 9PBS

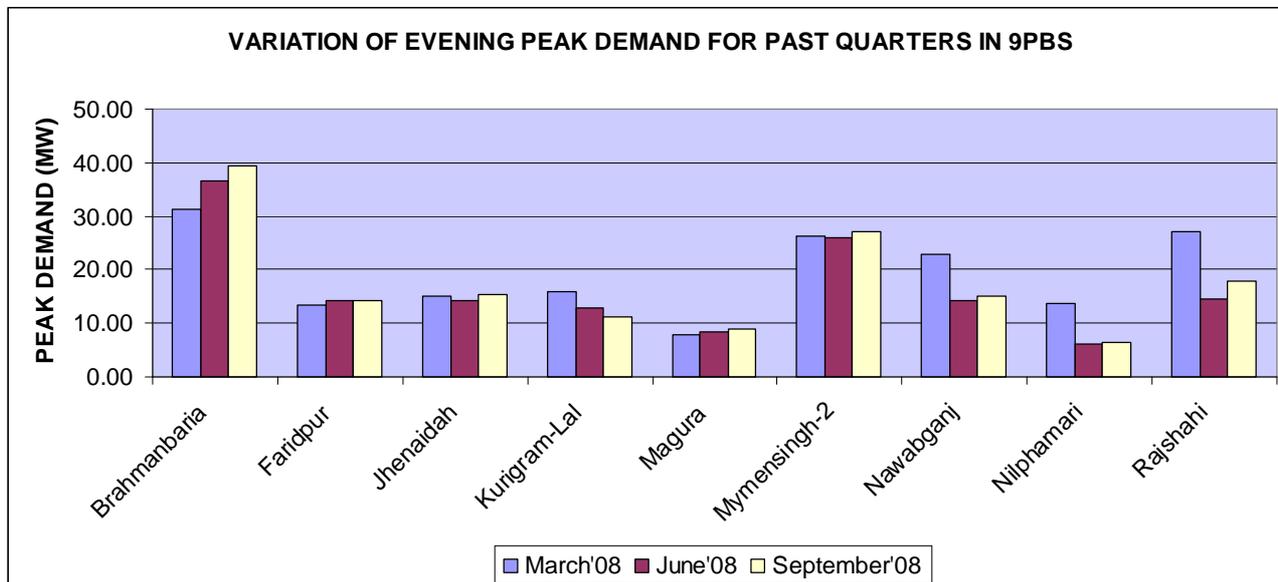
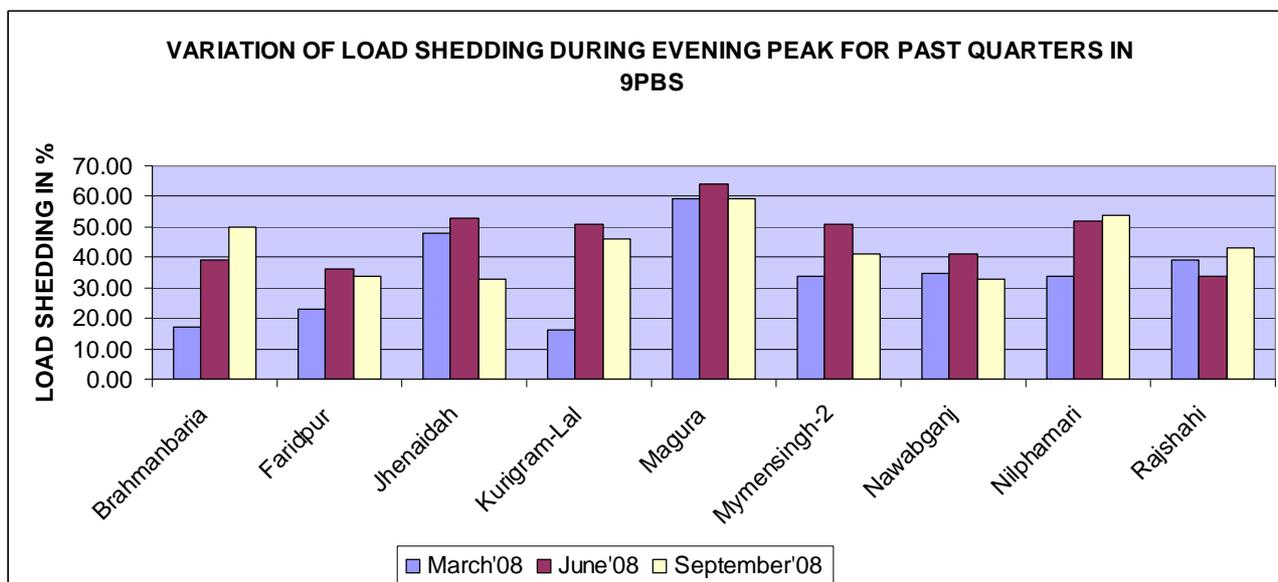


Illustration 2.2.4 Shows variation of load shedding during evening peak demand for past quarters in 9PBS



From the graphs above it may be noted that compared to the change of peak demand, the load shedding has sharply increased in Brahmanbaria, Faridpur Mymensingh-2 and Nilphamari PBS.

2.3 Commodity Prices

It was recently noted that the methodology employed to estimate commodity prices has not historically yielded accurate trends in commodity prices for those goods purchased in the international marketplace. NRECA has proposed a careful review of the REB price evaluation methodology that is used to estimate and establish price estimates for the various procurement actions. Some progress has recently been made for those items being procured under sub packages that were re-tendered under REDP. Additionally, sub-packages are under review for the second tranche of REDP funding.

Commodity prices are likely to continue to increase, and these increases will no doubt result in price increases for REDP materials in the second tranche; quantities may need to be reduced to keep the procurement within budget limits.

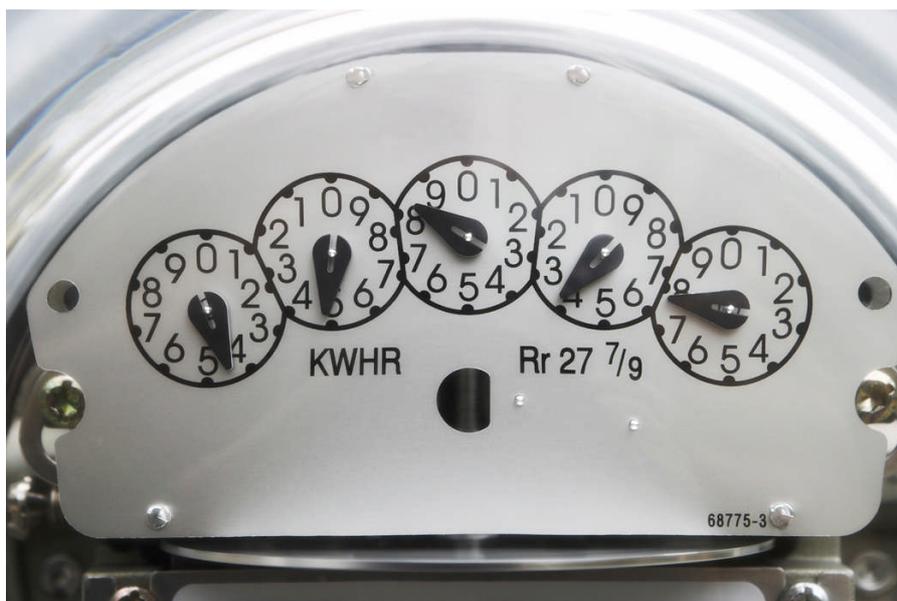
2.4 Bid Evaluations

During the July to September period NRECA continued to focus significant effort for the purpose of expediting the evaluation and selection process of bid packages, while fully complying with GOB procurement regulations.

Although the review and approval process was not an explicit process defined in the DFID/GOB agreement, REB has consistently sought a tacit NRECA approval of the tender process, seeing “no objection” or “concurrence” to the bid selection/award process. For this reason, for those sub packages processed during this reporting period, REB requested NRECA review of each tender sub-package.

It is worth noting that, NRECA has withheld final approval for several evaluation outcomes, pending further clarification from selected proponents. Once clarifications are presented and consultations with REB resolve pending issues, approval via notification of “no objection” has been the outcome.

The due diligence process, including witness testing, consultations to confirm product performance specifications, has at times, extended the bid evaluation process, but has illustrated to REB the importance of systematic and thorough evaluation processes.



SECTION 3: MATERIALS PROCUREMENT-FIRST TRANCHE

3.1 Materials Procurement First Tranche

3.1.1 REDP Bid Evaluation Procedures

As presented in previous reports, REDP team members continued to participate in bid preparation and evaluation process for materials procured with funds provided through DFID/REDP. While fewer tenders were processed during the July-September reporting period as some previous quarters all steps in the procurement process were followed as part of this particular Task under the REDP.

As planned for under the REDP, REB was the sole responsible party to officially manage the bid evaluation process. The tender process was managed in compliance with GOB PPR 2003 requirements.

To comply with its role under REDP, the NRECA team performed a parallel bid evaluation process, without REB participation. The parallel bid evaluation allowed an independent verification of results.

The parallel bid evaluation processes conducted by REB and NRECA followed similar methodologies. The evaluations focused on the following sequential evaluation steps:

- Determination of Commercial Responsiveness.
- Determination of Financial Responsiveness.
- Determination of Technical Responsiveness.
- Financial adjustments to bid evaluation prices where applicable for late delivery, capitalized cost of transformer losses and qualifying local preference.
- Detailed evaluation of pre-selected bids.
- Other adjustments as appropriate.
- Preparation of bid evaluation report for Tender Evaluation Committee and recommendations for contract award.

GOB PPR 2003 requires an evaluation committee to be established to review results of each respective procurement action. For purposes of the REDP-financed procurement packages, the REB Tender Evaluation Committee placed with the responsibility of reviewing the tender documents, documenting the results of the evaluation process, and submitting recommendations to the REB Board. The results were thereafter submitted to the Ministry of Energy prior to finalizing selected contracts. Contracts with values of up to Taka 120 million, (approximately USD 1.71 million) are evaluated and approved internally by the REB Board of Directors. The Ministry of Energy approval is required for contracts with values exceeding the REB financial authorization limits.

As was done throughout this process, NRECA representatives continued to attend the REB Tender Evaluation Committee (TEC) meetings as observers. NRECA/REDP specialists participated in evaluations in the capacity of observers; decision making authority for all tenders is made by the REB TECs, without NRECA/REDP direct participation. In compliance with REDP design, the NRECA/REDP team monitors the procurement processes.

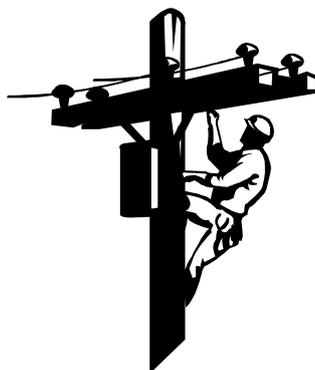
As mentioned earlier, the NRECA team performs independent, parallel evaluations of each tender package. In those cases wherein the REB TEC recommendation agrees with the NRECA independent evaluation, NRECA issues a formal “no objection” in response to the results of the TEC presented to the NRECA team. In most cases, TEC evaluation conclusions have agreed with NRECA

independent evaluation results; the lowest price commercially acceptable bid was selected by REB for award of the contract. In those cases wherein the two results have not been in agreement, “no objection” statements have been withheld by the NRECA team. While most of these cases have been resolved, some are still under review by REB. The status of the relevant sub-packages is presented in tables presented in Section 3.1.2.

For bid packages where NRECA was in agreement and had no objection, NRECA issued formal letters of “no objection” to REB. Similarly, REB was also informed in writing where NRECA evaluation conclusions differed with REB contract award recommendations. In these instances, NRECA presented detailed explanations to provide REB with guidance to resolve the differences that were noted in the two evaluations.

3.1.2 REDP Evaluation Results for First and Second Tranches

During this July to September period, REB continued evaluation of eight sub-packages under 9 PBS (1st & 2nd tranche) and 10Lac (1st tranche) Projects. Seven sub-packages worth USD 6.29 Million have been awarded by REB following receipt of “no objection” from NRECA. The remaining sub-packages worth USD 0.16 Million are being re-tendered.



REDP Evaluation Results for First and Second Tranches

Table 3.1.2.1: Indicates evaluations agreed to by REB Board with “no objection” from NRECA.

<u>Sl. No</u>	<u>Tender Package No.</u>	<u>Sub Package Principal Items</u>	<u>Bidder Selected REB TEC Meeting</u>	<u>REB Board Decision</u>	<u>Contract Price</u>	<u>NRECA Observations</u>	<u>Remarks</u>
1	DFID (67PBS)-01	DFID (67PBS)-002 (Copper Conductor)	BRB Cable Industries Ltd	TEC's recommendation approved	EXW Price USD 80,615	No objection to placing contract	Order placed & delivery complete
2		DFID (67PBS)-003 (Fuse Cut Outs)	Zhejiang People High Voltage Ceramics	TEC's recommendation approved	CFR Price USD 309,060	No objection to placing contract	Order placed & delivery complete
3	DFID (67PBS)-02	DFID (67PBS)-005 (Three Phase Meters)	Trade East West	TEC's recommendation approved	CFR Price USD 984,000	No objection to placing contract	Order placed & delivery complete
4		DFID(67PBS)-007 Single Phase Meters (Class 200)	Jascom Enterprise (Singapore Trading House.)	TEC's recommendation approved	CFR USD 217,000	No objection to placing contract	Order placed & delivery complete
5	DFID (9PBS)-03	DFID (9PBS)-008 (Bare Conductor)	SBS Cables Ltd	TEC's recommendation approved	EXW Price USD 1,469,000	No objection to placing contract	Order placed & delivery complete
6		DFID (9PBS)-011, (Distribution Transformers)	Techno Venture Ltd	TEC's recommendation approved	EXW 1,302,000.00	No objection to placing contract	Order placed & delivery complete
7	DFID (9PBS)-04	DFID (09PBS)-013 (Conductor)	SBS Cables Ltd	TEC's recommendation approved	EXW Price USD 2,502,600	No objection to placing contract	Order placed & delivery complete
8		DFID (9PBS)-014 (Accessories for Conductor and Guy Wire)	Trade East West	TEC's recommendation approved	CFR Price USD 831,390	No objection to placing contract	Order placed & delivery complete
9	DFID (9PBS)-05	DFID (9PBS)-016 (Fuse Cut Outs and Lightning Arresters)	Transcontinental	TEC's recommendation approved	CFR Price USD 827,750	No objection to placing contract	Order placed & delivery complete
10		DFID (9PBS)-017 Fuse Links	Techno Electricals Ltd	TEC's recommendation approved	CFR USD 181,702	No objection to placing contract	Order placed & delivery complete
11		09PBS)-018) Capacitor Banks	Initially TEC members decided to re-bid as contends price is above estimate (NRECA and GOB PPR disagree.)	Southern Engineers (Only Bidder)	USD 238,520	No objection to placing contract	Order placed & delivery complete

Table 3.1.2.1: Indicates evaluations agreed to by REB Board with “no objection” from NRECA.
(Continued)

<u>Sl. No.</u>	<u>Tender Package No.</u>	<u>Sub Package Principal Items</u>	<u>Bidder Selected REB TEC Meeting</u>	<u>REB Board Decision</u>	<u>Contract Price</u>	<u>NRECA Observations</u>	<u>Remarks</u>
12	DFID (9PBS)-06	DFID (9PBS)-019 (Single Phase Meters)	Techno Venture Ltd	TEC's recommendation approved	EXW Price USD 675,000	No objection to placing contract	Order placed & delivery complete
13		DFID (9PBS)-020 Three Phase Meters	Trade East West	TEC's recommendation approved	CFR Price USD 1,153,250	No objection to placing contract	Order placed & delivery complete
14		DFID (9PBS)-021 (Meter Seals)	Trade East West.	TEC's recommendation approved	CFR Price USD 130,800	No objection to placing contract	Order placed & delivery complete
15		DFID (9PBS)-022 Single Phase Meters + Sockets	Jascom Enterprise. (Singapore Trading House)	TEC's recommendation approved	CFR USD 296,000	No objection to placing contract	Order placed & delivery complete
16		DFID (9PBS)-023 CT's and PT's	Esit Elektrik	TEC's recommendation approved	CFR USD 869,000	No objection to placing contract	Order placed & delivery complete
17	DFID (9PBS)-07	DFID (9PBS)-024 Anchor Logs and Cross Arms	Diram	TEC's recommendation approved	EXW USD 762,457	No objection to placing contract	Order placed & delivery complete
18		DFID (9PBS)-025 (Tension Splice)	Trade East West	TEC's recommendation approved	CFR Price USD 199,700	No objection to placing contract	Order placed & delivery complete
19		DFID (9PBS)-026 (Guy and Grounding Wire)	Trefileurope	TEC's recommendation approved	CFR Price Euro 1,099,800	No objection to placing contract	Order placed & delivery complete
20		DFID (9PBS)-028 (Line Tools)	Universal Trading	TEC's recommendation approved	CFR Price USD 380,526	No objection to placing contract	Order placed & delivery complete
21	DFID (9PBS)-08	DFID (9PBS)-030 (ACR)	Nu Lec	TEC's recommendation approved	CFR Price USD 347,220	No objection to placing contract	Order placed & delivery complete
22		DFID (9PBS)-31 (Voltage Regulators)	Siemens	TEC's recommendation approved	EXW Price USD 1,203,671	No objection to placing contract	Order cancelled due to supplier's denial to execute, Re-tendered bid under evaluation
23		DFID (9PBS)-032 (Fuses and Switches)	Energypac Domestic Bidder	TEC's recommendation approved	EXW Price USD 334,490	No objection to placing contract	Order placed & delivery complete

Table 3.1.2.1: Indicates evaluations agreed to by REB Board with “no objection” from NRECA.
(Continued)

Sl. No	Tender Package No.	Sub Package Principal Items	Bidder Selected REB TEC Meeting	REB Board Decision	Contract Price	NRECA Observations	Remarks
24	DFID (9PBS)-10	DFID(9PBS)-037 Bare Conductor	BRB Cables Ind. Ltd., Unit-2	TEC's recommendation approved	EXW Price USD 2,595,243	No objection to placing contract	Order placed
25		DFID(9PBS)-038 Insulated Conductor	SBS Cables Ltd.	TEC's recommendation approved	EXW Price USD 2,346,606	No objection to placing contract	Order placed
26	DFID (9PBS)-11	DFID(9PBS)-039 Insulated Conductor	Techno Venture Ltd.	TEC's recommendation approved	EXW Price USD 3,962,400	No objection to placing contract	Order placed
27		DFID(9PBS)-040 Insulated Conductor	Cooper Power Systems, USA	TEC's recommendation approved	CFR Price USD 499,500	No objection to placing contract	Order placed
28	DFID (9PBS)-12	DFID(9PBS)-042 Insulated Conductor	Esack Brothers Ltd. (JVCA with Diran & Sarc)	TEC's recommendation approved	EXW Price USD 589,275	No objection to placing contract	Order placed
29	DFID (10Lac)-1	DFID(10Lac)-048 Insulated Conductor	SBS Cables Ltd.	TEC's recommendation approved	EXW Price USD 1,483,650	No objection to placing contract	Order placed
30	DFID (10Lac)-2	DFID(10Lac)-049 Conductor & Guy Accessory	Trade East West Corpn.	TEC's recommendation approved	EXW Price USD 191,125	No objection to placing contract	Order placed
31	DFID (10Lac)-4	DFID(10Lac)-053 Twist Tie Seal	Shenyang Shining Fortune Container Seal Co. Ltd.	TEC's recommendation approved	CFR Price USD 70,800	No objection to placing contract	Order placed
32	DFID (9PBS)-03	DFID(9PBS)-09/1 SPC Poles	JVCA of Castle Construction Co. Ltd. & others	TEC's recommendation approved	EXW Price USD 5,422,200	No objection to placing contract	Order placement under process
33	DFID (9PBS)-04	DFID(9PBS)-012/1 Copper Conductor	Eastern Cables	TEC's recommendation approved	EXW Price USD 406,575	No objection to placing contract	Order placed
34	DFID (9PBS)-05	DFID(9PBS)-015/1 Distribution Transformer	Techno Venture Ltd.	TEC's recommendation approved	EXW Price USD 2,385,000	No objection to placing contract	Order placed
35	DFID (9PBS)-08	DFID(9PBS)-029/1 Power Transformer	Energypac Engineering Ltd.	TEC's recommendation approved	EXW Price USD 1,607,300	No objection to placing contract	Order placed
36	DFID (9PBS)-11	DFID(9PBS)-039 Distribution Transformer	Techno Venture Ltd.	TEC's recommendation approved	EXW Price USD 3,962,400	No objection to placing contract	Order placed

Table 3.1.2.1: Indicates evaluations agreed to by REB Board with “no objection” from NRECA.
(Continued)

Sl. No	Tender Package No.	Sub Package Principal Items	Bidder Selected REB TEC Meeting	REB Board Decision	Contract Price	NRECA Observations	Remarks
37	DFID (9PBS)-03	DFID (9PBS)-09/1 SPC Pole	JVCA of Castle Construction & others	TEC's recommendation approved	EXW Price USD 5,422,200	No objection to placing order	Order placed
38	DFID (9PBS)-08	DFID (9PBS)-031/1 Voltage Regulator	Toshiba Brazil	TEC's recommendation approved	CFR Price USD 1,540,240	No objection to placing order	Order placed
39	DFID (9PBS)-09	DFID (9PBS)-033/1 4WD Jeep	Navana Ltd.	TEC's recommendation approved	CFR Price USD 123,291	No objection to placing order	Order placed
40		DFID (9PBS)-034/1 Pick-up	Pacific Motors	TEC's recommendation approved	EXW Price USD 28,940	No objection to placing order	Order placed
41		DFID (9PBS)-035/1 SPC Pole	Karnaphuli Industries Ltd.	TEC's recommendation approved	EXW Price USD 24,260	No objection to placing order	Order placed
42	DFID (10Lac)-04	DFID(10Lac)-052/1 3-phase Meter	Trade East West Corporation	TEC's recommendation approved	CFR Price USD 820,800	No objection to placing contract	Order placed

Table 3.1.2.2 Indicates bid sub packages for Re-tendering decision by REB and “no objection” from NRECA.

Sl. No.	Tender Package No.	Sub Package Principal Items	REB Board Decision	Reason	NRECA Observations	Present Status of sub-package
1	DFID (67PBS)-01	DFID (67PBS)-001 Conductor	Re-tendering	Based on Ministry decision	No objection to Re-tendering	Procurement abandoned as project closed on 30-6-08
2	DFID (67PBS)-02	DFID(67PBS)-004 Single Phase Meters	Re-tendering	Selected Bidder couldn't prove Domestic Value Addition	No objection to Re-tendering	
3		DFID(67PBS)-006 Meter Seals	Re-tendering	No Bid	No objection to Re-tendering	
4	DFID (9PBS)-10	DFID (9PBS)-036 Line Hardware	Re-tendering	Bid validity expired	No objection to Re-tendering	Bid evaluation under process
5	DFID (9PBS)-12	DFID (9PBS)-041 Wooden Pole	Re-tendering	Based on Ministry decision	No objection to Re-tendering	Bid evaluation under process
6	DFID (10Lac)-3	DFID (10Lac)-05, 51 Fuse Cutout & Lightning Arrester	Re-tendering	REB contends offered price is above estimate.	No objection to Re-tendering	Re-tendering under process
7	DFID (10Lac)-5	DFID (10Lac)-054 Guy Wire	Re-tendering	REB contends offered price is above estimate.	No objection to Re-tendering	Re-tendering under process
8	DFID (9PBS)-07	DFID (9PBS)-027 Street Light	Re-tendering	Bid validity expired	No objection to Re-tendering	Re-tendering under process

Summary of Commodity Procurement Status against REDP through September 2008

Item	Projects			
	67PBS	9PBS (1st Tranche)	9PBS (2nd Tranche)	10Lac
Available sub-package:				
Number	7	28	7	7
Estimated amount (Million USD)	5.064	26.752	14.291	2.824
Sub-package tendered:				
Number	7	28	7	7
Estimated amount (Million USD)	5.064	26.752	14.291	2.824
In % of total estimate	100%	100%	100%	100%
Tendered sub-package under evaluation:				
Number	0	0	0	0
Estimated amount (Million USD)	0	0	0	0
In % of total estimate	0%	0%	0%	0%
Tendered sub-package awarded:				
Number	4	18	5	4
Order amount (Million USD)	1.591	14.085	9.993	2.548
In % of total estimate	31%	53%	70%	90%
Sub-package decided to be re-tendered:				
Number	3	9	2	3
Estimated amount (Million USD)	3.072	11.536	4.103	0.125
In % of total estimate	61%	43%	29%	4%
Re-tendering of sub-package under process:				
Number	0	1	0	3
Estimated amount (Million USD)	0	0.157	0	0.125
In % of total estimate	0%	1%	0%	4%
Re-tendered sub-package under evaluation:				
Number	0	0	2	0
Estimated amount (Million USD)	0	0	4.103	0
In % of total estimate	0%	0%	29%	0%
Re-tendered sub-package awarded:				
Number	0	8	0	0
Order amount (Million USD)	0	11.539	0	0
In % of total estimate	0%	43%	0%	0%
Sub-package abandoned:				
Number	3	0	0	0
Order amount (Million USD)	3.072	0	0	0
In % of total estimate	61%	0%	0%	0%
PAYMENT SITUATION				
Amount ordered (Million USD):	1.591	25.624	9.993	2.548
Amount disbursed (Million USD):	1.471	15.497	1.468	0.064

The following graphs present information highlighting the US dollar amounts of the material purchases for the 67 PBS, 9PBS and 10 LAC procurements. The graphs depict the dollar amounts of the contracts awarded, bids to be finalized and awarded, retendering amounts (loss of funds due to project closure prior to award – 67PBS) and the final projected costs compared to the initial project estimates.

Diagram 3.1.2.3: 67 PBS Materials Composition and Anticipated Contract Costs.

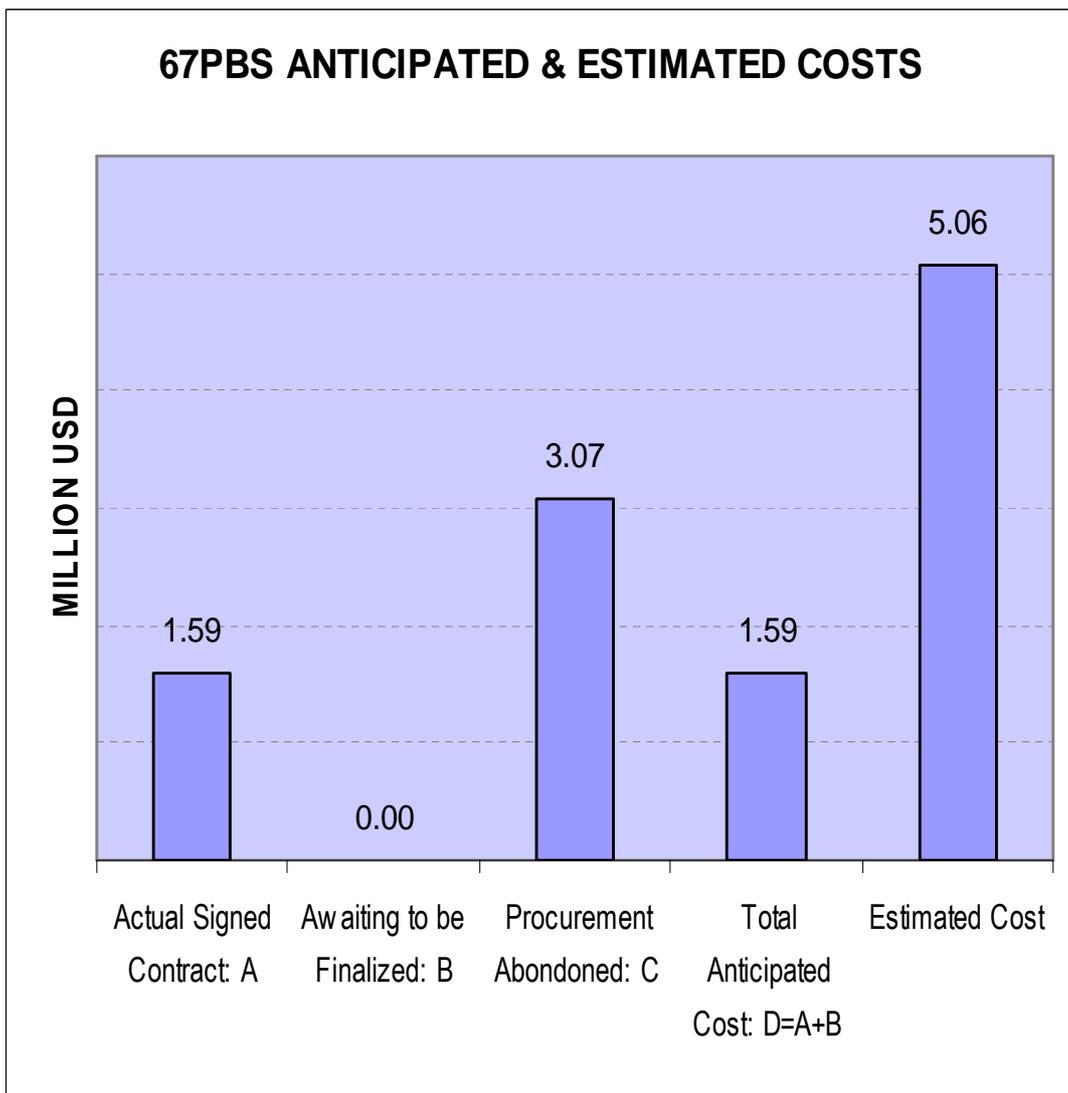


Diagram 3.1.2.4: 9 PBS (1st Tranche) Materials Composition and Anticipated Contract Costs.

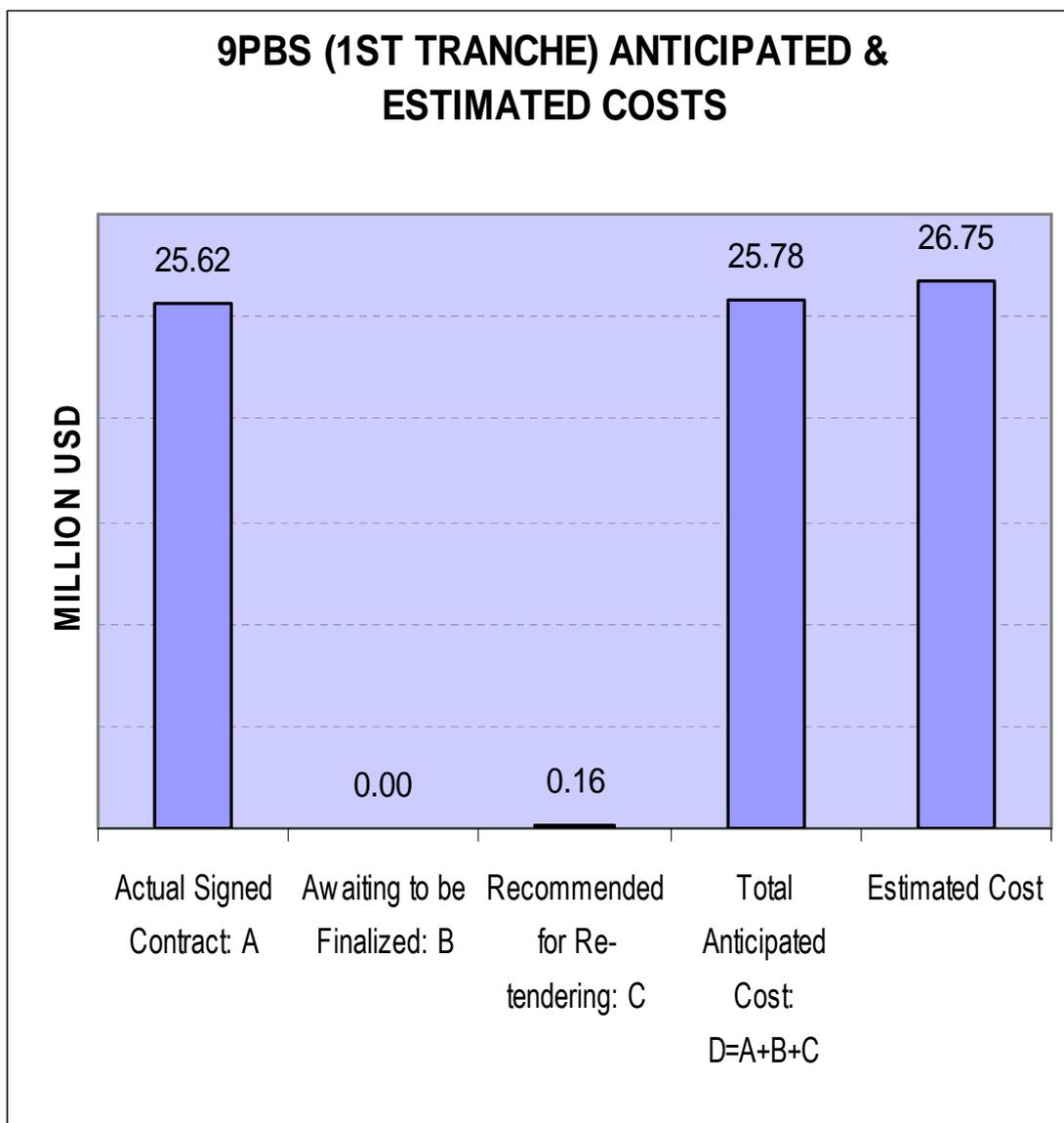


Diagram 3.1.2.5: 9 PBS (2nd Tranche) Materials Composition and Anticipated Contract Costs.

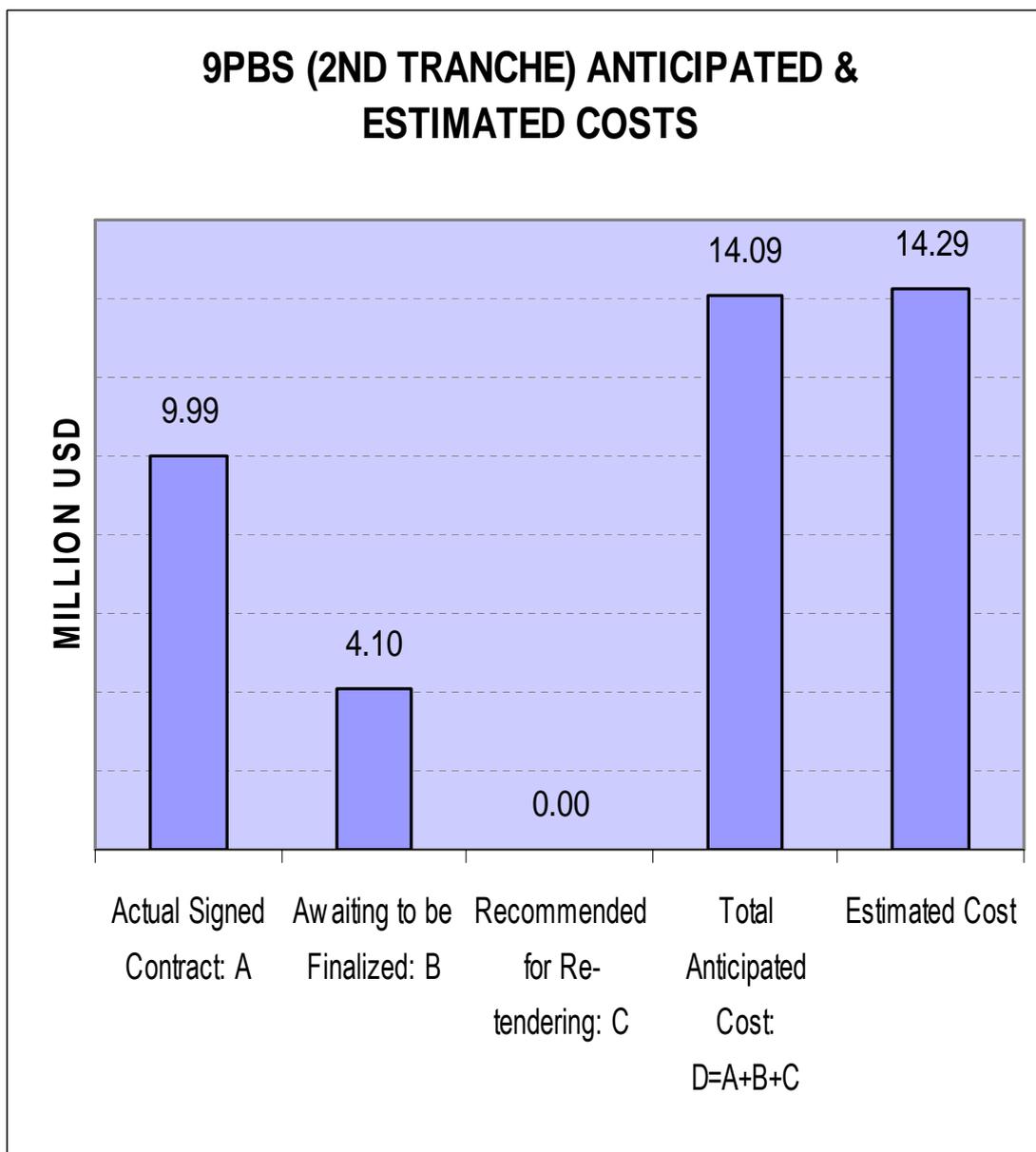
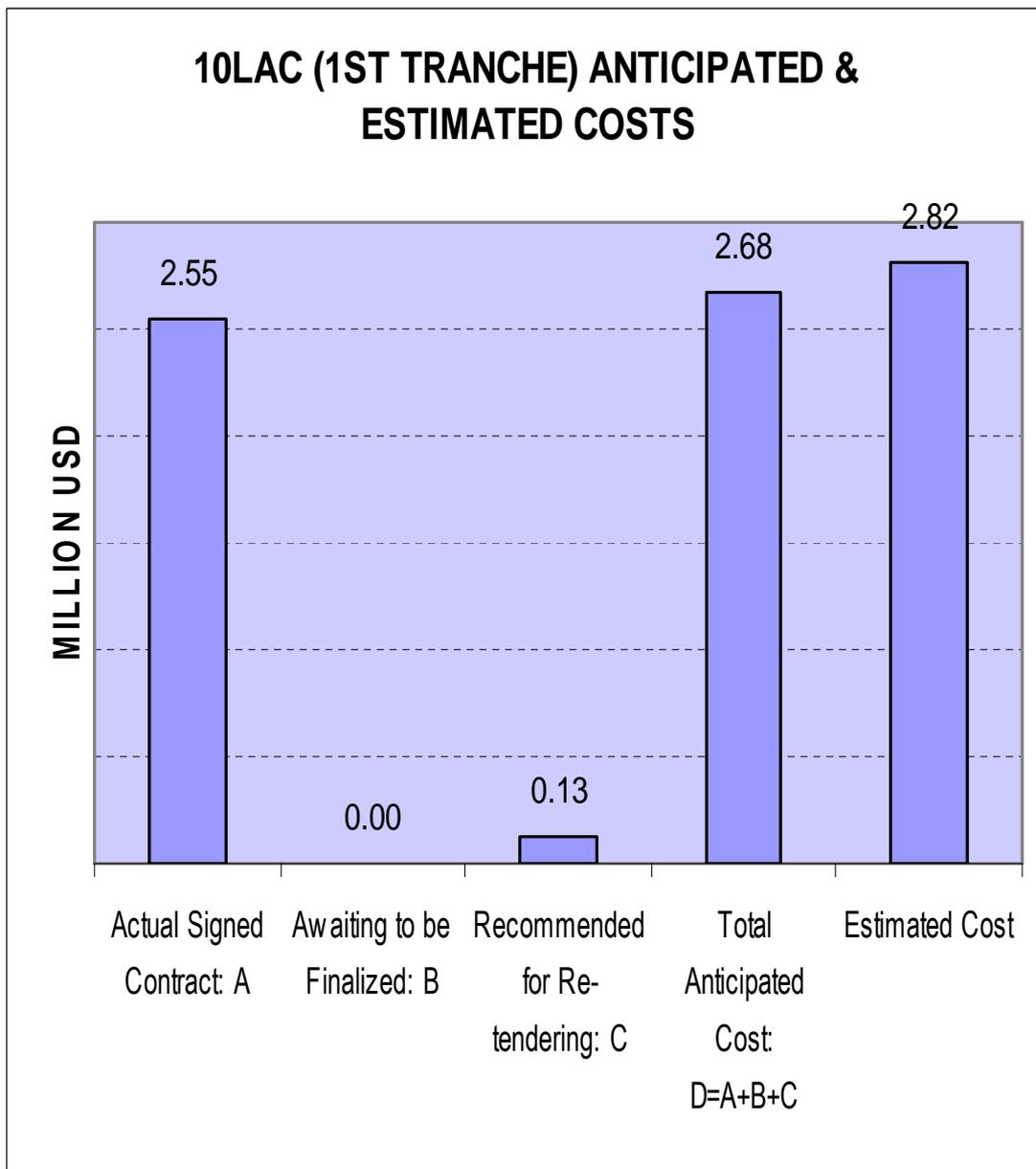


Diagram 3.1.2.6: 10 Lac Materials Composition and Anticipated Contract Costs.



3.2 Materials Procurement – Second Tranche

As indicated in the previous report, the second tranche of materials procurement process commenced during June 2007. This second tranche is providing NRECA with an opportunity to reinforce the positive aspects of the first tranche procurement, while also attempting to eliminate the remaining anomalous bid conditions and trying to improve competition.

Core procurement monitoring subjects were established with REB during the commencement of the first tranche commodities. Last quarter saw the consolidation of those core requirements in the REDP second tranche materials procurement bid documentation. As noted in the previous Report, REB has agreed to incorporate various NRECA suggestions considered necessary to enhance competitive bidding into the procurement documentation.

From July to September of this year, results of REB evaluations of bid packages concurred with independent NRECA evaluation results. In those cases wherein NRECA provided suggestions to REB, the suggestions were accepted and integrated into evaluation reports. REB completed necessary revisions to the bid documentation for second tranche materials; NRECA drafted letters confirming no objection for bid evaluation reports.

3.2.1 Bid Conditions and Compliance with Core Monitoring Requirements-Second Tranche

In general the materials procurement bid conditions complied with GOB PPR and bids were submitted in accordance with good international practice. For the most part, the core monitoring subjects were addressed by REB. These core monitoring subjects related to:

- Bid Package Size
- Fair Conditions for Bidders
- Advertising

Conditions in the REB bid documentation generally reflected the monitoring requirements, with REB procurement personnel generally implementing the other monitoring conditions. In particular, core monitoring conditions were observed by REB in the manner following.

Bid Package Value

The principal requirement is for bid package financial value to be sufficiently high to attract potential international bidders. Quantifying a sufficiently high value was not considered appropriate for REDP materials procurement. REB have a financial authorization limit of USD 1.7 million, bid sub packages of higher value require government approval.

Given the desire to expedite REDP materials procurement, NRECA recommended that bid package values be allowed to drop below USD \$1.7 million in value. Five bid sub packages have values greater than USD 1.7 million.

Fair Conditions for Bidders

Bid documents were formulated to include all information necessary for potential international bidders to equitably compete with potential domestic bidders.

Advertising

The procurement exercise was advertised in four national newspapers and on the GOB Technical procurement Unit website. As a further aid to disseminating the procurement information to potential international bidders, NRECA requested that copies of the newspaper advertisement be concurrently distributed to embassies and high commissions in Dhaka.

3.2.2 REDP Bid Package Materials Composition

Historical costs of procurements in 2005 plus up to 10 percent were used as the basis for REDP materials procurement budget. In compiling the REDP materials procurement budget, REB had to use the last available relevant procurement costs with a percentage increase of up to ten percent. REB budget authorization does not allow use of more probable estimates unless substantiated. Given the price increase of commodities and energy during 2007-08, REDP materials are likely to be more expensive than 2005 historical prices plus ten percent.

3.2.3 REDP Materials Bid Packages

As a general rule, procurement packages that are less than \$5 million in value do not attract sufficient attention to be managed on the basis of an international tender. Current REB financial authorization levels are set at USD 1.7 million. GOB ministry approval is required for financial values above USD 1.7 million. Unfortunately GOB ministry approvals for some procurement are known to take an inordinate amount of time, potentially leading to an undesirable delay with REDP materials procurement. For this reason, NRECA recommended, and REB later approved the proposal to manage bid packages for amounts less than \$1.7 million in value.

Four bid sub packages out of the 9PBS project have estimated financial values of more than USD 1.7 million and hence required GOB ministry approval. Shown below is the financial make up of materials bid packages re-tendered out of 2nd tranche sub-packages during the reporting quarter.

<u>Bid Sub Package</u>	<u>Materials</u>	<u>Units</u>	<u>Value</u>
DFID (9PBS)-036/1	Line Hardware	1 Lot.	USD 1,540,808.71
DFID (9PBS)-041/1	Wooden Pole	15,770 Nos.	USD 2,562,590.00

3.2.4 REB Bid Documents and Advertising

Following no objections to the content of the procurement documentation, REB compiled separate bid documents for each of the two bid packages under 9 PBS Projects. Bid documents were made available at REB headquarters for purchase by potential bidders on July 21, 2008.

REB effected the production of documents for sale to potential bidders. However, the quality of the REB photocopied bid documents was observed to be of very poor quality. A manifold of reasons were given by REB for the poor quality of documentation, ranging from problems with REB photocopiers to no funds to have the documents professionally produced.

As few potential international bidders purchased bid documents a claim may be made that the quality of bid documentation is irrelevant. However, presentation of a USD 4.1 million procurement exercise should be prepared in a professional manner with documents having a reasonably professional quality.

Procurement advertising was conducted in accordance with GOB PPR with circulation of notices to an appropriate number of newspapers. Advertisements appeared in the following newspapers between the 1st and 5th May 2008.

<u>Newspaper</u>	<u>Language</u>	<u>Date of Publication</u>
The Daily Star	English Language Daily	July 21, 2008
The Observer	English Language Daily	
Ittefaq	Bangla Daily	
Jugantor	Bangla Daily	

In addition to newspaper advertisements, the procurement notices are also sent by REB to GOB Central Procurement Technical Unit website, but this particular advertisement did not appear in the web. Concurrent with the newspaper and website advertising, information about the procurement was also sent to the trade sections of diplomatic missions in Bangladesh.

Illustration 3.2.4.1 Copy of newspaper advertisement.

The Daily Star
DHAKA MONDAY JULY 21, 2008

“বিন্দুভের আলোর ছটায় বিদ্যা শিক্ষার বিতায় ছটায়”

**Invitation for International Tender against DFID Fund under
the 9 PBS Project of Rural Electrification Board.**
(Re-tender)

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

1	Ministry/Division	Ministry of Power, Energy and Mineral Resources, Power Division.	
2	Agency	Rural Electrification Board.	
3	Procuring Entity Name & District	Director, Procurement, Rural Electrification Board, Dhaka.	
4	Invitation for	Electrical line Construction Material	
5	Invitation Ref No	DFID/GAF-278 (5)/ 2008/35, Date : 17-7-2008	
6	Procurement Method	Open Tendering Method, International Competitive Bidding (ICB)	
FUNDING INFORMATION			
7	Budget and Source of Fund	Development Budget under DFID Grant	
8	Development Partners (if applicable)	Department for International Development (DFID), UK	
9	Project / Program Name (if applicable)	Intensification and Expansion of Distribution System of 9 PBS	
10	Tender Package No.	DFID (9PBS)-10 & 12 (Re-tender) .	
11	Tender Publication Date	23-7-2008	
12	Tender Last Selling Date	27-08-2008 Up to 4.00 PM	
		Date	Time
13	Tender Closing Date and Time	27-08-2008	12.00 Noon (BST)
14	Tender Opening Date and Time	27-08-2008	12.30 P.M. (BST)
15	Name & Address of the office(s)	Address	
	- Selling Tender Document	Directorate of Procurement (7 th floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka- 1229, Bangladesh.	
	- Receiving & Opening Tender Document	REB Auditorium (1 st floor), Rural Electrification Board Nikunja-2, Khilkhet, Dhaka- 1229, Bangladesh.	
INFORMATION FOR TENDERER			
16	Eligibility of Tenderer	All Countries except Israel	
17	Price of Tender Document (Tk)	Tk. 3000.00	
18	Brief Description of Related Services	N/A	
19	Brief Description of Goods and amount of tender Security :		
	Tender-Pack. No.	Sub-Pack. No.	For the material of
			Tender Security Amount (USD)
	DFID (9PBS)-10 (Re-tender)	DFID (9PBS)-10-036/1	Line Hardware
			40,000.00
	DFID (9PBS)-12 (Re-tender)	DFID (9PBS)-12-041/1	Wooden Poles.
			70,000.00
20	Regarding Tender Document	Tender Document in English, may be purchased by the interested tenderers on submission of a written application to the address below and upon payment of a non refundable fee of Tk. 3000.00 or USD 50.00. The method of payment will be by Pay order / Bank draft in favor of Rural Electrification Board, Dhaka, Bangladesh. The document may be sent by air mail for overseas delivery and courier or surface mail for local delivery. For overseas delivery, the tenderer may obtain the tender document by any International courier service to collect the same from Rural Electrification Board , Dhaka, Bangladesh. One tender document can not be used for submission of tender proposal (s) by more than one tenderer. One tenderer, however, may submit tenders against any number of sub-packages included in the tender document by purchasing only one copy of the tender document.	
21.	Payment Mode	Payment will be made through Irrevocable Letter of Credit (L/C)	
22.	Delivery Period	Delivery Period shall begin with effect from the day of L/C opening	
PROCURING ENTITY DETAILS			
23.	Name of Official inviting Tender	Syed Mosaddeque Hossain	
24	Designation of Official inviting Tender	Director (procurement)	
25	Address of Official inviting Tender	Rural Electrification Board, Head Office Building (7 th Floor), Nikunza-2, Khilkhet, Dhaka-1229, Bangladesh.	
26	Contract details of Official inviting Tender	Tel. & Fax # 8916420	
27	The procuring entity reserves the right to accept or reject all tenders.		



পল্লী বিদ্যুতায়ন বোর্ড
RURAL ELECTRIFICATION BOARD
পরি/জন (০৪) ২০০৭-২০০৮

Director (Procurement)
Head Office Building (7th Floor),
Rural Electrification Board
Nikunza-2, Khilkhet, Dhaka-1229, Bangladesh.
Phone & Fax : 8916420 , E-mail :
rebprocure@yahoo.com

3.2.5 Procurement Program

Bid documents for re-tendering of two sub-packages out of the 2nd tranche procurement with total estimated amount of USD 4,103,398.71 under 9 PBS project were advertised for sale July 21, 2008. Bidders were allowed up until August 28, 2008 to submit bids.

Bid evaluation commenced immediately after the bid opening.

Following evaluation, approvals, pre contract factory inspections, and contract negotiations will proceed. Gantt chart shown in 3.5 indicates a possible timetable for the procurement process.

A bid validity period of 150 days was required by REB as precedent indicates the time taken for completing the evaluation, approvals and negotiations usually takes longer than hoped.

3.2.6 REDP Second Tranche Material Projected Costs

Diagram: 9 PBS (Tranche-2) Materials Composition and Estimated Contract Costs.

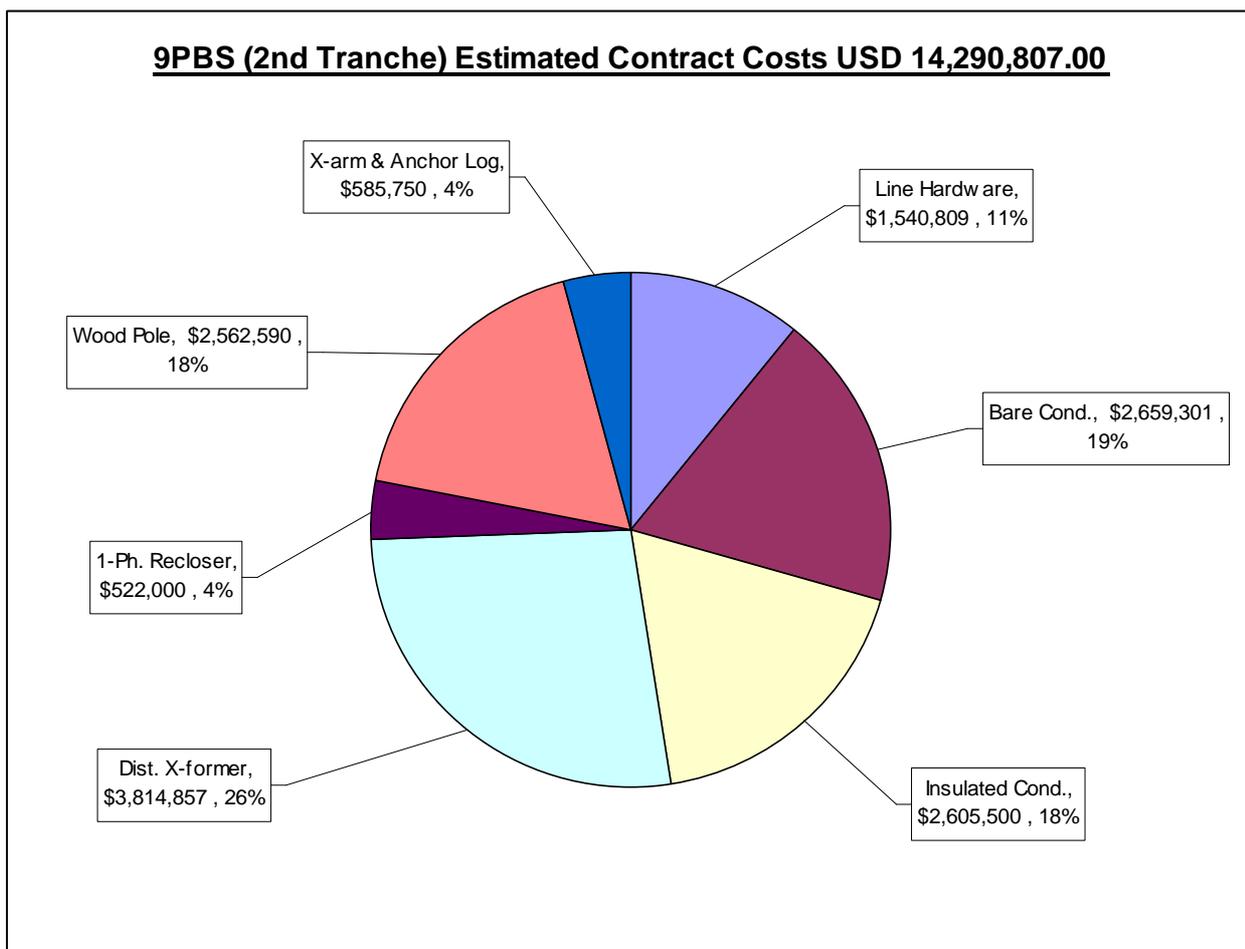
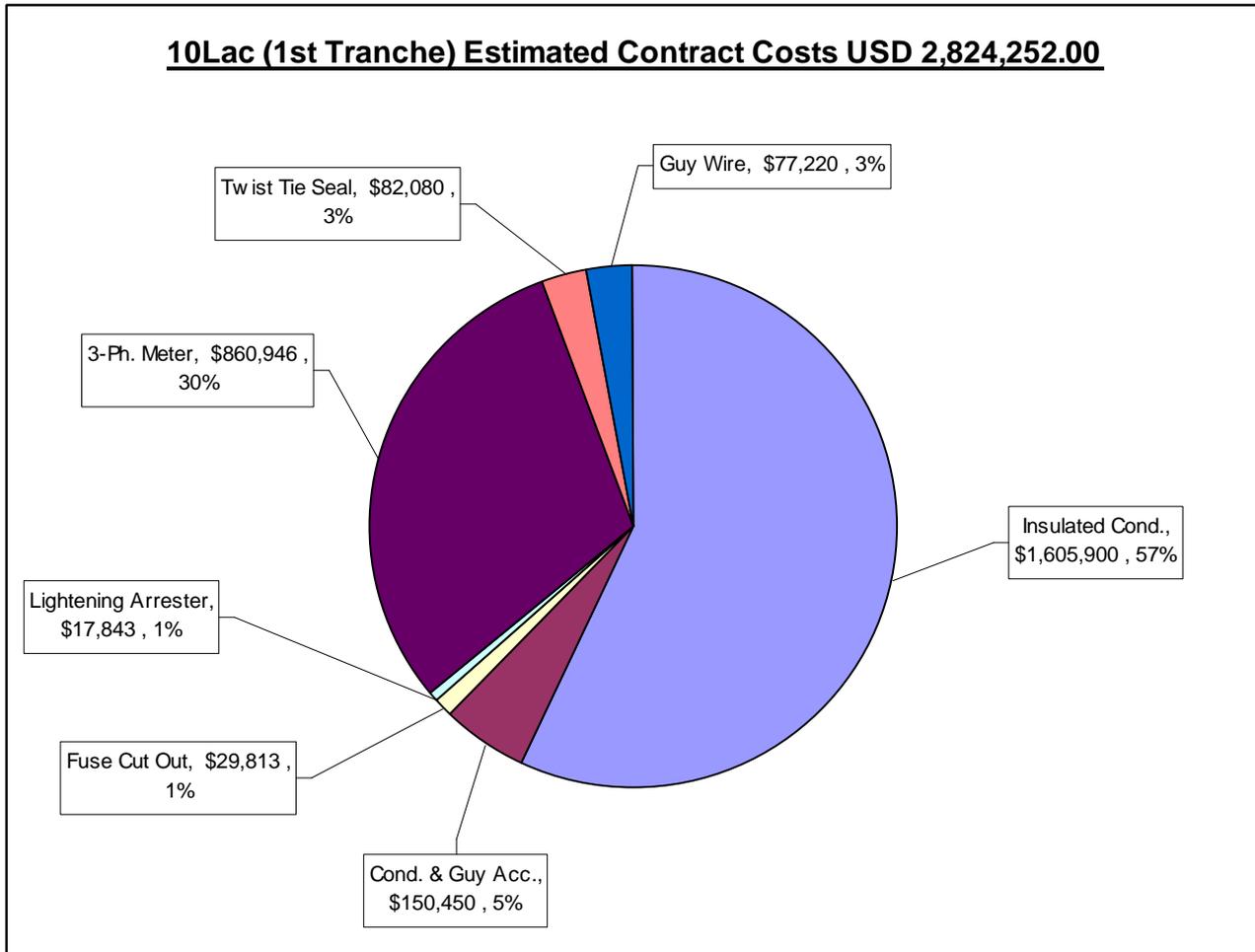
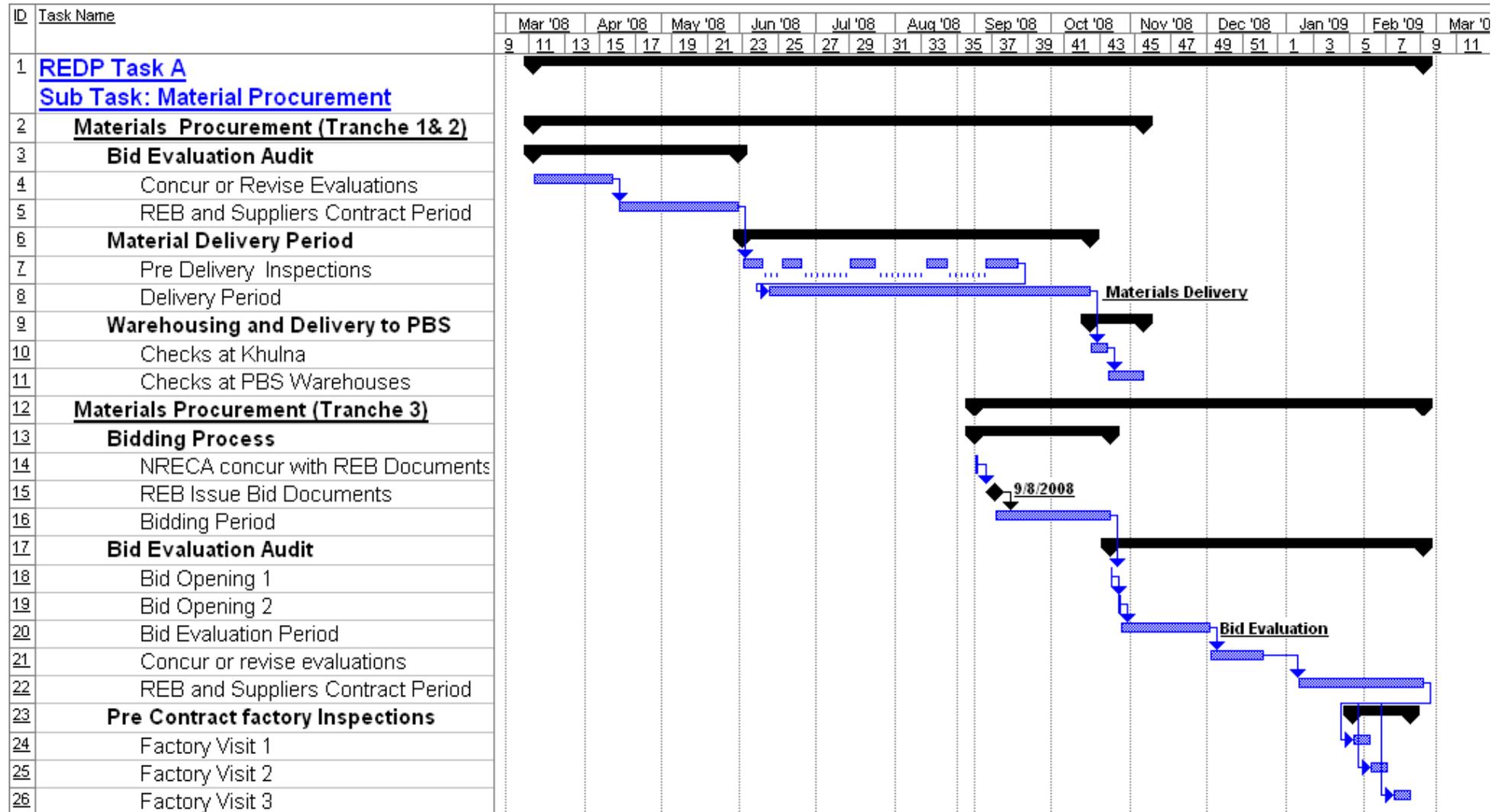


Diagram: 10 Lakh Consumer Connections Under Existing PBSs Distribution Line Materials Composition and Estimated Contract Costs.



3.3 Materials Procurement Schedule (Tranche 1, 2, & 3) March 2008 to February 2009



SECTION 4: MONITORING OF MATERIALS USAGE

4.1 Proposed Monitoring Methodology

As outlined in the previous Quarterly Report, the following are the basic considerations for monitoring the usage of DFID funded materials:

Sub-Task 1: Storing DFID funded materials at Khulna Warehouse

- Assist Khulna Warehouse personnel with acceptable storage of all materials.
- Where practical, DFID materials to be segregated from existing REB materials.

Sub-Task 2: DFID funded Material at PBS

- Randomly monitor issues of materials to construction contractors to check correct quantities.

Sub-Task 3: Monitoring of Construction Work in 9 PBS.

- Comparison of detailed construction plans with master plans.
- Regular inspections of construction works in each PBS.
- Compare material quantities issued with work effected.
- Monitor construction quality and compare with REB standards.
- Monitor category of customer connections with reference to DFID criteria.

Sub-Task 4: Monitoring of materials usage in 67 PBS and 10 lakh customers.

- Monitor progress of construction works and compare with issue of DFID materials.
- Check meter issues and compare with new customer connections.
- Randomly monitor issue and installation of DFID procured meters.

4.2 Progress

During July-September 2008 comparison of detailed construction plan with master plan has been completed in 2 PBSs, including Rajshahi and Nawabganj. The summary of the outcome of this field evaluation is shown in the following tables:

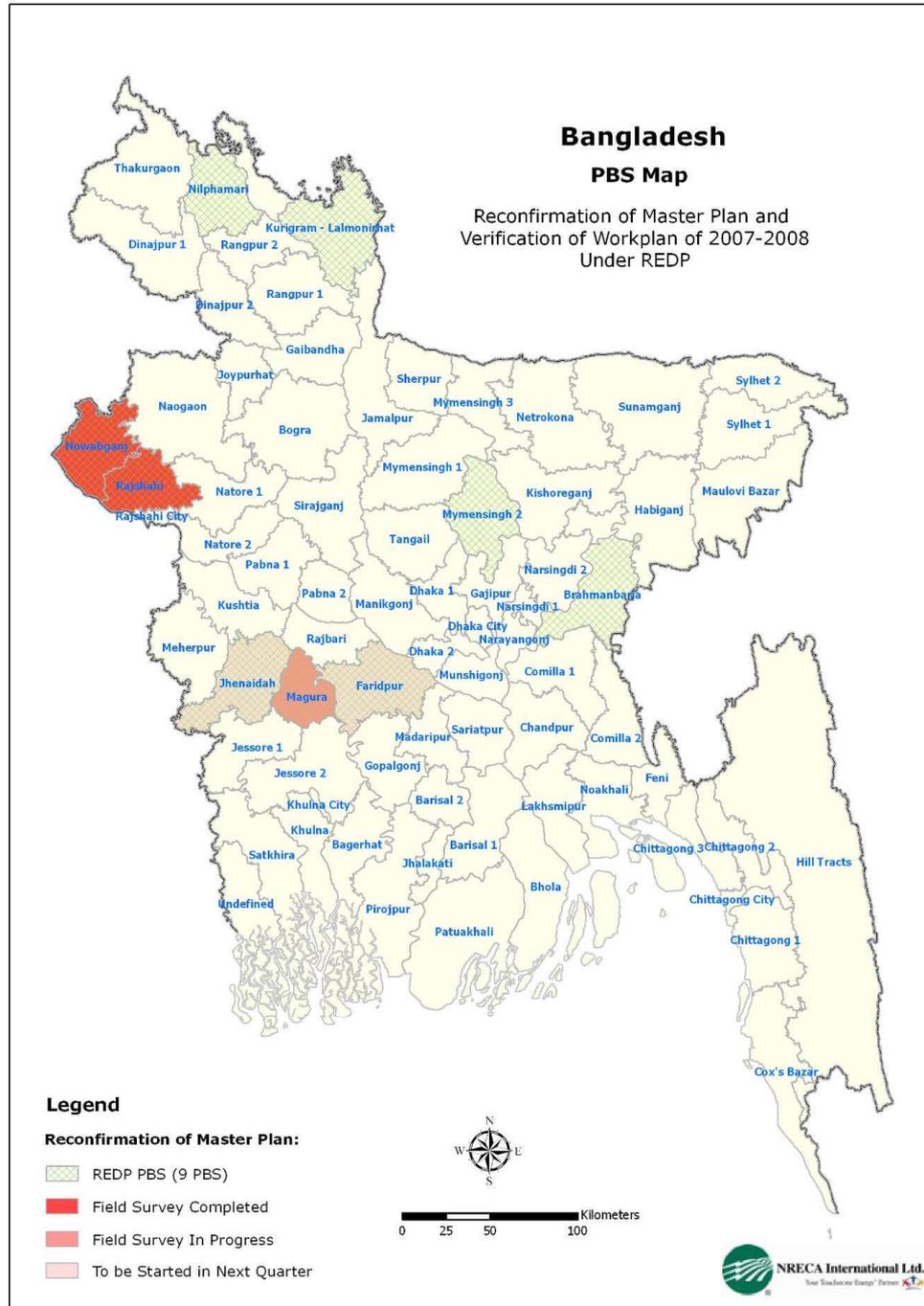
Rajshahi PBS					Nwabganj PBS				
Name of Thanas	Number of Projects			% of non-qualified projects	Name of Thanas	Number of Projects			% of non-qualified projects
	Checked	Found qualified	Non-qualified			Checked	Found qualified	Non-qualified	
Tanore	34	29	5	15%	Gomosta Pur	40	29	11	28%
Godagari	47	42	5	11%	Bhola Hat	14	12	2	14%
Paba	87	52	35	40%	Nachole	31	28	3	10%
Mohon Pur	23	21	2	9%	Nwab Ganj	38	35	3	8%
Durga Pur	21	19	2	10%	Shib Ganj	50	39	5	10%
Total:	212	163	49	23%	Total:	173	143	24	14%

During the field evaluation in Rajshahi PBS it was noted that in Paba Thana a large number of line extension projects shown in the construction work plan were non-qualified, taking into consideration established revenue criteria. This finding indicates a clear discrepancy between the master plan and field conditions with respect to the number of consumers, line length, and other established criteria. A similar set of conditions were found in Gomosta Pur Thana, Nawabganj PBS. Reviews of projects in other Thanas in both PBSs also reveal a discrepant situation of lesser degree. These two PBSs will be notified regarding the NRECA/REDP findings and will be requested to re-schedule the master plan priority hierarchy of these line extension projects before beginning construction work.

In order to monitor the movement of DFID funded materials to the designated PBSs as well as keeping a record of inter-project transacted materials the Director of MPSS, REB has been requested to develop a mechanism to track material usage and exchanges. REB has also been requested to furnish monthly statements detailing material usage by PBSs and exchanges between projects with the report, and explain why exchanges took place.



4.2.1 Map (Reconfirmation of Master Plan)



SECTION 5: SOCIO ECONOMIC STUDY

5.1 Background

It has been documented in numerous studies that access to affordable and reliable electricity is a key requirement for both economic development and poverty reduction. The Government of Bangladesh's (GoB) Poverty Reduction Strategy Paper (PRSP) of October 2005 emphasizes the importance of rural electricity for creating employment. Improved electricity coverage, particularly in rural areas of Bangladesh, will help achieve the Millennium Development Goals (MDGs). The overall objective of the Socio Economic Study is to examine the social and economic impact of the REDP with emphasis on electric connections to poor and women led households.

As indicated in Section 2, key issues including the power shortfall will impinge significantly on the anticipated benefits of the REDP. General consensus indicates domestic households will take every opportunity to receive an electricity service, it is considered potential commercial ventures may be reluctant to make investments until the power supply situation improves. However, the socio economic study will elucidate the situation pertaining from the REDP during and at the end of the study period.

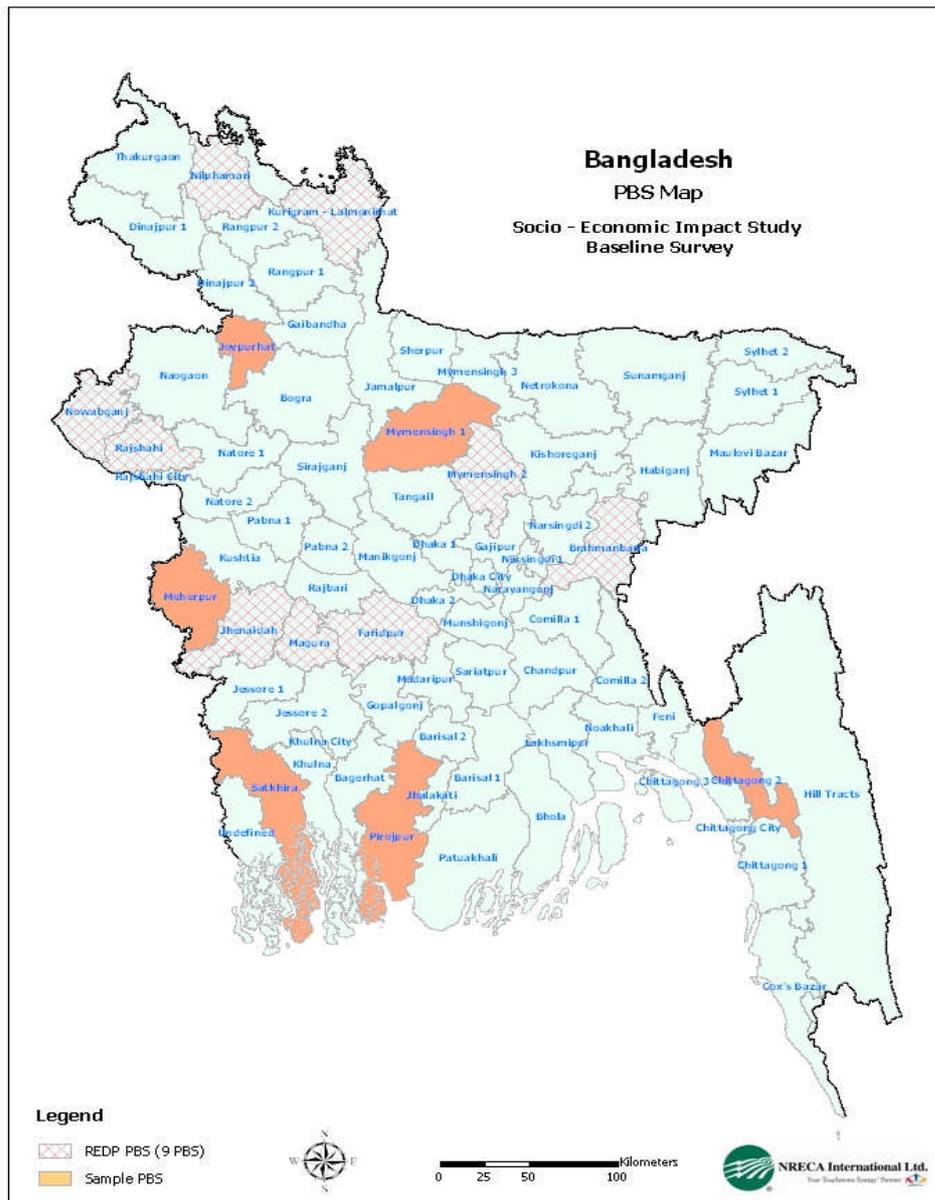
5.2 Progress

A variety of activities of the socio-economic impact study of REDP were continued during this reporting period with specific information updated about what occurred during this quarter are outlined below:

- As indicated in the previous Quarterly Report, the Human Development Research Centre (HDRC) was selected as the top-ranked firm competing to do the socio-economic baseline and impact studies under the REDP. The subcontract for completing the socio-economic studies was executed between NRECA and HDRC following its review by the USAID Contracts Office.
- HDRC, following the Critical Path Analysis of Implementation Plan, began its initial planning for the baseline study consultation of study design team members, and has completed the following:
 - Preparatory meeting for consensus building meeting held in June 26, 2008 at NRECA Dhaka Office;
 - Consensus-building meeting: held in July 15, 2008 at American Club, Dhaka;
 - Design team meeting: held in September 1, 2008 at NRECA office, Dhaka;
 - Data Collection Instruments (DCIs) of the baseline study were developed and field tested to confirm their effectiveness in acquiring the information being sought under the Study; Pre-testing for Data Collection Instruments (DCIs) at Comilla PBS 1, Comilla (Chandina Upazila);
 - Recruitment of Field Staff (Field Investigators-42, Field Supervisors-10 and Data Quality Officers-10)
 - Inauguration training session for recruitment of field staff held on September 24, 2008 at HDRC office Dhaka.
- Report 1 – “Setting Basis for Baseline Survey” completed and distributed to stakeholders September 9.

- Report 2 “Identification of Variables and Indicators and Sampling” was completed and submitted for distribution by HDRC.

5.2.1 Map (Socio-Economic Impact Study – Data Collection, Baseline Survey)



5.3 Micro-Finance Credit Program for the Poor

5.3.1 Background

The primary objective of the Micro-Finance Component of the REDP is to address the needs of poorer households in rural Bangladesh by creating increased access to financing as a means of enabling poorer households and small business to finance connection charges for PBS electric service. The rural poor are expected to be the main beneficiaries of this program. However, every effort will be made to actively seek to provide assistance to the extreme poor, such as female headed households or those with severely disable members of the family. This task is an effort to enhance the poverty impact of the Rural Electrification Master Plan (2000-2020).

Traditionally a rural household applies for an electrical connection only when they have the money to pay for the connection fee and the wiring of their home for electric service and appliances. In many instances the rural poor find PBS service connection and internal house wiring prohibitively expensive. The Micro-finance program seeks to provide funding to enable poorer households to finance connection charges, improving opportunities for education and income generation.

5.3.2 Progress

DFID conducted its annual and mid-term review of the REDP according their internal requirements in late October 2007. One of the findings of this review indicated that a lack of necessary coordination between the concerned parties was severely limiting the progress of the pilot project under the micro-finance component being implemented through PKSF and its partner Padakhep. It was determined that improving coordination specifically between Padakhep, the Brahmanbaria PBS and REB was absolutely required if this component was essential for making progress towards achieving the established project outcomes.

Following discussions with all stakeholders and at the request of DFID and with the acknowledgment of USAID, NRECA was asked to take a leadership role in coordinating the work of the parties in an effort to ensure the projects stays “on track” and exceeds the “refocused” and more credible task expectations. To that end NRECA has taken an active role and recent task highlights include:

- A meeting was held on September 23, 2008 with representatives of all stakeholders (DFID, PKSF, REB and Padakhep) present. The meeting, held at REB headquarters, focused immediate attention of the delivery of the necessary materials to connect the households receiving micro-credit financing in a timely fashion.
- Currently monitoring the procurement of required materials by Brahmanbaria PBS (Pilot Project PBS) for providing connection to the loan recipients (600 new connects by December 31st).
- Initiated individual follow-up meetings with REB officials stressing the need of their support with respect to providing necessary logistical support to Brahmanbaria PBS for carrying out their part of responsibility in respect of Micro-credit.
- Continue to monitor the daily progress made at Brahmanbaria offering suggestions on solving daily issues in an attempt to ensure the target is achieved.

- Initiated process for advancing a MoU for the extension of Pilot Phase at Brahmanbaria PBS through Dec 31, replacing the original MoU that expired June 27. Contacts have been made with the stakeholders including DFID, PKSF, REB and Padakhep.

Section 6: PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM

6.1 Background

The primary objective of the PBS Member Awareness Education and Board Development (MAEBD) Program Task is to address the issues pertinent to the raising member consumer participation levels from reactive to proactive for facilitating the activities in empowering the membership to take responsibility for their actions and decisions as well as conducting programs to enhance the capabilities of the PBS Directors.

The primary work associated with this Task was to review some of the earlier works developed with REB and PBS by NRECA. From the outset of RE program in Bangladesh, NRECA assisted REB to form the first four 13 PBSs as defined by the REB master plan. Over time, NRECA has provided ongoing assistance to REB to continue expansion of PBS formation and electrification coverage, and to expand REB expertise to cope with rapid growth and modernization of the rural electrification program. In a parallel activity designed to support the institutional development of REB, the PBSs, and support contractors, a variety of training programs were developed to build capacity and to raise the awareness of member-consumers, as well as to assist in the development of the PBS Board members. The USAID-funded RPPR-II Program that was completed in September 2007 included a specific task that continued to provide training assistance for both REB and PBS personnel including the development of effective curriculum materials for these programs.

The MAEBD Task involves working with the REB Training Directorate, as well as the REB Management Operations Directorates to ensure that the content and approach for these newly developed member education programs address specific and compelling PBS needs. At the PBS level, the PBS Member Services Departments are directly involved with the implementation of the member education programs. This component of the DFID project will work with REB and the PBS to explore the most effective approaches for successfully implementing the programs with consideration being given to the improved utilization of the PBS Village Advisors. For the Board Programs, the REB Training Directorate and other REB officers will be directly involved in the delivery of the programs while NRECA will assist with the development of effective curriculum materials.

After the development of the programs and their initial implementations through the REB and PBSs, the ongoing oversight and monitoring of this initiative through the end of the project will become part of the overall Supervision and Monitoring Task.

6.2 Progress

In summary during this reporting period, the MAEBD Team was involved in a number of training activities. These included:

- Delivery of fifteen MAE Workshops in six additional PBSs that were selected in consultation with the REB Training Directorate. (Village Advisors, PBS Directors and members, and PBS staff attended these sessions.) As part of plan for achieving widespread impact and reaching more PBS members, the PBS personnel were requested to expand the member education effort through village motivation meetings and utilize the content and information contained in the manuals provided at the Workshops. The PBSs were requested to submit monthly reports containing the relevant information about these meetings including the number of female and male participants to the REB Training Directorate with a copy to NRECA. We are making inquiry of the PBS for a status report of these additional training sessions.
- Development of course materials for the Manual on “Performing Appraisal & Board Development”. This work is being developed in Bangla.
- Request comments from REB Training Directorate for recently completed handbooks on “Performing the Job Effectively in the Board Room” --Trainers and Trainee’s copy. This material was submitted to them on September 24. We expect the feed-back from REB is being hindered by the appointment of a new Director Training.
- Worked with the REB Training Directorate to schedule the Orientation programs to newly elected PBS Directors who will assume their Director positions as a result of being elected through the PBS Board elections that were conducted during the months of April and May 2008. These programs are scheduled to begin in mid-October.

6.2.1 Delivery of Eighteen Member Awareness Education Workshops at Six PBSs

The two member team comprised of Mr. Narayan Chandra Saha and Mr. Syed Nurul Islam traveled to Dinajpur PBS-2, Thakugaon PBS, Bogura PBS, Patuakhali PBS, Barisal PBS-2 and Bhola PBS and facilitated workshops on three consecutive days for a total of eighteen workshops. The participants included PBS Directors, Village Advisors, Village Electricians, PBS member-consumers from various categories. In addition, other individuals who are considered to be influential within the PBS area, including Teachers, from local colleges, schools and madras, Imams from various local mosques, Chairmen and Members of local government institutes, businessmen, and local Elites also attended. As usual the training served as an in-service “training of trainers” program for PBS staff.

The participants appreciated the presentation style and overall environment created for the workshop, as well as other informative multi-media features provided during the break periods. The methodologies promoting participation and open interactions, as well as the use of perception games, printed manuals, etc. all contributed to the effective delivery of the important content presented during the workshops.

Details related to the eighteen workshops conducted during this reporting period are listed in the Table below:

Member Education Workshops during July, August and September 2008

PBSs	Venue	Date	Number of Participants		
			Male	Female	Total
Dinajpur-2	PBS Headquarters	July 15-17	124	24	148
Thakugaon	PBS Headquarters	July 19-21	106	11	117
Bogura	PBS Headquarters	July 22-24	126	18	144
Patuakhali	PBS Headquarters	August 19-21	149	19	168
Barisal-2	PBS Headquarters	August 30-31 & September 1	99	23	122
Bhola	PBS Headquarters	September 9-11	146	8	154
Total: 6PBS	6 Venues	18 Events	750	103 (14%)	853

The workshops have been effective because the facilitators of the workshops, in collaboration with REB and PBSs, have endeavored to become more engaged with the PBS consumers. Most of the participants were actively engaged in the training, and did not hesitate to ask questions and to seek clarification of their questions and concerns. These participants provided significant feedback on value of the manual jointly provided by REB and NRECA.

As part of the effort to further institutionalize the concept of Member education and facilitating these types of workshops, various members of REB staff were encouraged to and were specifically engaged in conducting these workshops. During workshop presentations the following personnel represented the REB Training Directorate and enriched the facilitation team:

- Mr. S. M. Masud Rana, Assistant Director, Directorate of Management Operation (South) participated the three days workshop at Mymensingh PBS 1.
- Mr. Imamuddin, Deputy Director, Directorate of Management Operation (South) participated the three days workshop at Comilla PBS 1
- Mr. Nurul Islam, Deputy Director, Directorate of Management Operation (South) joined the three days workshop at Jessore PBS 2.
- Mr. Moinul Hassan, Assistant Director, Directorate of Management Operation (North) participated the three days workshop at Kishorganj
- Mr. Md. Ekramul Hasan, Assistant Director, attended the three days workshop at Chittagong-1.

The participants expressed appreciation for initiative taken by REB and NRECA regarding the workshop on Member Education. The participants also expressed appreciation for the printed manuals that were distributed to all workshop participants. The manuals contain information regarding PBS philosophy and practice, as well as a description of the roles and responsibilities of member consumers. The participants expressed their satisfaction in that, for some of the board members, this

represented their first opportunity to participate in a comprehensive training program, and to receive important workbooks and guidelines that support their knowledge and development as board members. .

As part of the implementation of the Member Education under the REDP, management team members of the PBSs were requested to design the work plan for conducting follow up workshops and programs at the PBS offices and in the villages. The PBS personnel indicated that they will include relevant portions of this program with their motivational meetings that are currently scheduled to be held later in 2009. PBS personnel were requested to submit monthly reports containing the relevant information about these meetings including the number of female and male participants to REB with a copy to NRECA.

The positive feedback received from the Member Education Workshops conducted thus far confirms the need to conduct for these workshops to be held at the remaining PBSs.

6.2.2 Observations about the Workshops

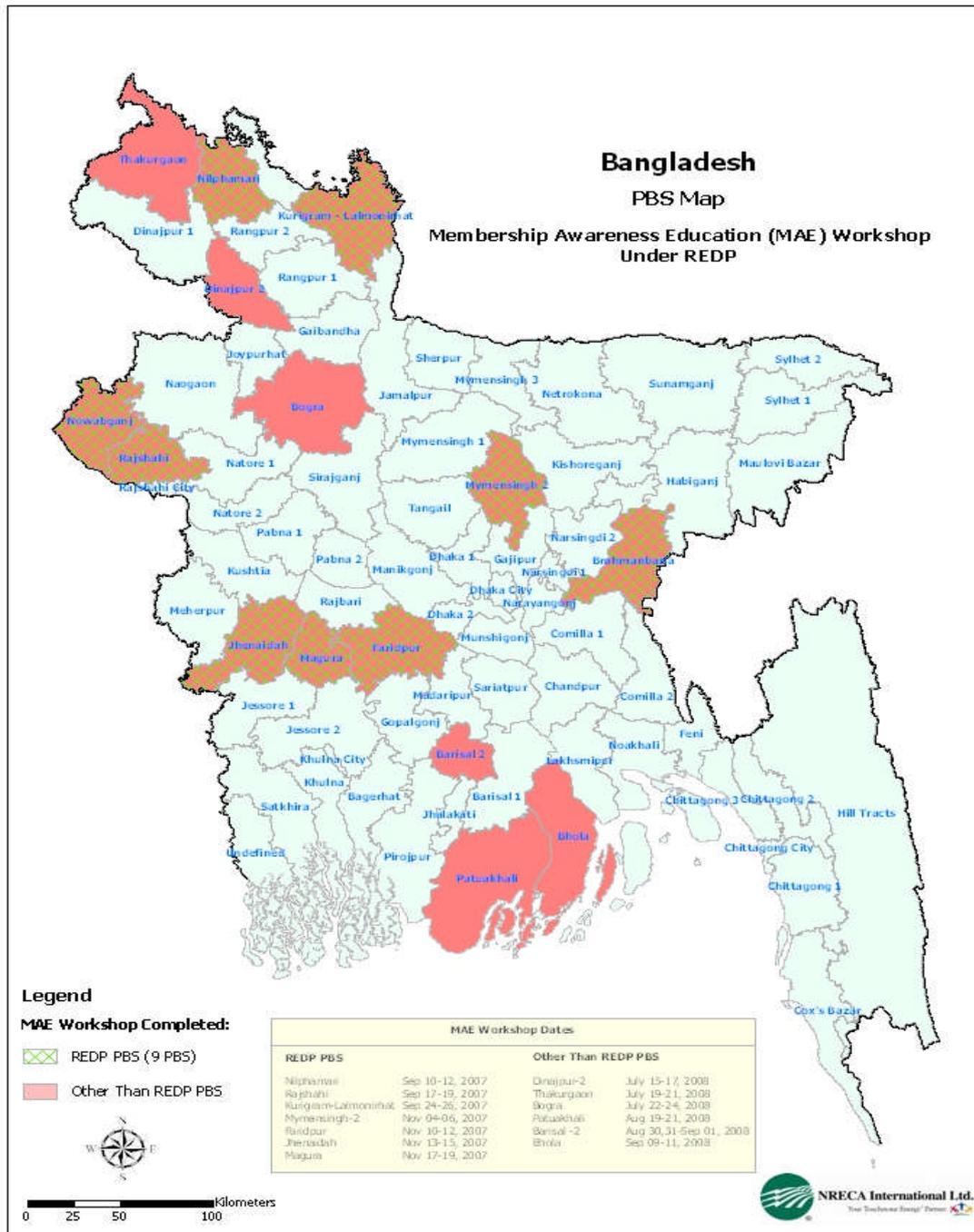
Reactions of Participants

These eighteen workshops were scheduled at a time when heavy load-shedding continued to cause significant hardship for all living in PBS areas and understandably bringing immense dissatisfaction among member-consumers. Given these circumstances, it was natural to be concerned with workshop participation and potential outcome; could the PBS devote the time and resources required for making the necessary arrangements for the workshops and could the participants make time to attend the workshops?

In actuality the results were quite positive in contrast to the concerns arising due to power curtailments. All the workshops were well attended and the participants were found to be very interested in the information. Data and statistics presented to the participants during the presentations were well-received, and manuals were provided where and when appropriate. The data and information provided background and details on PBS performance, while other information provided improved information regarding the issue of power generation limitations, and the effects on PBS power curtailments. The use of visuals and verbal explanations about the functions of PBSs with respect to power generation and the operation of the distribution system within the country provided them with relevant information for their understanding of the current situation.

At the end of each workshop the PBS President and the GM spoke to participants and expressed appreciation for making the effort to attend these important programs. In each case it was noted that these workshops are part of an effort to bring relevant knowledge and information to the consumer and to the PBS employees at a moment when PBS is passing a very crucial time in respect of power supply. The continuation of such programs will be particularly helpful to support better decision making, and providing guidance to PBS board members, and the PBS members as a whole. This will also help to alleviate a bias with respect to making power available and for properly identifying those responsible for supplying power to the national grid so it can then distributed to the rural consumers by the PBSs. At the conclusion of the workshops it was obvious that participants' perspectives were affected and impacted in a very positive way. Perhaps most importantly, the vast majority of the participants agreed to accept responsibility for disseminating some of this information to their fellow member-consumers.

6.2.3 Map (Workshops Completed During the Quarter)



SECTION 7: REDP FINANCIAL

Budget Information for Quarterly Report –July to September 2008

Total Summary Cost Elements	Total Amount Budgeted	Cumulative Thru Jun-08	Cumulative Thru Sep-08	Expenditure 4th Qtr of FY 07-08	Balance Available Thru 2/28/11
Material and services					
Direct Labor	\$ 1,921,595	\$ 491,170	\$ 604,554	\$ 113,384	\$ 1,317,041
Indirect Costs	\$ 844,446	\$ 262,370	\$ 313,869	\$ 51,499	\$ 530,577
Other Costs					
- Travel	\$ 269,475	\$ 41,471	\$ 59,581	\$ 18,110	\$ 209,894
- Consulting	\$ 389,100	\$ 62,652	\$ 74,901	\$ 12,249	\$ 314,199
- Other Direct Costs	\$ 289,573	\$ 131,252	\$ 172,083	\$ 40,831	\$ 117,490
Administration Allocated to Activities					
Summary of Total Costs	\$ 3,714,189	\$ 988,915	\$ 1,224,988	\$ 236,073	\$ 2,489,201
Fixed Fee	\$ 138,302	\$ 37,677	\$ 45,920	\$ 8,273	\$ 92,382
Total Costs Plus Fixed Fee	\$ 3,852,491	\$ 1,026,592	\$ 1,270,908	\$ 244,346	\$ 2,581,583