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Rural Electrification Development Program (REDP) Quarterly Report April – June 2007



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BPDB	Bangladesh Power Development Board
BSTI	Bangladesh Standards and Testing Institute.
CAP	Country Assistance Plan (DFID)
CFR	Carriage and Freight (Incoterm)
CIF	Carriage 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
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 Electrification 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

**REDP REPORT
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SUMMARY**



During the period April through June 2007, REDP project work generally progressed according to schedule.

In one of its major Tasks under the REDP NRECA is to monitor and report on the work of REB during the REDP materials procurement evaluation process. As in previous quarters, the principal effort throughout this quarter was directed towards expediting the first tranche of REDP materials procurement. Guidance was also provided to REB to monitor with these evaluations and assist when requested/required and to advocate that the procurement process was correctly followed and was transparent thus resulting in the correct selection of the companies to receive contracts. Recommendations of REB Tender Evaluation Committee for contracting/ re-tendering of 35 sub-packages were reviewed with concurrence being provided for contracting with 24 firms and the re-tendering of five through the end of June 2007. Details regarding the reasons for NRECA not providing its concurrence for the remaining six sub-packages are indicated in Section 3 of this Report.

After getting concurrence from NRECA for issuing contracts for 24 sub-packages, four additional sub-packages were sent to the Power Division of the Ministry for approval. REB has a financial authorization limit of USD 1.7 million, so any bid sub packages of higher value require government approval. Ministry approved one sub package while disagreeing with REB's recommendation for two sub-packages, and with the remaining one still under review at the end of the reporting period.

Following extensive consultation with REB, NRECA emphasized the need for pre-contract / pre-delivery inspection. During this reporting period, one pre-contract factory inspection was conducted in Bangladesh that included involvement by NRECA representatives.

Under this particular Task, secondary consideration was given during this reporting period to initiating the Bid documents for the second tranche procurement. The second tranche of material procurement has been scheduled for advertisement/publication during September 2007. With the second tranche of procurement, every opportunity will be taken to reinforce the positive aspects of the first tranche.

Member Awareness Education and Board Development program continued during this period with particular progress on the development of curriculum materials for the member education program that will be implemented as part of the REDP. The curriculum materials were completed and a pilot test for this program was conducted in Comilla PBS 2 in late April with a very positive response from participants and PBS management and staff. Following the pilot testing, the curriculum was finalized with the incorporation of feedback received during the pilot testing. The work led to the preparation of training manuals that were printed (2,000 copies) and will be made available to participants during these REDP implementation schemes for member education. Follow up meetings were held with REB to schedule the implementation of three programs at each of the nine PBSs most directly involved under the REDP. Also initial discussions began on having similar programs for PBS Directors in advance of being able to arrange formal programs for the PBS Directors as outlined in the REB Curriculum Plan. Efforts were made to encourage REB to begin offering regular programs to the PBS Directors as part of the regular training delivery, although other programs continue to remain a priority for the Training Directorate.

Under the Socio-Economic Task, the work to finalize the Terms of Reference (TOR) for the Socio-economic impact study included input from all the stakeholders – REB, DFID, USAID, PKSF, Padukap, and NRECA. Emphasis then shifted to preparing for the actual solicitation of a local consulting firm to conduct the Socio economic surveys, both the baseline and impact assessment. The process was completed with review of proposals by the Evaluation Team with members from REB (2), DFID (1), and NRECA (2) with final ranking being confirmed based on presentations by each of the four participating firms. The evaluations were completed and top ranked firm was the Human

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Development Research Center (HDRC) and their financial proposal was opened. Negotiations with HDRC were continuing as of the end of the reporting period. Contract preparations by the NRECA office in Arlington will then begin.

Principal achievements during the reporting period were:

- NRECA review of REB Technical Evaluation Committee recommendations.
- NRECA concurrence with 29 recommendations of REB Technical Evaluation Committee.
- Initiated the Bid documents for the second tranche procurement.
- Participate in one pre-contract factory inspection inside Bangladesh.
- One additional field visits to PBSs for Member Awareness Education and Board Development training was conducted.
- Curriculum development was completed for the updated Member Awareness Education training with the program being pilot tested in Comilla PBS 2 in late April.
- Finalization of TOR for Consulting Services to Design and Implement a Socio-economic Impact Study of the Rural Electrification Development Program (REDP).
- Solicitation completed for selection of local socio-economic firm to conduct baseline and impact studies with HDRC selected as top ranked firm and negotiations with HDRC were underway by the end of June.

SECTION 1: INTRODUCTION

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

* "The overall programme cost is £161 million. The GOB will contribute £122 million through the Annual Development Programme (ADP), and DFID will contribute £38 million for investment components to REB through the Ministry of Finance. The remaining DFID funds will be used for microfinance (£10 million), management, supervision and monitoring (£1 million), and education and awareness building (£1 million). Disbursement procedures accord with existing rules to fund GOB agencies, donors and NGOs. The full cost of operation, maintenance and asset replacement will be met through user charges.

REDP represents a five-year DFID commitment of up to £50 million to increase the provision of electricity in rural and peri-urban areas of Bangladesh. This will be achieved through a package of financial support for electricity network expansion and intensification within the Second Rural Electrification Master Plan (2000-2020). The program will provide 1.35 million new electricity connections to households and rural businesses, directly benefiting up to 10 million people. A microfinance component is included to enable poorer households and 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.

DFID will support three investment components of the REB Master Plan. This will involve a mixture of grid expansion (sub-transmission, mainly 33 kV electrical lines), which is expensive but essential, and intensification, which is less costly, but connects large numbers of customers to existing infrastructure. DFID will pay for the foreign exchange elements, which are heavier in main grid expansion than intensification work; the Government will pay for local costs. These components are the main immediate priorities of REB for investment. While DFID is seeking to enhance the poverty impact of the programme, our approach is to support the overall REB Master Plan, not 'cherry-pick' specific sub projects.

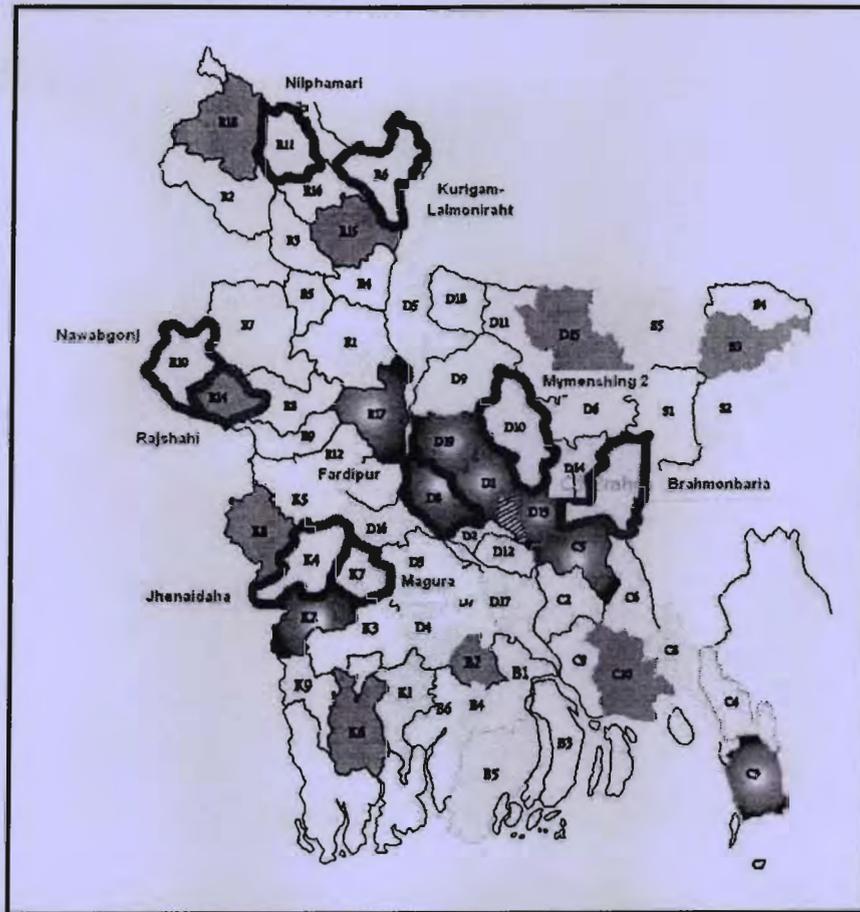
First, a major expansion of the main distribution infrastructure backbone in 9 PBS will be supported. The total investment cost of this component is £27 million, with which 8,000 km of new line will be constructed and 2,000 km renovated. These PBS were established by the REB in the mid to late 1990s and have received little additional investment since that time. They are all located in more remote, poor areas of Bangladesh. DFID support will enable additional villages to be connected to the rural grid, together with an increase in the number of connections (intensification) through the construction of new spur lines from the existing backbone within these nine PBS. The cost of intensification is relatively modest, and will enable 250,000 poor households and a large number of enterprises located near the backbone grid to be connected. This component will account for approximately 71% of the project's total investment package.

Second, DFID will support intensification in 56 existing PBS, at the cost of £8 million. This will involve the construction of one and two pole lines from existing lines, linking households and enterprises located near the backbone grid. It will connect 1,000,000 new consumers with a relatively low investment. This component will account for approximately 21% of the project's total investment package.

Third, the investment package will provide some support to the expansion of the main backbone infrastructure and intensification in 67 PBS. DFID will be funding only the poorer PBS with lower revenue generation potential. The investment cost of this component is £3 million. This component will connect 100,000 households and a number of businesses in more remote locations. This component will account for approximately 8% of the project's total investment package".

* *Extract from DFID REDP Project Memorandum, dated 11 December 2005.*

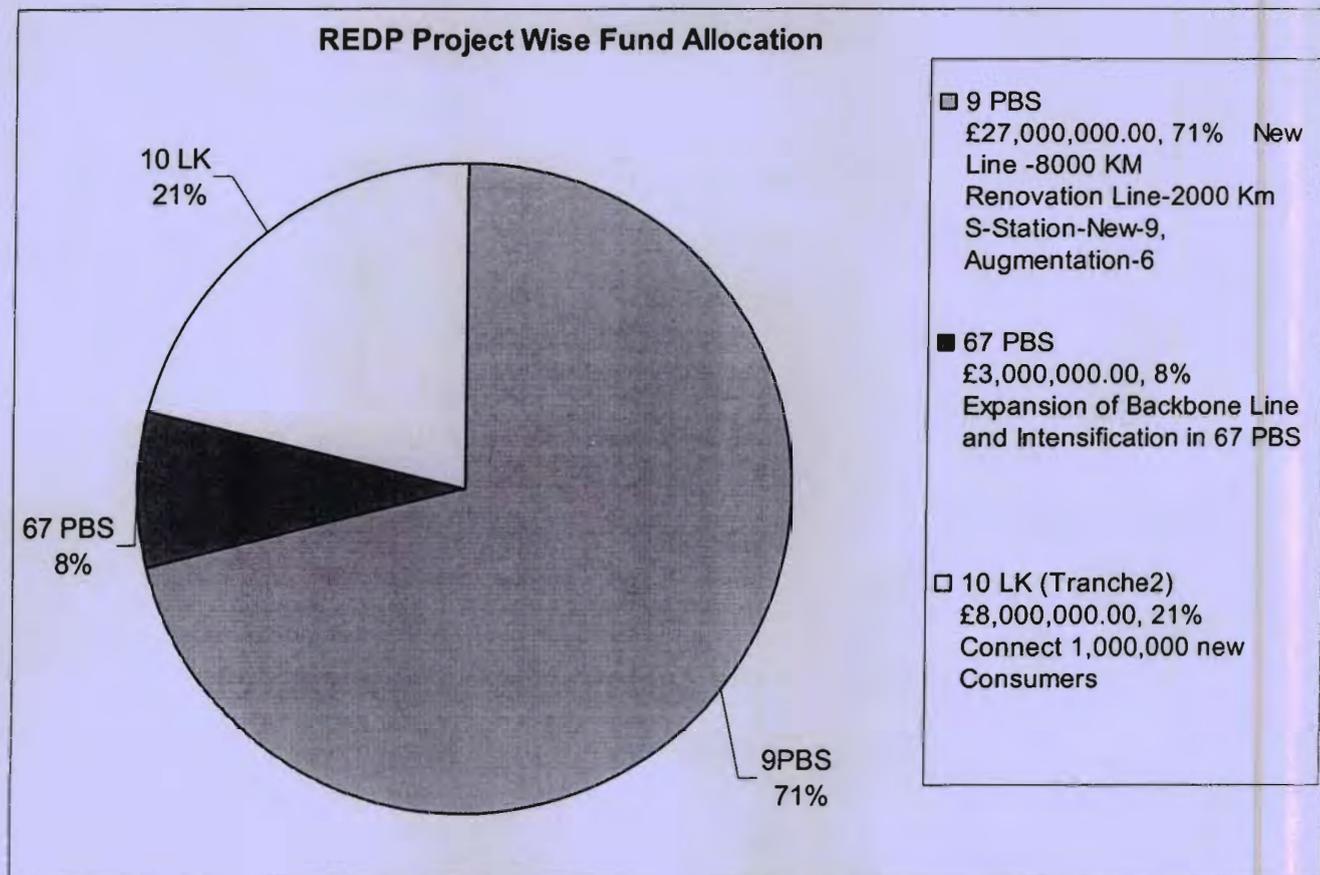
1.2 9 PBS Receiving Principal Support from REDP



BEST AVAILABLE COPY

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	Rajahahi	96.68	-	294,056	Nawabgonj	Bholahat	Nawabgonj	123.52	91	70,507
	Durgapur	Rajahahi	195.03	122	137,640		Gomastapur	Nawabgonj	318.13	235	191,972
	Godagari	Rajahahi	472.13	396	217,811		Nachole	Nawabgonj	283.68	190	97,119
	Mohanpur	Rajahahi	162.65	154	126,396		Nawabgonj	Nawabgonj	451.80	192	389,524
	Paba	Rajahahi	280.42	261	213,379		Shibgonj	Nawabgonj	525.43	367	422,347
Brahmanbaria	Tanore	Rajahahi	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	
	Nabinagar	Brahmanbaria	353.66	198	378,539	Mohammadpur	Magura	234.29	182	160,340	
Jhenaidaha	Nasimagar	Brahmanbaria	311.66	129	234,090	Shalikhha	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	
	Kaligonj	Jhenaidah	310.16	196	219,126	Boalmari	Faridpur	272.34	255	190,159	
	Kotchandpur	Jhenaidah	165.66	79	107,193	Char Bhadrasan	Faridpur	141.59	129	69,876	
Kurigram	Maheshpur	Jhenaidah	418.96	194	246,350	Faridpur	Faridpur	407.02	298	335,386	
	Shaikupa	Jhenaidah	373.42	258	293,341	Madhukhali	Faridpur	230.20	238	165,438	
	Bhurungemari	Kurigram	236.00	124	176,822	Nagarkanda	Faridpur	379.02	335	267,193	
	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	278.45	256	217,311	Domar	Nilphamari	251.00	47	152,000	
	Nageshwari	Kurigram	415.30	367	279,775	Jaldhaka	Nilphamari	328.00	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 £38 million



1.3 Scope of Services

NRECA has been contracted through USAID to provide project technical oversight, monitoring and impact assessment of REDP. An education program for members of Cooperatives also forms part of the scope of services.

Principal elements of the NRECA scope, over a five year timescale, are:-

- Review and monitoring of REB procurement process for DFID funded REDP materials.
- Review and monitoring of REDP project materials selection.
- Review and monitoring of REB DFID funded materials bid evaluation and subsequent contract placement.
- Monitoring usage of materials funded by DFID for REDP.
- Effect a socio economic survey to establish benefits of REDP.
- Effect an education program for new PBS members and elected Directors to improve Cooperative participation and accountability.

1.4 Objectives

Primary objectives of the NRECA input to the project are:

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

1.5 Project Team

As of end June 2007 the NRECA project team for REDP comprised:

<u>Person</u>	<u>REDP Duties</u>	<u>Tenure</u>
James M. Ford	NRECA Country Director	Full Time/Part Time**
James VanCoevering	Engineering Director	Part Time
Maruf Hasari Bhuiyan	Project Engineering	Full Time
Tawheed Reza Noor	Socio Economic Consultant	Part Time
Brigadier (rtd) M A Malek	Local Management Specialist	Part Time
Narayan Chandra Saha	Education and Training Specialist	Full Time

****Note:** James Ford is posted full time to Bangladesh as NRECA's Country Director and with primary involvement with the USAID-funded RPPR II Program; however he will provide oversight for the REDP and will provide direct support as and when required.

SECTION 2: KEY ISSUES.

2.1 Background

As indicated in all previous quarterly reports, shortage of power, particularly at peak demand periods, continues to result in significant load shedding and consequent difficulties for all PBS. A serious inability of power generators to meet demand predominantly at peak times has resulted, and will continue to result during April through June 2007, in load shedding throughout the whole of Bangladesh.

During this quarter, REB is continuing to work on the bid evaluation for the first tranche of materials procurement. Preliminary evaluation of the of first tranche materials procurement of all sub-packages bid evaluation has been completed. Second tranche of procurement process is commenced during last month of this quarter.

Bid evaluations for 35 sub-lots were undertaken separately by REB and NRECA. In all cases the Technical Evaluation Committee of REB finalized their recommendations. Recommendations of Technical Evaluation Committee of REB for 35 sub-packages were reviewed by NRECA. In 29 cases the evaluation conclusions were in accord with NRECA; however for the remaining 6 sub-packages evaluation conclusions there was a difference of opinion.

To ensure quality materials and equipment are being purchased with the project funds, NRECA emphasized the need for "pre-contract factory inspection" prior to placing a contract with the proposed manufacturers that are presently unknown to REB, as well as "pre-delivery inspections" prior to shipment/delivery of the procured material. During this reporting period, one "pre-contract factory inspection" was conducted inside Bangladesh by NRECA representatives.

The transparency of the procurement process is considered essential for trying to obtain the best value from the DFID funding. During the evaluation process a number of particular procurement issues (observations) were identified as requiring attention for future procurement. These issues have contributed to delaying the completion of the processing for a notable number of sub-packages in this first tranche, as well as making it more difficult for ensuring fair and effective competition and evaluation. Proper attention to these issues by REB should improve the processing for the 2nd tranche.

A number of these key issues and observations are addressed in greater detail below and also in Section 3.

2.2 Power Shortage

As indicated in previous Quarterly Reports, dealing with the shortage of power dominates the operation of all PBS and continues to exacerbate public discontent with REB and the PBSs.

Currently there are no major power plants on order and its unlikely there will be any on order until major steps have been taken and as such, the present situation is likely to continue to deteriorate significantly. 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. The new capacity required is significant with 1,500MW – 2,000MW required in order to have some to address the existing deficit, some to cater for the projected load growth and some to replace the existing aged plants whose efficiencies continue to deteriorate with the resulting output being well below the installed capacity.

Existing power stations are rapidly aging and under maintained, both of which contribute to the frequency of breakdowns which cause the plants to be taken off line. The result is daily load shedding during peak times throughout Bangladesh, as well as causing some load shedding to occur even during off peak time. Major plant failures result in prolonged load shedding sometimes extending into off peak hours.

Load shedding appears to be more prolonged and frequent in PBS areas than what appears to be the case in the urban areas of Dhaka and Chittagong.

In addition to scheduled load shedding at peak demand times, sporadically-timed load shedding occurs automatically due to low-system-frequency tripping schemes also appears to occur in PBS areas on a regular basis.

Clearly extended power outages at peak times cause significant inconvenience to all customers. Spurious power outages also cause major problems for commercial operations, particularly manufacturing processes which deal with products that require continuous production from start to finish.

Taken as a whole, scheduled outages at peak load times and unscheduled outages at any time, have introduced substantial discontent and financial disorder in PBS areas.

PBSs obtain their income from selling electricity. The difference between purchasing cost and selling price provides the income to operate and maintain a PBS and when power is not available there is no revenue for the PBSs despite the costs still being incurred.

PBSs with a predominantly low income domestic customer base are frequently unable to adequately cover their operating costs and are generally unable to repay loan costs to REB. In PBS areas having a high commercial and/or industrial base of customers, sufficient income is generally available to cover operating costs and to repay loans to REB.

In the 9 PBSs where load data is available, even with a reduced demand, load shedding continued unabated.

As can be seen from illustrations 2.2.1 and 2.2.2 on the next page, nearly all of the 9 REDP PBSs receive significantly less than half the power demanded at the peak hour of 1930.

It should be noted that adding more distribution system will aggravate the power deficit situation in addition to further reducing the ability of PBSs to generate revenue and having negative impacts on long-term financial viability.

Illustration 2.2.1

Shows 1930 Hrs Peak demand and supply for 9 PBS on 6th June 2007.

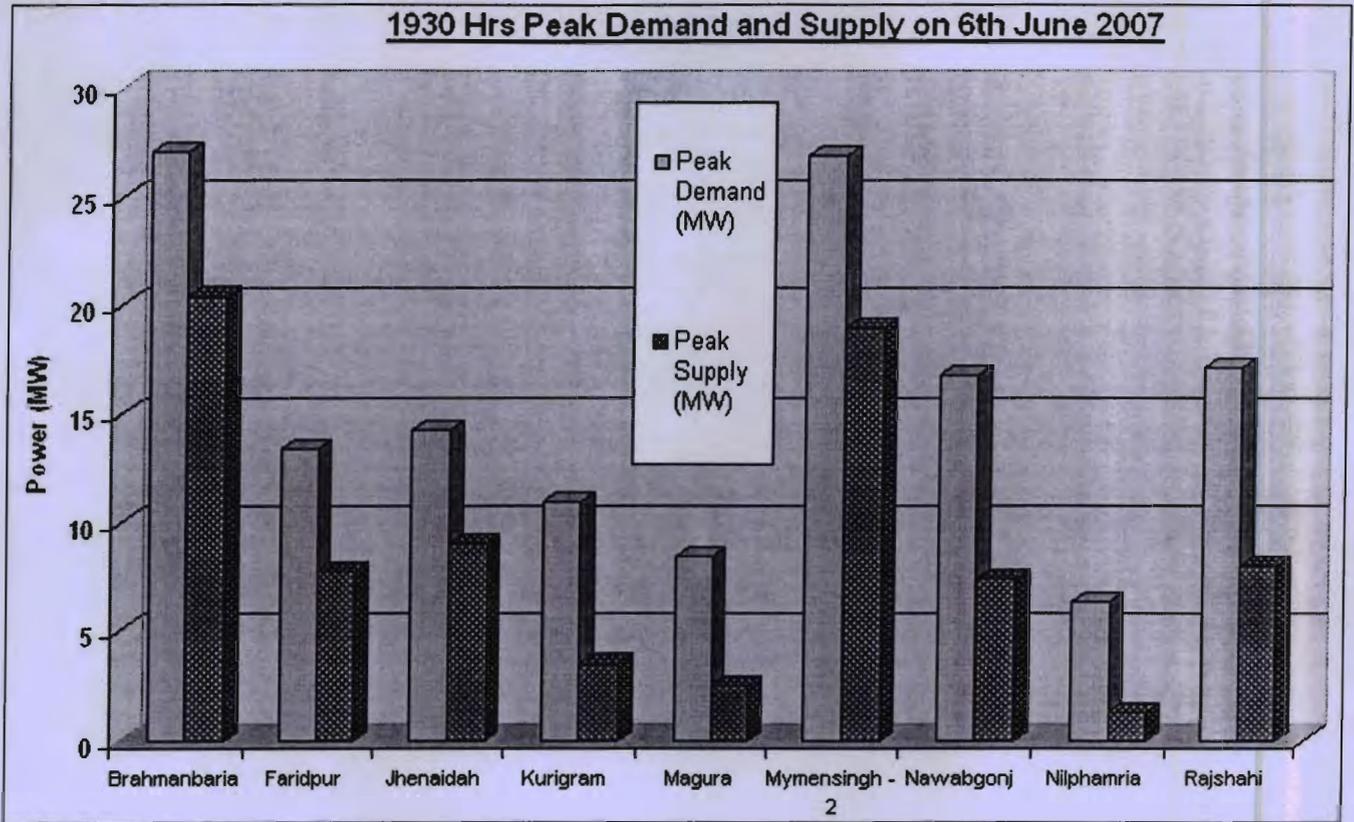
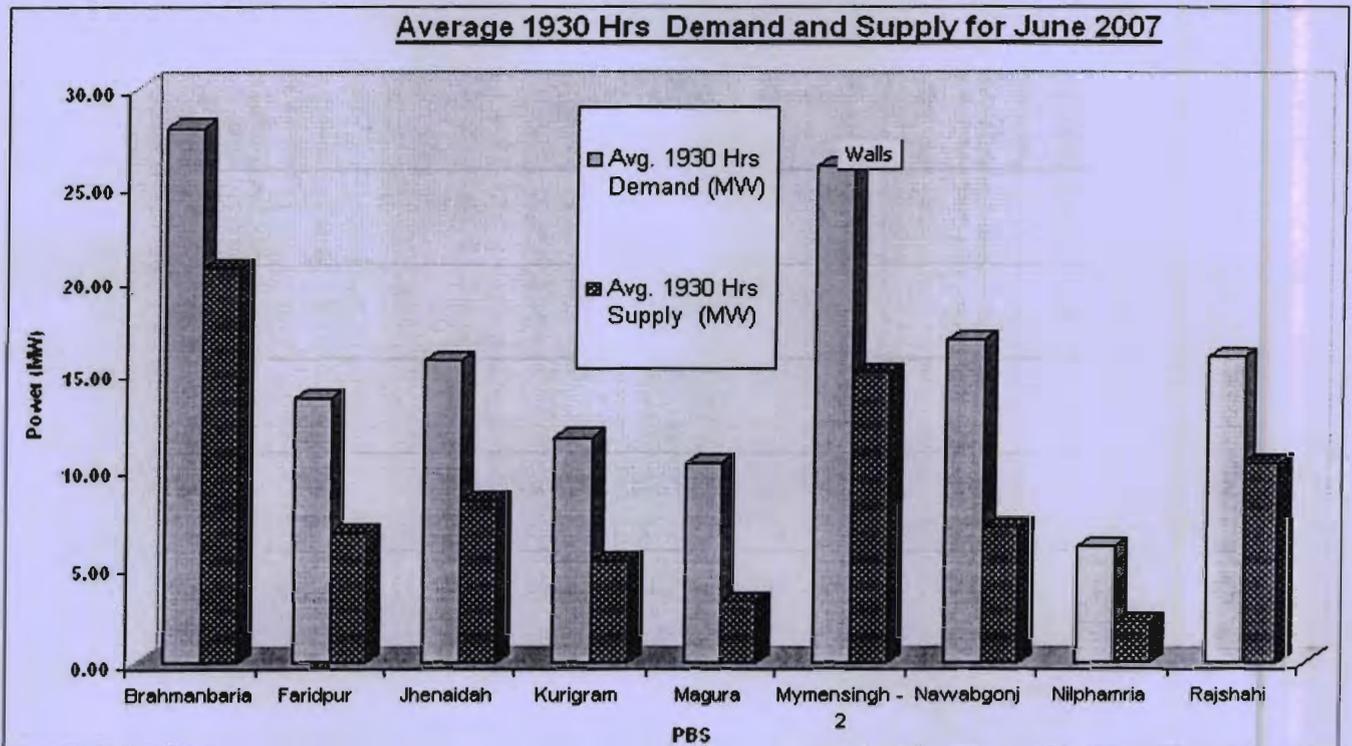


Illustration 2.2.2 Shows 1930 Hrs average demand and supply for month of June 07.



2.3 Commodity Prices

As indicated in the previous quarter report, REB originally calculated required REDP funded material quantities on the basis of prices from early in 2005.

REB's estimated price which set by inflating their previous purchase rates on lump-sum basis has been observed not to accurately reflect the current trend of price increases for basic raw materials within the international market. NRECA is of the opinion that REB needs to update the estimated rates on the basis of prevailing market price prior to fixing the price estimates for the various procurement actions.

There is every expectation that increased commodity prices will significantly increase the prices of REDP materials in the second tranche.

2.4 Bid Evaluations

During the period NRECA spent a significant amount of time in discussions with REB in order to expedite the selection process of potential bidder with fully compliance with GOB PPR.

Although not explicit in the agreement between DFID and GOB for NRECA to provide formal approvals of REB bid evaluation results, REB was not prepared to place contracts with suppliers until NRECA provides its "concurrence" to REB's selection of each winning bidder.

It is noteworthy that NRECA has not provided concurrence for REB to place contracts when evaluation opinions differ and further consultations are held to resolve issues that prevent NRECA from issuing its concurrence for REB's decision for each sub-package.

Discussions, factory inspections, and agreement with NRECA on the evaluation results for pending sub-packages will extend the time required for REB to place contracts for the supply of all materials.

The opinion differences are elucidated in Section 3.

SECTION 3: MATERIALS PROCUREMENT

3.1 Background

DFID through GOB are providing a total of GBP38 Million (USD 76 million converted at GBP1 = USD 2.00) for the procurement of materials as indicated in the introduction to this report.

Previous two Quarterly Reports indicated the methodology adopted to try and enhance the core monitoring subjects for the procurement were established and agreed with REB. These core monitoring subject details were described in the Quarterly Report for July through September 2006.

Materials procurement bid documents were purchased by 63 potential bidders. Bids were submitted on 16 and 18 October 2006 by a total of 47 companies or agents.

The materials procurement process has significant detailed content. Description and analysis of the procurement process details is contained in a December 12 2006 Interim Report on Materials Procurement and Bid Evaluation Process.

The second tranche of materials procurement process has been commenced during June 2007. With the second tranche of procurement, an opportunity will be taken by NRECA 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.

3.2 Bid Conditions and Compliance with Core Monitoring Requirements

In general the materials procurement bid conditions complied with GOB PPR and bids were submitted in accordance with good international practice.

Core monitoring subjects were in the main addressed by REB.

The REB evaluation process raised a number of issues about a potential award of contract. In particular REB decisions for potential awarding of contracts to certain suppliers of poles, transformers and meter were considered contentious by NRECA. These issues remain under discussion as of the end of the quarter.

3.3 Bid Submissions

Much of the earlier work by NRECA for the materials procurement process concentrated on encouraging REB to solicit competitive bids from international and domestic companies.

Various measures were adopted to enhance the appeal of the solicitations to international bidders. These measures were comprehensively described in previous quarterly reports and also in the December 12, 2006 Interim Report on Materials Procurement and Bid Evaluation Process.

No bids were received for 4 sub packages, DFID (67PBS)-006 traditional wire and lead meter seals, DFID (9PBS) 09-033 4 Wheel Drive Vehicle, DFID (9PBS) 09-034 Pick Up Cab Vehicles and DFID (9PBS) 09-035 Motorcycles.

Bids were received from manufacturers or agents in 12 countries including Bangladesh. Bidders and country of nationality shown in Table 3.1 below.

Table 3.3.1
Indicates nationality of participating bidders

<u>Country</u>	<u>Bidding Companies or Agents</u>
Australia	1
Bangladesh	21
Brazil	1
China	9
France	1
Singapore	1
South Korea	1
Spain	1
Sri Lanka	1
Thailand	1
Turkey	2
USA	7
Total Number of Bidding Companies or Agents	47

Bidders from Bangladesh and China made up 64% of total participation in the procurement process.

Table 3.3.2
Indicates the companies participating and the materials offered.

<u>Companies Bidding</u>	<u>Bidders Name</u>	<u>Country</u>	<u>Material Type</u>
1	Nu Lec	Australia	Reclosers
2	B&T Cables Ltd	Bangladesh	Service Conductor and Line Conductor
3	BRB Cable Industries Ltd	Bangladesh	Service Conductor, Substation Conductor, Line Conductor
4	Castle Construction Company	Bangladesh	Poles
5	Contech Construction	Bangladesh	Poles
6	Creative Electrical	Bangladesh	Single Phase Meters
7	Dada Engineering	Bangladesh	Poles
8	Diran Enterprise	Bangladesh	Anchor Logs and Cross Arms
9	Electro Venture Ltd	Bangladesh	Transformers

Table 3.3.2 (Continued)

<u>Companies Bidding</u>	<u>Bidders Name</u>	<u>Country</u>	<u>Material Type</u>
10	Energypac	Bangladesh	Power Transformers
11	Gemcon Ltd	Bangladesh	Poles
12	Index Trading	Bangladesh	Guy and Grounding Wire
13	Pathar Ltd	Bangladesh	Poles
14	SBS Cables Ltd	Bangladesh	Service Conductor and Line Conductor
15	Southern Engineers	Bangladesh	Capacitor Banks
16	SQ Trading	Bangladesh	Street Lights
17	SQ Wire and Cable Company	Bangladesh	Service Conductor and Line Conductor
18	Techno Electrical	Bangladesh	Single Phase Meters, Fuse Cut Outs and Lightning Arresters
19	Techno Venture	Bangladesh	Transformers
20	TPT Cable Ltd	Bangladesh	Line Conductor
21	Trade East West	Bangladesh	Single Phase Meters, Three Phase Meters, Accessories for Conductors and Guys, Fuse Links, Meter Seals, Connectors, Street Lights
22	Transcontinental IMX	Bangladesh	Fuse Cut Outs and Lightning Arresters
23	Toshiba	Brazil	Reclosers
24	Eaglerise Electric and Electronic	China	Transformers
25	Huay Electric	China	Meter Seals
26	Juah Kuang	China	Street Lights
27	Ningbo Tiann	China	Power Transformers
28	Shanghai Trisun	China	Street Lights
29	Shenyang Shining	China	Meter Seals
30	Universal Trading	China	Line Tools
31	Zhejiang People High Voltage Ceramics	China	Fuse Cut Outs
32	Zhejiang Zhiyue	China	Single Phase Meters

Table 3.3.2 (Continued)

<u>Companies Bidding</u>	<u>Bidders Name</u>	<u>Country</u>	<u>Material Type</u>
33	Trefileurope	France	Guy Wire
34	Jascom Enterprise (Singapore)	Singapore	Single Phase and 3 Phase Meters
35	Entac	South Korea	Reclosers
36	Orbis technologies	Spain	Single Phase Meters
37	ACL Cables Ltd (Sri Lanka)	Sri Lanka	Service Conductor
38	Bangkok Cable Company	Thailand	Service Conductor
39	Cepken Dis Tiscaret	Turkey	CT's and VT's
40	Esit Elektik	Turkey	CT's and VT's
41	ACE Energy Systems	USA	Connectors
42	Cooper	USA	Reclosers and Fuse Cut Outs
43	Elster Electricity	USA	Meters
44	Itron Inc	USA	3 Phase Meters
45	Preformed Line Products	USA	Accessories for Conductors and Guys
46	Siemens	USA	Voltage Regulators
47	Tyco Electronics	USA	Accessories for Conductors and Guys

As discussed in the December 12 2006 Interim Report on Materials Procurement and Bid Evaluation Process, the quantity of international bids was disappointingly low.

3.4 REDP Bid Evaluation Procedures

REB was entirely responsible for effecting an official evaluation of the bids. Evaluations by REB were completed in accordance with GOB PPR 2003 requirements.

NRECA also undertook bid evaluations separately from REB. A separate bid evaluation by NRECA enabled substantiation or otherwise of the REB evaluation.

Evaluations by REB and NRECA were cognizant of the following:

- 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 constituted for reviewing the results of each REB department evaluation. The REB Evaluation Committee was responsible for making recommendations to the REB Chairman, RE Board or GOB Ministry for placing contracts. Contracts with values of up to Taka 120 million, (approximately USD 1.71 million) are within REB's financial authorization limits and are approved by the full Board of REB. GOB Ministry approval is required for contracts with values exceeding the REB financial authorization limits.

NRECA representatives attended the REB Tender Evaluation Committee (TEC) meetings as observers. As observers NRECA was intentionally not party to decisions made by the REB (TEC). Not being a party to REB TEC decisions and by its association DFID ensured that NRECA could avoid being placed in a position of providing any approval or disapproval for placing contracts.

At the REB TEC meetings NRECA was able to determine the reasoning for each of the REB evaluation recommendations for award of contract. In accordance with NRECA's role in the procurement exercise, NRECA evaluation results and REB TEC recommendations were compared. Where an REB TEC evaluation recommendation was in accord with the NRECA evaluation, a formal "no objection" was provided by NRECA in reply to REB's formal request for the "no objection". With this "no objection" REB was in a position to continue with the contract award. Generally the evaluation conclusions were in accord when the lowest price commercially acceptable bid was selected by REV for award of the contract. However for a number of bid packages, a consensus in the evaluation conclusions was not always forthcoming for various reasons. These reasons are elucidated in Tables presented in Section 3.5.

For bid packages where NRECA had no objection, REB was informed by formal letter about recommendations for award of contract. Similarly, REB was also informed in writing where NRECA evaluation conclusions differed with REB contract award recommendations. NRECA also provided REB with the reasons for the opinion differences.

A total of 29 REB TEC recommendations for award of contract/re-tendering concurred with NRECA evaluation conclusions at the end of this reporting period. Four sub packages of higher value (> USD 1.7 million) were sent to the Ministry for approval. The Ministry approved one sub-package while disagreeing with REB's recommendations for two sub-packages, and with the remaining one still under review.

3.5 REDP Evaluation Results

Table 3.5.1 Indicates evaluations agreed by REB and 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>
1	DFID (67PBS)-01	DFID (67PBS)-001 (Conductor)	SBS Cables Ltd	TEC's recommendation approved	EXW Price USD 1,859,400	No objection to placing contract
2		DFID (67PBS)-002 (Copper Conductor)	BRB Cable Industries Ltd	TEC's recommendation approved	EXW Price USD 80,615	No objection to placing contract
3		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
4	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
5		DFID(67PBS)-006 (Meter Seals)	Recommended for re-tendering	TEC's recommendation approved		No objection to Re-tendering
6		DFID(67PBS)-007 Single Phase Meters (Class 200)	Jascom Enterprise (Singapore Trading House.)	TEC's recommendation approved	CFR USD 217,000	No objection to Re-tendering
7	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
8		DFID(9PBS)-009 (SPC Poles)	Contech Construction	TEC's recommendation approved	EXW Price USD 2,014,426	No objection to placing contract
9		DFID (9PBS)-010 (SPC Poles)	Dada Engineering	TEC's recommendation approved	EXW Price USD 2,220,000	No objection to placing contract
10	DFID (09PBS)-04	DFID (09PBS)-013 (Conductor)	SBS Cables Ltd	TEC's recommendation approved	EXW Price USD 2,502,600	No objection to placing contract
11		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

Table 3.5.1 Indicates evaluations agreed by REB and NRECA (Continued)

	<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>
12	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
13		DFID (9PBS)-017 Fuse Links	Techno Electricals Ltd	TEC's recommendation approved	CFR USD 181,702	No objection to placing contract
14	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
15		DFID (9PBS)-020 Three Phase Meters	Trade East West	TEC's recommendation approved	CFR Price USD 1,153,250	No objection to placing contract
16		DFID (9PBS)-021 (Meter Seals)	Trade East West.	TEC's recommendation approved	CFR Price USD 130,800	No objection to placing contract
17		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
18		DFID (9PBS)-023 CT's and VT's	Esit Elektrik	TEC's recommendation approved	CFR USD 869,000	No objection to placing contract
19		DFID (9PBS)-024 Anchor Logs and Cross Arms	Diram	TEC's recommendation approved	EXW USD 762,457	No objection to placing contract
20	DFID (9PBS)-07	DFID (9PBS)-025 (Tension Splice)	Trade East West	TEC's recommendation approved	CFR Price USD 199,700	No objection to placing contract
21		DFID (9PBS)-026 (Guy and Grounding Wire)	Trefileurope	TEC's recommendation approved	CFR Price Euro 1,099,800	No objection to placing contract
22		DFID (9PBS)-028 (Line Tools)	Universal Trading	TEC's recommendation approved	CFR Price USD 380,526	No objection to placing contract

Table 3.5.1 Indicates evaluations agreed by REB and NRECA (Continued)

	<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>
23	DFID (9PBS)-08	DFID (9PBS)-029 (Power Transformers)	Recommends for Re-tendering	TEC's recommendation approved		No objection to Re-tendering
24		DFID (09PBS)-030 (ACR)	Nu Lec	TEC's recommendation approved	CFR Price USD 347,220	No objection to placing contract
25		DFID (9PBS)-31 (Voltage Regulators)	Siemens	TEC's recommendation approved	EXW Price USD 1,203,671	No objection to placing contract
26		DFID (09PBS)-032 (Fuses and Switches)	Energypac Domestic Bidder	TEC's recommendation approved	EXW Price USD 334,490	No objection to placing contract
27	DFID (9PBS)-09	DFID (9PBS)-33,34,35 JEEP, Pick up, Motor Cycle	Recommends for Re-tendering	TEC's recommendation approved		No objection to Re-tendering

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Table 3.5.2 Indicates bid sub packages of higher value (> USD.1.7 million) require Ministry approval after evaluations agreed by REB and NRECA. REB has a financial authorization limit of USD 1.7 million. Bid sub packages of higher value (> USD 1.7 million) require Ministry approval.

<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>NRECA Observations</u>	<u>Ministry Decision</u>
1	DFID (67PBS)-01	DFID (67PBS)-001 (Conductor)	SBS Cables Ltd	TEC's recommendation approved	No objection to placing contract	Awaiting for Ministry Approval
2	DFID (9PBS)-03	DFID(09PBS)-009 (SPC Poles)	Contech Construction	TEC's recommendation approved	No objection to placing contract	Ministry did not approve
3		DFID (09PBS)-010 (SPC Poles)	Dada Engineering	TEC's recommendation approved	No objection to placing contract	Ministry did not approve
4	DFID (9PBS)-04	DFID (09PBS)-013 (Conductor)	SBS Cables Ltd	TEC's recommendation approved	No objection to placing contract	Ministry approved

Table 3.5.3

Indicates evaluations NOT agreed to -- where NRECA have some concerns about the REB recommendations.

<u>Sub Package</u>	<u>Principal Items</u>	<u>Bidder Selected by REB Evaluation</u>	<u>Lowest Price Bidder</u>	<u>Announced Price</u>	<u>Evaluated price</u>	<u>NRECA Observation</u>
(67PBS)-004	Single Phase Meters	Techno Venture Ltd		USD 630,000	USD 630,000	REB has applied domestic preference loading to Zhejiang offer to promote Techno Venture to first ranking. NRECA does not agree with application of domestic preference as present understanding indicates virtually all meter components are imported into Bangladesh.
			Zhejiang Zhiyue	USD 610,000	USD 701,500	
(09PBS)-011	Distribution Transformer	Techno Venture Ltd		USD 1,302,000	USD 2,172,809	NRECA has significant reservations about the veracity of information supplied by Techno Venture. Probability of collusion between two Bangladesh bidders. Bidder information to be investigated. Eaglerise lowest capital cost. Loss values appear more realistic than competitors.
		Eaglerise Ltd	USD 1,195,600	USD 2,491,391		
(09PBS)-012	Copper Conductor	None	BRB Cable Industries Ltd	USD 427,023	USD 427,023	REB contends price is above estimate and wants to re-tender. NRECA and GOB PPR disagree.

Table 3.5.3

Indicates evaluations NOT agreed to -- where NRECA have some concerns about the REB recommendations (Continued)

<u>Sub Package</u>	<u>Principal Items</u>	<u>Bidder Selected by REB Evaluation</u>	<u>Lowest Price Bidder</u>	<u>Announced Price</u>	<u>Evaluated price</u>	<u>NRECA Observation</u>
(09PBS)-018	Capacitor Banks	None	Southern Engineers (Only Bidder)	USD 238,520	USD 238,520	REB contends price is above estimate and wants to re-bid. NRECA and GOB PPR disagree.
(09PBS)-027	Street Lamps	SQ Trading (Bangladesh Trading House)		USD 154,700	USD 154,700	By various means REB appears to have rejected three lower priced bidders in favor of most expensive offer
			Shanghai Trisun	USD 61,020	USD 61,020	

Table 3.5.4

Indicates evaluations NOT agreed to -- where NRECA have MAJOR concerns about the REB recommendations. Technical Evaluation of Committee yet to finalize the following Tender Documents.

<u>Sub Package</u>	<u>Principal Items</u>	<u>Bidder Selected by REB Evaluation</u>	<u>Lowest Price Bidder</u>	<u>Announced Price</u>	<u>Evaluated price</u>	<u>NRECA Observation</u>
(09PBS)-015	Distribution Transformer	Techno Venture (Bangladesh Manufacture)		USD 2,310,000	USD 3,589,998	<p>NRECA have significant reservations about the veracity of information supplied by Techno Venture. There was probability of collusion between two Bangladesh bidders. Bidder information to be investigated. Eaglerise lowest capital cost; loss values appear more realistic than competitors. NRECA are unable to substantiate the reservations about transformer loss values provided by Techno Venture, consequently and reluctantly NRECA will not object to award of contract to Techno Venture.</p>
			Eaglerise Electric and Electronic	USD 2,145,000	USD 4,329,355	

3.6 Summary of the First Tranche Commodity Procurement Status against REDP

Name of the Project	Estimated Cost (USD)	Actual / Signed Contract Amount (USD)	Yet to select Bidder Approx. Amount (USD)	Awaiting For Ministry Decision	Recommended for Re-tendering	Total Anticipated Contract Cost (USD)
67 PBS, Allocation £ 3.00 Mill	5,064,029	1,590,675	843,000.00	1,859,400	17,760	4,310,835
9PBS, Allocation £ 27.00 Mill	26,751,616	13,549,828	10,152,509	-	1,821,681	25,123,986
Total	31,815,646	15,140,503	10,995,509	1,859,400	1,839,441	29,434,821

Notes:

- Column labeled "Actual/ Signed Contract Amount" includes total twenty one (21) sub-packages awarded out of 35.
- Column labeled "Yet to select the Bidder" includes eight (08) sub-packages under REB review.
- Column labeled "Awaiting for Ministry Decision" includes one (01) sub-package has been sent to Ministry for Ministry approval.
- Column labeled "Decision to Re-tender" includes five (05) bid sub-packages with some REB board decision and some following directives of Ministry.

3.7 REDP First Tranche Material Costs

REB estimated cost prior to the bid solicitation was approximately USD 32 million for the first tranche of REDP materials.

67 PBS materials were estimated to cost USD 5,064,030 with 09 PBS materials estimated to cost USD 26,751,617.

Materials composition and estimated costs were detailed in the Quarterly Report for July through December 2006

Diagram 3.7.1- 67 PBS Materials Composition and Anticipated Contract Costs.

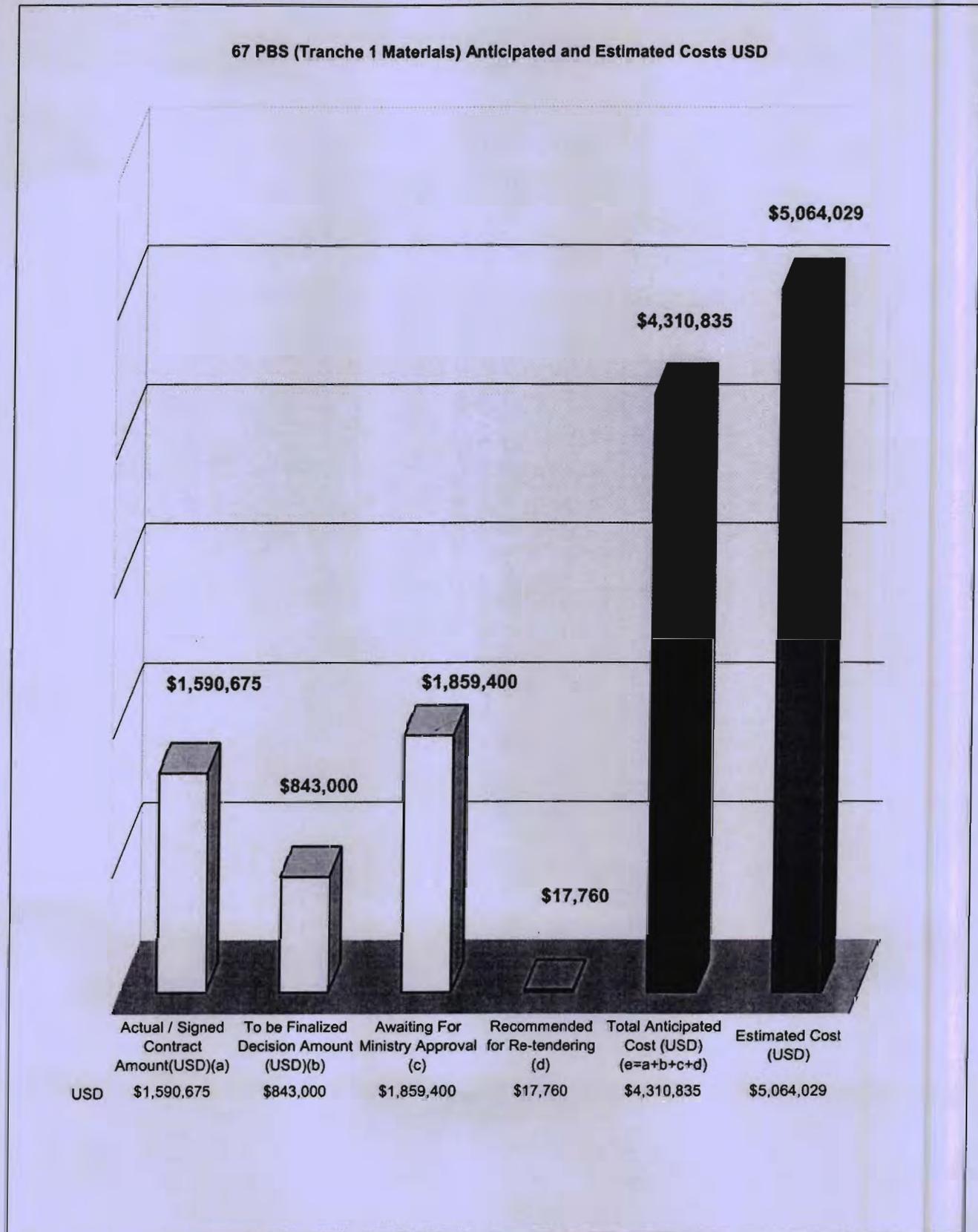
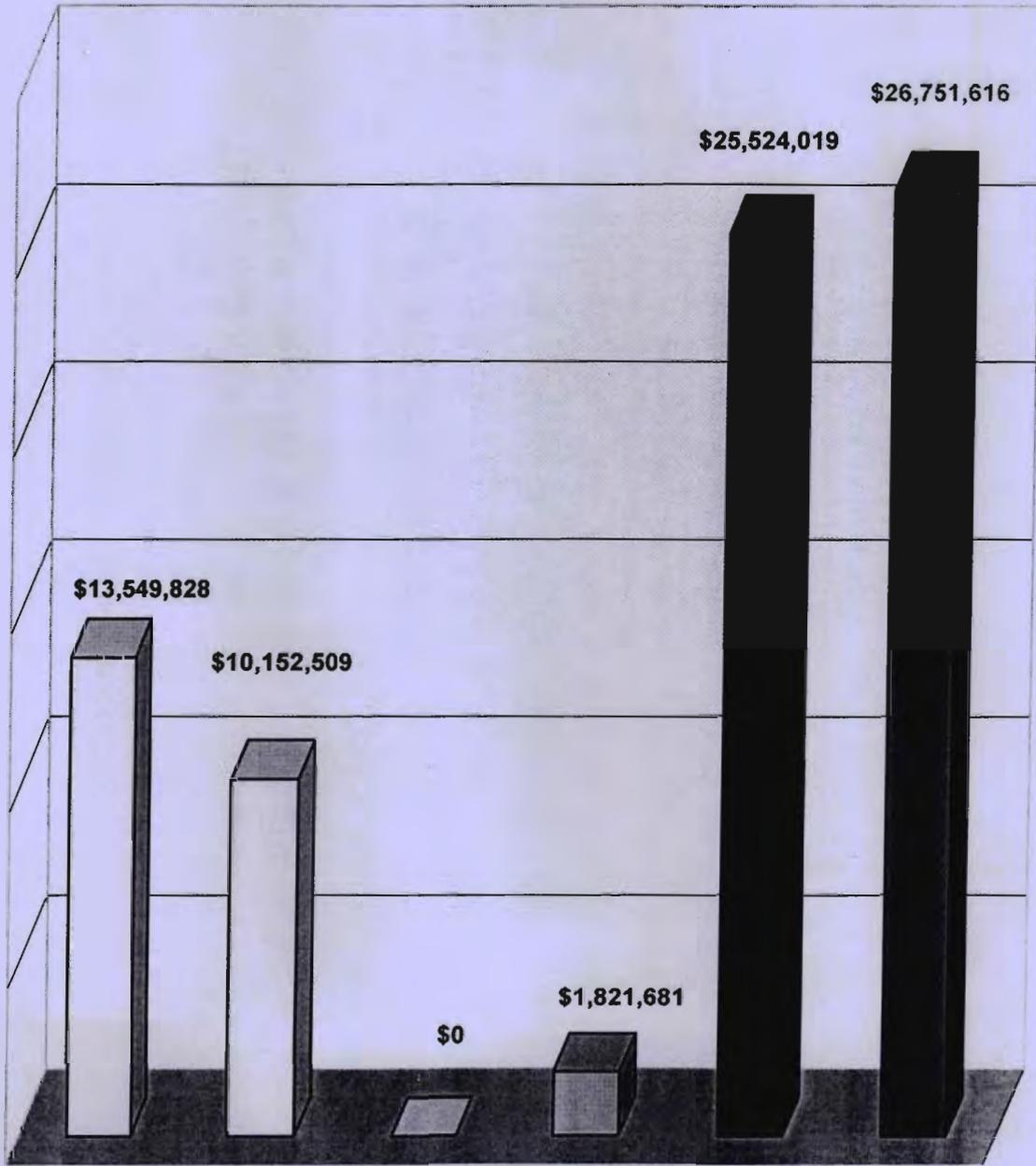


Diagram 3.7.2. 09 PBS Materials Composition and Anticipated Contract Costs.

9PBS (Tranche 1 Materials) Anticipated and Estimated Costs USD



	Actual / Signed Contract Amount(USD)(a)	To be Finalized Decision Amount (USD)(b)	Awaiting For Ministry Approval (c)	Recommended for Re-tendering (d)	Total Anticipated Cost (USD) (e=a+b+c+d)	Estimated Cost (USD)
USD	\$13,549,828	\$10,152,509	\$-	\$1,821,681	\$25,524,019	\$26,751,616

3.8 REDP Second Tranche Material Projected Costs

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

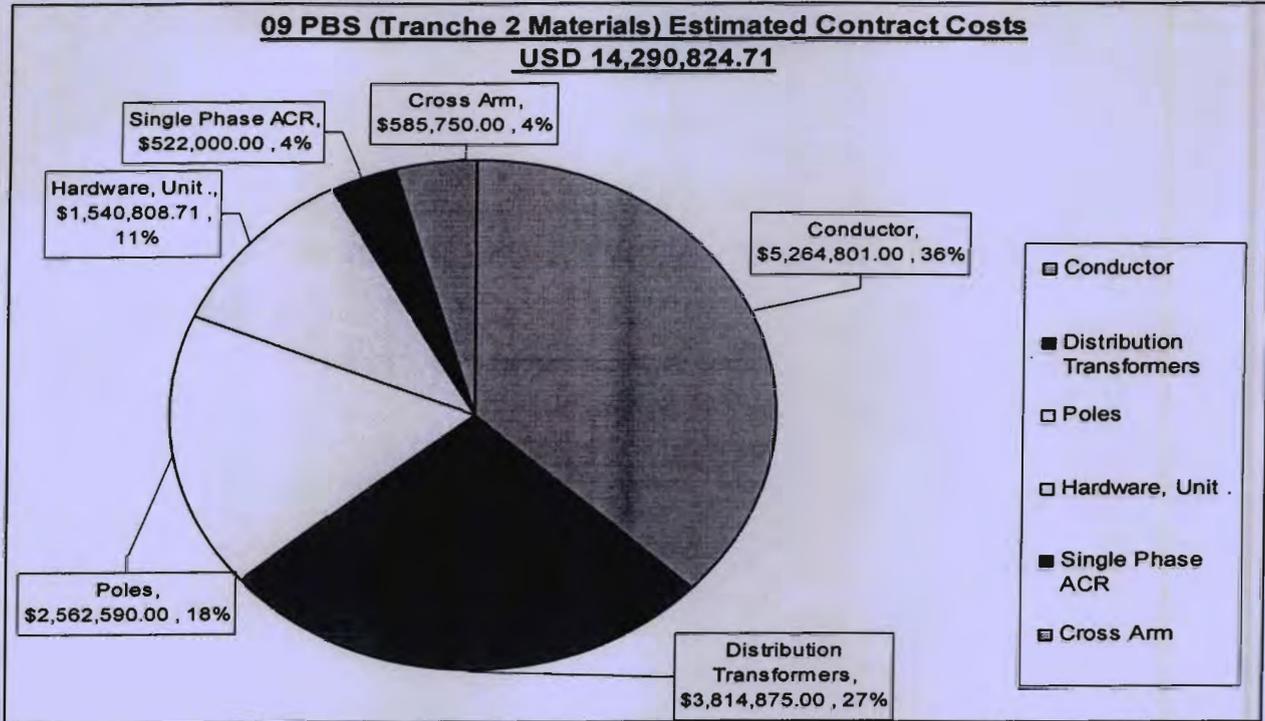
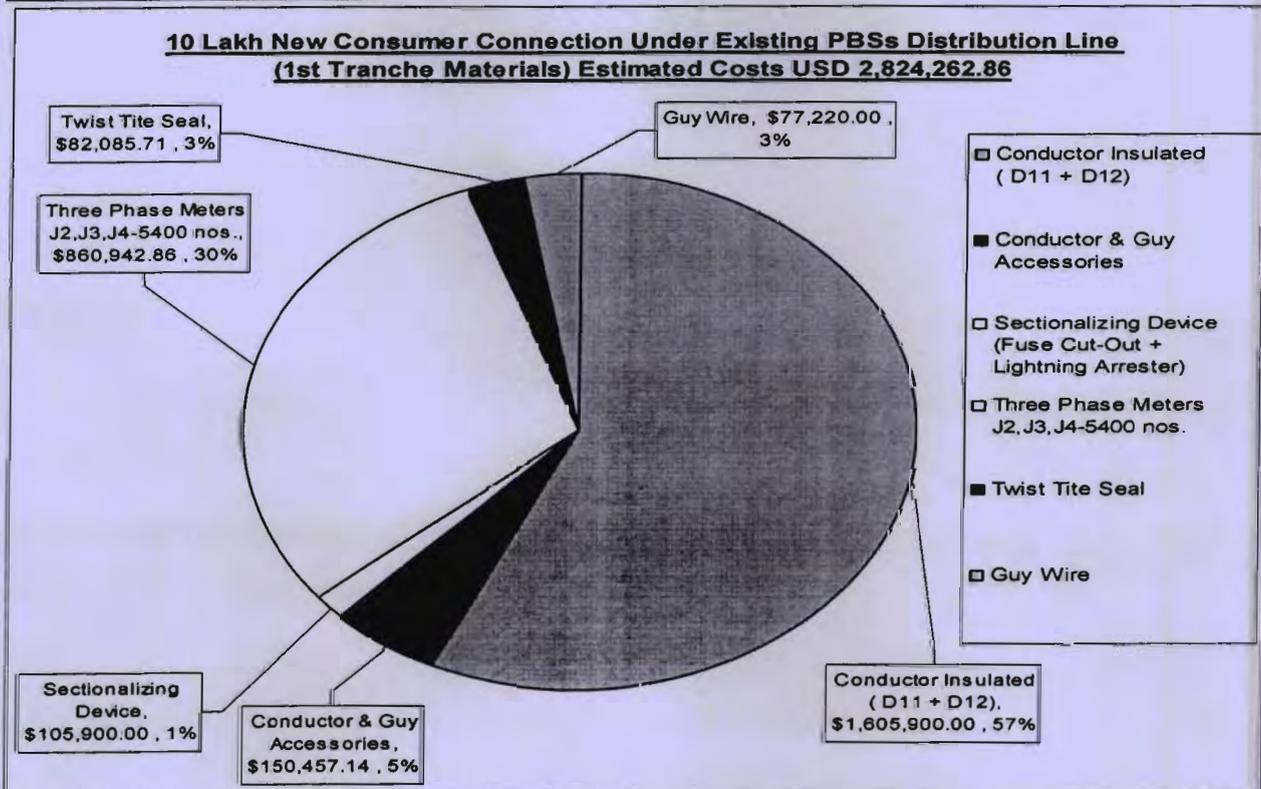


Diagram 10 Lakh Consumer Connection Under Existing PBSs Distribution Line Materials Composition and Estimated Contract Costs.



3.9 REDP Materials Procurement Funding and Draw Down

GBP38 million (approximately USD76 million at GBP 1 = USD 2) is available in total for REDP materials procurement.

For 2005 - 2006 DFID have provided GBP 22.5 million (approximately USD 45 million) to GOB / REB for procurement of REDP materials.

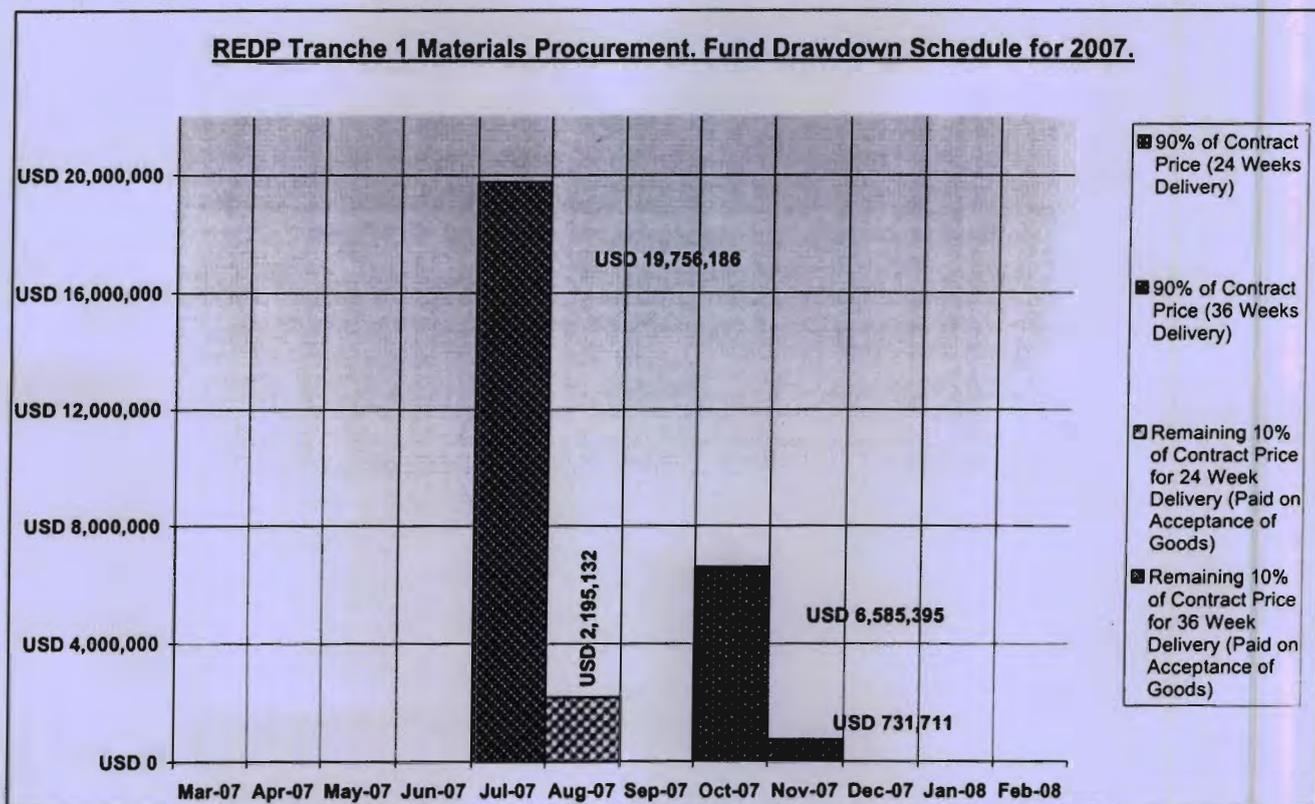
DFID anticipate funding availability as follows:

Financial Year	Funds	Allocation
2005 - 2006	GBP 7.5 Million (USD 15 Million)	REB
2006 - 2007	GBP 12.5 Million (USD 25 Million)	REB and PKSF
2007 - 2008	GBP 10 Million	REB and PKSF
2008- 2009	GBP 10 Million	REB and PKSF
2009 2010	GBP 8 Million	REB and PKSF

Estimates produced by REB suggest approximately USD 30 - 35 million will be committed to contract for the first tranche of materials. Fund draw down requirements for REDP procurement were notified to DFID during November 2006 following appraisal of contract prices.

Projected draw down of funds shown below.

Diagram 3.9.1 Drawdown of Funds Schedule for 2007.



3.10 Observations NRECA made while monitoring REB's procurement process - 1st Tranche

REB has finished the steps in the procurement cycle for most sub-packages under DFID funded first tranche. REB Procurement Directorate has awarded contracts for most of the sub-packages of the first tranche. However, a selected numbers of sub-packages are still being processed with the REB Board taking decisions to re-tender sub packages for various reasons. Also REB is now in process of preparing for the procurement of materials for the second tranche. Prior to the initiation of the second procurement cycle NRECA identified a few observations while monitoring REB's procurement process of first tranche. These issues have contributed to delaying the competition of processing for all sub-packages in this first tranche. Proper attention to these issues by REB should improve the processing for the 2nd tranche.

From commencement of the procurement process of DFID-funded materials NRECA has concentrated on assisting REB to foster competition. Continuing interest in future procurement exercises from some national and all international bidders will be dependent on ensuring the REB procurement process is seen to be equitable. Any relaxation of a neutral approach to bid evaluation will have negative consequences for the reputation of REB.

The followings are the observation made by NRECA while monitoring procurement cycle for commodities being purchased under the DFID funded REDP and have been specifically reviewed with REB officials during various meetings:

3.10.1 Need to Follow The PPR- 2003 --PROCESS TO BE CONFIDENTIAL

NRECA noted that from the beginning of the evaluation process confidential information relating to the examination, clarification, evaluation of tenders and recommendations for award even Tenderer confidential information of bid documents, which is supposed to be under locked control outside working hours in the Procuring Entity, has been leaked to the competing Tenderers. Because of these information leakages, Tenderers are influencing REB personnel during the entire bid evaluation process. The guideline of "The Procedures For Implementation of The Public Procurement Regulations 2003", Regulation -32 Process to be confidential says

Regulation 32. Process to be confidential

1. *After the opening of tenders, information relating to the examination, clarification, evaluation of tenders and recommendations for award shall not be disclosed to either Tenderers or any other persons not officially concerned with this evaluation process until the award of the contract is announced.*

The requirement includes all Procuring Entity personnel and any other government officials who may be involved in the procurement proceedings. The submitted tenders shall always be kept under lock outside working hours and shall not be removed from the office of the Procuring Entity, i.e. it is not allowed for TEC members to scrutinize the tenders outside the offices of the Procuring Entity.

2. *Following the opening of tenders and until the contract has been signed, no Tenderer shall communicate with the concerned Procuring Entity in any manner, unless requested to provide clarification to its tender as described in 31 (5) or seek to influence, in any way, the Procuring Entity's examination and evaluation of the tenders.*
3. *Any effort by a Tenderer to influence a Procuring Entity in its decisions concerning tender evaluation or contract award may result in the rejection of the Tenderer's tender and*

possibly further action in accordance with Regulation 15 (Corrupt, Fraudulent, Collusive or Coercive Practices.)

Proposed Solution

NRECA suggests REB Procurement Units and all other concerned officers must be reminded of the importance of maintaining confidentiality about all procurement sensitive information. Clarification needs to be made that in the future according to the above regulation of Bangladesh Government, the Tenderer's bid tender may be rejected if any attempts are made to influence the Procuring Entity at any time prior to announcement of contract the award.

3.10.2 The Appropriateness of the Discount Offered by the Tenderer

According to the REB procurement rules and the instructions provided within the tender document, bidders must specify any discount if provided in their Tender Submission Sheet (Form G-1), but some of the Tenderers are placing a single "Discount Offer Letter" inside the tender document, even sometime only the original tender document rather than mentioning the discount on the "Tender Submission Sheet" as stated in the REB bid document.

The relevant clauses of the General Instruction of REB Tender Document shown below:

1. **Tender: Submission Sheet, Price Schedules and Specifications Submission Sheet**
 - 18.1 *The Tenderer shall submit the completed Tender Submission Sheet (Form G-1) as furnished in Section 5: Tender and Contract Forms. This document shall be completed without any alterations to its format, filling in all blank spaces with the information requested, failing which the tender may be rejected as being non-responsive.*
 - 18.2 *The Tenderer shall submit the completed Price Schedule for Goods and Related Services (Form G-2) as furnished in Section 5: Tender and Contract Forms.*

Proposed Solution

NRECA considers, an appropriate discount can be considered only when Tenderer clearly writes the discount amount in their "Tender Submission Sheet." The practice of accepting anything other than this creates the potential opportunity for some malpractice.

3.10.3 The Price Estimation of Conductor

From REB's experience of re-tendering, most of the cases it was found the quoted price was higher than the previously quoted price. Re-tendering due to conductor price being higher than the estimated price though the tenders are found fully compliant with the tender document is not coherent when estimated price is not projected to reflect the trend of international market price.

REB's estimated price, which are set by inflating their previous purchase rates on a lump-sum basis, has been observed to be not accurately reflecting the current trend of price increases for basic raw materials within the international market.

Proposed Solution

NRECA is of the opinion that REB needs to update the estimated rates on the basis of prevailing market price.

3.10.4 The Veracity of a Claim for Domestic Preference Eligibility

Experience has shown that the domestic price preference is such a significant factor in bid evaluation that it is necessary to ensure that only those firms that actually qualify as being "domestic" receive the benefit. The practice of domestic bidders claiming domestic preference by just completing the Domestic Preference Eligibility Form (G11) and submitting; however without some formal evidence of authenticity of actual domestic content (see below for details) was not being adequately supported. The current practice is seen as not being as adequate for compliance with the PPR 2003.

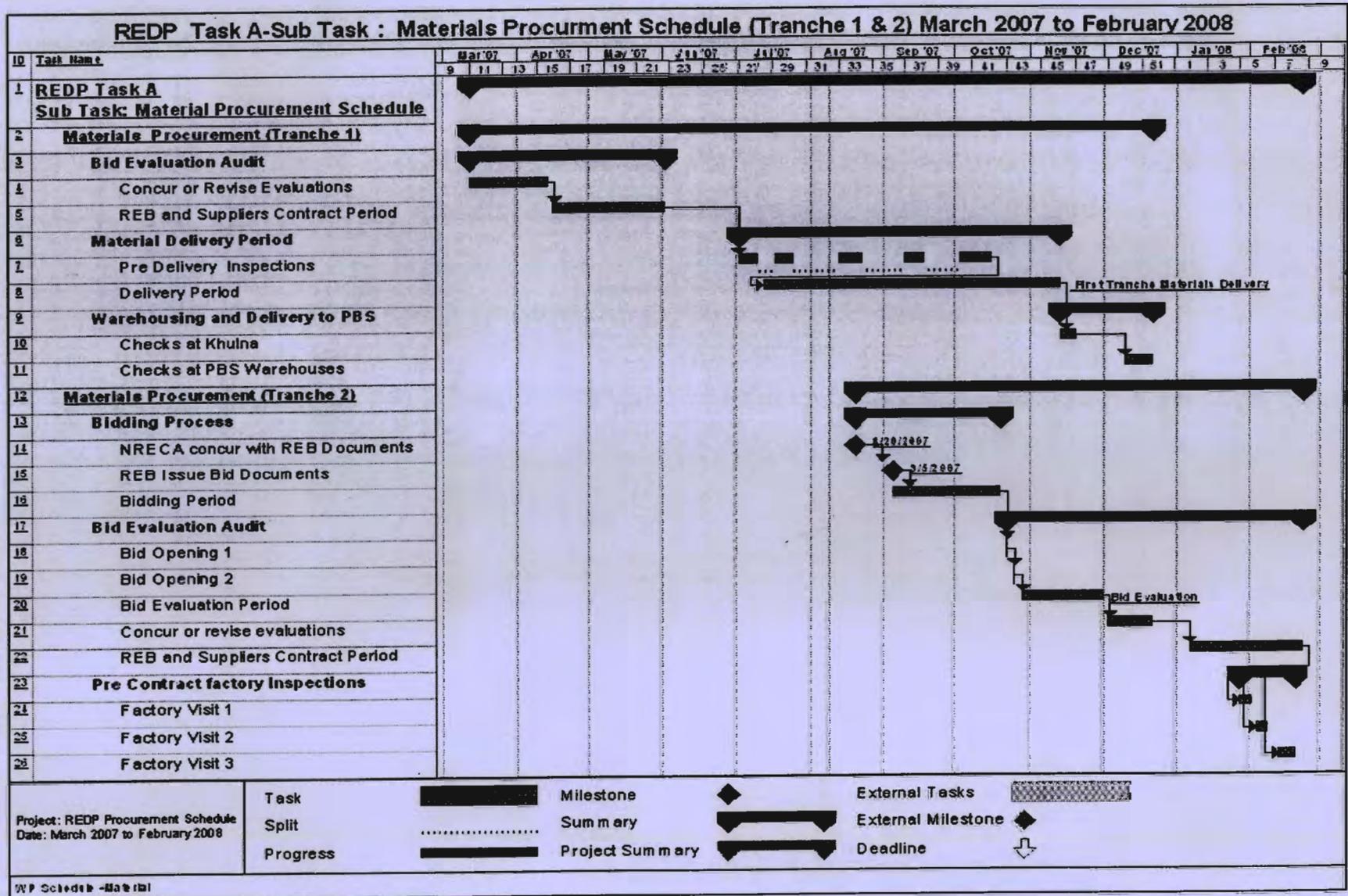
Sample of Form G-11 Domestic Preference eligibility Certification Form

"I (we), hereby certify that the Value added in the manufacturing cost of the Goods offered herein is not less than 30% (thirty percent) of the Ex-Factory price that I (we) have quoted in our Tender. The value added comprises domestic labor, the domestic contract of materials, and domestic overheads in the manufacturing cost. If requested by the purchaser, I (we) hereby also agree to provide to the Purchaser detailed cost to support of my (our) above statement."

Proposed Solution

NRECA is of the opinion that the authenticity of state domestic content shall be verified and attested by a chartered accountant or certified cost accountant, whose report shall be included with the bid documents.

3.11 Procurement Schedule



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SECTION 4: MONITORING OF MATERIALS USAGE

4.1 Progress

REB will utilize DFID funded materials for ongoing REDP construction projects. The construction projects are to be formulated from the individual PBS Master Plans. As DFID funded materials have yet to be delivered, monitoring of usage has not commenced. NRECA is in the process of preparing the monitoring methodology.

4.2 Proposed Monitoring Methodology

Indicated below are basic considerations for monitoring the usage of DFID funded materials:

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.

Task 2: DFID funded Material at PBS

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

Task 3: Monitoring of Construction Work in 9 PBS.

- Regular inspections of construction works in each PBS.
- Comparison of detailed construction plans with master plans.
- 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.

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.

SECTION 5: SOCIO ECONOMIC STUDY

5.1 Background

As indicated in Section 2, Key issues, power shortfall will impinge significantly on the anticipated benefits of the REDP.

Whilst a 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

Several important activities of the socio-economic impact study of REDP held during this quarter. Month-wise activities performed are given below:

April 2007

- Completed solicitation for selection of a local firm for completing both the baseline and impact assessment the Socio
- Proposal Evaluation Team (PET) formed including members from REB, DFID and NRECA
- Developed, shared and finalized the scoring tools (criteria for scoring) for proposal evaluation
- Reviewed the technical proposals submitted for REDP Socio-economic Impact Study
- Held meeting of PET in DFID to revisit the progress of the proposal evaluation

May 2007

- Reviewed the technical proposals submitted for REDP Socio-economic Impact Study (contd.)
- Issued invitation letters requesting all participating firms to share their respective methodologies through individual presentations before the team comprising members from REB, DFID, USAID and NRECA.
- Organized and took part in a series of presentations where each firm for having a clear understanding of the methodologies proposed by each participating firm. A question and answer session with each firm were part of each of these sessions.
- Held meeting of PET members and other observers (Mr Kamaruzzaman of USAID, Mr James Ford and Mr James Vancoevering of NRECA) to review progress on the review of the technical proposals. PET members submitted their respective scores that they assigned for each participating firm; among four participating firms, HDRC was selected as the highest ranked firm
- Formally opened the financial proposal of the highest ranked firm (HDRC) in presence of representatives from REB, DFID, USAID and NRECA. At this meeting a decision was taken to begin negotiations with the firm (HDRC) as the proposed budget seemed went beyond the original budgeted amount.

June 2007

- Reviewed the financial proposal submitted by HDRC and shared that with other concerned from REB, USAID, USAID and NRECA.
- Developed an estimated budget for this assignment
- Took initiatives to negotiate with HDRC to reach a budget figure appropriate for completing the baseline and impact studies.

SECTION 6: PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM

6.1 PBS Member Awareness Education and Board Development Program

The main objective of the program 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 tasks of the Task were to review some of the earlier works developed with REB and PBS by NRECA. As from the outset of RE program in Bangladesh, NRECA with the funding of USAID, assisted the RE personnel in formation of PBS and accordingly, a wide range of training programs were developed to raise the awareness of member-consumers and the PBS Board members. The ongoing USAID-funded RPPR-II Program's Task C.1 (Strengthening Training Programs and Procedures) particularly has an activity that continues with the development of curriculum materials for all types of training programs aimed at REB and PBS personnel.

This Task will involve working with the REB Training Directorate, as well as the REB Management Operations Directorates in order to ensure that the content and approach for these newly developed programs are appropriate to the PBS system. At the PBS level, the PBS Member Services Departments will be directly involved with the implementation of the programs. This component of 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.

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.

Following are the steps assumed in the Project Proposal for implementation of the entire program:

- Validation of training needs of the PBS Board members and consumer – members as identified by the RPPR – II program.
- Identification of possible implementation schemes.
- Development of curriculum outlines for relevant programs.
- Preparation of the required curriculum materials and translation into Bangla.
- Completion of pilot testing of the curriculum materials.
- Implementation of both types of programs.
- Monitoring of implementation at both REB and PBS

6.2 Member Education and Awareness Work

Local Management Consultant, Brigadier Gen M A Malek (Retd and ex-REB Chairman) together with Management Specialist Narayan Chandra Saha effected one visit to Comilla PBS-2 during this period. This field visit to the PBS was completed by NRECA local staff for the purpose of conducting the *Pilot-Test of the Curriculum Materials*, which is actually education and awareness training requirements.

A number of scheduled field visits were postponed because of various pre-commitments of the visiting offices. However, the team was busy with various other sub-tasks as listed below:

- Explore the scope for training utilizing the existing manuals and begin implementation.
- Develop Training Outline for Member Service Personnel, Board of Directors, Village Advisors, Village Electricians, Teachers, Imams, etc.
- Design Curriculum on the basis of the Training Outline
- Develop new manuals on the basis of identified needs.
- Pilot-Test of the Curriculum Materials.

6.3 Pilot Test of Member Education Program

Approximately fifty-five participants attended the Pilot-Test workshop which included Village Advisors, Village Electricians, PBS Directors, PBS Officers, and the Executive Engineer of REB's Project Division.

Participants were pleased with the idea of introducing this new education/awareness program for PBS member/consumers, the first in this nature.

Most of the participants actively participated in the various sessions of the workshop and contributed valuable suggestions for further improvements of training material.

Reactions from participants indicated their appreciation of the power point presentation and numerous festoons which were written in a new style and specifically for this program.

Copies (10) of newly prepared training material were handed over to PBS day before for their study and active participation in work shop.

Based on the pilot test, NRECA has incorporated the suggestions made by the participants into the newly prepared training materials. The team is now prepared to begin working with the REB Training Directorate to conduct three workshops for similar groups of participants in each of the nine selected PBSs as previously discussed with the subject sessions be conducted by PBS personnel in similar manner as outlined.

New manuals to be used for delivering training for Member Education and Board Development programs will reiterate the already well documented fundamentals of PBS operation, but also will provide more information about how to deal with new impediments faced by PBS and REB.

These new impediments include a critical shortage of power to meet demand, a perceived or otherwise increase in corruption at all levels of the PBS system and reducing levels of public understanding for the values of a PBS system.

In order to maximize the real benefit of conducting these workshops and improving overall member education, each PBS must become more active in delivering the same types of information to PBS members all across their PBSs. While some PBSs have are doing some Member Education and motivation meeting in their village areas, the growth of the RE Program has been so rapid in recent

years, many members do not have any understanding about the RE Program and their roles and responsibilities as members of the PBS. These particular points will require further discussion as it is very important to the sustainability of the RE Program under the PBS concept.

Shortage of power has led many people to conclude REB should further consider connection of small power generation (SPG) plants financed by private capital, similar to the SPG installations for Dhaka 1, Narsingdi 2 and Comilla 1.

As a response to the lack of progress made by the Government to make any provision for an ever increasing demand for power, the PBS members' have concluded that self help is preferable to total reliance on the Government and that this position is a healthy attitude.

PBS members interviewed also indicated further improvement in customer awareness could be promulgated by "Imams" before Juma prayers at local Mosques. PBS Personnel should also be permitted to give talks on the workings and community benefits of PBS at schools and colleges.