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Rural Electrification Development Program (REDP) Quarterly Report April – June 2008



CONTENTS

<u>Section</u>		<u>Page</u>
ABBREVIATIONS		3
SUMMARY		4
SECTION 1:	INTRODUCTION	6
1.1	Background to the Rural Electrification Development Program (REDP).	6
1.2	9 PBS Receiving Principal Support from REDP	7
1.3	Scope of Services	9
1.4	Objectives	9
1.5	Project Team	10
SECTION 2:	KEY ISSUES.	11
2.1	Background	11
2.2	Power Shortage	11
2.3	Commodity Prices	14
2.4	Bid Evaluations	14
SECTION 3:	MATERIALS PROCUREMENT.	15
3.1	Material Procurement -First Tranche	15
3.2.	Material Procurement - Second Tranche	26
3.3	REDP Materials Procurement Funding and Draw-Down	33
3.4	Observations -1st Tranche	33
3.5	Procurement Schedule	34
SECTION 4:	MONITORING OF MATERIALS USAGE	35
4.1	Progress	35
4.2	Proposed Monitoring Methodology	35
SECTION 5:	SOCIO ECONOMIC STUDY	36
5.1	Background	36
5.2	Progress	36
SECTION 6:	PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM	37
6.1	Background	37
6.2	Progress	37
SECTION 7:	REDP FINANCIAL	42

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
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 April through June 2008, REDP project work generally progressed according to schedule regarding procurement activities with NRECA continuing to monitor the process and providing input. Member education programs continued with workshops being conducted in seven PBSs. The subcontract between NRECA and the Human Research Development Centre (HDRC) for conducting the socio-economic studies was approved by the USAID Contracts Office and was executed between NRECA and HDRC. The formal work will begin in early July with meetings being held with HDRC and all stakeholders for obtaining concurrence on the overall approach to be used for the baseline study..

The sale of bid documents for REDP materials for re-tendered four sub-packages under 9PBS project commodities procurement commenced on 4 May 2008. Bid openings were scheduled for 4 June 2008. The value of this round of REDP materials procurement is estimated to be approximately USD 1.5 million.

With the opening of bids taking place on the 4th June, the initial phase of this procurement cycle was successfully completed and the process of evaluating the bids by REB began accordingly during the remainder of the quarter with some continuing into July. As with the first and second tranche, NRECA will continue to concurrently monitor the overall bid evaluation process, making appropriate comments with relevant reporting to relevant stakeholders.

Under the same Task, efforts throughout this quarter were directed towards expediting the completion of the first tranche of REDP materials procurement. Guidance was also provided to REB through monitoring of these evaluations and assisting when requested/required. Throughout the procurement process NRECA advocated that the process be correctly followed with proper transparency thus resulting in the correct selection of the companies to receive contracts.

In summary thus far, a total of thirty (30) sub-packages were awarded out of forty nine tendered with one still being under evaluation. Sixteen sub-packages have been decided for re-tendering out of which four have been awarded and four are under evaluation. Out of remaining eight packages, three were re-tendered under 67PBS project; however this decision was subsequently abandoned as this particular project closed on 30 June 2008 per GOB requirements. Out of the remaining five, two sub-packages will be re-tendered in July 2008.

As noted in earlier reports, NRECA's involvement continued to support a number of recommendations related to the commercial and technical conditions considered necessary for improving the bidding competition in the second tranche under the commodities procurement of the 9 PBS project proforma. These recommendations were based on a variety of observations made by NRECA during the procurement of the first tranche of 9 PBS commodities.

Work also began on the process to be used by NRECA for evaluating selected projects to be constructed under the REDP as a means of cross checking with the respective PBS Master Plans in an attempt to help ensure PBS viability.

During the reporting period the Member Education and Board Development Component continued its focus on conducting Member Education workshops for members, village advisors, Directors and staff from five additional PBSs. This effort consisted of the delivery of fifteen one-day workshops in five different PBSs that included a total of 742 participants (673 males and 69 females) attending this important program. This program used the newly prepared training materials prepared for the Member Education Workshops with the workshop content being presented using the manual

specifically prepared for this PBS Member Education program under the REDP. Copies of the manual continue to be provided to all participants which is a gesture that is very much appreciated.

Under the Socio-Economic component, the USAID Contracts Office completed its review of the sub-contract between NRECA and Human Development Research HDRC for completing the socioeconomic studies. The sub-contract was subsequently formally executed by NRECA and HDRC with the preliminary planning being started by the HDRC team. The actual work is scheduled to begin in July for formal meeting with all stakeholders.

As noted in the previous Quarterly Report, the Ministry's Power Division did in fact lift the ban on most types of new connections in the PBSs. Due to this 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 including being present as observers at all tender openings and all REB Technical Evaluation Committee meetings, as well as reviewing all TEC recommendations per the continuing bidding cycles.
- Initiated the bid evaluation for the second tranche procurement following lead of REB officers in the concerned Directorates.
- NRECA Engineering team with the assist of GIS team and Line Inspector Team made a trip to Brahmanbaria PBS as part of the process for finalizing the methodology of analyzing the selected projects using the PBS Master Plan to determine their viability, etc.
- Activities under the Member Education/Board Development Task continued with the delivery of fifteen one-day member education workshops at five PBS with a total of 742 participants attending. This member education program included 673 males and 69 females.
- Work continues on the development of the new training program for PBS Board members to be delivered in the field.
- The subcontract for completing the socio-economic studies was executed between NRECA and HDRC following its review by the USAID Contracts Office with preliminary planning for the baseline underway.

SECTION 1: INTRODUCTION

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

* "The overall REDP 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 micro-finance (£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 micro-finance 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.

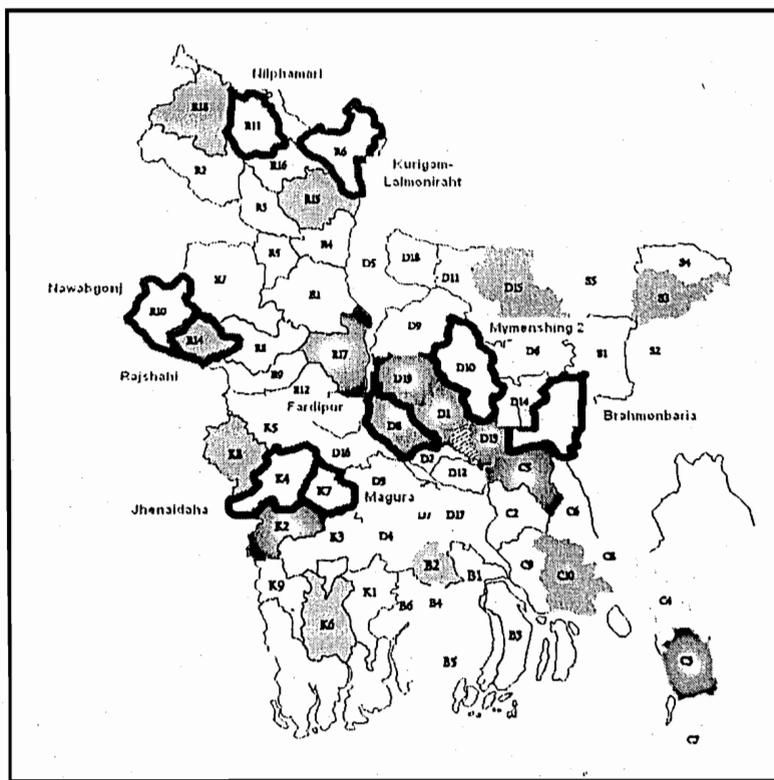
DFID will support three investment components of the REB Master Plan. This will involve a mixture of grid expansion (sub-transmission, mainly 33 kV electrical lines), which is expensive but essential, and intensification, which is less costly, but connects large numbers of customers to existing infrastructure. 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.*

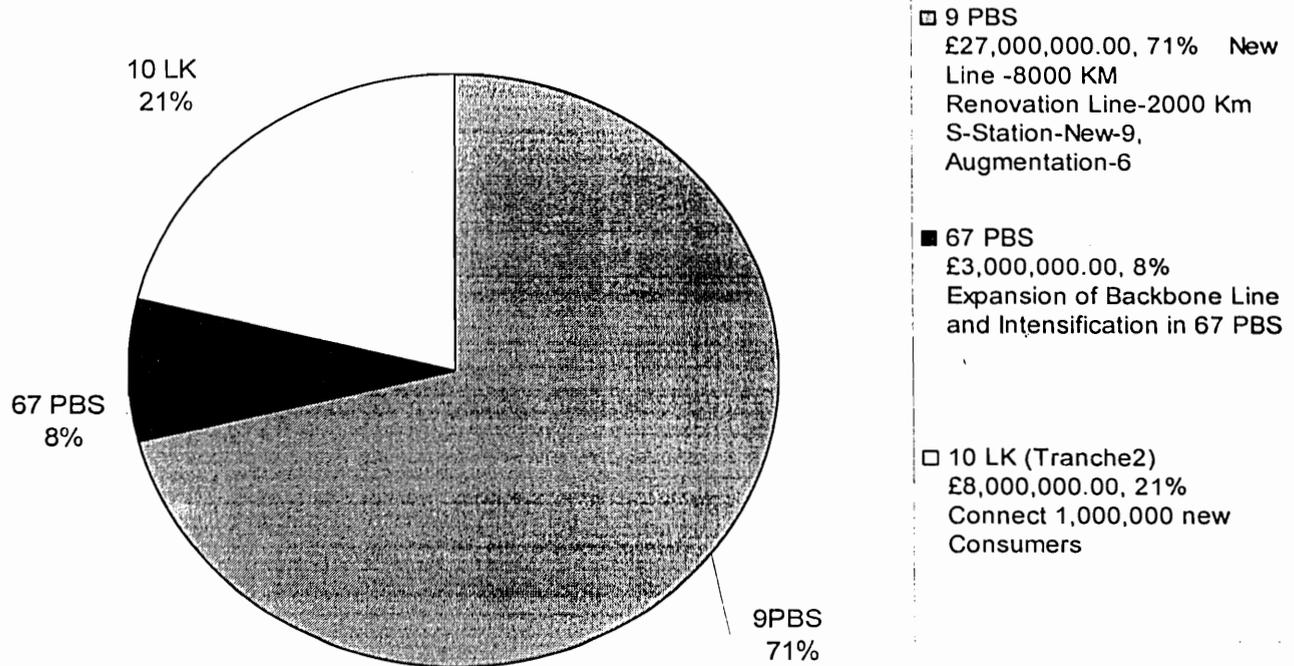
1.2 9 PBSs Receiving Principal Support from REDP



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
	Tanore	Rajahahi	295.39	207	138,015		Bhaluka	Mymensingh	444.05	102	264,991
Brahmanbaria	Akhaura	Brahmanbaria	99.28	125	112,982	Mymensingh-2	Gafargaon	Mymensingh	401.16	218	379,803
	Banbharampur	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	Magura	406.50	252	286,925
	Nabinagar	Brahmanbaria	353.66	198	378,539		Mohammadpur	Magura	234.29	182	160,340
	Nasirnagar	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
Jhenaidah	Harinakunda	Jhenaidah	227.19	129	162,078	Faridpur	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	199,159
	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
	Shaikhupa	Jhenaidah	373.42	258	293,341		Madhukhali	Faridpur	230.20	238	165,438
Kurigram	Bhurungamari	Kurigram	236.00	124	176,822	Nilphamari	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	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
£38 million

REDP Project Wise Fund Allocation



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 2008 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**
James VanCoevering	Engineering Director	Part Time
Maruf Hasan Bhuiyan	Project Engineering	Full Time
Md. Hasibur Rahman	Project Engineering	Full Time
Shafiquzzaman	Project Engineering	Part Time
ATM Selim Zillur Rahman	GIS Team	Part Time
Shital Krishna Das	Socio Economic Consultant	Part Time
Syed Nurul Islam	Local Management Specialist	Part Time
Narayan Chandra Saha	Education and Training Specialist	Full Time

Notes:

1. James Ford is posted full time to Bangladesh as NRECA's Country Director and with the completion of RPPR II his primary involvement will be with the DFID-funded REDP project per the DFID MOU with USAID and the USAID/NRECA Contract. He will be serving as it's Chief of Party as per the approval for Key Personnel position received from USAID.
2. Mr. Shital Krishna Das a new local professional was recruited during the June for the Socio-Economic Consultant to replace Mr. Tawheed Reza Noor who previously held this position but who has left NRECA to pursue an opportunity to complete his PhD at a university in India.
3. A retired PBS GM, Mr. Syed Nurul Islam was selected to assist with the implementation of the Member Education and Board Development Task as the replacement for ex-REB Chairman, Brigadier (rtd) M A Malek had to discontinue his services with NRECA in late January after having been selected to service as a Special Assistant to the Caretaker Government.

SECTION 2: KEY ISSUES.

2.1 Background

For the April to June reporting period the PBSs continued to experience power supply problems as this time period is when the weather is particularly hot and irrigation loads are still present within the overall power sector, particularly in the PBS service territories. The shortage of power, particularly at peak demand periods, continued 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 consequently the extensive load shedding throughout the whole of Bangladesh will continue as it did during the April to June 2008 reporting period. The Caretaker Government has taken some steps to alleviate the shortage; however the 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 by the Power Division within the Ministry in April. For nearly one 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

Like others before, the April to June Quarterly Report must again report that dealing with the 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.

Unfortunately for Bangladesh and its people, there are currently 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.

The inability of Petrobangla to provide an inadequate 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 their production of power. 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 is being utilized in an attempt to maintain existing reserves and to help make gas

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

In addition, the 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. However the declining availability of gas supply to power plants in the Chittagong area has contributed to increased 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 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, though with a decreased demand as compared with last quarter, the amount of load shedding is noted to have been increased due to further increase in urban demand stemming from the warmer weather and subsequent increase in the demand produced from the use of air conditioning units. These increases in demand mostly for the urban sectors contributed to the overall power supply crisis.

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 64% during June 2008. For other PBSs average load shedding varied from 34% (at Rajshahi PBS) to 53% (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 June 2008 (illustration 2.2.2). Brahmanbaria, Jhenaidah, Kurigram, Magura, Mymensingh-2, and Nilphamari PBS experienced a load shedding in the range of 52% to 70%. Faridpur, Nawabganj and Rajshahi PBS had load shedding between 30% to 42%.

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 the financial condition of all the PBSs, as well as jeopardizing their long-term financial viability.

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

Average Demand Vs. Average Supply at 20:00Hrs. for June 2008 in 9PBS

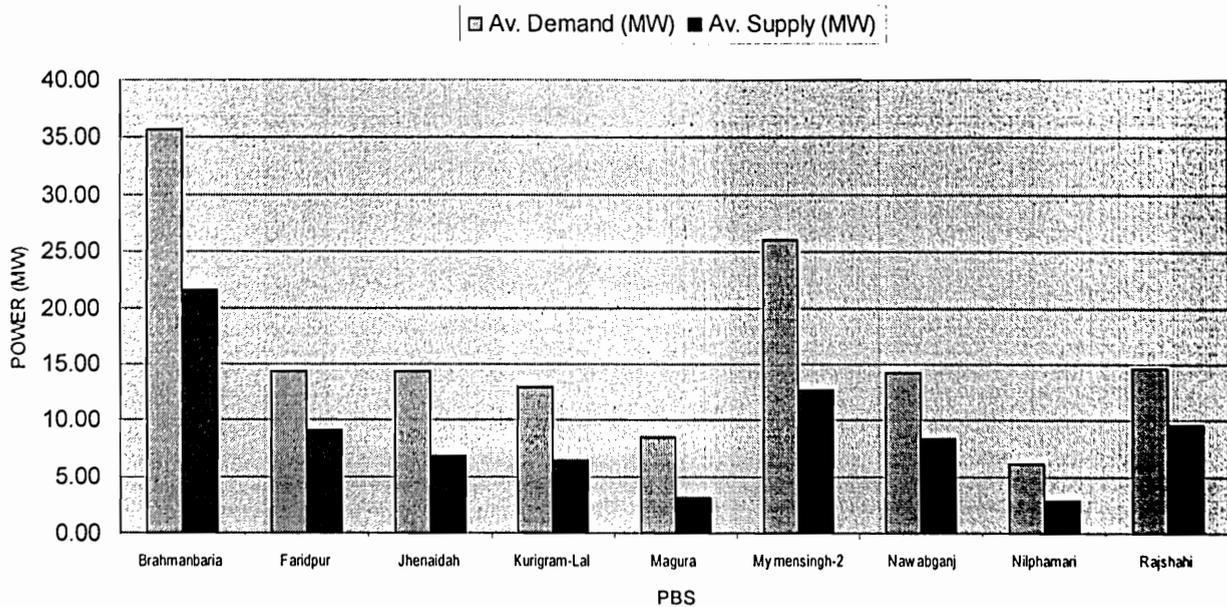
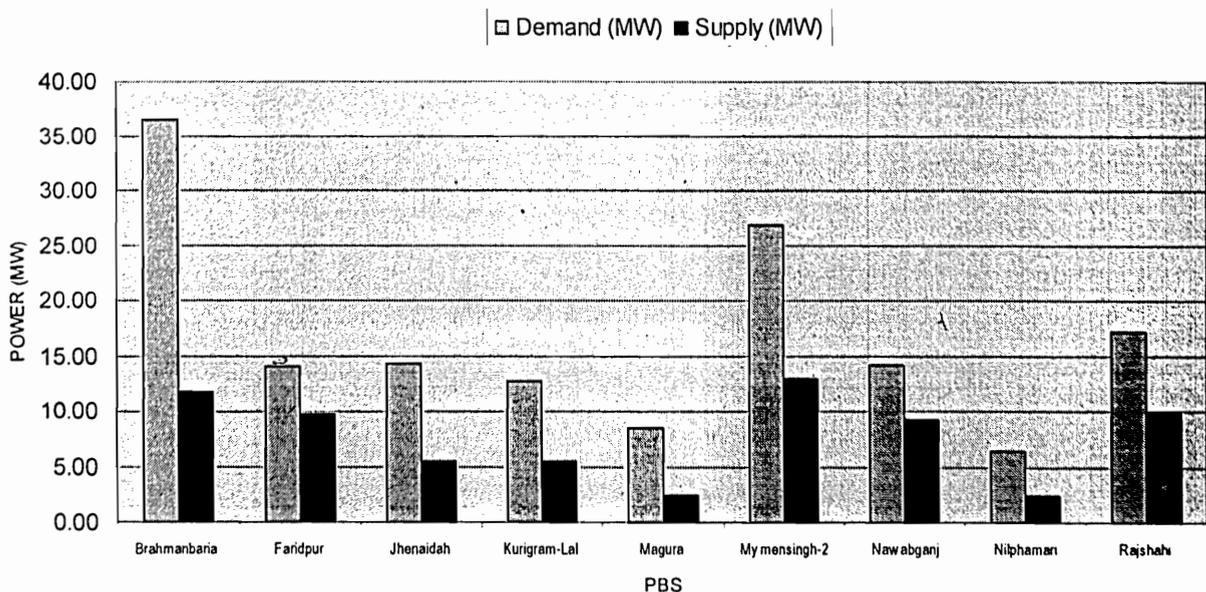


Illustration 2.2.2: Shows 20:00 Hrs Peak demand and supply for 9 PBS on 11th June 08.

Demand Vs. Supply at 20:00Hrs for 11th June 2008 in 9PBS



Compared to the last quarters, the extent of average load shedding during evening peak hours has increased in 8 out of 9 PBSs as shown in following table. For Rajshahi PBS the situation has improved, however, the evening peak in Nawabganj, Nilpahari and Rajshahi PBS has drastically fallen for some unknown reason.

Table-2.2.1: Comparison of average monthly load shedding in 9PBSs

Months of comparison	Average Load Shedding in PBSs								
	Brahmanbaria	Faridpur	Jhenaidah	Kurigram	Magura	Mymensingh-2	Nawabganj	Nilphamari	Rajshahi
December'07	6%	11%	24%	30%	38%	18%	27%	29%	10%
March'08	17%	23%	48%	16%	59%	34%	35%	34%	39%
June'08	39%	36%	52%	51%	64%	51%	41%	53%	34%

The overall PBS picture of demand versus supply during evening peak hours does not necessarily represent real load shedding in the rural areas. For various reasons PBSs cannot or do not distribute available power uniformly among the sub-stations. There is a tendency to keep the load shedding relatively less in the urban area like the district towns under the commanding area of the PBS. During summer time the villagers hardly get electricity for eight (8) hours out of a day that is again during odd hours of the night when it does not have much of any domestic use.

2.3 Commodity Prices

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 has maintained its 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. Based on NRECA suggestions, some progress has been made in for those items being procured under sub packages which were re-tendered. Also proper attention was given for the sub packages being prepared for the second tranche.

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 April to June period NRECA continued to spend 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 continued not wanting to place contracts with suppliers until NRECA provides its "no objection" or "concurrence" to REB's selection of each winning bidder. For this reason the sub packages which were processed within REB during the April to June period ultimately came to NRECA for securing this "no objection".

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.

SECTION 3: MATERIALS PROCUREMENT-FIRST AND SECOND TRANCHE

Background

DFID through GOB are providing a total of GBP38 Million (USD 70.3 million converted at GBP1 = USD1.85) for the procurement of materials as indicated in the introduction to this report. (Note: The currency rate continues to fluctuate as US dollar continues to weaken against the GBP.)

3.1 Materials Procurement First and Second Tranche

3.1.1 REDP Bid Evaluation Procedures

As presented in previous reports, NRECA representatives remained fully engaged in the procurement process for equipment and materials being procured under the REDP. While not as many tenders were processed during the April to June reporting period as some previous quarters but 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 entirely responsible for effecting an official evaluation of the bids. Evaluations by REB were completed in accordance with GOB PPR 2003 requirements.

As part of its role for monitoring the procurement process, simultaneously 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 Tender 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.

As was done throughout this process, NRECA representatives continued to attend the REB Tender Evaluation Committee (TEC) meetings as observers. NRECA staff continued with its planned intention to be observers in order to not be a party to decisions made by the different REB TECs. Not being a party to REB TEC decisions and by its association with DFID and USAID, NRECA was able to continue with some assurance they could avoid being placed in a position of providing specific direction leading to a TEC decision that could be seen as providing an approval or disapproval for

placing contracts based on the TEC proceedings that occur as an important step of the procurement process itself. As noted, NRECA's role was to be one of a monitor of the procurement process.

At the REB TEC meetings, NRECA continued only as an observer in order to be able to determine the reasoning for each of the REB evaluation recommendations for award of the contract. In accordance with NRECA's role in the procurement exercise, it was possible to have a comparison of NRECA's evaluation results and REB TEC recommendations. 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" in hand, REB was in a position to continue with the contract award process. Generally the evaluation conclusions were in accord when the lowest price commercially acceptable bid was selected by REB for award of the contract. As presented in earlier reports, when comparing the evaluations there were instances when there was not a consensus as these separate evaluations did not always match as the conclusions differed for various reasons. While most of these have been resolved some are still under review by REB. The status of the relevant sub-packages is elucidated in the various Tables presented in Section 3.1.2.

For bid packages where NRECA was in agreement and had no objection, REB was informed by formal letter of "no objection" for award of the contract. Similarly, REB was also informed in writing where NRECA evaluation conclusions differed with REB contract award recommendations. In these instances, NRECA also provided REB with the reasons and this formal reply requested that REB review its earlier decision factoring in the observations presented by NRECA.

3.1.2 REDP Evaluation Results for First and Second Tranches

During this April to June period, REB was continuing to work on the bid evaluation of seven sub-packages for the second tranche of materials procurement under 9PBS project. Out of these seven sub-packages, two placed for re-tendering are under process, while the remaining five have been awarded by REB following receipt of "no objection" from NRECA. Three sub-packages with tender amount exceeding USD1.7M received approval of the Ministry.

3.1.3 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.

Sl. No	Tender Package No.	Sub Package Principal Items	Bidder Selected REB TEC Meeting	REB Board Decision	Contract Price	NRECA Observations	Remarks
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)

Sl. No.	Tender Package No.	Sub Package Principal Items	Bidder Selected REB TEC Meeting	REB Board Decision	Contract Price	NRECA Observations	Remarks
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 & Gty 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 3.1.2.2 Indicates bid sub packages for Re-tendering decision by REB and “no objection” from NRECA.

<u>Sl. No.</u>	<u>Tender Package No.</u>	<u>Sub Package Principal Items</u>	<u>REB Board Decision</u>	<u>Reason</u>	<u>NRECA Observations</u>	<u>Present Status of sub-package</u>
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 (09PBS)-08	DFID (9PBS)-031 Voltage Regulators	Re-tendering	Supplier declined to execute order	No objection to Re-tendering	Bid under evaluation
5	DFID (9PBS)-09	DFID (9PBS)-33,34,35 Jeep, Pick up, MotorCycle	Re-tendering	No Bids	No objection to Re-tendering	Bids under evaluation
6	DFID (9PBS)-10	DFID (9PBS)-036 Line Hardware	Re-tendering	Bid validity expired	No objection to Re-tendering	Re-tendering under process
7	DFID (9PBS)-12	DFID (9PBS)-041 Wooden Pole	Re-tendering	Based on Ministry decision	No objection to Re-tendering	Re-tendering under process
8	DFID (10Lac)-3	DFID (10Lac)-050 Fuse Cutout	Re-tendering	REB contends offered price is above estimate.	No objection to Re-tendering	Re-tendering under process
9		DFID (10Lac)-051 Lightning Arrester	Re-tendering	REB contends offered price is above estimate.	No objection to Re-tendering	Re-tendering under process
10	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

Summary of Commodity Procurement Status against REDP till June 2008

Item	Projects			
	67PBS	9PBS (1st Tranche)	9PBS (2nd Tranche)	10Laç
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	1
Estimated amount (Million USD)	0	0	0	0.861
In % of total estimate	0%	0%	0%	30%
Tendered sub-package awarded:				
Number	4	18	5	3
Order amount (Million USD)	1.591	14.085	9.993	1.746
In % of total estimate	31%	53%	70%	62%
Sub-package decided to be re-tendered:				
Number	3	8	2	3
Estimated amount (Million USD)	3.072	11.380	4.103	0.125
In % of total estimate	61%	43%	29%	4%
Re-tendering of sub-package under process:				
Number	0	0	2	3
Estimated amount (Million USD)	0	0	4.103	0.125
In % of total estimate	0%	0%	29%	4%
Re-tendered sub-package under evaluation:				
Number	0	4	0	0
Estimated amount (Million USD)	0	1.330	0	0
In % of total estimate	0%	5%	0%	0%
Re-tendered sub-package awarded:				
Number	0	4	0	0
Order amount (Million USD)	0	9.82	0	0
In % of total estimate	0%	37%	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	23.905	9.993	1.746
Amount disbursed (Million USD):	1.591	13.343	0	0

Diagram 3.1.3.1: 67 PBS Materials Composition and Anticipated Contract Costs.

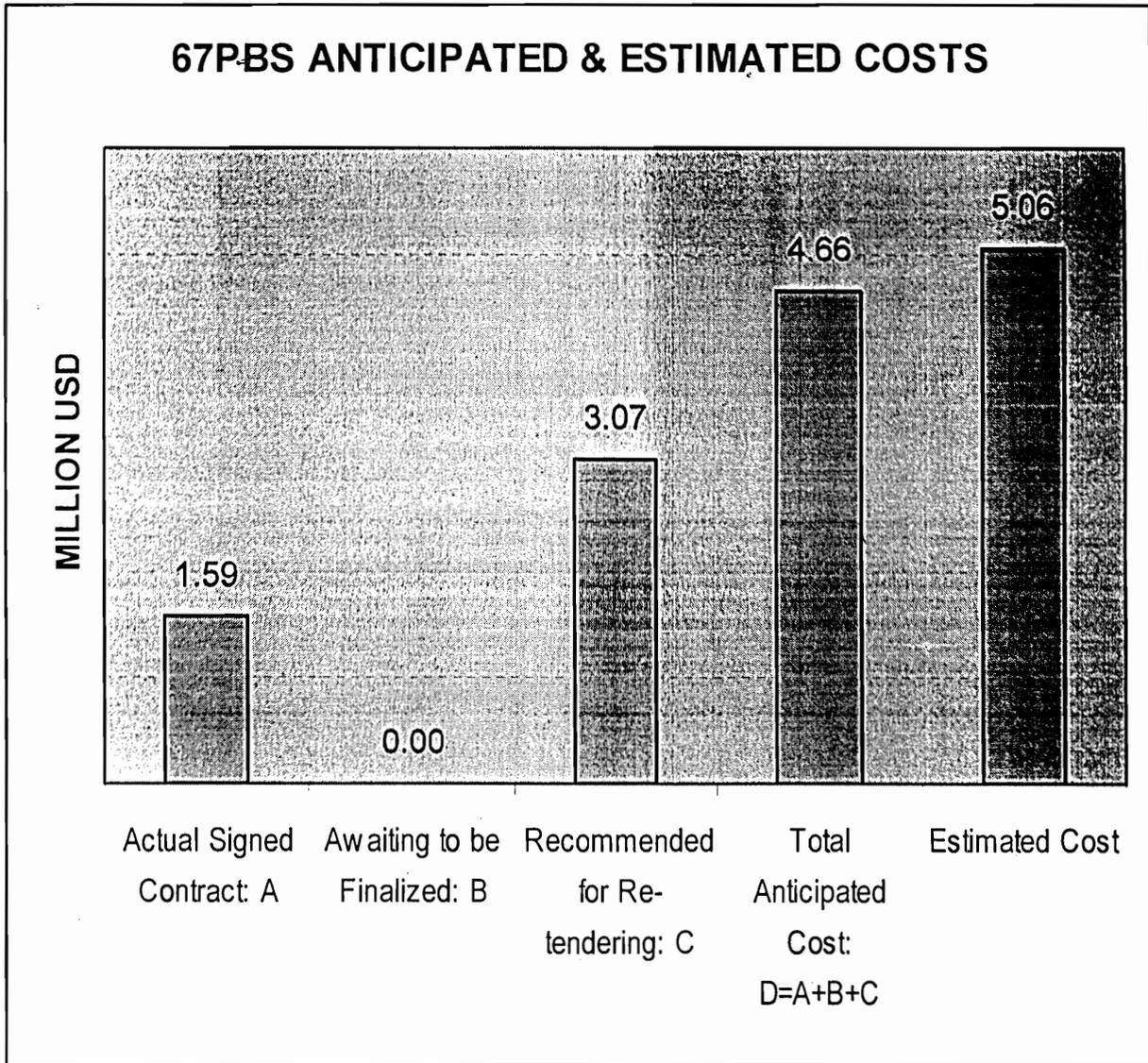


Diagram 3.1.3.2: 9 PBS (1st Tranche) Materials Composition and Anticipated Contract Costs.

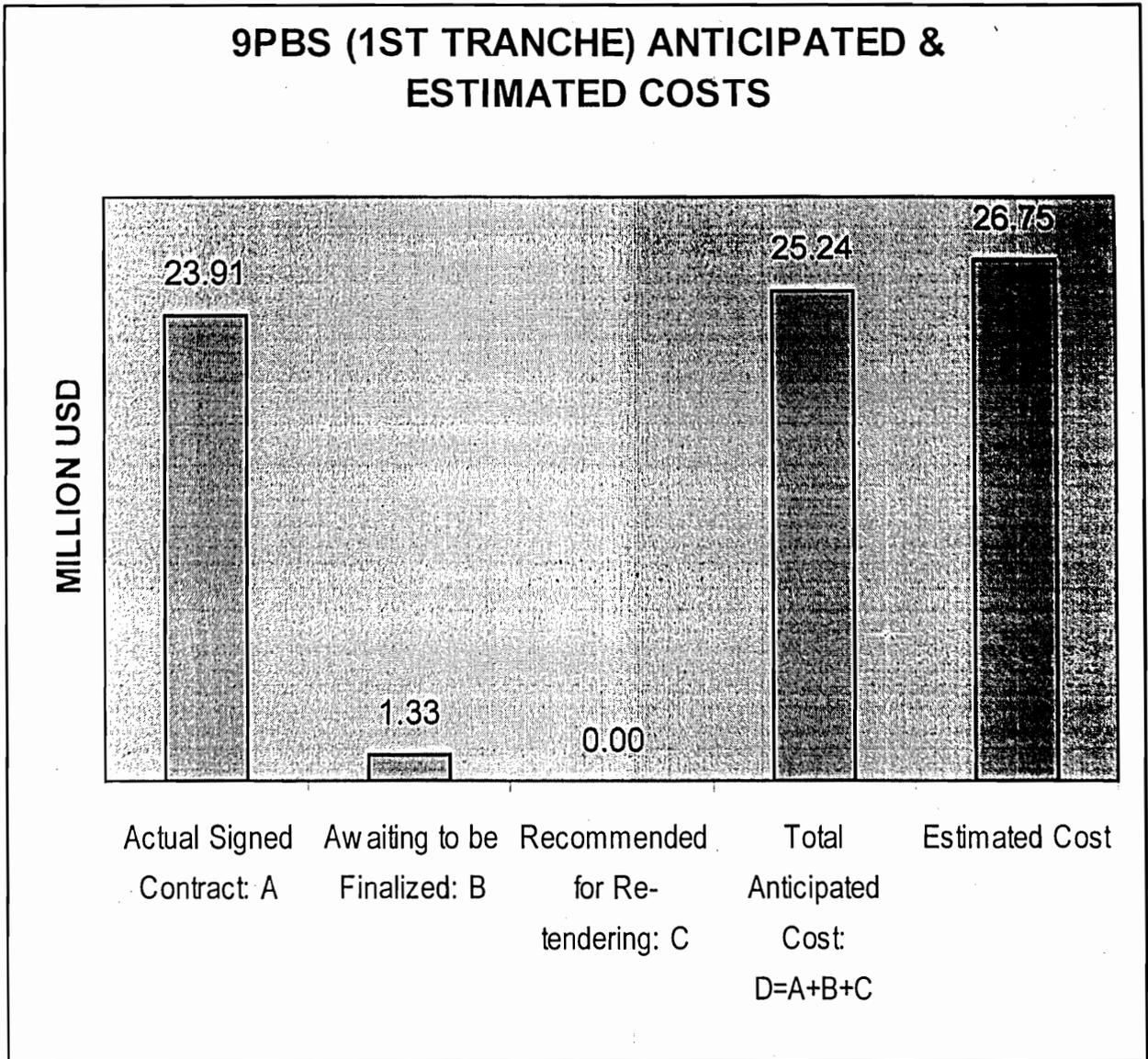


Diagram 3.1.3.3: 9 PBS (2nd Tranche) Materials Composition and Anticipated Contract Costs.

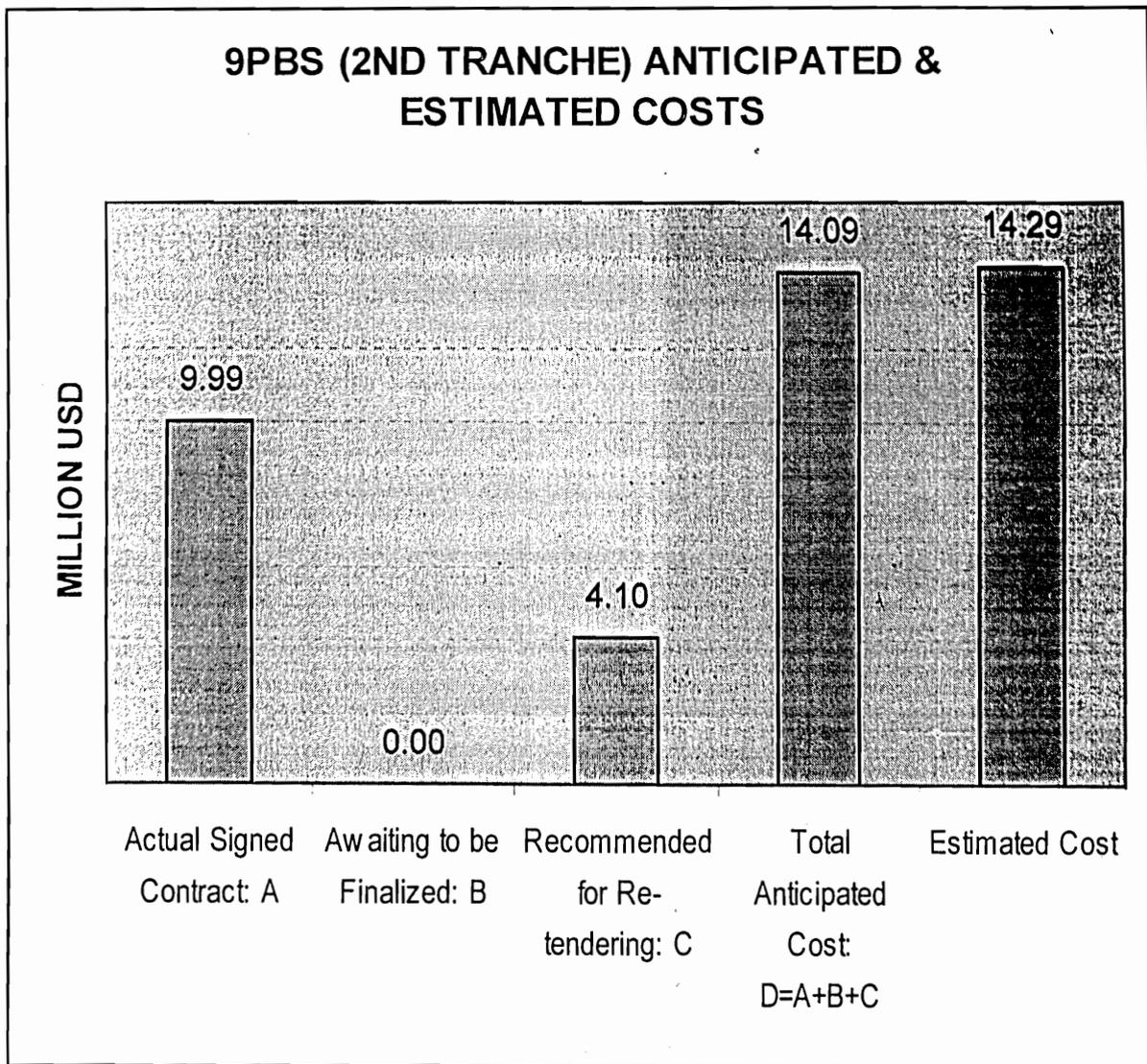
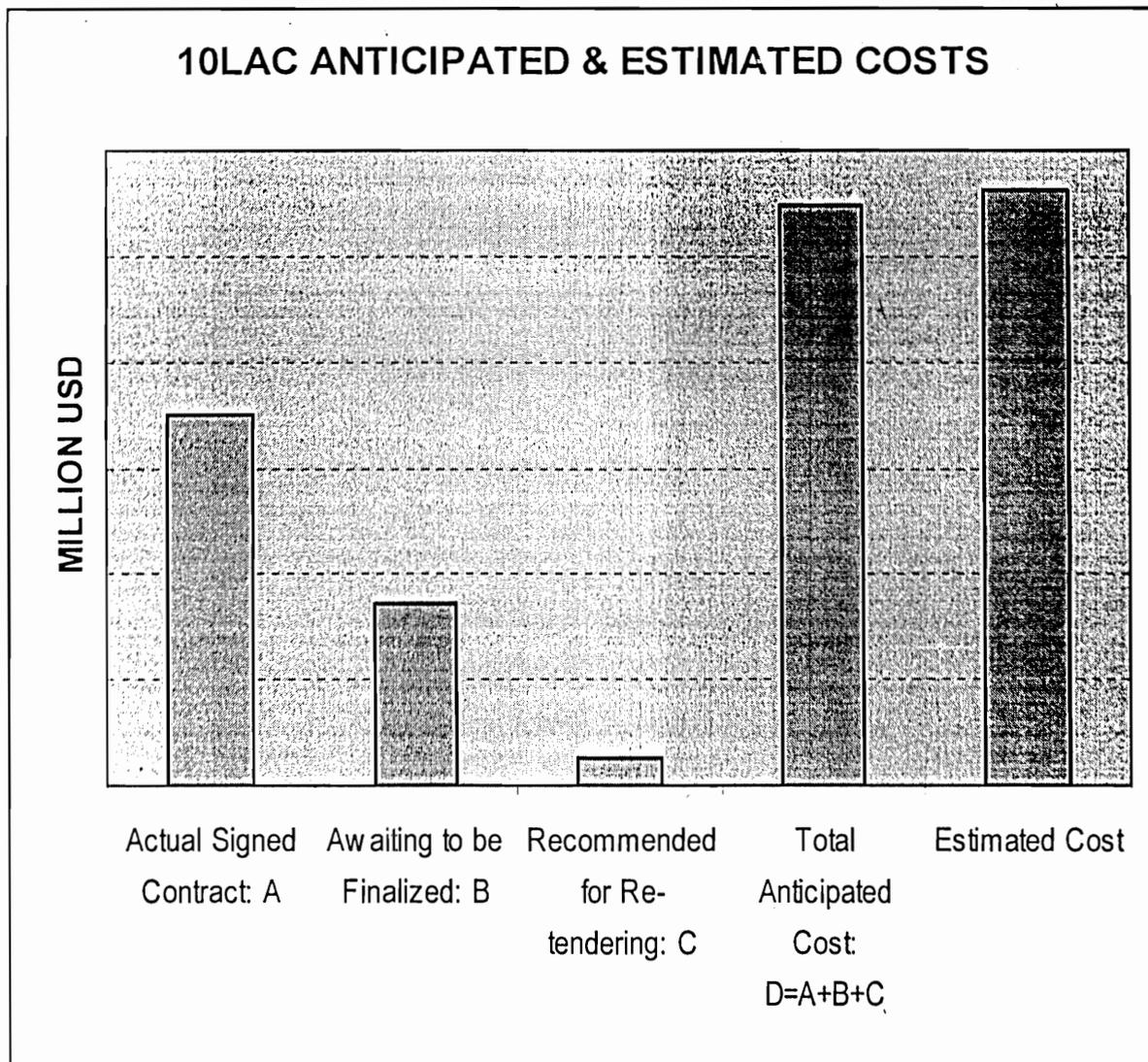


Diagram 3.1.3.4: 10Lac Materials Composition and Anticipated Contract Costs.



3.2 Materials Procurement

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.

During the April to June quarter, REB continued in agreement with all NRECA suggestions considered necessary to try and obtain a satisfactory quantity and quality of solicitations.

REB completed necessary revisions to the bid documentation for second tranche materials, with NRECA confirming no objections to commencing bid document production in preparation of the necessary copies to be available for purchase by interested vendors.

Between 1st and 5th May 2008, REB advertised the procurement of four sub-packages being re-tendered under 9PBS projects in four Bangladesh national newspapers and placed the procurement information on GOB Central Procurement Technical Unit website.

As normal practice, copies of the newspaper advertisement were eventually also disseminated to the trade sections of embassies and high commissions in Dhaka.

For these six sub-packages, bid closing dates were set for 4 June 2008, allowing bidders up to 34 days to submit responses. Evaluation of bids commenced immediately after bid opening.

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

Details of each core monitoring subject were described in the Quarterly Report for April through June 2006. These monitoring conditions were notified by DFID to REB Chairman on 28 June 2006.

Conditions in the REB bid documentation generally reflected the monitoring requirements, with REB procurement personnel generally implementing the other monitoring conditions.

In particular, each of the 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 a necessity to expedite REDP materials procurement in a timely manner, NRECA in consultation with DFID and USAID concurred with REB permitting the value of most bid sub packages to be less than USD 1.7 million. 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 international potential bidders, NRECA requested copies of the newspaper advertisement should 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

Ideally to attract international competition, financial values of bid sub packages should be at least USD 5 million.

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 take an inordinate amount of time, potentially leading to an undesirable delay with REDP materials procurement.

Four bid sub packages out of 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 1st tranche sub-packages during the reporting quarter.

<u>Bid Sub Package</u>	<u>Materials</u>	<u>Units</u>	<u>Value</u>
DFID (9PBS)-031/1	Voltage Regulator	151 Nos.	USD 1,127,298.00
DFID (9PBS)-033/1	Jeep	4 Nos.	USD 160,120.00
DFID (9PBS)-034/1	Pick-up	1 No.	USD 22,666.00
DFID (9PBS)-035/1	Motor Cycle	13 Nos.	USD 19,695.00

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 four bid packages under 9 PBS Projects.

Bid documents were made available at REB headquarters for purchase by potential bidders on 4 May 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 1.3 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 1st and 5th May 2008.

<u>Newspaper</u>	<u>Language</u>	<u>Date of Publication</u>
Daily Star	English Language Daily	1 May, 2008
The New Age	English Language Daily	3 May, 2008
Daily Samakal	Bangla Daily	1 May, 2008
The Jugantor	Bangla Daily	5 May, 2008

In addition to newspaper advertisements, the procurement was also advertised on GOB Central Procurement Technical Unit website. See the following page for copies of the advertisements.

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.

“বিদ্যুতের আলোর হটম বিদ্যা শিক্ষার বিতার ঘটায়”

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 (4Y) 2008/1009; Date : 29-04-2008	
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)-08/1 & DFID (9PBS)-9R .	
11	Tender Publication Date	04-05-2008	
12	Tender Last Selling Date	03-06-2008 Up to 4.00 PM	
		Date	Time
13	Tender Closing Date and Time	04-06-2008	12.00 Noon (BST)
14	Tender Opening Date and Time	04-06-2008	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
	DFID (9PBS)- 08/1	DFID (9PBS)-08-031/1	Voltage Regulator.
	DFID (9PBS)- 09R	DFID (9PBS)-09-033/1	Jeep
		DFID (9PBS)-09-034/1	Pick-up
		DFID (9PBS)-09-035/1	Motor Cycle
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 (২২৩) 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

Illustration 3.2.4.2 Copy of advertisement shown on website of GOB Central Procurement Technical Unit.

 Central Procurement Technical Unit <small>IMED, MINISTRY OF PLANNING, GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH</small>				
Invitation for Tenders (Multiple Lot)			Status: Approved	
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH				
Ministry/Division: Power Division Agency: Rural Electrification Board Procuring Entity Name: REB, Dhaka. Procuring Entity Code: Procuring Entity District: Dhaka Invitation For: Goods Invitation Ref No.: DFID/GAF-278 (4)/2008/2009 Date: 29-Apr-08				
KEY INFORMATION				
Procurement Method: NCT Open Tendering Method(OTM)				
FUNDING INFORMATION				
Budget and Source of Funds: Development Budget Aid (Grant/Credit) Development Partner: DFID				
PARTICULAR INFORMATION				
Project/Programme Name: Tender Package No.: DFID (9PBS)-08/1 & DFID (9PBS)-9R Tender Package Name: Material of Voltage Regulator, Jeep, Pick-up, Motor Cycle. Re-Tender Publication Date: 6-May-08 Re-Tender Last Selling Date: 3-Jun-08 Re-Tender Closing Date and Time: 04-Jun-2008 12:00 PM Tender Opening Date and Time: 04-Jun-2008 12:30 PM				
Name & Addresses of the Offices :		Selling Re-Tender Document		
		Directorate of Procurement (7th floor), Rural Electrification Board, Nikunja-2, Dhaka-1229, Bangladesh.		
		Receiving Re-Tender Document		
		REB Auditorium (1st Floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.		
		Opening Tender Document		
		REB Auditorium (1st Floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.		
Pre-Re-Tender Meeting (Optional):		Place:	Date:	Time
INFORMATION FOR TENDERER				
Eligibility of Tenderer: All countries except Israel. Brief Description of Goods or Works: Material of Voltage Regulator, Jeep, Pick-up, Motor Cycle. Brief Description of Related Services: N/A Re-Tender Document Price: 3,000.00				
Lot No.	Identification	Location	Security Amount	Completion Date
1	DFID (9PBS)-08-031/1 for the material of Voltage Regulator.	REB, Dhaka	3,150,000.00	0
2	DFID (9PBS)-09-033/1 for the material of Jeep.	REB, Dhaka	315,000.00	0
3	DFID (9PBS)-09-034/1 for the material of Pick-up.	REB, Dhaka	45,500.00	0
4	DFID (9PBS)-09-035/1 for the material of Motor Cycle.	REB, Dhaka	38,500.00	0
PROCURING ENTITY DETAILS				
Name of Official Inviting Re-Tender: Syed Mosaddeque Hossain Designation of Official Inviting Re-Tender: Directorate (Procurement) Address of Official Inviting Re-Tender: Rural Electrification Board (7th floor), Nikunja-2, Dhaka-1229, Bangladesh. Contact Details of Official Inviting Re-Tender: Phone: 88-02-8916420 Fax: 88-02-8916420 Email: rebprocure@yahoo.com				
The procuring entity reserves the right to accept or reject all tenders				

3.2.5 Procurement Program

Bid documents for re-tendering of four sub-packages out of the 1st tranche procurement with total estimated amount of USD 1,329,779.00 under 9 PBS project were advertised for sale between 1 – 5 May 2008. Bidders were allowed up until 4 June 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.

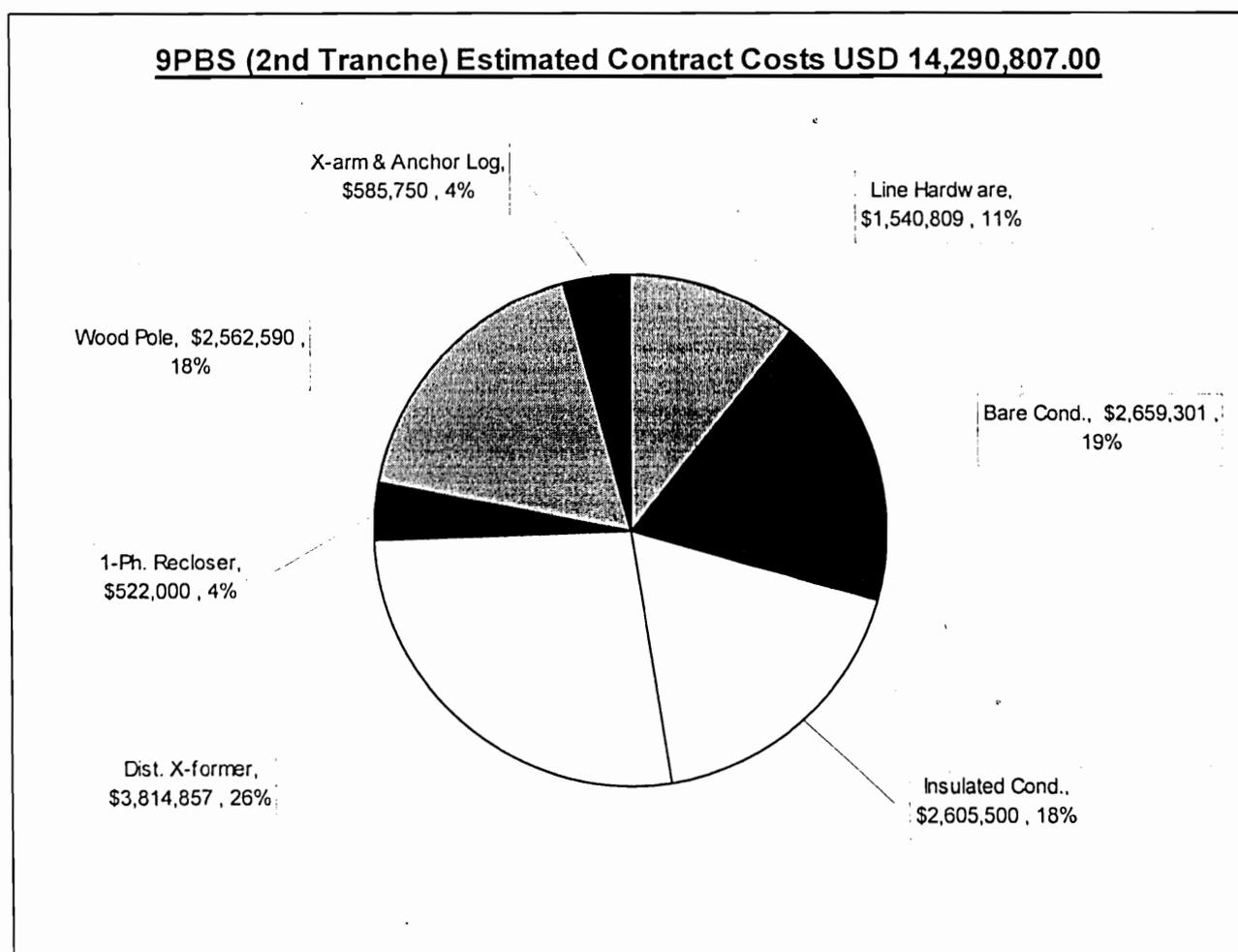
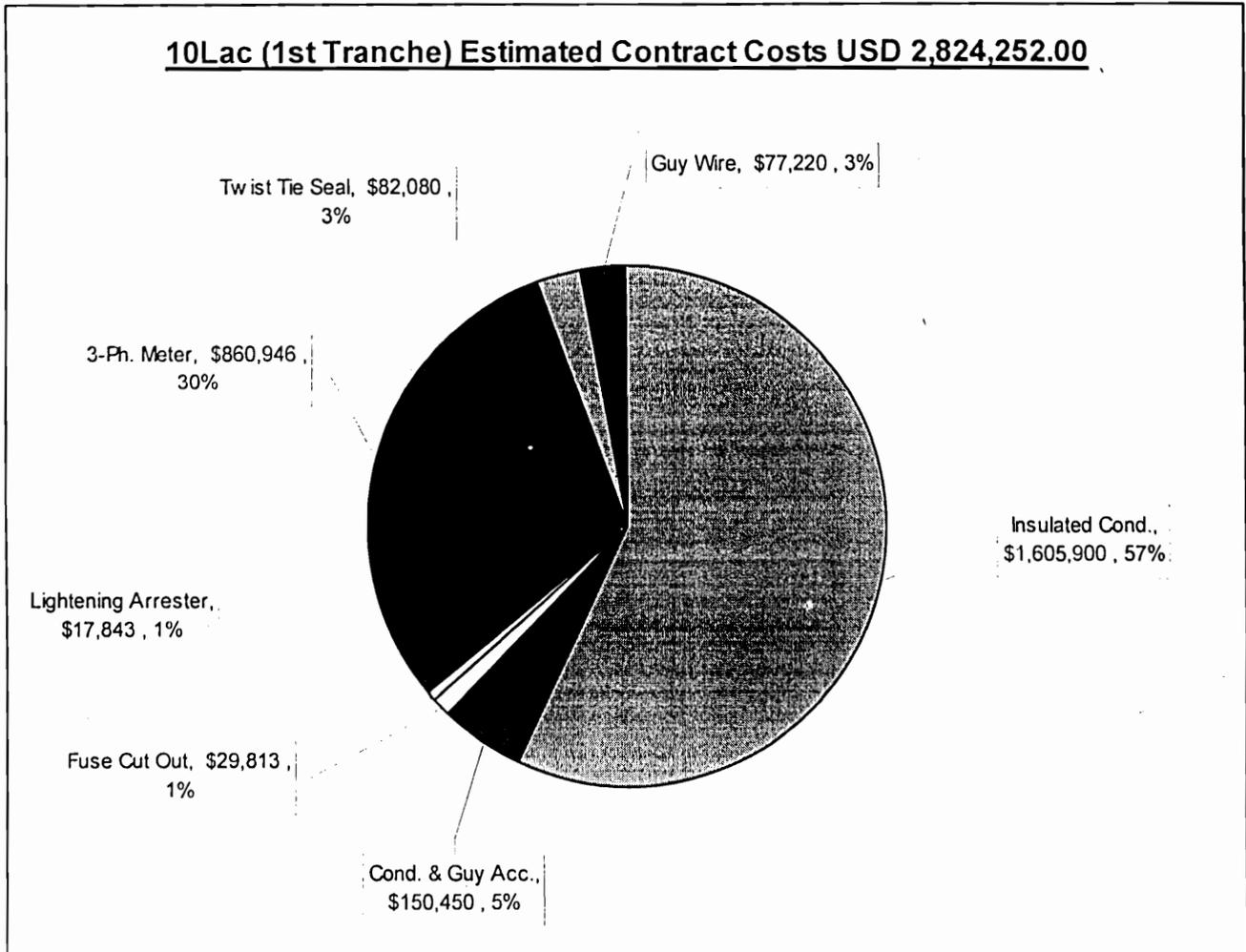


Diagram: 10 Lakh Consumer Connection Under Existing PBSs Distribution Line Materials Composition and Estimated Contract Costs.



3.3 REDP Materials Procurement Funding

GBP38 million (approximately USD 76 million at GBP 1 = USD 2) is available in total for REDP materials procurement.

For the REDP project period from March 2006 to March 2007, DFID had provided GBP 21.5 million (approximately USD 41 million) to GOB/REB for procurement of REDP materials.

DFID anticipate funding availability to be according to the following pattern:

Financial Year	Funds	Allocation
2005 - 2006	GBP 15 Million (USD 30 Million)	REB
2006 - 2007	GBP 5.5 Million (USD 11 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

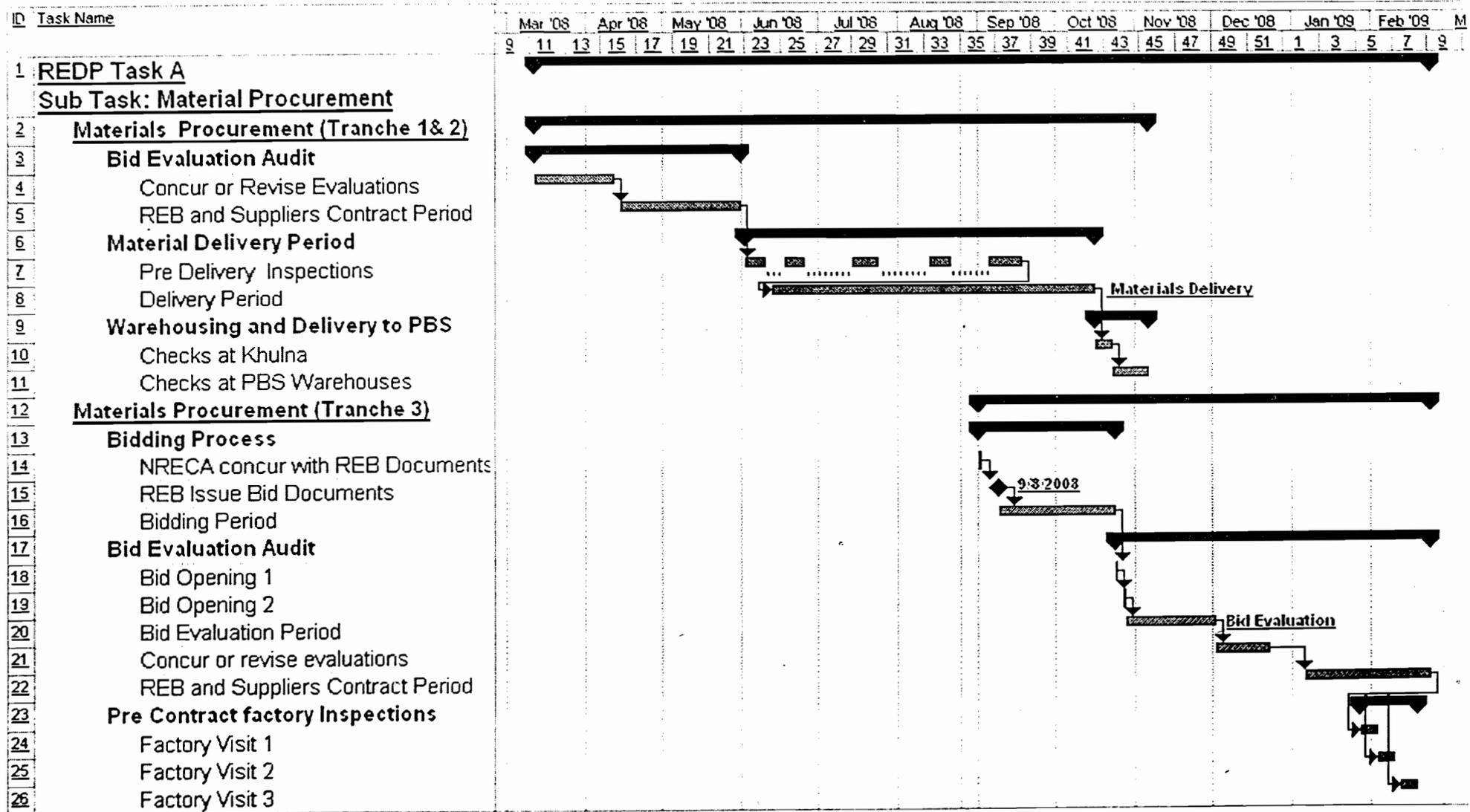
3.4 Observations NRECA made while monitoring REB's procurement process - 1st & 2nd Tranche

NRECA continues to emphasize the various observations made monitoring the REB procurement process for the 1st tranche of tendering under the REDP. Details related to these observations were outlined in Section 3.4 in the Quarterly Reports issued for the periods April to June 2006 and again in July to September 2007. The main observations (without the details and NRECA's proposed solutions which are available in the referenced Quarterly Reports) included the following:

- Need to Follow The PPR- 2003 --PROCESS TO BE CONFIDENTIAL
- The Appropriateness of the Discount Offered by the Tenderer
- The Price Estimation of Conductor
- The Veracity of a Claim for Domestic Preference Eligibility

During evaluation of the bid sub-packages out of the 2nd tranche as well as those re-tendered out of the 1st tranche of procurement there was a tendency of REB for recommending re-tendering on account of bid price being substantially higher than the respective estimate (prepared on the basis of earlier procurements). Under such circumstances NRECA differed with REB observation by analyzing the bid price with prevailing market price of commodities (especially metal items) and suggested REB for re-evaluation of such bids which they did and re-tendering was avoided by accepting the bid price that commensurate current market price although higher than estimate.

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



SECTION 4: MONITORING OF MATERIALS USAGE

4.1 Progress

REB will utilize DFID funded materials for ongoing REDP construction projects with the construction projects being formulated from the individual PBS Master Plans.

During the reporting period, NRECA began with preliminary work associated with sub-task by utilizing its GIS staff to visit the PBSs under the 9 PBS project in order to collect Master Plans as well as information on the projects selected for construction utilizing the REDP procured materials. The PBSs were found to be very cooperative in supplying the requested information.

NRECA Engineering team with the assist of GIS team and Line Inspector Team made a trip at Brahmanbaria PBS to develop the methodology of analyzing the selected projects using PBS Master Plan to determine their viability, etc. during the reporting period

NREC staff did additional planning for implementation of the monitoring process including making assessment of staff requirements for monitoring the construction activities as well as following up on the completed construction prior to handover to the concerned PBS.

4.2 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.

- 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.

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.

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 have continued to take place thus far under the REDP with specific updated information 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.
- As reported in the previous Quarterly Report (Jan to March 2008), the completed subcontract was prepared and submitted to the Contracts Office in the USAID Mission for review and concurrence per the requirements outlined in the USAID/NRECA contract. Following the completion of the internal review and following the receipt of specific clarifications from NRECA's Dhaka office, a formal concurrence was issued from the Contracts Office in mid-April.
- With receipt of USAID's concurrence, NRECA and HDRC completed the formalities related to the execution of the subcontract that provides services to complete the socio-economic studies under the REDP
- HDRC began its initially planning for the baseline study and the preparation of Report 1 (Setting Basis for Baseline Survey) per the terms of the subcontract with NRECA.
- Various meetings were held with HDRC regarding its initial planning. In anticipation of hold the "Consensus Building Meeting" in mid-July a formal a meeting was held in late June with representatives from the key stakeholders being present including DFID, USAID, REB and NRECA. During this meeting HDRC presented the progress of their work including their proposed schedule for completing the baseline study. Following discussion, it was agreed that July 15th would be the date for holding the "Consensus Building Meeting" and the concerned persons from the respective stakeholders would be invited to attend. Given the requirements of the meeting, it was agreed that the American Recreation Association Club would be the appropriate venue.

SECTION 6: PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM

6.1 Background

The main 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 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 PBSs. As part of the required capacity building to support this effort, a wide range of training programs were developed to raise the awareness of member-consumers and to assist in the development of the PBS Board members. The USAID-funded RPPR-II Program which was completed in September 2007 included a specific Task (C.1 - Strengthening Training Programs and Procedures) which had continued in provide advice and assistance for the training of all types of 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 in order to ensure that the content and approach for these newly developed member education programs are appropriate to the PBS system. At the PBS level, the PBS Member Services Departments are being 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 the April to June reporting period the MAEBD Team was involved in three particular activities in support of the Member Awareness Education and Board Development Task:

- Completion of required editing and modifications to the 2nd edition of the MAEBD manual that was prepared previously, as well as the printing of 2,000 additional copies..
- Delivery of fifteen MAE Workshops in five additional PBSs that were selected in consultation with the REB Training Directorate.
- Continued development of curriculum materials for the PBS Board program entitled "Performing in the Board Room"

6.2.1 Delivery of Fifteen Member Awareness Education Workshops at Five PBSs

The two member team comprised of Mr. Narayan Chandra Saha and Mr. Syed Nurul Islam from NRECA traveled to Mymensingh PBS 1, Comilla PBS 1, Jessore PBS 2, Kishorganj and Chittagong PBS 1 and facilitated workshops on three consecutive days for a total of fifteen 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 and PBS staff.

All the workshops of Mymensingh-1, Comilla PBS 1, Kishorganj and Chittagong PBS 1 were conducted at the PBS headquarters. Jessore PBS 2 arranged one of its workshops at the PBS head quarter at Monirampur with the two other workshops being conducted at Narail and Noapara offices under the Deputy General Manager (DGM).

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 fifteen workshops conducted during the month of May are listed below:

Member Education Workshops During May 2008

PBSs	Venue	Date	Number of Participants		
			Male	Female	Total
Mymensingh-1	PBS Headquarters	May 03, 2008	40	8	48
Mymensingh-1	PBS Headquarters	May 04, 2008	38	5	43
Mymensingh-1	PBS Headquarters	May 05, 2008	51	5	56
Comilla-1	PBS Headquarters	May 07, 2008	41	5	46
Comilla-1	PBS Headquarters	May 08, 2008	45	5	50
Comilla-1	PBS Headquarters	May 10, 2008	36	0	36
Jessore-2	Narail Zonal Office	May 13, 2008	42	6	48
Jessore-2	Noapara DGM Office	May 14, 2008	35	4	39
Jessore-2	PBS Headquarters	May 15, 2008	46	6	52
Kishorganj	PBS Headquarters	May 24, 2008	57	4	61
Kishorganj	PBS Headquarters	May 25, 2008	57	8	65
Kishorganj	PBS Headquarters	May 26, 2008	50	4	54

Chittagong-1	PBS Headquarters	May 27, 2008	51	2	53
Chittagong-1	PBS Headquarters	May 28, 2008	50	0	50
Chittagong-1	PBS Headquarters	May 29, 2008	34	7	41
G. Total: 5-PBS	7 Venues	15 Events	673	69	742

The workshops became more effective because of the facilitators of the workshops, REB and PBSs- authority made an effort to become more engaged with the PBS consumers. The interaction and participation in the workshops were very encouraging as the presentation through power point was quite relevant to their day to day situations.. Most of the participants played active roll and did not hesitate to ask questions and to seek clarification of their questions and concerns. They have given 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 REB staff participated in workshops. For these five workshops 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.Ikramul Hasan, Assistant Director, attended the three days workshop at Chittagong-1.

The participants have appreciated the initiative jointly taken by REB and NRECA regarding the workshop on Member Education. The participants became very pleased about receiving a copy of the the printed manual which contains necessary information about of PBS concept (based on cooperative principles) and roles and responsibilities of the member consumer. They expressed their satisfaction in that this was the first opportunity for many to receive such as document as a member consumer of their PBS. They indicated that the manual will serve as a guideline and reference for educating other member consumers of their PBS. They also expressed a desire to have subsequent editions of the Member Education Manual.

As part of the implementation of the Member Education under the REDP, the concerned management staff of the PBSs were requested by the NRECA team to design the work plan for conducting follow up workshops and programs at the PBS offices and in the villages as a process for disseminating the message at the grass root level immediately. The PBS personnel indicated that they plan include relevant portions of this program with their motivational meetings that are currently scheduled for upcoming period. The 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.

Observations About the Workshops

- Reactions of Participants

These fifteen workshops were scheduled at a time when most of the rural consumers are busy harvesting paddy and the PBS personnel were busy with attempts to realize their arrears by connecting on outstanding bills as the financial year is going to end. More importantly the on going heavy load-shedding continues 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 have concern about the potential for success of the workshops, 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.

However in actuality the results were far different from what could have taken place. All the workshops were well attended and the participants were found to be very interested in the information, data and statistics made available to them as part of the presentations as well as can they be a means for gaining support from contained in the manuals provided. Some of the information provide a reasons to be pleased about being a member of the PBS, while other information made them more knowledgeable about the exact reasons for non-availability of power. 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 a very important 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 with respect to the formation of correct opinions about the current situation within the power sector. This will also help to alleviate a bias idea about the position of PBS 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 the participants themselves had developed a changed perspective regarding the state of affairs of power scenario within the country and the role assigned to the PBS. At the conclusion of the workshop participants, when asked, agreed to accept responsibility for disseminating some of this information to their fellow member-consumers , which provided a positive conclusion to the workshops.

- Load Shedding Situations in PBSs

It was observed by the MAEBD Team that on an average the PBSs are getting less than 40% of the power supply required when comparing it to their demand. In some places it was only 30% and in other cases even less. In addition to this short supply, the system trips off frequently during the period when power is supposed to be available which brings significant inconvenience and misery to the member consumers. Not only are these additional outages disruptive and inconvenient, they also contribute to hazardous situations with respect to for the operation of house-hold appliances particularly those are motor driven. During the time spent

in the PBSs, the NRECA staff experienced power trips on an average of three to four times per hour. What also frequently occurs in some instances is that the adjacent PDB area may be enjoying almost continuous power, which naturally brings frustration and discontent among PBS consumers who are being effected. This short and erratic power supply really brings numerous situations for the PBS management which become more and more difficult to deal with as the real solution is beyond the control of the PBSs.

6.2.2 Curriculum Development – PBS Board Programs

In addition to conducting the Member Education Workshops, the MAEBD Team was engaged in finalizing the enhanced "Handbook for PBS Directors" that was prepared previously for use with the crash program conducted for PBS Directors who attended the Orientation Programs last quarter.

Work was also begun on the development of additional curriculum materials for a new Board training program entitled "Performing Effectively in the Board Room" which is a basic program for all Directors as listed in the approved Curriculum Plan.