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**Rural Electrification
Development Program (REDP)
Quarterly Report
July –September 2007
DRAFT – 19 Nov,07**

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	25
3.3 REDP Materials Procurement Funding and Draw Down	32
3.4 Observations -1st Tranche	33
3.5 Procurement Schedule	36
SECTION 4: MONITORING OF MATERIALS USAGE	37
4.1 Progress	37
4.2 Proposed Monitoring Methodology	37
SECTION 5: SOCIO ECONOMIC STUDY	38
5.1 Background	38
5.2 Progress	38
SECTION 6: PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM	39
6.1 Background	39
6.2 Progress	39
SECTION 7: REDP FINANCIAL	42

ABBREVIATIONS

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

SUMMARY

During the period July through September 2007, REDP project work generally progressed according to schedule.

Following considerable discussion with REB, agreement was reached on various recommendations related to the commercial and technical conditions considered necessary for improving the bidding competition in second tranche 9 PBS commodities procurement. These recommendations were based on NRECA's observations from the first tranche of 9 PBS commodities procurement

Sales of bid documents for REDP materials for second tranche 9 PBS project commodities procurement commenced on 16 September 2007. Bid opening dates is set for 6 November 2007. The value of the second round of REDP materials procurement is estimated to be approximately USD 14 million.

Contingent on the successful initial phase of this procurement cycle and the bid opening on 6 November 2007, evaluation of bids by REB will follow during the months of November and December 2007. As with the first tranche, NRECA will concurrently monitor the overall bid evaluation process, making appropriate comments with relevant reporting.

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. A total of twenty one (23) sub-packages were awarded out of 35.

As part of NRECA's project monitoring and verification of procurement and construction work, a review meeting was held with concerned senior personnel of REB on 17th September 2007. The meeting's agenda including a review the status of the first tranche of material procurement and the process of post procurement activities such as allocation of DFID funded materials to specific PBS projects.

Member Awareness Education and Board Development program continued during this period with particular progress on the implementation of the member education program being undertaken. Workshops were conducted by NRECA staff with support from REB's Training Directorate and the three Management Operations Directorates. This was accomplished through the delivery of workshops in five different PBSs with fifteen different workshops being conducted during the reporting period.

Work also began on the development of the curriculum outline and curriculum materials for the Directors serving on the PBS Boards. Planning was also conducted with the Training Directorate in support of this important activity under the REDP.

Under the Socio-Economic Task and based on the proposal evaluations and the selection of the Human Development Research Center (HDRC) as the top ranked firm and with their financial proposal having been opened, negotiations continued and were completed. Contract preparations were started by the NRECA office in Arlington.

In summary the principal achievements during the reporting period were:

- NRECA review of REB Technical Evaluation Committee recommendations.

- NRECA concurrence with 34 recommendations made by REB's Technical Evaluation Committee.
- Commodities supply for total 22 sub packages out of 35 being awarded.
- Initiated the bid process for the second tranche procurement.
- A meeting was held with concerned REB high official personnel to review the status of the first tranche material procurement and post procurement activities.
- A team including GIS and Engineering personnel of NRECA visited to Rajshahi PBS for developing methodology to check master plan and staking sheet.
- Member Education Workshops were conducted for PBS members, PBS personnel in five PBSs with three workshops being delivered at each of the PBSs for a total of 15 workshops.
- Work began on the development of the new field program for PBS Board members.
- With the formal selection of HDRC as the local firm for conducting the baseline and impact surveys negotiation over the financial terms was completed.
- The contracting arrangements for HDRC were being prepared by the NRECA office in Arlington.

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.

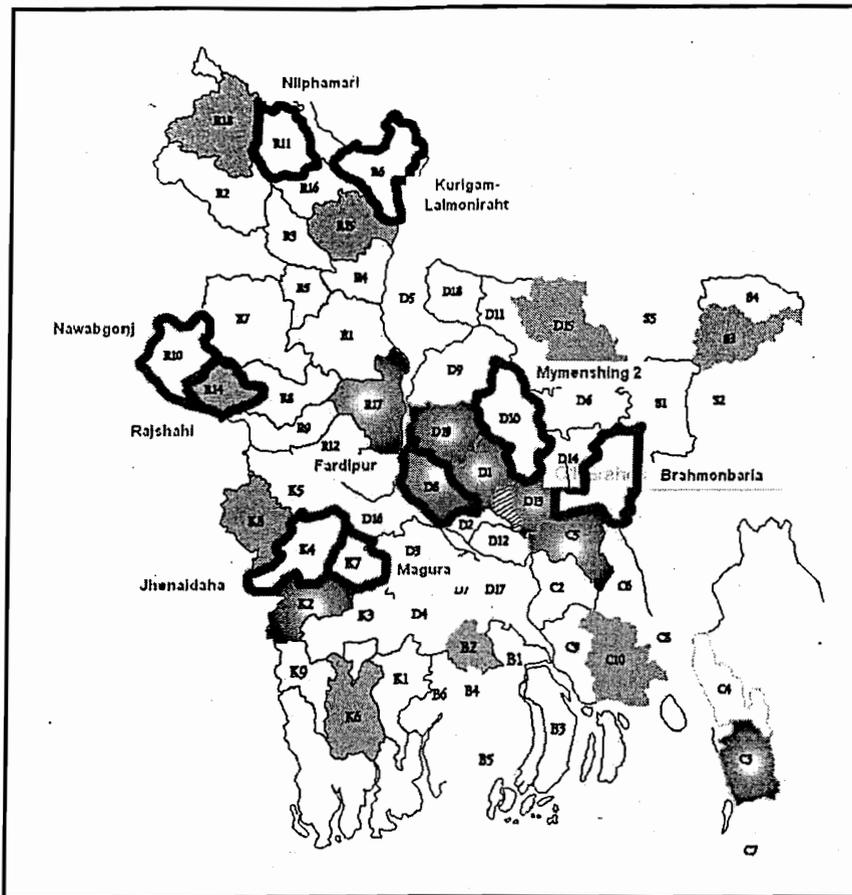
First, a major expansion of the main distribution infrastructure backbone in 9 PBS will be supported. The total investment cost of this component is £27 million, with which 8,000 km of new line will be constructed and 2,000 km renovated. These PBS were established by the REB in the mid to late 1990s 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".

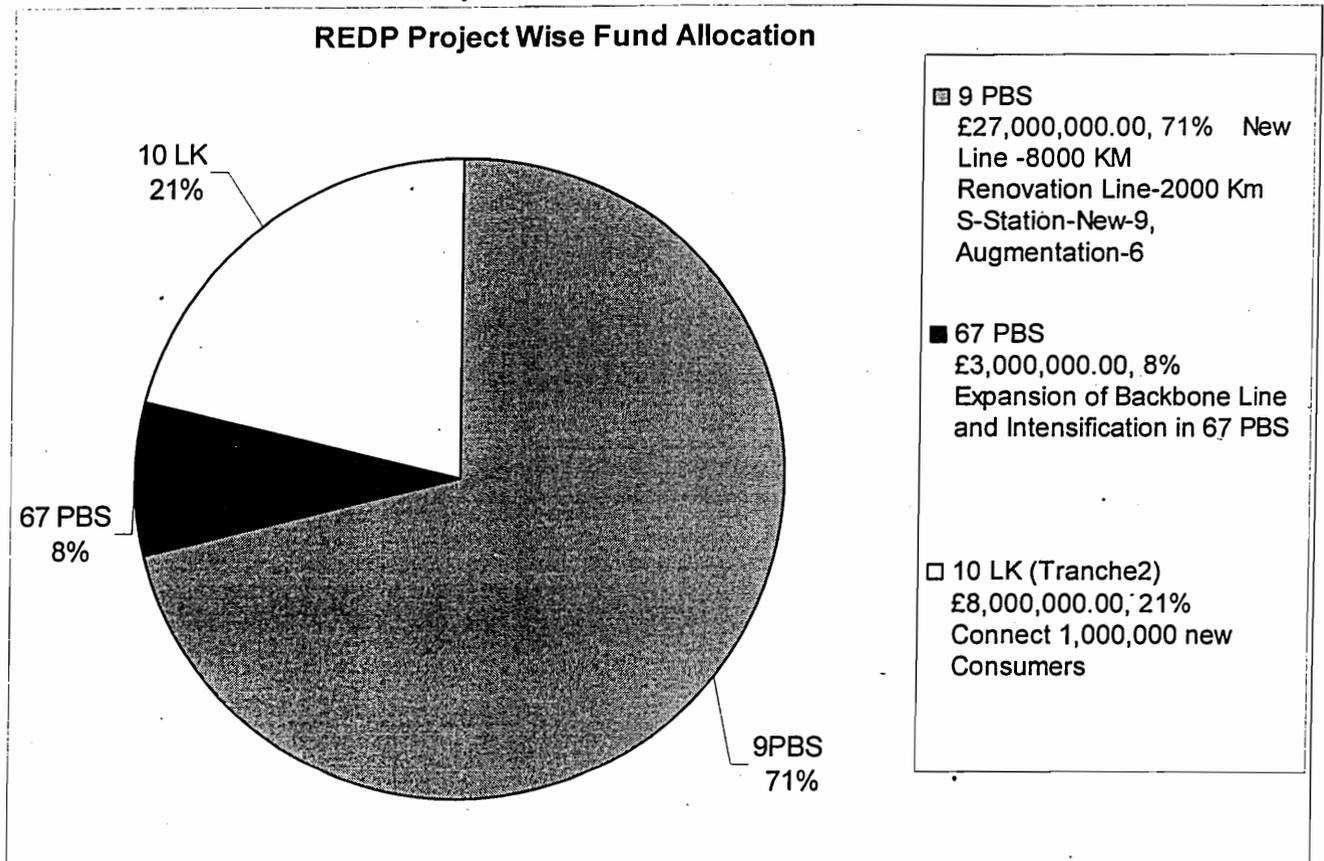
* *Extract from DFID REDP Project Memorandum, dated 11 December 2005.*

1.2 9 PBS Receiving Principal Support from REDP



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
	Banchhampur	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	209.78	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
	Nasimagar	Brahmanbaria	311.66	129	234,090		Shalikka	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	487.75	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
	Maheshpur	Jhenaidah	416.96	194	246,350		Faridpur	Faridpur	407.02	298	335,386
	Shaikupa	Jhenaidah	373.42	258	293,341		Madhukhali	Faridpur	230.20	238	165,438
Kurigram	Bhurungamari	Kurigram	236.00	124	176,822	Nilphamari	Nagarkanda	Faridpur	379.02	335	267,193
	Chilmar	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	258	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	186.23	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 Hasan 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 July through September 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. Recommendations of Technical Evaluation Committee of REB for 35 sub-packages were reviewed by NRECA. In 34 cases the evaluation conclusions were in accord with NRECA; however for the remaining 1 sub-package evaluation conclusions there was a difference of opinion. Second tranche of procurement for 9 PBS commodities, bid documents were finalized with concurrence being provided for advertisements.

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.

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. These issues have been addressed on review meeting on 17th September, and NRECA believes 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 obtains 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 average demand and supply for month of September, 2007.

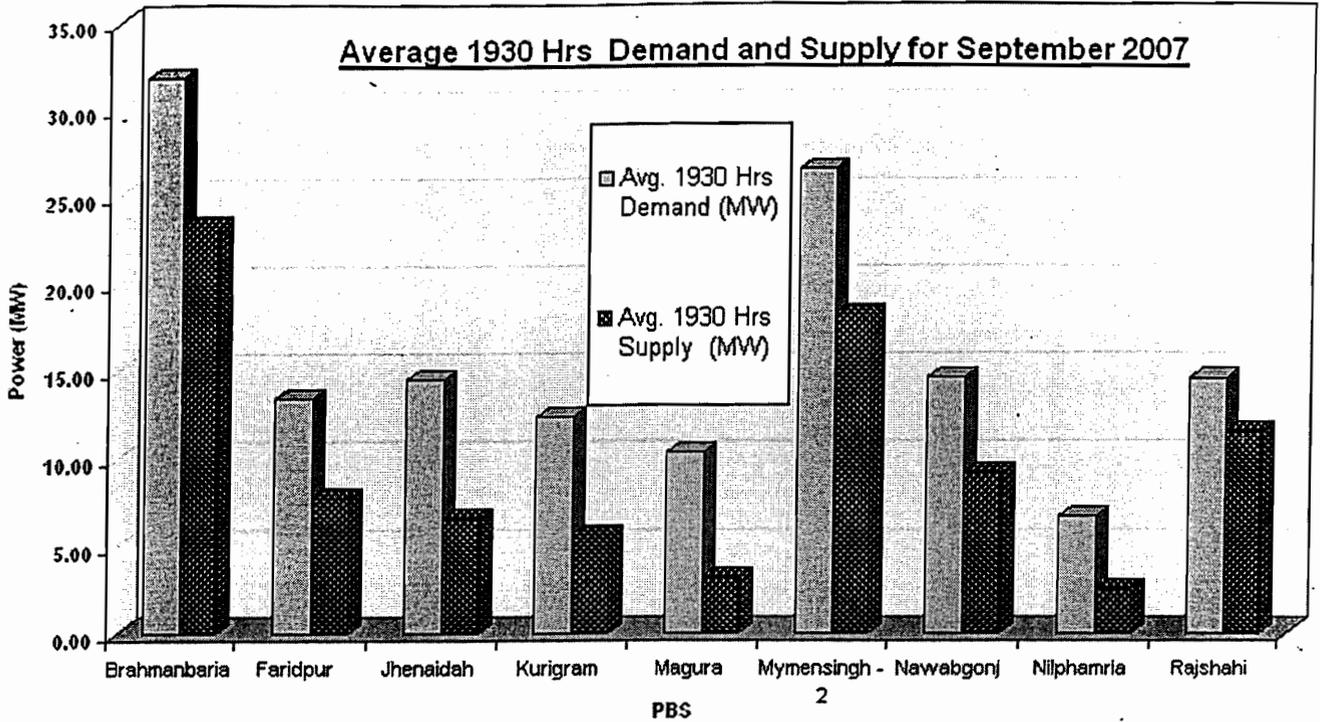
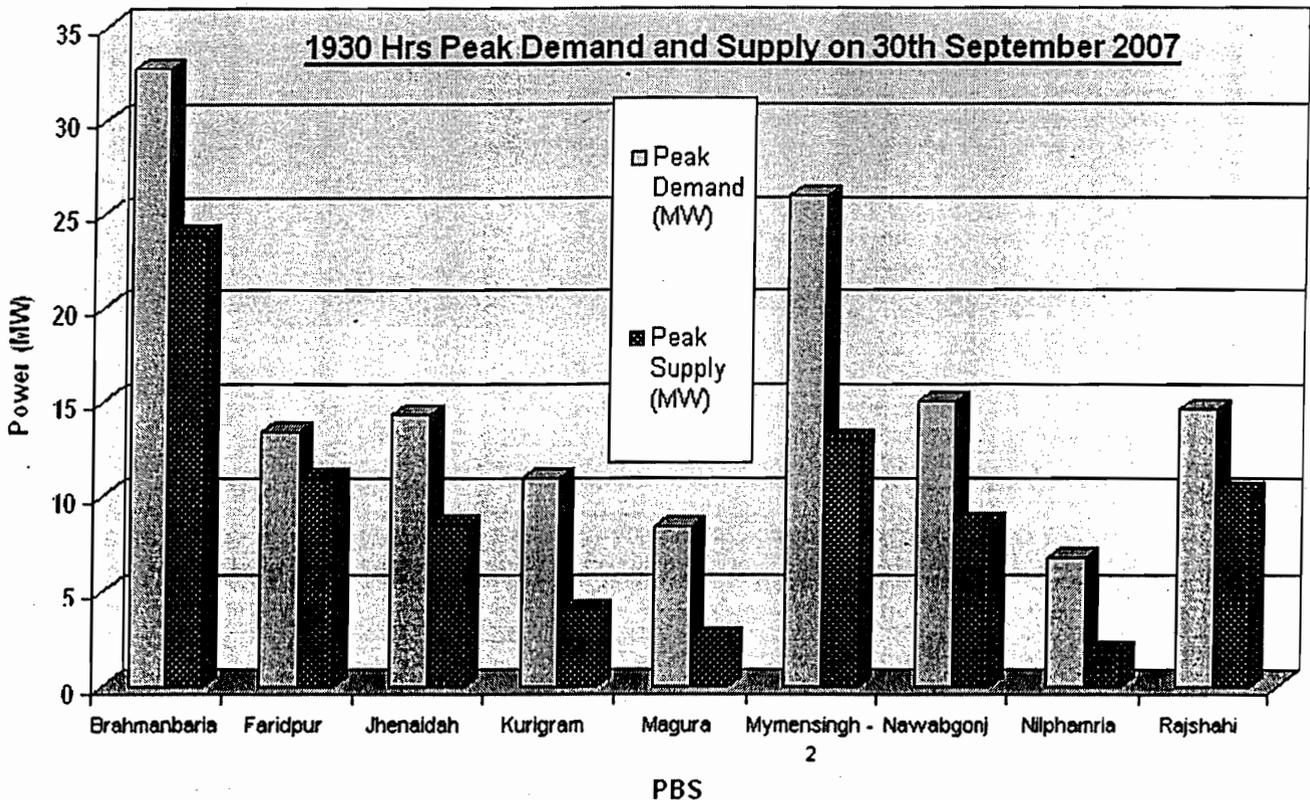


Illustration 2.2.2 Shows 1930 Hrs Peak demand and supply for 9 PBS on 30th September 07.



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 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-FIRST 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.

3.1 Materials Procurement First Tranche

3.1.1 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 3.1.2.

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.

A total of 34 out of 35, REB TEC recommendations for award of contract/re-tendering concurred with NRECA evaluation conclusions at the end of this reporting period. Five 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 four sub-packages.

3.1.2 REDP Evaluation Results

Table 3.1.2.1 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)-002 (Copper Conductor)	BRB Cable Industries Ltd	TEC's recommendation approved	EXW Price USD 80,615	No objection to placing contract
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
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
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
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
6		DFID (9PBS)-011, (Distribution Transformers)	Techno Venture Ltd	TEC's recommendation approved	EXW 1,302,000.00	No objection to placing contract
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
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
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
10		DFID (9PBS)-017 Fuse Links	Techno Electricals Ltd	TEC's recommendation approved	CFR USD 181,702	No objection to placing contract
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

Table 3.1.2.1 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)-06	DFID (9PBS)-019 (Single Phase Meters)	Techno Venture Ltd	TEC's recommendation approved	EXW Price USD 675,000	No objection to placing contract
13		DFID (09PBS)-020 Three Phase Meters	Trade East West	TEC's recommendation approved	CFR Price USD 1,153,250	No objection to placing contract
14		DFID (09PBS)-021 (Meter Seals)	Trade East West.	TEC's recommendation approved	CFR Price USD 130,800	No objection to placing contract
15		DFID (09PBS)-022 Single Phase Meters + Sockets	Jascom Enterprise. (Singapore Trading House)	TEC's recommendation approved	CFR USD 296,000	No objection to placing contract
16		DFID (09PBS)-023 CT's and VT's	Esit Elektrik	TEC's recommendation approved	CFR USD 869,000	No objection to placing contract
17	DFID (9PBS)-07	DFID (09PBS)-024 Anchor Logs and Cross Arms	Diram	TEC's recommendation approved	EXW USD 762,457	No objection to placing contract
18		DFID (09PBS)-025 (Tension Splice)	Trade East West	TEC's recommendation approved	CFR Price USD 199,700	No objection to placing contract
19		DFID (9PBS)-026 (Guy and Grounding Wire)	Trefileurope	TEC's recommendation approved	CFR Price Euro 1,099,800	No objection to placing contract
20		DFID (09PBS)-028 (Line Tools)	Universal Trading	TEC's recommendation approved	CFR Price USD 380,526	No objection to placing contract
21	DFID (9PBS)-08	DFID (09PBS)-030 (ACR)	Nu Lec	TEC's recommendation approved	CFR Price USD 347,220	No objection to placing contract
22		DFID (9PBS)-31 (Voltage Regulators)	Siemens	TEC's recommendation approved	EXW Price USD 1,203,671	No objection to placing contract
		DFID (09PBS)-032 (Fuses and Switches)	Energypac Domestic Bidder	TEC's recommendation approved	EXW Price USD 334,490	No objection to placing contract

Table 3.1.2.2 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	Ministry did not approve
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
5	DFID (9PBS)-05	DFID (09PBS)-015 Distribution Transformer	Techno Venture Ltd	TEC's recommendation approved	No objection to placing contract	Ministry did not approve

Table 3.1.2.3 Indicates bid sub packages Re-tendering agreed by REB and 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>
1	DFID (67PBS)-01	DFID (67PBS)-001 (Conductor)	Re-tendering	Based on Ministry decision	No objection to Re-tendering
2	DFID (67PBS)-02	(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 Bids	No objection to Re-tendering
4	DFID (9PBS)-03	D(09PBS)-009 (SPC Poles)	Re-tendering	Based on Ministry decision	No objection to Re-tendering
5		DFID (09PBS)-010 (SPC Poles)	Re-tendering	Based on Ministry decision	No objection to Re-tendering
7	DFID (09PBS)-04	(09PBS)-012 Copper Conductor	Re-tendering	REB contends offered price is above estimate.	No objection to Re-tendering
8	DFID (09PBS)-05	DFID (09PBS)-015 Distribution Transformer	Re-tendering	Based on Ministry decision	No objection to Re-tendering
9	DFID (09PBS)-08	DFID (9PBS)-029 (Power Transformers)	Re-tendering, (finalized documents for re-bid in this quarter).	No Bids	No objection to Re-tendering
10	DFID (9PBS)-09	DFID (9PBS)-33,34,35 JEEP, Pick up, Motor Cycle	Re-tendering	No Bids	No objection to Re-tendering

Table 3.1.2.4

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

<u>SL. No.</u>	<u>Tender Package No.</u>	<u>Sub Package</u>	<u>Principal Items</u>	<u>Bidder Selected by REB Evaluation</u>	<u>Lowest Price Bidder</u>	<u>NRECA Observation</u>
1	DFID (9PBS)-07	(09PBS)- 027	Street Lamps	SQ Trading (Bangladesh Trading House)		By various means REB appears to have rejected three lower priced bidders in favor of most expensive offer
					Shanghai Trisun	

3.1.3 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)	Recommended for Re-tendering	Total Anticipated Cost (USD)
67 PBS, Allocation £ 3.00 Mill	5,064,029	1,590,675	-	3,071,860	4,662,535
9PBS, Allocation £ 27.00 Mill	26,751,616	15,090,348	156,589	10,253,101	25,500,039
Total	31,815,646	16,681,023	156,589	13,324,961	30,162,574

Notes:

- Column labeled "Actual/ Signed Contract Amount" includes total twenty one (22) sub-packages awarded out of 35.
- Column labeled "Yet to select the Bidder" includes one (01) sub-package under REB review.
- Column labeled "Decision to Re-tender" includes twelve (12) bid sub-packages with some REB board decision and some following directives of Ministry.

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

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

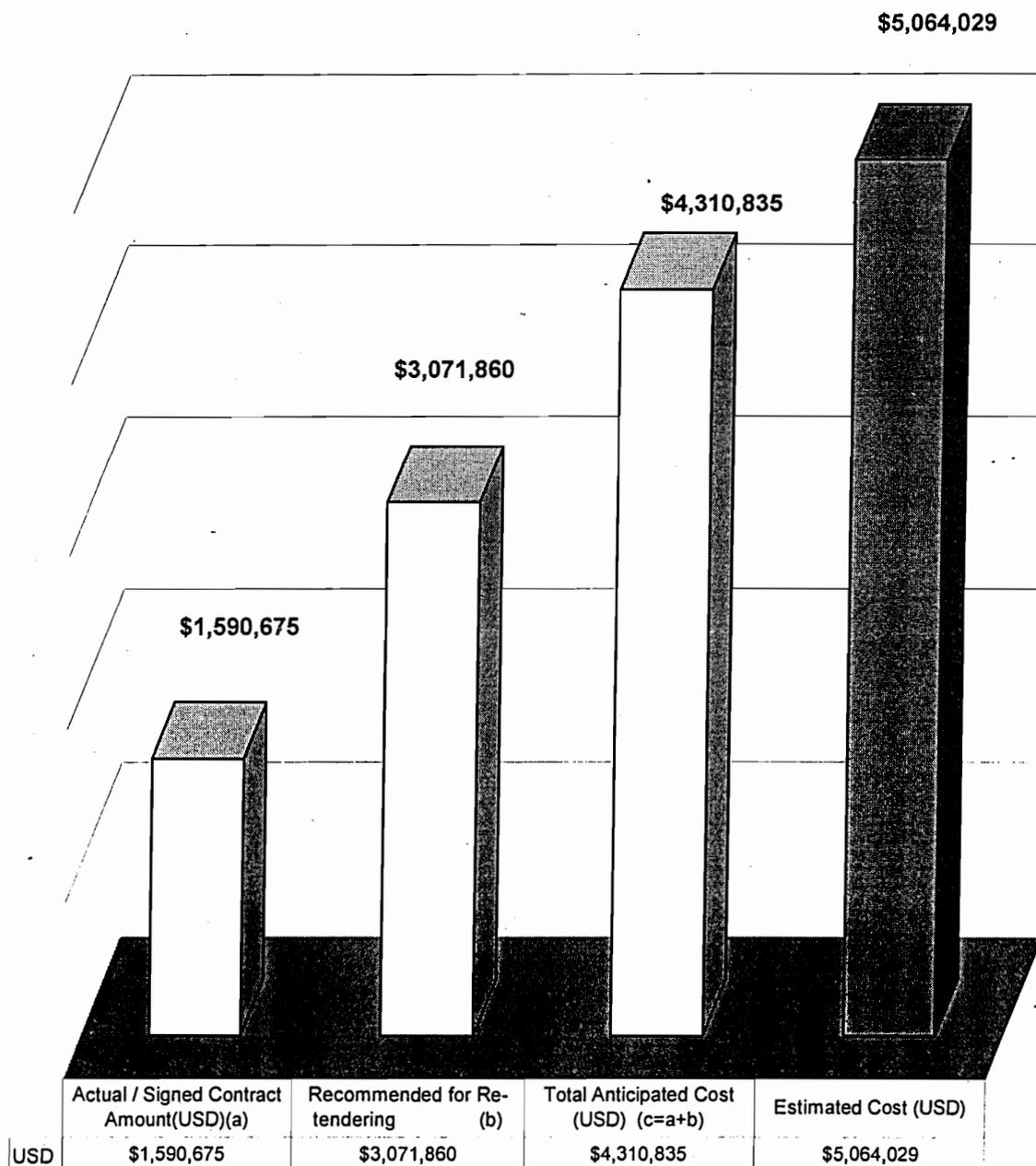
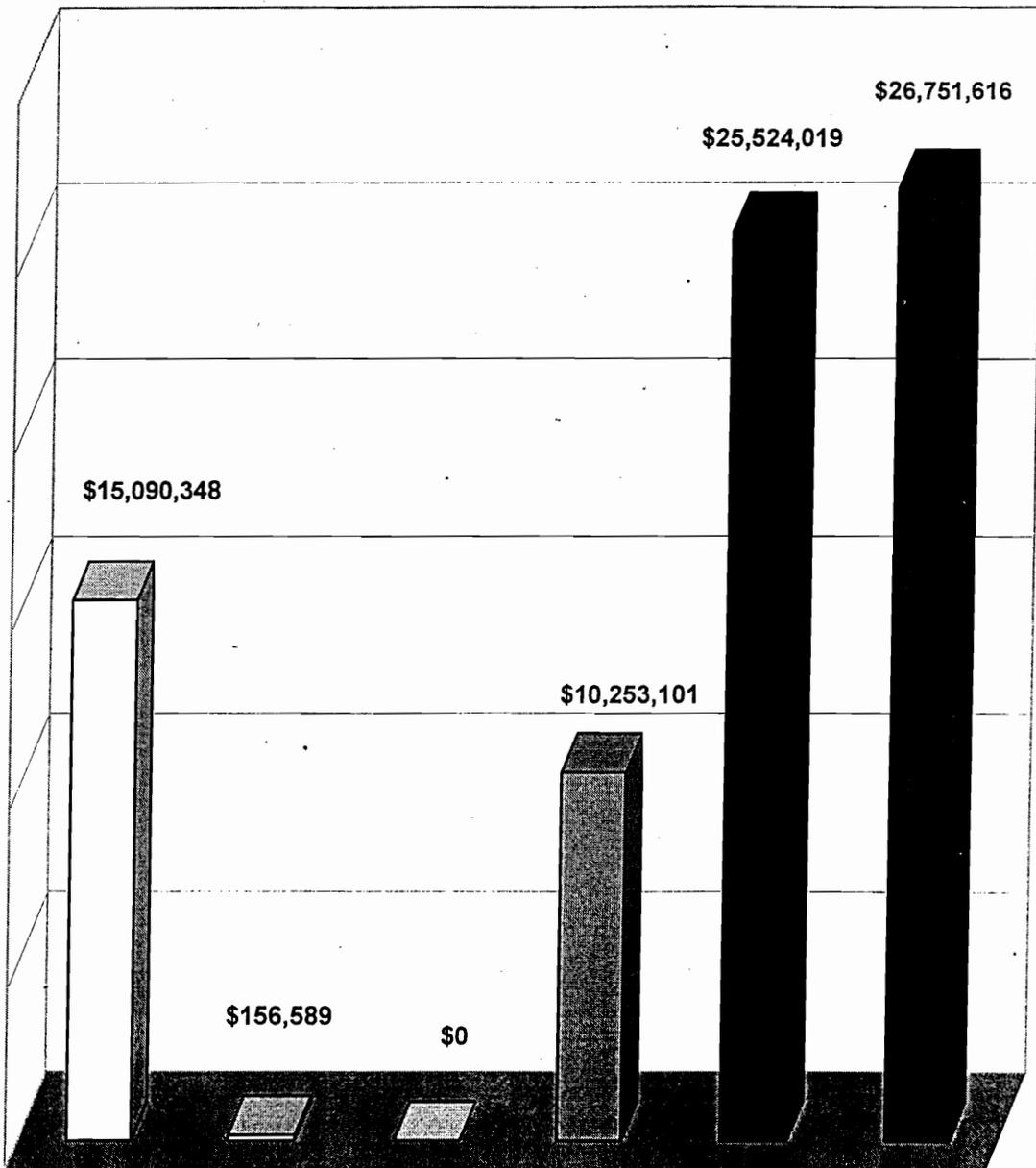


Diagram 3.1.3.2 09 PBS Materials Composition and Anticipated Contract Costs.

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	\$15,090,348	\$156,589	\$-	\$10,253,101	\$25,524,019	\$26,751,616

3.2 Materials Procurement- Second Tranche

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.

Core procurement monitoring subjects were established with REB during the commencement of the first tranche commodities.

This quarter consolidated those core requirements in the REDP second tranche materials procurement bid documentation.

During this quarter REB agreed to incorporate into the procurement documentation, various NRECA suggestions considered necessary to enhance competitive bidding.

Following a considerable number of meetings during the quarter, REB concurred 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.

On 14 & 16 September 2007, REB advertised the procurement in four Bangladesh national newspapers and placed the procurement information on GOB Central Procurement Technical Unit website.

Copies of the newspaper advertisement were eventually also disseminated to the trade sections of embassies and high commissions in Dhaka.

Bid closing dates are set for 6 November 2007, allowing bidders up to 50 days to submit responses. Evaluation of bids will commence during week commencing 6 October 2007.

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.

Core monitoring subjects were in the main addressed by REB. These core monitoring subjects relate to :

- Bid Package Size
- Fair Conditions for Bidders
- Advertising
- Poles

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, REDP materials are likely to be more expensive than 2005 historical prices plus ten percent.

Tranche 2 materials procurement consists of materials for 9 PBS and 10 Lac Consumer Projects. Procurement of materials for 10 lac component of REDP will be deferred until next quarter of 2007 as REB have not yet finalized bid documents.

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 have an estimated financial values of more than USD 1.7 million and hence require GOB ministry approval.

Shown below is the financial make up of materials bid packages.

<u>Bid Sub Package</u>	<u>Materials</u>	<u>Units</u>	<u>Value</u>
DFID (9PBS).10-036	Line Hardware		USD 1,540,808.71
DFID (9PBS).10-037	Bare Conductor	3700 km	USD 2,659,301.00
DFID (9PBS).10-038	Insulated Conductor	4600 km	USD 2,605,500.00
DFID (9PBS).11-039	Distribution Transformer	6600	USD 3,814,875.00
DFID (67PBS).11-40	1Ph. Re-closer	450	USD 522,000.00
DFID (9PBS).12-041	Wooden Poles	21600	USD 2,562,590.00
DFID (9PBS).12-042	Cross Arm & Anchor Log	50000	USD 585,750.00

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 nine bid packages.

Bid documents were made available for purchase by potential bidders on 16 September 2007, from REB headquarters.

REB effected the production of documents for sale to potential bidders. However, the quality of the REB photocopied bid documents was observed to not be of very good quality. Manifold 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 14 million procurement exercise should be professional.

Procurement advertising was conducted in accordance with GOB PPR.

Advertisements appeared in the following newspapers on September 14 & 16, 2007.

<u>Newspaper</u>	<u>Language</u>
Daily Star	English Language Daily
The Observer	English Language Daily
The Jugantor	Bangla Daily
The Ittefaq	Bangla Daily

In addition to newspaper advertisements, the procurement was also advertised on GOB Central Procurement Technical Unit website. 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 ছটায় বিদ্যা শিক্ষার বিস্তার ঘটায়”

Invitation for International Tender against DFID Fund under the 9 PBS Project of Rural Electrification Board.

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

1	Ministry/Division	Ministry of Power Energy and Mineral Resources.					
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 (2Y 2007/ 91) Date : 12-09-2007.					
6	Procurement Method	Open tendering Method, International Competitive Bidding (ICB)					

FUNDING INFORMATION

7	Budget and Source of Fund	Development Budget under DFID Grant					
8	Development Partners (if applicable)	Department for International Development (DFID), UK					
9	Project / Program Name (if applicable)	Intensification and Expansion of Distribution System of 9 PBS					
10	Tender Package No.	DFID (9PBS)-10, 11 and 12					
11	Tender Publication Date	16-09-2007					
12	Tender Last Selling Date	05-11-2007 Up to 4.00 PM					

	Date	Time
13	Tender Closing Date and Time	06-11-2007 (Tuesday) 12.00 Noon (BST)
14	Tender Opening Date and Time	06-11-2007 (Tuesday) 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, Dhaka- 1229, Bangladesh.
- Receiving & Opening Tender Document		REB Auditorium (1 st floor), Rural Electrification Board Nikunja-2, Dhaka- 1229, Bangladesh.

INFORMATION FOR TENDERER

16	Eligibility of Tenderer	All Countries except Israel
17	Price of Tender Document (Tk)	Tk. 3000.00
18	Brief Description of Related Services	N/A.
19	Brief Description of Goods and amount of tender Security :	

Tender-Pack. No.	Sub-Pack. No.	For the material of	Tender Security Amount (USD)	Tender-Pack. No.	Sub-Pack. No.	For the material of	Tender Security Amount (USD)
DFID (9PBS)-10	DFID (9PBS)-10-36	Line Hardware	35,000.00	DFID (9PBS)-11	DFID (9PBS)-11-39	Distribution Transformer	77,000.00
	DFID (9PBS)-10-37	Bare Conductor	55,000.00		DFID (9PBS)-11-40	1Ph. Re-closer	13,200.00
	DFID (9PBS)-10-38	Insulated Conductor	54,000.00	DFID (9PBS)-12	DFID (9PBS)-12-41	Wooden Poles	55,000.00
					DFID (9PBS)-12-42	Cross Arm & Anchor Log	12,000.00

20	Regarding Tender Document	Tender Document in English, may be purchased by the interested tenderers on submission of a written application to the address below and upon payment of a non refundable fee of Tk. 3000.00 or USD 50.00. The method of payment will be by Pay order / Bank draft in favor of Rural Electrification Board, Dhaka, Bangladesh. The document may be sent by air mail for overseas delivery and courier or surface mail for local delivery. For overseas delivery, the tenderer may obtain the tender document by any International courier service to collect the same from Rural Electrification Board, Dhaka, Bangladesh. One tender document can not be used for submission of tender proposal (s) by more than one tenderer. One tenderer, however, may submit tenders against any number of sub-packages included in the tender document by purchasing only one copy of the tender document.
21.	Payment Mode	Payment will be made through Irrevocable Letter of Credit (L/C)
22.	Delivery Period	Delivery Period shall begin with effect from the day of L/C opening
23.	The procuring entity	The procuring entity reserves the right to accept or reject all tenders.



রural electrification board
RURAL ELECTRIFICATION BOARD

পরিচয় (৩৬) ২০০৭-২০০৮

Director (Procurement)
Head Office Building (7th Floor),
Rural Electrification Board
Nikunja-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.

Downloads Contact & Feedback FAQ's Forum Email Subscriptions Site Map				
 Central Procurement Technical Unit <small>UPED, MINISTRY OF PLANNING, GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH</small>				
Home * Advertisement Notices * News * Search * Ministry/Agency				
<input checked="" type="checkbox"/> Send by E-Mail				
Advertisement Notices				
Invitation for Tenders (Multiple Lot)				
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH				
Ministry/Division:	Power Division			
Agency:	Rural Electrification Board			
Procuring Entity Name:	REB, Nikunja-2, Dhaka			
Procuring Entity Code:				
Procuring Entity District:	Dhaka			
Invitation Form:	Goods			
Invitation Ref No.:	DFID/GAF-278(2)/2007/91			
Date:	12-Sep-2007			
KEY INFORMATION				
Procurement Method:	ICT Open Tendering Method(OTM)			
FUNDING INFORMATION				
Budget and Source of Funds:	Development Budget Aid (Grant/Credit)			
Development Partners:	DFID & UK			
PARTICULAR INFORMATION				
Project/Programme Name:				
Tender Package No.:	DFID(9PBS)-10, 11 and 12			
Tender Package Name:	Supply of Line Hardware; Bare Conductor; Insulated Conductor.			
Tender Publication Date:	19-Sep-2007			
Tender Last Selling Date:	05-Nov-2007			
Tender Closing Date and Time:	06-Nov-2007 12:00 PM			
Tender Opening Date and Time:	06-Nov-2007 12:30 PM			
Name & Address of the Offices:	<p>Selling Tender Document</p> <p>Director (Procurement), Rural Electrification Board (REB), Head Quarter Building (7th floor), Nikunja-2, Khikhet, Dhaka-1229</p> <p>Receiving Tender Document</p> <p>REB Auditorium, Head Quarter Building (1st floor), Nikunja-2, Khikhet, Dhaka-1229</p> <p>Opening Tender Document</p> <p>REB Auditorium, Head Quarter Building (1st floor), Nikunja-2, Khikhet, Dhaka-1230</p>			
Pre-Tender Meeting (Optional):	Place: Date: Time:			
INFORMATION FOR TENDERER				
Eligibility of Tenderers:	All Countries except Israel			
Brief Description of Goods or Works:	Supply of Line Hardware; Bare Conductor; Insulated Conductor.			
Brief Description of Related Services:	N/A			
Tender Document Price:	3,000.00			
Lot No.	Identification	Location	Security Amount	Completion Date
DFID(9PBS)10-36	Supply of Line Hardware; Bare Conductor; Insulated Conductor.	Dhaka	35,000.00	0
DFID(9PBS)10-37	Bare Conductor	Dhaka	55,000.00	0
DFID(9PBS)10-38	Insulated Conductor	Dhaka	54,000.00	0
DFID(9PBS)11-39	Supply of Distribution Transformer	Dhaka	77,000.00	0
PROCURING ENTITY DETAILS				
Name of Official Inviting Tender:	Md. Torab Ali Akunjee			
Designation of Official Inviting Tender:	Director			
Address of Official Inviting Tender:	Procurement, REB, Nikunja-2, Dhaka-1229			
Contact Details of Official Inviting Tender:	Phone: 8916420, 8916424-28/113 Fax: 8916420 Email: rabprocure@yahoo.com			
Notes:	Total number of Sub-Package: 6 (six) DFID(9PBS)11-36 to DFID(9PBS)11-42			
The procuring entity reserves the right to accept or reject all tenders				

3.2.5 Procurement Program

Bid documents were advertised for sale on 16 September 2007. Bidders are allowed until 6 November 2007 to submit bids.

Bid evaluation is scheduled to commence during week commencing 6 November 2007.

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 always takes longer than hoped.

3.2.6 REDP Second Tranche Material Projected Costs

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

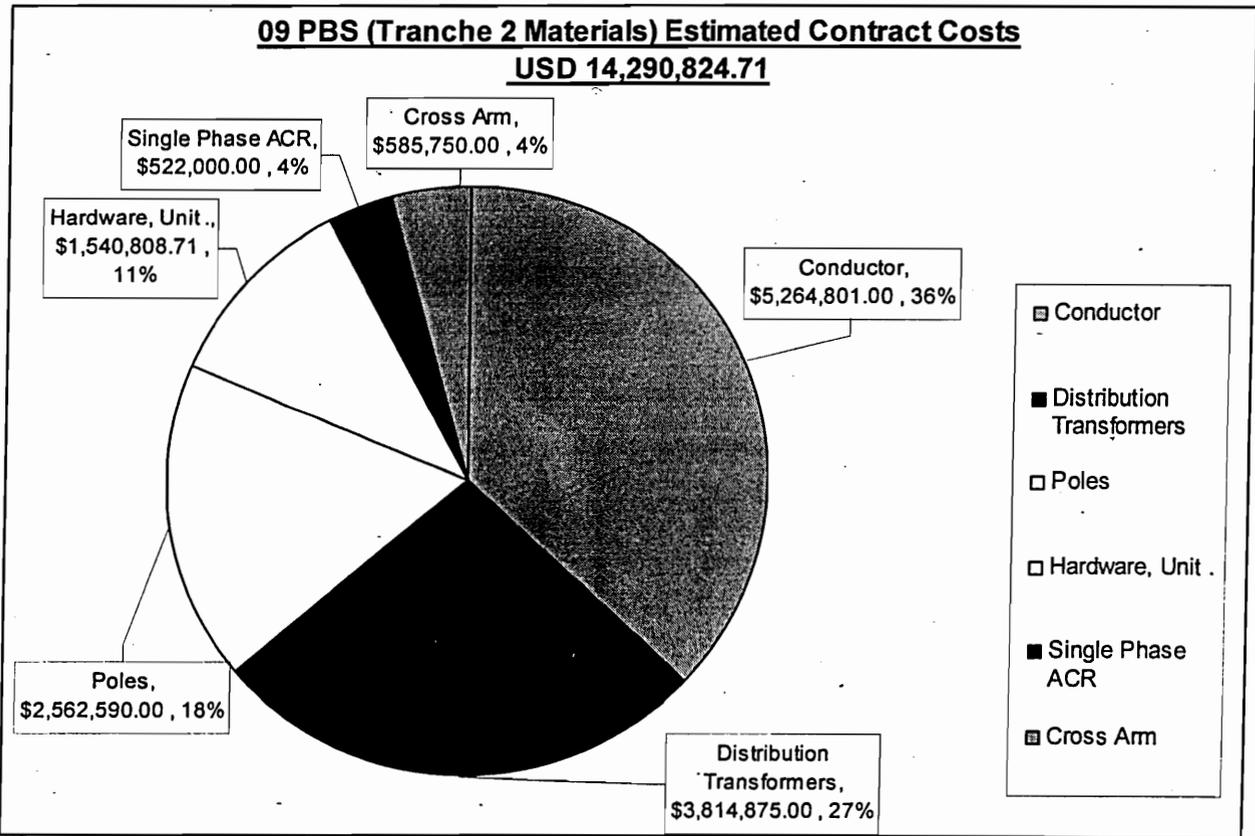
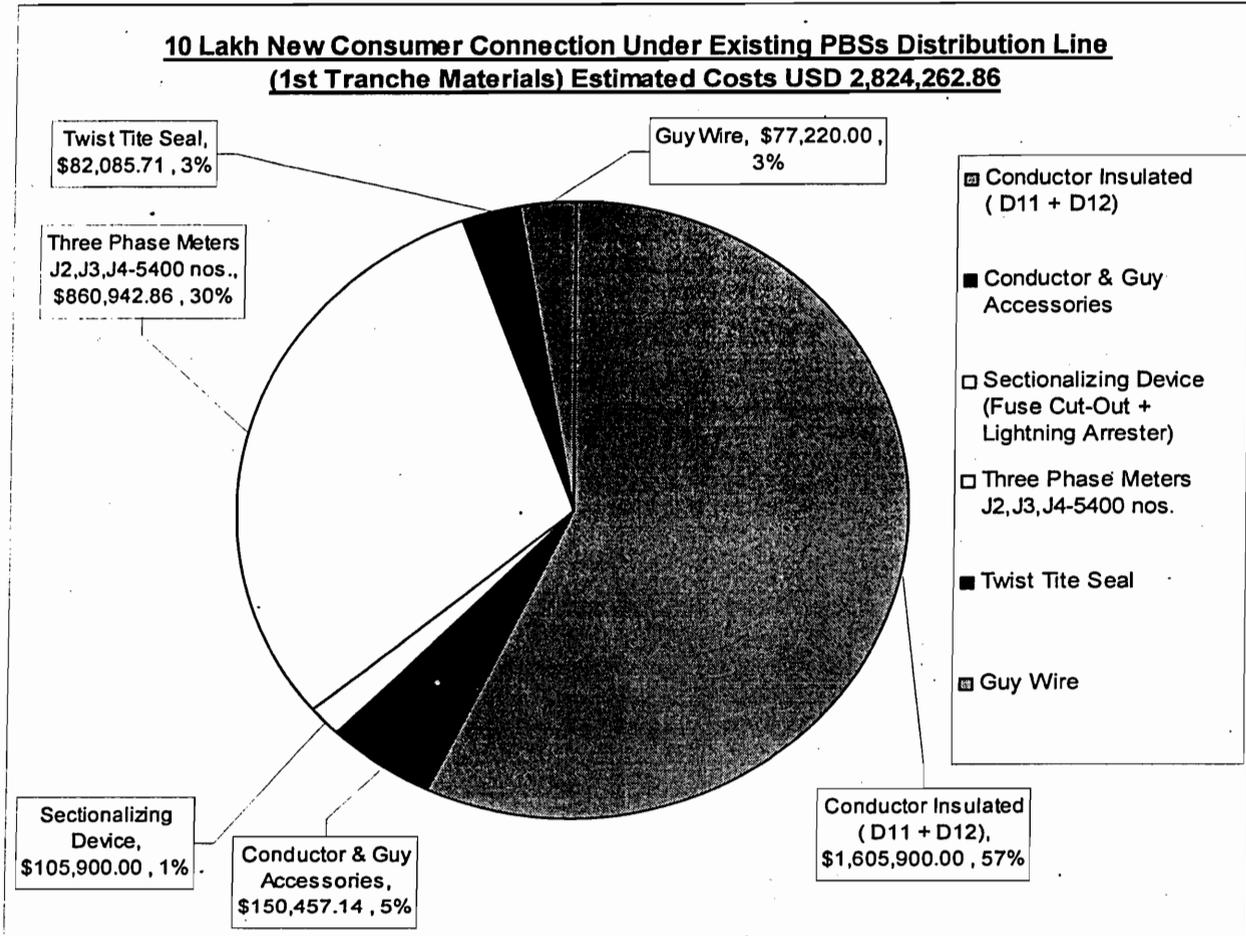


Diagram 10 Lakh Consumer Connection Under Existing PBSs Distribution Line Materials Composition and Estimated Contract Costs.



3.3 REDP Materials Procurement Funding 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.

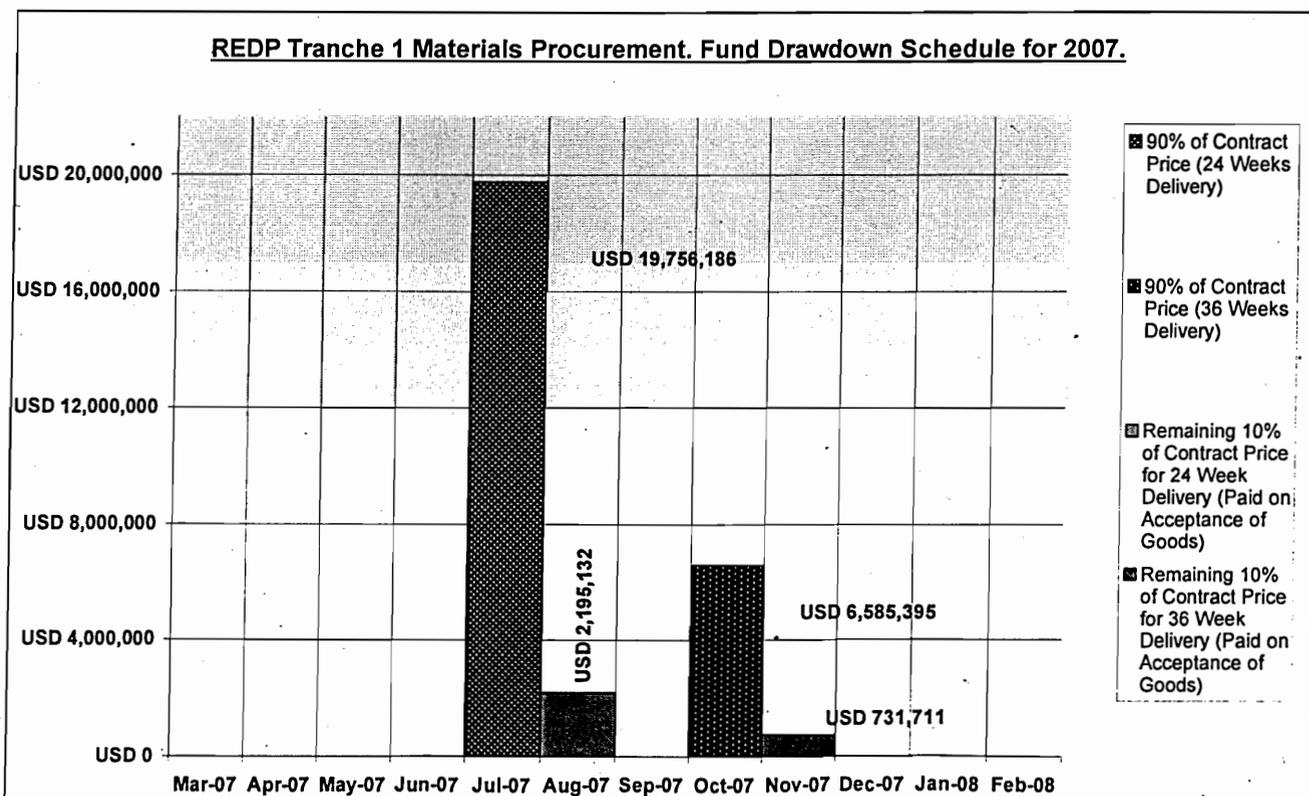
DFID anticipate funding availability as follows:

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 3.3.1 Drawdown of Funds Schedule for 2007.



3.4 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:

◆ 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.

◆ 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:

- | | |
|--|---|
| <p>1. Tender: Submission Sheet, Price Schedules and Specifications Submission Sheet</p> | <p>18.1 <i>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.</i></p> <p>18.2 <i>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.</i></p> |
|--|---|

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.

◆ 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.

◆ **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.

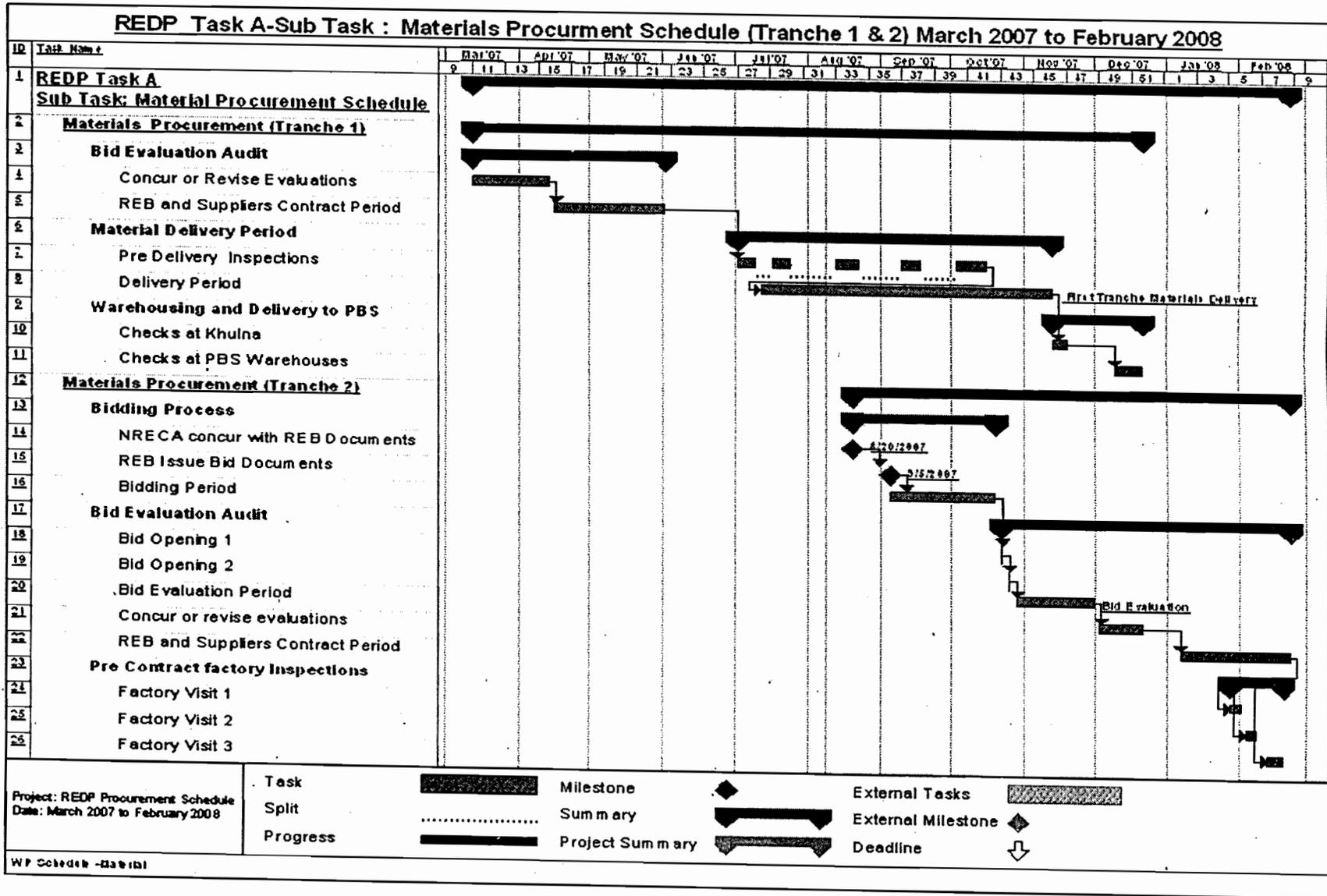
Sample of Form G-11 Domestic Preference eligibility Certification Form

"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.

3.5 Procurement Schedule



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 took place during this quarter are given below:

- With the rankings confirmed and formalized the financial proposal was opened for the top-ranked firm which in this case was Human Development Research Centre (HDRC).
- Took initiatives to negotiate with HDRC to reach a budget figure appropriate for completing the baseline and impact studies.
- Although the initial financial bid was high, during negotiations some adjustments were made in the sample size and a final price was agreed to.
- As of the end of the reporting period, the contract documents were under preparation in the NRECA office in Arlington with the initial draft contract prepared and was undergoing review to finalize. Subsequently this draft final contract will need to be reviewed by USAID under the terms of its contract with NRECA. This expected to take place in the very near future.
- As soon as HDRC is under a formal contract, the actual work on the preparations for conducting the baseline study can begin with the target later part of upcoming quarter.

SECTION 6: PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM

6.1 Background

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 – ending Sept 2007) 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 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 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.

6.2 Progress

The two member team comprising Brigadier General M A Malek (Retd.) and Mr. Narayan Chandra Saha from NRECA facilitated three workshops on Member Education at five of the nine PBSs under the Nine PBS Project (see below of details). The participants included some of the PBS Board of Directors, Consumers of different types (such as, Teachers of College, Schools and Madras, Imams of different mosques, Chairmen and Members of local government institutes, Businessmen, local Elites), Village Advisors, Village Electricians, and PBS staff. The workshops were delivered through the use of power point presentations. Despite some of the workshops having been conducted during the monsoon periods, the participants were punctual with their attendance at the workshops from long distant.

As noted in an earlier Quarterly Report, the team conducted a similar workshop at Comilla PBS-2 as a pilot test to get opinions/comments/suggestions from participants regarding the training materials (manual) prepared by NRECA. The participants appreciated the new presentation style with media projector, new types of festoons which were displayed in the training area, new training methodologies and the utilization of perception games etc of that workshop. The participants suggested for the addition of some first aid that can be utilized after an electric burn/accident. The team incorporated this with pictorial presentation in the manual.

All the workshops of Brahmanbaria and Nilphamari were conducted at the PBS headquarter facilities.

There are no zonal office of Nilphamari PBS, which is why, the workshop programs was conducted at a single venue.

The total number of workshops conducted during the reporting period was fifteen. Details regarding the workshops have been furnished below:

Feature of the Member Education Workshops

PBSs	Venues	Date	Number of Participants Attended		
			Male	Female	Total
Brahmanbaria	Sadar	July 17, 2007	60	04	64
Brahmanbaria	Sadar	July 17, 2007	38	05	43
Brahmanbaria	Sadar	July 17, 2007	53	05	58
Chapainawabganj	Sadar	July 17, 2007	42	00	42
Chapainawabganj	Sadar	July 17, 2007	45	00	45
Chapainawabganj	Nachol College	August 01, 2007	51	00	51
Nilphamari	Sadar	September 10, 2007	64	03	67
Nilphamari	Sadar	September 11, 2007	55	04	59
Nilphamari	Sadar	September 12, 2007	53	04	57
Rajshahi	Durgapur	September 17, 2007	41	00	41
Rajshahi	Paba (Sadar)	September 18, 2007	39	09	48
Rajshahi	Kakanhat	September 19, 2007	52	04	56
Kurigram-Lalmonirhat	Nageswari	September 24, 2007	45	01	46
Kurigram-Lalmonirhat	Ulipur	September 25, 2007	45	07	52
Kurigram-Lalmonirhat	Sadar	September 26, 2007	35	01	36
Grand Total: 5-PBS	7 Venues	15-Day	718	47	765

In general the workshops were considered quite effective because of the facilitators of the workshops and management of the PBSs made a concerted effort to reach out to the PBS consumers. The interaction and participation in the workshops were very encouraging as the presentations were very relevant to the issues associated with their day to day situations within the PBS service territory. Most of the participants were engaged during the training and did not hesitate to ask questions in an attempt to clarify their understanding. They provided significant feedback on the member education training manual developed for this program with each participant receiving a copy provided by NRECA.

For the Kurigram-Lalmonirhat Workshop, Mr.Md.Ahashanul Haque, REB's Deputy Director, PBS Management Operation (North) accompanied the team. His presence and participation in the workshops promoted REB representation, which by design helps to strengthen the need for all to recognize the importance of ongoing member education at the PBS level. This participation by REB also helps the REB staff as well as the PBS staff to remain current with the information being presented at the PBSs. It should be noted that REB's participation will also encouraged in order to further improve the effectiveness of the delivery of future workshops and other education programs.

Thus far for the implementation, the participants have repeatedly expressed appreciation for the initiative jointly undertaken by REB and NRECA regarding the implementation of this Member Education workshop, which has again recognized that member education is extremely important to the sustainability of the PBS concept, although it has not been properly promoted in recent years. The participants became very happy after getting the printed book which contained necessary information of cooperative concept and roles and responsibilities of the member consumer. They also expressed

their great satisfaction that they got a document first in their life as member consumer. They consider that the manual will help them as a guide line, reference and to educate rest of the member consumers.

As part of the overall implementation strategy for the Member Education Task, after the completion of the initial three Workshops, NRECA requested that each PBS GM design work plan for the delivery of ongoing programs as a means of disseminating the message at the grass root level immediately. The PBSs indicated that they have planned to link up these programs with their motivational meetings planned for the future. The PBS authorities were requested to report the information monthly both to REB and NRECA regarding the number of participants of their conducted courses.

The original plan for this reporting period included completion of the workshops in all the 9 PBSs; however flooding in some PBS areas required that they be rescheduled to a later date when the flood waters had receded. The remaining twelve workshops at four PBS were rescheduled for October and November with the target completion for all those remaining to occur by the third week of November 2007. The proposed schedule is as follows:

PBSs	Date
Mymensingh-2	November 04, 2007
Mymensingh-2	November 05, 2007
Mymensingh-2	November 06, 2007
Faridpur	November 10, 2007
Faridpur	November 11, 2007
Faridpur	November 12, 2007
Jhenaidah	November 13, 2007
Jhenaidah	November 14, 2007
Jhenaidah	November 15, 2007
Magura	November 17, 2007
Magura	November 18, 2007
Magura	November 19, 2007