

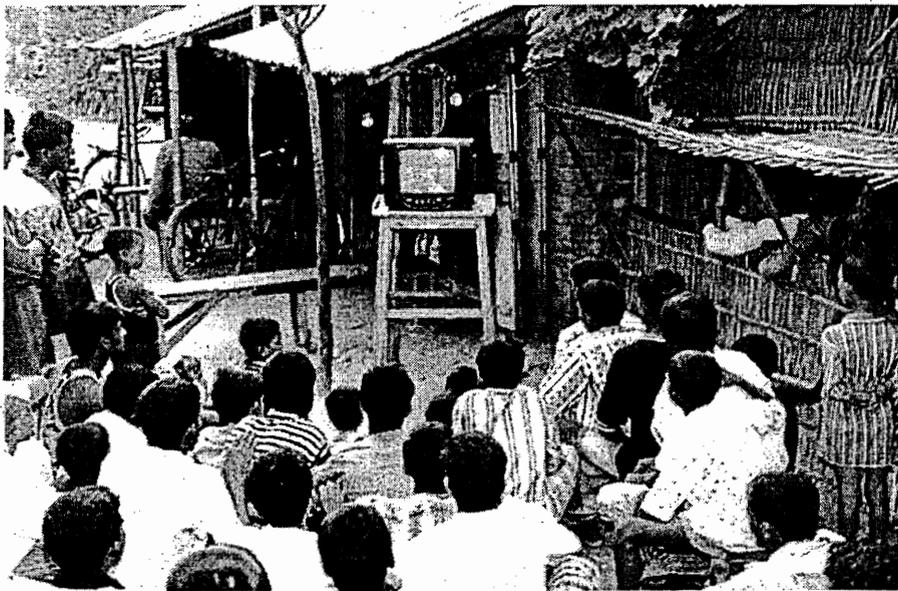


**USAID | BANGLADESH**  
FROM THE AMERICAN PEOPLE

*USAID Contract #388-C-00-06-00008-00*  
*USAID Project #388-06-MA-D-S012-002*

# Rural Electrification Development Program (REDP)

## Quarterly Report January-March 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	34
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	41

**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 January through March 2008, REDP project work generally progressed according to schedule regarding procurement activities and member education programs. Finalization of the subcontract to secure the services of HDRC for conducting the socio-economic studies was completed. The subcontract and supporting documentation was submitted to the USAID Contracts Office for approval as required under the USAID/NRECA contract with formal USAID approval expected early in the next quarter.

The procurement activities involving NRECA continued to support a number of recommendations related to the commercial and technical conditions considered necessary for improving the bidding competition in second tranche under the commodities procurement of the 9 PBS project proforma. As noted in the previous report, these recommendations were based on a variety of observations made by NRECA during the first tranche of 9 PBS commodities procurement

Sales of bid documents for REDP materials for re-tendered six sub-packages under 67PBS and 9PBS project commodities procurement commenced on 18 January 2008. Bid opening dates took place on 20 February 2008.

The value of this round of REDP materials procurement is estimated to be approximately USD 11.5 million.

With the successful initial phase of this procurement cycle and the bid opening on 20 February 2008, the formal evaluation of bids by REB followed during the months of February and March 2008. As with the first and second tranche, NRECA continued to monitor the overall bid evaluation process, making appropriate comments with relevant reporting to relevant stakeholders. Once formal decisions were taken by REB TEC and Board, the respective tenders were sent to NRECA for providing a "no objection" on the decisions taken.

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 thirty (30) sub-packages were awarded out of forty nine tendered so far, three are still under evaluation. Thus far, decisions have been taken for re-tendering fifteen sub-packages out of which six are under evaluation. Out of remaining nine, the re-tendering for four sub-packages will take place in May 2008.

During the quarter the focus under the Member Education and Board Development activity was on assisting the REB Training Directorate with the completion of a "crash program" for delivering the Orientation Program for Directors serving on PBS Boards. This consisted of four programs with each program having two batches for a total of eight having 155 Directors (122 males and 33 females) completing this important training program. This program used the background material prepared for the Member Education Workshops with materials being presented as a PBS Directors Handbook.

The delivery of these Director programs provided the opportunity for further scrutinizing of the material included in the Member Education Workshops with modifications being done to complete revisions within those materials for use in future ME Workshops.

The final revisions to the subcontract between NRECA and the Human Development Research Centre (HDRC) for completing the socioeconomic studies were completed by the concerned personnel in the

NRECA office in Arlington. Necessary documents outlining the process used for the competitive selection of HDRC were also prepared in compliance with the terms of the USAID/NRECA contract of the REDP. As of the end of the reporting period the issue of the continuing ban on new connections in the PBSs remained as a pending concern which is a factor that will need to be addressed in terms of when the socio-economic baseline can actually be completed in order to have some expectation of when new prospective customers will actually receive the connection and impacts can be measured. Indications were made during the month of March that the ban would be lifted in April; however action by the Power Division will remain uncertain until such time as their order is issued.

In summary the principal achievements during the reporting period were:

- NRECA continued with the review of REB Technical Evaluation Committee recommendations per the continuing bidding cycles.
- Initiated the bid evaluation for the second tranche procurement following lead of REB officers in the concerned Directorates
- Activities under the Member Education/Board Development Task continued with 155 PBS Board members in eight batches participating in a 5-day program as the "orientation to the Bangladesh RE Program, which is their initial training program per the approved REB Curriculum Plan. This training included 122 males and 33 females.
- Work continues on the on the development of the new training program for PBS Board members to be delivered in the field.
- The final version of the subcontract for HDRC was prepared for securing services for the completion of socio-economic studies by the NRECA office in Arlington and was submitted to USAID for approval.

## 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.

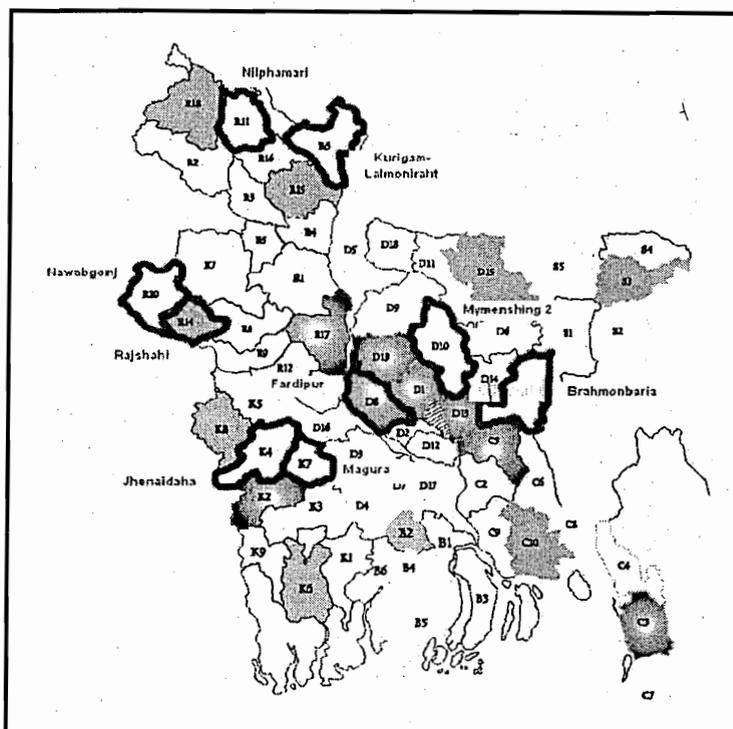
First, a major expansion of the main distribution infrastructure backbone in 9 PBS will be supported. The total investment cost of this component is £27 million, with which 8,000 km of new line will be constructed and 2,000 km renovated. These PBS were established by the REB in the mid to late 1990s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

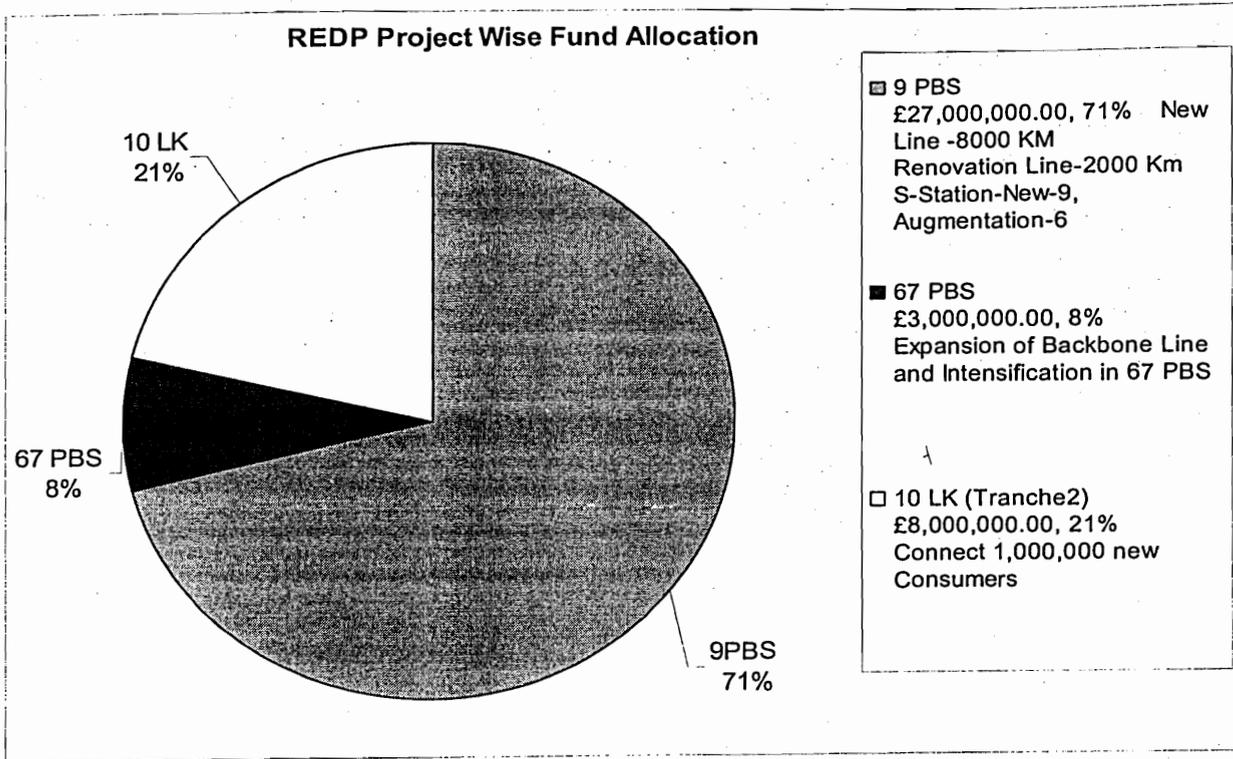
\* *Extract from DFID REDP Project Memorandum, dated 11 December 2005.*

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
Raishahi	Boaila	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
	Banchharampur	Brahmanbaria	217.38	118	258,371		Trishal	Mymensingh	338.98	160	336,797
	Brahmanbaria	Brahmanbaria	495.85	398	659,449		Sreepur	Gazipur	465.24	186	320,530
	Kashba	Brahmanbaria	209.76	236	243,833	Magura	Magura	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		Shalikhah	Magura	228.64	118	132,291
Jhenaidah	Sharail	Brahmanbaria	239.52	146	254,481	Faridpur	Sreepur	Magura	179.18	160	144,471
	Harinakunda	Jhenaidah	227.19	129	162,078		Alfadanga	Faridpur	136.00	118	90,873
	Jhenaidah	Jhenaidah	467.75	283	333,192		Bhanga	Faridpur	216.34	227	214,702
	Kaligonj	Jhenaidah	310.16	196	219,126		Boalmari	Faridpur	272.34	255	190,159
	Kotchandpur	Jhenaidah	165.66	79	107,193		Char Bhadrasan	Faridpur	141.59	129	69,876
	Maheshpur	Jhenaidah	416.96	194	246,350		Faridpur	Faridpur	407.02	298	335,386
Kurigram	Shaikupa	Jhenaidah	373.42	258	293,341	Nilphamari	Madhukhali	Faridpur	230.20	238	165,438
	Bhurungamari	Kurigram	236.00	124	176,822		Nagarkanda	Faridpur	379.02	335	267,193
	Chilmari	Kurigram	224.97	152	100,516		Sadarpur	Faridpur	290.21	287	172,059
	Fulbari	Kurigram	163.63	165	129,668		Dimla	Nilphamari	327.00	58	160,000
	Kurigram	Kurigram	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
Total	Rajarhat	Kurigram	166.23	180	158,648	Kishoreganj	Nilphamari	265.00	130	202,000	
	Ulipur	Kurigram	504.19	418	345,205	Nilphamari	Nilphamari	351.00	107	242,000	
	Total Area (Square km)		15,371		Total Population		11,696,570				

Contribution of DFID -Project wise (9PBS, 67 PBS & 10 Lakh Consumer) for material procurement  
£38 million



### **1.3 Scope of Services**

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

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

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

### **1.4 Objectives**

Primary objectives of the NRECA input to the project are:

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

## 1.5 Project Team

As of end September 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**
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 Jahid Faruque ABM Firoz Zillur Rahman Zakir Hossain	GIS Team	Part Time
To Be Named	Socio Economic Consultant	Part Time
Brigadier (rtd) M A Malek/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. A new local professional is being recruited 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. 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. A retired PBS GM, Mr. Syed Nurul Islam was selected to assist with the implementation of the Member Education and Board Development Task.

## **SECTION 2: KEY ISSUES.**

### **2.1 Background**

As indicated in all previous quarterly reports, the 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 in extensive load shedding throughout the whole of Bangladesh during the January to March 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.

During this quarter, 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, re-tender for two is under process, remaining five have been awarded with NRECA concurrence. Three sub-packages with tender amount exceeding USD1.7M got approval of the Ministry.

Out of seven sub-packages under 67PBS project, four have been awarded with NRECA concurrence till last quarter. REB has re-tendered the remaining three sub-packages with NRECA concurrence in January 2008. Bids for these three sub-packages were received and opened in February 2008 which are still under evaluation.

Out of 28 sub-packages for the first tranche of material procurement under 9PBS project, nineteen have been awarded with NRECA concurrence till last quarters. One sub-package out of the original tender (for supply of street light) is under re-evaluation due to NRECA's not agreeing to REB decision. Award for one sub-package (for supply of voltage regulator) was cancelled by REB as supplier declined to execute the order. Two sub-packages for supply of SPC poles have been merged into one upon objection from the Ministry. Thus total number of sub-packages decided for re-tender stands as eight out of which four are under evaluation and announcement for remaining four are expected to be published in April 2008.

Bids for seven sub-packages under 10Lac project have been opened in February 2008 and evaluation in process. With NRECA concurrence three sub-packages have been awarded and two are decided to be re-tendered. Remaining two are still under evaluation.

A number of these key issues and observations that are identified here 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. 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.

Currently there are no major power plants on order and its unlikely there will be any on order until major steps have been taken and as such, the present situation is likely to continue to deteriorate significantly. Long lead times between specifying, procuring, constructing and commissioning a power plant mean a minimum of three years will elapse before any major new power plants come on line in Bangladesh. The new capacity required is significant with 1,500MW – 2,000MW required in order to

have some to address the existing deficit, some to cater for the projected load growth, and some to replace the existing aged plants whose efficiencies continue to deteriorate with the resulting output being well below the installed capacity.

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

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

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

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

Taken as a whole, scheduled outages at peak load times and unscheduled outages at any time, have introduced substantial discontent and financial disorder in PBS areas. PBSs obtain their income from selling electricity. The difference between purchasing cost and selling price provides the income to operate and maintain a PBS and when power is not available there is no revenue for the PBSs despite the costs still being incurred.

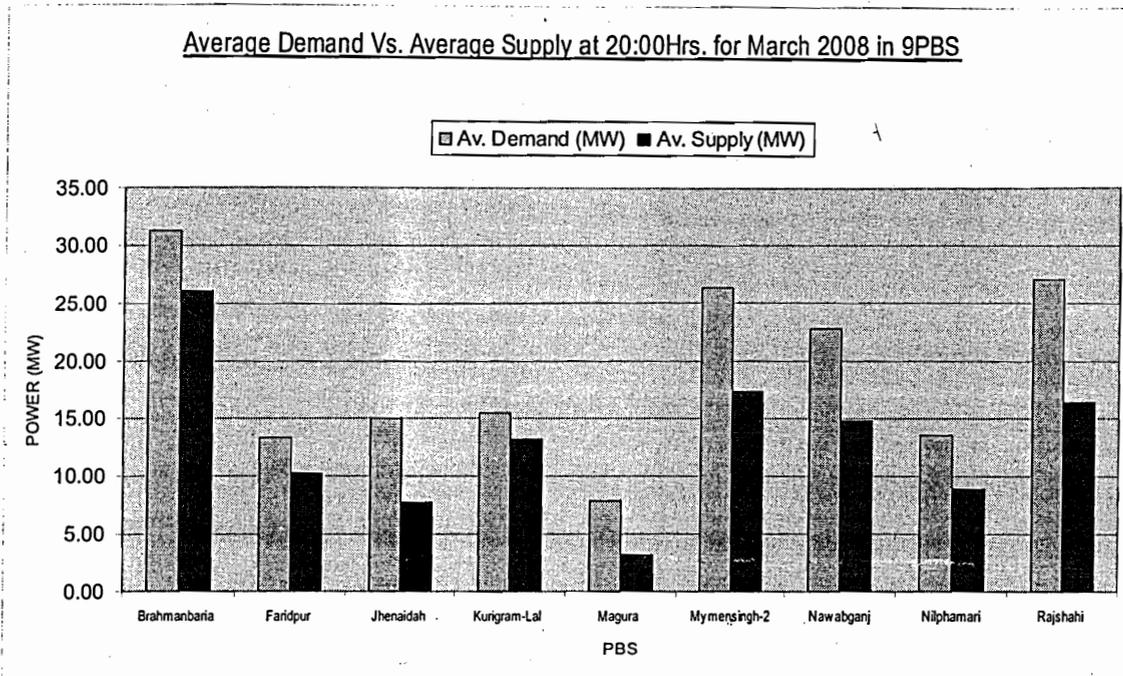
PBSs with a predominantly low income domestic customer base are frequently unable to adequately cover their operating costs and are generally unable to repay loan costs to REB. In PBS areas having a high commercial and/or industrial base of customers, sufficient income is generally available to cover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

In the 9 PBSs where load data is available, with an increased demand as compared with last quarter, the amount of load shedding is noted to have been increased due to the simultaneous increase in urban demand stemming from the warmer weather and subsequent increase in the demand produced from the use of air conditioning units. In addition there was an overall increase in demand within the RE Program during this reporting period due to the start of the irrigation season. All of these increases in demand for both in the urban and rural sectors contributed to the overall power supply crisis.

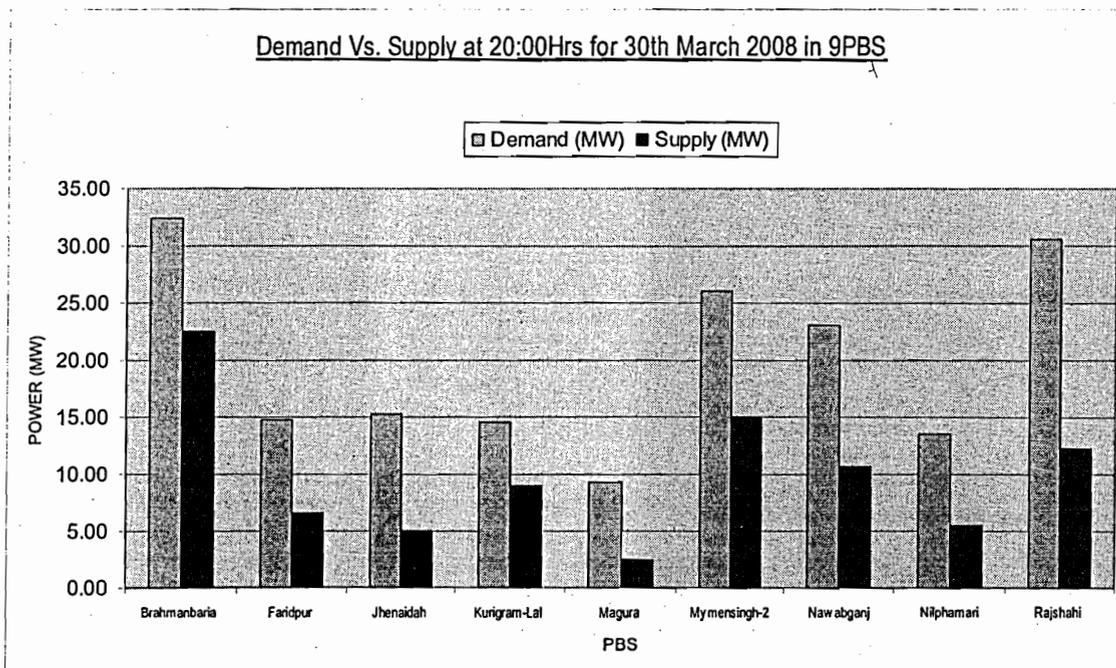
As can be seen from the graphs shown in Illustration 2.2.1 on the next page, Magura PBS had highest average load shedding of 59% during March 2008. For other PBSs average load shedding varied from 17% (at Brahmanbaria PBS) to 48% (at Jhenaidah PBS). These load data were recorded by the PBSs at 20:00hrs as the evening peak. Overall daily load shedding was noted to be relatively high on 30 March 2008 (illustration 2.2.2). Faridpur, Jhenaidah, Magura, Nawabganj, Nilphamari and Rajshahi PBS experienced a load shedding in the range of 56% to 73%. Brahmanbaria, Kurigram and Mymensingh PBS-2 had load shedding between 31% 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 March, 2008.



**Illustration 2.2.2:** Shows 20:00 Hrs Peak demand and supply for 9 PBS on 30<sup>th</sup> December 07.



Compared to the last quarter, the extent of load shedding during evening peak hours has increased in 8 out of 9 PBSs as shown in following table. For Kurigram PBS the situation has improved 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%

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 12 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 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 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. allowed for 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 Tranche**

**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
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
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
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
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
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
7	DFID (9PBS)-04	DFID (9PBS)-013 (Conductor)	SBS Cables Ltd	TEC's recommendation approved	EXW Price USD 2,502,600	No objection to placing contract	Order placed
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
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
10		DFID (9PBS)-017 Fuse Links	Techno Electricals Ltd	TEC's recommendation approved	CFR USD 181,702	No objection to placing contract	Order placed
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

**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
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
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
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
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
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
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
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
20		DFID (9PBS)-028 (Line Tools)	Universal Trading	TEC's recommendation approved	CFR Price USD 380,526	No objection to placing contract	Order placed
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
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, Awaiting re-tender
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

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

Sl. No	Tender Package No.	Sub Package Principal Items	Bidder Selected REB TEC Meeting	REB Board Decision	Contract Price	NRECA Observations	Remarks
24	DFID (9PBS)-10	DFID(9PBS)-037 Bare Conductor	BRB Cables Ind. Ltd., Unit-2	TEC's recommendation approved	EXW Price USD 2,595,243	No objection to placing contract	Order placed
25		DFID(9PBS)-038 Insulated Conductor	SBS Cables Ltd.	TEC's recommendation approved	EXW Price USD 2,346,606	No objection to placing contract	Order placed
26	DFID (9PBS)-11	DFID(9PBS)-039 Insulated Conductor	Techno Venture Ltd.	TEC's recommendation approved	EXW Price USD 3,962,400	No objection to placing contract	Order placed
27		DFID(9PBS)-040 Insulated Conductor	Cooper Power Systems, USA	TEC's recommendation approved	CFR Price USD 499,500	No objection to placing contract	Order placed
28	DFID (9PBS)-12	DFID(9PBS)-042 Insulated Conductor	Esack Brothers Ltd. (JVCA with Diran & Sarc)	TEC's recommendation approved	EXW Price USD 589,275	No objection to placing contract	Order placed
29	DFID (10Lac)-1	DFID(10Lac)-048 Insulated Conductor	SBS Cables Ltd.	TEC's recommendation approved	EXW Price USD 1,483,650	No objection to placing contract	Order placed
30	DFID (10Lac)-2	DFID(10Lac)-049 Conductor & Guy Accessory	Trade East West Corpn.	TEC's recommendation approved	EXW Price USD 191,125	No objection to placing contract	Order placed
31	DFID (10Lac)-4	DFID(10Lac)-053 Twist Tie Seal	Shenyang Shining Fortune Container Seal Co. Ltd.	TEC's recommendation approved	CFR Price USD 70,800	No objection to placing contract	Order placed

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

Sl. No.	Tender Package No.	Sub Package Principal Items	REB Board Decision	Reason	NRECA Observations	Present Status of sub-package
1	DFID (67PBS)-01	DFID (67PBS)-001 Conductor	Re-tendering	Based on Ministry decision	No objection to Re-tendering	Bid under evaluation
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	Bid under evaluation
3		DFID(67PBS)-006 Meter Seals	Re-tendering	No Bid	No objection to Re-tendering	No bid in re-tender
4	DFID (9PBS)-03	DFID(9PBS)-009 SPC Poles	Re-tendering	Ministry didn't allow split of sub-package for same item	No objection to Re-tendering	These two sub-packages merged and re-tendered. Bid under evaluation
5		DFID (9PBS)-010 (SPC Poles)	Re-tendering	Ministry didn't allow split of sub-package for same item	No objection to Re-tendering	
7	DFID (09PBS)-04	DFID (9PBS)-012 Copper Conductor	Re-tendering	REB contends offered price is above estimate.	No objection to Re-tendering	Bid under evaluation
8	DFID (09PBS)-05	DFID (9PBS)-015 Distribution Transformer	Re-tendering	Based on Ministry decision	No objection to Re-tendering	Bid under evaluation
9	DFID (09PBS)-08	DFID (9PBS)-029 (Power Transformers)	Re-tendering	No Bids	No objection to Re-tendering	Bid under evaluation
10		DFID (9PBS)-031 Voltage Regulators	Re-tendering	Supplier declined to execute order	No objection to Re-tendering	Re-tendering under process
11	DFID (9PBS)-09	DFID (9PBS)-33,34,35 Jeep, Pick up, MotorCycle	Re-tendering	No Bids	No objection to Re-tendering	Re-tendering under process
12	DFID (9PBS)-10	DFID (9PBS)-036 Line Hardware	Re-tendering	Bid validity expired	No objection to Re-tendering	Re-tendering under process
13	DFID (9PBS)-12	DFID (9PBS)-041 Wooden Pole	Re-tendering	Based on Ministry decision	No objection to Re-tendering	Re-tendering under process
14	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
15		DFID (10Lac)-051 Lightning Arrester	Re-tendering	REB contends offered price is above estimate.	No objection to Re-tendering	Re-tendering under process

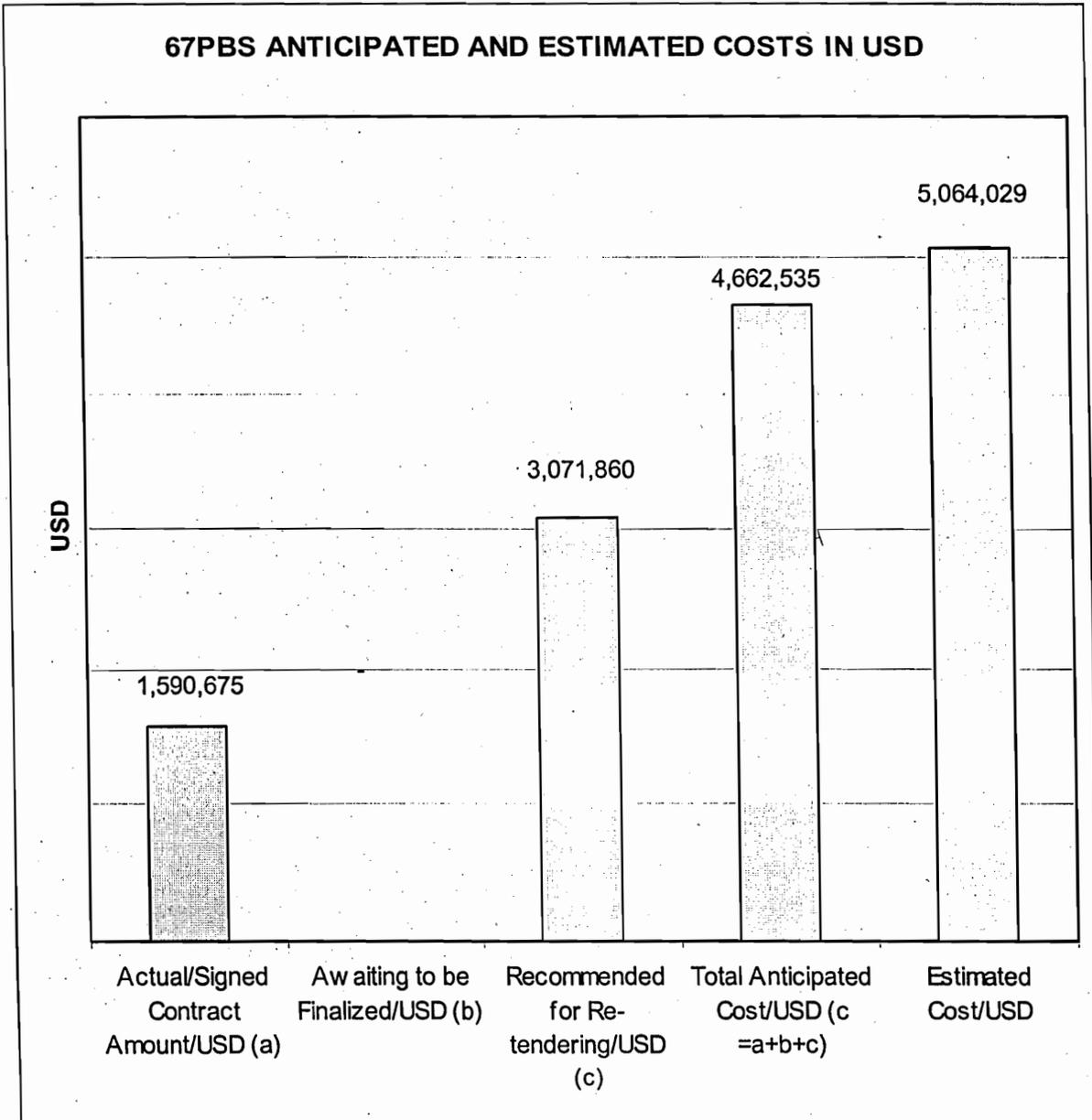
**Notes:**

- For tender sub-packages DFID (9 PBS)-03 009 and 010, NRECA supported REB's decision to split the SPC pole into two sub-packages in order to support competition for the bids as a single order for 46,600 poles of different sizes would be difficult for a single vendor and thus limit bidders, but Ministry did not agree with REB's decision, as it felt splitting the package was a violation of PPR 2003.

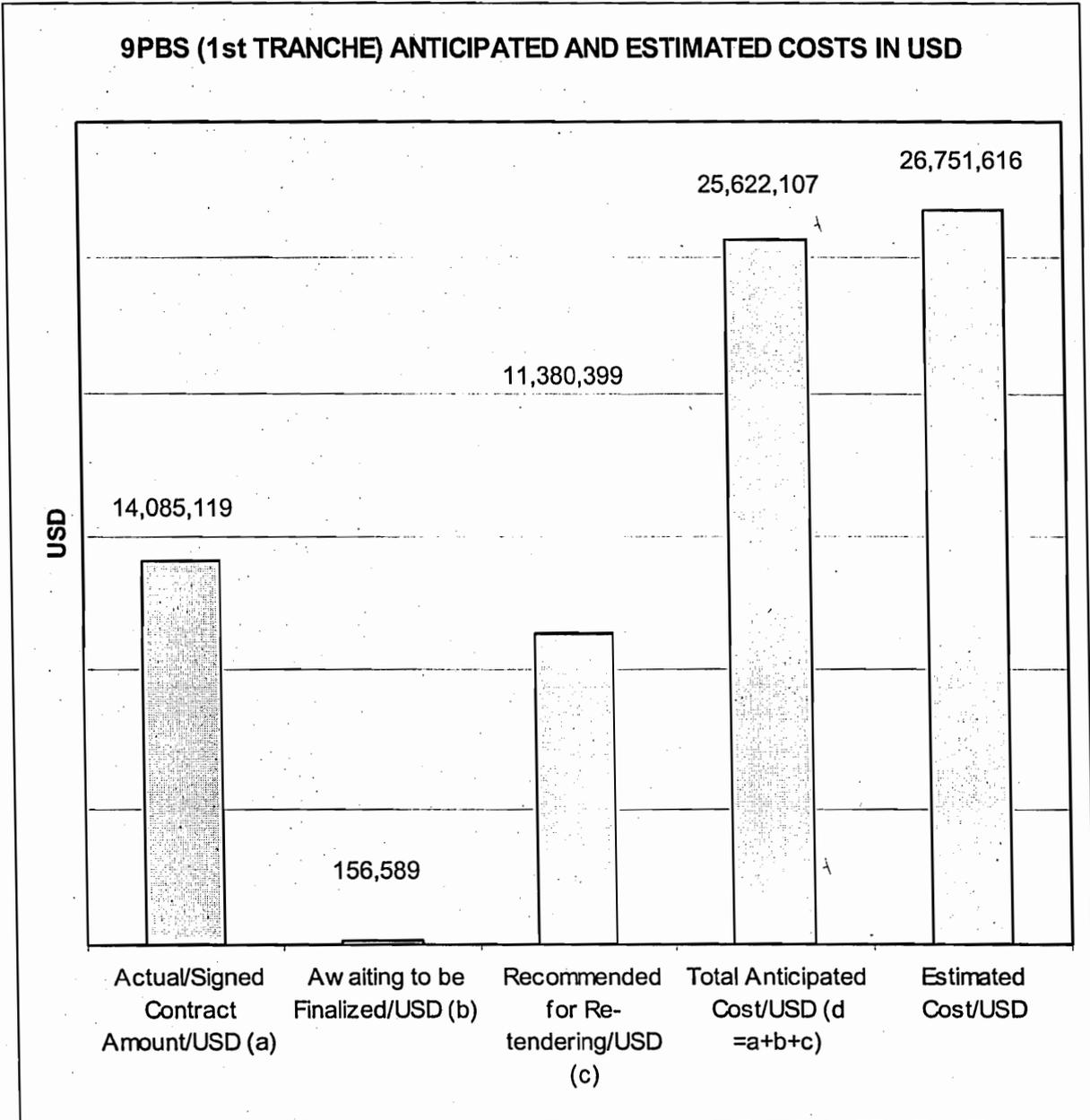
3.1.3 Summary of Commodity Procurement Status against REDP till March 2008

Item	Projects			
	67PBS	9PBS (1st Tranche)	9PBS (2nd Tranche)	10Lac
<b>Available sub-package:</b>				
Number	7	28	7	7
Estimated amount (Million USD)	5.064	26.752	14.291	2.824
<b>Sub-package tendered:</b>				
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%
<b>Tendered sub-package under evaluation:</b>				
Number	0	1	0	2
Estimated amount (Million USD)	0	0.157	0	0.938
In % of total estimate	0%	1%	0%	33%
<b>Tendered sub-package awarded:</b>				
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%
<b>Sub-package decided to be re-tendered:</b>				
Number	3	8	2	2
Estimated amount (Million USD)	3.072	11.380	4.103	0.048
In % of total estimate	61%	43%	29%	2%
<b>Re-tendering of sub-package under process:</b>				
Number	0	5	2	2
Estimated amount (Million USD)	0	1.716	4.103	0.048
In % of total estimate	0%	6%	29%	2%
<b>Re-tendered sub-package under evaluation:</b>				
Number	3	3	0	0
Estimated amount (Million USD)	3.072	9.664	0	0
In % of total estimate	61%	36%	0%	0%
<b>Re-tendered sub-package awarded:</b>				
Number	0	0	0	0
Order amount (Million USD)	0	0	0	0
In % of total estimate	0%	0%	0%	0%
<b>PAYMENT SITUATION</b>				
<b>Amount ordered (Million USD):</b>	1.591	14.085	9.993	1.746
<b>Amount disbursed (Million USD):</b>	1.471	13.343	0	0

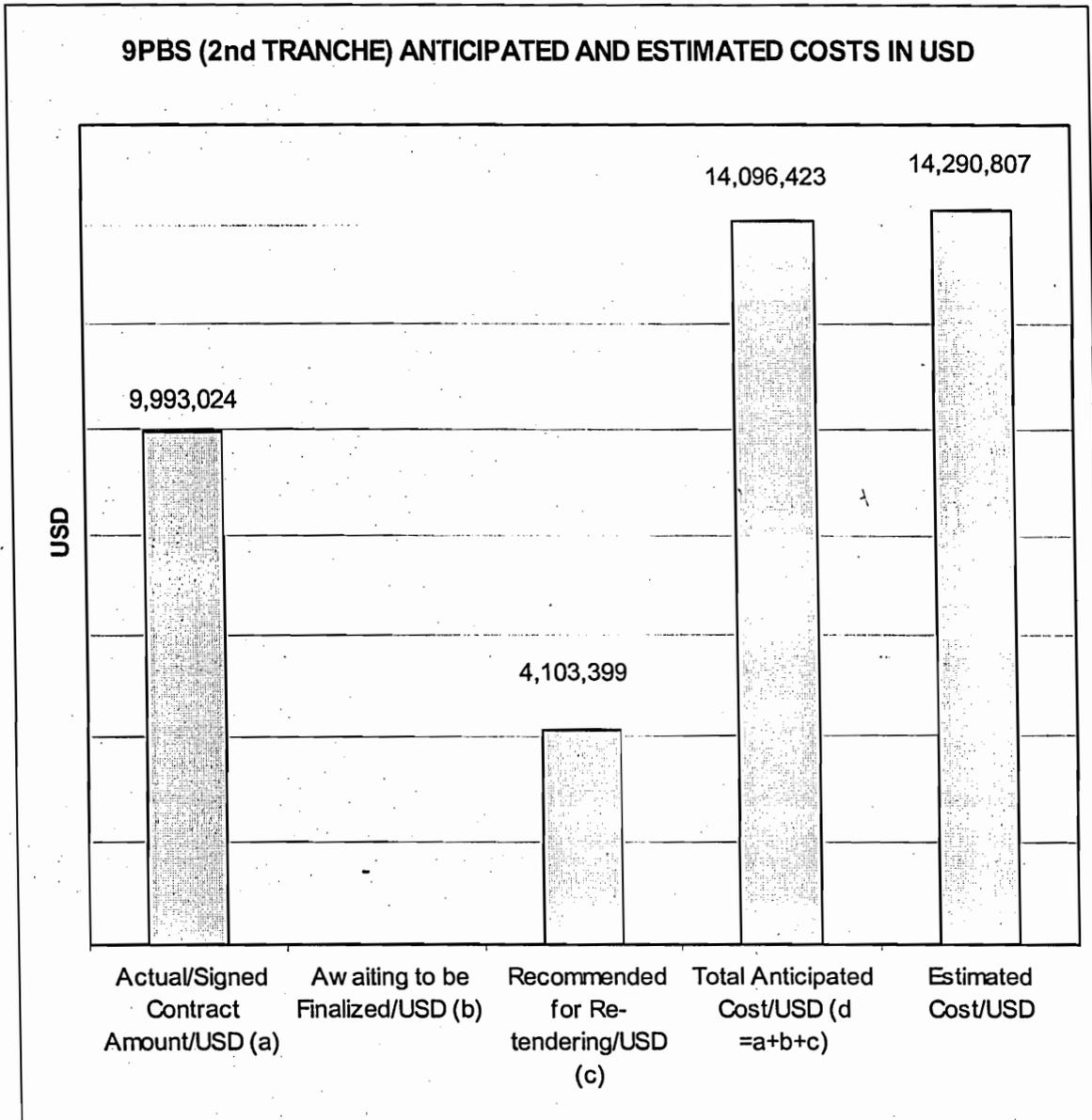
Diagram 3.1.3.1: 67 PBS Materials Composition and Anticipated Contract Costs.



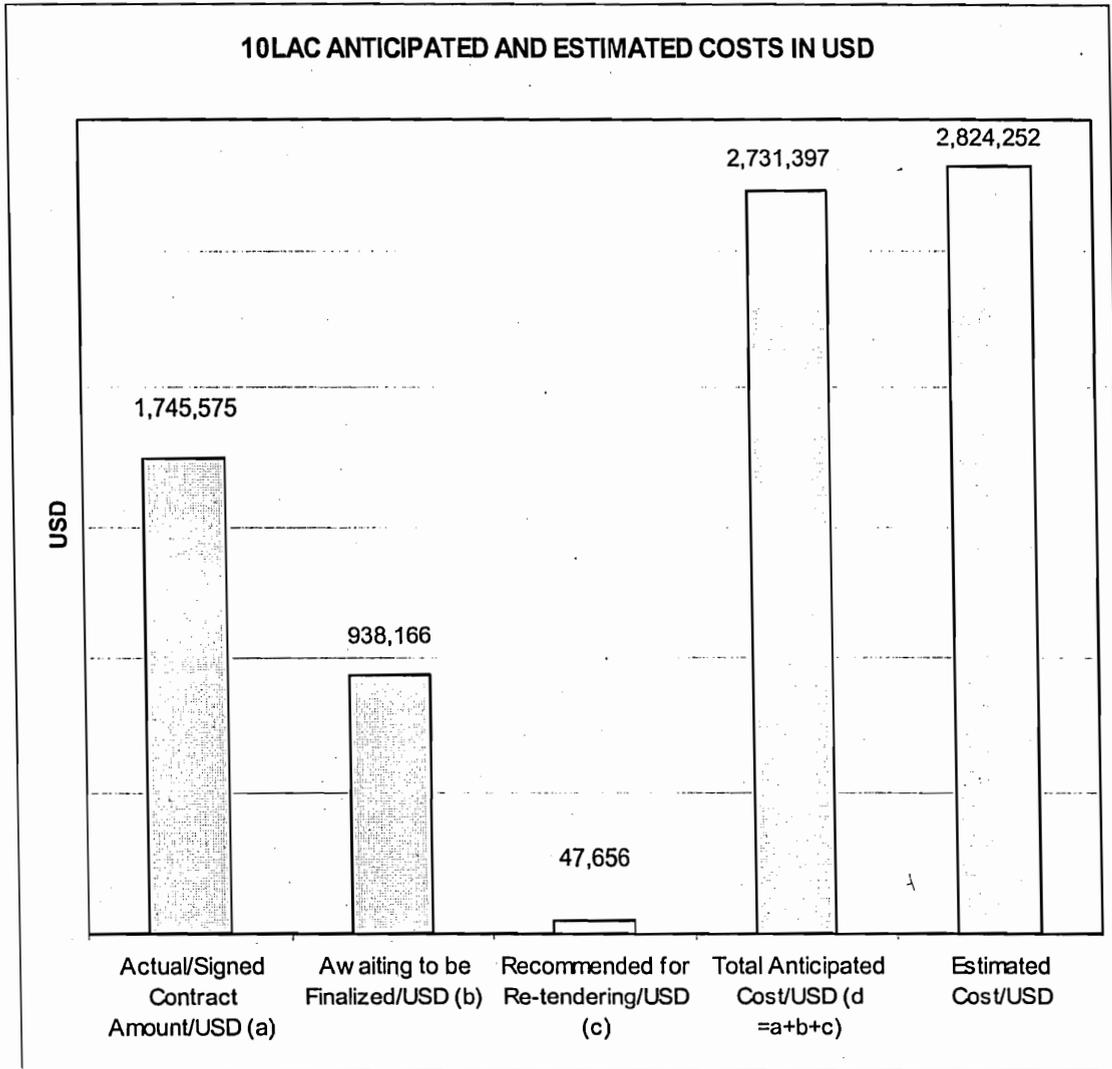
**Diagram 3.1.3.2: 9 PBS (1<sup>st</sup> Tranche) Materials Composition and Anticipated Contract Costs.**



**Diagram 3.1.3.3: 9 PBS (2<sup>nd</sup> 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 this 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.

On 15 January 2008, REB advertised the procurement of six sub-packages re-tendered under 67 PBS and 9 PBS 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 was on 20 February 2008, allowing bidders up to 35 days to submit responses with public bid opening occurring on that day. 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
- 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 and in the early months of 2008, 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 1<sup>st</sup> tranche sub-packages during the reporting quarter.

<u>Bid Sub Package</u>	<u>Materials</u>	<u>Units</u>	<u>Value</u>
DFID (67PBS)-001/1	Conductor (Insulated)	4400 km	USD 2,211,100.00
DFID (67PBS)-004/1	1-Phase Meter	100,000 Nos.	USD 843,000.00
DFID (67PBS)-006/1	Meter Seal	200,000 Nos.	USD 17,760.00
DFID (9PBS)-009/1	SPC Poles	46,760 Nos.	USD 5,453,988.00
DFID (9PBS)-012/1	Copper Conductor	221 km.	USD 386,932.55
DFID (9PBS)-015/1	Distribution Transformer	5,500 Nos.	USD 2,590,500.00

### 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 six bid packages under 67 PBS and 9 PBS Projects.

Bid documents were made available at REB headquarters for purchase by potential bidders on 18 January 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 11.5 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 on 15 January 2008.

<u>Newspaper</u>	<u>Language</u>	<u>Date of Publication</u>
The Independent	English Language Daily	15 January 2008
Daily Star	English Language Daily	
Daily Samakal	Bangla Daily	
The Jugantor	Bangla Daily	

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.

# The Daily Star

DHAKA TUESDAY JANUARY 15, 2008

“বিদ্যুতের আলোর ছটায় বিদ্যা শিক্ষার বিস্তার ঘটায়”

## Invitation for International Tender against DFID Fund under the Projects of 67 PBS & 9PBS of Rural Electrification Board. (Re-tender)

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 (4)/ 2008/396. Date : 13-01-2008					
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 / Programme Name (if applicable)	Invitation for International Tender against DFID Fund under the Projects of 67 PBS & 9PBS.					
10	Tender Package No.	DFID (67PBS)-1/1, 02/1 & 02/2 (Re-tender) and DFID (9PBS)-03R, 04/1 & 05R (Re-tender)					
11	Tender Publication Date	17-01-2008					
12	Tender Last Selling Date	19-02-2008 Up to 4.00 PM					
		Date Time					
13	Tender Closing Date and Time	20-02-2008 12.00 Noon (BST)					
14	Tender Opening Date and Time	20-02-2008 12.30 P.M. (BST)					
15.	Name & Address of the office(s)	Address					
	- Selling Tender Document	Directorate of Procurement, Rural Electrification Board (7 <sup>th</sup> floor), Nikunja-2, Dhaka- 1229, Bangladesh.					
	- Receiving & Opening Tender Document	REB Auditorium Rural Electrification Board (1 <sup>st</sup> floor), 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 (67PBS)-01/1 (Re-tender)	DFID (67PBS)-001/1	Conductor (Insulated)	55,500.00	DFID (9 PBS)-3R (Re-tender)	DFID (9 PBS)-009/1	SPC Poles	115,500.00
DFID (67 PBS)-02/1 (Re-tender)	DFID (67 PBS)-006/1	Meter Seal	450.00	DFID (9 PBS)-04/1 (Re-tender)	DFID (9 PBS)-012/1	Copper Conductor	10,200.00
DFID (67 PBS)-02/2 (Re-tender)	DFID (67 PBS)-004/1	Single Phase Meter	21,500.00	DFID (9 PBS)-05R (Re-tender)	DFID (9 PBS)-015/1	Distribution Transformer	64,900.00
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 (LC)					
22.	Delivery Period	Delivery Periods shall begin with effect from the day of LC opening					
23.	The procuring entity	The procuring entity reserves the right to accept or reject all tenders					

রural ইলেক্ট্রিফিকেশন বোর্ড  
RURAL ELECTRIFICATION BOARD  
শি/মন (১৫৫) ২০০৭-২০০৮

Director ( Procurement)  
Head Office Building (7<sup>th</sup> Floor),  
Rural Electrification Board  
Nikunja 2, Khilkhet, Dhaka-1229, Bangladesh.  
Phone & Fax : 9916429.  
E-mail : reprocure@yahoo.com

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

 <b>Central Procurement Technical Unit</b> <small>IMED, MINISTRY OF PLANNING, GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH</small>				
<b>Invitation for Tenders (Multiple Lot)</b>				
<b>GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH</b>				
<b>Ministry/Division:</b>		<b>Power Division</b>		
<b>Agency:</b>		<b>Rural Electrification Board</b>		
<b>Procuring Entity Name:</b>		REB, Dhaka		
<b>Procuring Entity Code:</b>				
<b>Procuring Entity District:</b>		Dhaka		
<b>Invitation For:</b>		Works		
<b>Invitation Ref No.:</b>		DFID/GAF-278(4)/2008/396-1		
<b>Date:</b>		13-Jan-08		
<b>KEY INFORMATION</b>				
<b>Procurement Method:</b>		NCT Open Tendering Method(OTM)		
<b>FUNDING INFORMATION</b>				
<b>Budget and Source of Funds:</b>		Development Budget Aid (Grant/Credit)		
<b>Development Partner:</b>				
<b>PARTICULAR INFORMATION</b>				
<b>Project/Programme Name:</b>				
<b>Tender Package No.:</b>		DFID(9PBS)-1/1, 02/2		
<b>Tender Package Name:</b>		SPC Poles, Copper Conductor, Distribution Transformer.		
<b>Re-Tender Publication Date:</b>		21-Jan-08		
<b>Re-Tender Last Selling Date:</b>		19-Feb-08		
<b>Re-Tender Closing Date and Time:</b>		20-Feb-2008 12:00 PM		
<b>Tender Opening Date and Time:</b>		20-Feb-2008 12:30 PM		
<b>Name &amp; Addresses of the Offices :</b>		Selling Re-Tender Document Directorate of Procurement, REB (7th floor) Nikunja-2, Dhaka-1229.		
		Receiving Re-Tender Document REB Auditorium , REB (1st floor), Nikunja-2, Dhaka-1229.		
		Opening Tender Document REB Auditorium , REB (1st floor), Nikunja-2, Dhaka-1229.		
<b>Pre-Re-Tender Meeting (Optional):</b>		<b>Place:</b>	<b>Date:</b>	<b>Time</b>
<b>INFORMATION FOR TENDERER</b>				
<b>Eligibility of Tenderer:</b>		All Countries except Israel		
<b>Brief Description of Goods or Works:</b>		Conductor (insulated), Meter Seal, Single Phase meter.		
<b>Brief Description of Related Services:</b>		N/A		
<b>Re-Tender Document Price:</b>		3,000.00		
Lot No.	Identification	Location	Security Amount	Completion Date
1	SPC Poles	Dhaka	115,500.00	0
2	Copper Conductor	Dhaka	10,200.00	0
3	Distribution Transformer	Dhaka	64,900.00	0
<b>PROCURING ENTITY DETAILS</b>				
<b>Name of Official Inviting Re-Tender:</b>		Md. Torab Ali Akunji		
<b>Designation of Official Inviting Re-Tender:</b>		Director		
<b>Address of Official Inviting Re-Tender</b>		Head Office Building (7th floor) REB, Nikunja-2, Khilkhet,		
<b>Contact Details of Official Inviting Re-Tender</b>		Phone: 8916420 Email: rebprocure@yahoo.com		
<b>The procuring entity reserves the right to accept or reject all tenders</b>				



## Central Procurement Technical Unit

TMED, MINISTRY OF PLANNING, GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

### 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, Dhaka  
**Procuring Entity Code:**  
**Procuring Entity District:** Dhaka  
**Invitation For:** Works  
**Invitation Ref No.:** DFID/GAF-278(4)/2008/396  
**Date:** 13-Jan-08

#### KEY INFORMATION

**Procurement Method:** NCT Open Tendering Method(OTM)

#### FUNDING INFORMATION

**Budget and Source of Funds:** Development Budget Aid (Grant/Credit)  
**Development Partner:**

#### PARTICULAR INFORMATION

**Project/Programme Name:**  
**Tender Package No.:** DFID(67PBS)-1/1, 02/2  
**Tender Package Name:** Conductor (insulated), Meter Seal, Single, Phase meter.  
**Re-Tender Publication Date:** 21-Jan-08  
**Re-Tender Last Selling Date:** 19-Feb-08  
**Re-Tender Closing Date and Time:** 20-Feb-2008 12:00 PM  
**Tender Opening Date and Time:** 20-Feb-2008 12:30 PM

<b>Name &amp; Addresses of the Offices :</b>	Selling Re-Tender Document Directorate of Procurement, REB (7th floor) Nikunja-2, Dhaka-1229.		
	Receiving Re-Tender Document REB Auditorium , REB (1st floor), Nikunja-2, Dhaka-1229.		
	Opening Tender Document REB Auditorium , REB (1st floor), Nikunja-2, Dhaka-1229.		

<b>Pre-Re-Tender Meeting (Optional):</b>	<b>Place:</b>	<b>Date:</b>	<b>Time:</b>
--	---------------	--------------	--------------

#### INFORMATION FOR TENDERER

**Eligibility of Tenderer:** All Countries except Isreal  
**Brief Description of Goods or Works:** Conductor (insulated), Meter Seal, Single Phase meter.  
**Brief Description of Related Services:** N/A  
**Re-Tender Document Price:** 3,000.00

Lot No.	Identification	Location	Security Amount	Completion Date
1	Conductor (Insulated)	Dhaka	55,500.00	0
2	Meter Seal,	Dhaka	450.00	0
3	Single Phase meter.	Dhaka	21,500.00	0

#### PROCURING ENTITY DETAILS

**Name of Official Inviting Re-Tender:** Md. Torab Ali Akunji  
**Designation of Official Inviting Re-Tender:** Director  
**Address of Official Inviting Re-Tender:** Head Office Building (7th floor) REB, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh  
**Contact Details of Official Inviting Re-Tender:** Phone: 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 six sub-packages out of the 1<sup>st</sup> tranche procurement with total estimated amount of USD 11,503,280.55 under 67 PBS and 9 PBS projects were advertised for sale on 15 January 2008. Bidders were allowed up until 20 February 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 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.

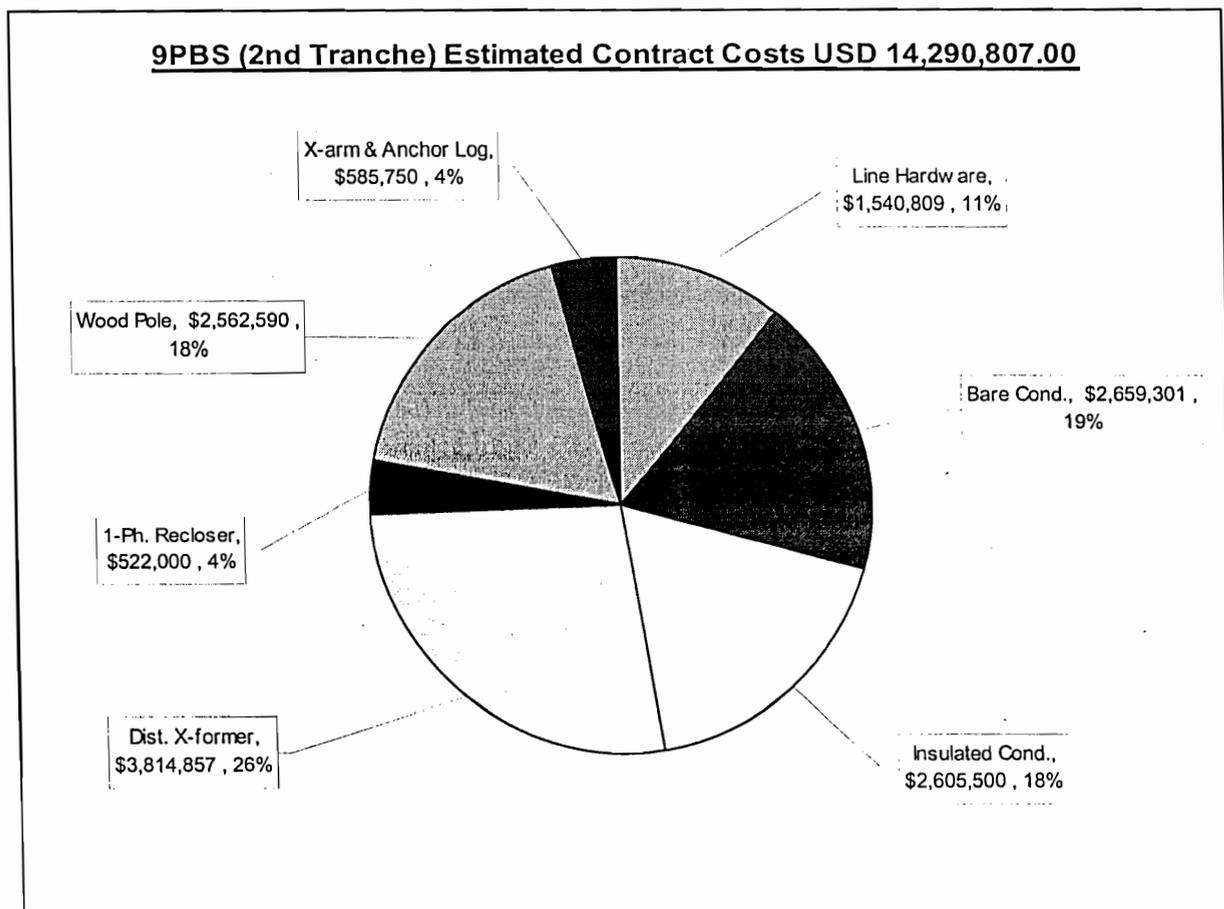
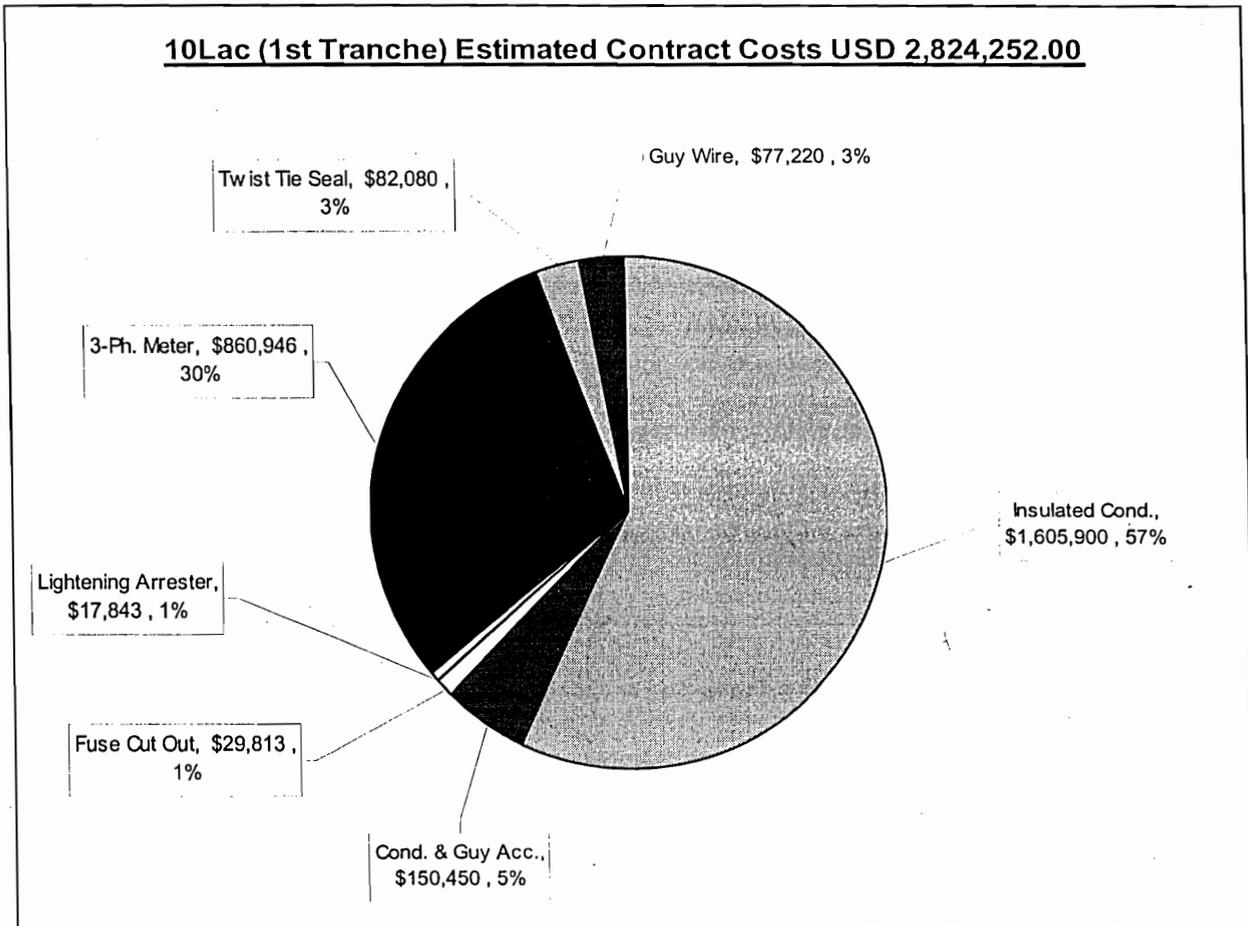


Diagram: 10 Lakh Consumer Connection Under Existing PBSs Distribution Line Materials Composition and Estimated Contract Costs.



**3.3 REDP Materials Procurement Funding and Draw Down**

GBP38 million (approximately 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. There was another transfer anticipated for January 2008.

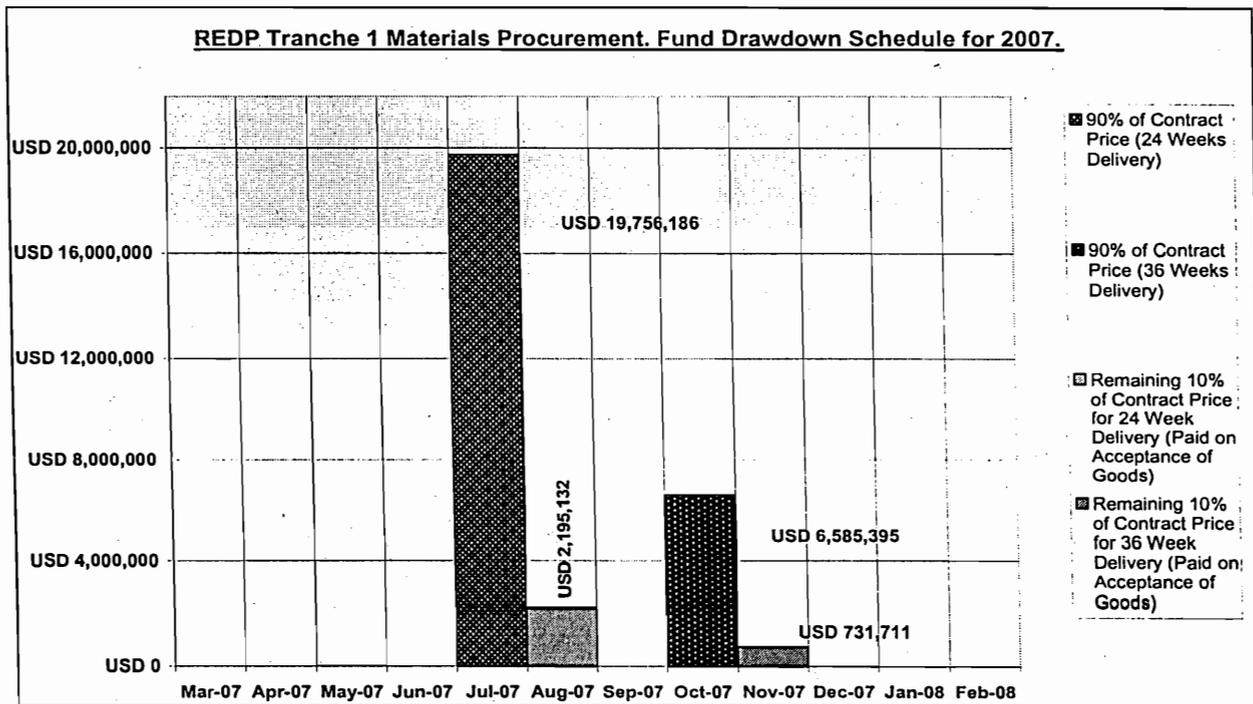
DFID anticipate funding availability to be according to the following pattern:

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

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 as required according to appraisal of contract prices.

Projected draw down of funds shown below:

Diagram 3.3.1: Draw Down of Funds Schedule for 2007.



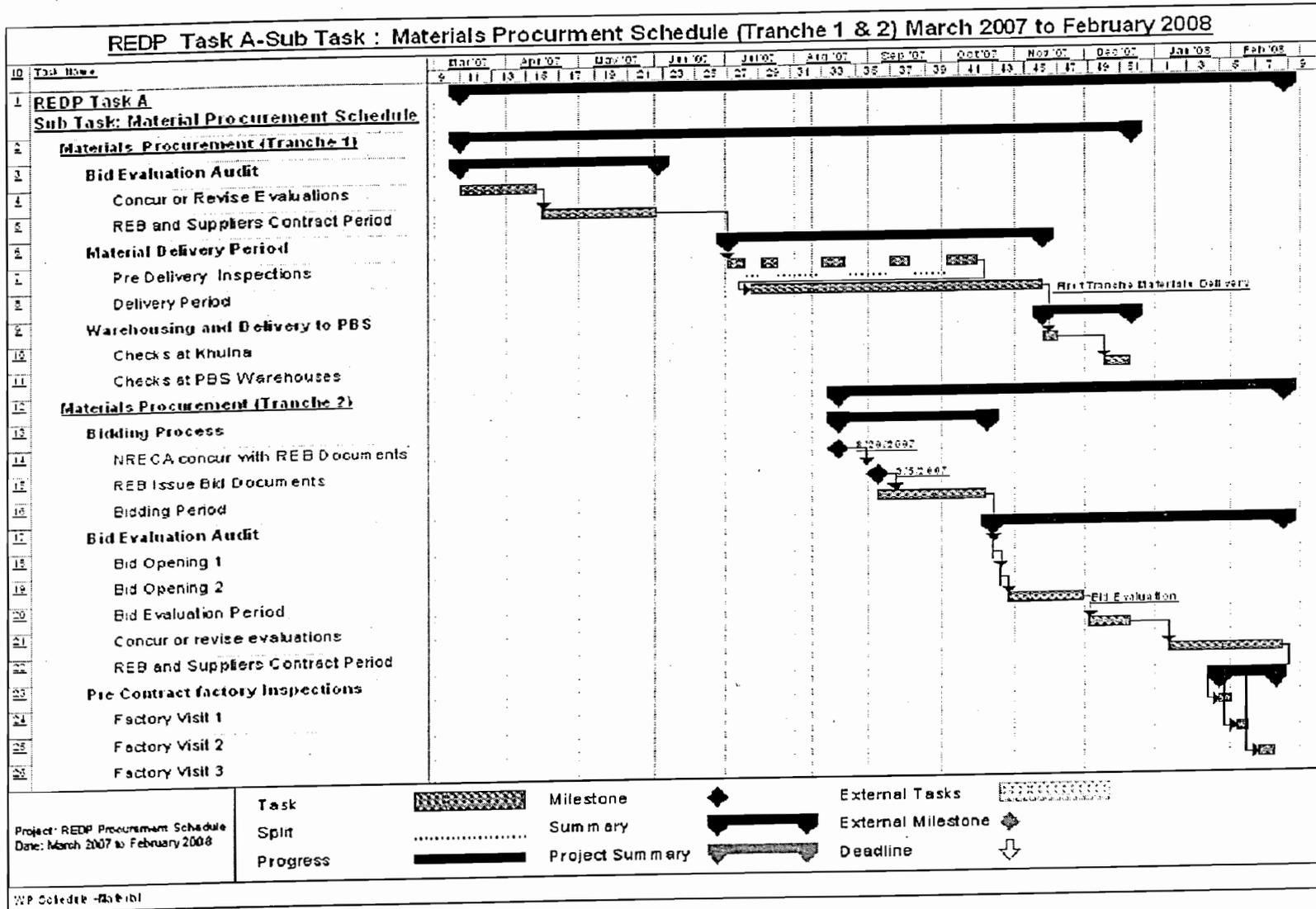
### **3.4 Observations NRECA made while monitoring REB's procurement process - 1<sup>st</sup> & 2<sup>nd</sup> Tranche**

NRECA continues to emphasize the various observations made monitoring the REB procurement process for the 1<sup>st</sup> 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 2<sup>nd</sup> tranche as well as those re-tendered out of the 1<sup>st</sup> 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.

Procurement Schedule



## 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.

As DFID funded materials were just beginning to be delivered during this reporting period the formal monitoring of their usage has not commenced.

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. The processing of analyzing the selected projects to determine their viability, etc. began 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 took place during this quarter are given 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.
- Following completion of the negotiation between HDRC and NRECA, HDRC prepared a revised technical proposal reflecting changes (sample size, sampling approach, etc.) which resulted from the negotiations sessions, as well as their final revised budget per the agreed to budget amount. The revised proposal was submitted in December 2007
- The subcontract documents were initially prepared in the NRECA office in Arlington with the initial draft contract submitted to the Dhaka for review. The draft contained various points which required further revisions. As of the end of the reporting period, the Arlington office had worked with the Dhaka office to complete the required revisions.

(Note: As indicated in previous Quarterly Reports, the senior management in the NRECA office had taken a formal decision to change the process used for preparing contracts for the entire Association, including those involving NRECA International Ltd thru a new group called "Vendor Management". Previously the subcontract would have been completed by staff working in the Finance and Accounting section dealing with NRECA International work who have experience with these types of subcontracts. However, the introduction of this new process under "Vendor Management" contributed to the prolonged process of preparing this subcontract. This was due primarily to the fact that the preparation of subcontracts requiring compliance with USAID regulations was new to the staff in the Vendor Management group.

- By the end of the reporting period, 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. The formal concurrence from the Contracts Office is expected early in the next quarter, at which time it will be formally executed by NRECA and HDRC.
- 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 just-concluded USAID-funded RPPR-II Program's Task C.1 (Strengthening Training Programs and Procedures – ended Sept 2007) particularly had an activity that continued 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

#### 6.2.1 Delivery of Orientation Programs for PBS Directors

Activities under the Member Education/Board Development Task continued with project support being provided to the REB Training Directorate for the delivery of a crash program of the five day "Orientation to the Bangladesh RE Program" to 155 PBS Board members in eight batches. This program is designated to be the initial training program for PBS Directors per the approved REB Curriculum Plan. The Directors who participated were those currently serving on their respective PBS Boards without having previously participated in the orientation program. The Directors who participated were highly appreciative of the program and expressed the desire to have additional training in support of their role as PBS Directors. This training included 122 males and 33 females.

As part of this effort, NRECA's MEBD team was engaged in designing, developing, and testing the material of the Board Development Hand Book for the Directors serving on the Boards of the Palli Bidyut Samities. Initially the Handbook was development for one-day field program for PBS Directors. Being highly satisfied with the enriched content of the Handbook the Director (Training) of Rural Electrification Board (REB) took a decision to use these materials in this eight batches 5-day crash program. The eight batches crash program started on February 24, 2008 and continued up to March 20, 2008. Specific details about these eight batches are listed below:

Venue	Batch No.	Duration	Number of Participants		
			Male	Female	Total
REB Training Directorate	1st	February 24-28, 2008	11	3	17
REB Training Directorate	2nd	February 24-28, 2008	17	1	19
REB Training Directorate	3rd	March 02-06, 2008	18	1	20
REB Training Directorate	4th	March 02-06, 2008	21	6	33
REB Training Directorate	5th	March 09-13, 2008	9	5	19
REB Training Directorate	6th	March 09-13, 2008	18	8	34
REB Training Directorate	7th	March 16-20, 2008	17	5	27
REB Training Directorate	8th	March 16-20, 2008	11	4	15
<b>Grand Total</b>			<b>122</b>	<b>33</b>	<b>155</b>

Due the use of these materials, the MEBD-team have a real opportunity to test and rectify the content of this Handbook for Directors. . During implementation, of this crash program NRECA staff provided assistance to REB officers delivering the various sessions of the crash program.

It is worth noting that the REB Training Directorate has become fully engaged in supporting REDP initiatives for PBS Directors and for Member Education programs. However due to continuing shortage of resources (staff, hostel facilities, etc.) within the Directorate continue to limit the number of programs that can be delivered to PBS Directors.

The Member Education activities will continue in the next quarter with the REB Training Directorate requesting that these Workshops be conducted in additional PBSs beyond those initial nine that are under the 9 PBS project. Also plans are being made to assist the Training Directorate to conduct the Orientation programs to newly elected PBS Directors who will assume Director positions as a result to the PBS Board elections that are to be completed during the months of April and May.

In early 2008 ex-REB Chairman, Brigadier Malek discontinued his consultancy service with NRECA International Ltd. and the REDP Task to assume the duties of "Special Assistant to the Chief Advisor" under the current Caretaker Government. As his replacement, NRECA selected Syed Nurul Islam, a retired PBS GM having 20+ years of experience. His long experience with the RE Program and in-depth knowledge has been beneficial to the REDP and has been highly appreciated by PBS personnel as well as PBS Directors.