

## Procurement Capacity Assessment

<b>Proposed Project Name:</b> Preparing Ha Noi & Ho Chi Minh City Power Grid Development Sector Project	<b>Proposed Amount (US\$):</b> 489.40 million
<b>Executing/Implementing Agencies:</b> Hanoi Power Corporation (EVN HANOI) and Ho Chi Minh City Power Corporation (EVN HCMC)	<b>Source of Funding:</b> OCR: 172.70 million AIF: 100.00 million
<b>Assessor:</b> David Mayo, International Procurement Expert (PPTA8205-VIE)	<b>Date:</b> December 2013
<p><b>A. General</b></p> <p>1. Procurement of goods, works and consulting services is a key element of implementation of the Project. If the borrowing agency has the capacity to undertake procurement efficiently, this will contribute significantly to the overall objectives.</p> <p>2. Asian Development Bank (ADB) requires an assessment of the capacity of the executing agency (EAs) / implementing agencies (IAs) to undertake procurement during the project preparatory technical assistance (PPTA) stage and recommendations to be made on actions required to overcome weaknesses or constraints. Specifically, the assessment process seeks to (i) evaluate the adequacy of EA / IAs' existing processes adopted for procurement and their ability to comply with ADB's Procurement Guidelines (March 2013, as amended from time to time), (ii) identify the need for capacity building and training for the EA/ IAs during project implementation stage to develop staff's competence in areas relating to procurement, and (iii) define the appropriate level of review, either prior or post by ADB.</p> <p>3. The assessment contains 3 components:                  (i) The assessment of the general procurement environment in Viet Nam;                  (ii) Questionnaires completed by the two EAs; viz. EVN HANOI and EVN HCMC; and                  (iii) The Procurement Capacity Assessment Report and Recommendations.</p> <p><b>B. Expected Procurement</b></p> <p>4. In respect of the EVN HANOI core subprojects, the procurement covers the following four core subprojects:</p> <ul style="list-style-type: none"> <li>• Renovation Son Tay 110 kV Substation</li> <li>• Upgrading Phuong Liet 110 kV Substation</li> <li>• Improving, upgrading 110 kV Tran Hung Dao Substation</li> <li>• New Noi Bai Airport 110 kV Substation and associated 110 kV transmission line from existing Van Tri 220/110 kV Substation</li> </ul> <p>In respect of the EVN HCMC core subprojects, the procurement covers the following four core subprojects:</p> <ul style="list-style-type: none"> <li>• 220 kV District 8 Substation</li> <li>• 220 kV transmission line Nam Sai Gon (Binh Chanh) to District 8</li> <li>• 110 kV Underground cable connecting to Tham Luong Substation</li> <li>• 110 kV Tham Luong Substation</li> </ul> <p>5. Procurement for EVN HANOI's four core subprojects will be in two packages comprising three lots in one case and four in the other. EVN HCMC is considering several alternative</p>	

consolidation strategies for their four core subprojects in their efforts to go to market with a similar number of packages and lots.

6. There are an additional twenty noncore subprojects proposed by EVN HANOI and nine by EVN HCMC for funding under a sector loan.

7. Goods, Plant and Works will be procured under the loan. Large lots will be offered to the market by International Competitive Bidding, while National Competitive Bidding will be used for the smaller packages according to the ADB thresholds. Project management will be provided by the EAs, with support from the Project Implementation Consultant (PIC) recruited under ADB funding to supplement the EAs' resources. The PIC will include an international procurement specialist.

### **C. General Procurement Environment Assessment**

8. Assessments of the general procurement environment for Viet Nam have been undertaken in the past by the ADB. The most recent ADB assessment questionnaire and results are shown in Table 1. The information it contains is found to be applicable to the current project since the *Ha Noi & Ho Chi Minh City Power Grid Development Sector Project* will be bound by the same national procurement policies and procedures.

#### Risk Assessment:

9. The criteria for assessing the procurement environment in Viet Nam and the risk rating in respect of each are listed in Table 1. The overall risk rating for Viet Nam is "Average" but some high risk procurement aspects were identified in the following areas:

- Participation of State-Owned Enterprises
- Public disclosure
- Enforcement of fraud and corruption laws
- Independence of dispute resolution mechanisms
- Timely availability of counterpart funds
- Timely payment of contractors' invoices.

#### Summary of Findings:

10. For the main, the risks associated with the procurement environment in Viet Nam are manageable, with most risk criteria in Table 1 being rated as "low" or "average". The legal and regulatory framework for public procurement is sound and the Implementing Agencies, EVN HANOI and EVN HCMC, are experienced in self-financed and foreign-assisted procurements.

11. Some aspects of the general environment bear consideration in planning the procurements for the *Ha Noi & Ho Chi Minh City Power Grid Development Sector Project*, including:

- SOE participation, given that EVN subsidiary companies manufacture equipment and provide services of relevance to the Project;
- Mechanisms for resolving disputes and enforcing awards;
- Timely availability of funds for counterpart-financed elements of the works such as the substation transformers.

### **D. Executing Agency Procurement Capacity Questionnaire**

12. To facilitate the assessment of procurement capacity of an EA, ADB has developed a

questionnaire for completion by the EA. The questionnaire is divided into the following parts:

- General Resource – on staffing and equipment
- Procurement Processes for Goods and Works – who to do what in preparing bid documents and in the tendering process
- Procurement Processes for Consulting Services – on consultants selection procedure
- Process Oversight and Control – on check-and-balance mechanisms and contract administration
- Records Keeping

13. The questionnaire was issued to EVN HANOI, EVN HCMC and their Power Project Management Boards and was completed. The completed questionnaires reproduced in Table 2.

### **Organizational and Staff Capacity**

#### Risk Assessment:

14. The risk associated with the capacity and organisation of the procurement functions of the EAs is rated as generally average.

#### Summary of Findings:

15. The procurement departments of the EAs are adequately staffed and possess appropriate experience, skills sets and commitment. They have recent experience in managing procurements for World Bank and JICA projects but have not managed procurements under ADB procedures before.

16. The addition of the procurements for the ADB Ha Noi & Ho Chi Minh City Power Grid Development Sector Project to their current projects will mean that the procurement staff will have a heavy workload and this could result in delays and shortcuts.

### **Information Management**

#### Risk Assessment:

17. The risk associated with information management by the procurement staff of the EAs is rated as generally low.

#### Summary of Findings:

18. The EAs have in place systems for infrastructure planning, funding approval, procurement, project management and contract administration.

19. Document storage and retrieval systems are maintained and documents, including the original contract, bid evaluation report, winning bid contractual communications. These are kept by the EAs for a period of five years or more. Documents are filed systematically in contract files with separate files kept, as appropriate, for commercial, contractual and technical matters. They are subject to an annual internal audit.

20. Potential weaknesses include unfamiliarity with ADB procedures and resourcing issues during peak workload periods.

## **Procurement Practices**

### Procurement of Goods and Works

#### Risk Assessment:

21. The risk associated with the procurement of Goods and Works by the EAs is rated as low to average.

#### Summary of Findings:

22. The processes and procedures that bind the EAs in their procurement of Goods and Works generally follow international best practice principles and there is abundant experience in applying them in the procurement for transmission and distribution projects.

23. The EAs also have experience in procurement for projects financed by development agencies, notably the World Bank, JICA and KfW. However, there is a lack of familiarity with ADB procedures and the EAs may have difficulty producing documents and evaluating to ADB standards.

24. The EAs have been exploring options for consolidating the goods and works of the core subprojects into optimal packages and lots that will capture economies of scale and reduce project management and contract administration effort on their part. This includes “horizontal” consolidation of similar goods or works across several core subprojects and “vertical” consolidation of individual core subprojects into an EPC turnkey format.

25. The EAs’ staff are fully committed with their current workload and may lack the resources to undertake the additional procurements of the ADB Ha Noi & Ho Chi Minh City Power Grid Development Sector Project. It follows that the EAs are likely to need assistance with the additional and unfamiliar work involved in the ADB-related procurements and it is recommended that a Project Implementation Consultant (PIC) is engaged to provide that assistance.

### Consulting Services

#### Risk Assessment:

26. The risk associated with the procurement of consulting services by the EAs is rated as low to average.

#### Summary of Findings:

27. The processes and procedures that bind the EAs in their procurement of internally-financed consulting services are not as tight as those employed by the ADB.

The EAs also have some exposure to the procurement of consulting services financed by development agencies, notably the World Bank and JICA. However, there is a lack of familiarity with ADB procedures and the EAs may have difficulty producing documents and evaluating bids to ADB standards.

28. The EAs’ staffs are fully committed with their current workload and may lack the resources to undertake the additional procurements of the ADB Ha Noi & Ho Chi Minh City Power Grid Development Sector Project. It follows that the EAs are likely to need assistance with the additional and unfamiliar work involved in the ADB-related procurements and it is recommended that a Project Implementation Consultant (PIC) is engaged to provide that assistance.

## **Effectiveness**

### Risk Assessment:

29. The risk associated with the effectiveness of procurement is rated as average.

### Summary of Findings:

30. The institutional arrangements are generally adequate in supporting the procedures laid down by the Government and EVN for the procurement of Goods, Works and consulting services. Issues of transparency and open competitiveness in past transactions were not fully explored in the time available for the capacity assessment.

31. An assessment of the market was conducted by the EAs which confirmed the interest of contractors and suppliers of satisfactory quality and in sufficient numbers to engender effective competition in a bidding contest. The core subprojects are straightforward engineering exercises and the market participants have the experience and track record to execute them effectively.

32. With the support of a PIC and the application of ADB procedures, the EAs can be expected to be effective in the way the procurement transactions for the Project are conducted.

## **Accountability Measures**

### Risk Assessment:

33. The risk associated with the measures, and their implementation, for ensuring accountability in procurement is rated as average.

### Summary of Findings:

34. The processes, procedures and accountability measures of the EA/IA are aligned in most respects with those of the ADB and the control and oversight mechanisms are unlikely to clash with ADB's procurement policies. The EAs have been implementing procurements under projects funded by JICA and World Bank without troubling conflict between the procurement systems of borrower and lender and this suggests compatibility with ADB requirements.

35. No evidence of a lack of transparency was noted in the course of conducting the capacity assessment, although there are anecdotal indications of issues in connection with procurements conducted by other Vietnamese agencies.

## **Summary Assessment**

36. Generally, the procurement risks are low. Transmission and distribution projects tend to be well-defined with few physical uncertainties and few contractual complexities. The EAs' procurement teams are experienced in this type of work.

37. The specific findings of the Procurement Capacity Assessment are summarised:

### Strengths:

- The procurement systems and procedures of the EA/IA are broadly aligned with international best practice;
- The EAs' procurement teams that will be responsible for the implementation of the

procedures and processes are experienced with donor-funded projects (e.g. World Bank, JICA), and have demonstrated that they are committed and cooperative.

Weaknesses:

- EAs' procurement teams are unfamiliar with ADB procurement procedures;
- The high workload on the EAs may leave the ADB-funded procurements under-resourced.

38. The weaknesses can be countered by engaging a PIC to assist the EAs throughout the procurement cycle.

**Specific Recommendations, Project Implementation**

Risks	Recommended Action	Responsibility and comment
<p>The key risks are:</p> <ul style="list-style-type: none"> <li>• Lack of familiarity with ADB procedures;</li> <li>• The addition of the ADB-funded procurements to the EAs' workloads will stretch the existing resources. Problem with high existing workload will be aggravated.</li> </ul>	<p>The efforts of EAs' in consolidating the core subprojects into contract lots of optimal size and form should be supported to transfer some of the project management responsibilities and administrative burden onto contractors.</p> <p>A PIC should be engaged to:</p> <ul style="list-style-type: none"> <li>• Assist with the procurements and project management functions</li> <li>• Ease the contract administration burden on the EAs.</li> <li>• Provide formal training in ADB procedures, ADB Standard Bidding Documents and ADB bid evaluation procedures.</li> <li>• Provide counterpart on-the-job training.</li> </ul>	<p>ADB and EAs to discuss the TOR for the PIC.</p>
<p><b>Capacity Constraint</b></p>	<p><b>Recommended Action</b></p>	<p><b>Responsibility and comment</b></p>
<p>Refer above.</p>	<p>Provide training and other counterpart support</p>	<p>A capacity building program is under discussion among the PPTA team.</p>

**General Recommendations, EA/IA**

Risks/Capacity Constraint	Recommended Action	Responsibility and comment
<p>The practices and strengths of the EAs' procurement departments have adapted to the particular demands of the domestic market. Training and assistance is needed in the preparation of documents, evaluation of bids and administration of contracts for</p>	<p>A formal program of training and counterpart on-the-job assistance is needed to raise awareness and develop skills to manage international contractors.</p>	<p>Training can be provided under the ADB program to engender the skills necessary for the effective management of international contractors and consultants.</p>

Goods, Works and consulting services financed under international development agency loans.		
<b>General Recommendations, Procurement Environment</b>		
<b>Risk/Capacity Constraint</b>	<b>Recommended Action</b>	<b>Responsibility and comment</b>
A number of laws touch on public procurement and take precedence over Procurement Law (2005), making it difficult to interpret the law in a number of places. The legal framework for procurement does not protect bidders adequately in the areas of SOE participation and conflict of interest.	In the longer term, reform of the procurement law could focus on these issues to highlight to bidders that the procurement process provides for open, competitive procurement processes with equal treatment of bidders.	The action for a review of the Procurement Law would fall on the Government.

**EA Procurement Capacity Assessment**  
**Table 1 - General Procurement Environment Assessment**

<b>Criteria</b>	<b>Comments</b>	<b>Risk Assessment</b>
1 Is there a procurement law?	However, multiple laws cover public procurement - e.g. Law on Procurement (2005), Law on Construction (2003), and other laws, <u>all taking precedence</u> over Procurement Law	Yes, Low
2 Are the laws and regulations clear and concise?	Detailed laws and regulations, but under multiple laws (1 above) and complex network of Decrees and Circulars	Average
3 What does the law (or regulations applicable to procurement) cover?	Covers all aspects of procedures with related templates. Procurement Law (Art.3, para.3) explicitly states that where funding agreement states so, donor procurement rules prevail.	Low
4 Does the law cover the procurement of consulting services?		Yes, Low
5 Does the law differentiate between processes for consulting services and Goods/Works?		Yes, Low
6 Does the law require advertisement of all procurement opportunities?	Advertisement required also under Shopping, however limited information posted on ITBs/IFBs.	Yes, Average
7 Are contract awards advertised?	No information posted on grounds for rejected bids	Yes, Low
8 Are there restrictions on goods works and services on the basis of origin?	NCB as defined under Procurement Law allows participation of only national bidders (Art.4, para.5)	Yes, Average (refer Note)
9 Does the law or relevant legislation and regulations provide acceptable provision for the participation of state owned enterprises?	Procurement Law has provisions on SOE but limits eligibility criteria to state-ownership of shares. Independence of Management and Directors insufficiently accounted for. Law also does not include provisions on Conflict of Interest, essentially limited to family relationships between Purchaser and Bidders (Proc. Law, Art.12)	No, High
10 Are there restrictions on the nationality of bidders and consulting firms invited?	Only National Bidders allowed under NCB	Yes, Average (refer Note)
11 Are foreign bidders and consultants forced to offer through or with local		No, Low (refer Note)



Criteria	Comments	Risk Assessment
partners?		
12 Is there a domestic preference scheme?	Domestic preference scheme is applied under ICB, including to Consulting Services (Proc. Law, Art.14)	Yes, Average (refer Note)
13 Is there a national standard mandated for use for quality control purposes?		Yes, Low
14 Are any agencies exempt from the law?	Procurement Law applies to <u>projects</u> funded by State for at least 30% of the budget (Art.1, para.1)	No, Low
15 Is the default method for procurement open competition?	Procurement Law, Article 18	Yes, Low
16 Is open procurement easily avoided?	DC/SSS for packages below a certain value, very liberally applied by many EAs (Law, Art.20; Dec.85, Art.40).  Note: Practices applied by Govt. agencies, while not "preventing" the participation of international bidders, may act as a disincentive for open competition, for example through split-packaging or bundling (whereby international bidders would not be interested in participating in packages below a certain value), the use of state/provincial cost-norms, various administrative requirements which makes it more difficult for international firms to penetrate local industries.	Yes, Average (refer Note)
17 Do the rules and regulations require pre-qualification?	Only for complex contracts	Low
18 Do the rules and regulations require registration?		No, Low
19 Are there systematic procurement process audits?	With limited capacity and coverage - ref new Circular on Procurement Audits, No.22/2010/TT-BKH.	Yes, Average
20 Is there a national procurement manual or guide?	Not a single Manual, in multiple circulars.	Yes, Low
21 Do the laws and regulations mandate the use of standard documents?		Yes, Low
22 Have these standard bidding document's been approved for use on ADB projects?	The legal framework for SBDs is however sound.	No, Average

Criteria	Comments	Risk Assessment
23 Do the regulations require the collection of nationwide statistics on procurement?	Yes, under responsibility of PPA, Annual Report to PM.	Yes, Low
24 Is consolidated historical procurement data available to the public?		No, High
25 Do the procurement laws and regulations contain provisions for dealing with misconduct?	Weak enforcement	Yes, Average
26 Is fraud and corruption in procurement regarded as a criminal act?	Procurement Law, Article 75	Yes, Low
27 Have there been prosecutions for fraud and corruption?	Few, high level-high visibility cases.	Yes, High
28 Is there an alternative disputes resolution process independent of government and courts?	Through Vietnam International Center of Arbitration, or Economic Court.	No, High
29 Does the law allow for sovereign immunity to the EA for claims against it?		No, Low
30 Do the regulations allow for black listing (disbarment) of firms and individuals and if they do?	EAs draw list of firms to be disbarred and submit to PPA/MPI to monitor (Proc. Law, Arts 12 & 75).	Yes, Low
31 Which body oversees procurement?	Public Procurement Agency of MPI at central level, DPI at provincial level	Average
32 What powers does the oversight body have?	PPA reports to Minister of Planning and Investment. Refers also to Government Inspectorate. No enforcement authority.	?????
33 Is there a nationwide procurement training plan?	Administered, by PPA, but no "professionalization" of procurement functions within GoV	Yes, Average
34 Is there a procurement accreditation or professionalization program?	Certification in national laws and procedures only	Yes, Average
35 Are major projects identified within an agency's appropriation or budget?	Funds are appropriated and accounted for separately	Yes, Low
36 Is the procurement cycle tied to an annual budgeting cycle? i.e. can procurement activity only commence once a budget is approved?	High risk as expenditures have to be within FY budget	Yes, Average
37 Once an appropriation or budget is approved will funds be placed with the EA or can the EA draw them down at will?	Once funds are appropriated, EA has immediate and direct access	Yes, Low

<b>Criteria</b>	<b>Comments</b>	<b>Risk Assessment</b>
38 Can an EA draw directly from a loan or imprest account or will it spend budgeted funds with the borrower claiming reimbursement?		Yes, Low
39 When an EA is implementing a project using funds from the national budget has a delay in funding significantly delayed procurement?	Counterpart funds are often delayed - though some line Ministries and sub-national administrations are better than others in releasing own funds	Yes, High

<b>OVERALL RISK RATING</b>	<b>Average</b>
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**Table 2.1: EA Procurement Capacity Assessment  
Procurement Assessment Questionnaire – EVN HANOI**

<b>Risk Ratings</b>	Extremely High	High	Average	Low
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**I. Specific Assessment and Ratings**

Question	Answer / Finding	Risk
<b>A. ORGANIZATIONAL AND STAFF CAPACITY</b>		
A.1. How many years experience does the head of the procurement department/unit have in a direct procurement role?	16 years	Average
A.2. How many staff in the procurement department/unit are:	15 persons	Average
i. Full Time?	15 persons	
ii. Part Time?	0	
iii. Seconded?	0	
A.3. Does the procurement staff have English language proficiency?	10 can speak and understand English. Several are fluent.	Average
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes, 10	Average
A.5. Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Yes	Low
A.6. Does the agency have a procurement training program?	Yes	Low
A.7. Does the agency have a Procurement Committee that is independent from the head of the agency?	Yes	Average
A.8. Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee??	Yes	Average
A.9. If yes, what type of procurement does it undertake?	All types typical for a power utility.	
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	Head of Procurement Dept reports directly to General Director, EVN HANOI	Low
A.11. Do the procurement positions in the agency have job descriptions, which	Yes	Average

Question	Answer / Finding	Risk
outline specific roles, minimum technical requirements and career routes?		
A.12. Is there a procurement process manual for goods and works?	Yes	Average
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Manual is updated from time to time. It covers foreign-assisted projects. Manual is in Vietnamese language only	
A.14. Is there a procurement process manual for consulting services?	Yes, but Manual is in Vietnamese language	
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Yes. EVN SBDs used for domestically-financed contracts. For foreign-assisted projects, use the SBDs of lender (WB, ADB, JICA, etc.)	
A.17. Does the ToR follow a standard format such as background, tasks, inputs, objectives and outputs?	No	
A.18. Who drafts the procurement specifications?	For routine, domestically-funded works, technical specs are drafted by EVN HANOI. For foreign-assisted projects and complex projects, consultants are engaged.	Average
A.19. Who approves the procurement specifications?	Procurement Dept, EVN HANOI	
A.20. Who drafts the bidding documents?	For routine, domestically-funded works, bidding documents are drafted by EVN HANOI. For foreign-assisted projects and complex projects, consultants are engaged.	
A.21. Who manages the sale of the bidding documents?	Procurement department / unit	
A.22. Who identifies the need for consulting services requirements?	EVN HANOI Procurement Department, subject to approval of General Director, EVN HANOI.	Average
A.23. Who drafts the terms of reference (ToR)?	For routine, domestically-funded works, ToR are drafted by EVN HANOI. For foreign-assisted and complex assignments, consultants are engaged.	
A.24. Who prepares the request for proposals (RFPs)?	For routine, domestically-funded works, RFPs are drafted by EVN HANOI. For foreign-assisted and complex projects, consultants are engaged.	
<b>B. INFORMATION MANAGEMENT</b>		
B.1. Is there a referencing system for	Yes	Average

Question	Answer / Finding	Risk
procurement files?		
B.2. Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Yes	Average
B.3. For what period are records kept?	Five years minimum	Low
B.4. Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Yes	Low
<b>C. PROCUREMENT PRACTICES</b>		
<b>Goods and Works</b>		
C.1. Has the agency undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. World Bank - Distribution Efficiency Project JICA - Power Transmission and Distribution Network Development Project ADB - TA-8205 VIE - Preparing Ha Noi & Ho Chi Minh City Power Grid Development Project.	Average
C.2. If the above answer is yes, what were the major challenges?	Compliance with bank requirements. Time involved.	
C.3. Is there a systematic process to identify procurement requirements (for a period of one year or more)	Projects to be procured are identified through least-cost power system expansion planning conducted by Institute of Energy and EVN, and approved by Govt.	Average
C.4. Is there a minimum period for preparation of bids and if yes how long?	No	Average
C.5. Are all queries from bidders replied to in writing?	Yes	
C.6. Does the bidding document state the date and time of bid opening?	Yes	Low
C.7. Is the opening of bids done in public?	Yes	Low
C.8. Can late bids be accepted?	No	
C.9. Can bids be rejected at bid opening?	No	
C.10. Are minutes of the bid opening taken?	Yes	Low

Question	Answer / Finding	Risk
C.11. Who may have a copy of the minutes?	All bidders	
C.12. Are the minutes free of charge?	Yes	
C.13. Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	Ad-hoc bid evaluation team of EVNHANOI, comprising people with relevant technical, contractual and financial skills.	Average
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Qualifications depend in each case on the nature of the contract and the issues involved. The bid evaluation team is chosen to apply appropriate skills and knowledge to the evaluation.	Average
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	The bid evaluation report is reviewed by the General Director, EVN HANOI. For large or sensitive projects, Govt approval may also be required.	Average
C.16. Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contract effectiveness?	4 to 6 months	Average
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes	Low
C.18. Are there established goods receiving procedures?	Yes	Low
C.19. Are all goods that are received recorded as assets or inventory in a register?	Yes	Low
C.20. Is the agency/procurement department familiar with letters of credit?	Yes	Low
C.21. Does the procurement department register and track warranty and latent defects liability periods?	Yes	Average
<b>Consulting Services</b>		
C.22. Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. World Bank – Distribution Efficiency Project. ADB – Consultant for implementation of TA-8205 VIE – pending: Preparing Ha Noi & Ho Chi Minh City Power Grid Development.	Low
C.23. If the above answer is yes, what were the major challenges?	Compliance with bank requirements.	
C.24. Are assignments and requests for expressions of interest (EOIs) advertised?	Yes	Low
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Consultants' selection committee of EVN HANOI comprises people with skills relevant to the work outlined in the TOR.	Average

Question	Answer / Finding	Risk
C.26. What criteria are used to evaluate EOIs?	Track record of consulting firm, experience of personnel and understanding of the project.	Average
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS (Quality and Cost Based Selection)	Average
C.28. Do firms have to pay for the RFP document?	Yes	Low
C.29. Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30. Are pre-proposal visits and meetings arranged?	Sometimes, according to the type of project or services.	Average
C.31. Are minutes prepared and circulated after pre-proposal meetings?	No	
C.32. To whom are the minutes distributed?	Minutes are distributed to all bidders.	
C.33. Are all queries from consultants answered/addressed in writing?	Yes	Low
C.34. Are the technical and financial proposals required to be in separate envelopes?	Yes	Low
C.35. Are proposal securities required?	Yes	Low
C.36. Are technical proposals opened in public?	Yes	Average
C.37. Are minutes of the technical opening distributed?	Yes	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	
C.39. Who determines the final technical ranking and how?	Bid evaluation team. Technical criteria based on company track record, experience of personnel and understanding of the project.	Average
C.40. Are the technical scores sent to all firms?	No	
C.41. Are the financial proposals opened in public?	Yes	Low
C.42. Are minutes of the financial opening distributed?	Yes	
C.43. How is the financial evaluation completed?	According to the rules stipulated in the RFP. If appropriate, by QCBS rules.	Average
C.44. Are face to face contract negotiations held?	Yes	
C.45. How long after financial evaluation is negotiation held with the selected firm?	1 week	



Question	Answer / Finding	Risk
C.46. What is the usual basis for negotiation?	Compliance with the RFP / TOR and elimination of deviations.	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	1 to 2 weeks	
C.49. Is there an evaluation system for measuring the outputs of consultants?	No	
<b>Payments</b>		
C.50. Are advance payments made?	Yes	Low
C.51. What is the standard period for payment included in contracts?	30 days	High
C.52. On average, how long is it between receiving a firm's invoice and making payment?	About 45 days	
C.53. When late payment is made, are the beneficiaries paid interest?	No	
<b>D. EFFECTIVENESS</b>		
D.1. Is contractual performance systematically monitored and reported?	Yes	Average
D.2. Does the agency monitor and track its contractual payment obligations?	Yes, Project Management Board	Average
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Average
D.4. Is there a formal non-judicial mechanism for dealing with complaints?	Yes, defined in Articles 72 and 73 of Procurement Law (2005)	Average
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	Average
<b>E. ACCOUNTABILITY MEASURES</b>		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Document signed by General Director, EVN HANOI. Also, refer Art. 12 of Procurement Law (2005)	Average
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Average
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	Yes. Approval of General Director, EVN HANOI is required for normal projects. For large projects, or projects of national significance, the approval of Govt. is also required.	Average

Question	Answer / Finding	Risk
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	General Director, EVN HANOI. The General Director is the head of the Procurement Committee.	Average
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		Average
a) Bidding document, invitation to pre-qualify or RFP	General Director, EVN HANOI	
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Deputy General Director, EVN HANOI	
c) Evaluation reports	General Director, EVN HANOI	
d) Notice of award	Deputy General Director, EVN HANOI	
e) Invitation to consultants to negotiate	Deputy General Director, EVN HANOI	
f) Contracts	General Director, EVN HANOI (large contracts) Deputy General Director, EVN HANOI (routine contracts)	
E.6. Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	No	Average
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes. Annual audits conducted by EVN and Govt.	Average

## II. General Ratings

Criterion	Risk
<b>A. Organizational and Staff Capacity</b>	<b>Average</b>
<b>B. Information Management</b>	<b>Low</b>
<b>C. Procurement Practices</b>	<b>Average</b>
<b>D. Effectiveness</b>	<b>Average</b>
<b>E. Accountability Measures</b>	<b>Average</b>
<b>OVERALL RISK RATING</b>	<b>Average</b>

**Table 2.2: EA Procurement Capacity Assessment  
Procurement Assessment Questionnaire – EVN HCMC**

<b>Risk Ratings</b>	Extremely High	High	Average	Low
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**I. Specific Assessment and Ratings**

<b>Question</b>	<b>Answer/Finding</b>	<b>Risk</b>
<b>A. ORGANIZATIONAL AND STAFF CAPACITY</b>		
A.1. How many years' experience does the head of the procurement department/unit have in a direct procurement role?	16 years	Average
A.2. How many staff in the procurement department/unit are:	16 persons	Average
iv. Full Time?	16 persons	
v. Part Time?	0	
vi. Seconded?	0	
A.3. Does the procurement staff have English language proficiency?	11 can speak and understand English. Several are fluent.	Average
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes, 11	Average
A.5. Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Yes	Low
A.6. Does the agency have a procurement training program?	Yes	Low
A.7. Does the agency have a Procurement Committee that is independent from the head of the agency?	Yes	Average
A.8. Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?	Yes (EVN HCMC Power Project Management Board)	Average
A.9. If yes, what type of procurement does it undertake?	All types typical for a power utility.	
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	Head of EVN HCMC Power Project Management Board reports directly to General Director, EVN HCMC	Low

Question	Answer/Finding	Risk
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	Average
A.12. Is there a procurement process manual for goods and works?	Yes	Average
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Manual is updated from time to time. It covers foreign-assisted projects. Manual is in Vietnamese language only	
A.14. Is there a procurement process manual for consulting services?	Yes, but Manual is in Vietnamese language	
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Yes. EVN SBDs used for domestically-financed contracts. For foreign-assisted projects, use the SBDs of lender (WB, ADB, JICA, etc.)	
A.17. Does the ToR follow a standard format such as background, tasks, inputs, objectives and outputs?	No	
A.18. Who drafts the procurement specifications?	Consultants draft the procurement specifications	
A.19. Who approves the procurement specifications?	Investment Management Department, EVN HCMPC	
A.20. Who drafts the bidding documents?	Consultants draft the procurement specifications	
A.21. Who manages the sale of the bidding documents?	Power Project Management Board	
A.22. Who identifies the need for consulting services requirements?	Power Project Management Board, subject to approval of General Director, EVN HCMC	
A.23. Who drafts the terms of reference (ToR)?	Consultants draft the ToR.	Average
A.24. Who prepares the request for proposals (RFPs)?	Consultants prepare the RFPs.	
<b>B. INFORMATION MANAGEMENT</b>		
B.1. Is there a referencing system for procurement files?	Yes	Average
B.2. Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management	Yes	Average

Question	Answer/Finding	Risk
functions within the agency?		
B.3. For what period are records kept?	Five years minimum	Low
B.4. Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Yes	Low
<b>C. PROCUREMENT PRACTICES</b>		
<b>Goods and Works</b>		
C.1. Has the agency undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. In the last 36 months: World Bank - Transmission & Distribution 2; Distribution Efficiency Project, JICA - Power Transmission & Distribution Network Development Project	Average
C.2. If the above answer is yes, what were the major challenges?	Compliance with Bank requirements. Time involved.	
C.3. Is there a systematic process to identify procurement requirements (for a period of one year or more)	Projects to be procured are identified through least-cost power system expansion planning conducted by Institute of Energy and EVN, and approved by Govt.	Average
C.4. Is there a minimum period for preparation of bids and, if yes, how long?	Yes, 4 weeks for NCB; 6 weeks for ICB	Average
C.5. Are all queries from bidders replied to in writing?	Yes	
C.6. Does the bidding document state the date and time of bid opening?	Yes	Low
C.7. Is the opening of bids done in public?	Yes	Low
C.8. Can late bids be accepted?	No	
C.9. Can bids be rejected at bid opening?	No	
C.10. Are minutes of the bid opening taken?	Yes	Low
C.11. Who may have a copy of the minutes?	All bidders	
C.12. Are the minutes free of charge?	Yes	
C.13. Who undertakes the evaluation of bids (individual(s), permanent committee,	Ad-hoc bid evaluation team of EVN HCMC, comprising people with	Average

Question	Answer/Finding	Risk
ad-hoc committee)?	relevant technical, contractual and financial skills.	
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Qualifications depend in each case on the nature of the contract and the issues involved. The bid evaluation team is chosen to apply appropriate skills and knowledge to the evaluation.	Average
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	The bid evaluation report is reviewed by the General Director, EVN HCMC. For large or sensitive projects, Govt approval may also be required.	Average
C.16. Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contract effectiveness?	4 to 6 months	Average
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes	Low
C.18. Are there established goods receiving procedures?	Yes	Low
C.19. Are all goods that are received recorded as assets or inventory in a register?	Yes	Low
C.20. Is the agency/procurement department familiar with letters of credit?	Yes	Low
C.21. Does the procurement department register and track warranty and latent defects liability periods?	Yes	Average
<b>Consulting Services</b>		
C.22. Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. World Bank – Distribution Efficiency Project.	Low
C.23. If the above answer is yes, what were the major challenges?	Compliance with Bank requirements.	
C.24. Are assignments and requests for expressions of interest (EOIs) advertised?	Yes	Low
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Consultants' selection committee of EVN HCMC comprises people with skills relevant to the work outlined in the TOR.	Average
C.26. What criteria are used to evaluate	Track record of consulting firm,	Average

Question	Answer/Finding	Risk
EOIs?	experience of personnel and understanding of the project.	
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS (Quality and Costs Based Selection)	Average
C.28. Do firms have to pay for the RFP document?	Yes	Low
C.29. Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30. Are pre-proposal visits and meetings arranged?	No	Average
C.31. Are minutes prepared and circulated after pre-proposal meetings?	No	
C.32. To whom are the minutes distributed?	- (No pre-proposal meetings)	
C.33. Are all queries from consultants answered/addressed in writing?	Yes	Low
C.34. Are the technical and financial proposals required to be in separate envelopes?	Yes	Low
C.35. Are proposal securities required?	Yes	Low
C.36. Are technical proposals opened in public?	Yes	Average
C.37. Are minutes of the technical opening distributed?	Yes	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	Average
C.39. Who determines the final technical ranking and how?	Bid evaluation team. Technical criteria based on company track record, experience of personnel and understanding of the project.	
C.40. Are the technical scores sent to all firms?	No	
C.41. Are the financial proposals opened in public?	Yes	Low
C.42. Are minutes of the financial opening distributed?	Yes	
C.43. How is the financial evaluation completed?	According to the rules stipulated in the RFP. If appropriate, by QCBS rules.	Average
C.44. Are face to face contract negotiations held?	Yes	
C.45. How long after financial evaluation is	1 week	

Question	Answer/Finding	Risk
negotiation held with the selected firm?		
C.46. What is the usual basis for negotiation?	Compliance with the RFP / TOR and elimination of deviations.	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	1 to 2 weeks	Average
C.49. Is there an evaluation system for measuring the outputs of consultants?	No	Average
<b>Payments</b>		
C.50. Are advance payments made?	Yes	Low
C.51. What is the standard period for payment included in contracts?	30 days	High
C.52. On average, how long is it between receiving a firm's invoice and making payment?	About 45 days	
C.53. When late payment is made, are the beneficiaries paid interest?	No	
<b>D. EFFECTIVENESS</b>		
D.1. Is contractual performance systematically monitored and reported?	Yes	Average
D.2. Does the agency monitor and track its contractual payment obligations?	Yes, Project Management Board	Average
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Average
D.4. Is there a formal non-judicial mechanism for dealing with complaints?	Yes, defined in Articles 72 and 73 of Procurement Law (2005)	Average
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	Average
<b>E. ACCOUNTABILITY MEASURES</b>		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes	Average
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Average
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting	Yes. Approval of General Director, EVN HCMC is required for normal projects. For large projects,	Average



Question	Answer/Finding	Risk
process?	or projects of national significance, the approval of Govt. is also required.	
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	General Director, EVN HCMC.	Average
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		Average
g) Bidding document, invitation to pre-qualify or RFP	General Director, EVN HCMC	
h) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Director, EVN HCMC Power Project Management Board	
i) Evaluation reports	Director, EVN HCMC Power Project Management Board	
j) Notice of award	Director, EVN HCMC Power Project Management Board	
k) Invitation to consultants to negotiate	Director, EVN HCMC Power Project Management Board	
l) Contracts	Director, EVN HCMC Power Project Management Board	
E.6. Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	No	Average
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes. Annual audits conducted by EVN and Govt.	Average

## II. General Ratings

Criterion	Risk
<b>A. Organizational and Staff Capacity</b>	<b>Average</b>
<b>B. Information Management</b>	<b>Low</b>
<b>C. Procurement Practices</b>	<b>Average</b>
<b>D. Effectiveness</b>	<b>Average</b>
<b>E. Accountability Measures</b>	<b>Average</b>
<b>OVERALL RISK RATING</b>	<b>Average</b>