

## PROCUREMENT CAPACITY ASSESSMENT REPORT AND RECOMMENDATIONS

<p><b>Proposed Project Name:</b> Low-Carbon District Heating Project in Hohhot in Inner Mongolia Autonomous Region</p>	<p><b>Proposed Amount (US\$):</b> 150 million (Asian Development Bank (ADB) financing)</p>
<p><b>Executing/Implementing Agency:</b> Government of Inner Mongolia Autonomous Region (GIMAR) is the executing agency and Hohhot Chengfa Heating Company (HCHC) is the implementing agency. Hohhot City Development, Investment, and Operation Company (HCDIO, better known as Chengfa Company) will provide project procurement services on behalf of HCHC.</p>	<p><b>Source of Funding:</b> ADB, Commercial Bank, government funds and implementing agency funds</p>
<p><b>Assessor:</b> Project preparatory technical assistance consultant</p>	<p><b>Date:</b> 13 May 2014</p>
<p><b>I. Expected Procurement</b></p> <p>The procurement consists of international competitive bidding for supply and installation of (i) boilers and auxiliaries, (ii) equipment in heat exchange stations, (iii) supervisory control and data acquisition, (iv) pipelines, and (vi) civil works. The tendering agency will be engaged and will assist in implementing procurement and consultant selection in accordance with ADB's Procurement Guidelines and the Guideline on the Use of Consultants.</p> <p><b>II. General Procurement Environment Assessment</b></p> <p>The legal and institutional system in the People's Republic of China (PRC) is well established. Together with a series of laws and regulations related to the tender and bidding, "Bidding Law," "Government Procurement Law," and "Bidding Law Implementing Regulations," are systematically in place. Use of competitive bidding is required under the strict anti-corruption prevention system. Audit is carried out by an independent national government organization with strict ethical code. The system also accommodates applying the foreign donor's procurement and consultant selection guidelines for the project to be funded by foreign donors including ADB.</p> <p><b>III. Organization and Staff Capacity</b></p> <p>The project leading group, which is comprised of Inner Mongolia Autonomous Region (IMAR) Development and Reform Commission (DRC), IMAR Finance Bureau (FB), IMAR Construction Bureau, and IMAR Environmental Protection Bureau, will be established to provide overall guidance and support for the preparation and implementation of the project. The Government of Inner Mongolia Autonomous Region (GIMAR), the executing agency, will be responsible for the overall implementation of the project. The implementing agency is Hohhot Chengfa Heating Company (HCHC), which is responsible for day-to-day project administration and management. Hohhot City Development Investment and Operation Company (HCDIO, better known as</p>	

Chengfa Company) will (i) provide management oversight to HCHC; (ii) liaise with GIMAR, and Hohhot Municipal Government (HMG); (iii) sign onlending agreements with GIMAR, through HMG, and then, onlend to the HCHC; (iv) be directly responsible for making equity contribution; (v) provide project procurement service on behalf of HCHC; and (vi) provide managerial and technical support to HCHC to ensure timely implementation as well as good governance of the project. HCDIO and HCHC jointly established a project management office.

IMAR FB and IMAR DRC, who will guide and supervise procurement, will review and approve the bidding documents, bid evaluation reports, and contract. These institutions have sufficient experience in procurement management under ADB funded district heating and natural gas supply projects: Loan 2260-PRC (IMAR Environment Improvement Project) and Loan 2658-PRC (IMAR Environment Improvement Project Phase II). Procurement process and contract management will also be annually audited by the audit office of GIMAR.

HCHC will be primarily responsible for procurement, but HCDIO, which has sufficient procurement experience in district heating projects with own funds, domestic bank fund, and funds from bilateral development organizations (Japan International Cooperation Agency and KfW—a German government-owned development bank), will provide project procurement service on behalf of HCHC. Both HCDIO and HCHC have a procurement administration system including contract and procurement management. A well-established procurement and contract management system will be in place. The contract and procurement management unit, will perform procurement, which will be approved by the General Manager (the general manager of HCDIO is also the general manager of HCHC). The internal audit office of HCDIO will also monitor and audit procurement process and contract management. Most staff has undergraduate-level educational background and a few staff has post graduate degree. Since HCDIO and HCHC have no experience in ADB procurement, a tendering company with extensive previous experience in ADB projects will be engaged to conduct procurement in accordance with ADB guidelines. Also, to strengthen the procurement capacity to implement the project, the staff at the project management office had training on ADB procurement, disbursement, reporting and other procedures during the project processing and will continue to undertake trainings during project implementation.

#### **IV. Information Management**

All contract related documents, including signed original contracts, bid evaluation reports, original invitation documents, winning bids or proposals, and contract administration papers will be retained for 5–10 years (depending on type of document) after the completion of each contract. Inspections are carried out both internally and externally, which include the inspection of internal audit office of HCDIO, and the audit office of GIMAR.

#### **V. Procurement Practices**

##### **A. Procurement of Goods and Works**

IMAR FB and the IMAR DRC have sufficient experience to manage and supervise procurement for the energy projects funded by ADB since 2007. HCDIO and HCHC also have sufficient experience in goods and works procurement for district heating projects in Hohhot City funded by international funding organizations like Japan Bank for International Cooperation and KfW. Thus, the project procurement will be carried out by the procurement and contract management units at HCDIO, on behalf of HCHC. Tender documents, invitation of bids, invitation of contract negotiation, and contract awards are subject to prior approval of the General Manager of the

HCDIO, and are sought for review and approval of IMAR FB and IMAR DRC.

## **B. Consulting Services**

IMAR FB and IMAR DRC have sufficient experience to manage and supervise selection of consultants in accordance with ADB Guidelines on the Use of Consultants, through the energy projects funded by ADB implemented since 2007. HCDIO and HCHC have sufficient experience for local consultant recruitment in accordance with PRC regulation but have no experience in selection of consultant to be funded by international funding institutions including ADB. An experienced tendering agency will assist in consultant selection in accordance with ADB guidelines.

## **VI. Accountability Measures**

The project will have a multi-layered procurement and contract management system. Procurement and contract management units at HCDIO will perform day-to-day procurement operation on behalf of HCHC, which has primary responsibility on project procurement. Approval of the General Manager at HCDIO is required at each major stage of procurement including tender document, bid invitation, contract negotiation, contract awards, and contract variation. Upon approval of the General Manager, approval of GIMAR will be sought for endorsement. The tendering agency will assist in all procurement and contract management processes to ensure procurement will be carried out in accordance with ADB guidelines. The internal audit office at HCDIO and the provincial audit office of GIMAR will monitor and annually conduct internal and external audit respectively.

## **Summary Assessment**

GIMAR, HCDIO, and HCHC have sufficient procurement experience and capacity in equipment and civil works procurement, and consultant selection. GIMAR has sufficient experience in a number of ADB projects thus, overall risk rating is low. HCDIO and HCHC has a proper procurement administration system, including review and approval at each bidding and contract stage, information management, and accountability measures, already in place. Yet, HCDIO and HCHC do not have particular experience with ADB in goods and works procurement and consultant selection. Thus, overall risk rating is assessed as medium. To mitigate such risk, a tendering agency with extensive previous ADB project experience will be engaged before preparation of tender documents and advertisement of consulting services starts. To strengthen the procurement capacity to implement the project, the staff at the project management office, which has been already established by HCDIO and HCHC, had training on the ADB procurement, disbursement, reporting and other procedures during the project processing and will continue to undertake trainings during project implementation. After mitigation, overall risk rating is assessed as low.

## **Specific Recommendations, Project Implementation**

<b>Risks</b>	<b>Recommended Action</b>	<b>Responsibility and Comment</b>
HCDIO and HCHC do not have sufficient experience in undertaking ADB procedure, and with limited knowledge on ADB's Procurement	ADB's project preparatory technical assistance provides procurement training to HCDIO and HCHC.	GIMAR, HCDIO, and HCHC

Guidelines.	<p>It is essential to quickly engage a qualified and experienced tendering agency to assist on procurement and consultant selection.</p> <p>Close supervision and guidance of GIMAR is required to ensure procurement and consultant selection process in accordance with ADB guidelines.</p>	
<b>General Recommendations, Procurement Environment</b>		
<b>Risk/Capacity Constraint</b>	<b>Recommended Action</b>	<b>Responsibility and comment</b>
N.A.	N.A.	N.A.

**PROCUREMENT CAPACITY ASSESSMENT AGENCY QUESTIONNAIRE**  
**EXECUTING AGENCY: GIMAR**

Risk Ratings	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?	More than 10 years	Low
A.2. How many staff in the procurement department/unit are:	6	Low
i. Full Time?	6	
ii. Part Time?		
iii. Seconded?		
A.3. Does the procurement staff have English language proficiency?	No. But translator is in place.	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	Low
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	Low
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?	No	Average
A.9. If yes, what type of procurement does it undertake?		
A.10. At what level does the department/unit report (to the head of agency, deputy, etc.)?	Directors of IMAR FB and IMAR DRC	Low
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	Low
A.12. Is there a procurement process manual for goods and works?	Yes	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	
A.14. Is there a procurement process manual for consulting services?	Yes	
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been	Yes	

Question	Answer/Finding	Risk
approved for use on ADB funded projects?		
A.17. Does the ToR follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	
A.18. Who drafts the procurement specifications?	The design institute	Low
A.19. Who approves the procurement specifications?	Government of Inner Mongolia Autonomous Region (GIMAR)	
A.20. Who drafts the bidding documents?	The design institute and the tendering agency	
A.21. Who manages the sale of the bidding documents?	The tendering agency	
A.22. Who identifies the need for consulting services requirements?	General Manager of implementing agency	Low
A.23. Who drafts the terms of reference (ToR)?	Chief engineer of Implementing agency	
A.24. Who prepares the request for proposals (RFPs)?	The tendering agency	
<b>B. INFORMATION MANAGEMENT</b>		
B.1. Is there a referencing system for procurement files?	Yes	Low
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	Low
B.3. For what period are records kept?	5 years or more after contract completion	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	Low
C.2. If the above answer is yes, what were the major challenges?	N/A	
C.3. Is there a systematic process to identify procurement requirements (for a period of one year or more)	Yes	Low
C.4. Is there a minimum period for preparation of bids and if yes how long?	30 days	Low
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?	Yes	

Question	Answer/Finding	Risk
C.10. Are minutes of the bid opening taken?	Yes	Low
C.11. Who may have a copy of the minutes?	GIMAR	
C.12. Are the minutes free of charge?	Yes	
C.13. Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	The ad-hoc committee	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	They shall be technical and procurement experts with bids evaluation experience in the sector.	Low
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	There are additional approvals.	Low
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?	90 days.	Low
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	Low
<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	Low
C.23. If the above answer is yes, what were the major challenges?	N/A	
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)?	Heads of the agency and engineers in chief.	Low
C.26. What criteria is used to evaluate EOIs?	Work experience and key staff.	Low
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS	Low
C.28. Do firms have to pay for the RFP document?	No	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?	Yes, mostly.	Low
C.31. Are minutes prepared and circulated after pre-proposal meetings?	Yes	
C.32. To whom are the minutes distributed?	All the 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

Question	Answer/Finding	Risk
C.36. Are technical proposals opened in public?	Yes	Low
C.37. Are minutes of the technical opening distributed?	Yes	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	Low
C.39. Who determines the final technical ranking and how?	The evaluator committee.	
C.40. Are the technical scores sent to all firms?	No	
C.41. Are the financial proposal opened in public?	Yes	Low
C.42. Are minutes of the financial opening distributed?	No	
C.43. How is the financial evaluation completed?	The evaluators will calculate the weight scores given by all the evaluators.	Low
C.44. Are face to face contract negotiations held?	Yes	
C.45. How long after financial evaluation is negotiation held with the selected firm ?	30 days	
C.46. What is the usual basis for negotiation?	Proposals and proposed contracts.	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	30 days	Low
C.49. Is there an evaluation system for measuring the outputs of consultants?	Yes	Low
<b>Payments</b>		
C.50. Are advance payments made?	Yes	Low
C.51. What is the standard period for payment included in contracts?	According to contract	Low
C.52. On average, how long is it between receiving a firm's invoice and making payment?	30 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	Low
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Low
D.4. Is there a formal non-judicial mechanism for dealing with complaints?	Yes	Low
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	Low
<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	Low
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low

Question	Answer/Finding	Risk
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	General manager, deputy general manager	Low
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?		Low
a) Bidding document, invitation to pre-qualify or RFP	General manager, implementing agency	
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	General manager, implementing agency	
c) Evaluation reports	Evaluation committee.	
d) Notice of award	General manager, implementing agency	
e) Invitation to consultants to negotiate	General manager, implementing agency	
f) Contracts	General manager, implementing agency	
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	Low
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

## II. General Ratings

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

**PROCUREMENT CAPACITY ASSESSMENT AGENCY QUESTIONNAIRE**  
**HCDIO**

<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?	8 years	Low
A.2. How many staff in the procurement department/unit are:	17	Low
iv. Full Time?	17	
v. Part Time?		
vi. Seconded?		
A.3. Does the procurement staff have English language proficiency?	Yes	Low
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	Low
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	Low
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	Low
A.9. If yes, what type of procurement does it undertake?	N/A	
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	Deputy General Manager	Low
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	Low
A.12. Is there a procurement process manual for goods and works?	Yes	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	
A.14. Is there a procurement process manual for consulting services?	No	
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been	No	

Question	Answer/Finding	Risk
approved for use on ADB funded projects?		
A.17. Does the ToR follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	
A.18. Who drafts the procurement specifications?	The design institute	Low
A.19. Who approves the procurement specifications?	Government of Inner Mongolia Autonomous Region (GIMAR)	
A.20. Who drafts the bidding documents?	The design institute	
A.21. Who manages the sale of the bidding documents?	The tendering agency	
A.22. Who identifies the need for consulting services requirements?	Manager in charge	Low
A.23. Who drafts the terms of reference (ToR)?	Chief engineer.	
A.24. Who prepares the request for proposals (RFPs)?	The tendering agency	
<b>B. INFORMATION MANAGEMENT</b>		
B.1. Is there a referencing system for procurement files?	Yes	Low
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	Low
B.3. For what period are records kept?	5 years or more after contract completion	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, the project is Inner Mongolia Autonomous Region Hohhot City Atmospheric Environment Improvement Project (II).	Average
C.2. If the above answer is yes, what were the major challenges?	The staffs need to be trained.	
C.3. Is there a systematic process to identify procurement requirements (for a period of one year or more)	Yes	Low
C.4. Is there a minimum period for preparation of bids and if yes how long?	30 days	Low
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?	Yes	

Question	Answer/Finding	Risk
C.10. Are minutes of the bid opening taken?	Yes	Low
C.11. Who may have a copy of the minutes?	GIMAR	
C.12. Are the minutes free of charge?	Yes	
C.13. Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	The ad-hoc committee	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	They shall be technical and procurement experts with bids evaluation experience in the sector.	Low
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	There are additional approvals.	Low
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?	90 days	Low
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	Low
<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.)	No	High
C.23. If the above answer is yes, what were the major challenges?	N/A	
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)?	Heads of the agency and engineers in chief.	Low
C.26. What criteria is used to evaluate EOIs?	Work experience and key staff.	Low
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS	Low
C.28. Do firms have to pay for the RFP document?	No	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?	Yes, mostly.	Low
C.31. Are minutes prepared and circulated after pre-proposal meetings?	Yes	
C.32. To whom are the minutes distributed?	All the 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

Question	Answer/Finding	Risk
C.36. Are technical proposals opened in public?	Yes	Low
C.37. Are minutes of the technical opening distributed?	Yes	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	Low
C.39. Who determines the final technical ranking and how?	The evaluator committee.	
C.40. Are the technical scores sent to all firms?	No	
C.41. Are the financial proposal opened in public?	Yes	Low
C.42. Are minutes of the financial opening distributed?	No	
C.43. How is the financial evaluation completed?	The evaluators will calculate the weight scores given by all the evaluators.	Low
C.44. Are face to face contract negotiations held?	Yes	
C.45. How long after financial evaluation is negotiation held with the selected firm?	30 days	
C.46. What is the usual basis for negotiation?	Proposals and proposed contracts.	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	30 days	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?	Not sure, based on the contract	Average
C.52. On average, how long is it between receiving a firm's invoice and making payment?	30 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	Low
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Low
D.4. Is there a formal non-judicial mechanism for dealing with complaints?	Yes	Low
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	Low
<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	Low
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low

Question	Answer/Finding	Risk
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	General manager, deputy general manager	Low
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?		Low
g) Bidding document, invitation to pre-qualify or RFP	General manager	
h) Advertisement of an invitation for bids, pre-qualification or call for EOIs	General manager	
i) Evaluation reports	Evaluation committee	
j) Notice of award	General manager	
k) Invitation to consultants to negotiate	General manager	
l) Contracts	General manager	
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	Low
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

## II. General Ratings

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

**PROCUREMENT CAPACITY ASSESSMENT AGENCY QUESTIONNAIRE**  
**IMPLEMENTING AGENCY : HCHC**

Risk Ratings	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 of experience does the head of the procurement department/unit have in a direct procurement role?	8 years	Low
A.2. How many staff in the procurement department/unit are:	8	Low
vii. Full Time?	8	
viii. Part Time?		
ix. Seconded?		
A.3. Does the procurement staff have English language proficiency?	No	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	Low
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	Low
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	Low
A.9. If yes, what type of procurement does it undertake?	N/A	
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	Deputy General Manager	Low
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	Low
A.12. Is there a procurement process manual for goods and works?	Yes	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	
A.14. Is there a procurement process manual for consulting services?	No	
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been	No	

Question	Answer/Finding	Risk
approved for use on ADB funded projects?		
A.17. Does the ToR follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	
A.18. Who drafts the procurement specifications?	The design institute	Low
A.19. Who approves the procurement specifications?	Government of Inner Mongolia Autonomous Region (GIMAR)	
A.20. Who drafts the bidding documents?	The design institute	
A.21. Who manages the sale of the bidding documents?	The tendering agency	
A.22. Who identifies the need for consulting services requirements?	Manager in charge of HCDIO.	Low
A.23. Who drafts the terms of reference (ToR)?	Chief engineer	
A.24. Who prepares the request for proposals (RFPs)?	The tendering agency	
<b>B. INFORMATION MANAGEMENT</b>		
B.1. Is there a referencing system for procurement files?	Yes	Low
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	Low
B.3. For what period are records kept?	5 years or more after contract completion	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, the project is Inner Mongolia Autonomous Region Hohhot City Atmospheric Environment Improvement Project (II).	Average
C.2. If the above answer is yes, what were the major challenges?	The staffs need to be trained.	
C.3. Is there a systematic process to identify procurement requirements (for a period of one year or more)	Yes	Low
C.4. Is there a minimum period for preparation of bids and if yes how long?	30 days	Low
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?	Yes	

Question	Answer/Finding	Risk
C.10. Are minutes of the bid opening taken?	Yes	Low
C.11. Who may have a copy of the minutes?	GIMAR	
C.12. Are the minutes free of charge?	Yes	
C.13. Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	The ad-hoc committee	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	They shall be technical and procurement experts with bids evaluation experience in the sector.	Low
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	There are additional approvals.	Low
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?	90 days	Low
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	Low
<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.)	No	High
C.23. If the above answer is yes, what were the major challenges?	N/A	
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)?	Heads of the agency and engineers in chief.	Low
C.26. What criteria is used to evaluate EOIs?	Work experience and key staff.	Low
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS	Low
C.28. Do firms have to pay for the RFP document?	No	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?	Yes, mostly	Low
C.31. Are minutes prepared and circulated after pre-proposal meetings?	Yes	
C.32. To whom are the minutes distributed?	All the 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

Question	Answer/Finding	Risk
C.36. Are technical proposals opened in public?	Yes	Low
C.37. Are minutes of the technical opening distributed?	Yes	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	Low
C.39. Who determines the final technical ranking and how?	The evaluator committee.	
C.40. Are the technical scores sent to all firms?	No	
C.41. Are the financial proposal opened in public?	Yes	Low
C.42. Are minutes of the financial opening distributed?	No	
C.43. How is the financial evaluation completed?	The evaluators will calculate the weight scores given by all the evaluators.	Low
C.44. Are face to face contract negotiations held?	Yes	
C.45. How long after financial evaluation is negotiation held with the selected firm ?	30 days	
C.46. What is the usual basis for negotiation?	Proposals and proposed contracts.	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	30 days.	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?	Not sure, based on the contract	Average
C.52. On average, how long is it between receiving a firm's invoice and making payment?	30 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	Low
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Low
D.4. Is there a formal non-judicial mechanism for dealing with complaints?	Yes	Low
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	Low
<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	Low
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low

Question	Answer/Finding	Risk
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	General manager, deputy general manager of HCDIO	Low
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?		Low
m) Bidding document, invitation to pre-qualify or RFP	General manager of HCDIO	
n) Advertisement of an invitation for bids, pre-qualification or call for EOIs	General manager of HCDIO	
o) Evaluation reports	Evaluation committee	
p) Notice of award	General manager of HCDIO	
q) Invitation to consultants to negotiate	General manager of HCDIO	
r) Contracts	General manager of HCDIO	
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	Low
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

## II. General Ratings

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