

Procurement Capacity and Risk Assessment

Project Number: 47070-002
November 2015

People's Republic of China: Hunan Dongjiang
Lake Integrated Environmental Protection and
Management Project

TABLE OF CONTENTS

ABBREVIATIONS	II
EXECUTIVE SUMMARY	1
I. INTRODUCTION	1
II. OVERVIEW OF PROCUREMENT ENVIRONMENT, PRELIMINARY RISK ASSESSMENT AND PROJECT CLASSIFICATION.....	1
A. OVERVIEW OF THE PROCUREMENT ENVIRONMENT AND PRELIMINARY RISK RATING	1
B. PROJECT PROCUREMENT CLASSIFICATION.....	1
III. PROJECT PROCUREMENT RISK ASSESSMENT	2
A. PROCUREMENT ARRANGEMENTS.....	2
a) Organizational and Staff Capacity	2
b) Information Management	2
c) Procurement Practices	2
d) Effectiveness.....	3
e) Accountability Measures	3
B. STRENGTHS	3
C. WEAKNESSES.....	3
D. PROCUREMENT RISK ASSESSMENT AND MANAGEMENT PLAN	4
IV. PROJECT SPECIFIC PROCUREMENT THRESHOLDS.....	6
A. PROCUREMENT METHOD THRESHOLDS.....	6
B. PROCUREMENT SUPERVISION THRESHOLDS	6
V. PROCUREMENT PLAN	6
APPENDIX 1	8
APPENDIX 2	22
APPENDIX 3	23
PROCUREMENT PLAN	23

ABBREVIATIONS

DMC	=	developing member country
EA	=	executing agency
GAPR	=	Guide on Assessing Procurement Risks and Determining Project Procurement Classification
GPL	=	Government Procurement Law
IA	=	implementing agency
ICB	=	international competitive bidding
ICS	=	individual consultant selection
ITC	=	international tendering company
LIC	=	loan implementation consultant
MOF	=	Ministry of Finance
NCB	=	national competitive bidding
NDRC	=	National Development and Reform Commission
OSFMD	=	Operations Services and Financial Management Department
PMD	=	Procurement Management Division
PMO	=	project management office
PPP	=	public-private partnership
PPTA	=	project preparatory technical assistance
PRC	=	People's Republic of China
P-RAMP	=	procurement risk assessment and management plan
QCBS	=	quality- and cost-based selection
SHP	=	shopping
SOE	=	state-owned enterprise
TBL	=	Tendering and Bidding Law
TOR	=	term of reference
ZCG	=	Zixing city government
ZIFC	=	Zixing Urban and Rural Environmental Protection Investment and Financing Center
ZPMO	=	Zixing Project Management Office

PROJECT PROCUREMENT RISK ASSESSMENT REPORT

EXECUTIVE SUMMARY

1. This Project Procurement Risk Assessment Report has been prepared for the Hunan Dongjiang Lake Integrated Environmental Protection and Management Project, in accordance with the Guide on Assessing Procurement Risks and Determining Project Procurement Classification (hereafter GAPR).¹ The information came from document reviews, a procurement capacity and risk survey with the use of the procurement capacity assessment questionnaire², and in-depth interviews with relevant key local stakeholders.
2. The main weaknesses are identified to include i) the lack of experience of the Project Management Office (PMO) with internationally-financed projects; ii) some discrepancies between domestic and ADB practices; and iii) absence of procedures for procurement and project management.
3. The proposed mitigation measures include an intensive training to be provided to PMO managers, PMO staff and other stakeholder agencies in ADB procedures for procurement of goods, works and consulting services. This training should be organized before any procurement is initiated. It is recommended that the PMO develop project management (including procurement) procedures with assistance from consultants to foster efficiency and reduce risk of non-compliance.

I. INTRODUCTION

4. This report contains the findings and observations of the project procurement risk assessment for the Hunan Dongjiang Lake Environmental Protection and Integrated Utilization Project (the Project). The assessment was undertaken by the PPTA Consultant, AECOM Asia Company Limited. The report is prepared in accordance with the GAPR (footnote 1).
5. Preparatory activities included the review of project documents, ADB's ongoing procurement experiences in the People's Republic of China (PRC), a procurement capacity and risk survey through the project procurement capacity assessment survey questionnaire, in-depth discussions, visits to and interviews with key local stakeholder agencies, including the PMO (footnote 1). The completed Project Procurement Risk Assessment Questionnaire is presented in **Appendix 1**.

II. OVERVIEW OF PROCUREMENT ENVIRONMENT, PRELIMINARY RISK ASSESSMENT AND PROJECT CLASSIFICATION

A. OVERVIEW OF THE PROCUREMENT ENVIRONMENT AND PRELIMINARY RISK RATING

6. Country and sector procurement risk assessments are not yet available for PRC. Accordingly, the assessment of the country and sector procurement risk will be based on the preliminary ratings provided by OSFMD. For PRC, country and sector procurement risk is rated as **medium**. In setting prior/post review thresholds this rating will be considered together with risk factors identified above.

B. PROJECT PROCUREMENT CLASSIFICATION

7. It is proposed to classify the project in **Category B** despite the fact that IA does not have prior ADB experience. The justifications are as follows:

¹ ADB. 2014. *Guide on Assessing Procurement Risks and Determining Project Procurement Classification*. Manila.

² The questionnaire survey was conducted before the guide was officially issued. Therefore, the procurement capacity assessment questionnaire was used. ADB agreed to use the findings in the survey for the risk assessment.

- As mandated by the Ministry of Finance (MOF) in all ADB financed projects in PRC, procurement will be undertaken by a tendering company. In this particular case, The PMO has agreed to hire a tendering company with abundant ADB procurement experiences. In China there have been many tendering companies with such capacities;
- The project will procure the services of a consultant firm to support implementation of the project and build the capacity of the IA. The consulting services will be recruited under advance action;
- The project will hire startup consultants to help IA with initiate implementation activities under advance action.

8. Based on the proposed categorization, OSFMD's support will not be required for project implementation.

III. PROJECT PROCUREMENT RISK ASSESSMENT

A. PROCUREMENT ARRANGEMENTS

a) Organizational and Staff Capacity

9. Zixing City Project Management Office (ZPMO), supported by a procurement agent, will coordinate and supervise all procurement of ADB financed contracts. Both the EA and IA have strong audit arrangements in place and anti-corruption offices also operate at each level. Some training in ADB procurement guidelines has already been provided and more is planned in advance of loan effectiveness, at both EA and IA levels, revealed a very high level of awareness that ADB guidelines must be followed. The weakness is that there is no previous practical experience working to the specific regime imposed by the ADB procurement guidelines, although procurement agent and consulting services support will mitigate the risks this lack of experience creates.

b) Information Management

10. Due diligence work reveals that comprehensive procurement records are kept and warranty periods tracked. The key documents in the procurement process (original contracts, evaluation reports, original invitation documents, winning bids or proposals, and contract administration papers) are retained in secure storage for minimum periods as specified by local government regulations. Multiple copies of key documents are retained at separate locations. Formal contract documentation is typically kept for at least 15 years.

c) Procurement Practices

Procurement of Goods and Works

11. Technical specifications will be prepared using professional engineering expertise. The preparation of the commercial part of bidding documents and drafting of advertisement will be performed by the procurement agency. ZIFC will approve bidding documents once any required ADB review/no objection has been provided. Evaluation panels will include independent experts, the evaluation process guided by the procurement agency, and anti-corruption staff given the option to attend.

Procurement of Consulting Services

12. ADB guidelines will be followed in full. The procurement agent will be involved as for goods and works contracts, including taking the lead in RFP preparation. The ZIFC will finalize TORs written during the PPTA. ADB will review draft RFPs, evaluation reports, and draft contracts. The main concern is ZIFC has limited experience in procuring and managing consulting contracts.

d) Effectiveness

13. Procurement effectiveness will be enhanced with the involvement of (i) procurement professionals in procurement planning and coordination; (ii) engineering expertise for technical specifications; and (iii) the involvement of the procurement agent, together with training provided by consultants. The main risk to effective procurement will be the delay caused by the lack of familiarity with ADB procedures. Any risk from inadequate flows of counterpart funding has been discussed in the design of the project procurement plan and its financing arrangements.

e) Accountability Measures

14. Accountabilities and the allocation of responsibilities are clearly defined. The EA will be accountable for ensuring project implementation which will be carried out in a timely manner in accordance with all legal, policy, and procedural requirements. ZCG (as EA) has delegated responsibility for ensuring project financial stewardship to Zixing Finance Bureau (ZFB) and responsibility for general project implementation stewardship and effectiveness to ZPMO. The IA is accountable for the appropriateness of contract specifications and for contract execution. Procurement activities will be undertaken by the ZFIC. The coordination and procedural workload on ZFIC is a potential choke point, which is mitigated in part by sound procurement planning and the support resources of the procurement agent and consulting services.

B. STRENGTHS

15. A Procurement Management Division (PMD) has been set up within the PMO. At present, the PMD has a total of 5 staff; the ZIFC is committed to providing additional staff to meet future needs. The head of the PMD (Mrs. Li Lan) has 5+ years of direct procurement experience.

16. In addition to existing provisions of PRC procurement system providing for separation of operational, supervision, and oversight functions consistent with best practices in procurement, the proposed procurement governance at project level provides sound supervision and oversight mechanisms. Embedded checks and balances will help ensuring that at each stage of the procurement cycle there is adequate supervision and oversight aimed at minimizing the risk fraud and corruption and ensure transparency, fairness and due process at each stage.

C. WEAKNESSES

17. The PMD (within PMO and ZIFC) staff lack experience with procurement of foreign-financed projects, although relevant trainings have been provided during the PPTA.

18. It is noted that staff in general has limited English language skills which may limit PMO and ZIFC's effectiveness in i) communicating with ADB and international consultant; and exercising adequate quality control over documents submitted by service providers. It is also noted that the Agency have limited access to external training programs or training organized by ADB for executing agencies.

19. Although current office space is large, it may not offer sufficient space if the requirements of the LIC are taken into consideration. The PMO director has given the assurance that additional space will be allocated if necessary.

20. Domestic bid receiving procedures as currently are not fully consistent with the requirements of ADB Guidelines. The PMO has given the assurance that ADB requirements will be fully complied with during the project implementation with assist and support from LIC and TC.

D. PROCUREMENT RISK ASSESSMENT AND MANAGEMENT PLAN

21. The project Procurement Risk Assessment and Management Plan (P-RAMP) in **Table 1** is prepared considering the weaknesses identified during the discussions the various agencies involved in procurement and based on the responses provided in the procurement capacity assessment questionnaire and interactive communications.

Table 1: Project Procurement Risk Assessment and Management Plan

Risk	Risk Assessment			Risk Management
	Impact	Likelihood	Risk	
Lack of professionalism in the procurement function	High	unlikely	High	Mitigation: <ul style="list-style-type: none"> • Use of an accredited specialist procurement agent will enhance professionalism • Secondment of procurement professionals to ZIFC • Use of accredited experts for bid evaluations Responsibilities: ZIFC will be responsible for these actions
Contract variations occur too frequently	High	Likely	Moderate	Mitigation: <ul style="list-style-type: none"> • Involvement of experienced design institutes • Involvement of consultants in reviews of designs and technical parts of works bidding documents Responsibilities: ZIFC will engaged the qualified institute to conduct the design
Non-performance by contractors or suppliers	High	Unlikely	High	Mitigation: <ul style="list-style-type: none"> • Consider use of performance guarantees • Investigation and monitoring of past performance • Advisory support from loan consultants and/or ADB where problems are identified Responsibilities: Procurement agent to provide ZIFCC with best practice advice and conduct investigations on behalf of ZIFC where necessary
Inadequate procurement capacity	Low	Likely	Moderate	Mitigation: <ul style="list-style-type: none"> • The EA via ZIFC will take a leading role in the procurement process and exercise control • Use of a specialist procurement agent will enhance capacity • Training in ADB procurement procedures during the project preparations and via the loan capacity building component. • Detailed procedures on local IA procurement using ADB funds to be prepared Responsibilities: ZIFC will be responsible for these actions

Risk	Risk Assessment			Risk Management
	Impact	Likelihood	Risk	
A lack of monitoring mechanisms to oversee the procurement process	Low	Likely	Low	<p>Mitigation:</p> <ul style="list-style-type: none"> Effective supervisory and monitoring arrangements will be put in place in advance of loan effectiveness <p>Responsibilities: ZIFC will be responsible using a start-up consultant</p>
Inadequate documentation of procurement transactions	Low	Likely	Moderate	<p>Mitigation:</p> <ul style="list-style-type: none"> Documentation requirements to be emphasized in project procurement guidelines <p>Responsibilities: ZIFC will be responsible for these actions</p>
Corruption in the procurement process	Moderate	Unlikely	Moderate	<p>Mitigation:</p> <ul style="list-style-type: none"> Involvement and inspections of supervision and anti-corruption departments within ZCG and ZIFC Use of ADB procurement guidelines and procedures Increased transparency in the procurement process (see) below) Good separation of duties within the procurement function Internal audit checks <p>Responsibilities: ZPMO and ZIFC will be responsible for centralized supervision.</p>

IV. PROJECT SPECIFIC PROCUREMENT THRESHOLDS

A. PROCUREMENT METHOD THRESHOLDS

22. The applicable thresholds are in **Table 2**

Table 2: Procurement Method Thresholds

Method	Threshold (\$)
Works	
International Competitive Bidding (ICB)	≥ \$20 million ⁽¹⁾
National Competitive Bidding (NCB)	< \$20 million and ≥ \$0.2 million
Shopping	< \$0.2 million
Goods	
International Competitive Bidding (ICB)	≥ \$5 million ⁽²⁾
National Competitive Bidding (NCB)	< \$5 million and ≥ \$0.1 million
Shopping (SHP)	< \$0.1 million

⁽¹⁾ The applicable range is \$20 million to \$40 million.

⁽²⁾ The applicable range is \$3 million to \$10 million.

B. PROCUREMENT SUPERVISION THRESHOLDS

23. Based on PRC's preliminary country procurement risk rating of "**medium**" the maximum allowable prior review threshold is \$10 million. Based on the specific project risk assessment, with risk essentially associated with IA and PMO's lack of experience with ADB procurement, the following prior/post review arrangements are proposed

Works

- Prior review threshold is set at **\$10 million**
- Prior review will apply to all packages under advance contracting irrespective of amount of contract
- No post review sampling

Goods

- Prior review threshold is set at **\$5 million**
- Prior review will apply to the first contracts irrespective of contract amount
- No post review sampling

Consulting Services

- Prior review (all contracts)

V. PROCUREMENT PLAN

24. **Scope of procurement.** The proposed project facilities are conventional engineering undertakings.

25. **Packaging.** The Project has a total 60 contract packages. These contract packages were finalized with advice from the ADB Senior Procurement Specialist. They include one 26 works contracts, 16 goods contracts, 9 community participation contracts and 9 consulting services contracts. A summary of the contract packages is provided below. The draft procurement plan is in **Appendix 3**.

Table 3: Breakdown of Number of Packages

Type	Procurement method	No. of Contracts	Cumulative Amount (\$ million)
Works	NCB	26	115.73
works	ICB	0	
Goods	NCB	13	29.42
Goods	ICB	0	
Goods	NBF	3	4.70
Community Participation	CP	Various (9 types)	36.80
Consulting Services	QCBS	1	2.1
Consulting Services	SDA	1	6.75
Consulting Services	NBF	7	3.43
Total		60	198.92

CP = community participation in procurement, ICB = international competitive bidding, NCB = national competitive bidding, QCBS = Quality and Cost-Based Select; SDA = Service Delivery Assignment, NBF=Non-Bank Funding

26. **Advance action and retroactive financing.** ZCG and PMO have expressed interest, and will conduct advance contracting and retroactive financing for 7 civil works contracts. Contracts under advance action are flagged in the procurement plan.

VI. CONCLUSION

Based on the assessment above, it is concluded that the procurement arrangement is satisfactory.

APPENDIX 1

PROJECT CAPACITY ASSESSMENT QUESTIONNAIRE

Procurement Capacity Assessment Questionnaire–ZPMO

Background Information	
Name of Organization	ZPMO
Subcomponent and project for which the organization is responsible	Dongjiang Lake Environmental Protection and Integrated Utilization Project
Name of individual completing this questionnaire	Mrs. Li, Lan, Head of contract management division: (18975722736; 0735-7671117)

Risk Level	Very high	High	Average	Low
------------	-----------	------	---------	-----

I. Specific Assessment and Ratings

Questions	Answer/Findings	Risks
A. ORGANIZATIONAL AND STAFF CAPACITY		
A.1. How many years experience does the head of the procurement department/unit have in a direct procurement role?	10+	Low
A.2. How many staff in the procurement department/unit are:	5 Staff	Low
i. Full Time?		
ii. Part Time?	Yes	
iii. Seconded?		

Questions	Answer/Findings	Risks
A.3. Does the procurement staff have English language proficiency?	Fair	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?	Sufficient	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?	There has been trainings provided. Official procurement training program still under preparation.	Low
A.7. Does the agency have a Procurement Committee that is independent from the head of the agency?	No.	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	Low
A.9. If yes, what type of procurement does it undertake?	Procurement related to this project	
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	Director of ZPMO	Low
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	There are clear descriptions of roles and responsibilities. No information about minimum technical requirements or career routes.	Low
A.12. Is there a procurement process manual for goods and works?	No. but will refer to relevant regulations in Zixing City.	Average
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	N/A	
A.14. Is there a procurement process manual for consulting services?	Such document is available for technical service.	
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	It is up to date. However it does not apply to foreign funding supported projects.	
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms,	Yes.	

Questions	Answer/Findings	Risks
and have they been 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 technical parts are prepared by local engineers or the subproject management agencies. In the future it will be prepared by LDIs.	Average
A.19. Who approves the procurement specifications?	ZPMO	
A.20. Who drafts the bidding documents?	Tendering agency	
A.21. Who manages the sale of the bidding documents?	Tendering agency	
A.22. Who identifies the need for consulting services requirements?	ZPMO	Average
A.23. Who drafts the terms of reference (ToR)?	ZPMO	
A.24. Who prepares the request for proposals (RFPs)?	ZPMO	
B. INFORMATION MANAGEMENT		
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?	15 years	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
C. PROCUREMENT PRACTICES		
Goods and Works		
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.)	No	Average
C.2. If the above answer is yes, what were the major challenges?	Not applicable.	

Questions	Answer/Findings	Risks
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?	20 days	Low
C.5. Are all queries from bidders replied to in writing?	Yes for all valid queries.	
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?	Bids not compliant with relevant requirements can be rejected.	
C.10. Are minutes of the bid opening taken?	Yes	Low
C.11. Who may have a copy of the minutes?	Tendering Agencies and supervising agencies	
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 professional committee composed of technical specialists (randomly selected) and client representatives.	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Professionals related to this sector	Low
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Final results	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?	1. Zixing Huangcao WWTP EPC tendering notice (24 Sept. 2014); 2. Zixing Huangcao Solid Waste Low Temperature Incineration Project EPC tendering notice (24 Sept. 2014); 3. Zixing Xingning Lakeside Rural Environmental	

Questions	Answer/Findings	Risks
	Rehabilitation Project EPC tendering notice (24 Sept. 2014).	
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	PMO has no direct experience as contractors will handle it.	Average
C.18. Are there established goods receiving procedures?	Temporarily No but will be established.	Average
C.19. Are all goods that are received recorded as assets or inventory in a register?	Yes	Average
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?	Temporarily No but will be established.	Low
Consulting Services		
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	Average
C.23. If the above answer is yes, what were the major challenges?	Not applicable.	
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)?	Yes. It will compose of specialists from registered specialists pool and the representative of the PMO.	
C.26. What criteria is used to evaluate EOIs?	Based on the qualification and experience of the consulting company	Average
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	Low
C.31. Are minutes prepared and circulated after pre-proposal meetings?	pre-proposal meeting minutes will be delivered	
C.32. To whom are the minutes distributed?	All potential bidder	

Questions	Answer/Findings	Risks
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	Low
C.37. Are minutes of the technical opening distributed?	No	
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?	Professional committee	
C.40. Are the technical scores sent to all firms?	No	
C.41. Are the financial proposal opened in public?	Yes	Average
C.42. Are minutes of the financial opening distributed?	No	
C.43. How is the financial evaluation completed?	Follow designated bid evaluation methods	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?	ASAP, normally in one week	
C.46. What is the usual basis for negotiation?	Based on the ToR and bids	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	Within one week	Low
C.49. Is there an evaluation system for measuring the outputs of consultants?	N/A	Average
Payments		
C.50. Are advance payments made?	Generally no	Average
C.51. What is the standard period for payment included in contracts?	10 business days.	Average
C.52. On average, how long is it between receiving a firm's invoice and making payment?	Approximately one week	Average
C.53. When late payment is made, are the beneficiaries paid interest?	No	
D. EFFECTIVENESS		
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

Questions	Answer/Findings	Risks
E. ACCOUNTABILITY MEASURES		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	No	Average
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?	Need approval from relevant local authorities.	Average
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	Supervised by relevant department from the city government procurement office and city DRC. Sufficient procurement experience and qualification.	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?		Average
a) Bidding document, invitation to pre-qualify or RFP	Reviewed by city government procurement office	
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Reviewed by city government procurement office	
c) Evaluation reports	Bid evaluation committee's recommendation is final decision. No external approval needed.	
d) Notice of award	Yes	
e) Invitation to consultants to negotiate	No external approval needed.	
f) Contracts	No external approval needed.	
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 Rating

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

**Procurement Capacity Assessment Questionnaire
ZIFC**

Background Information	
Name of Organization	ZIFC
Subcomponent and project for which the organization is responsible	Zixing Urban and Rural Environmental Protection Investment and Financing Center
Name of individual completing this questionnaire	Liu Guodong, Contract Management Department 18973521381

Risk Level	Very high	High	Average	Low

I. Specific Assessment and Ratings

Questions	Answers/Findings	Risks
A. ORGANIZATIONAL AND STAFF CAPACITY		
A.1. How many years experience does the head of the procurement department/unit have in a direct procurement role?	10+ years	Low
A.2. How many staff in the procurement department/unit are:	9	Low
iv. Full Time? 全职?	2	

Questions	Answers/Findings	Risks
v. Part Time?兼职?	7	
vi. Seconded?借调?		
A.3. Does the procurement staff have English language proficiency?	Fair	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?	Insufficient, recruiting is considered.	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?	Training is provided. The training program is under preparation.	Low
A.7. Does the agency have a Procurement Committee that is independent from the head of the agency?	No	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	Low
A.9. If yes, what type of procurement does it undertake?	Works, Equipments, Studies, consulting services.	
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	PMO director	Low
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	With descriptions of roles and responsibilities. No minimum technical requirements or career routes.	Low
A.12. Is there a procurement process manual for goods and works?	No. Need to refer relevant city regulations.	Average
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	
A.14. Is there a procurement process manual for consulting services?	Only for technical services	
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Up to date. But not applicable for foreign funding supported projects.	
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and	Yes	

Questions	Answers/Findings	Risks
have they been 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?	Currently prepared by subproject management office and local engineers. Will be prepared by LDI in future.	Low
A.19. Who approves the procurement specifications?	PMO	
A.20. Who drafts the bidding documents?	Procurement Agent	
A.21. Who manages the sale of the bidding documents?	Procurement Agent	
A.22. Who identifies the need for consulting services requirements?	PMO	Low
A.23. Who drafts the terms of reference (ToR)?	PMO	
A.24. Who prepares the request for proposals (RFPs)?	PMO	
B. INFORMATION MANAGEMENT		
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?	15 years	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
C. PROCUREMENT PRACTICES		
Goods and Works		
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.)	No	Average
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?	20 days	Low
C.5. Are all queries from bidders replied to in writing?	Yes for all valid queries	

Questions	Answers/Findings	Risks
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 for bids non-compliant with relevant requirements.	
C.10. Are minutes of the bid opening taken?	Yes	Low
C.11. Who may have a copy of the minutes?	Procurement agent and supervising agency.	
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 committee composed of professional specialists randomly selected from expert pools and client representatives	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	They should be registered in the expert pool	Low
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Final results	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 contact effectiveness?	1. Zixing Huangcao WWTP EPC tendering notice (24 Sept. 2014); 2. Zixing Huangcao Solid Waste Low Temperature Incineration Project EPC tendering notice (24 Sept. 2014); 3. Zixing Xingning Lakeside Rural Environmental Rehabilitation Project EPC tendering notice (24 Sept. 2014).	Low
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	No direct experience as the contractors usually handle it.	Average
C.18. Are there established goods receiving procedures?	Not yet but will.	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	Not yet but will.	Low

Questions	Answers/Findings	Risks
periods?		
Consulting Services		
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	Average
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	Average
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes. It will compose of specialists from registered specialists pool and the representative of the PMO.	Low
C.26. What criteria is used to evaluate EOIs?	Based on the qualification and experience of the consulting company	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	Low
C.31. Are minutes prepared and circulated after pre-proposal meetings?	pre-proposal meeting minutes will be delivered	
C.32. To whom are the minutes distributed?	All potential 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?	No	
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?	Professional committee	
C.40. Are the technical scores sent to all firms?	No	
C.41. Are the financial proposal opened in public?	Yes	Average
C.42. Are minutes of the financial opening distributed?	No	
C.43. How is the financial evaluation completed?	Follow designated bid evaluation methods	Low

Questions	Answers/Findings	Risks
C.44. Are face to face contract negotiations held?	Yes	
C.45. How long after financial evaluation is negotiation held with the selected firm?	ASAP, normally in one week	
C.46. What is the usual basis for negotiation?	Based on the ToR and bids	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	Within one week	
C.49. Is there an evaluation system for measuring the outputs of consultants?	Yes	Low
Payments		
C.50. Are advance payments made?	Mostly no	Low
C.51. What is the standard period for payment included in contracts?	10 business days	
C.52. On average, how long is it between receiving a firm's invoice and making payment?	Within one week	
C.53. When late payment is made, are the beneficiaries paid interest?	No	
D. EFFECTIVENESS		
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
E. ACCOUNTABILITY MEASURES		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	No	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?	Need approval from relevant local authorities.	Low
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	Supervised by relevant department from the city government procurement office and city DRC. Sufficient procurement experience and qualification.	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	Reviewed by city government	

Questions	Answers/Findings	Risks
	procurement office	
h) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Reviewed by city government procurement office	
i) Evaluation reports	Bid evaluation committee's recommendation is final decision. No external approval needed.	
j) Notice of award	Yes	
k) Invitation to consultants to negotiate	No external approval needed.	
l) Contracts	No external approval needed.	
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
A. Organizational and Staff Capacity	Average
B. Information Management	Low
C. Procurement Practices	Average
D. Effectiveness	Low
E. Accountability Measures	Average
OVERALL RISK RATING	Average

APPENDIX 2

MANAGEMENT ROLES & RESPONSIBILITIES IN PROCUREMENT

Project Implementation Organization	Management Roles and Responsibilities
Project Management	
Zixing Project Management Office (PMO)	<p>PMO has been established, with the responsibility to:</p> <ul style="list-style-type: none"> • Coordinate the work of all agencies within the city that are involved in the project • Manage the implementation of the project • Supervise the progress and quality of construction and equipment installation • Perform construction, financial and contract management • Ensure compliance with loan covenants, including environmental and social safeguard requirements • Meet all reporting requirements
Oversight	
Zixing City Government (ZCG)	ZCG is the implementing agency for all components. It assumes the debt servicing responsibility as the end-user of the ADB loan
Project Leading Group (PLG)	<p>The PLG is established to:</p> <ul style="list-style-type: none"> • Provide direction, guidance and support on the implementation of the project components • Ensure timely provision of counterpart funds and any other resources needed for project implementation
Supervision	
Zixing Construction Engineering Trading Center (ZCETC)	<p>In accordance with PRC regulations, ZCETC will</p> <ul style="list-style-type: none"> • Provide logistical and technical support to TC and PMO • Avail expert database for constitution of evaluation committee • Filing all procurement documents • Record all bid opening and evaluation process
Zixing Audit Bureau	<p>In accordance with PRC regulations, PAB will</p> <ul style="list-style-type: none"> • Conduct annual audit of the project
Technical Support	
Tendering Company (TC)	<p>The Tendering company will be procured before loan negotiation. The TC will</p> <ul style="list-style-type: none"> • Assist PMO in tendering documents preparation • Organize and conduct procurement on behalf of PMO • Ensure that filing is adequately done
Loan implementation consultants (LIC)	<p>The procurement specialist in the LIC will</p> <ul style="list-style-type: none"> • Support project and procurement management • Review of design and technical specifications • Review of procurement submissions by TC (BD, BER, etc.) • Advise on bidding process • Assist PMO in organizing audit (including procurement audit)

APPENDIX 3: Procurement Plan

Basic Data

Project Name: Hunan Dongjiang Lake Environmental Protection and Integrated Utilization Project	
Country: People's Republic of China	Executing Agency: Zixing city government (ZCG)
Project Procurement Classification: B	Implementing Agency : Zixing City Urban and Rural Environmental Protection Investment and Financing Center (ZIFC)
Procurement Risk: Moderate	
Project Financing Amount: ADB Financing: \$130.00 million Non-ADB Financing: \$132.03 million	Project Closing Date: 30 June 2021
Date of First Procurement Plan:	Date of this Procurement Plan: June 2015

A. Methods, Thresholds, Review, and 18-Month Procurement Plan

1. Procurement, Consulting Methods, and Thresholds

1. Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works. Community participation in procurement is proposed to carry out the afforestation and bamboo subprojects under output 4: integrated ecosystem rehabilitation and management established. The current 9 packages were based on the nature of works/activities such as tree planting for rocky desert rehabilitation, forest upgrading and protection, fire prevention forest belt, forest pest prevention, and bamboo forest upgrading (further break in to 5 packages, each in five years). The subprojects will involve a total of 65,699 households, and farmers will be organized by the Zixing City Forest Bureau with assistance of village committees to carry out the works including seedlings, land preparation, planting, watering, fertilizer application, and maintenance for initial three years. The Zixing Forest Bureau will then verify the areas planted or improved, and then ZIFC will pay the farmers (cost per unit of area planted) through bank transfers.

Procurement of Goods and Works

Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	>= \$20,000,000	Invitation for bids, bidding documents, and bid evaluation and recommendation for contract awards will be subject to the Asian Development Bank's (ADB) prior review.
ICB for Goods	>= \$5,000,000	
National Competitive Bidding (NCB) for Works	>= \$ 200,000 and < \$20,000,000	The first NCB procurement documents for works should be submitted for ADB's prior review and approval. Subsequent NCB procurement documents will be subject to post review.
NCB for Goods	>= \$ 100,000 and < \$5,000,000	
Shopping for Civil Works	< \$200,000	
Shopping for Goods	< \$100,000	
Community Participation (CP)		CP applies to the afforestation and bamboo subprojects under output 4: integrated ecosystem rehabilitation and management established.

Consulting Service Method

Method	Comments
Quality- and Cost-Based Selection (QCBS)	Five submissions: (i) advertisement, (ii) shortlist and request for proposals, (iii) technical evaluation, (iv) financial evaluation and overall ranking, and (v) draft negotiated contract

Service delivery assignment (SDA)	SDA will be applied for the livelihood training of about 30,000 farmers by using the services of the Zixing Secondary Vocational School supported under the ADB-financed Hunan Technical and Vocational Education and Training Demonstration Project.
-----------------------------------	---

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

2. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months:

Package Number	General Description	Estimated Value (US\$)	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (Quarter/Year)	Comments
Equipment and Materials							
G1-SW1	Solid Waste Compressing Equipment	1,083,900	NCB	Prior	Single-stage: one-envelope	Q1/2016	First NCB documents for prior review and approval.
G1-SW2	Solid Waste Collection Facilities	2,715,000	NCB	Post	Single-stage: one-envelope	Q1/2016	
G1-SW3	Solid Waste Transport Vehicle	2,941,900	NCB	Post	Single-stage: one-envelope	Q1/2016	
G1-AG1	Green Fertilizer (2016–2017)	1,590,100	NCB	Post	Single-stage: one-envelope	Q2/2016	
G1-AG2	Organic Fertilizer (2018–2020)	4,654,800	NCB	Post	Single-stage: one-envelope	Q2/2018	
G1-AG3	New and Green Chemicals for Plant Disease and Insect Pest Prevention	3,830,400	NCB	Post	Single-stage: one-envelope	Q2/2016	
G1-AG4	Other Apparatus for Plant Disease and Insect Pest Prevention	1,506,800	NCB	Post	Single-stage: one-envelope	Q2/2016	
G4-ER5	Fire Prevention and Monitoring Equipment for Public Interest Forest	3,023,300	NCB	Post	Single-stage: one-envelope	Q2/2016	
G5-EM1	Environmental Monitoring Equipment (two monitoring stations, one monitoring center, and one ecological research center)	4,085,700	NCB	Post	Single-stage: one-envelope	Q3/2016	
Civil Works							
W1-WW1	WWTPs and Sewer Networks for Six Towns, and Solid Waste Transfer Station for Qingjiang Town	5,060,000	NCB	Prior	Single-stage: one-envelope	Q4/2015	First NCB documents for prior review and approval.
W1-WW2	Village WWTPs and Sewer Networks for Bailang and Dongping Towns	1,926,400	NCB	Prior	Single-stage: one-envelope	Q4/2015	For retroactive financing

Package Number	General Description	Estimated Value (US\$)	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (Quarter/Year)	Comments
W1-WW3	Village WWTPs and Sewer Networks for Lianping, Longxi, and Qingyao Towns	6,049,500	NCB	Prior	Single-stage: one-envelope	Q4/2015	For retroactive financing
W1-WW4	Village WWTPs and Sewer Networks for Chukou, Huangcao, and Qingjiang Towns	4,540,000	NCB	Post	Single-stage: one-envelope	Q2/2016	
W1-WW5	Village WWTPs and Sewer Networks for Dongjiang and Zhoumensi Towns	5,060,400	NCB	Post	Single-stage: one-envelope	Q2/2016	
W1-SW1	Six Solid Waste Transfer Stations and Affiliated Facilities (excluding Qingjiang)	1,516,500	NCB	Prior	Single-stage: one-envelope	Q4/2015	For retroactive financing
W3-RR1	Rehabilitation for Tian'eshan and Xingning Rivers	4,634,100	NCB	Post	Single-stage: one-envelope	Q1/2016	
W3-RR2	Rehabilitation for Guangqiao River	3,004,200	NCB	Post	Single-stage: one-envelope	Q1/2016	
W3-RR3	Rehabilitation for Lianping and Qingyao Rivers	5,384,700	NCB	Post	Single-stage: one-envelope	Q1/2016	
W4-ER1	Fish Proliferation Platform	2,203,200	NCB	Post	Single-stage: one-envelope	Q3/2016	
W4-ER2	Fish-Breeding Base	6,987,900	NCB	Post	Single-stage: one-envelope	Q3/2016	
W4-ER3	Riverbank Greening and Passway in Wetland	3,751,600	NCB	Prior	Single-stage: one-envelope	Q4/2015	For retroactive financing
W4-ER4	Xingning River Wetland	7,997,800	NCB	Prior	Single-stage: one-envelope	Q4/2015	For retroactive financing
W4-ER5	Hangxi River Wetland	5,403,200	NCB	Prior	Single-stage: one-envelope	Q4/2015	For retroactive financing
W4-ER6	Huangcao Lake Wetland	5,823,100	NCB	Post	Single-stage: one-envelope	Q3/2016	
W4-ER7	Public Interest Forest Protection Warehouse Renovation	1,240,600	NCB	Post	Single-stage: one-envelope	Q3/2016	
W5-EM1	Environmental Monitoring Stations (2), Environmental Monitoring Center, Fishing Monitoring Center, Forest Resources (Fire Prevention) Monitoring Center	3,781,700	NCB	Post	Single-stage: one-envelope	Q3/2016	
W5-EM3	Dongjiang Lake Ecological and Environmental	1,604,800	NCB	Post	Single-stage: one-envelope	Q4/2016	

Package Number	General Description	Estimated Value (US\$)	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (Quarter/Year)	Comments
	Protection Research Center						
CP4-ER1	Tree Planting for Rocky Desert Rehabilitation	7,968,800	CP			Q1/2016	
CP4-ER2	Tree Natural Upgrade and Protection for Rocky Desert Rehabilitation	15,726,000	CP			Q1/2016	
CP4-ER3	Biological Fire Prevention Belt for Public Interest Forest	1,701,300	CP			Q1/2016	
CP4-ER4	Pest Biological Prevention for Public Interest Forest	1,606,000	CP			Q1/2016	
CP4-ER5	Bamboo Forest Upgrade Package A	1,958,800	CP			Q1/2016	
CP4-ER6	Bamboo Forest Upgrade Package B	1,958,800	CP			Q1/2017	

CP = community participation, NCB = national competitive bidding, WWTP = wastewater treatment plant.

3. Consulting Services Contracts Estimated to Cost \$100,000 or More

3. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months:

Package Number	General Description	Estimated Value (US\$)	Recruitment Method	Review (Prior/Post)	Advertisement (Quarter/Year)	Type of Proposal	Comments
CS1	Project Implementation Management Support	2,100,000	QCBS	Prior	Q1/2016	FTP	
CS2	Livelihood Training	6,750,000	SDA		Q2/2016		For training of about 30,000 farmers

FTP = full technical proposal, QCBS = quality- and cost-based selection, SDA = service delivery assignment.

4. Goods and Works Contracts Estimated to Cost Less than \$1 million and Consulting Services Contracts Less than \$100,000

4. The following table groups smaller-value goods, works, and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months:

Goods and Works							
Package Number	General Description	Estimated Value (US\$)	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (Quarter/Year)
G1-SW4	Environmental Sanitation Promotion Facilities	296,000		NCB	Post	Single-stage, one-envelope	Q2/2016
G4-ER4	Fishery Resources Protection Facilities and Equipment	982,800		NCB	Post	Single-stage, one-envelope	Q1/2016

Goods and Works							
Package Number	General Description	Estimated Value (US\$)	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (Quarter/Year)
G5-EM2	Office Equipment (two monitoring stations, one monitoring center, and one ecological research center)	552,900		NCB	Post	Single-stage, one-envelope	Q3/2016
W2-WS8	Chukou WTP and Distribution Pipelines	722,600		NCB	Post	Single-stage, one-envelope	Q4/2016

NCB = national competitive bidding, WTP = water treatment plant.

B. Indicative List of Packages Required under the Project

5. The following table provides an indicative list of goods, works, and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the 18 months period):

Goods and Works							
Package Number	General Description	Estimated Value (US\$)	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
G2-WS1	Equipment for Yangdongxia WTP	2,154,400		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018
W2-WS1	Civil Works for Yangdongxia WTP	3,862,800		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018
W2-WS2	Main Water Transmission and Distribution Pipelines for Yangdongxia WTP and Pressure-Reducing Stations	2,708,600		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018
W2-WS3	Transmission and Distribution Pipelines in Zhoumensi Town for Yangdongxia WTP	6,491,000		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018
W2-WS4	Transmission and Distribution Pipelines in Lanshi Town for Yangdongxia WTP	4,915,300		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018
W2-WS5	Transmission and Distribution Pipelines in Boshui Town for Yangdongxia WTP	2,401,600		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018

Goods and Works							
Package Number	General Description	Estimated Value (US\$)	Number of Contracts	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Comments
W2-WS6	Transmission and Distribution Pipelines in Xingning Town for Yangdongxia WTP	13,345,600		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018
W2-WS7	Transmission and Distribution Pipelines in Bailang Town for Yangdongxia WTP	5,308,800		NCB	Post	Single-stage, one-envelope	Advertisement date: Q3/2018
CP4-ER7	Bamboo Forest Upgrade Package C	1,958,800		CP			Advertisement date: Q4/2017
CP4-ER8	Bamboo Forest Upgrade Package D	1,958,800		CP			Advertisement date: Q4/2018
CP4-ER9	Bamboo Forest Upgrade Package E	1,958,700		CP			Advertisement date: Q4/2019

CP = community participation, NCB = national competitive bidding, WTP = water treatment plant.

C. Non-ADB Financing

Goods and Works				
General Description	Estimated Value (US\$)	Estimated Number of Contracts	Procurement Method	Comments
Pest Prevention and Chemicals Purchases for Public Interest Forest	202,700		NBF	G1-ER1 Advertisement date: Q4/2015
Fish Proliferation Package A and B	1,800,000		NBF	G4-ER1 Advertisement date: Q4/2015
Fish Proliferation Package C, D, and E	2,700,000		NBF	G4-ER2 Advertisement date: Q4/2017
Public Environmental Protection Promotion	850,000		NBF	CS6 Advertisement date: Q4/2016
Public Interest Forest Ecological Benefits and Information Management System	650,000		NBF	CS7 Advertisement date: Q4/2016
Dongjiang Lake Environmental Monitoring Information System	320,000		NBF	CS8 Advertisement date: Q4/2017
Forest Harmful Ecological Survey	180,000		NBF	CS9 Advertisement date: Q4/2016
External Resettlement and Social Monitoring	100,000		NBF	Advertisement date: Q2/2016
Start-up Consultant	100,000		NBF	Advertisement date: Q3/2015
Project Monitoring and Management Information System	480,000		NBF	Advertisement date: Q2/2016

ADB = Asian Development Bank, NBF = non-ADB financing.

D. National Competitive Bidding

6. The borrower's Law of Tendering and Bidding of the People's Republic of China, promulgated by Order No. 21 of the President of the People's Republic of China on 30 August 1999, are subject to the following clarifications required for compliance with the guidelines:

- (i) All invitations to prequalify or to bid shall be advertised in the national press, official gazette, or a free and open access website in the borrower's country. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents, and prepare and submit their responses. In any event, a minimum preparation period of thirty (30) days shall be given. The preparation period shall count (a) from the date of advertisement; or (b) when the documents are available for issue, whichever date is later. The advertisement and the prequalification and bidding documents shall specify the deadline for such submission.
- (ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents; and in the prequalification documents, if the bidding is preceded by a prequalification process.
- (iii) If bidding is preceded by a prequalification process, all bidders that meet the qualification criteria set out in the prequalification document shall be allowed to bid; and there shall be no limit on the number of pre-qualified bidders.
- (iv) All bidders shall be required to provide a performance security in an amount sufficient to protect the borrower and/or project executing agency in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such performance security.
- (v) Bidders shall be allowed to submit bids by mail or by hand.
- (vi) All bids shall be opened in public; all bidders shall be afforded an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.
- (vii) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass or fail requirements.
- (viii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the borrower and/or project executing agency.
- (ix) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources; and whose bid has been determined (a) to be substantially responsive to the bidding documents, and (b) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.
- (x) Each contract financed with the proceeds of the loan shall provide that the suppliers and contractors shall permit ADB, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by ADB.
- (xi) Government-owned enterprises in the borrower's country may be permitted to bid if they can establish that they (a) are legally and financially autonomous, (b) operate under commercial law, and (c) are not a dependent agency of the borrower and/or project executing agency.
- (xii) Re-bidding shall not be allowed solely because the number of bids is less than three.