

Procurement Capacity Assessment

Project Number: 51141-002
September 2018

Bhutan: Health Sector Development Program

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ABBREVIATIONS

ACC	–	Anti-Corruption Commission
ADB	–	Asian Development Bank
CDB	–	Construction Development Board
DLTC	–	Department Level Tender Committee
DMSHI	–	Department of Medical Supplies & Health Infrastructure
DRA	–	Drug Regulatory Authority
EMTD	–	Essential Medicine & Technology Division
HIDD	–	Health Infrastructure Development Division
ICB	–	international competitive bidding
IRB	–	Independent Review Body
ISO	–	International Organization for Standardization
MLTC	–	Ministerial Level Tender Committee
MOF	–	Ministry of Finance
MOH	–	Ministry of Health
MSPD	–	Medical Supplies and Procurement Division
NCB	–	national competitive bidding
PEFA	–	public expenditure and financial accountability
PPPD	–	Public Procurement Policy Division
PRR	–	Procurement Rules and Regulations
SBD	–	standard bidding document

NOTES

In this report, “\$” refers to United States dollars.

EXECUTIVE SUMMARY

The overall procurement risk rating for the project is moderate. The project will be classified as category A, as the implementing agency has only one prior experience of an Asian Development Bank project (2000–2005) which was over 10 years ago and had very few procurement-related activities. Bhutan has comprehensive procurement rules and regulations, but the report identified a lack of capacity in the Ministry of Health to implement some procurement packages as per Asian Development Bank Procurement Guidelines. Skills and capacity were strong in the Health Infrastructure Development Division, but workloads are high and there is insufficient manpower to provide sufficient oversight to the civil works in this project. It is recommended that the project management and policy support unit recruit electrical and civil engineers to oversee civil works. The key areas of risk in the Medical Supplies and Procurement Division was inadequate quality assurance procedures in the procurement and delivery of drugs and equipment. This report recommends that a full-time procurement consultant is recruited for the first 3 months of project operations to address these gaps.

I. INTRODUCTION

1. This report contains the findings of the project procurement risk assessment for the Bhutan Health Sector Development Program (the project). The assessment was undertaken by the project preparatory technical assistance consultants—PricewaterhouseCoopers Private Limited. The report is prepared in accordance with Asian Development Bank (ADB)'s guidance on assessing procurement risk.¹

2. The assessment took place from November 2017 to April 2018. Preparatory activities included the review of country and project documents, ADB's ongoing procurement experiences in Bhutan, a procurement capacity assessment survey questionnaire, in-depth discussions, and visits to and interviews with key local stakeholder agencies (Appendix 1). The completed Project Procurement Risk Assessment Questionnaire is presented in Appendix 4.

II. COUNTRY PROCUREMENT ENVIRONMENT AND PROJECT CLASSIFICATION

A. Overview

1. Legislative and Regulatory Framework

3. Good governance is one of the four pillars of Bhutan's overarching development paradigm—Gross National Happiness. The commitment to good governance is reflected in Bhutan's score on Transparency International's Corruption Perceptions Index, with Bhutan having the highest rating in South Asia in 2017. The Ministry of Finance (MOF) issued a set of documents in 2001 governing public financial management called the "Financial Rules and Regulations." They contain six technical documents, including a procurement manual which is applicable to all government institutions including ministries, departments, state-owned enterprises, districts, and autonomous bodies for the procurement of civil works, goods, and services. The Public Procurement Strategic Framework (2011–2015) outlines the reform strategies of the government and further guidance is contained in the Procurement Rules and Regulations (PRR) (2009) which were revised in July 2015. All manuals, guidance, and standard bidding documents (SBDs) can be found on the Public Procurement Policy Division (PPPD)'s website.

2. Institutional Framework and Management Capacity

4. The PPPD was established under the MOF in 2008 to facilitate a public procurement system which is open, transparent, effective and efficient, and providing value for money. With the establishment of the PPPD, a number of regulatory and oversight functions have been elevated to a higher strategic level, leading towards a well-regulated and closely monitored procurement system. Public procurement functions are decentralized with the line ministries, departments, and state-owned enterprises responsible for procurement within their organizations. Delegation of power with financial thresholds is pre-determined in the PRR, except for state-owned enterprises which can determine their own thresholds. Staff undertaking procurement are required to have adequate qualifications and knowledge or training on procurement; yet to date, there is no separate procurement cadre in the Bhutan government. The PPPD is responsible to carry out training across government.

¹ ADB. 2015. *Guide on Assessing Procurement Risks and Determining Project Procurement Classification*. Manila.

3. Procurement Operations

5. The Government of Bhutan and the World Bank's Public Financial Management Performance Report provides a periodic assessment of Bhutan's procurement performance based on the Public Expenditure and Financial Accountability (PEFA) Framework. The 2010 PEFA compared to the recent 2016 PEFA show substantial improvement in the overall score and those scores related to procurement methods, public access to information, and complaints management (Table 1).

Table 1: Public Financial Management Act Report Procurement Indicators Assessment Rating

Procurement Dimension	Score in 2010 PEFA*	Score in 2016 PEFA*	Brief Justification for the score
Procurement monitoring	Not available	C	Records are maintained on works contracts showing what is procured, its cost, and who is awarded the contracts. These cover the majority of all procurement.
Procurement methods	D	B	70% or more of total value of contracts are awarded through competitive methods.
Public access to procurement information	D	B	Public has access to information on procurement rules and procedures, bidding opportunities and contract awards and data on resolution of procurement complaints.
Procurement complaints management	C	A	The complaints system meets all six criteria.
Overall score for Procurement Dimension	C	B	

PEFA = public expenditure and financial accountability.

*Scoring methodology: 'A' is the highest score 'D' is the lowest rating.

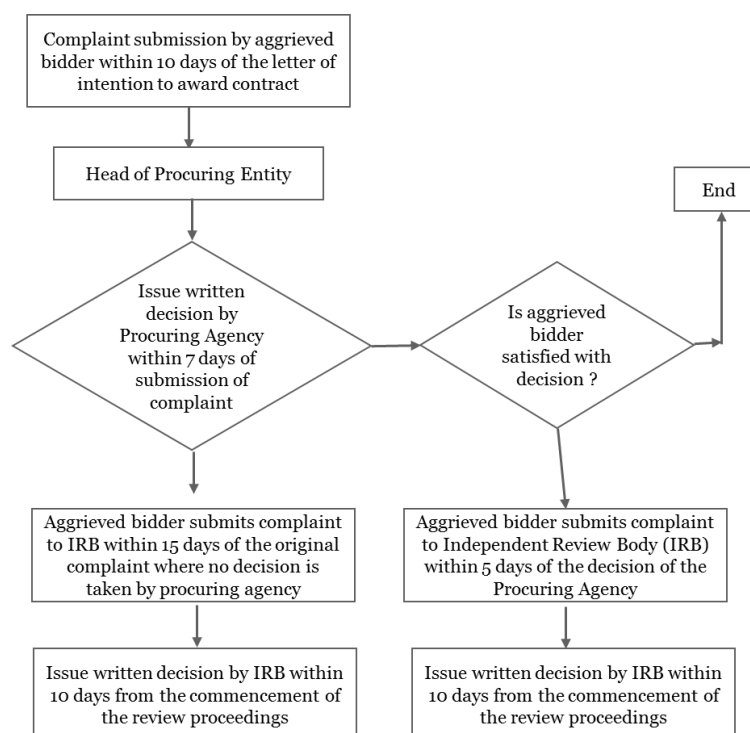
Source: Government of Bhutan, World Bank 2016.

6. In summary, most of the government contracts in Bhutan use competitive tendering. Procurement regulations set limits on the use of less competitive measures which implementing agencies are observing, although there is a lack of information centrally on the use of non-competitive methods. The MOF is developing a system-wide electronic procurement monitoring system and, in the meantime, works contracts, which represent the bulk of government procurement, do have a database managed by the Construction Development Board (CDB). Procurement information is published on relevant websites and the complaints system is comprehensive. The PEFA report identifies and strengthens the comprehensiveness of the procurement rules and regulations but there is a lack of government capacity to effectively implement increasingly complex procurement packages.

4. Performance of e-Procurement System

7. Nationwide comprehensive procurement monitoring for all types of contracts does not yet exist. The CDB, however, as noted above, has an online evaluation, monitoring, and reporting system through which data is maintained for civil works contracts. The MOF will start the roll-out of e-procurement across all ministries starting in 2017.

Figure 1: Flowchart of Independent Review Board Complaints-Handling Process



Source: Government of Bhutan.

5. Integrity and Transparency of the Public Procurement System

8. The Central Public Procurement Portal provides a single point of access to all information on procurements made across various central government organizations and for those without access to the internet, notice of contract awards are also posted on the notice boards of procuring entities. The complaints process in Bhutan is comprehensive; for procurement decisions up to the award stage of and/or where the contract has not been concluded, complaints are directed to the procurement entity and then to the Independent Review Board (IRB) (see Figure 1 for full details). IRB has the authority to suspend any procurement process. The rules and procedures of the IRB and the resolution of any complaint are available on the PPPD website. After the contract has been awarded, any complaints are addressed to the Anti-Corruption Commission (ACC) of Bhutan or to the courts.

9. Bhutan is ranked 26 out of 180 countries as per the latest report of Transparency International (Corruption Perception Index, 2017) and ranks first in the South Asia region and sixth in the Asia Pacific Region. The country has a particularly strong ACC. Bhutan established the ACC in 2005 with a vision to building a happy, harmonious, and corruption-free society. Between, 2000–2016, a total of 554 complaints qualified for investigation and were comprehensively reviewed. In 2016, a total of 31 cases were forwarded to the Office of the Attorney General for prosecution. Of these cases, two were referred to the Ministry of Health (MOH) and were for misappropriation and embezzlement in procurement (Nu4,103,761.98) (\$63,924.51) and bribery in the procurement of medical equipment and consumables (Nu6,000.00) (\$93.46). The prosecution terminated the MOH staff from regular service and awarded 1 or more years of imprisonment along with a monetary penalty.

10. The cases occurred in 2013 but the prosecution was in 2016. ACC made three recommendations to the MOH to strengthen procurement procedures: (i) separate the tasks of providing quantities and specifications from procurement. Previously, the procurement of Drugs and Vaccines Division was handled by the Department of Medical Services and following this recommendation in 2014, the Department of Medical Supplies and Health Infrastructure (DMSHI) was created to undertake the procurement for all health care products including goods (including drugs, vaccines, and equipment) and health infrastructure works. However, responsibility of providing bill of quantities (quantities and specifications) was given to the DMS. (ii) The government's PRR (2009) exist but needed to be adapted for the specifics of health procurement. The DMSHI developed procurement guidelines for health care products which includes separate tender and evaluation mechanisms for supplier selection. (iii) The DMSHI performance is now monitored directly by the Prime Minister through an Annual Performance Indicator on drugs stock-outs.

B. Portfolio Performance

11. ADB country operations and programs in Bhutan were rated successful in 2010 and in 2013. Bhutan has maintained a good record in portfolio performance. The contract-award ratio improved from 55.0% in 2011 to 65.0% in 2016, exceeding the 2016 ADB average of 24.3%. However, the disbursement ratio decreased from 28.0% in 2011 to 9.0% in 2016 and is lower than the overall ADB average of 18.0% in 2016. As of 31 December 2016, none of the eight ongoing projects in Bhutan were rated as problem projects.

12. ADB had one health project in the past (2000–2005) with a \$10 million loan to support the MOH health care reform agenda.² The project was rated as successful and the loan was released in two tranches following the achievement of key policy conditions. As this was not an investment project, no large-scale procurement was undertaken. The World Bank had an HIV project with the MOH with a grant of \$5.7 million from 2004–2009. The project was rated as moderately unsatisfactory and during the last 2 years of the project's implementation, alleged irregularities in procurement practices in the MOH led to the suspension of the head of procurement.

C. Project Procurement Classification

13. It is proposed to classify the project in category A as the implementing agency has only one prior experience of an ADB project (2000–2005) which was a significant time ago and had very little procurement-related activities. Categorizing the project as A will also ensure that the implementing agency gets full support to build its capacity during the implementation of the project.

III. PROJECT PROCUREMENT ASSESSMENT

A. Overview

1. Institutional Framework and Management Capacity

14. As noted above, the Government of Bhutan and line ministries have comprehensive procurement rules and regulations. All procurement in the MOH is carried out following the PRR guidelines and as permitted, separate guidelines specific to health have been developed for "Managing Medical Supplies: A Guide 2015" and "Guidelines for Evaluation of Tenders for

² ADB. 2006. *Completion Report: Health Care Program in Bhutan*. Manila.

Medical Goods 2015". The key entities involved in procurement in the MOH are under the DMSHI and include:

- (i) Medical Supplies and Procurement Division (MSPD) is responsible for the procurement of drugs, vaccines, and equipment.
- (ii) Health Infrastructure Development Division (HIDD) is responsible for the procurement of civil works and services.
- (iii) Essential Medicine and Technology Division is responsible for regulating the quality of drugs, equipment, and non-medicines and for developing technical specifications and assessing any new health technologies.
- (iv) Medical Stores and Distribution Division is responsible for the receipt, quality inspection, and distribution of medical supplies.
- (v) Biomedical Engineering Equipment Division is responsible for the effective installation, commissioning, and maintenance of medical equipment.

15. The MSPD is headed by a chief procurement officer and has 23 staff. The HIDD is headed by a chief engineer and has 21 staff. The Medical Stores and Distribution Division has 27 staff and 15 staff from the Bio-Medical Engineering Division. The organization structure of the DMSHI can be found in Appendix 6.

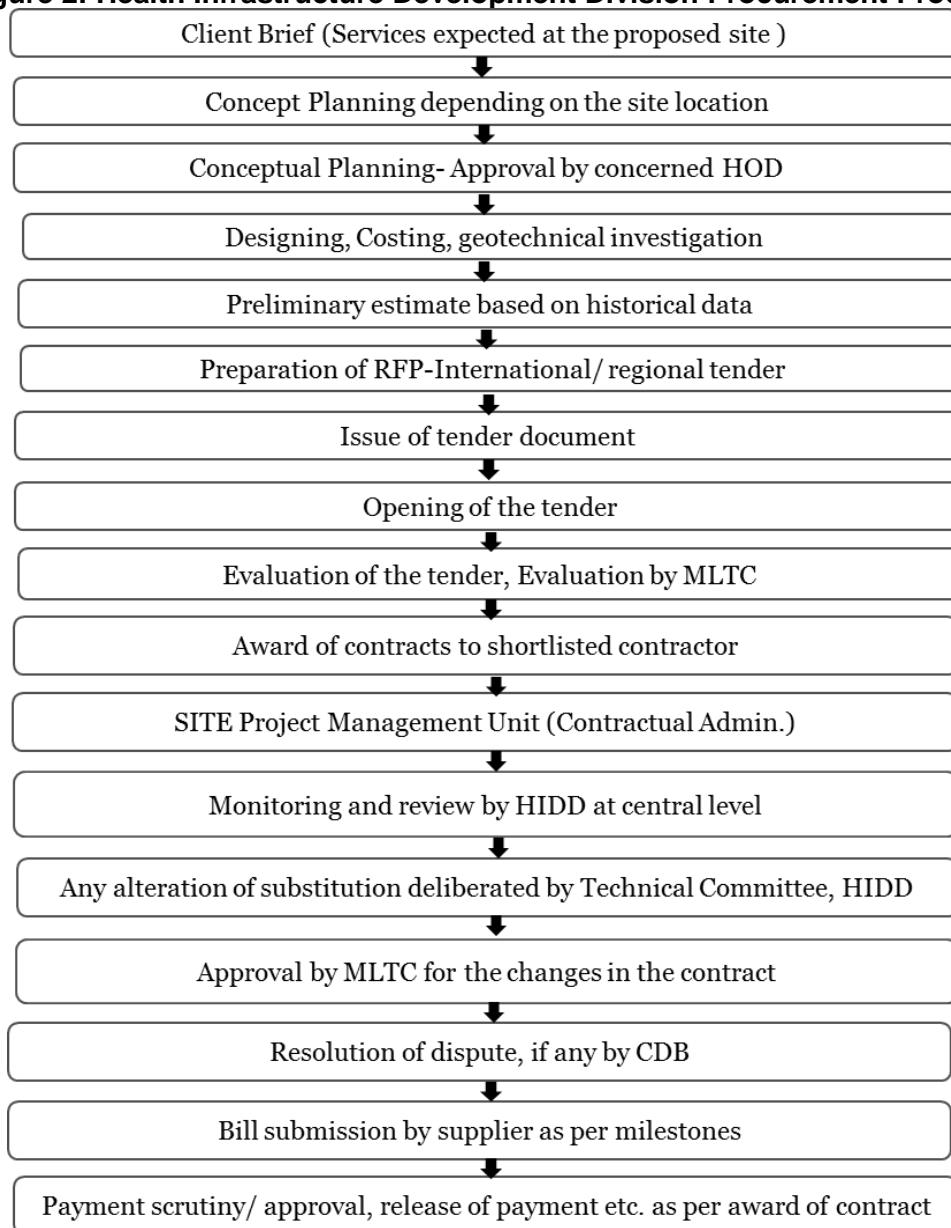
16. Other agencies relevant to health procurement include:

- (i) The Drug Regulatory Authority (DRA) is an autonomous agency which develops and implements legislation and regulations on pharmaceuticals to ensure quality, safety, and efficacy of drugs. It operates under the 2003 Medicine Act which stipulates that imported products (approximately 95% of drugs are imported from India and Bangladesh) must be registered with the DRA before importing products.
- (ii) The National Drugs Committee reviews the essential medicine list every 2 years to maintain standards and promote the rational use of medicine.
- (iii) The CDB registers and monitors civil works. It functions as an overseer as well as a promoter of the construction industry.

2. Procurement Operations

17. Procurement procedures for the MSPD and HIDD are outlined in Figures 2 and 3. A ministerial-level tender committee has been set up according to the PRR guidelines and is responsible for approvals at tender stage and bid evaluation. For civil works, there is also a district-level technical committee which approves lower value civil works. Tender evaluation committees also exist for drugs, medical equipment, and civil works.

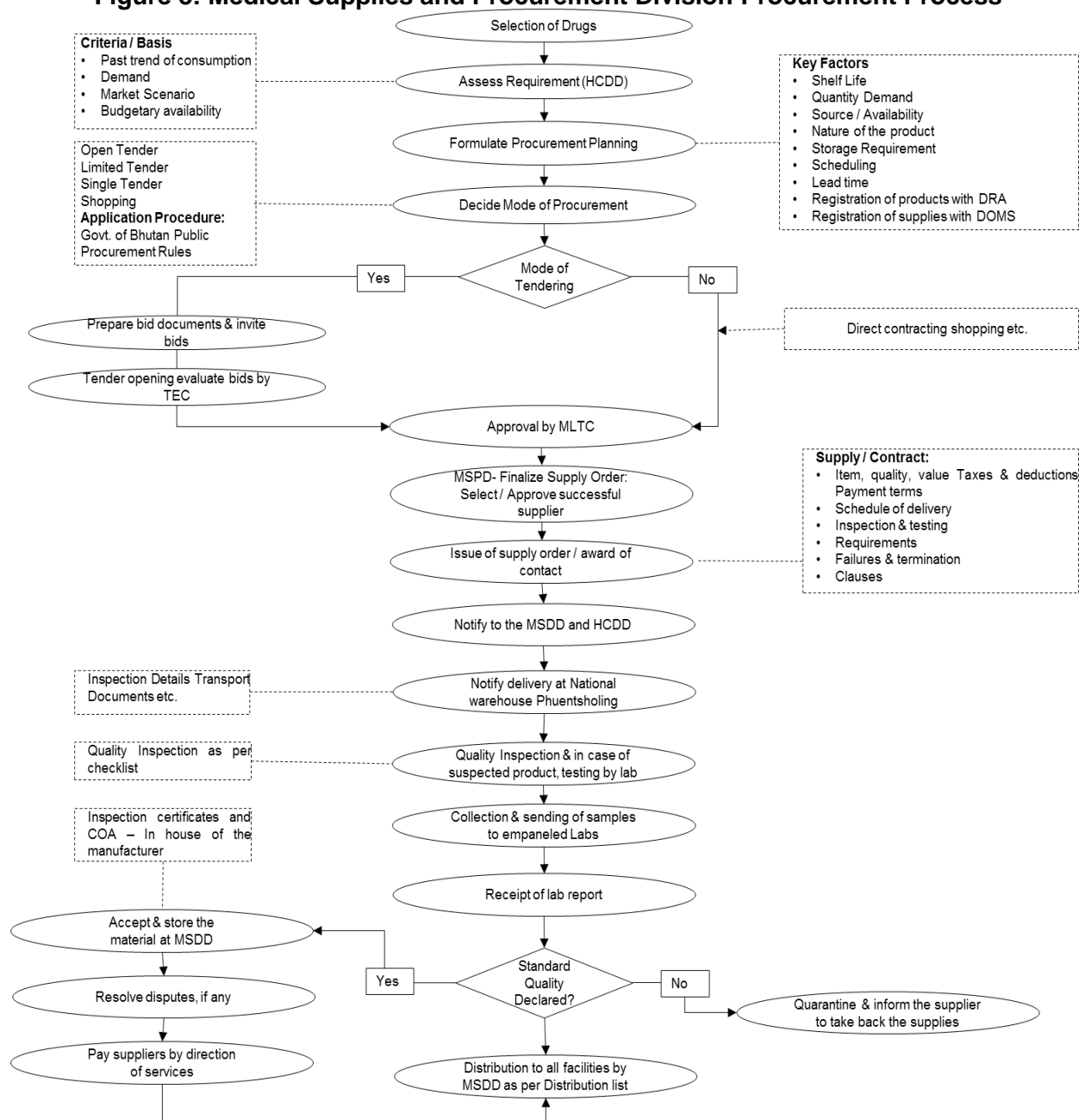
18. Open competition is the default method for procurement above Nu1.0 million for civil works and Nu0.2 million for goods and services. Both national competitive bidding (NCB) and international competitive bidding (ICB) are used for the procurement of drugs, medical equipment, and civil works as long as suppliers are registered with the relevant authority.

Figure 2: Health Infrastructure Development Division Procurement Process

CDB = Construction Development Board, HIDD = Health Infrastructure Development Division, HOD = head of department, MLTC = Ministerial Level Tender Committee, RFP = request for proposal.

Source: Asian Development Bank.

Figure 3: Medical Supplies and Procurement Division Procurement Process



COA = Certificate of Analysis, DOMS = Department of Medical Services, DRA = Drug Regulatory Authority, HCDD = Health Care and Diagnostic Division, MLTC = Ministerial Level Tender Committee, MSDD = Medical Stores and Distribution Division, TEC = technical evaluation committee,
 Source: Asian Development Bank.

19. Bhutan sources majority of drugs and medical products from the regional markets in India (approximately 95%) and Bangladesh (approximately 5%). There are only about 10–15 national suppliers who are registered with the DMSHI. As noted above, e-procurement has not yet been rolled out to the MOH. The HIDD uses CDB online evaluation, monitoring, and reporting system. The MSPD is in the process of introducing a Logistics Information Management System (EbMIS) to be a real time inventory system which can be used for forecasting requirements, planning and

finalizing procurement, monitoring the inventory, tracking supplies, and monitoring supplier performance.

B. Strengths

20. Appendix 4 outlines the findings of the procurement capacity assessments and Appendix 2 summarizes procurement carried out by the MSPD and HIDD during the past 3–4 years. From these sources and key stakeholder interviews, the key strengths can be identified as follows:

- (i) Procurement methods are based on a solid legislative and regulatory framework of the Government of Bhutan and are clearly defined in the procurement manual which is available online. The MSPD and HIDD have well-established procedures in place to guide procurement, including relevant procurement committees.
- (ii) The SBDs include an “integrity pact” which the contractor and employer must sign which commits them to avoid all forms of corruption or deceptive practice by following a system that is fair, transparent, and free from any unprejudiced dealings in the bidding process and contract administration.
- (iii) There is a clear separation of roles and functions of the MSPD and HIDD staff with a well-staffed Procurement Unit functioning independently of the MSPD and HIDD.
- (iv) Grievance and dispute resolution are transparent and put into practice.

C. Weaknesses

21. The key weaknesses can be identified as follows:

1. Limited Participation

22. There are features of the market in Bhutan which bring additional risks to the procurement process. For example, in the procurement of drugs, Bhutan has a small population, procurement volumes are low, and there is limited national manufacturing capacity. This means that majority of drugs (and medical equipment) have to be sourced from outside the country. There are only a small number of suppliers (approximately 10–15) who are interested in such a small market and are currently registered with the MOH. This often results in a limited number of suppliers bidding for contracts and re-tendering is common. If there is a situation when no supplier is bidding for essential drugs then the MOH has to directly procure, usually from India.

23. In construction of civil works, the private sector is still developing, most of the contractors are small and with limited capacity for large contracts. The large contracts segment is dominated by foreign players. There are some perceived barriers to international participation either as joint ventures with Bhutanese companies or as independents, due to the need to register companies with the CDB. But the MOH insist that registration is swift and not cumbersome and ensures quality.

2. Quality Assurance

24. The SBDs do not include sufficient provision for ensuring quality of the products procured. For example, for drugs, the SBD obliges the supplier to be registered with the DRA. In addition to registration, the MOH should consider adding additional pre-qualification criteria such as ensuring a valid manufacturing license, valid product license, valid Certificate of Pharmaceutical Product along with compliance of the product to pharmacopoeia standards. The strength per dose should also be specified in the packaging specifications. For medical equipment, the MOH should

consider including in the SBD compliance to the World Health Organization Medical Devices Regulation, International Organization for Standardization (ISO) 13485, CE/USFDA Certification and individual ISO standards.

25. In addition to quality assurance as part of pre-qualification criteria, quality controls should also be considered at the time of delivery. Currently, batches of drugs are only sent for testing at an ISO 17025 compliant quality control laboratory where there is suspicion that the drugs are of poor quality. The MOH should consider testing all batches for compliance to the relevant pharmacopoeia at a compliant laboratory.

3. Prior Experience

26. The HIDD had been handling projects supported by international agencies such as the Danish and Indian Governments. Whereas the MSPD has no prior experience of handling foreign-assisted projects and the training of government sector staff that currently exists appears inadequate to meet the needs of large and externally financed projects.

D. Procurement Risk Assessment and Management Plan

27. The project procurement risks, their assessed impact, and recommended mitigation measures are summarized in Table 2 below.

Table 2: Project Procurement Risk Analysis and Management Plan

Risk	Rating	Mitigation measures
Capacity and Skill Constraints		
The Government of Bhutan has only recently established a central procurement cadre, and therefore current level of procurement knowledge and skills is still inadequate among the cadre. The MOH procurement staff also lack previous experience with ADB procurement guidelines which could lead to delays in procurement.	M	The PMPSU will recruit a procurement consultant to assist with ADB guidelines and build capacity of the MOH staff. ADB will also facilitate attendance of the MOH staff in ADB procurement workshops.
Quality Assurance		
The Government of Bhutan's procurement rules which require bidders to be registered with appropriate authority, is intended to ensure quality products and works but may limit competition.	S	Project procurement will follow ADB guidelines and use ADB SBD with relevant modifications to ensure quality and competition.
Batches of drugs delivered are not routinely tested, and there is a risk that the drugs supplied are substandard and do not comply to a pharmacopoeia.	S	The Government of Bhutan will consider modification of government SBDs to require drug suppliers to produce certificates demonstrating that all batches of drugs have been tested through the ISO compliant lab.
Transparency		
The Government of Bhutan's Procurement Rules and Regulations does not recommend participating bidders to be systematically provided with a copy of bid opening minutes, which might undermine transparency.	L	ADB guidelines will be followed and relevant information will be disclosed on the project website.

The MOH procurement arrangements may not be fully adequate to safeguard against anticorruption. The ACC 2016 annual report indicated 63 cases were investigated, of which two cases concerned the MOH for procurement-related irregularities.	L	The MOH in 2014 implemented the ACC recommendations and centralized its procurement to ensure more transparency and reduce risks of irregularities in the MOH. The MOH will be fully informed on ADB's Anticorruption Policy, which requires the highest standard of ethics during procurement and execution of contracts.
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ACC = Anti-Corruption Commission, ADB = Asian Development Bank, ISO = International Organization for Standardization, MOH = Ministry of Health, NABL = National Accreditation Board for Testing and Calibration Laboratories, SBD = standard bidding document, USFDA = United States Food and Drug Administration.
Source: Asian Development Bank.

IV. PROJECT PROCUREMENT THRESHOLDS

28. As noted in Section II.C above, it is proposed to classify the project as category A. The overall procurement risk rating for the project is moderate. The procurement thresholds as recommended by ADB for Bhutan will be retained and include:

- (i) ICB for works \$3,000,000;
- (ii) ICB for goods \$1,000,000;
- (iii) NCB for works <\$3,000,000;
- (iv) NCB for goods <\$1,000,000;
- (v) Shopping for works <\$100,000; and
- (vi) Shopping for goods <\$100,000.

V. CONCLUSION

29. Based on the procurement capacity assessment of the MSPD and HIDD, the following risk mitigation measures are required as part of project operations:

- (i) The project management and policy support unit procurement consultant should be actively involved in all stages of procurement (drafting bid documentation, evaluation and selection, and contract management) for the first 3 months of the project's operation. During this time, all stages of the procurement can be made more comprehensive and specific to the health sector, while at the same time ensuring that both government and ADB standards are met.
- (ii) The project management and policy support unit should recruit a civil engineer and electrical engineer to supervise the construction of the satellite clinics. The district engineers will supervise civil works in the eight target districts and will be given additional supervision budget.
- (iii) The MOH should consider additional quality assurance measures at pre-qualification stage and during the receipt of goods.
- (iv) The MOH should consider allowing foreign suppliers to bid for procurements without national registration, leaving compliance with these requirements until after the notice of award and before signing of the contract. Or alternatively where registration is required prior to the award of contract, bidders should be allowed reasonable time to complete the registration process.

30. In addition to the mitigation measures outlined above, the project may also consider working with the MOH in exploring ways to increase participation in procurement. Local contractors could be encouraged to consider joint ventures with foreign bidders. The MOH could

bundle similar products together in one procurement package to increase the volume of products required and hence make the procurement more attractive to suppliers.

APPENDIX 1 LIST OF STAKEHOLDERS

Dates	Division/ Department	Name of the Persons	Brief Description of Discussion
21 Nov 2017	MSPD	<ul style="list-style-type: none"> Mr. Rudra Mani Dhimal, Chief Procurement Officer Mr. Jangchhup Peljor Pharmacist 	<ul style="list-style-type: none"> Discussion about the operations of the divisions. Challenges identified were training, market research, lack of experience in donor-supported projects.
22 Nov 2017	DRA	<ul style="list-style-type: none"> Mr. Kunzang Dorji, Offg. Chief of Inspection division 	<ul style="list-style-type: none"> Discussion on Drug Regulatory Law in the country. For imported products registration has to be made with DRA. Standards of all BP/USP/Eu.P./Inter.Ph./IP Pharmacopoeias are acceptable. Drug testing lab is not well equipped. Facility available only for physical tests. Challenges are products not registered being procured, also there are no packaging specs and inspection protocols.
22 Nov 2017	Immunization Division	<ul style="list-style-type: none"> Mr. Tshewang Tamang 	<ul style="list-style-type: none"> A total of nine vaccines are procured through UNICEF. All vaccines are airlifted to Paro Airport and are transported to three warehouses located at Thimpu, Gelephu, and Mongar. Each warehouse distributes vaccines to 5–6 districts. Challenges pertaining to availability of vaccine carrier and refrigerators and cold boxes in BHU.
22 Nov 2017	Anti-TB Program	<ul style="list-style-type: none"> Mr. Chewang Rinzin 	<ul style="list-style-type: none"> Anti-TB drugs are procured through Global Drug Facility. First line anti-TB drugs are domestic supported whereas MDR/XDR drugs are supported by Global Fund.
23 Nov 2017	HIV/AIDS & Malaria	<ul style="list-style-type: none"> Mr. Namgyal Tshering, Chief Programme Officer 	<ul style="list-style-type: none"> For donor-supported assistance, chief programme officer sends indent to DMSHI for procurement. The distribution is done after getting clearance from the chief programme officer.
23 Nov 2017	HCDD	<ul style="list-style-type: none"> Mr. Som Bahadur Dorji 	<ul style="list-style-type: none"> BOQ is provided by HCDD. All districts send indents to HCDD. The requirements are collated and BOQ is sent to MSPD. As per WHO guidelines, Vital 30%, Essential 20%, and Necessary 10% drugs of NEML are indented. By 1 Feb of each year BOQ is finalized and sent to MSPD.
24 Nov 2017	HIDD	<ul style="list-style-type: none"> Mr. Tshteen Dorji, Offg., Chief Engineer 	<ul style="list-style-type: none"> Discussions on operations of HIDD. The agency has earlier experience of working with Donor (Danish

Dates	Division/ Department	Name of the Persons	Brief Description of Discussion
			Agency) and also Government of India <ul style="list-style-type: none"> The key challenge is related to delayed release of funds
10 Dec 2017	MSDD Phuentsholing	<ul style="list-style-type: none"> Mr. Devi Bhakta Acharya, Chief Procurement Officer and his team Members of Quality Inspection Team 	<ul style="list-style-type: none"> MSDD is responsible for receipt of all drugs and non-drugs items, organizing quality inspection, storage, packaging of products as per distribution list for all facilities provided by HCDD and distribution to all facilities. Challenges are slippages of delivery schedules, inspection protocols, central point for all distribution, power back-up for cold chain, HR capacity development, replacement of old vehicles and storage and distribution of medical gases.
12–14 Dec 2017	MSPD	<ul style="list-style-type: none"> Mr. Rudra Mani Dhimal Assistant Procurement Officers Drugs & Non-Drugs 	<ul style="list-style-type: none"> Discussion on the documents and information sought through mail.
13 Dec 2017	BMED	<ul style="list-style-type: none"> Mr. Durga Prasad Sharma, Biomedical Engineer 	<ul style="list-style-type: none"> Technical specs of medical equipment are provided by BMED. BME is a member of Bid Evaluation Committee. Quality Inspection is carried out by BMED.
13–14 Dec 2017	HIDD	<ul style="list-style-type: none"> Mr. Abhishek, Mr. Sonam Letho and Mr. Sree Kumar 	<ul style="list-style-type: none"> Discussed about the documents and information sought through mail.

BHU = basic health unit, BMED = Bio-Medical Engineering Division, BOQ = bill of quantity, DRA = Drug Regulatory Authority, HCDD = Health Care and Diagnostic Division, HIDD = Health Infrastructure Development Division, MSDD = Medical Stores and Distribution Division, MSPD = Medical Supplies and Procurement Division, NEML = National Essence Medicine List, UNICEF = United Nations Children's Fund, WHO = World Health Organization.
Source: Asian Development Bank.

APPENDIX 2
PROCUREMENT BY MEDICAL SUPPLIES AND PROCUREMENT DIVISION AND
HEALTH INFRASTRUCTURE DEVELOPMENT DIVISION

A. Procurement of Drugs and Vaccines Carried Out by MSPD (during the past 3 years)

Sl. no	Fiscal Year	Bid No. and Date	Threshold Value (Nu)	Procurement Mode (ICB/ NCB/ Shopping/ Direct Contract)	Products	No. of Bids from Local	Contract Awarded Month/Year	Completed Contract Month/Year	Domestic or Donor-supported	Problems or Issues if any Mis-procurement/ Retendered/ cancelled
1	2015–2016	MOH/DMSHI/MSPD/ P-1/2015-16, Date: 10/3/2015	125 m	NCB Annual Tender	285	10	Aug 2015	Nov 2015 for EDL and December 2015 for controlled drugs	Domestic	1. The annual tender is awarded to bidders who has products registered with DRA, there for retender is always expected as all the products in the EML are not registered with DRA. 2. Bidders refused to give quotation for products with small quantities. 3. Products with very short shelf life in nature. 4. Insufficient budget, which leads to delay in payment thereby lending up paying penalties. 5. Delay in supplies.
		MOH/DMSHI/MSPD/ RT/2015-16, Date: 28/8/2015		NCB Re-tender	93	11	Oct 2015	Jan 2016 for EDL and February 2016 for controlled Drugs	Domestic	
2	2016–2017	MOH/DMSHI/MSPD/ P-1/2016-17, Date:5/3/2016	139 m	NCB Annual Tender	381	9	Aug 2016	Nov 2016 for EDL and December 2016 for controlled drugs	Domestic	
		MOH/DMSHI/MSPD/ RT/2016-17 Date: 21/8/2016		NCB Re-tender	132	7	Oct 2016	Jan 2017	Domestic	
3	2017–2018	MOH/DMSHI/MSPD/ P-1/2017-18, Date:22/3/2017	115 m	NCB Annual Tender	429	14	Sept 2017	Dec 2017 for EDL and January 2018 for controlled Drugs		
		MOH/DMSHI/MSPD/ RT/2017-18, Date: 16/9/2017		NCB Re-tender	180	13	Dec 2017	March 2018 for EDL and April 2018 for controlled Drugs	Domestic	

Source: Asian Development Bank.

B. Procurement of Non-Drugs Carried by MSPD (during the past 3 years)

Sr. no	Fiscal Year	Bid No. and Date	Threshold Value (Nu)	Procurement Mode - ICB/ NCB/ Shopping/ Direct Contract	Description of the Product	No. of Bids from Local/ Foreign Firms	Contract Awarded Month/Year	Completed Contract Month/Year	Domestic or Donor-supported	Problems or Issues if any Contracts Mis-procurement/ Retendered/ Cancelled
1	2015–2016	MOH/DMSHI/ MSPD/P-I/2015-16 dated 10/03/2015	190 m	ICB Annual Tender	22 Depts. (Line items More than 5,000 for 22 depts.)	Local – 30 Foreign – 12	16/10/2015	15/02/2016	Domestic	1. Limited qty/ unsecured bids after annual tender are proceeded for Re-tender if required. 2. The emergency items/ list of items not bided by suppliers are processed for direct procurement from India. 3. Risk of items supplied getting rejected by Quality Inspection teams when it does not comply with the required technical specification. 4. Failure of contract fulfillment due to force majeure/other circumstances. 5. Delayed supplies delivery leading to stock out (few items). 6. Insufficient budget leading to delayed placement of purchase orders.
2	2015–2016	MOH/DMSHI/ MSPD/RT/20 15-16 dated 28/11/2015		ICB Re-tender	11 Depts	Local – 18 Foreign – 2	17/03/2016	16/06/2016	Domestic	
3	2016–2017	MOH/DMSHI/ MSPD/AT/(P-I)/2016-17 dated 27/03/2017	150 m	ICB Annual Tender	22 Depts	Local – 28 Foreign-13	25/11/2016	23/02/2017	Domestic	
4	2017–2018	MOH/DMSHI/ MSPD/AT/(P-I)/2017-18 date 22/03/2017	190 m	ICB Annual Tender	22 Depts.	Local – 35 Foreign-11	15/12/2017	15/03/2018	Domestic	

Source: Asian Development Bank.

C. Procurement carried out by HIDD (during the past 4 years)

Sr. no	Project Name	Proc. Mode	Month/Year Awarded	No. of bids Local/Foreign Firms	Month/Year Completed	Domestic/ Donor-supported	Project Value (Nu)	Problems and Issues (if any)
Works								
1	150 Bedded Central Regional Referral Hospital	Open Tender	December 2013	15 Local Firms	Ongoing	Donor-supported	619.652 m	No
2	40 bedded Tsirang Hospital	Open Tender	May 2015	13 Local Firms	Ongoing	Donor-supported	225.611 m	No
3	40 bedded Dewathang Hospital	Open Tender	April 2016	17 Local Firms	Ongoing	Donor-supported	418.684 m	No
4	Community Health Building of MCH	Open Tender	January 2017	13 Local Firms	Ongoing	Donor-supported	178.772 m	No
5	20 bedded Haa Hospital	Open Tender	April 2016	12 Local Firms	Ongoing	Domestic-supported	134.359 m	No
Consultancy								
1	Planning, design, and supervision of HVAC, firefighting, and fire alarm system at the community health building of MCH	Limited bidding	May 2017	4 foreign firms	Design consultancy completed. Supervision consultancy will be starting soon.	Donor-supported	7.000	Had to resort to limited bidding process as three open bidding attempts failed.

Source: Asian Development Bank.

APPENDIX 3
PROCUREMENT CAPACITY ASSESSMENT OF MSPD AND HIDD

Risk Ratings	High (H)	Substantial (S)	Moderate (A)	Low (L)
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A. Summary Risk Rating for MSPD and HIDD

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

B. Specific Assessment and Ratings

B. Specific Assessment and Ratings				
Question	Response	Risk	Response	Risk
	MSPD		HIDD	
A. ORGANIZATIONAL AND STAFF CAPACITY				
PROCUREMENT DEPARTMENT/UNIT				
A.1 Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	Yes Tender and Evaluation Committees exist as defined in the PPR	L	Yes Tender and Evaluation Committees exist as defined in the PPR	L
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Yes	L	Yes	L
A.3 If yes, what type of procurement does it undertake?	Drugs and vaccines, medical equipment and devices. MSPD is supported by donors e.g. vaccines are procured by JICA; pentavalent vaccine is procured by UNICEF; 2 nd line TB drugs are procured by GFATM, HIV/AIDS drugs are procured by MSPD but funded by GFATM; JICA also supports the procurement of hardware and equipment.	L	Civil works and consultancy services relating to health infrastructure	L
A.4 How many years' experience does the head of the procurement	2 years	H	24 years	L

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
department/unit have in a direct procurement role?				
A.5 How many staff in the procurement department/unit are: i. Full time ii. Part time iii. Seconded	23 full time staff	L	21 full time staff	L
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	Yes	L	Yes	L
A.7 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes but would need training in ADB procurement processes	A	Yes	L
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	L	Yes	L
A.9 Does the agency have, or have ready access to, a procurement training program?	No	H	No	H
A.10 At what level does the department/unit report (to the head of agency, deputy etc.)?	Director General DoMSHI	A	Director General DoMSHI	A
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	L	Yes	L
A.12 Is there a procurement process manual for goods and works?	Yes	L	Yes	L
A.13 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Manuals are up to date, but do not cover foreign assisted projects	A	Manuals are up to date, but do not cover foreign assisted projects	A
A.14 Is there a procurement process manual for consulting services?	n/a MSPD does not procure services	L	Yes	L
A.15 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Manuals are up to date but does not cover foreign assisted project	A		
Project Management Unit				
A.16 Is there a fully (or almost fully) staffed PMPSU for this project currently in place?	No. But will be set up by grant effectiveness	A	No. But will be set up by grant effectiveness	A
A.17 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes. But as noted above need training in ADB procedures.	A	No. Qualifications are sufficient, but workload is high and number of current staff is not sufficient.	A

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
			PMPSU should have additional staff.	
A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	L	Yes	L
A.19 Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	MSPD uses RBoB standard bidding documents but ADB standard bidding documents have better quality assurance requirements.	A	HIDD uses RBoB standard bidding documents.	A
A.20 Does the agency follow the national procurement law, procurement processes, guidelines?	Yes	L	Yes	L
A.21 Do ToRs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	L	Yes	L
A.22 Who drafts the procurement specifications?	Head of the Respective Division. BMED is involved in drafting specifications for Medical Equipment.	A	HIDD	L
A.23 Who approves the procurement specifications?	Concerned Head of the division/EMTD	A	Depending on the procurement threshold either the MLTC/DLTC	L
A.24 Who in the PMPSU has experience in drafting bidding documents?	Pharmacist for Drug Section and Procurement Officer for Non-drugs. In case of specific provisions for non-drugs in the bid document the client department/ specialists from Jigme Dorji Wangchuk National Referral Hospital and BMED are consulted.	L	Planning & Design Division which includes Architect and Engineers drawn from various specialties (Civil, Electrical, Mechanical)	A
A.25 Are records of the sale of bidding documents immediately available?	Yes	L	Yes	L
A.26 Who identifies the need for consulting services requirements?	Healthcare Diagnostic Division	A	HIDD	A
A.27 Who drafts the Terms of Reference (ToR)	EMTD, MOH	A	HIDD	A
A.28 Who prepares the request for proposals (RFPs)	MSPD but the agency is not involved in consulting services	A	HIDD	A
B. Information Management				

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
B.1 Is there a referencing system for procurement files?	Yes	L	Yes	L
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	L	Yes	L
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes For 10 years	L	Yes for 10 years	L
B.4 Are copies of bids or proposals retained with the evaluation?	Yes	L	Yes	L
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Yes	L	Yes	L
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	L	Yes	L
B.7 Are copies of invoices included with the contract papers?	Yes	L	Yes	L
B.8 Is the agency's record keeping function supported by IT?	No	A	No	A
C. Procurement Practices				
C.1 Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	No	H	Yes. Danish and Indian Governments	L
C.2 If the answer is yes, what were the major challenges faced by the agency?	n/a	-	No major challenges faced with the Danish Government. With the Indian construction the timely release of funds has been a cause of delayed execution.	A
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes	L	Yes	L
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	Yes. Three months	L	Yes. Three months	L
C.5 Are all queries from bidders replied to in writing?	Yes	L	Yes	L
C.6 Does the bidding document state the date and time of bid opening?	Yes	L	Yes	L
C.7 Are bids opened in public?	Yes	L	Yes	L
C.8 Can late bids be accepted?	No	L	No	L

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
C.9 Can bids (except late bids) be rejected at bid opening?	No	L	No	L
C.10 Are minutes of the bid opening taken?	Yes	L	Yes	L
C.11 Are bidders provided a copy of the minutes?	No. Only on request	L	No. Only on request	L
C.12 Are the minutes provided free of charge?	Yes	L	Yes	L
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	Technical Committee formally established according to PRR guidelines.	L	Technical Committee formally established according to PRR guidelines.	L
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	The Department who is the end user is involved in the evaluation	L	HIDD project officials have sufficient experience and qualification	L
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	The decision is subject to the approval of the MLTC	L	The decision is subject to the approval of the MLTC/DLTC	L
C.16 Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	On average 3 months.	A	On average 2 months	A
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes	L	Yes	L
C.18 Are there established goods receiving procedures?	Yes. But there is only provision for sampling drugs that look suspicious and sending for quality control checks	H	Yes	L
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes	L	Yes	L
C.20 Is the agency/procurement department familiar with letters of credit?	Yes	L	Yes	L
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes	L	Yes	L
D. 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	n/a	-	Yes	A

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
the development partner/s and the Project/s.)				
C.23 If the above answer is yes, what were the major challenges?	n/a	-	Difficulty in getting EOI from reputed international firms. Difficulty in verifying experience of key personnel and experience of the firm	S
C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?	n/a	-	Yes	L
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	n/a	-	Yes. There are different levels of committee based on the threshold value and the complexity of assignment	L
C.26 What criteria is used to evaluate EOIs?	n/a	-	Similar work experience of the firm Overall work experience of the firm Qualification of the key personnel	A
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	n/a	-	QCBS	L
C.28 Do firms have to pay for the RFP document?	n/a	-	Soft copy is free of cost Hard copy is charged	L
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	n/a	-	Yes	L
C.30 Are pre-proposal visits and meetings arranged?	n/a	-	Yes	L
C.31 Are minutes prepared and circulated after pre-proposal meetings?	n/a	-	Yes	L
C.32 To whom are the minutes distributed?	n/a	-	To all firms who attend pre-proposal meeting and to those who have expressed interest for the assignment and request for minutes	A
C.33 Are all queries from consultants answered/addressed in writing?	n/a	-	Yes	L
C.34 Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	n/a	-	Yes	L
C.35 Are proposal securities required?	n/a	-	Yes	A
C.36 Are technical proposals opened in public?	n/a	-	No	S
C.37 Are minutes of the technical opening distributed?	n/a	-	No	S
C.39 Who determines the final technical ranking and how?	n/a	-	MLTC	A
C.40 Are the technical scores sent to all firms?	n/a	-	No	S

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
C.41 Are the financial proposal opened in public?	n/a	-	Yes	L
C.42 Are minutes of the financial opening distributed?	n/a	-	No	S
C.43 How is the financial evaluation completed?	n/a	-	Financial evaluation is completed based on the format provided in the Bid Data sheet in the RFP	L
C.44 Are face to face contract negotiations held?	n/a	-	Yes if required	A
C.45 How long after financial evaluation is negotiation held with the selected firm?	n/a	-	Within 15 days	L
C.46 What is the usual basis for negotiation?	n/a	-	Negotiations are usually done to negotiate the proposed cost, person months for key personnel and equipment	S
C.47 Are minutes of negotiation taken and signed?	n/a	-	Yes	L
C.48 How long after negotiation is the contract signed, on average?	n/a	-	Within 15 days	L
C.49 Is there an evaluation system for measuring the outputs of consultants?	n/a	-	No	S
E. Payments				
C.50 Are advance payments made?	10% upon the receipt of formal written request of the suppliers	L	Yes 10% of contract price on production of Bank Guarantee. Payment schedule is a part of the award of contract for the consultancy services.	L
C.51 What is the standard period for payment included in contracts?	90% on acceptance of goods which is paid within 30 working days upon submission of an invoice and supported by the quality acceptance certificate issued by the purchaser.	L	Based on the completion of milestones reflected in the contract	L
C.52 On average, how long is it between receiving a firm's invoice and making payment?	30 days	L	28 days	L
C.53 When late payment is made, are the beneficiaries paid interest?	Yes	A	Yes	A
F. Effectiveness				
D.1 Is contractual performance systematically monitored and reported?	Yes	L	Yes	L
D.2 Does the agency monitor and track its contractual payment obligations?	Yes	L	Yes	L

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
D.3 Is a complaints resolution mechanism described in national procurement documents?	Yes,	L	Yes	L
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes	L	Yes	L
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	L	Yes	L
G. Accountability Measures				
E.1 Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes. As part of the standard bidding documents, the contractor and employer are obliged to sign an Integrity Pact to avoid all forms of corruption or deceptive practices by following a system that is transparent and free from influence/unprejudiced dealings in the bidding process and contract administration.	L	Yes – also an integrity pact	L
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	L	Yes	L
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	L	No	L
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	MLTC	A	MLTC/DLTC	A
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?				
a) Bidding document, invitation to pre-qualify or RFP	MLTC	L	MLTC	L
b) Advertisement of an invitation for bids, pre-qualification call for EOIs	None	L	None	L

Question	Response	Risk	Response	Risk
	MSDP		HIDD	
c) Evaluation reports	MLTC	L	MLTC	L
d) Notice of reports	None	L	None	L
e) Invitation to Consultants to negotiate	No negotiation has been done to date	L	None	L
f) Contracts	MLTC	L	MLTC	L
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	L	No	L
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	L	Yes	L

APPENDIX 4 NATIONAL COMPETITIVE BIDDING DOCUMENTS

A. National Competitive Bidding

1. General

1. The procedures to be followed for national competitive bidding shall be the open tendering/bidding method set forth in the Procurement Rules and Regulations 2009 issued by the Ministry of Finance of the Royal Government of Bhutan with the clarifications and modifications described in the following paragraphs.

2. Domestic Preference

2. No preference of any kind shall be given to domestic bidders or for works of domestically manufactured goods. Clause 1.1.2.2 of the Procurement Rules and Regulations 2009 shall not apply.

3. Registration

3. Foreign suppliers and contractors from ADB member countries shall be allowed to apply for pre-qualification and to bid, without national registration, licensing and other government authorizations, leaving compliance with these requirements until after notice of award and before signing of contract.

4. Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

4. Exclusion of Bidders/National Sanctions List

5. Exclusion of bidders for reasons cited in paragraph 2.1.4.1 of the BPM, including inclusion on national sanctions lists may be applied only with prior approval of ADB. Rejection of bids on account of "past poor performance" of bidders shall also be subject to ADB's prior approval.

5. Qualifications

6. Post qualification shall be used unless prequalification is explicitly provided for in the loan agreement/procurement plan.

7. If prequalification is undertaken, the prequalification criteria shall be based on ADB's User's Guide to Prequalification of Bidders.

8. From the date of advertisement, a minimum period of 28 days shall be allowed for the preparation and submission of prequalification applications.

6. Eligibility of Bidders

9. The eligibility of bidders shall be as defined under Eligibility provisions of ADB's Procurement Guidelines ("Guidelines") (March 2013, as amended from time to time), accordingly,

no bidder or potential bidder should be declared ineligible for reasons other than those stated the Guidelines.

7. Procurement Thresholds and Procurement Methods

10. In cases of conflict between the thresholds as prescribed in Clause 4.1 of the BPM and the Procurement Plan, the lower threshold shall prevail. The procurement methods specified on the Procurement Plan shall be followed.

8. Procurement Process

11. One envelope open bidding process shall be used unless two stage process is explicitly provided for in the loan agreement/procurement plan.

9. Advertising

12. Bidding of contracts estimated at \$500,000 or more for goods and related services or \$ 1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.

10. Bidding Documents

13. Procuring entities shall use standard bidding documents acceptable to ADB for the Procurement of Goods, Works and related Services.

11. Packaging

14. Slicing or splitting of contracts within a package shall not be used to change the contract sizes and the corresponding methods of procurement indicated in the loan agreement/procurement plan.

12. Bid Security and Performance Security

15. Where required, bid security (earnest money), retention money (or security deposit) and performance security (or performance guarantee) shall be in the form of a demand draft, certified check, letter of credit, or bank guarantee from a reputable bank.

16. The terms and conditions of bid security as well as retention money and performance security shall be clearly specified in the forms provided and/or conditions of contract in terms of periods of validity and grounds for forfeiture, or release of the bank guarantees, or refund of the cash security deposits.

13. Rejection of All Bids and Re-bidding

17. Bids shall not be rejected, and new bids solicited without the ADB's prior concurrence.

14. Low Bids and Unbalanced Bids

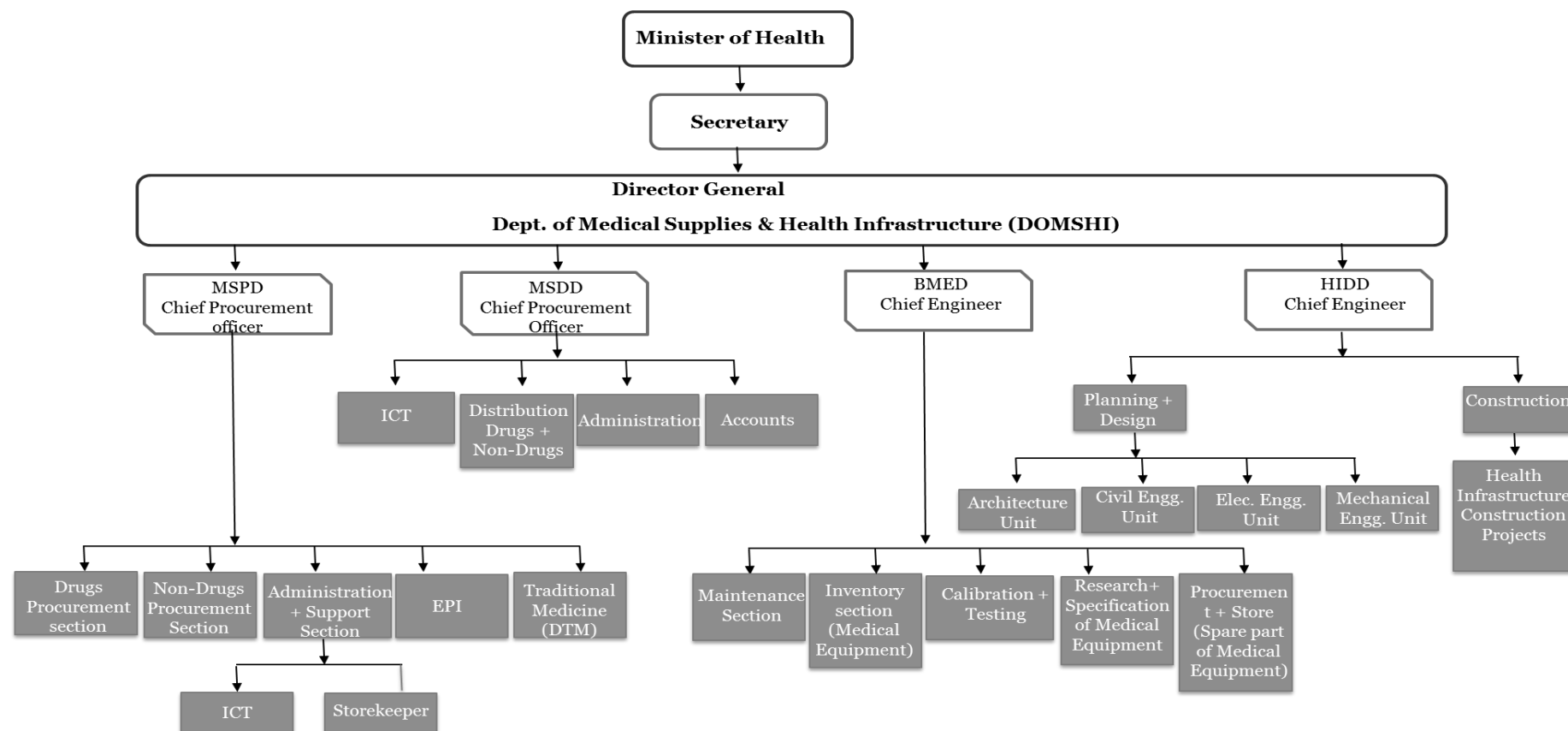
18. Bids shall not be rejected solely because the bid price seriously lower or unbalanced. The bidder whose bid is determined to be the lowest evaluated substantially responsive bid may be required by the executing agency/implementing agency to provide a higher performance security

to a level sufficient to protect the executing agency/implementing agency against financial loss in the event of default of the successful bidder under the Contract.

15. Disclosure of Decision on Contract Awards

19. At the same time that notification on award of contract is given to the successful bidder, the results of bid evaluation shall be published in a local newspaper, or a well-known freely accessible website identifying the bid and lot numbers and providing information on (i) name of each Bidder who submitted a Bid, (ii) bid prices as read out at bid opening; (iii) name of bidders whose bids were rejected and the reasons for their rejection, and (iv) name of the winning Bidder, and the price it offered, as well as duration and summary scope of the contract awarded. The executing agency/implementing agency/contracting authority shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

APPENDIX 5 ORGANOGRAM OF DEPARTMENT OF MEDICAL SUPPLIES AND HEALTH INFRASTRUCTURE



BMED = Bio-Medical Engineering Division, DMSHI = Department of Medical Supplies and Health Infrastructure, EPI = Expanded Programme on Immunization, HIDD = Health Infrastructure Development Division, ICT = information and communication technology, MSDD = Medical Stores and Distribution Division, MSPD = Medical Supplies and Procurement Division.

Source: Asian Development Bank.