

PROCUREMENT CAPACITY ASSESSMENT REPORT

I. EXECUTIVE SUMMARY

1. The overall assessment of project procurement risk is low to medium. The only weaknesses from North-West Power Generation Company Limited's (NWPGL) past operations are, slow bid evaluation, tardy submission of audited financial statements of the executing agency itself and tardy submission of reports on financial progress of the contracts in the project. P-RAMP: Asian Development Bank (ADB) to provide consultant assistance under the technical assistance (TA) during prequalification and bid evaluation. NWPGL should increase the technical members of its technical evaluation sub-committee from 4 to 5 for the evaluation of bids of power evacuation facilities and gas distribution facilities. ADB to monitor submission of audited financial statements of the executing agency and progress reports of the main plant, power evacuation, and gas distribution pipeline contracts.

II. INTRODUCTION

2. Procurement under the proposed project loan, will be undertaken by the loan executing agency, NWPGL and includes; (i) a turnkey international competitive bidding (ICB) contract for the design, supply, erection and commissioning of Rupsha 800-megawatt (MW) R-LNG-based combined cycle power plant (CCPP) (consisting of 2x400-MW units) of an estimated total value of \$663 million, (ii) a separate supply and installation ICB contract of estimated total value of \$23.2 million, for power evacuation facilities for the power plant and (iii) an ICB turnkey contract of \$5 million for approximately 13 kilometer (km) of gas distribution piping and connection facilities to supply the Rupsha power plant. The proposed gas piping system will consist of a 24" pipe line to Rupsha 800 MW CCPP (approximately 11 km) with a 20" branch pipe line of length 2 km to supply gas to Khulna 225 MW CCPP. The power evacuation facilities will involve construction of a 230-kilovolt (kV) substation at the Rupsha power plant site and approximately 27 km of 230 kV double circuit transmission line for connection to the 230 kV grid. The proposed project loan also includes consulting services for; (i) project management and construction supervision for the Rupsha CCPP, power evacuation and gas distribution facilities and (ii) capacity building and human resources development for the loan executing agency, NWPGL. Petrobangla (the national oil and gas corporation) will be responsible to ensure steady supply of gas to Rupsha and Petrobangla has committed to provide R-LNG to the power plant from its upcoming land and offshore based terminals. Accordingly, separate contracts for the infrastructure to supply gas to Rupsha CCPP will be financed by Petrobangla as this will be outside the scope of the project. All procurement under the scope of the project will be carried out by NWPGL.

3. This assessment was prepared in accordance with the 2015 ADB Guide to assessing country, sector/agency, and project procurement risks and feeds into the preparation of the Report and Recommendation to the President for the proposed Rupsha 800 MW CCPP project loan. The assessment identifies potential risks in the executing agency's systems and/or practices that could result in ineffective use of government and/or ADB resources, assesses the severity of the risk, and develops a practical risk management plan to address the identified risks. The assessment was undertaken from 16 July to 20 July 2017 with one mission made to Dhaka by an international staff consultant. Preparation included reviewing documents from, the World Bank, OECD, Government of Bangladesh, ADB's ongoing experience, interviews with executing agency staff, and discussions with stakeholders.

III. PROJECT PROCUREMENT RISK ASSESSMENT

A. Overview

1. Organization and Staff Capacity of NWPGL

4. In recent years, NWPGL has implemented two projects financed by ADB. They are; the Khulna 150 MW Gas Turbine Power Plant in 2012 and its Upgrade to a 225 MW Combined Cycle Power Plant in 2014 and which loan is still on-going. In addition, NWPGL has built the Bheramara 360 MW CCPP power plant which was financed by Japan International Cooperation Agency. For the above two ADB-funded projects NWPGL has undertaken procurement of goods and works and recruited consulting firms and individual consultants and is familiar with ADB procurement guidelines and procedures.

5. NWPGL has five procurement staff engaged in procurement related activities; two have engineering degrees, two have financial degrees and one has IT(computer) qualifications. In general procurement staff are assigned separately to different projects. Procurement of goods and recruitment of consultants is currently managed by a deputy general manager for a project under the overall supervision of a project director (assigned for a project). Presently all five procurement staff have been assigned to the Rupsha project. In May 2017, NWPGL consultant, Deloitte, submitted its final report on the new organization structure, manpower, and job description/duties of NWPGL. The report recommended that a separate section for procurement be created headed by its own supervising engineer (SE) procurement who will report to the chief engineer technical services. The SE procurement will have reporting to him; one executive engineer (XEN) (local) for locally funded procurement (ii) 1 XEN (foreign) for non-government or donor-funded procurement (iii) one manager international aspects (IA). The two XEN's will each be supported by one engineer and the manager IA by a deputy manager making a total of seven staff dealing with procurement as against the present five.

6. For bid and prequalification evaluation on large projects, NWPGL sets up a procurement evaluation committee (PEC) consisting of seven members. The PEC is supported by a technical sub-committee (TEC) consisting of four members, all from NWPGL. NWPGL has already set up a PEC and TEC for the Rupsha project and has its procurement staff working on advance procurement action for the main CCPP, power evacuation facilities, and gas distribution connections to Rupsha plant.

2. Information Management

7. All procurement related documents are required to be maintained for a minimum period of 10 years according to the provisions of PPA 2006 and PPR 2008. NWPGL keeps theirs for 12 years. Foreign Aided Projects Audit Department (FAPAD) of the Government of Bangladesh regularly audits the activities of the projects funded by development partners. NWPGL record keeping is supported by IT.

3. Procurement and Implementation Practices

a. Goods and Works

8. Procurement process for locally funded goods and works is undertaken by NWPGL in accordance with its internal procurement procedures following Public Procurement Act-2006 (PPA-2006) and Public Procurement Rule-2008 (PPR-2008). This process is well run and generally conforms to the ADB's procurement policies. For foreign donor financed procurement,

NWPGCL follows donor guidelines. Regarding prequalification and evaluation of bids, standing evaluation committees are responsible for bid evaluations and recommendations are subject to approval by higher authority according to amount of contract.

9. For all large ADB funded projects ICB procurement is undertaken following ADB's Procurement Guidelines, whereas national competitive bidding (NCB) procurement is undertaken for small contracts. NCB procurement is undertaken within the provisions of the public procurement regulations (PPR) 2008 for government-funded projects and for ADB-funded NCB contracts in accordance with agreed ADB requirements for NCB.

b. Consulting Services

10. The procurement process for consulting services is handled by the procurement staff of NWPGCL. The consultant selection for government-funded projects is conducted in accordance with NWPGCL's internal procedures based on PPA-2006 and PPR-2008, which are acceptable to ADB in transparency and accountability, while donor guidelines are adopted for foreign-assisted projects. A consultant selection committee is convened to evaluate proposals from consultants and provide recommendation for final decision of the Board or managing director or project director depending on the size of services.

c. Status of Advance Procurement for Rupsha 800 MW CCPP Project

11. Advance procurement action has begun for the Rupsha 800 MW CCPP. NWPGCL has called for prequalification applications from interested prospective bidders and applications closed on 31 July 2017. Applications were evaluated and following ADB approval NWPGCL prequalified 14 applicants for the subsequent bidding stage. Bid documents for the CCPP power plant, power evacuation facilities and gas distribution pipeline contracts have been submitted to ADB for review and clearance. A standing Procurement Evaluation Committee (PEC) has been formed headed by Executive Director (Engg) of NWPGCL. The PEC consists of seven members, four from NWPGCL and three from other government departments; one is from Roads and Highways Department, one from Renewable Energy and R&D, PDB and the other is from the military (Mirpur Cantonment). The PEC is supported by a technical sub-committee of four members consisting of three executive engineers and deputy manager finance and accounts, all from NWPGCL.

d. Implementation Arrangements

12. Implementation supervision for the CCPP power plant, power evacuation facilities and gas distribution facilities will be carried out by NWPGCL with assistance from a team of international and national implementation consultants. From time to time, assistance will be provided by PGCB and SGCL staff before and during their portions of the project, to give guidance/assistance to the implementation consultants to ensure coordination is achieved and implementation progresses smoothly. During construction, further assistance will be provided by PGCB and SGCL for approval of design and drawings submitted by the contractors of the power evacuation and gas distribution facilities, respectively. This arrangement has worked well for the Bheramara 360 MW CCPP project financed by JICA, which is very similar to the Rupsha project. NWPGCL is currently setting up the project management unit (PMU) and so far, has assigned limited staff to it. The organogram for the PMU shows the unit will have a total compliment of 80 staff. It will be headed by a chief Engineer, it will have four divisions, headed by (i) supervising engineer(SE) Projects, (ii) manager finance, (iii) deputy manager human resources and (iv) SE Contracts & Engineering. SE Projects will have reporting to him, three

executive engineers, (mechanical, civil and electrical) and manager health, safety and environment while SE Contract & Engineering will have reporting to him executive engineer contracts and executive engineer design and engineering. In addition, the project will have a project steering committee (PSC) consisting of 16 members from various government departments, NWPGCL, PGCB, and SGCL and act as overseer of the project. The steering committee will meet four times a year to monitor progress and will report to the government.

4. e-Procurement

13. Procurement guidelines for e-procurement were set up by the government under Section 65 of the Public Procurement Act in 2011 and e-procurement has to-date been administered by the government's Central Procurement Technical Unit (CPTU). Bidders and government agencies need to register with CPTU before they can participate. Although there are no restrictions on its use, NWPGCL has used it only on small projects. NWPGCL has not used e-procurement on any large projects and it has not been used on the Rupsha project. NWPGCL procurement staff has had training at CPTU.

5. Effectiveness

14. Procurement activity is well advanced and contractual activity will be monitored by a well-staffed PMU (80 strong) aided by international and national implementation consultants.

15. Representations are resolved through the National Procurement Guide and for donor funded procurement using international procedures. For ADB funded projects through the disputes resolution board.

6. Accountability Measures

16. During procurement process, code of conduct and ethics are to be followed per PPA, PPR, and ADB guidelines. If there is any conflict of interest of any person involved that person is removed from the decision of the committee

17. Personnel involved in procurement are required to declare any potential conflict of interest.

18. NWPGCL has its own internal audit procedures and is subject to external audit.

B. Strengths

19. NWPGCL has in-house experience in implementing Government, ADB and other donor agency projects. An 80-strong PMU organization chart for the project has been prepared and staff is being recruited. NWPGCL procurement staff is trained and capable in preparing prequalification (PQ) and tender documents. The Project Director and procurement staff for the Khulna Upgrade project have been retained for the Rupsha project. NWPGCL is progressing well on the PQ and bid documents for the project. Prequalification has been carried out and approved by ADB and bid documents for the main plant, power evacuation facilities, and gas distribution pipe lines have already been submitted to ADB for review and approval. Contract awards are transparent and broadly advertised and sufficient time is given to bidders to submit bids. Approval of contracts is within NWPGCL except for contracts financed by donor agencies where donor agency approval is necessary.

20. There exists a formal non-judicial mechanism for dispute resolution.

C. Weaknesses

21. NWPGL had shown a tendency for slow progress in the bid evaluation process. In the previous loan to NWPGL for the upgrade of Khulna, it took 6 months from invitation of bids to contract signing.

22. The proposed Technical Evaluation Committee (TEC) has four members from NWPGL. During the evaluation of the bids for the power evacuation facilities and gas distribution facilities NWPGL will need assistance/ expertise from PGCB and SGCL to evaluate the technical aspects of the bids. Provision should be made for inclusion of one extra member in the TEC from PGCB during the power evacuation facilities bid evaluation and one extra member from SGCL during bid evaluation of the gas distribution facilities.

23. Audited financial statements of the executing agency on previous projects were submitted late.

24. Quarterly progress reports showing financial progress on previous projects were not submitted on time.

D. Procurement Risk Assessment and Management Plan (P-RAMP)

25. Based on the weaknesses found the P-RAMP is given in the table below.

Risk Description	Risk Assessment	Mitigation Measures
Tendency of slow progress in the bid evaluation process	Low	ADB is providing a TA consultant to strengthen NWPGL on ADB procedures.
During the evaluation of the bids for the power evacuation facilities and gas distribution facilities NWPGL will need assistance/ expertise from PGCB and SGCL to evaluate the technical aspects of the bids. Provision should be made for inclusion of one extra member in the TEC from PGCB during the power evacuation facilities bid evaluation and one extra member from SGCL during bid evaluation of the gas distribution facilities	Low	NWPGL to increase TEC members to five for each of the bid evaluations for power evacuation and gas distribution facilities. ADB to monitor

Audited financial statements of the EA are submitted late.	Medium	ADB to monitor
Quarterly progress reports showing financial progress are submitted late	Medium	ADB to monitor

ADB = Asian Development Bank, EA = executing agency, NWPGL = North-West Power Generation Company Limited, PGCB = Power Grid Company of Bangladesh Limited, SGCL = Sundarman Gas Company Limited, TA = technical assistance, TEC = Technical Evaluation Committee.

IV. PROJECT PROCUREMENT THRESHOLDS AND PROCUREMENT PLAN

26. The procurement thresholds and procurement plan are given in Appendix 5.

V. CONCLUSION

27. Based on this assessment the procurement procedures and practices of NWPGL are in compliance with the national system and with ADB procedures. The overall risk in the Project is considered low to medium.

APPENDIXES

1. Sector/Agency Procurement Assessment Tool
2. Sector/Agency Procurement Assessment Questionnaire
3. Project Procurement Risk Assessment Questionnaire
4. Project Procurement Risk Analysis

**SECTOR/AGENCY PROCUREMENT ASSESSMENT TOOL
NORTH-WEST POWER GENERATION COMPANY LIMITED**

Summary Sheet

Indicators/Questions	Initial Country Score	Verified Country Score	Sector/ Agency Scores¹	Comments
1. Legislative and Regulatory Framework	<i>Average</i>	<i>Average</i>	Average 2.4	
1.1 Does the national public procurement law (including supporting regulations, standard bidding documents and operational manuals/guides) apply to the sector?			2	National procurement laws apply to the energy sector. There are no sector specific rules, manuals or guidelines. The sector uses available national standard bidding documents for NCB.
1.2 Is the supply market for the sector sufficiently competitive to give full effect to the national procurement law and/or open competitive tendering?			2	Supply market is relatively competitive but for large projects local bidders tend to participate in joint ventures. Also, for large projects such as the building of a CCPP local suppliers have little supply capability and experience for specialist equipment.
1.3 If there is a sector specific legal framework, does it support non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)?			2	No. The sector is bound by the national framework.
1.4 Is the sector subjected to excessive regulation or government control such that competition is limited or non-existent?			1	For local procurement some agencies tend to use non-mandatory domestic preference scheme permitted by PPR 2008, but not too frequently

¹ If the sector is fully consistent with the country procurement system on an issue, apply the score allocated to the corresponding question in the country assessment.

Indicators/Questions	Initial Country Score	Verified Country Score	Sector/ Agency Scores ¹	Comments
1.5 Is there a legal and regulatory framework that enables the agency to use an e-procurement system			3	Yes. E-Procurement Guidelines were set up in 2011 under Section 65 of the Public Procurement Act. There are no restrictions on its use and NWPGL has used it in small local procurement but has not used it on large projects.
2. Institutional Framework/Management Capacity	<i>Average</i>	<i>Average</i>	Average 1.83	
2.1 Is the procurement cycle in the sector required to be tied to an annual budgeting cycle (<i>i.e.</i> can a procurement activity commence only when budget has been duly appropriated for it?)			2	Procurement Plans are required to be published annually and this is generally done in the sector.
2.2 Does the system foster efficiency through the use of adequate planning?			2	Planning procedures are adequate but there are delays in project design and approval.
2.3 Does the procurement system in the sector feature an oversight/regulatory body?			3	The sector is subject to the national procurement law which provides for the necessary oversight.
2.4 Is there a public procurement capacity development or professionalization program?			1	There is no sector specific capacity development but the CPTU has organized a national program. This was initially restricted to four target agencies which did not include NWPGL. However, 80% of NWPGL staff have attended courses and some training has been provided by ADB. Some agencies arrange for in-

Indicators/Questions	Initial Country Score	Verified Country Score	Sector/ Agency Scores ¹	Comments
				house training on finance and disbursements and procurement.
2.5 Is there a dedicated group institutionalized in the agency structure for e-procurement?			1	No, the agency uses the CPTU structure
2.6 If an e-procurement system is used, is there a structured approach to capacity building and analyzing its effective use?			2	The agency uses the CPTU structure and recently CPTU introduced a feedback form to gauge efficiency
3. Procurement Operations/ Market Practices	<i>Average</i>	<i>Average</i>	<i>Average 1.5</i>	
3.1 Is private sector competitive, well organized and able to access the sector market?			1	The private sector appears responsive but local contractors lack the experience to compete for the specialized equipment required by the sector. Local contractors mainly participate through joint ventures.
3.2 Do measures exist in the sector to ensure the adequacy and accuracy of cost estimates before bidding, and to manage contract price variations?			1	For the sector as a whole, there do not appear to be measures in place to ensure the adequacy and accuracy of cost estimates before bidding. There are many instances of bid prices coming in below the cost estimates. However, NWPGL does carry out price checks for large projects through the use of consultants.
3.3 Is the private sector able to access and participate in the agency's e-procurement			2	Yes –NWPGL advertises tenders in the CPTU's web site. Both private sector and

Indicators/Questions	Initial Country Score	Verified Country Score	Sector/ Agency Scores ¹	Comments
				Government Agencies are required to be registered in the CPTU web site.
3.4 Is there a mechanism in the sector to receive and handle observations, complaints and protests?			2	The sector is subject to the national framework which provides for the necessary complaints mechanism. Where there have been complaints, these have related to rejection on the basis of qualification and specifications.
4. Integrity and Transparency of the Public Procurement System	<i>Average</i>	<i>Average</i>	<i>Average 2.25</i>	
4.1 Is there a formal internal control and audit framework in the sector?			2	Agencies in the sector have internal audit procedures in place and are subject to external audit. In the case of NWPGL independent auditors are appointed annually.
4.2 Is information pertaining to public procurement in the sector easy to find, comprehensive and relevant?			3	Project advertising takes place in two daily newspapers as well as on the CPTU website and, where appropriate, the ADB website.
4.3 Can bidders and other stakeholders easily access procurement information through the agency's e-procurement system?			2	Yes, through the CPTU web site
4.4 Does the sector have ethics and anticorruption measures in place?			2	The sector is subject to the PPA and PPR which contain adequate provision for ethical behavior and prohibition of corrupt activities. It also includes

Indicators/Questions	Initial Country Score	Verified Country Score	Sector/ Agency Scores ¹	Comments
				provision for disciplinary action in the event of breach
OVERALL SCORES	<i>Average</i>	<i>Average</i>	<i>Average 2.00</i>	Overall Average score rounded

SECTOR/AGENCY PROCUREMENT ASSESSMENT QUESTIONNAIRE

NORTH-WEST POWER GENERATION COMPANY LIMITED

Indicators/Questions	Sector/Agency Questions	Score	Narrative ²
1. Legislative and Regulatory Framework			
1.1 Does the national public procurement law (including supporting regulations, standard bidding documents and operational manuals/guides) apply to the sector?	<p>Is the sector exempted by legislation from being subject to the national public procurement law?</p> <p>Even if subject to the national public procurement law, does the sector tend to follow it?</p> <p>Do agencies in the sector use government-issued public procurement manuals or guidance?</p> <p>Have government-issued documents been tailored to meet sector requirements?</p> <p>In absence of government-issued documents, does the sector have its own standard bidding documents/ guidelines?</p>	2	<p>No</p> <p>Yes</p> <p>Yes, for Government procurement only.</p> <p>No</p> <p>No</p>
1.2 Is the supply market for the sector sufficiently competitive to give full effect to the national procurement law and/or open competitive tendering?	<p>Is competitive bidding a common feature under the sector?</p> <p>Is there a core of suppliers in the sector who regularly submit responsive bids?</p> <p>What proportion, by %, of the sector's procurement is undertaken through open competitive bidding?</p> <p>What is the average number of bidders for publicly bid contracts?</p> <p>Do EAs tend to make sufficient efforts to attract bids (e.g. adequate advertising, bidding periods)?</p> <p>Is there availability and quality of suppliers, labor force and/or</p>	2	<p>Yes</p> <p>Not for all contracts</p> <p>More than 80%</p> <p>It can vary and depends on the contract. In Rupsha PQ 40 participants bought the PQ documents</p> <p>Yes, both locally and on the web</p> <p>Not for all contracts</p>

² Describe how the sector meets the guidance applicable to the score allocated, or other justification for the score.

Indicators/Questions	Sector/Agency Questions	Score	Narrative ²
	related goods and services in the domestic market?		
1.3 If there is a sector specific legal framework, does it support non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)?	<p>Has the sector adopted non-discriminatory, transparent tender processes?</p> <p>What is the average number of bidders for publicly bid contracts?</p>	2	Yes, as mandated in PPR
1.4 Is the sector subjected to excessive regulation or government control such that competition is limited or non-existent?	<p>Does the sector apply a domestic preference scheme?</p> <p>Does the sector require pre-registration of bidders?</p> <p>Are there acceptable provisions in the sector for the participation of State Owned Enterprises?</p>	1	<p>Yes, on most Government contracts</p> <p>Yes</p> <p>Yes</p>
1.5 Does the legal and regulatory framework enable the sector/agency to use an e-procurement system	<p>Does the sector/agency abide by the rules, regulations and guidelines for the use of e-procurement incorporated in the national procurement laws?</p> <p>Are electronic and paper documents considered as equally valid by the sector/agency?</p> <p>Are there sector/agency specific tender/bidding procedures, contract management processes and approval ceilings in the e-procurement implementation</p>	3	<p>Yes, both private and Government entities need to register on the CPTU web.</p> <p>Yes, both are equally valid but on donor agency contracts only paper documents are used.</p> <p>No. The sector uses CPTU processes</p>
2. Institutional Framework and Management Capacity			
2.1 Is the procurement cycle in the sector required to be tied to an annual budgeting cycle (i.e. can a procurement	<p>Are procurement plans in the sector prepared on as part of the budget planning and formulation process?</p> <p>Do systems and processes in the sector or key agencies in</p>	2	<p>Yes</p> <p>Yes</p>

Indicators/Questions	Sector/Agency Questions	Score	Narrative ²
activity commence only when budget has been duly appropriated for it?	the sector require certification of availability of funds before solicitation of tenders?		
2.2 Does the system foster efficiency through the use of adequate planning?	Does the sector, or key agencies in the sector, have a formalized procurement planning process(s)?	2	Yes, as part of planning of any project.
2.3 Does the procurement system in the sector feature an oversight/regulatory body?	Does the sector fall under the remit of the national oversight/regulatory body? If a national body does not exist, is there a sector-specific body that oversees/regulates procurement?	3	Yes, the sector is subject to the PPR
2.4 Is there a public procurement capacity development or professionalization program?	What proportions of procurement-related officers and staff in the sector have been trained under the national or sector capacity development program or participated in any formal procurement training program?	1	Not all officers in the sector have been trained but for NWPGL 80% of all staff have received training at CPTU.
2.5 Is there a dedicated group institutionalized for e-procurement in the sector/agency's procurement unit?	Does the sector/agency use the national e-procurement system, or does it use its own e-procurement system? Is e-procurement strategically positioned in the sector/agency's governance map/long term development plan? How is e-procurement positioned within the overall sector/agency structure? Does the sector/agency have sufficient IT infrastructure to support e-procurement	1	Yes Yes In NWPGL it mostly used for small contracts. Yes
2.6 If an e-procurement system is used, is there a structured approach to capacity building and analyzing its effective use?	What is the sector/agency's e-procurement capacity to implement system? Does the agency/e-procurement unit recognize the need for knowledge and skill building for the new way of working under e-procurement	2	NWPGL is fully capable of implementing the system Yes, and NWPGL has received training from CPTU

Indicators/Questions	Sector/Agency Questions	Score	Narrative ²
3. Procurement Operations and Market Practices			
3.1 Is private sector competitive, well organized and able to access the sector market?	<p>Is the private sector well organized and able to access the sector market?</p> <p>Do civil society organizations regard public procurement in the sector to be open and accessible to the market?</p>	1	<p>Not to a large extent</p> <p>Yes</p>
3.2 Do measures exist in the sector to ensure the adequacy and accuracy of cost estimates before bidding, and to manage contract price variations?	<p>What percentages of contracts are awarded for values less than the original cost estimates?</p> <p>What percentage of contract variations amount to a cumulative impact of more than 10% of the original contract price?</p>	1	-
3.3 Is the private sector able to access and fully participate in the agency e-procurement activities	<p>What functions exist and are being used in the sector/agency e-procurement system?</p> <p>Are all forms available/accessible online?</p> <p>Do bidders pay any fees for the use of the system?</p> <p>What other government IT systems does the e-procurement system link to?</p> <p>Are foreign bidders able to participate in sector/agency's e-procurement?</p> <p>What percentage of sector/agency's total bids are transacted through the e-procurement system?</p>	2	<p>CPTU web site is used by both private sector entities and government agencies.</p> <p>Yes</p> <p>No</p> <p>-</p> <p>Yes</p> <p>-</p>
3.4 Is there a mechanism in the sector to receive and handle observations, complaints and protests?	<p>Are there sector-specific procedures to receive and handle observations, complaints and protests?</p> <p>Are complaints and protests in the sector processed within the maximum time limit provided for in the law?</p>	2	Yes, as mandated in PPR

Indicators/Questions	Sector/Agency Questions	Score	Narrative ²
	Have bidders used the complaint and protests mechanisms?		
4. Integrity and Transparency of the Sector Public Procurement System			
4.1 Is there a formal internal control and audit framework in the sector?	<p>Do key agencies in the sector have an independent internal audit function?</p> <p>Do key agencies in the sector have adequate internal control mechanisms to oversee the procurement function?</p> <p>Are key agencies in the sector subjected to regular performance or value for money audits?</p> <p>Are key agencies in the sector subjected to annual financial audits?</p> <p>Are internal or external audit findings/recommendations acted on in a timely fashion?</p>	2	<p>Yes, in the case of NWPGL</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
4.2 Is information pertaining to public procurement in the sector easy to find, comprehensive and relevant?	<p>What percentage of bids is published in a medium that is easily and freely accessible?</p> <p>Can bidders easily and freely access bid information?</p> <p>What is the percentage of contract awards announced in medium that is easily and freely accessible?</p> <p>Are third party observers invited to attend public biddings?</p>	3	<p>100%</p> <p>Yes</p> <p>100%</p> <p>Yes</p>
4.3 Can bidders and other stakeholders easily access sector/agency's procurement information through the e-procurement system?	<p>What is civil society's involvement in the e-procurement system?</p> <p>What kind of dynamics exist between/among private sector and other stakeholder groups?</p> <p>Are bidders and other stakeholders able to monitor all the sector/agency's e-procurement transactions?</p>	2	<p>There is no significant involvement</p> <p>-</p> <p>Not all-only registered firms</p>
4.4 Does the sector have ethics and anticorruption	Are there sector-specific procedures to verify a bidder's legitimate existence, track	2	No- only as required under the PPR

Indicators/Questions	Sector/Agency Questions	Score	Narrative ²
measures in place?	<p>records, financial capacity and capacity to complete the job?</p> <p>Are there sector-specific procedures to rate performance and/or debar bidders, supplier, contractors and consultants for ethical or integrity violations?</p> <p>Does the sector, or key agencies in the sector, maintain a register of debarred suppliers, contractors and consultants?</p> <p>Are there sector-specific integrity principles and guidelines?</p>		<p>There are no sector specific procedures – only as specified in the PPR.</p> <p>Yes</p> <p>Only as laid out in PPR</p>

PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE
NORTH-WEST POWER GENERATION COMPANY LIMITED

QUESTION	RESPONSE ³	RISK ⁴
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. The Procurement Committee is formed in accordance with the public procurement regulations (PPR) and includes members from other government agencies/offices.	Low
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. Also, in the new organization of NPWGCL the Procurement Unit will have a superintending engineer (SE) and will have the duties of local and foreign procurement separated. Staff numbers will be increased from 5 to 7 staff.	Low
A.3 If yes, what type of procurement does it undertake?	Goods, Works and Consulting Services	Low
A.4 How many years' experience does the head of the procurement department/unit have in a direct procurement role?	8 Years	Low
A.5 How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	5	Low
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	Yes, but everyday working language is Bangla	Low
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 –all full-time staff have university degrees; 2 Electrical, 2 Financial and 1 Computer	Low
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	Low
A.9 Does the agency have, or have ready access to, a procurement training program?	No. All procurement training is carried out by the Central Procurement Technical Unit (CPTU) and International Financial Institutions.	* Average
A.10 At what level does the department/unit report (to the head of agency, deputy etc.)?	Director Technical	Low

³ Responses should include a discussion of the e-procurement component if an e-procurement system is in use or if is being planned for implementation.

⁴ Questions indicated with * are associated with potentially 'High' or 'Substantial' risks due to the impact being 'High', therefore the strategy for managing those risks should be addressed in the Project Procurement Risk Analysis (Appendix 3).

QUESTION	RESPONSE ³	RISK ⁴
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Some but not all have job descriptions	Average
A.12 Is there a procurement process manual for goods and works?	Yes- based on the PPR	Low
A.13 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
A.14 Is there a procurement process manual for consulting services?	Yes –It is PPR 2008	Low
A.15 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	Yes, but not yet fully staffed	Low
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	Low
A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	Low
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?	Yes	Low
A.20 Does the agency follow the national procurement law, procurement processes, and guidelines?	Yes	Low
A.21 Do TORs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	Low
A.22 Who drafts the procurement specifications?	Consultants generally	
A.23 Who approves the procurement specifications?	Project Director and Executive Engineer	Low
A.24 Who in the PMU has experience in drafting bidding documents?	Director and Executive Engineer	Low
A.25 Are records of the sale of bidding documents immediately available?	Yes	Low
A.26 Who identifies the need for consulting services requirements?	Project Director	Low
A.27 Who drafts the Terms of Reference (TOR)	Planning & Design Department	Low
A.28 Who prepares the request for	Deputy General Manager Design	Low

QUESTION	RESPONSE ³	RISK ⁴
proposals (RFPs)		
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	Yes –Hard copy files and archives	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?	Limited resources	Average
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes –12 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
B.8 Is the agency's record keeping function supported by IT?	IT record keeping started but not fully operational	Average
C. PROCUREMENT PRACTICES		
Goods and Works		
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.	Yes. 1. Khulna 150 MW Gas Turbine Project in 2013 and its later conversion to 225MW Combined Cycle plant in 2014 both financed by ADB. 2. Bheramara 360MW CCPP financed by JICA	Low
C.2 If the answer is yes, what were the major challenges faced by the agency?	Timely submission of draft bidding documents and evaluation reports	Average
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes, Procurement Plans are prepared annually.	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	Yes usually 2 months for a large contract	Low
C.5 Are all queries from bidders replied to in writing?	Yes	Low
C.6 Does the bidding document state the date and time of bid opening?	Yes	Low
C.7 Are bids opened in public?	Yes	Low
C.8 Can late bids be accepted?	No	Low
C.9 Can bids (except late bids) be	No	Low

QUESTION	RESPONSE ³	RISK ⁴
rejected at bid opening?		
C.10 Are minutes of the bid opening taken?	Yes	Low
C.11 Are bidders provided a copy of the minutes?	Yes	Low
C.12 Are the minutes provided free of charge?	Yes	Low
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	A Permanent Bid Evaluation Committee consisting of 5-7 Members from NWPGL and 2 from outside agencies.	Low
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Technical Experts and Financial Experts	Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Subject to additional approvals by Board and donor Agencies	Average
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?	For Khulna Upgrade invitation to contract signing took 6 months	Average
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes	Low
C.18 Are there established goods receiving procedures?	Yes	Low
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes	Low
C.20 Is the agency/procurement department familiar with letters of credit?	Yes	Low
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes	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.)	Yes – Implementation Consults for Khulna Upgrade financed by ADB	Low
C.23 If the above answer is yes, what were the major challenges?	None	Low
C.24 Are assignments and invitations 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. The committee comprises of members stipulated in the PPR.	Low
C.26 What criteria are used to evaluate EOIs?	The criteria set by the evaluation committee follow Donor Agency guidelines	Low

QUESTION	RESPONSE ³	RISK ⁴
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, as required	Low
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes	Low
C.32 To whom are the minutes distributed?	To all firms issued with RFP's.	Low
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 and remain sealed until the technical evaluation is completed?	Yes, but this also depends on the recruitment method employed.	Low
C.35 Are proposal securities required?	No	Low
C.36 Are technical proposals opened in public?	No	Low
C.37 Are minutes of the technical opening distributed?	Yes, to participating firms	Low
C.39 Who determines the final technical ranking and how?	The Evaluation Committee in accordance with the procedures laid out in the PPR	Low
C.40 Are the technical scores sent to all firms?	No. Technical scores of firms that are above the minimum score are declared during the opening of financial proposals	Low
C.41 Are the financial proposal opened in public?	Yes	Low
C.42 Are minutes of the financial opening distributed?	Yes, to the firms whose financial proposals have been opened	Low
C.43 How is the financial evaluation completed?	In accordance with the RFP and the PPR	Low
C.44 Are face to face contract negotiations held?	Yes	Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	Normally 2 weeks' notice is given. However, attempts are made to conclude before the proposal validity period expires.	low
C.46 What is the usual basis for negotiation?	Implementation process, work plan, staffing schedule, equipment, training client's inputs. Sometimes price if client decides to ask for an input that was not specified in the RFP.	Low
C.47 Are minutes of negotiation taken and signed?	Yes	Low
C.48 How long after negotiation is the contract signed, on average?	Usually about 4 weeks	Low
C.49 Is there an evaluation system for measuring the outputs of consultants?	Yes, in the Project Completion Form.	Low

QUESTION	RESPONSE ³	RISK ⁴
Payments		
C.50 Are advance payments made?	No for Government financed contracts Yes, for Donor Agency funded contracts	Average
C.51 What is the standard period for payment included in contracts?	60 Days	Average
C.52 On average, how long is it between receiving a firm's invoice and making payment?	This depends on the period indicated in the contract but usually less than 1 month	Average
C.53 When late payment is made, are the beneficiaries paid interest?	No for Government funded contracts Yes, when specified in donor funded contracts	High
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?	Yes, as laid down in PPR	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?	Yes, if project is funded by an external agency or institution external agency/institution approval is required	Average
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	The Project Director and he has the necessary delegated authority, procurement experience and necessary qualifications	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?		
a) Bidding document, invitation to	In the case of external financing depending	Low

QUESTION	RESPONSE ³	RISK ⁴
pre-qualify or RFP	on the approval authority stipulated in the loan agreements. In case of locally funded projects per authority stipulated in the PPR.	
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	As in a) above	Low
c) Evaluation reports	As in a) above	Low
d) Notice of award	As in a) above	Low
e) Invitation to consultants to negotiate	As in a) above	Low
f) Contracts	As in a) above	Low
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

PROJECT PROCUREMENT RISK ANALYSIS

Using the Risk Categories at Figure 5, determine the risk management strategy to apply to each potentially High or Substantial risk (from Appendix 2)

SL No.	RISK	IMPACT ¹³	LIKELIHOOD ¹⁴	STRATEGY ¹⁵
A6, A7, A9, A16, A17, A23, C1, C2, C14, C22, C23	Procurement Department and/or PMU have insufficient qualified staff to efficiently undertake the procurements required to implement the project.	High	Unlikely	NWPGCL has sufficient trained staff to efficiently undertake all procurement under the Project.
A19 – A20	The Agency uses practices inconsistent with national procurement law or bidding documents unsuitable for ADB-funded procurement.	High	Unlikely	NWPGCL follows the national procurement processes guidelines and
B2 –B3	Record-keeping is inadequate to enable internal or external audit of procurement processes.	High	Unlikely	NWPGCL has adequate record keeping.
A25, C4 - C12, C24- C44, C47, D5, E7	Agency does not promote non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)?	High	Unlikely	NWPGCL uses non-discriminatory transparent bid processes.
C15, E1 – E.6	The Agency has inadequate ethics and anticorruption measures in place.	High	Unlikely	NWPGCL follows the PPR as mandated by the Government. Approvals are appropriate and given by qualified staff

¹³ Any risk that may result in actions that are inconsistent with the ADB Procurement Guidelines or Guidelines on the Use of Consultants is assessed as 'High'.

¹⁴ 'Likely' or 'Unlikely' to occur in the life of the project, given the response to the question in Appendix 2 and the guidance note in the column.

¹⁵ 'Mitigate' (either through the Procurement Plan including NCB Annex or through measure/s indicated in Appendix 5), 'Monitor' or 'Avoid'.