



Project Procurement Risk Assessment

Project Number: 40540-016
November 2019

Bangladesh: South Asia Subregional Economic
Cooperation Dhaka–Northwest Corridor Road
Project, Phase 2

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EXECUTIVE SUMMARY

1. The Roads and Highways Department (RHD) under the Ministry of Road Transport and Bridges (MORTB) of the Government of Bangladesh is executing the multitranche financing facility (MFF) MFF0103-BAN: South Asia Subregional Economic Cooperation (SASEC) Dhaka–Northwest Corridor Road Project, Phase 2 to (i) upgrade the Dhaka–Northwest international trade corridor of Elenga–Hatikumrul–Rangpur, (ii) enhance the institutional capacity of RHD for road operation and management, and (iii) finance additional works and cost overrun under Loan 2949-BAN: SASEC Road Connectivity Project for upgrading the Dhaka–Northwest international trade corridor of Joydeypur–Chandra–Tangail–Elenga.
2. Tranche 1, comprising a regular loan of \$250 million (Loan 3592-BAN) and a concessional loan of \$50 million (Loan 3593-BAN), has been converted from the MFF to finance the first slice of the project. RHD has engaged (i) eight civil works contractors selected through the international competitive bidding (ICB) procedure with single-stage two-envelope, purchased goods through national competitive bidding (NCB) and shopping procedures; and (ii) a project implementation consultant selected through quality- and cost-based selection (QCBS), in accordance with ADB's procurement and consultant selection guidelines under Loans 3592/3593-BAN (Tranche 1). RHD plans to undertake procurement for three civil works packages through the ICB procedure with single-stage two-envelope under Tranche 2 to be converted from the MFF in 2019.
3. Procurement Circle, a permanent central unit of the Government of Bangladesh, performs the function of overall procurement management in RHD, and provides necessary instructions and assistance for procurement executed by the project implementation unit. RHD has a procurement process manual for goods, works, and services, and adequate ethics and anticorruption measures in place.
4. RHD has good experience in procurement of civil works and consulting services under foreign-aided projects. However, the discrepancies of procurement guidelines between the government and the development partners are major challenges for RHD. RHD does not have authority to approve bid evaluation, contract award, and contract variations for the civil works contracts under the project, and needs to submit these to the Cabinet Committee on Government Purchase (CCGP) for approval. The process of approval by the CCGP as well as concurrence by the development partners has often delayed commencement of works and services.
5. Due to lack of experienced procurement staff and transparency during advance procurement action, the risk rating was *moderate* at appraisal. Although procurement for the major civil works has been completed, the overall procurement risk rating for the project is still *moderate*. The project may also face difficulties in contract management and implementation. Close monitoring of the civil works contracts implementation is recommended.

I. INTRODUCTION

1. This project procurement risk assessment was prepared in accordance with ADB's Guide on Assessing Procurement Risks and Determining Project Procurement Classification in August 2015, and is intended to appraise South Asia Subregional Economic Cooperation (SASEC) Dhaka–Northwest Corridor Road Project, Phase 2.¹ The project seeks to improve the road connectivity of the Dhaka–Northwest international trade corridor. Three outputs will be delivered: (i) Dhaka–Northwest international trade corridor (Elenga–Hatikumrul–Rangpur) upgraded; (ii) institutional capacity of the Roads and Highways Department (RHD) for road operation and management enhanced; and (iii) stronger road safety and gender-responsive features, and the cost overrun for Phase 1 of the Dhaka–Northwest international trade corridor (Joydeypur–Chandra–Tangail–Elenga) financed. The assessment was undertaken during the loan pre-fact-finding mission for Tranche 2 in March 2019 through interviews with the project implementation unit (PIU) of RHD.

2. The multitranche financing facility (MFF) is financing slices of long-term contract packages. Each tranche finances slices of a group of contracts per the indicative tranche schedule, and the amount for each tranche is requested per the disbursement progress and projection. Based on the request from the Government of Bangladesh, Tranche 1, comprising a regular loan of \$250 million (Loan 3592-BAN) and a concessional loan of \$50 million (Loan 3593-BAN), has been converted from the MFF to finance the first slice of the project.

3. As a result of Bangladesh's country and sector procurement risk assessment in 2016, the country and transport sector risk was rated *moderate*.²

4. This report (i) assessed strengths and weaknesses in project procurement practices and capacity from the perspective of (a) organizational and staff capacity; (b) information management; (c) procurement practices (goods and works, consulting services, and payment practices); (d) effectiveness; and (e) accountability measures; (ii) identified and evaluated procurement risks at the project level; and (iii) proposed risk mitigation and management strategies and activities.

II. PROJECT PROCUREMENT RISK ASSESSMENT

A. Overview

5. The procurement risk assessment questionnaire completed by the Deputy Project Manager, PIU for the project is provided in Appendix 1.

1. Organization and Staff Capacity

6. RHD has experience in procurement for works and consulting services under the following foreign-assisted projects: (i) SASEC Road Connectivity Project aided by the Asian Development Bank (ADB), (ii) Western Bangladesh Bridge Improvement Project aided by the Japan

¹ ADB. 2017. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility and Technical Assistance Grant to People's Republic of Bangladesh for South Asia Subregional Economic Cooperation Dhaka–Northwest Corridor Road Project, Phase 2*. Manila.

² ADB. 2016. *Bangladesh Country and Sector Procurement Assessment 2015*. Manila.

International Cooperation Agency (JICA), (iii) Cross-Border Project by JICA, and (iv) the Kanchpur–Meghna–Gomti Bridge Project by JICA. RHD has also undertaken procurement for works and consulting services under many government-funded projects.

7. The PIUs and field offices of RHD undertake the procurement activities independently. Procurement Circle, which is a permanent central unit of the Government of Bangladesh, performs the function of overall procurement management of RHD, and provides necessary assistance and procurement management service for the PIUs and field offices. Procurement Circle is led by a superintending engineer, and staffed with two executive engineers, one sub-divisional engineer, two assistant engineers, two sub-assistant engineers, two office assistants, and three computer operators.

8. According to the Public Procurement Rules enacted in 2008 in Bangladesh, RHD has an independent tender evaluation committees (TEC). For foreign-aided projects, bid evaluation by the TEC is subject to concurrence from the foreign project financier and approval of the appropriate government authority depending on the estimated value of procurement. Procurement under the project requires a decision by the Cabinet Committee on Government Purchase (CCGP), which is the highest approving authority of the government.

9. RHD established the PIU for the project in January 2017. The PIU is responsible for day-to-day project implementation under the oversight of the SASEC Transport Working Group led by (i) the Secretary, Road Transport and Highways Division, Ministry of Road Transport and Bridges (MORTB), and (ii) the Chief Engineer of RHD. A senior staff of RHD was appointed as project director (head of the PIU). He has been working in RHD for more than 33 years. In the entire working period with RHD, he has performed regular procurement activities. He is trained on International Federation of Consulting Engineers (FIDIC) on (i) forms of contract, (ii) procedures and preparation evaluation of tenders, and (iii) contract documents. He also has experience in project management as a project manager in the Dhaka-Chittagong Four Lane Project and the Dhaka Urban Transport Project funded by the World Bank, and as a deputy project manager in the Jamuna River Bridge Construction Project funded by JICA. The Project Director is supported by a deputy project director, an assistant project director, additional project directors responsible for safeguard implementation, and eight project managers responsible for implementation of the eight major civil works contract packages. The PIU has the sufficient number and requisite qualifications of staff to undertake procurement and consultant selection for the project. Technical tasks such as (i) review of technical specifications, bill of quantities, and drawings; (ii) preparation of bidding documents and requests for proposals; and (iii) preparation of bid evaluation reports are carried out by the PIU staff. The middle and senior levels of the PIU staff have a high degree of English language proficiency. Overseas trainings may be required for them to learn FIDIC-based procurement and contract management activities.

10. The PIU has adequate office facilities available to undertake the planned procurement and consultant selection required for the project.

2. Information Management

11. RHD does not have a referencing system for procurement files and resources dedicated to record-keeping infrastructure, including the record-keeping system, space, equipment, and personnel to administer the procurement records management functions. The PIU maintains and preserves the necessary documents manually. RHD's IT-supported record-keeping function is under preparation.

12. The PIU retains copies of procurement documents such as bidding documents, submissions, and evaluation reports with appendices of advertisements, minutes of pre-bid and bid opening meetings, evaluation records, and correspondence with the donor or other agencies following the government's document retention policy.

3. Procurement Practices

13. RHD recently carried out procurement of goods and works and consultant selection under several projects aided by foreign funds, including (i) the SASEC Road Connectivity Project aided by ADB, and (ii) the Western Bangladesh Bridge Improvement Project, the Cross-Border Project, and the Kanchpur–Meghna–Gomti Bridge project funded by JICA.

a. Goods and Works

14. Under the above projects aided by the development partners, procurement for goods and works has been undertaken in accordance with their policies. The discrepancies of procurement guidelines between the government and the development partners were major challenges for RHD. Approval by the respective government authorities as well as concurrence from the development partners are necessary but often delayed due to the discrepancies, especially in cases when procurement involves ambiguous and extraordinary issues. In some cases, approval took almost 2 years from the issuance of the invitation for bids to the contract award.

15. Bidders, especially national bidders, lack understanding about the development partners' procurement procedures and requirements. Some bidders proposed negative unit prices for some work items in the bill of quantity under the project. It was observed that they intended to reduce their bid prices by using negative unit prices and not to claim for executed works with negative unit prices. Proposed negative unit prices do not violate the contract conditions but deviate from the standard commercial activities. Contract award to such bidders involves high risk for disputes among the employer, the engineer, and the contractor. Bid evaluation for the major civil works packages under the project requires approval by the CCGP and the ADB procurement committee. It took a long time to agree on how such abnormal bids should be evaluated.

16. Contract forms are part of the bidding documents. After approval of the bid evaluation by the CCGP and ADB, the contract is signed by the Chief Engineer of RHD and the representative of the awarded bidder. Technical specifications, bill of quantity, and drawings in the bidding documents prepared by the detailed design consultants often require substantial changes. Under Loan 2949-BAN: SASEC Road Connectivity Project, substantial changes in prices, scopes, and detailed designs were required for the civil works contracts, and the additional costs are funded under Loan 3592-BAN (Tranche 1). Also, changes in detailed designs and additional works were proposed for the major civil works contracts under this project during the inception review mission for Tranche 1 in February 2019. Any contract variations in work items and time schedule require approval of the CCGP. There is a risk of not completing the civil works by the contract completion date.

17. RHD (the employer) has appointed the Project Director as the Engineer of the civil works contracts. While FIDIC contract conditions allow it, this arrangement has high potential of constituting conflict of interest. It is difficult for the Engineer who is the employer's staff to give neutral instructions and fair decisions to the contractors. Such appointment has a potential risk for contract disputes. The contractors may have complaints about the Engineer's instructions and decisions. Also, the Engineer has no power to extend the contract period and increase the

contract price under the FIDIC Conditions of Contract (Pink Book) used for the project. However, the Engineer (Project Director of RHD) virtually has power to do so, as the Engineer is supervised by the Employer (Chief Engineer of RHD) and may be instructed by the higher authority. RHD is recommended to appoint the team leader of the project implementation consultant as the Engineer.

b. Services

18. Similar to the procurement for goods and works, consultant selection has been undertaken in accordance with the development partners' policies under the projects aided by foreign funds. The discrepancies of consultant selection procedures between the government and the development partners were major challenges for RHD. Approval by the respective government authorities as well as concurrence from the development partners is necessary but often delayed due to the discrepancies. It takes an average of 4–5 months to sign the consulting service contract after negotiation.

19. RHD staff have difficulties in preparing request for proposal documents following the development partners' standard documents, and in setting exact requirements for some novel components like supervision for construction works of a road research and training center and installation works of road operation units.

4. Performance of e-Procurement System

20. The project does not use e-procurement.

5. Effectiveness

21. RHD engages a project implementation consultant to monitor physical and contractual performance of contractors and to track their contractual payment obligations. The consultant submits monthly reports to the PIU. Compliance of works with contract documents, contractual payment obligations, quality of works, and contractual performance are also monitored by Project Managers in the field offices.

6. Accountability Measures

22. The PIU staff who were involved with procurement are required to declare any potential conflict of interest. If this exists, they are removed from the procurement process. There is an auditable trail of procurement decisions attributable to individuals and committees.

23. For foreign-aided projects, approval of bidding document by the Procurement Circle for RHD is required before sending a formal request for review and approval. MORTB and the CCGP approve bid evaluations and recommendations by TEC before the contract award. The contracts are signed by the Chief Engineer of RHD and the representative of the awarded bidder. The Project Director has the authority to approve other procurement transactions such as invitation to bid and invitation to contract negotiations. However, the Project Director has no authority to approve any changes and variations of work items, and time and schedule of contracts, which need to be approved by the CCGP. It is likely that the approval process will cause project implementation delay.

24. RHD has disclosed the name of the winning bidders and the amounts of the awarded works contracts on its website. Pursuant to the loan agreement for the project, RHD shall disclose

(i) the list of participating bidders for works, and (ii) the list of participating bidders, the name of the winning bidder, and the amount of the contracts awarded for goods and services.

B. Strengths

25. The strengths of RHD's procurement capacity are identified as follows:

- (i) RHD is supported by the Procurement Circle that performs the function of overall procurement management, and has a procurement process manual for goods, works, and services.
- (ii) RHD has good experience in procurement of civil works and consulting services under foreign-aided projects.
- (iii) The Project Director (head of PIU) of RHD has abundant experience in project implementation and procurement. Each of the project managers is responsible for each of the eight major civil works contracts. The PIU staff have sufficient level of English language proficiency.
- (iv) RHD has adequate ethics and anticorruption measures in place.
- (v) RHD has adequate office facilities to undertake procurement for works and services.

C. Weaknesses

26. Weaknesses of RHD's procurement capacity are identified as follows:

- (i) RHD staff may require overseas training for further capacity development for undertaking procurement activities. RHD does not have qualification requirements for the evaluators.
- (ii) RHD does not have a systematic process to determine procurement requirements.
- (iii) Since there are discrepancies between the procurement guidelines of the government and the development partners', approval from both often delayed commencement of the works and services.
- (iv) RHD has difficulty in preparing the request for proposal following the development partners' guidelines.
- (v) Field-level officer positions of some PIUs are still vacant.
- (vi) Any change and variation of work items, and time and schedule of contracts need to be approved by the CCGP.
- (vii) RHD does not have adequate resources allocated for record-keeping infrastructure. The PIU maintains and preserves the necessary documents manually. The development of an IT-based record-keeping system is in progress.

D. Procurement Risk Assessment and Management Plan

27. In accordance with the risk assessment table (Appendix 1 of the Procurement Risk Framework), the procurement risks of RHD are identified in Table 1. The procurement risk assessment and mitigation plan (P-RAMP) for the proposed project is given in Appendix 2.

Table 1: Procurement Risk Analysis

SL No	Risk	Consequence	Likelihood	Rating
A9, C14	RHD has appointed the Project Director as the Engineer of the civil works contracts. Such appointment has a potential risk for contract disputes. RHD staff may require overseas training for further capacity development for undertaking procurement activities. RHD does not have qualification requirements for the evaluators.	Moderate	Likely	High
C3	RHD does not have a systematic process to determine necessary procurement requirements.	Minor	Likely	Medium
C2, C4, C23, C28	Since there are discrepancies between the government's and the development partners' procurement guidelines, RHD has difficulty in preparing the RFP following the development partners' guidelines. Also, RHD needs to improve staff skills in preparing RFP documents.	Moderate	Likely	High
C16, C48	Concurrence from the government authorities as well as from the development partners is delayed. In some cases, this took almost 2 years from the issuance of the invitation for bids to the contract award. It takes an average of 4–5 months to sign the consulting service contract after negotiation.	Major	Possible	High
A16	Field-level officer positions of some PIUs are still vacant.	Moderate	Almost certain	High
E5	Any change/variation of work item and time/schedule of contracts need to be approved by the CCGP.	Moderate	Almost certain	High
B2, B8	RHD does not have adequate resources allocated for record-keeping infrastructure. The PIU maintains and preserves the necessary documents manually. Development of the IT-based record-keeping system is in progress.	Minor	Likely	Medium

CCGP = Cabinet Committee on Government Purchase, IT = information technology, PIU = project implementation unit, RFP = request for proposal, RHD = Roads and Highways Department, SL = serial.
Source: Asian Development Bank.

III. PROCUREMENT PLAN

28. RHD has engaged (i) eight civil works contractors selected through the ICB procedure with single-stage two-envelope, purchased goods through NCB and shopping procedures; and (ii) a project implementation consultant selected through QCBS, in accordance with ADB's procurement and consultant selection guidelines under Tranche 1. RHD plans to engage three civil works contractors through ICB procedure with single-stage two-envelope under Tranche 2. RHD does not use e-procurement.

IV. CONCLUSION

29. Due to lack of experienced procurement staff and transparency during advance procurement action, the risk rating was *moderate* at appraisal.³ Procurement of major civil works packages and selection of the project implementation consultant have been completed under Tranche 1. The PIU of RHD is considered to have built capacity sufficient to undertake bidding for the three civil works packages under Tranche 2. While discrepancies between government procurement regulations and ADB procurement policy are major challenges, ADB and RHD can manage to find solutions to the challenges.

30. However, the project may face difficulties in contract management and implementation. The PIU needs to appoint qualified staff to the vacant positions at the field offices immediately. There is a possibility that disputes between the employer and the contractors may occur. It is highly likely that contract variations will be required to change contract prices and designs of the works. The approval process by the CCGP of necessary contract variations may cause project implementation delay. The overall procurement risk is still *moderate* (medium–high). Close monitoring of the implementation of civil works contracts is recommended.

³ This rating followed the Guide on Assessing Procurement Risks and Determining Project Procurement Classification (August 2015).

**PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE
(Roads and Highways Department)**

QUESTION	RESPONSE	RISK ^a
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?	According to Public Procurement Rules (PPR) 2008, RHD has independent tender evaluation committees (TEC) for evaluation of tenders/bids.	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?	Procurement Circle at RHD HQ, which is the permanent central unit, performs the function of overall procurement management of the Roads and Highways Department (RHD).	Low
A.3 If yes, what type of procurement does it undertake?	Procurement Circle does not undertake procurement. Project implementation units (PIUs) and field offices of RHD do the procurement activities independently. Procurement Circle performs the function of overall procurement management.	Low
A.4 How many years of experience does the head of the procurement department/unit have in a direct procurement role?	The Superintending Engineer of Procurement Circle has a 15-year experience in direct procurement role.	Low
A.5 How many staff in the procurement department/unit are i. Full-time ii. Part-time iii. Seconded	i. Full-time: 1 Superintending Engineer, 2 Executive Engineers, 1 Sub-divisional Engineer, 2 Assistant Engineers, 2 Sub-assistant Engineers, 2 office assistants, 3 computer operators ii. Part-time: none iii. Seconded: none	Low
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	Middle and senior level officers have a high level of English language proficiency (verbal and written).	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?	The PIU has sufficient number and qualifications of staff to undertake additional procurement. Procurement Circle shall provide necessary assistance, advice, and procurement management service for the additional procurement to be done by the PIU.	Low*
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers, etc. to undertake the planned procurement?	Adequate facilities are available to undertake the planned procurement.	Low

QUESTION	RESPONSE	RISK ^a
A.9 Does the agency have, or have ready access to, a procurement training program?	Local trainings on procurement are readily accessible. But overseas training may be required to further capacity development for undertaking procurement activities, such as learning about steps or systems followed for expedited procurement.	Medium*
A.10 At what level does the department/unit report (to the head of agency, deputy, etc.)?	Procurement Circle reports to the Chief Engineer, RHD.	Low
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements, and career routes?	Yes.	Low
A.12 Is there a procurement process manual for goods and works?	There is a procurement process manual for goods and works, following PPR '08. Standard tender documents are published by the Central Procurement Technical Unit (CPTU) of the Government of Bangladesh. Standard documents of development partners are used for foreign-aided projects.	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?	There is a procurement process manual for consulting services, following PPR '08. Standard request for proposals and documents (RFP) is published by the CPTU.	Low
A.15 If there is a manual, is it up-to-date and does it cover foreign-assisted projects?	Yes.	Low
B. PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	The PIU is almost fully staffed except few field level officers.	High*
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 computers, 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	The PIU uses ADB's standard documents, forms, and guidelines for ADB-funded projects.	Low*

QUESTION	RESPONSE	RISK ^a
been approved for use in ADB-funded projects?		
A.20 Does the agency follow the national procurement law, procurement processes, and guidelines?	Yes.	Low*
A.21 Do terms of reference (TOR) for consulting services follow a standard format such as background, tasks, inputs, objectives, and outputs?	Yes.	Low
A.22 Who drafts the procurement specifications?	PIU.	Low
A.23 Who approves the procurement specifications?	Head of PIU (Project Director).	Low
A.24 Who in the PMU has experience in drafting bidding documents?	PIU officers have experience in preparing bidding documents.	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?	PIU.	Low
A.27 Who drafts the TOR?	PIU.	Low
A.28 Who prepares the request for proposals (RFP)?	PIU.	Low
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	There is manual referencing system for necessary letters and documents.	Low
B.2 Are there adequate resources allocated for record-keeping infrastructure, which include the record-keeping system, space, equipment, and personnel to administer the procurement records management functions within the agency?	There is no dedicated resource allocated for the said purpose. The PIU maintains and preserves the necessary documents.	Medium*
B.3 Does the agency adhere to a document retention policy (i.e., for what period are records kept)?	There is a document retention policy specified by the government. Depending on the type of records, the period varies from 3 to 10 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

QUESTION	RESPONSE	RISK ^a
B.7 Are copies of invoices included with the contract papers?	Invoices are preserved with the respective contract files.	Low
B.8 Is the agency's record-keeping function supported by information technology (IT)?	Work on an IT-based record-keeping system is in progress.	Medium
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.	RHD has several projects that are being aided by foreign funds, e.g., South Asia Subregion Economic Cooperation (SASEC) Road Connectivity Project aided by ADB, Western Bangladesh Bridge Improvement Project aided by JICA, Cross-Border Project by JICA, and Kanchpur–Meghna–Gomti Bridge Project by JICA, etc. The PIUs of those projects are performing respective procurement for goods or works.	Low*
C.2 If the answer is yes, what were the major challenges faced by the agency?	Concurrence from respective authorities as well as from the development partners is delayed. Government Procurement Guidelines and the development partners' guidelines are different in some issues. Moreover, bidders (especially the local ones) have lack of understanding about the procurement procedures and requirements.	High*
C.3 Is there a systematic process to identify procurement requirements (for a period of 1 year or more)?	There is no systematic process. For the approved projects, necessary procurement requirements are defined and sequenced with specific timeline.	Medium
C.4 Is there a minimum period for the preparation of bids? If yes, how long?	There is no specific minimum period.	Medium*
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?	Bids are opened in the presence of participating bidders.	Low*
C.8 Can late bids be accepted?	Bids are not accepted after the time and deadline specified in the Information for bidders.	Low*
C.9 Can bids (except late bids) be rejected at bid opening?	No.	Low*
C.10 Are minutes of the bid opening taken?	Bid opening minutes are prepared in the presence of those participating, and circulated to participating bidders.	Low*

QUESTION	RESPONSE	RISK ^a
C.11 Are bidders provided a copy of the minutes?	Bidders are provided with bid opening minutes signed by the members of the bid opening committee.	Low*
C.12 Are the minutes provided free of charge?	Yes.	Low*
C.13 Who undertakes the evaluation of bids (individuals, permanent committee, ad hoc committee)?	A permanent Tender/Bid Evaluation Committee (TEC) undertakes the evaluation.	Low
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	There is no such requirement of qualifications. But staff involved in procurement have training/academic background/experience for years.	Medium*
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Evaluations by the TEC are subject to concurrence from development partners and approval of the appropriate government authority depending on the estimated value of procurement. Procurement under this project requires decision by the Cabinet Committee on Government Purchase (CCGP), which is the highest approving authority of the Government of Bangladesh.	Low*
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?	In some cases, it required almost 2 years.	High
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	No.	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 defect liability periods?	The PIU performs this part.	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	RHD has several projects that are being aided by foreign funds (see C.1). The PIUs of those projects are performing the respective procurement of consulting services.	Low*

QUESTION	RESPONSE	RISK ^a
development partner/s and the project/s.)		
C.23 If the above answer is yes, what were the major challenges?	<ol style="list-style-type: none"> 1. Selection of criteria in RFP documents. 2. In the RFP, there was nothing mentioned about post evaluation, specifically in the documents of JICA and ADB. 3. Delay in selection procedure from both sides of the government and development partners. 4. For some large projects, it is difficult to delineate exact requirements in the RFP for some novel components such as the Road Research and Training Center and the Road Operation Units. 	High*
C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?	They are advertised in national newspapers, and on the website of RHD, CPTU, and also on the development partner's website in applicable cases.	Low*
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Usually, the committee is composed of RHD Additional Chief Engineer (chairperson), a RHD Superintending Engineer (as member secretary), two other members from RHD, and two members from public organizations other than RHD.	Low
C.26 What criteria are used to evaluate EOIs?	Academic qualifications, technical experience in relevant areas, job location, project volume, etc. are evaluated.	Low
C.27 Historically, what is the most common method used (quality- and cost-based selection [QCBS], quality-based selection [QBS], etc.) to select consultants?	QCBS.	Low*
C.28 Do firms have to pay for the RFP document?	Yes.	Medium*
C.29 Does the proposal evaluation criteria follow a predetermined structure and are these detailed in the RFP?	In most cases, criteria are predetermined and detailed in the RFP.	Low*
C.30 Are pre-proposal visits and meetings arranged?	Yes.	Low
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes.	Low*
C.32 To whom are the minutes distributed?	Minutes of pre-proposal meetings are circulated to the companies intending to participate with the EOIs.	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	Yes.	Low*

QUESTION	RESPONSE	RISK ^a
envelopes and do they remain sealed until the technical evaluation is completed?		
C.35 Are proposal securities required?	No.	Low*
C.36 Are technical proposals opened in public?	Yes.	Low*
C.37 Are minutes of the technical opening distributed?	Yes.	Low*
C.39 Who determines the final technical ranking and how?	TEC/Proposal Evaluation Committee.	Low*
C.40 Are the technical scores sent to all firms?	Technical scores are declared at the beginning of the financial proposal opening session.	Low*
C.41 Are the financial proposals opened in public?	Yes, financial proposals of technically qualified bidders are opened in public.	Low*
C.42 Are minutes of the financial opening distributed?	Yes, the minutes are distributed to the technically responsive bidders.	Low*
C.43 How is the financial evaluation completed?	Any arithmetic corrections are checked by the committee members. After the corrections are accepted by concerned consultants, the ranking is finalized and recommended to RHD Chief Engineer with prior concurrence from the development partner.	Low*
C.44 Are face-to-face contract negotiations held?	Face-to-face contract negotiations are held after approval of technical and financial proposals for consulting service.	Low*
C.45 How long after financial evaluation is the negotiation held with the selected firm?	Negotiation meeting is held as soon as the combined evaluation is approved.	Low
C.46 What is the usual basis for negotiation?	TOR, pricing issues, clarifications on TOR and specifications, and deployment of necessary intellectual inputs are bases for negotiation.	Low
C.47 Are minutes of negotiation taken and signed?	Yes.	Low*
C.48 How long after negotiation is the contract signed, on average?	It takes 4–5 months.	Medium
C.49 Is there an evaluation system for measuring the outputs of consultants?	Project specific evaluation system is developed.	Low
Payments		
C.50 Are advance payments made?	Yes.	Low
C.51 What is the standard period for payment included in contracts?	It is specified in the contract.	Low

QUESTION	RESPONSE	RISK ^a
C.52 On average, how long is it between receiving a firm's invoice and making payment?	It depends on ADB's internal process. RHD sends the invoice to ADB within a week after receiving it.	Low
C.53 When late payment is made, are the beneficiaries paid interest?	As specified in the contract.	Low
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?	Those written records are an integral part of the evaluation report if that happens during the evaluation stage.	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.	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, furthermore, the contract needs to be approved by the CCGP prior to commencement of works, subject to availability of budget. After the approval from the CCGP, the contract is signed with the contractor.	Low
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	Head of PIU (Project Director). The Project Director has been working in RHD for more than 33 years. He has been working as Project Director of this project since 3 January 2017. In the entire working period with RHD, he has performed regular procurement activities. He has experience in training on FIDIC forms of contract, procedures and preparation, evaluation of tenders, proposal and contract documents. Also, he has	Low*

QUESTION	RESPONSE	RISK ^a
	experience in project management as Project Manager of the Dhaka–Chittagong Four-Lane Project and the Dhaka Urban Transport Project funded by the World Bank, and as Deputy Project Manager of Jamuna River Bridge Construction Project funded by JICA.	
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	Procurement Circle of RHD, and the development partner in case of foreign-aided projects.	Low
b) Advertisement of an invitation for bids, pre-qualification, or call for EOIs	PIU.	Low
c) Evaluation reports	Concerned ministry and CCGP approve the final evaluation/recommendation by the TEC, which are a prerequisite for the contract award.	Low*
d) Notice of award	PIU.	Low*
e) Invitation to consultants to negotiate	PIU.	Low
f) Contracts	Contract forms are part of the bidding documents. The contract is signed by the Chief Engineer of RHD and the representative of the awarded bidder. Any change/variation of work item and time/schedule are to be approved by the CCGP.	High*
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?	It varies depending on the size and scope of the project. The PIU is responsible under this project.	Low*
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes.	Low*

^a 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 2).

PROCUREMENT RISK ASSESSMENT AND MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
RHD has appointed the Project Director as the Engineer of the civil works contracts. Such appointment has a potential risk for contract disputes. RHD staff may require overseas training. RHD does not have qualification requirements for the evaluators.	High	ADB provides RHD staff with opportunities for participating in training on FIDIC contract conditions and ADB's procurement policy and guidelines. RHD is requested to assign staff who have been trained for the procurement positions.	ADB, RHD
RHD does not have a systematic process to determine necessary procurement requirements.	Medium	RHD is required to develop a systematic process to plan projects in line with ADB's country programming missions.	RHD
RHD has difficulty in preparing RFP documents.	High	ADB provides RHD staff with opportunities for participating in training on ADB's consultant selection procedures.	ADB, RHD
Concurrence from the government authorities as well as from the development partners is delayed.	High	The project implementation schedule includes realistic procurement schedule for works and services.	ADB, RHD
Field level officer positions in some PIUs are still vacant.	High	RHD is requested to assign qualified staff to field offices immediately.	RHD
Any change/variation of work items and time/schedule of contracts need to be approved by the CCGP.	High	RHD is requested to take advance actions for the approval process in case any contract variation is needed.	RHD
RHD does not have adequate resources allocated for record-keeping infrastructure.	Medium	RHD is required to develop an IT-based contract record-keeping system.	RHD

ADB = Asian Development Bank, CCGP = Cabinet Committee on Government Purchase, FIDIC = International Federation of Consulting Engineers, IT = information technology, PIU = project implementation unit, RFP = request for proposal, RHD = Roads and Highways Department.

Source: Asian Development Bank.