

# Project Procurement Risk Assessment Report

Project Number: 46526-002

Loan Number: LXXXX

January 2017

Islamic Republic of Pakistan: Punjab Intermediate  
Cities Improvement Investment Program

## ABBREVIATIONS

|        |   |  |
|--------|---|--|
| ADB    | - | Asian Development Bank   |
| CAP    | - | Corrective Action Plan   |
| CIUs   | - | City Implementation Unit                                       |
| DMF    | - | Design and Monitoring Framework                                |
| DNI    | - | Distribution Network Improvement                               |
| EA     | - | Environmental Assessment                                       |
| EARF   | - | Environmental Assessment and Review Framework                  |
| EC     | - | Environmental Checklist  |
| EIA    | - | Environmental Impact Assessment                                |
| EMP    | - | Environmental Management Plan                                  |
| EPA    | - | [Punjab] Environmental Protection Agency                       |
| FPPM   | - | Financial Policies and Procedures Manual                       |
| GAP    | - | Gender Action Plan   |
| GOP    | - | Government of Pakistan   |
| GoPb   | - | Government of the Punjab                                       |
| GRM    | - | Grievance Redressal Mechanism                                  |
| HSE    | - | Health and Safety Equipment                                    |
| IEE    | - | Initial Environmental Examination                              |
| IPP    | - | Indigenous Peoples Plan  |
| IPPF   | - | Indigenous Peoples Planning Framework                          |
| LARF   | - | Land Acquisition and Resettlement Framework                    |
| LARP   | - | Land Acquisition and Resettlement Plan                         |
| LC     | - | Letter of Credit   |
| LG&CDD | - | [Punjab] Local Government and Community Development Department |
| M&E    | - | Monitoring and Evaluation                                      |
| MC     | - | Municipal Committee  |
| MCUs   | - | Motor Controlled Units   |
| NRW    | - | Non-Revenue Water  |
| P&DD   | - | [Punjab] Planning and Development Department                   |
| PAM    | - | Project Administration Framework                               |
| Pb-EPA | - | Punjab Environmental Protection Agency                         |
| PbPR   | - | Punjab Procurement Rules 2014                                  |
| PbPRA  | - | Punjab Procurement Regulatory Authority                        |
| PMU    | - | Project Management Unit  |
| RRP    | - | Report and Recommendations of the [ADB] President              |
| SCADA  | - | Supervisory Control and Data Acquisition                       |
| SPS    | - | Safeguard Policy Statement [of ADB, 2009]                      |
| STP    | - | Sewerage Treatment Plant                                       |
| SWMC   | - | Solid Waste Management Company                                 |

|      |   |  |
|------|---|--|
| TOR  | - | Terms of Reference   |
| UU   | - | Urban Unit [Urban Sector Planning & Management Service Unit (Pvt.) Ltd.] |
| W&SC | - | Water and Sanitation Company   |

#### **NOTES**

- (i) The fiscal year (FY) of the Government of Pakistan, its agencies and participating financial institutions ends on 30 June.
- (ii) In this report, "\$" refers to US dollars unless otherwise stated.

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# Contents

|  |          |   |
|--|----------|---|
| <b>EXECUTIVE SUMMARY</b>                       | <b>1</b> |   |
| <b>I. INTRODUCTION</b>                         | <b>1</b> |   |
| <b>II. PROJECT PROCUREMENT RISK ASSESSMENT</b> | <b>3</b> |   |
| <b>A. Overview</b>                             | <b>3</b> |   |
| 1. Organization and Staff Capacity             |          | 3 |
| 2. Information Management                      |          | 3 |
| 3. Procurement Practices (Goods and Works)     |          | 3 |
| 4. Consulting Services                         |          | 4 |
| 5. Effectiveness                               |          | 4 |
| 6. Accountability Measures                     |          | 5 |
| <b>B. Strengths</b>                            | <b>5</b> |   |
| <b>C. Weaknesses</b>                           | <b>5</b> |   |
| <b>III. CONCLUSION</b>                         | <b>5</b> |   |

## Appendices

Appendix 1: P-RAMP

Appendix 2: Procurement Plan

Appendix 3: Completed Questionnaire



# PROJECT PROCUREMENT RISK ASSESSMENT REPORT

## EXECUTIVE SUMMARY

1. The overall assessment of project procurement risk is High. Local Government and Community Development Department (LG&CDD), Punjab is the executing agency (EA). A Project Management Unit (PMU) established within the LG&CDD will be responsible for planning, monitoring and reporting the project implementation for all outputs including procurement. Municipal Committees of Sahiwal and Sialkot will be the implementing agencies (IAs) and responsible for the day to day implementation of the program. Two City Implementation Units (CIUs) at Sahiwal and Sialkot have been established and responsible for liaising with municipal committees on the one hand and with PMU on the other hand.

2. LG&CDD has never implemented a donor-funded project including ADB in the recent past. The staff for PMU and both CIUs will be hired from the open market. A procurement section will be established in PMU headed by a Director Procurement and supported by two Deputy Directors. All procurement of goods, capital works and consulting services will be undertaken by this procurement section. The contract administration will be done by the respective CIUs for which the relevant experts will be hired and placed in the CIUs.

3. Following mitigation measures may be adopted to mitigate and manage the risks highlighted above:

- Up-front hiring of dedicated procurement capacity in the PMU which will be responsible for the preparation of procurement documents for procurement of goods, consulting firms, and civil works;
- Increased oversight by the project division, including prior review of all contracts for goods, civil works and services before award;
- Keep close liaison with the PMU; provide continuous capacity building support from Pakistan Resident Mission to the PMU during the procurement process; and
- ADB to hold procurement clinics for PMU and CIUs to provide hands-on support and guidance.

## I. INTRODUCTION

4. The Punjab Intermediate Cities Improvement Investment Program (the investment program) is aimed at improving the quality of life of the residents living in the selected cities<sup>1</sup> of Punjab, the most populous province in Pakistan. This will be achieved by addressing urban development challenges at city level including integrated planning, improved institutional framework for urban services, strengthened business processes of utilities and improved urban infrastructure and services.

5. **Rationale.** About 52% of country's population, around 94 million people, is housed in Punjab. This includes 29 million urban populations, out of which nearly 7 million live in 13 intermediate cities. While population growth has stressed the urban environment, urban service delivery has declined. Urban infrastructure and services have not kept pace with growth. Municipal governance is weak due to overlaps in institutional jurisdiction, poor coordination and unclear roles and responsibilities of key players at city level. As a result, integrated urban planning

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<sup>1</sup> Initially the cities of Sahiwal and Sialkot have been selected to be part of the Program in the first phase, while Rahim Yar Khan, Bahawalpur and Sargodha are being considered for the second phase.

is poor and subsector planning is done in isolation by respective institutions. The lack of professional management in the use of financial, human, and natural resources keeps urban services cost high and quality low. There is no reliable urban service benchmarking to measure performance and quality of life. Urban statistics are inconsistent and vary considerably with no precise data on services coverage, system handling capacity, demand, quality, production, use, disposal and treatment. None of the cities has metered water connections and utilities lack business and customer focus in services they provide. Tap water has quality issues and is intermittently available only to 45% of urban population. Sewage of 54% of urban population flows in open drains and is discharged untreated to agricultural and natural water-bodies. Municipal solid waste collection covers only 40% of urban households, with no sanitary disposal in most cases. Poor public transport and weak traffic management render roads heavily encroached and congested, constraining urban mobility.

6. The Gov recognizes the need for urban reforms and envisions modern and efficiently managed urban centers serving as engines of growth for the provincial economy. It is implementing urban reforms in Lahore, the capital of Punjab, and four other major cities to improve local government capacity and performance, and to address the basic needs of urban population. The Gov has established the Urban Sector Policy and Management Services Unit to provide support in urban sector reforms including policy direction, integrated planning, and legislative reforms. The GoPb strives to sustain urban investment by increasing efficiency and revenue collection, and optimizing subsidies. The Punjab Municipal Development Fund Company (PMDFC), is spearheading this effort in the five cities and extending to intermediate cities. The GoPb has explored instruments to incentivize performance, improve governance and management of utilities, streamline processes and increase operational efficiency, yet the dividends in the intermediate cities are marginal.

7. The proposed investment program will address three core causes: (i) absence of strategic vision and integrated urban planning at the cities level, (ii) ineffective and inefficient use of financial and natural resources, and (iii) limited and unreliable financing of infrastructure and operation and maintenance. This will be achieved by introducing integrated urban planning, supporting institutional reforms, and constructing and rehabilitating of facilities and infrastructure of prioritized urban services sub-sectors in the selected intermediate cities. New organizational modalities for service delivery with a focus on clarifying roles and responsibilities, improving financial management, and corporate governance will be explored. The investment program scope will cover urban planning and institutional strengthening in the integrated way and physical investment in the selected manner. In its first phase, the program will cover two intermediate cities – Sahiwal and Sialkot – while the second phase of the program will cover Rahim Yar Khan, Bahawalpur and Sargodha.

8. Following the findings of ADB IED Report (2015), PICIIP will following a simple and new approach, i.e., (i) include only a few subprojects, (ii) focus on program implementability, (iii) simple is the best, (iv) use stand-alone project with two cities first, (v) cost recovery with innovations (e.g., pre-paid metering), and (vi) output-based financing (OBF) for selected activities. The program is planned to be implemented over period of six years (2018-2023).

9. The assessment was prepared in accordance with the Guidelines for Assessing Country, Sector and Project Procurement Risks. The project procurement risk assessment was undertaken during December 2016. The LG&CDD has established a PMU within the department which is headed by a project director (PD). The PD is actually Secretary Local Government Board and overseeing this project as an additional responsibility. A full-time PD will be available after the signing of the Loan. Preparation activities included reviewing procurement documents, interviews and discussions with counterparts in the LG&CDD, relevant municipal committees, and Urban Unit, Punjab.

## II. PROJECT PROCUREMENT RISK ASSESSMENT

### A. Overview

10. The risk ratings of individual elements of the executing agency (EA) are assessed as Low except procurement of goods, works and consulting services under ADB procurement guidelines by the EA. The EA staff is not familiar with the use of ADB procurement guidelines. The PMU procurement section staff engaged from the open market will have the required capacity to undertake procurement activities as per ADB guidelines. The EA staff has demonstrated command over applying the Punjab Procurement Rules (PbPR) 2014 for procurement of civil works.

11. Organizational and staff capacity and processes for information management, procurement practices, effectiveness and accountability measures are generally satisfactory for the procurements that are taking place within the department. The major deficiencies which pose major procurement risk can be addressed by providing close oversight, placing additional staff and facilities wherever procurement takes place under ADB funded projects.

#### 1. Organization and Staff Capacity

12. Overall risk rating for the organizational and staff capacity is assessed as low to high.

13. The EA staff is well-versed with applying PbPR 2014 for procurement of goods, works and services. They are very familiar with various requirements stipulated by the PbPR 2014. However, there is no capacity available on applying the ADB procurement guidelines.

#### 2. Information Management

14. Overall risk rating for the information management is assessed as Low.

15. The LG&CDD is required to maintain the complete details including evaluation reports, original bids, contract and correspondence of the procurement process either awarded or annulled for five years. The EA keeps record for more than 5 years as old institutional practice and managing it in the same spirit. In addition, the EA has maintained a referencing system which provides a unique identification number of each procurement activity. When feasible, the IT is used for keeping track of procurement records. It is however felt that with the increase in work load, the EA will be requiring designated human resources for document control and information management.

#### 3. Procurement Practices (Goods and Works)

16. Overall risk rating for the "Procurement of Goods and Works" is assessed as High.

17. The EA has never done procurement of goods and works under ADB procurement guidelines. There is no in-house capacity to accomplish the task. Upfront engagement of procurement specialists would be needed. The PMU established by the EA will have a dedicated procurement section to undertake the procurement activities under the project. The EA/PMU will

engage the required procurement experts from the open market. The contract administration will be responsibility of CIUs. The W&SCs will be responsible for operational support after taking over the end products from CIUs. There will be a separate section on operational procurement procedures in the procurement procedures manual.

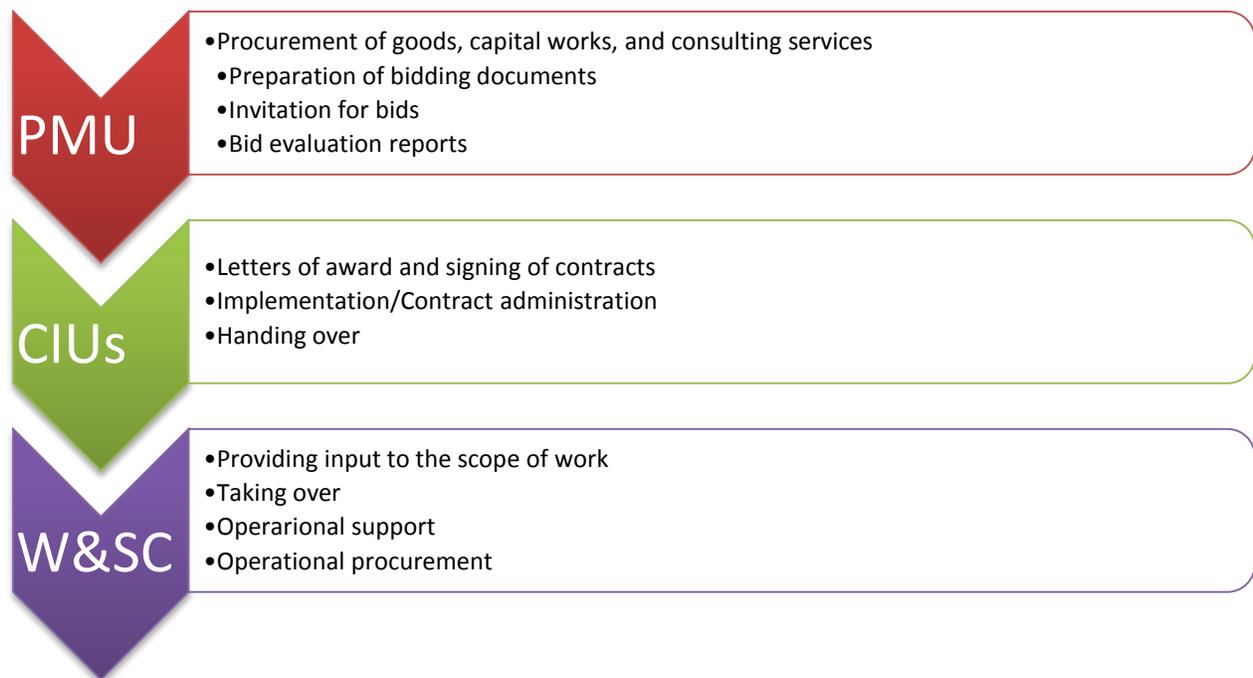
#### 4. Consulting Services

18. Overall risk rating for the “Consulting Services” is assessed as High.

19. The EA has never done hiring of consulting services under ADB procurement guidelines. There is no in-house capacity to accomplish the task. Upfront engagement of procurement specialists would be needed. The EA staff is convinced that since a PMU is already established to manage the donor funded project and the donor’s procurement guidelines are followed, therefore, the procurement specialists hired by the PMU should take care of hiring of consulting services. The PMU established by the EA will have a dedicated procurement section to undertake the procurement activities under the project. The EA/PMU will engage the required procurement experts from the open market.

20. Figure 1 shows the flow of procurement activities, implementation related to contract administration and ultimate operational support.

**Figure 1: Procurement of Goods, Works and Services, and Contract Administration**



#### 5. Effectiveness

21. Overall risk rating for “Effectiveness” is assessed as Low.

22. The heads (City Managers) of CIUs will monitor the execution of works. The payments to the contractors will be made as per guidance laid down in the contract document. There will be a

three-member committee in place in the CIU headed by the city manager. The committee will be obliged to decide the complaint within 15 days of receipt thereof. However, mere lodging of complaint will not stop the procurement process. It would deem more appropriate if one member is taken from outside the CIU for an impartial review of the complaint.

## **6. Accountability Measures**

23. Overall risk rating for “Accountability Measures” is assessed as Moderate.

24. To ensure transparency and business ethics, an integrity pact is signed by the Supplier/Contractor/Consultants for all procurements above PKR 10 million. It is, however, pertinent to note that detail provisions on conflict of interest leading to in-eligibility do not exist in PbPR 2014. Though a paragraph is added on conflict of interest in PPRA regulations for consulting services but detailed provisions as in case of ADB’s guidelines are not found. The EA’s accountability mechanism in place is simple and governed by Punjab Government Code of Conduct. The provincial Accountant General office is altogether an independent office for making payments in accordance with Financial Rules of provincial government. In general, the accountability mechanism is satisfactory and also simple so it would not impede the progress of projects.

## **B. Strengths**

25. The existing institutional arrangements within LG&CDD provide reasonable comfort regarding procurement of goods, works and services as well as contract administration. The PMU procurement section will conduct the procurement activities. The signing of contract and contract administration will be the responsibility of relevant city manager. Upon completion of implementation of the subproject, the end product will be handed-over to the concerned Water and Sanitation Company in Sialkot and Sahiwal. The EA/IAs has adequate ethics and anticorruption measures in place.

## **C. Weaknesses**

26. Currently, there is less capacity to procure goods, works and consulting services under ADB procurement guidelines. The LG&CDD and municipal committees lack procurement capacity. The EA staff is trained for rules-led procurement activity under standard procedures. They will have to build up capacity through PMU and CIUs as well as working closely with ADB procurement staff.

## **III. CONCLUSION**

The overall assessment of project procurement risk is High. LG&CDD has never implemented a donor-funded project including ADB in the recent past. The staff for PMU and both CIUs will be hired from the open market. A procurement section will be established in PMU headed by a Director Procurement and supported by two deputy directors. All procurement of goods, capital works and consulting services will be undertaken by this procurement section combined with increased oversight by the ADB Pakistan Resident Mission staff. The contract administration will be done by the respective CIUs for which the relevant experts will be hired and placed in the CIUs.

## Appendix 1

### Procurement Risk Assessment and Management Plan (P-RAMP)

Following mitigation measures are considered satisfactory and expected to work effectively.

| Risk Description  | Risk Assessment | Mitigation Measure  |
|---|-----------------|---|
| The LG&CDD is unfamiliar with the ADB procurement guidelines for procurement of goods, works and consulting services. | High            | <ul style="list-style-type: none"> <li>• Up-front hiring of dedicated procurement capacity in the PMU (Procurement Section) to be established which will be responsible for the preparation of procurement documents for procurement of goods, consulting firms, and civil works.</li> <li>• Increased oversight by the project division, including prior review of all contracts for goods, civil works and services before award;</li> <li>• Keep close liaison with the PMU and CIUs when established; provide continuous capacity building support from Pakistan Resident Mission to the EA/IAs during the procurement process;</li> <li>• ADB to hold procurement clinics for IAs to provide hands-on support and guidance.</li> </ul> |
| Delay in project implementation   | Medium          | <ul style="list-style-type: none"> <li>• The dedicated teams at CIU level headed by City Manager/Manager Capital Works combined with construction supervision consultant will ensure timely implementation and completion of the project.</li> <li>• PMU will perform the oversight function.</li> </ul>  |
| Lack of capacity at CIU and W&SCs   | High            | <ul style="list-style-type: none"> <li>• The staff engaged by CIUs will attend the contract management workshops to be organised jointly by PMU and ADB for capacity development.</li> <li>• The W&amp;SCs are required to ensure timely operational support for which a procurement procedural manuals will be in place. This manual will contain a separate section on operational procurement procedures. If required, the relevant staff of W&amp;SCs will be trained accordingly.</li> </ul>   |

## Appendix 2

### Procurement Plan

#### D.1 Goods and Works Contracts Estimated to Cost Less than \$1 Million

| Package Number | General Description  | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|--|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
| ADB-100        | Procurement of Plant-Design-Build-Operate Centralized Sewerage Treatment Plant (STP), Trunk Mains from Four Disposal Stations to STP, Rehabilitation of Four Major Disposal Stations into Pumping Stations and Conveyance system for diverting the sewage of 06 Minor Disposal Stations into 04 Major Disposal Stations in Sahiwal |                 | NCB                | Prior                | 2S2E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Plant |
| ADB-101        | Procurement of Works-Improvement & renovation of minor disposal stations 06 in numbers including Provision of new Pump, Motors & MCUs and civil repair of rooms, as a standby setup for emergency in Sahiwal<br>Lot-1: Minor Disposal Station Mohalla Noor Park<br>Lot-2: Minor Disposal Station Imamia Colony                     |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |

| Package Number | General Description   | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|---|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | Lot-3: Minor Disposal Station Rajpura<br>Lot-4: Minor Disposal Station Bashir Colony<br>Lot-5: Minor Disposal Station Dosehra<br>Lot-6: Minor Disposal Station Small Industries   |                 |                    |                      |                   |                                   |   |
| ADB-102        | Procurement of Goods-Supply of Sucker/Jetting Machines two in number (one small & one large), Dewatering sets 10 in numbers, Health & Safety Equipment for sewerage staff, Dumper Truck for logistics and leakage detection devices in Sahiwal. |                 | NCB                | Prior                | 1S1E              | Q3 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Goods |
| ADB-103        | Procurement of Works- Replacement of sewer pipes of following diameters and lengths in Sahiwal:<br>Lot-1: 24-inch diameter, Length 1,000 meters<br>Lot-2: 18-inch diameter, Length 500 meters<br>Lot-3: 9-inch diameter, Length 11,000 meters   |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-104        | Procurement of Plant-Design-Build, 520,000  |                 | NCB                | Prior                | 2S2E              | Q1 / 2018                         | Prequalification of Bidders: Y                            |

| Package Number | General Description  | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments                |
|----------------|--|-----------------|--------------------|----------------------|-------------------|-----------------------------------|-------------------------|
|                | <p>Gallons 10 additional new Overhead Reservoirs (OHRs) to serve within Municipal Boundaries in Sahiwal:</p> <p>Lot-1: OHR in City Zone of Capacity 100,000 gallons</p> <p>Lot-2: OHR in Jahaz Ground Zone of Capacity 80,000 gallons</p> <p>Lot-3: OHR in Tariq Bin Ziad Colony of Capacity 10,000 gallons</p> <p>Lot-4: OHR in Bhutto Nagar, Muslim Bin Aqeel Colony of Capacity 15,000 gallons</p> <p>Lot-5: OHR in Ghala Mandi of Capacity 55,000 gallons</p> <p>Lot-6: OHR in Small Industries of Capacity 30,000 gallons</p> <p>Lot-7: OHR in Bilal Colony of Capacity 32,000 gallons</p> <p>Lot-8: OHR in Inayatillahi Colony of Capacity 40,000 gallons</p> <p>Lot-9: OHR in Shareef Colony of Capacity 50,000 gallons</p> <p>Lot-10: OHR in Fateh Sher Colony of Capacity 110,000 gallons</p> |                 |                    |                      |                   |                                   | Bidding Document: Plant |

| <b>Package Number</b> | <b>General Description</b>  | <b>Estimated Value</b> | <b>Procurement Method</b> | <b>Review (Prior/ Post)</b> | <b>Bidding Procedure</b> | <b>Advertisement Date (quarter/year)</b> | <b>Comments</b>   |
|-----------------------|---|------------------------|---------------------------|-----------------------------|--------------------------|--|---|
| ADB-105               | Procurement of Works- Installation of 8 New bores, Pump sets, Motors, Pump Houses, Electrical Accessories etc. Tube wells in place of 8 Non-functional Tube wells in Sahiwal. |                        | NCB                       | Prior                       | 1S1E                     | Q1 / 2018                                | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-106               | Procurement of Works- Installation of disinfection units in all tube wells in Sahiwal   |                        | NCB                       | Prior                       | 1S1E                     | Q1 / 2018                                | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-107               | Procurement of Works- Installation of bulk water meters and pressure gauges in all tube wells in Sahiwal  |                        | NCB                       | Prior                       | 1S1E                     | Q1 / 2018                                | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-108               | Procurement of Works- Rehabilitation of 5 functional Tube wells which are inefficient in production, by provision of new pump sets, motor, and MCUs in Sahiwal                |                        | NCB                       | Prior                       | 1S1E                     | Q1 / 2018                                | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-109               | Procurement of Works- Development of DNI Zones, Installation of SCADA system for water supply and NRW program (Two selected zones Fareed Town and Tariq Bin                   |                        | NCB                       | Prior                       | 1S1E                     | Q1 / 2018                                | Prequalification of Bidders: Y<br>Bidding Document: Works |

| Package Number | General Description  | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|--|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | Ziad Colony) 7,000 hh in Sahiwal   |                 |                    |                      |                   |                                   |   |
| ADB-110        | Procurement of Works- Repair and Refurbishment of 14 remaining functional Tube wells to strengthen the production rate, involving rewiring of motors and modifications in pumps etc., and Provision of new MCUs and Civil Repair of 14 Pump houses poor in condition including plastering, white wash etc. in Sahiwal. |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-111        | Procurement of Works- Improving the efficiency of 60% tube wells after energy audit in Sahiwal   |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-112        | Procurement of Works- Rehabilitation of 3 non-functional OHRs of 130,000-gallon capacity, including replacement of filling pipes, distribution main pipes and overflow pipes, replacement of valves and civil repairs etc. in Sahiwal  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-113        | Procurement of Works- Repair of all remaining 9  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y                            |

| Package Number | General Description   | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|---|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | OHRs, including replacement of valves & pipe sections and civil repairs etc.in Sahiwal.   |                 |                    |                      |                   |                                   | Bidding Document: Works                                   |
| ADB-114        | Procurement of Works- Replacement of defective water supply pipelines by P.E. Pipes in Sahiwal:<br>Lot-1:12 inch diameter, Length 460 meters<br>Lot-2:10 inch diameter, Length 860 meters<br>Lot-3: 8-inch diameter, Length 1,560 meters<br>Lot-4: 6-inch diameter, Length 11,000 meters<br>Lot-5:4-inch diameter, Length 2,000 meters<br>Lot-6: 3-inch diameter, Length 38,000 meters<br>Lot-7: Asbestos cement pipe network of length 24,000 meters |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-115        | Procurement of Goods- Supply of desilter equipment for sewer cleaning (Dragline with winches, Energy analyser for electricity monitoring with required attachments and clamp on. (Micro VIP-3), Fully automatic self-   |                 | NCB                | Prior                | 1S1E              | Q3 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Goods |

| Package Number | General Description  | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|--|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | priming dewatering sets (150mm/150mm) preferably dies engines/equivalent and Skye pumps/equivalent with head 20 m and flow 300 m3 per hour, wheel mounted for black spots & Sewer/ drains deficient areas, Under pressure drilling & Tapping Machine for Service connections with straps & ferrules etc., Trenchless Horizontal directional drilling Machine with accessories etc., Safety equipment for working in confined spaces, i.e., Multigas Detectors, Rapid Flow Breathing Apparatus, Jet Flow Air Mover, Man winches etc. + safety signs and Personnel protective equipment for sewerage staff in Sialkot. |                 |                    |                      |                   |                                   |   |
| ADB-116        | Procurement of Works- Replacement of sewage pipes 14.525 km in Sialkot: Lot-1: 60-inch diameter, Length 1740 meters  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |

| Package Number | General Description  | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|--|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | Lot-2: 54-inch diameter, Length 1,818 meters<br>Lot-3: 36-inch diameter, Length 6,563 meters<br>Lot-4: 30-inch diameter, Length 178 meters<br>Lot-5: 24-inch diameter, Length 700 meters<br>Lot-6: 12-inch diameter, Length 837 meters<br>Lot-7: 9-inch diameter, Length 2,689 meters                            |                 |                    |                      |                   |                                   |   |
| ADB-117        | Procurement of Works- Unblocking of sewage pipes 15.391 km in Sialkot:<br>Lot-1: 54-inch diameter, Length 9845 meters<br>Lot-2: 48-inch diameter, Length 1,837 meters<br>Lot-3: 36-inch diameter, Length 2,633 meters<br>Lot-4: 12-inch diameter, Length 910 meters<br>Lot-5: 9-inch diameter, Length 166 meters |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-118        | Procurement of Works- Improvement, renovation and rehabilitation of 08 Disposal Stations in Sialkot:<br>Lot-1: Disposal Station Jail Road  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |

| Package Number | General Description   | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|---|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | Lot-2: Disposal Station Model Town<br>Lot-3: Disposal Station Dara Ariana Abbot Road<br>Lot-4: Main Disposal Station Dara Ariana<br>Lot-5: Disposal Station Iqbal Town<br>Lot-6: Disposal Station Khan Mahal Road<br>Lot-7: Disposal Station Rang Pura<br>Lot-8: Disposal Station Haji Pura |                 |                    |                      |                   |                                   |   |
| ADB-119        | Procurement of Plant-Design-Build, new sewage pumping station at Pasrur Road in Sialkot.  |                 | NCB                | Prior                | 2S2E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Plant |
| ADB-120        | Procurement of Works- Replacement of Turbine Pumps and motors (12 Nos.) in Sialkot  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-121        | Procurement of Works- Installation of Switchgear, Electrical works and Chlorination Equipment in 95 tube wells of Sialkot.  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-122        | Procurement of Works- Development of DNI Zones, Installation of SCADA system for water  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |

| Package Number | General Description   | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|---|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | supply, Rehabilitation of OHRs and NRW program (Two selected zones Model Town and Water Works) 9,600 hh in Sialkot.   |                 |                    |                      |                   |                                   |   |
| ADB-123        | Procurement of Works-Improving the efficiency of 60% tube wells after energy audit in Sialkot   |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-124        | Procurement of Works-Rehabilitation of existing reservoirs (10 OHR)<br>Replacement of doors and windows. Plastering, fillers and minor structural repairs. Connection on inlet and outlet pipework and valves etc. in Sialkot.<br>Lot-1: Naika Pura Tanki of Capacity 50,000 gallons<br>Lot-2: Rangpura Road Tanki of Capacity 50,000 gallons<br>Lot-3: Muhammad Pura Tanki of Capacity 30,000 gallons<br>Lot-4: Water Works Tanki No. 1 of Capacity 50,000 gallons<br>Lot-5: Water Works Tanki No. 2 of Capacity 250,000 gallons |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |

| Package Number | General Description   | Estimated Value | Procurement Method | Review (Prior/ Post) | Bidding Procedure | Advertisement Date (quarter/year) | Comments  |
|----------------|---|-----------------|--------------------|----------------------|-------------------|-----------------------------------|---|
|                | Lot-6: Fateh Garh Daira Arayan Tanki of Capacity 25,000 gallons<br>Lot-7: Shahab Pura Tanki of Capacity 30,000 gallons<br>Lot-8: Model Town Tanki of Capacity 50,000 gallons<br>Lot-9: Ghous Pura Tanki of Capacity 25,000 gallons<br>Lot-10: Shahab Pura Factory Area of Capacity 20,000 gallons.  |                 |                    |                      |                   |                                   |   |
| ADB-125        | Procurement of Works-Rehabilitation of Fateh Garh Water Distribution System (400 hh) in Sialkot.  |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |
| ADB-126        | Procurement of Works-Replacement of rusted, damaged and asbestos water supply pipes in Sialkot:<br>Lot-1: 10 inch diameter pipe, Length 117 meters<br>Lot-2: 8 inch diameter pipe, Length 4,298 meters<br>Lot-3: 6 inch diameter pipe, Length 45,351 meters<br>Lot-4: 4 inch diameter pipe, Length 2,320 meters<br>Lot-5: 3 inch diameter pipe, Length 186,512 meters |                 | NCB                | Prior                | 1S1E              | Q1 / 2018                         | Prequalification of Bidders: Y<br>Bidding Document: Works |

**D.2 Consulting Services Contracts Estimated to Cost \$1,000,000 or More**

| <b>Package Number</b> | <b>General Description</b>     | <b>Estimated Value</b> | <b>Recruitment Method</b> | <b>Review (Prior/Post)</b> | <b>Advertisement Date (quarter/year)</b> | <b>Type of Proposal</b> | <b>Comments</b>  |
|-----------------------|--------------------------------|------------------------|---------------------------|----------------------------|--|-------------------------|--|
| CON-1                 | Facility management consultant | 8,500,000.00           | QCBS                      | Prior                      | Q3 / 2016                                | FTP                     | Assignment: International Quality-Cost Ratio: 90:10<br>Comments: 90:10 quality-cost ratio helps ensure highly competent consultant for this complex assignment |

**D.3 Goods and Works Contracts Estimated to Cost \$100,000 or More**

| <b>Package Number</b> | <b>General Description</b>                      | <b>Estimated Value</b> | <b>Number of Contracts</b> | <b>Procurement Method</b> | <b>Review (Prior/Post)</b> | <b>Bidding Procedure</b> | <b>Advertisement Date (quarter/year)</b> | <b>Comments</b>                                    |
|-----------------------|---|------------------------|----------------------------|---------------------------|----------------------------|--------------------------|--|--|
| ADB-127               | IT equipment and systems for project management | 100,000.00             | tbd                        | Shopping                  | Prior                      | N/A                      | Q1 2018                                  | Procurement to commence after PMU is fully staffed |

**D.4 Consulting Services Contracts Estimated to Cost \$100,000 or More**

| <b>Package Number</b> | <b>General Description</b>     | <b>Estimated Value</b> | <b>Number of Contracts</b> | <b>Recruitment Method</b>       | <b>Review (Prior/ Post)</b> | <b>Advertisement Date (quarter/year)</b> | <b>Type of Proposal</b> | <b>Comments</b>  |
|-----------------------|--------------------------------|------------------------|----------------------------|---------------------------------|-----------------------------|--|-------------------------|--|
| CON – 2               | Project management consultants | 500,000.00             | 3                          | Individual consultant selection | Prior                       | Q3 2018                                  | N/A                     | To be engaged throughout the MFF; other experts to be confirmed. |



## Appendix 3

### Completed Questionnaire

#### PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

| QUESTION   | RESPONSE <sup>2</sup>                                      | RISK <sup>3</sup> |
|--|--|-------------------|
| <b>A. ORGANIZATIONAL AND STAFF CAPACITY</b>  |  |                   |
| <b>PROCUREMENT DEPARTMENT/UNIT</b>   |  |                   |
| A.1 Does the agency or Government have a Procurement Committee that is independent from the head of the agency?  | No   | High              |
| A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee? | Yes  | L                 |
| A.3 If yes, what type of procurement does it undertake?  | Institutional procurement                                  | M                 |
| A.4 How many years' experience does the head of the procurement department/unit have in a direct procurement role?   | 15-20 years  | L                 |
| A.5 How many staff in the procurement department/unit are:<br>i. full time<br>ii. part time<br>iii. seconded   | Four fulltime  | L                 |
| A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?   | Yes  | 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?        | No   | Substantial       |
| A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?        | Yes  |                   |
| A.9 Does the agency have, or have ready access to, a procurement training program?   | Yes, run by Punjab Procurement Regulatory Authority (PPRA) | *Low              |
| A.10 At what level does the department/unit report (to the head of agency, deputy etc.)?   | Additional Secretary                                       |                   |

<sup>2</sup> 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.

<sup>3</sup> 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 <sup>2</sup>                                  | RISK <sup>3</sup> |
|--|--|-------------------|
| A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?   | Yes  |                   |
| A.12 Is there a procurement process manual for goods and works?  | Yes  |                   |
| A.13 If there is a manual, is it up to date and does it cover foreign-assisted projects?   | Yes, Rule 5 of PPRA Rules 2014                         |                   |
| A.14 Is there a procurement process manual for consulting services?  | Yes, Chapter 7 of PPRA Rules 2014                      |                   |
| A.15 If there is a manual, is it up to date and does it cover foreign-assisted projects?   | Yes, Rule 5 of PPRA Rules 2014                         |                   |
| <b>PROJECT MANAGEMENT UNIT</b>   |  |                   |
| A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?   | Yes  | *L                |
| A.17 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project? | Planned, but not hired yet                             | *Sub              |
| A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement? | Yes  |                   |
| 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, but not reviewed by ADB                           | *H                |
| A.20 Does the agency follow the national procurement law, procurement processes, and guidelines?   | Yes  | *L                |
| A.21 Do ToRs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?                                 |  |                   |
| A.22 Who drafts the procurement specifications?  | Will be responsibility of Deputy Directors Procurement |                   |
| A.23 Who approves the procurement specifications?  | Will be responsibility of Director Procurement         |                   |
| A.24 Who in the PMU has experience in drafting bidding documents?  | None   | *H                |
| A.25 Are records of the sale of bidding documents immediately available?   | Yes  | *L                |
| A.26 Who identifies the need for consulting services requirements?   | PMU and CIUs in the procurement plan                   |                   |
| A.27 Who drafts the Terms of Reference (ToR)   | Will be responsibility of Deputy Directors Procurement |                   |

| QUESTION  | RESPONSE <sup>2</sup>                                  | RISK <sup>3</sup> |
|---|--|-------------------|
| A.28 Who prepares the request for proposals (RFPs)  | Will be responsibility of Deputy Directors Procurement |                   |
| <b>B. INFORMATION MANAGEMENT</b>  |  |                   |
| B.1 Is there a referencing system for procurement files?  | Yes  |                   |
| B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency? | Yes  | *L                |
| B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?  | Yes  | *L                |
| B.4 Are copies of bids or proposals retained with the evaluation?   | Yes  |                   |
| B.5 Are copies of the original advertisements retained with the pre-contract papers?  | Yes  |                   |
| B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?  | Yes  |                   |
| B.7 Are copies of invoices included with the contract papers?   | No   |                   |
| B.8 Is the agency's record keeping function supported by IT?  | Yes  |                   |
| <b>C. PROCUREMENT PRACTICES</b>   |  |                   |
| 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.                       | No   | *H                |
| C.2 If the answer is yes, what were the major challenges faced by the agency?   | NA   | *H                |
| C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?  | Yes  |                   |
| C.4 Is there a minimum period for the preparation of bids and if yes, how long?   | No   | *Sub              |
| C.5 Are all queries from bidders replied to in writing?   | Yes  | *L                |
| C.6 Does the bidding document state the date and time of bid opening?   | Yes  | *L                |
| C.7 Are bids opened in public?  | Yes  | *L                |
| C.8 Can late bids be accepted?  | No   | *L                |

| QUESTION   | RESPONSE <sup>2</sup>                                     | RISK <sup>3</sup> |
|--|---|-------------------|
| C.9 Can bids (except late bids) be rejected at bid opening?  | No  | *L                |
| C.10 Are minutes of the bid opening taken?   | Yes   | *L                |
| C.11 Are bidders provided a copy of the minutes?   | Yes, on request   | *L                |
| C.12 Are the minutes provided free of charge?  | Yes   | *L                |
| C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?   | Both permanent and adhoc committees on case to case basis |                   |
| C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?  | Government officials                                      | *Sub              |
| C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?   | Subject to additional approvals                           | *H                |
| 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?  | NA  |                   |
| C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?  | Yes   |                   |
| C.18 Are there established goods receiving procedures?   | Yes   |                   |
| C.19 Are all goods that are received recorded as assets or inventory in a register?  | Yes   |                   |
| C.20 Is the agency/procurement department familiar with letters of credit?   | Yes   |                   |
| C.21 Does the procurement department register and track warranty and latent defects liability periods?   | Yes   |                   |
| <b>Consulting Services</b>   |   |                   |
| C.22 Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.) | No  | *H                |
| C.23 If the above answer is yes, what were the major challenges?   | NA  | *H                |
| C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?  | Yes   | *L                |
| C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?  | Yes   |                   |
| C.26 What criteria are used to evaluate EOIs?  | Project related experience                                |                   |

| QUESTION   | RESPONSE <sup>2</sup>   | RISK <sup>3</sup> |
|--|---|-------------------|
| C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?  | QCBS  | *L                |
| C.28 Do firms have to pay for the RFP document?  | In some cases, where designs are involved                       | *L                |
| C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?  | Yes   | *L                |
| C.30 Are pre-proposal visits and meetings arranged?  | Yes, but optional   |                   |
| C.31 Are minutes prepared and circulated after pre-proposal meetings?  | Yes   | *L                |
| C.32 To whom are the minutes distributed?  | To the shortlisted consultants                                  | *L                |
| C.33 Are all queries from consultants answered/addressed in writing?   | Yes   | *L                |
| C.34 Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed? | Yes   | *L                |
| C.35 Are proposal securities required?   | No  | *L                |
| C.36 Are technical proposals opened in public?   | Yes   | *L                |
| C.37 Are minutes of the technical opening distributed?   | Yes, on request   | *L                |
| C.38 Who determines the final technical ranking and how?   | Consultant Selection Committee based on the evaluation criteria | *L                |
| C.39 Are the technical scores sent to all firms?   | Yes   | *L                |
| C.40 Are the financial proposal opened in public?  | Yes   | *L                |
| C.41 Are minutes of the financial opening distributed?   | Yes   | *L                |
| C.42 How is the financial evaluation completed?  | In light of evaluation criteria given in RFP                    | *L                |
| C.43 Are face to face contract negotiations held?  | Yes   | *L                |
| C.44 How long after financial evaluation is negotiation held with the selected firm?   | Within 15 days maximum  |                   |
| C.45 What is the usual basis for negotiation?  | Scope of work, experts etc.                                     |                   |
| C.46 Are minutes of negotiation taken and signed?  | Yes   | *L                |
| C.47 How long after negotiation is the contract signed, on average?  | Within a month  |                   |
| C.48 Is there an evaluation system for measuring the outputs of consultants?   | Yes   |                   |
| <b>Payments</b>  |   |                   |
| C.49 Are advance payments made?  | Yes   |                   |

| QUESTION   | RESPONSE <sup>2</sup>                         | RISK <sup>3</sup> |
|--|---|-------------------|
| C.50 What is the standard period for payment included in contracts?  | 30 days                                       |                   |
| C.51 On average, how long is it between receiving a firm's invoice and making payment?   | 30 days                                       |                   |
| C.52 When late payment is made, are the beneficiaries paid interest?   | Depends on the contract conditions            |                   |
| <b>D. EFFECTIVENESS</b>  |   |                   |
| E.1 Is contractual performance systematically monitored and reported?  | Yes, however some system weaknesses are there |                   |
| E.2 Does the agency monitor and track its contractual payment obligations?   | Yes   |                   |
| E.3 Is a complaints resolution mechanism described in national procurement documents?  | Yes   |                   |
| E.4 Is there a formal non-judicial mechanism for dealing with complaints?  | Yes   |                   |
| E.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment? | Yes   | *L                |
| <b>E. ACCOUNTABILITY MEASURES</b>  |   |                   |
| E.1 Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?   | Yes   | *L                |
| E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?                     | Yes   | *L                |
| E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?                                 | Yes   |                   |
| E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?   | Head of the Department                        | *L                |
| 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   | No  |                   |
| (b) Advertisement of an invitation for bids, pre-qualification or call for EOIs  | No  |                   |
| (c) Evaluation reports   | No  | *L                |

| QUESTION   | RESPONSE <sup>2</sup> | RISK <sup>3</sup> |
|--|-----------------------|-------------------|
| (d) Notice of award  | No                    | *L                |
| (e) Invitation to consultants to negotiate   | No                    |                   |
| (f) Contracts  | Yes                   | *H                |
| 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? | Yes                   | *H                |
| E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?  | Yes                   | *L                |