

## PROCUREMENT PLAN

<b>Project Name</b>	Water Supply and Sanitation Sector
<b>Country</b>	Republic of Armenia
<b>Loan Amount</b>	\$36 million
<b>Executing Agency</b>	State Committee of Water Systems
<b>Date of first Procurement Plan</b>	31 October 2007
<b>Date of this Procurement Plan</b>	22 February 2011

### A. Project Procurement Thresholds

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works

#### Procurement of Goods and Works

Method	Threshold
ICB for Works	> \$1,000,000
ICB for Goods	> \$500,000
NCB for Works	</= \$1,000,000
NCB for Goods	> \$100,000 </= \$500,000
Shopping for Goods	</= \$100,000
Direct Contracting for Goods	</= \$10,000
Force Account for Works	</= \$10,000

ICB = international competitive bidding, NCB = national competitive bidding.

### B. ADB Prior or Post Review

2. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the Project.

#### Procurement of Goods and Works

Procurement Method	Prior or Post	Comments
ICB Works	Prior	—
ICB Goods	Prior	—
NCB Works	Prior/Post	Usage subject to review of the Borrower's public procurement laws and regulations. Prior review applies to the procurement of the first NCB contract by the project management unit. If the first contract is procured satisfactorily, thereafter, post review.
NCB Goods	Post	
Direct Contracting for Goods	Post	—
Works through Force Account	Prior	—

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### Consultant Recruitment

Procurement Method	Prior or Post	Comments
<b>A. Recruitment of Consulting Firms</b>		
Quality-and Cost-Based Selection	Prior	Quality-and cost-based selection based on 80:20 quality-cost weighting. Applied in accordance with <i>Guidelines on the Use of Consultants</i> (2007, as amended from time to time)
<b>B. Recruitment of Individual Consultants</b>		
Individual Consultant Selection	Prior	Applied in accordance with Section 2.34, <i>Guidelines on the Use of Consultants</i> (2007, as amended from time to time)

### C. Goods and Works Contracts Estimated to Cost More than \$1 Million

General Description	Contract Value (\$'000)	Procurement Method	Prequalification of Bidders (Y/N)	Advertisement Date	Comments
Civil Works	16.278	ICB	N	June 2008 until Jan 2010	10 contracts awarded - Awarded from Sep 2008 until June 2010
Civil Works Kapan Town WSS	1.500	ICB	N	Dec 2010	1 contract To be awarded in March 2011
Civil Works Tashir Town WSS	1.300	ICB	N	To be advertised Mar 2011	1 contract To be awarded in April 2011

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

General Description	Value of Contracts (cumulative) (\$'000)	Number of Contracts	Procurement / Recruitment Method <sup>1</sup>	Comments
Office Equipment	.028	4	Shopping/Direct Contracting	Awarded Feb, May 2008/Apr 2010
Office Furniture	.034	2	Shopping/Direct Contracting	Awarded Feb 2008/Mar 2009
Motor Vehicles	.082	1	Shopping	Awarded Feb 2008
Goods	.600	2	Shopping/Direct Contracting	Awarded Aug, Sep 2010

Goods	.934	1	ICB	Awarded Jan 2009
Goods	.018	1	Shopping	To be awarded in Q2 2011
<b>Civil Works</b>	<b>16.341</b>	<b>23</b>	<b>NCB</b>	<b>Awarded from Sept 2008 until Mar 2010</b>
Civil Works Ijevan Town WSS	0.797	1	NCB	Awarded on 7 Feb 2011 Awaiting signed contract
Civil Works Noyakert, Yeghegnavan, Aygetap, Mkchan Village WSS	0.880	1	NCB	Advertised on 9 Dec 2010 Contract signing expected in March 2011
Civil Works – Stepanavan Town WSS	0.500	1	NCB	To be advertised in Mar 2011
Civil Works – Alaverdi, Axtala Town WSS	0.400	1	NCB	To be advertised in Mar 2011
Civil Works – Sevan Town WSS	0.500	1	NCB	To be advertised in Apr 2011

ICB = international competitive bidding, NCB = national competitive bidding.

#### **E. Consulting Services Contracts Estimated to Cost More than \$100,000**

<b>General Description</b>	<b>Contract Value</b>	<b>Recruitment Method<sup>1</sup></b>	<b>Advertisement Date (quarter/year)</b>	<b>International or National Assignment</b>	<b>Comments</b>
Package A consultants: Project implementation and management support	1.148	ICS	Q2 2008	National	Awarded starting from May 2008

Package B consultants: Technical design and construction supervision	2.599	QCBS 80:20	Q3 2007	International	Awarded in March 2008
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ICS = individual consultant selection, QCBS = quality-and cost-based selection.

## **C. National Competitive Bidding**

### **1. General**

7. The procedures to be followed for national competitive bidding shall be the open tender method (including the two-stage where appropriate) set forth in the Law on Procurements of 1 January 2005 with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB, Procurement Guidelines ("Guidelines").

### **2. Eligibility**

8. The eligibility of bidders shall be as defined under section I of the Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the Guidelines. Bidders must be nationals of member countries of ADB, and offered goods, services, and works must be produced in and supplied from member countries of ADB.

### **3. Prequalification**

9. Normally, postqualification shall be used, unless prequalification is explicitly provided for in the Loan Agreement/Procurement Plan. Domestic and Foreign Contractors shall be allowed to participate in bid exercises using postqualification procedure. In case prequalification of contractors is stipulated in the Loan Agreement/Procurement Plan, domestic and foreign contractors shall be allowed to participate in the prequalification exercise.

### **4. Registration and Licensing**

- (i) Bidding shall not be restricted to pre-registered/licensed firms.
- (ii) Where registration or licensing is required, bidders (i) shall be allowed a reasonable time to complete the registration or licensing process; and (ii) shall not be denied registration/licensing for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- (iii) Foreign bidders shall not be precluded from bidding. If a registration or licensing process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register or to obtain a license.

## **5. Bidding Period**

10. The minimum bidding period is twenty-eight (28) days prior to the deadline for the submission of bids.

## **6. Bidding Documents**

11. Procuring entities should use standard bidding documents for the procurement of goods, works and services acceptable to (ADB).

## **7. Preferences**

12. No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

## **8. Advertising**

13. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper or freely accessible, nationally-known website allowing a minimum of twenty-eight (28) days for the preparation and submission of bids.

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

## **9. Securities**

### **(i) Bid Security (tender security)**

Where required, bid security shall be in the form of a bank guarantee from a reputable bank.

### **(ii) Performance Security (contract execution security)**

Performance security shall be provided within twenty-eight (28) days of the notification of contract award.

## **10. Bid Opening and Bid Evaluation**

### **(i) Bids shall be opened in public.**

### **(ii) No bid shall be declared invalid/rejected at the time of bid opening.**

### **(iii) Minutes/Record of Bid Opening shall be provided to all bidders.**

### **(iv) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated bidder.**

### **(v) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.**

### **(vi) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without ADB's prior concurrence.**

- (vii) A contract shall be awarded to the technically responsive bidder that offers the lowest evaluated price, and meets the qualifying requirements. Negotiations shall not be permitted.
- (viii) Price verification shall not be applied.

#### **11. Rejection of All Bids and Rebidding**

14. Bids shall not be rejected and new bids solicited without ADB's prior concurrence. Bids shall not be declared invalid because of procedural delays on the part of executing agencies without prior ADB's approval.

#### **12. Participation by Government-owned enterprises**

15. Government-owned enterprises in the Republic of Armenia shall be eligible to participate as bidders only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority/executing agency/implementing agency. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

#### **13. Right to Inspect/Audit**

16. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

#### **14. Fraud and corruption**

- (i) The Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the contract in question.
- (ii) The Bank (ADB) will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, ADB-financed contract.

#### **15. Joint Venture and Estimated Contract Prices**

- (i) Joint venture partners shall be jointly and severally liable for their obligations.
- (ii) Estimated contract prices shall not be advertised.

#### **16. Disclosure of Decision on Contract Awards**

17. At the same time that notification on award of contract is given to the successful bidder, the results of bid evaluation shall be published in a local newspaper, or a well-known freely

accessible website identifying the bid and lot numbers and providing information on (i) name of each Bidder who submitted a Bid, (ii) bid prices as read out at bid opening; (iii) name of bidders whose bids were rejected and the reasons for their rejection, and (iv) name of the winning Bidder, and the price it offered, as well as duration and summary scope of the contract awarded. The executing agency/implementing agency/contracting authority shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.