

PROCUREMENT PLAN

LOANS 2354/2355-AZE: MFF: ROAD NETWORK DEVELOPMENT PROGRAM (PROJ 1)

MFF Amount: \$500.0 million	Executing Agency: Ministry of Transport
Project 1: \$200.0 million	Implementing Agency: AzerRoadService
Date of First Procurement Plan: 4 Oct 2007	Date of This Procurement Plan: 3 Feb 2011

A. Process Thresholds, Review, and 18-Month Procurement Plan

1. Project Procurement Thresholds

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, Works, & Consulting Services	
Method	Threshold
International Competitive Bidding for Works	Above \$3 million
National Competitive Bidding for Works	\$3 million and below
International Competitive Bidding for Goods	Above \$1 million
National Competitive Bidding for Goods	\$1 million and below
Quality- and Cost-Based Selection	\$200,000 and above
Consultants' Qualification Selection	Less than \$200,000
Least-Cost Selection	Less than \$100,000

2. ADB Prior or Post Review

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, Works & Consulting Services	
Procurement Method	Prior or Post
International Competitive Bidding for Works	Prior
International Competitive Bidding for Goods	Prior
National Competitive Bidding for Goods	Prior
Shopping for Works	Prior
Shopping for Goods	Prior
Quality-Based Selection	Prior
Quality- and Cost-Based Selection	Prior
Individual Consultants	Prior

3. Goods and Works Contracts Estimated to Cost More Than \$1 Million

The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (\$ million)	Procurement Method	Prequalification of Bidders (Yes/No)	Advertisement Date (quarter/year)	Comments
Civil Works:					
Construction of the Masalli–Astara Expressway	373.3	ICB	No	<ul style="list-style-type: none"> • 16 Aug 2010 (Section A) • 27 Aug 2010 (Section B & C) 	<ul style="list-style-type: none"> • Section A awarded • BER for Sections B&C under review

Rehabilitation of Local Roads	12.2	NCB	No	<ul style="list-style-type: none"> • 3 Feb 2010 (Package 1) • 2 Feb 2011 (Kamarli Road) 	Package 1 awarded
Equipment:					
Vehicle Weighing Station	4.4	ICB	No	5 Mar 2010	<ul style="list-style-type: none"> • BER approved in Nov 2010

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

The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (\$ million)	Recruitment Method	Advertisement Date (quarter/year)	International or National Assignment	Comments
Construction Supervision, Project Monitoring and Evaluation, and Preparation of Project 2	4.9	QCBS/FTP Quality-cost ratio: 80:20	Feb 2007	International	Contract awarded
Development of Database for Secondary Roads	2.0	QCBS/FTP Quality-cost ratio: 80:20	Q2/2011	International	Recruitment to start when contracts for all sections are awarded
Development of Legal and Regulatory Frameworks and Operational Procedures for Toll Roads	0.3	QCBS/STP Quality-cost ratio: 80:20	Q2/2011	International	Recruitment to start when contracts for all sections are awarded

Note: Above consulting services contracts are chargeable against Loan 2355

B. Project Procurement Plan

1. Indicative List of Packages Required Under the Project

The following table provides an indicative list of all procurement (goods, works, and consulting services) over the life of the project.

General Description	Estimated Value (\$ million)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Works					
Construction of the Masalli–Astara Expressway <ul style="list-style-type: none"> • Section A (0-22.1km) • Section B (22.1-45.1km) • Section C (45.1-58.6km) 	130.4 140.3 68.5	4	ICB	No	<ul style="list-style-type: none"> • Section A Contract awarded on 22 Dec10 for \$91.249 million • BER for Sections B&C under review

General Description	Estimated Value (\$ million)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
• Lenkaran Bridge	34.1				• Revised draft bid docs for ADB's approval
Rehabilitation & Reconstruction of Local Roads					
• Package 1 (Narimanken Bunyadabad & Nematabad Roads)	1.3	1	NCB	No	• Contract awarded on 22 Jun 2010 for \$1.27 million
• Package 2 Lot 1 (Ashagi Salahli), Lot 2 (Delimemmedli-Qushchular), Lot 3 (M2 Semedabad-Ahmedabad) & Lot 4 (M2 Nadirkend Road)	4.9	4	NCB	No	• Draft bid docs approved on 13 Jan 2011
• M2 Kamarli Road	6.4	1	ICB	No	• Draft bid docs approved on 12 Jan 2011; IFB posted on 2 Feb 2011
Equipment					
Vehicle Weighing Station	4.4	1	ICB	No	BER approved in Nov 2010
Consulting Services					
Construction Supervision, Project Monitoring and Evaluation, and Preparation of Project 2	4.9	1	QCBS	No	Contract awarded on 31 Mar 2008 for \$4.9M under Loan 2355.
Development of Database for Secondary Roads	2.0	1	QCBS	No	Recruitment to start when contracts for all sections are awarded
Development of Legal and Regulatory Frameworks and Operational Procedures for Toll Roads	0.3	1	QCBS	No	Recruitment to start when contracts for all sections are awarded

C. National Competitive Bidding

The procedures to be followed for national competitive bidding shall be those set forth in the Republic of Azerbaijan's Public Procurement Law of 27 December 2001 with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB's *Procurement Guidelines*:

- (i) **Eligibility.** The eligibility of bidders shall be as defined under section I of ADB's *Procurement Guidelines*; accordingly, no bidder or potential bidder should be declared ineligible to ADB-financed contracts for other reasons than the ones provided by section I of ADB's guidelines. Bidders must be nationals of member countries of ADB, and offered goods and services must be produced in and supplied from member countries of ADB.
- (ii) **Prequalification.** Normally, post-qualification shall be used unless explicitly provided for in the loan agreement/procurement plan. Irrespective of whether post qualification or

prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

(iii) **Registration and Licensing**

- (a) Bidding shall not be restricted to pre-registered and/or licensed firms.
- (b) Where registration or licensing is required, bidders (a) shall be allowed a reasonable time to complete the registration or licensing process; and (b) 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.
- (c) 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 without unreasonable cost and additional requirements.

(iv) **Bidding Period.** The minimum bidding period is 28 days prior to the deadline for the submission of bids.

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

(vi) **Preferences.** No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

(vii) **Advertising.** 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 28 days for the preparation and submission of bids. Bidding of NCB contracts estimated at \$500,000 equivalent or more for goods and related services or \$1,000,000 equivalent or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.

(viii) **Bid Security.** Where required, bid security shall be in the form of a bank guarantee from a reputable bank.

(ix) **Bid Opening and Bid Evaluation**

- (a) Bids shall be opened in public.
- (b) 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 who meets the qualifying criteria stated in the bid documents.
- (c) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (d) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without ADB's prior concurrence.
- (e) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted.
- (f) Splitting award of a single contract among two or more bidders shall not be permitted.
- (g) Price verification shall not be applied.

- (x) **Rejection of All Bids and Rebidding.** Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

- (xi) **Disclosure of Decision on Contract Awards.** 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, or other contracting authority shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

- (xii) **Participation by Government-Owned enterprises.** Government-owned enterprises in the Republic of Azerbaijan 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. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

- (xiii) **Right to Inspect/Audit.** 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.

- (xiv) **Fraud and Corruption**
 - (a) 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.
 - (b) 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, coercive or obstructive practices in competing for, or in executing, an ADB-financed contract.

- (xv) **Conflict of Interest.** ADB's rule in respect of "conflict of interest" as stipulated in ADB's Standard Bidding Documents for Procurement of Goods, Civil Works, and Plant-Design, Supply and Install shall be applicable.