

PROCUREMENT PLAN

Basic Data

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| Project Name: Town Electrification Investment Program | |
| Country: Papua New Guinea | Executing Agency: Department of Petroleum and Energy |
| Loan Amount: | Loan Number: |
| Date of First Procurement Plan: | Date of this Procurement Plan: |

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 and Works | |
|---|--------------|
| Method | Threshold |
| International Competitive Bidding (ICB) for Works | >\$3,000,000 |
| International Competitive Bidding for Goods | >\$500,000 |
| National Competitive Bidding (NCB) for Works | ≤\$3,000,000 |
| National Competitive Bidding for Goods | ≤\$500,000 |
| Shopping for Works | <\$100,000 |
| Shopping for Goods | <\$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 Method | Prior or Post | Comments |
|--|---------------|----------|
| Procurement of Goods and Works | | |
| ICB Works | Prior | |
| ICB Goods | Prior | |
| NCB Works | Prior | |
| NCB Goods | Prior | |
| Shopping for Works | Post | |
| Shopping for Goods | Post | |
| Recruitment of Consulting Firms | | |
| Quality- and Cost-Based Selection (QCBS) | Prior | (80:20) |
| Recruitment of Individual Consultants | | |
| 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 | Procurement Method | Prequal. of Bidders (y/n) | Advertisement Date (quarter/year) |
|---------------------------------------|----------------|--------------------|---------------------------|-----------------------------------|
| Lake Hargy Transmission – Equipment | \$7,711,566 | ICB | N | Q4 2011 |
| Divune Power Station – Civil Works | \$10,041,718 | ICB | N | Q4 2011 |
| Ramazon Power Station – Civil Works | \$17,537,027 | ICB | N | Q4 2011 |
| Lake Hargy Transmission – Civil Works | \$4,614,382 | ICB | N | Q4 2011 |

QCBS – quality and cost based selection.

4. **Consulting Services Contracts Estimated to Cost More Than \$100,000.** 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 | Recruitment Method | Advertisement Date (quarter/year) | International or National Assignment | Comments |
|--|----------------|--------------------|--------------------------------------|--------------------------------------|----------|
| Tranche 1 Implementation Consultants (3 subprojects) | \$4,948,406 | QCBS | Q4, 2010 | Both | |

QCBS – quality and cost based selection.

5. **Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000.** The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

| General Description | Value of Contracts (cumulative) | Number of Contracts | Procurement / Recruitment Method | Comments |
|--------------------------|------------------------------------|---------------------|----------------------------------|----------|
| Access Road Construction | \$1,726,161 | 2 | NCB | |
| Land Survey | \$76,000 | 3 | Shopping | |
| Site Preparation | \$95,000 | 3 | Shopping | |

B. Indicative List of Packages Required Under the Project

6. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the comments section.

| General Description | Estimated Value (cumulative) | Estimated Number of Contracts | Procurement Method | Domestic Preference Applicable | Comments |
|-----------------------------|---------------------------------|-------------------------------|--------------------|--------------------------------|--------------|
| Equipment | | | | | |
| 1. Divune Transmission | \$4,035,281 | 1 | ICB Goods | Nil | |
| 2. Ramazon Transmission | \$3,208,818 | 1 | ICB Goods | Nil | |
| 3. Lake Hargy Transmission | \$7,711,566 | 1 | ICB Goods | Nil | |
| Civil Works | | | | | |
| 4. Divune Power Station | \$10,041,718 | 1 | ICB Works | Nil | EPC Contract |
| 5. Divune Transmission | \$2,172,844 | 1 | PPL, Self funded | Nil | |
| 6. Ramazon Power Station | \$17,537,027 | 1 | ICB Works | Nil | EPC Contract |
| 7. Ramazon Transmission | \$1,727,825 | 1 | PPL, Self Funded | Nil | |
| 8. Lake Hargy Transmission | \$4,614,382 | 1 | ICB Works | Nil | |
| 9. Access Road Construction | \$1,726,161 | 2 | NCB | Nil | |
| 10. Land Survey | \$76,000 | 3 | Shopping | Nil | |
| 11. Site Preparation | \$95,000 | 3 | Shopping | Nil | |
| General Description | Estimated Value (cumulative) | Estimated Number of Contracts | Recruitment Method | Type of Proposal | Comments |
| 12. Consulting Services | \$4,948,406 | 1 | QCBS | | |

EPC = Engineering, Procurement and Construction, ICB = International Competitive Bidding, NCB = National Competitive Bidding, PPL = PNG Power Limited, QCBS = quality and cost-based selection.

Note: Civil Works contracts 4 and 6 include construction camp and provision of power and water supply to local villages.

C. National Competitive Bidding

7. **General.** National competitive bidding (NCB) shall conform to the provisions set in the Public Financial Management Act (PFMA) as issued in 1995 and amended in 2003, and the specific procedures prescribed in the Financial Instructions (FIs) issued in 2005, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of ADB Procurement Guidelines.

8. Participation in Bidding

- (i) State-owned enterprises in Papua New Guinea shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Borrower/Executing Agency/Implementing Agency.
- (ii) Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders.
- (iii) Bidding shall not be restricted to preregistered firms and such registration shall not be stated in the bidding documents as a condition for the submission of bids. Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

9. Classification of Contractors; Qualification; Post-qualification

- (i) Post qualification shall be used unless prequalification is explicitly provided for in the loan agreement/procurement plan.
- (ii) Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid. Qualification criteria (in case prequalification was not carried out) shall be stated in the bidding documents, and before contract award, the bidder having submitted the lowest evaluated responsive bid shall be subject to post-qualification.

10. **Conflict of Interest.** Bidders may be considered to be in conflict of interest with one or more parties in this bidding process if, including but not limited to:

- (i) they have controlling shareholders in common, or
- (ii) they receive or have received any direct or indirect subsidy from any of them; or
- (iii) they have the same legal representative for purposes of this bid; or
- (iv) they have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the Bid or another Bidder, or influence the decisions of the Employer regarding this bidding process; or
- (v) a Bidder participates in more than one bid in this bidding process. Participation by a Bidder in more than one Bid will result in the disqualification of all Bids in which the party is involved. However, this does not limit the inclusion of the same subcontractor in more than one bid; or
- (vi) a Bidder or any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the contract is the subject of the Bid; or
- (vii) a Bidder or any of its affiliates has been hired (or is proposed to be hired) by the Employer or Borrower as Engineer for the contract.

11. **Preferences.** No preference shall be given for domestic bidders and for domestically manufactured goods.

12. **Advertising, time for bid preparation.**

- (i) Invitations to bid shall be advertised in at least one newspaper of national circulation or freely accessible and well-known website, allowing a minimum of 4 weeks for the preparation and submission of bids, such 4 weeks period to begin with the availability of the bid documents or the advertisement, whichever is later.
- (ii) Bidding of NCB contracts estimated at \$500,000 or more for goods and related services, or \$1,000,000 or more for civil works, shall be advertised on ADB's website via the posting of the Procurement Plan.

13. **Standard Bidding Documents.** Until national standard bidding documents approved by ADB are available, bidding documents acceptable to ADB should be used.

14. **Bid Security.** If required by the bidding documents, bid security shall be in the form of a bank guarantee from a reputable bank. A bidder's bid security shall apply only to a specific bid.

15. **Bid Opening and Bid Evaluation.**

- (i) Bidders may deliver bids, at their option, either in person or by courier service or by mail.
- (ii) Bidders shall not be allowed to amend their tenders after the closing date and time for submission of bids.
- (iii) Bids shall be opened in public, immediately after the deadline for submission of bids. No bid shall be rejected during bid opening. The name of the bidder, the total amount of each bid, and any discounts shall be read aloud and recorded in the minutes of the public bid opening.
- (iv) Evaluation of bids shall be made in strict adherence to the Qualifications and Evaluation Criteria stipulated in the bidding documents.
- (v) No bidder shall be rejected merely on the basis of a comparison with the employer's estimate and budget ceiling without ADB's prior concurrence.
- (vi) The Contract shall be awarded to the technically responsive bidder that offers the lowest evaluated price, and meets the qualifying criteria. In determining the lowest evaluated price, the following are to be considered: (i) bid price, as offered; (ii) arithmetical corrections on the bid price, if any; and (iii) monetary value of the evaluation criteria that are stated in the bidding document.

12. **Rejection of Bids.** Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

13. **Extension of the Validity of Bids.** In exceptional circumstances and with prior ADB approval, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids. In such a case, bidders shall not be requested nor permitted to amend the price or any other condition of their bid. Bidders shall have the right to refuse to grant such an extension without forfeiting their bid security, but bidders granting such an extension shall be required to provide a corresponding extension of their bid security.

14. **Disclosure on Contract Awards.** At the same time that notification on award of contract is given, the Government /Executing Agency/Implementing Agency shall publish the following information on contract award on a free and open access website or other means of

publication acceptable to ADB: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) names of bidders whose bids were rejected and the reasons for the rejection; and (v) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. The Executing/Implementing Agency shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

15. **No Negotiations.** There shall be no negotiations, even with the lowest evaluated bidder, without ADB's prior concurrence. A bidder shall not be required, as a condition of award, to undertake obligations not specified in the bidding documents, or otherwise, to modify the bid as originally submitted.

16. **Inspection and Auditing.** Each contract financed from the proceeds of a Loan/Grant shall provide that the contractor/supplier shall permit ADB, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by ADB.

17. **Member Country Restriction.** Bidders must be nationals of member countries of ADB, and offered goods must be produced in and supplied from member countries of ADB.