

STRATEGIC PROCUREMENT PLAN

Executive Summary

The Water Supply and Sanitation Investment Project (WSSIP) is enhancing water services by providing new infrastructure in the cities of Lospalos, Viqueque and Same. The sustainability of installed water supply and sanitation assets is a focus to ensure quality of operation and maintenance (O&M) on the long-term, in a reform context for the national state-owned water utility.

Procurement of large value contracts is centralized to a single entity, the National Procurement Commission (NPC). Ministry of Public Works (MPW) is also involved in preparing the bidding documents that are sent to the Council of Administration of Infrastructure Fund for review and approval.

In order to support the procurement capacity, a project management unit (PMU) will be established by the Ministry of Public Works with adequate staffing and capacity, to efficiently and effectively implement the project. The PMU will be responsible for project performance monitoring and progress reporting, and will be supported by a high level project supervision consultants (PSC) firm. Individual consultants will be also hired by the government to supplement the PMU staff.

This project is beyond local contractors' capacity. It is anticipated that large international water and construction companies will be interested if the packaging is attractive enough. As working conditions are made more complex by the Covid 19 pandemic, there is a low bid risk that will be mitigated with high level of bid preparation supported by detailed engineering design (DED) consultants, to ensure that quality of works will be a focus

The DED preparation by a qualified water utility firm and the single packaging including water supply, distribution and sanitation, provides value for money (VFM) as it brings economic and technical efficiency and attracts international qualified bidders. The PSC will further drive VFM by ensuring quality of works is a focus during contract management administration phase and works specifications are well followed specially regarding future O&M requirements. Procurement is streamlined under two main packages—a consulting contract for PSC firm, and a large civil works contract including the upgrading of water supply and sanitation system in three cities (3 lots with a total cost estimate of USD 40.52 million, OCB- Internationally advertised, (1S2E)).

I. PROJECT CONCEPT

Project Title	Water Supply and Sanitation Investment Project (WSSIP)
Country	Democratic Republic of Timor-Leste
Executing Agency	Council of Administration of Infrastructure Fund (CAFI)
Implementing Agency	Ministry of Public Works (MPW)
Project Development Objectives	<p>The project will focus on enhancing water supply and sanitation services and providing infrastructure that will facilitate long-term sustainable and economic growth. The project is consistent with the strategic goals set in the Timor-Leste Strategic Development Plan 2011–2030 and ADB Strategy 2030.</p> <p>The project will be aligned with the following impact: 100% water supply and sanitation service coverage by 2030. The outputs will result in the following outcome: inclusive and sustainable access to water supply and sanitation services in project cities achieved.</p>
Project Description	<p>The project will deliver three outputs: (i) Output 1: Regulatory environment improved; (ii) Output 2: Water supply and sanitation infrastructure improved; and (iii) Output 3: Institutional effectiveness improved.</p> <p>Under Output 2 the project will improve access to inclusive water supply and sanitation infrastructure in the three project cities through: (i) construction of 14 water supply storage and 7 treatment facilities; (ii) rehabilitation and expansion of 130 km of water supply distribution network and formation of district metered areas (DMAs); (iii) installation of meters for 10,000 household connections; and (iv) construction of 12 public toilets and 3 septage treatment facilities, including septage collection and transport.</p>
Description of Indicative Contract Packages	<p>Indicative contract packages for the project will comprise of the following:</p> <ul style="list-style-type: none"> (i) Upgrading of water supply and sanitation systems in three cities following a design prepared by a DED consortium and financed by the government: <ul style="list-style-type: none"> (a) Lot 1 - Construction of new water supply storage and treatment facilities; rehabilitation and expansion of the water supply distribution networking forming DMAs; installation of meters for household connections; and construction of public toilet facilities and septage treatment facilities in Lospalos (b) Lot 2 - Construction of new water supply storage and treatment facilities; rehabilitation and expansion of the water supply distribution networking forming DMAs; installation of meters for household connections; and construction of public toilet facilities and septage treatment facilities in Viqueque

	<p>(c) Lot 3 - Construction of new water supply storage and treatment facilities; rehabilitation and expansion of the water supply distribution networking forming DMAs; installation of meters for household connections; and construction of public toilet facilities and septage treatment facilities in Same</p> <p>(ii) Vehicles for Project Management Unit (PMU)</p> <p>(iii) Information Technology (IT) Equipment and Software for PMU</p> <p>(iv) Furniture for PMU</p> <p>(v) IT Support for Project</p> <p>(vi) Project Supervision Consultant (firm)</p> <p>(vii) External Financial Auditor (firm)</p> <p>(viii) Project Accountants for the PMU</p> <p>(ix) PMU Support Staff (Administration Support)</p> <p>(x) Chief Technical Advisor for PMU</p>
Summary of the Financing Agreement	<p>Asian Development Bank: \$47.0 million</p> <p>Global Environment Facility (GEF): \$3.0 million</p> <p>Government contribution: \$12.5 million</p> <p>Total: \$62.5 million</p>

II. OPERATING ENVIRONMENT

A. Capacity and Capability Assessment of the Borrower

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. There is an established legal and regulatory framework which uses competitive bidding as its default method of procurement. It is well known and easily accessible, especially to foreign bidders. 2. International bidding is in any event obligatory above a contract value of US\$1 million. Alternative methods of procurement are permitted only under specified conditions. Contract award procedures are transparent with broad advertising both in print and electronic media. Procurement of large value contracts of any type above US\$1 are centralized in the hands of a single entity, the NPC, which is currently well staffed with national and international procurement experts. 3. The public procurement system in Timor-Leste has a number of strengths which makes it a reliable partner whose procurement system can be utilized at the level of OCB with national and international advertising with amendments suitable with the New Procurement Framework of ADB. 4. NPC is involved in preparing the bidding documents that are sent to CAFI to authorize the initialization of the procurement process. After CAFI's authorization the bidding documents return to NPC for processing and finalization. Recently, MPW has also started to be a part of the bid evaluation committee in NPC. 5. The procurement unit at MPW appears to be appropriately staffed with credible capacity (experience of implementing two water supply projects: (i) Dili Urban Water Supply Sector Project and (ii) District Capitals Water Supply Project) 	<ol style="list-style-type: none"> 1. The Procurement Legal Regime (PLR) is unconsolidated and complex. It is not available in the local language (Tetum), only in Portuguese and (unofficially) in English. 2. There is no effective link between procurement planning and budget formulation so that implementation plans are drawn up based on budget availability rather than needs. 3. The several layers of review and approval by NPC, national development agency (NDA) and major project secretariat (MPS) delay the process and diminishes accountability with the removal of the end user (line Ministry) from the technical decision-making process. 4. There are few procurement-specific anti-corruption provisions although there are some ethical requirements imposed on procurement officers. 5. E-procurement is not yet in place at either national level or at MPW level.

Opportunities	Threats
<ol style="list-style-type: none"> 1. There is a good interest of international construction firms for water supply and sanitation infrastructures projects in Timor Leste. The contract for Dili Urban Water Supply Sector Project was awarded to a Portuguese firm. The contracts for District Capitals Water Supply Project in Manatuto and Pante Macassar were awarded to Korean firms. 2. Construction materials are easily found in the local market. MPW issue standard method of measurement which contains unit price of each material in the country. 3. Contractual dispute is resolved at the court. In standard government contracts, there is also referral to international arbitration bodies. 	<ol style="list-style-type: none"> 1. The private sector in Timor-Leste remains small, largely informal and underdeveloped. 2. Local firms also have difficulty in understanding the bidding and contract documents, which prevents them from offering good quality of services. 3. The biggest constraints identified by business are political instability, corruption and access to finance. 4. For government financed projects, the government normally takes longer time for procurement, and significantly longer time for processing the payment (sometimes it could take up to even more than 1 year, but generally it takes around 6 months). 5. Although there are a good number of commercial banks, borrowing costs are high and there is limited access to finance. Commercial loans are available in the local banks with a very high interest rate. Despite some improvement in the last few years, these banks collectively have a very limited network which is mostly limited to Dili. Local contractors normally have problem in accessing working capital for contracts above US\$250,000 as banks normally have very strict requirements.

B. Support Requirement

Procurement Capability and Capacity	<p>Created by Decree Law No. 14/2011 in March 2011, NPC was a government administration which worked directly under the Prime Minister. It is now organizationally part of the Ministry of Finance. Since its creation, NPC has been handling procurement of more than 25 civil works projects funded by ADB, WB, JICA, and other financing agencies and the Government of Timor-Leste (the government).</p> <p>Currently NPC has about 45 staff, including national procurement specialists/officers, and supported by international procurement specialists, who are hired by the government to enhance the capacity of NPC. Whilst most of the professional procurement staff are nationals, they have significantly fewer procurement related qualifications and less experience than their international counterparts. There is a need to support NPC procurement capacity as it relies on the services of international specialists who are depending on contracts extension and can be impacted by the Covid-19 situation.</p> <p>Below the thresholds (works above US\$1 million, goods above US\$ 250,000 and consultancy services above US\$ 200,000) the MPW is responsible for procurement. Within MPW, the urban water supply and sanitation projects have a project management unit. The PMU was created about 10 years ago as project implementation unit and is now called as PMU. It is expected that the water PMU will handle the proposed Water Supply and Sanitation Investment Project. The MPW procurement unit is appropriately staffed with 5 procurement staff.</p> <p>MPW have not yet gained experience of working with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017).</p> <p>For management of contracts including supervision of construction works, MPW has been assisted by consultant firms and MPW's capacity without this assistance is quite low.</p>
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Experience in Implementing Similar Projects	<p>NPC and MPW have implemented a number of projects funded by ADB, WB, JICA, other financing agencies and government. Some of the similar projects implemented are as follows:</p> <ul style="list-style-type: none"> (i) Road Network Upgrading Project (RNUP) funded by ADB (ii) Dili Urban Water Supply Sector Project (DUWSSP) funded by ADB (iii) District Capital Water Supply Project (DCWSP) funded by ADB (iv) Timor-Leste Road Climate Resilience Project (TLRCRP) funded by WB. (v) National Road No. 1 Upgrading Project funded by JICA
Contract Management Capability and Experience	<p>MPW is responsible for contract management under the projects. There are about 20 staff responsible for contract management. The agency tracks its contractual payment obligations; however, there is still need of improvement in follow up mechanism and timely release of payment.</p> <p>MPW normally monitors the performance of the contractors and the consultants/firms hired for project development and implementation.</p>
Level of Reliance on External Consultants	<p>Level of reliance on external consultants is very high in NPC to implement projects.</p> <p>The work of the NPC is reliant on the services of international specialists. These international specialists are engaged on the basis of annual contracts and there is no guarantee that they will be extended.</p>
Existence and Description of Complaints	<p>PLR has some provisions for complaints related to the tender process. In addition, article 96-103 on Decree Law No. 10/2005 details the independent complaints mechanism in place.</p>

C. Key Procurement Conclusions

Since its creation in March 2011, NPC has been handling procurement of all projects funded by ADB, WB, JICA, other financing agencies and the government. Below the relevant thresholds, it is the MPW that is responsible for procurement although there are few donors funded projects procured at this level. NPC and MPW have implemented a number of projects funded by ADB, WB, JICA, other financing agencies and the government. MPW have not yet gained experience of working with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017).

Therefore, it is recommended to, a) establish a PMU, and b) develop MPW procurement capacities.

A PMU will be established by the Ministry of Public Works with adequate staffing and capacity, to efficiently and effectively implement project. The PMU will be responsible for (i) the day-to-day project management, supervision and administration including programming, budgeting, financial planning and accounting; (ii) project performance monitoring and progress reporting, including gender action plan implementation; (iii) management of technical design, environment, resettlement, social and gender safeguard policy provisions, and national legislative requirements; (iv) clearance of the construction environmental management plan; (v) administration and management of the advance account, including preparation of financial reports; and (vi) preparation of reports required under the loan agreement.

PMU structure will consist of Director and staff responsible for contracts management, procurement, finance and safeguards. ADB will support with financing support staff and Chief Technical Advisor for PMU.

Training will be provided to MPW and NPC staff by the international procurement specialist hired under the PSC by ADB and having experience of working with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017). Greater supervision and support will be provided by ADB in the beginning of the project.

D. External Influences Analysis

Governance	<p>Under the Constitution, public procurement in Timor-Leste falls within the competence of the Council of Ministers rather than the national assembly. Legislation in this area thus takes the form of Decree Laws adopted by the Executive rather than Laws (acts of the national assembly). The PLR, as it is known, essentially consists of Decree Law No. 10/2005. A number of subsequent Decree Laws have amended this PLR (notably Decree Laws No. 14/2006, 24/2008, 1/2010 and 14/2011).</p> <p>Some provisions of the PLR are contradictory to ADB procurement obligations and regulation. However, in case of projects signed by the GoTL and an international financial institution including ADB, international obligations and regulation will be applied in the event of any contradiction with the PLR in accordance with the Article 12 of Decree-Law No.10/2005.</p>
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	<p>In case a purchase value is worth less than US\$ 100,000, a request for quotation should be prepared. Government procurement officers should request and obtain three written quotes for the purchasing.</p> <p>In the case a purchase value is worth more than US\$ 100,000, public tender shall be conducted. Tender documents including Request for Tender and Invitation to Bid (or Request for Proposal) have to be prepared.</p> <p>In case the purchase value of public works construction is worth more than US\$ 1 million, goods and non-consulting services worth more than US\$ 250,000, and services or consultancy contracts worth more than US\$ 250,000, the International Public Tender shall be applied. Request for Tender and Invitation to Bid (or Request for Proposal) shall be prepared as tender documents.</p> <p>There are three key agencies involved in the public procurement process:</p> <ol style="list-style-type: none"> 1. National Procurement Commission (NPC). Created by Decree Law No. 15/2011 in March 2011.. 2. National Development Agency (NDA). Created by Decree Law No. 11/2011 in April 2011 and subsequently amended by the Decree Law No. 60/2020. At present NDA has a significant staff of over 100 which includes many civil engineers and architects. NDA has established its presence in all cities in Timor-Leste. The key functions of NDA are to conduct assessments of the merits and feasibility of capital development projects, supervise, oversee and assure quality of projects for the capital development program and coordinate with relevant ministries. 3. Major Projects Secretariat (MPS). Created by Decree Law No. 08/2011 in 16 March 2011. It is currently located in the Ministry of Planning and Territory. MPS is responsible for the Infrastructure Fund that is allocated to major infrastructure projects. It manages the fund and makes payments. Management of the fund involves planning and appraising projects, making payments and reporting to the government on the progress. <p>For projects funded by international financial institutions including ADB, international obligations and regulation will be applied in the event of any contradiction with the PLR in accordance with the article 12 of Decree Law No.10/2005.</p> <p>NPC tends to use the SBDs provided by the MDBs funding the specific contract. There are no harmonized bidding documents available for procurement using OCB with national advertising and RFQ to suit with the ADB's new procurement framework.</p>
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Economic	<p>The national legislation bid evaluation criteria contains a requirement to apply various national preferences.</p> <p>Exchange rate volatility is not an issue as USD is used as the local currency.</p>
Sustainability	<p>The design risks is mitigated as the works detailed design has been undertaken by an experience DED consortium which is a recognized international water utility. There are no natural disaster risks foreseen in this project. There are no major sustainability requirements or environmental impacts. The financial sustainability is not an issue for the activities planned to be completed during the project. After completion of the project funds for operation and maintenance of the assets created during the project will be required, and the government will ensure allocation of such funds.</p> <p>In September 2020, the government established a state-owned water utility responsible for the provision of urban water supply and sanitation services and a regulatory authority responsible for policy development. An installation committee prepared the transition of DGAS and SMASAs (Municipal Water, Sanitation and Environment Services) into the newly established public entities. The DGAS ceased to exist when the water utility commenced operations. The SMASAs under each city administration will only be responsible for rural water supply and sanitation capital investments and O&M services.</p> <p>Obtaining full cost recovery on the assets, which includes water supply and sanitation has been limited due largely to utility operational capacity and weak tariff structures. Both MPW and the SMASAs do not have the political strength to implement the tariffs set by the Decree-law No. 4/2004, thus there is no billing system and no mechanism for payment. Furthermore, all three cities rely on the central government transfers to cover the recurrent costs.</p> <p>ADB has supported the government in improving the performance of the water sector through (i) the introduction of institutional reforms to promote the sustainability of MPW and SMASAs, and (ii) the development and rehabilitation of water supply systems in Dili and two secondary cities.</p> <p>Previous projects focused on infrastructure creation, with limited engagement to build the capacity of MPW and SMASAs and it is recognized that there is a need for continued support in O&M, financial management, reporting, and tariff reviews to facilitate the transition of</p>

	MPW and SMASAs' urban services under the new autonomous corporate entity. ADB has an ongoing TA to support MPW transition to a state-owned water utility and a regulatory authority.
Technology	<p>E-procurement is not yet in place at either NPC level or at MPW level. E-procurement is not expected to be in place for the duration of the proposed project.</p> <p>There are no restrictions in internet access that may affect the project. The security of internet is good enough to be used in the project. No information transfer risks are foreseen.</p> <p>The mobile phone access and coverage is good in Timor-Leste.</p> <p>Water supply technologies are not yet available in Timor-Leste, since the investment in the sector has been non-existent. As part of the project, automation and remote management to achieve a greater efficiency in the operation and maintenance of the water supply systems will be installed.</p>

E. Key Procurement Conclusions

There is an established legal and regulatory framework which uses competitive bidding as its default method of procurement. Procurement of large value contracts of any type above US\$1m are centralized in the hands of a single entity, the NPC, which is currently well staffed with national and international procurement experts.

The several layers of review and approval by NPC, NDA and MPS may delay the process. It will be closely monitored by ADB. For OCB with national advertising and RFQ, there are no harmonized bidding documents that are agreed with ADB/WB. ADB will propose bidding documents templates. The standard bidding documents issued by MOF will be used with suitable modifications in line with the ADB's Procurement Framework (2017). The first bidding documents for Goods and the first bidding documents for works will be approved by ADB before use. NPC will develop bidding documents supported by the DED consortium.

Other significant procurement conclusion points are as follows:

- There are grievance redress mechanisms related to the procurement.
- Exchange rate volatility is not an issue as USD is used as the local currency.
- E-procurement is not yet in place in at national level.

The project detailed design has been provided by an experienced DED water utility, that is mitigating the project risks. In the water utility reform context of Timor-Leste, the support of the project to the new water utility is key, as it will provide new assets to enhance cities water supply and sanitation services levels. It will be supported by PMU and a high-level PSC to ensure good quality of works in line with the design proposed, and also appropriate transfer in the O&M phase: the quality of project implementation will ensure that assets management, funding, planning and gender diversity is delivered during water utility operations phase.

F. Stakeholder Analysis and Communication Plan

High			
Power and Influence Over the Project	Keep Satisfied <ol style="list-style-type: none"> 1. Government authorities for environment safeguards 2. Government authorities for social safeguards 3. End users 	Key Stakeholders <ol style="list-style-type: none"> 1. ADB 2. MPW 3. Municipal administrations of Lospalos, Viqueque, and Same 4. NPC 5. MOF 6. Council of Ministers 7. CAFI 8. NDA 9. MPS 	
	Minimal Role NGOs -	Keep Informed Bidders, DED Contractors, suppliers and Consultants working on the project	
Low	Interest in the Project		High

G. Stakeholder Communication Plan

Stakeholder Name and Role	ADB – financing agency
Interest in the Project	Sponsor
Support and Influence Level	Project Champion Influencer
Objections, Drivers, Needs, and Levers	Compliance with the requirements stated in the Financing Agreement
Action	Project and procurement activities are to be implemented in accordance with the ADB's policies.
Responsible, Accountable, Consulted, or Informed	Responsible, consulted and informed
Communicate What, When, and How?	Compliance reports Prior approvals Progress reports

Stakeholder Name and Role	<ol style="list-style-type: none"> 1. MPW 2. Municipal administrations of Lospalos, Viqueque, and Same 3. NPC 4. MOF 5. Council of Ministers 6. CAFI 7. NDA 8. MPS <p>Role: procurement, execution and implementation of the project</p>
Interest in the Project	Beneficiary, procurement agency, executing agency and implementing agencies
Support and Influence Level	Project Champion Decision maker
Objections, Drivers, Needs, and Levers	Compliance with the government and project requirements
Action	Responsible for implementation of project and procurement activities
Responsible, Accountable, Consulted, or Informed	Responsible, accountable
Communicate What, When, and How?	Compliance reports Progress reports Procurement reports

Stakeholder Name and Role	<ol style="list-style-type: none"> 1. Bidders, DED 2. Contractors, suppliers and consultants working on the project <p>Role: Participants in bidding and contracting partners to carry out various project activities</p>
Interest in the Project	Bidders, Contractors, Suppliers, Consultants
Support and Influence Level	Neutral Follower
Objections, Drivers, Needs, and Levers	Equipment specifications, work requirements and terms of reference to be broad enough so that maximum numbers of bidders get interested. Wide and free publicity of bidding opportunities.
Action	The bidders need to feel that the procurement is fair and transparent. Bidders' motive is to win contracts for their business. The bidders' participation can be increased by (i) Wide and free publicity of bidding opportunities (ii) Making equipment specifications, work requirements and terms of reference to be broad enough.

	The contractors, suppliers and consultants need to be paid in time. Complaints need to be resolved in satisfactory manner.
Responsible, Accountable, Consulted, or Informed	Responsible, accountable, informed
Communicate What, When, and How?	Bidding opportunities Bidding documents Contract documents Contract management reports

Stakeholder Name and Role	<ol style="list-style-type: none"> 1. Government authorities for environment safeguards 2. Government authorities for social safeguards 3. End users Role: Responsible for environment and social safeguards
Interest in the Project	Safeguarding environment and social aspects of the project
Support and Influence Level	Project opponent Gatekeeper
Objections, Drivers, Needs, and Levers	<p>Objections to damage to environment due to project activities. Objections to discomfort to the people due to the project.</p> <p>While implementing the project adequate environment and social safeguards to be ensured.</p>
Action	They need to feel environment and social safeguards are in place.
Responsible, Accountable, Consulted, or Informed	Consulted, informed
Communicate What, When, and How?	Compliance reports

H. Key Procurement Conclusions

Regular compliance and progress reports will be required to be submitted to ADB, NPC, MPW to ensure effective implementation of the project procurement activities. ADB's no objection would be required wherever necessary.

PMU will have a technical working group which will be responsible for the day-to-day project management, contract and financial management and safeguards monitoring. PSC recruitment will be done by the National Procurement Commission.

The bidders' participation should be increased by (i) wide and free publicity of bidding opportunities (ii) making equipment specifications, work requirements and terms of reference to be broad enough. The contractors, suppliers and consultants need to be paid in time.

PMU should ensure that complaints are resolved in satisfactory manner, and that contractors are paid in time.

Compliance reports for environment and social safeguards should be sent regularly to the relevant authorities.

End users should be kept informed of the benefits that they will be receiving from the project.

Civil societies may be kept informed about public opening of bids to enhance transparency and credibility of the procurement process.

III. MARKET ANALYSIS

A. Porter's Five Forces

1. Detailed information has been collected on the construction market and the water sector market in Timor-Leste based on studies, review of last year's projects experiences, and consultant knowledge of the local and potential international market. It has been identified at this stage that international water utilities and constructions companies will be interested if the packaging is large enough and concentrated geographically. In the specific COVID-19 context, potential companies have not been directly contacted. This will be done in the coming months and the SPP will be updated. During a workshop held in with ADB and the Timor-Leste Chamber of Commerce and Industry in November 2019, local firms expressed their interest for this project and the possibility to do joint ventures with international firms.

2. Based on the existing government procurement regulation, foreign bidders may participate for contracts above US\$1 million (works) and US\$250,000 (goods). Private sector competes actively in opportunities advertised by the government. In the water sector, during the period of 2008-2019, the contract amount ranges from US\$1,977 to US\$8,977,543, with an average of US\$280,811. The average contract amount for contracts awarded to foreign firms is US\$790,042. The majority of construction contract volume in the country is dominated by the Government. The Government of Timor-Leste has accelerated the infrastructure development, including in roads, bridges, water supply and sanitation facilities. The total budgeted expenditure from the year 2014 to 2018 was about US\$3 billion, out of which water supply and sanitation contributed for about US\$130 million.

3. Foreign bidders' participation (in both government contracts as well as the ones financed by international development partners) does not have any major issues, nor is it challenged by domestic firms as long as their participation is within the thresholds for participation of foreign bidders as established by the Government.

4. With regards to water supply and sanitation contracts, since year 2008 there have been 606 contracts awarded for a total amount of US\$170 million. However, there have been only very few contracts awarded in the past 3 years.

Competitive Rivalry	<ol style="list-style-type: none"> 1. The contract for Dili Urban Water Supply Sector Project was awarded to a Portuguese firm. The contracts for the District Capitals Water Supply Project in Manatuto and Pante Macassar were both awarded to Korean construction firms. In the context of the present project, the civil works concern similar cities, and large international water utility firms may not be attracted if the packaging is spread. There may be opportunity for new entrant. 2. There are no local companies capable of participating the bidding for the project, considering the project size. Foreign construction contractors which are familiar with water supply and sanitation infrastructures are needed.
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	<p>There will be interest for large water utility of construction firms if the packaging is attractive enough. It is anticipated that there will be a good competition to take place in a growing market since there is a sector reform on going.</p> <p>3. Construction materials and suppliers, including related services in the construction supply chain, are easily found locally (steel and cement are mostly imported), which they may be constrained in the case of heavy construction. A large number of firms exist in Timor-Leste (almost all based in Dili), that have developed capacity of supplying various imported kinds of goods, such as IT equipment and software, various construction materials, fuels and even some specialist equipment. They can further enhance their capacities by associating with international firms.</p> <p>4. Regarding the project supervision consultant position (PSC), there are few consultant firms based in Timor-Leste. Some international consultant firms have opened their branches and offices in Timor-Leste. More than 5 local consultant firms may handle contracts up to US\$300,000. They can further enhance their capacities by associating with international firms. International consulting firms will be attracted by this project that is providing good exposure in the country in a sector that will definitely require other projects in the future.</p>
Bargaining Power of Buyers	The procuring agency is a government agency with reasonably high purchasing volumes. Bargaining power of buyers is very high, because NPC is a sole government agency in Timor-Leste which is systematically procuring infrastructure fund projects. Therefore, all bidders are interested in getting contracts and continued business with the government. NPC has knowledge of the local market.
Bargaining Power of Suppliers	The bargaining power of construction contractors, suppliers of IT equipment and software and furniture, and various consulting services required for the project is low, as there is greater competition and many potential sources.
Risk of New Entrants	It is anticipated that the threat of new entrants on the market will drive down the contract price and may even lead to submission to abnormally low bids without enough technology.
Risk of Substitutes	There are no potential risk of substitutes if specifications are well detailed. There are no major opportunities to use high-level technology rather than labor. No major alternative construction materials are available.

B. Key Procurement Conclusions

As this project is beyond local contractors' capacity, it is anticipated that many international water and construction companies will participate in the bidding if the packaging is attractive and not spread. Since the remote locations and the small size of cities, there is an opportunity for new entrants. There is a water sector reform on going that supports the attractiveness of the project.

There is a risk of abnormally low bids to be proposed by new bidders trying to enter into the market. The risk can be mitigated by applying the ADB standard bidding documents, with provisions in place for abnormally low bids. NPC should prepare detailed analysis of the price proposed by the lowest responsive bidder in order to identify whether there is a case of abnormally low bid or not. To avoid abnormally low bid, NPC should develop high quality standards for the bid evaluation.

C. Supply Positioning

High			
Risk	Strategic Security <ul style="list-style-type: none"> - Project Supervision for preparation of bidding documents, supervision of works, - Consultant (firm) - External Financial Auditor (firm) 	Strategic Critical <ul style="list-style-type: none"> - Upgrading of water supply and sanitation systems in three cities: <ol style="list-style-type: none"> 1. Lot 1 – Construction of new water supply storage and treatment facilities; rehabilitation and expansion of the water supply distribution networking forming district metered areas (DMAs); installation of meters for household connections; and construction of public toilet facilities and septage treatment facilities in Lospalos 2. Lot 2 – Construction of new water supply storage and treatment facilities; rehabilitation and expansion of the water supply distribution networking forming DMAs; installation of meters for household connections; and construction of public toilet facilities and septage treatment facilities in Viqueque 3. Lot 3 – Construction of new water supply storage and treatment facilities; rehabilitation and expansion of the water supply distribution networking forming DMAs; installation of meters for household connections; and construction of public toilet facilities and septage treatment facilities in Same 	

	Tactical Acquisition - Vehicles for Project Management Unit - (PMU) - IT Equipment and software for PMU - Furnitures for PMU	Tactical Advantage - Project Accountants for the PMU - PMU Support Staff (Administration Support) - IT Support for Project (firm) - PMU Support Staff (Administration Support) - Chief Technical Advisor for PMU - Information Technology Support (firm)	
Low	Spending		High

D. Key Procurement Conclusions

ADB's project concept paper gave a medium risk Procurement Risk Classification since the detailed design is finalised for the main civil works package. The procurement modality will be relatively simple.

The most expensive and high-risk component is the civil works. Consultants firm for PSC is needed as strategic security.

Some supplemental packages are also required including vehicles, and IT equipment for the PMU.

E. Supplier Preferencing

High			
Attractiveness	Develop - Water supply and sanitation system construction contractors - PSC consultants	Core -	
	Nuisance -	Harvest - Suppliers of vehicles, IT equipment and furniture	
Low	Percentage of Revenue		High

F. Key Procurement Conclusions

Civil works, and PSC consultants for bidding assistance and construction supervision are likely to be positioned in the "Develop" category due to the potential for future work with the government specially in the water sector. Considering the limited capacity of local companies, foreign companies are expected to participate to these works.

Small value contracts including suppliers of vehicles and IT will obtain short-term gains, therefore, the above-mentioned items are categorized as "Harvest".

IV. RISK

MANAGEMENT Project Procurement Risk Assessment

Risk Register:

Risk Description	Likelihood (L) (1-5)	Impact (I) (1-5)	Risk Score (L x I)	Proposed Mitigation	Risk Owner
National procurement system contains deficiencies against international standards.	4	4	16	All procurement under the project will follow ADB's Procurement Policy (2017, as amended from time to time) and Procurement regulations for ADB Borrowers (2017, as amended from time to time).	MPW/ NPC/ ADB
Poor procurement planning (packaging, technical specifications, contracting strategy) and processing	4	4	16	Packaging and contract strategy proposed in Strategic Procurement Planning will be followed. Technical specifications will be prepared by an international qualified consultant firm.	MPW/ NPC/ ADB
Over-use of direct contracting method	3	4	12	All procurement under the project will follow ADB's Procurement Policy (2017, as amended from time to time) and Procurement regulations for ADB Borrowers (2017, as amended from time to time).	MPW/ NPC/ ADB
Reduced capacity of NPC	3	5	15	Retention of competent international procurement specialists in NPC will be encouraged. Staffing levels of NPC will be monitored. Assistance will be provided by ADB to build capacity of national procurement specialists/officers in NPC.	NPC
Participation of low-quality bidders with low bid prices	4	4	16	Single-stage-two-envelopes bidding procedure will be adopted. The provisions for dealing with abnormally low bids is already included in the ADB standard bidding documents.	MPW/ NPC
MPW and NPC have not yet gained experience of working with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017).	4	3	12	An international procurement specialist hired by ADB will assist MPW in the procurement activities in the beginning of the project. Training will be provided to MPW and NPC staff by international procurement specialist hired by ADB having experience of working with the ADB Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017) and included in the PSC team.	MPW/ NPC/ ADB

Risk Description	Likelihood (L) (1-5)	Impact (I) (1-5)	Risk Score (L x I)	Proposed Mitigation	Risk Owner
No harmonized bidding documents available for procurement using OCB with national advertising and RFQ to suit with the ADB's new procurement framework.	3	3	9	ADB Standard Bidding Documents for Small Works/Goods (Single-Stage: One-Envelope) (for projects with concept notes approved on or after 1 July 2017) will be used with suitable modifications in line with the ADB's Procurement Framework (2017). The first bidding documents for Goods and the first bidding documents for works will be approved by ADB before use.	MPW / NPC/ ADB
The procurement process audits, while in place, the capacity of the national audit authority is apparently weak.	3	3	9	A bigger sample for post reviews of the procurement processes may be considered for post review (sampling) done by ADB.	ADB
E-procurement is not yet in place at either NPC level or at MPW level.	5	3	15	The transparency during the manual procurement process will be closely monitored by NPC, MPW, MOF and ADB.	MPW/ NPC/ ADB
No independent complaints review mechanism is in place.	2	4	8	All procurement under the project will follow ADB's Procurement Policy (2017, as amended from time to time) and Procurement regulations for ADB Borrowers (2017, as amended from time to time). The provision of standstill period will be applicable.	MPW/ NPC/ ADB
Inadequate capacity for managing contracts including supervision of construction works.	4	4	16	A reputable international Project Supervision Consultant firm will be recruited to assist MPW in managing contracts including supervision of construction works.	MPW/ NPC
Evaluation and contract award period takes too long	3	4	12	Ensure that information requested in qualification criteria is sufficient for evaluation. Support of external consultation in evaluation team.	MPW/ NPC
Detailed design is not at requested quality standards and not ready in time	1	5	5	Detailed design has been prepared by DED consortium.	

Risk Description	Likelihood (L) (1-5)	Impact (I) (1-5)	Risk Score (L x I)	Proposed Mitigation	Risk Owner
Potential for international consultants at NPC to leave/be replaced	3	4	12	Ensure timely handover of international consultants to leave/be replaced.	NPC
COVID-19 impact on firms' interest and implementation program	4	5	20	Implement a secured procurement process. Consideration of procurement method including appropriate packages in the strategic procurement planning.	NPC
Completeness of Bills of Quantity (BoQ)	4	3	12	Careful formulation of BoQ items to ensure that all works is included. Carefully review of bid documents. Use of lump sum items, if necessary.	MPW/ NPC/ ADB
Delays between evaluation and contract award	3	4	12	Accelerate government internal approval process. Accelerate ADB approval process.	MPW/ NPC/ ADB

ADB = Asian Development Bank, I = impact, L = likelihood, MOF = Ministry of Finance, MPW = Ministry of Public Works, NPC = National Procurement Commission, OCB = open competitive bidding, RFQ = request for quotation.

V. OPTIONS ANALYSIS

Contract packaging:

Strategic Options Description	Feasibility(1-10)	Suitability(1-10)	Acceptability(1-10)	Overall (3-30)
One single bidding package for construction of all types of water supply systems and sanitation systems with three lots – one lot for each city	9	9	10	28
One single bidding package with three lots (one lot for each city) for the construction of all types of water supply systems and sanitation systems with merit point system	8	8	8	24
One bidding package for construction of all types of water supply in all three cities, and one bidding package for construction of all types of sanitation systems in all three cities	8	6	8	22
One bidding package for construction of new water supply storage and treatment facilities for all three cities; one bidding packages for rehabilitation and expansion of the water supply distribution networking forming DMAs, installation of meters for household connections for all three cities; and one bidding package for construction of all types of sanitation systems for all three cities with three lots - one lot for each city	6	5	7	18
Recruitment of individual consultants to assist Project Management Unit (PMU) to manage the project	8	5	6	19
Recruitment of a project supervision consultant (PSC) firm to assist PMU instead of recruitment of individual consultants for PMU	9	9	9	27
Recruitment of individual consultants as external financial auditor	8	5	6	19
Recruitment of a consultant firm as external financial auditor	9	9	9	27
Recruitment of individuals for ITsupport for project	8	5	6	19

Strategic Options Description	Feasibility(1-10)	Suitability(1-10)	Acceptability(1-10)	Overall (3-30)
Recruitment of a firm for IT supportfor project	9	9	9	27
One single package for vehicles, IT equipment and software and furniture for PMU	7	3	5	15
Three separate packages forvehicles, IT equipment and software and furniture for PMU	9	9	9	27
Firm for (i) international project account specialist; (ii) national project account specialists; (iii) one support staff (administration support); and (iv) Chief Technical Advisor for PMU.	7	3	5	15
Individual consultants for (i) international project account specialist; (ii) national project account specialists; (iii) one support staff (administration support); and (iv) Chief Technical Advisor for PMU.	9	9	9	27

5. One single bidding package with three lots (one lot for each city) for the construction of all types of water supply systems and sanitation systems will be the most suitable for works. This will result in more economical contracts. Both small and big bidders can participate and hence it will increase competition. The bidders will also be able to offer discounts for award of more than one lot.

6. One single bidding package with three lots (one lot for each city) for the construction of all types of water supply systems and sanitation systems with merit point system will ensure a high quality of works by selecting the best firm in term of methods and works quality. But it will require MPW, NPC and CAFI support and approval, and the relevant trainings and capacity to implement such method.

7. One bidding package for construction of all types of water supply in all three cities and one bidding package for construction of all types of sanitation systems in all three cities will not be suitable and economical as the three cities are located quite far apart from each other geographically. The sanitation system is just about 5% value of the whole works and a separate package for sanitation system will not attract international bidders. National contractors have experience in water supply systems but do not have adequate experience in sanitation systems.

8. One bidding package for construction of new water supply storage and treatment facilities for all three cities; one bidding packages for rehabilitation and expansion of the water supply distribution networking forming DMAs, installation of meters for household connections for all three cities; and one bidding package for construction of all types of sanitation systems for all three cities with three lots – one lot for each city, will not be suitable. It is not attractive for bidders. Also, the sanitation system is just about 5% value of the whole works and a separate package for sanitation system with three lots will not attract international bidders. National contractors have

experience in water supply systems but do not have adequate experience in sanitation systems. There may not be qualified national bidders even if the package for sanitation system is broken into lots.

9. It is brought out in the market assessment that the local contractors have capacity for building constructions for contract valuing up to US\$ 1 million. In view of this, the construction package will need to be procured through OCB with international advertising.

10. To assist MPW in managing the project, various international experts will be required. In view of this, a project supervision consultant firm (PSC) will be better suited rather than recruiting a large number of individual experts to assist MPW in project management and works supervision of the three lots. The firm will be able to better coordinate among the various experts and produce a coordinated and efficient results. The process of QCBS with international advertising will deliver the best value for money for recruiting project supervision consultant firm as the value of the package is quite large and quality of the consultant is important to ensure high quality of the project implementation.

11. For financial audit services, engagement of a firm will be suitable rather than engaging individual auditors to ensure professional liability and accountability. As the services under the package are of routine nature and of relatively small value, LCS with international advertising will be best suited to recruit the firm.

12. The package of IT support for project is a very small value non-consulting service package and will be procured through RFQ. It will be better to engage a firm for these services rather individuals to ensure prompt and uninterrupted services.

13. The vehicles, IT equipment and software and furniture required for Project Management Unit (PMU) should not be included in one package as the suppliers are different for each categories of these goods. Three separate RFQ packages will be suitable for procurement of these goods.

14. It will be inefficient to have all packages subject to ADB's prior review. The quality will be at risk if all packages are subject to ADB's post review. The procurement of work package, selection of both consulting firms and selection of all individual consultants will be subject to ADB's prior review to ensure quality. The packages of vehicles, IT equipment and software, furniture, and IT support for PMU will be subject to ADB's post review to improve efficiency.

VI. PROCUREMENT STRATEGY SUMMARY

A. Procurement Packaging, Procurement Methods and Scheduling

15. There will be one civil works package with three lots (one lot for each city): for the upgrading of water supply and sanitation systems in three cities: (a) Lot 1 – Construction of new water supply storage and treatment facilities, rehabilitation and expansion of the water supply distribution networking forming DMAs, installation of meters for household connections and construction of public toilets facilities and septage treatment facilities in Lospalos; (b) Lot 2 – Construction of new water supply storage and treatment facilities, rehabilitation and expansion of the water supply distribution networking forming DMAs, installation of meters for household connections and construction of public toilets facilities and septage treatment facilities in Viqueque; (c) Lot 3 – Construction of new water supply storage and treatment facilities, rehabilitation and expansion of the water supply distribution networking forming DMAs, installation of meters for household connections and construction of public toilets facilities and septage treatment facilities in Same.

16. This work package will be procured through open competitive bidding with international advertising – without prequalification. Single-stage-two-envelop bidding procedure will be used. The package is planned to be advertised in Q3/2021. Single-stage-two-envelop bidding will be best suited for the workpackage. The technical capacity of the bidders will be evaluated without knowledge of the bid prices. The bid evaluation committee will not come under pressure of low-price bids while examining qualifications of the bidders. This will also help in minimizing procurement related complaints. Two stages bidding procedure will not be efficient as the nature of works are rather simple and routine. The procurement process and project implementation will be faster if no prequalification is adopted. Prequalification will not be suitable for the works package under the project as the works are neither complex nor very large.

17. There will be three goods packages to be procured through RFQ as follows: (i) vehicles for PMU, (ii) IT equipment for PMU, and (iii) software and furniture required for PMU. There will be one package of non-consulting services for IT support for project to be procured through RFQ. All these four packages are planned to be procured in Q3/2021.

18. There will be two firm consulting packages. The project supervision consultant (PSC) firm will be selected using QCBS method with a quality and cost weightage of 90:10 with international advertising. The selection of this consultant firm will be an advance procurement. The package is planned to be advertised in Q2/2021. The external financial auditor firm will be selected using LCS method with international advertising. The package is planned to be advertised in Q4/2021.

19. The following five packages of individual consultants will be procured using individual consulting services (ICS) method: (i) international project account specialist; (ii) national project account specialists; (iii) one support staff (administration support); and (iv) Chief Technical Advisor for PMU. All these four packages are planned to be advertised in Q3/2021.

20. The following package is proposed for advance contracting: (i) Project supervision consultant firm.

B. Procurement Method for Other Packages

21. For other packages that may be required to be added during project implementation, the procurement method will be decided based on the nature of procurement and availability of suppliers/ contractors/consultants in Timor-Leste, in the region and in the international market. The procurement methods will be agreed with ADB before start of any new procurement.

C. Prequalification

22. Prequalification is not required for any of the procurement packages.

D. Bidding Procedures

23. The planned bidding procedure for the civil works package is single-stage-two-envelop.

E. Specifications

24. Conformance type of specifications will be used for all works and goods as the performance of the proposed works and goods is not effectively measurable.

F. Review Requirements

For the package already identified:

S. N.	Package Name	Type of Review
1	Upgrading of water supply and sanitation systems in three cities	Prior
2	Vehicles for Project Management Unit (PMU)	Post (Sampling)
3	IT equipment and software for PMU	Post (Sampling)
4	Furniture for PMU	Post (Sampling)
5	IT support for project (firm)	Post (Sampling)
6	Project supervision consultant firm	Prior
7	External financial auditor firm	Prior
9	International project account specialist	Prior
10	National project account specialist	Prior
11	Support staff (administration support)	Prior
12	Chief Technical Advisor for PMU	Prior

25. A standstill period of 10 days will be provided for all packages.

G. Standard Bidding Documents and Contract Forms

26. Bidding Documents for Works (Single-Stage: Two-Envelope) (for projects with concept notes approved on or after 1 July 2017) be used for procurement of the civil works package.

27. Standard Request for Quotations (Goods) issued by ADB will be used for the packages of vehicles, IT equipment and software and furniture for PMU, and Standard Request for Quotations (Goods) issued by ADB with suitable modification for IT Support for Project.

28. ADB's Standard Request for Proposal (SRFP) latest version will be used for selection for both firm consulting services.

H. Pricing and Costing Method

29. The pricing and costing method and payments for the various packages will be as follows:

Package	Pricing and costing method	
All packages of goods, works and non-consulting services	Unit price	
Project supervision consultant firm	Time based	
External financial auditor firm	Lump sum	
All individual consultants	Time based	

I. Key Performance Indicators

30. The following key performance indicators will be used:

- a. Advertising by the planned date
- b. Awarding contract by the planned date
- c. More than 3 bidders participated in a bidding
- d. No abnormally low bids are observed
- e. Complaint received regarding any procurement process and how the complaints were handled

J. Evaluation Method

31. The evaluation method for goods, works and non-consulting services packages will be pass/fail and lowest qualified bidder. The evaluation method for consulting services will be Quality and Cost Based Selection (QCBS).

K. Contract Management Approach

32. Collaborative contract management approach will be used for all packages.

33. Effective contract management will enable MPW to maximize value for money (VfM) in delivering development outcomes. The focus of contract management will be on the activities that are undertaken during the contract execution/implementation phase, following the award of contract. The success of contract management will be ensured by the choice of contract and contractor selection following the strategic procurement planning.

34. The contract management approach will involve:
- tracking and monitoring cost, time, quality and deliverables;
 - collaborating to improve performance and promote opportunities for ongoing innovation e.g. value engineering in appropriate contracts;
 - being clear on roles and responsibilities of both MPW and supplier/contractor/consultant;
 - managing relationships with the supplier/contractor/consultant and key stakeholders;
 - managing payments in accordance with agreed terms;
 - being proactive throughout the contract to anticipate problems and issues before they arise; and
 - managing problems and issues as they arise, quickly, effectively, fairly, and in a transparent manner.
35. MPW will ensure that there is sufficient time spent on planning the implementation of the contract. The internal arrangements that MPW will make include:
- (a) assigning specific and detailed contract management tasks to the individuals or the team responsible for contract implementation. The tasks assigned will be precise and realistic (considering the specific experience, expertise and workload of each individual);
 - (b) establishing sufficient internal procedures (hierarchy, communication, levels of authority, flow of documents, reporting, verification and acceptance procedures, payment procedures, internal audit etc.);
 - (c) monitoring and evaluating contract implementation risks and ensuring effective management and mitigation measures will be taken, including assigning responsibility for their enforcement;
 - (d) coordinating arrangements with third parties (other agencies, end users, beneficiaries etc.).
36. A contract management plan (CMP) will be prepared detailing plans to manage each of the contracts under the project. The key performance indicators (KPIs) will also be included in the CMP. The following will be considered to be included in the KPIs with suitable weightages: (i) Submission of performance and advance payment guarantees, (ii) Mobilization of the Contractor's key personnel, (iii) Pipes and equipment delivery, (iv) Surveys as needed, (v) Pipe laying, (vi) Testing and Commissioning of the System, (vi) Others as necessary.

L. Procurement Plan

37. The following is the procurement plan for the first 18 months of project period:

a. Basic Data

Water Supply and Sanitation Investment Project (WSSIP)	
Project Number:	Approval Number:
Country: Timor-Leste	Executing Agency: Council of Administration of Infrastructure Fund (CAFI)

Project Procurement Classification: Category B	Implementing Agency: Ministry of Public Works (MPW)
Project Procurement Risk: Medium	

Project Financing Amount: \$62.5 million ADB Financing: \$47.0 million Global Environment Facility (GEF): \$3.0 million Non-ADB Financing: Nil Counterpart – Govt.: \$12.5 million	Project Closing Date: 31 March 2029	
Date of First Procurement Plan:	Date of this Procurement Plan:	
Procurement Plan Duration (in months): 18	Advance Contracting: Yes	e-Procurement: No

b. Methods, Review, and Procurement Plan

38. Except as ADB may agree otherwise, the following methods shall apply to the procurement of goods, works, non-consulting services, and consulting services.

Procurement of Goods, Works, and Non-consulting Services	
Method	Comments
Open competitive bidding with international advertising for works	This method will be used for the three lots (one lot for each city)
Request for Quotations (goods)	This method will be used for: (i) Vehicles for Project Management Unit (PMU); (ii) IT equipment and software for PMU; and (iii) Furniture for PMU.
Request for Quotations (goods)	This method will be used for IT support for project.

Consulting services	
Method	Comments
Open competitive bidding with international advertising, using quality- and cost-based selection (QCBS)	This method will be used for: Project supervision consultant.
Open competitive bidding with international advertising, using least cost selection (LCS)	This method will be used for: External financial auditor.

Consulting services	
Method	Comments
Open competitive bidding with international advertising, using individual consultant selection (ICS)	This method will be used for: International project accountant specialist
Open competitive bidding with national advertising, using individual consultant selection (ICS)	This method will be used for: (i) Chief technical advisor, (ii) National project accountant specialist and (iii) support staff (administration support).

c. Lists of Active Procurement Packages (Contracts)

39. The following table lists goods, works, non-consulting services, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

Goods, Works, and Nonconsulting services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
WSSIP-W01	<p>Upgrading of water supply and sanitation system in three cities:</p> <p>Lot 1 - Lospalos</p> <p>Lot 2 - Viqueque</p> <p>Lot 3 - Same</p> <p>Construction of new water supply storage and treatment facilities, rehabilitation and expansion of the water supply distribution networking forming district metered areas, installation of meters for household connections and construction of public toilets facilities and septage treatment facilities.</p>	<p>40.52 million</p> <p>(Lot 1: 14.51 million</p> <p>Lot 2: 11.88 million</p> <p>Lot 3: 14.13 million)</p>	OCB	Prior	1S2E	Q4/2021	<p>Advertising: International</p> <p>Number of contracts: 3</p> <p>Prequalification of bidders: No</p> <p>Domestic preference applicable: No</p> <p>Advance contracting: No</p> <p>Bidding document: Works</p> <p>E-procurement: No</p>

Goods, Works, and Nonconsulting services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
WSSIP-G02	Vehicles for PMU	80,000	RFQ	Post (Sampling)		Q4/2021 (No advertisement)	Advertising: RFQ Number of contracts: 1 Prequalification of bidders: No Domestic preference applicable: No Advance contracting: No Bidding document: RFQ Quotations (Goods) issued by ADB E-procurement: No
WSSIP-G03	IT Equipment and Software for PMU	60,000	RFQ	Post (Sampling)		Q4/2021 (No advertisement)	Advertising: RFQ Number of contracts: 1 Prequalification of bidders: No Domestic preference applicable: No Advance contracting: No Bidding document: RFQ E-procurement: No
WSSIP-G04	Furniture for PMU	20,000	RFQ	Post (Sampling)		Q4/2021 (No advertisement)	Advertising: RFQ Number of contracts: 1 Prequalification of bidders: No Domestic preference applicable: No Advance contracting: No Bidding document: RFQ Quotations (Goods) issued by ADB E-procurement: No

Goods, Works, and Nonconsulting services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
WSSIP-NC01	IT Support for Project	70,000	RFQ	Post (Sampling)		Q4/2021 (No advertisement)	Advertising: National Number of contracts: 1 Prequalification of bidders: No Domestic preference applicable: No Advance contracting: No Bidding document: RFQ with suitable modification E-procurement: No

1S2E = Single-Stage-Two-Envelope, 1S1E = Single-Stage-One-Envelope, DMA = district metered areas, OCB = Open Competitive Bidding, PMU = Project Management Unit, Q = Quarter, RFQ = Request for Quotation, WSSIP = Water Supply and Sanitation Investment Project.

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter, year)	Comments
WSSIP-CS01	Project Supervision Consultant	6.24 million	QCBS	Prior	FTP	Q2/2021	Type: Firm Assignment: International Quality-Cost Ratio: 90:10 Prequalification of consultants: Yes (Shortlisting) Advance contracting: Yes E-procurement: Partial (Only EOI submission on cms.adb.org)
WSSIP-CS02	External Financial Auditor	350,000	LCS	Prior	STP	Q4/2021	Type: Firm Assignment: International Prequalification of consultants: Yes (Shortlisting) Advance contracting: No E-procurement: Yes (cms.adb.org)
WSSIP-CS03	Project Accountant Specialist for PMU	350,000	ICS	Prior		Q3/2021	Type: Individual Assignment: International Prequalification of consultants: Yes (Shortlisting) Advance contracting: No E-procurement: Yes (cms.adb.org)
WSSIP-CS04	Project Accountant Specialist for PMU	150,000	ICS	Prior		Q3/2021	Type: Individual Assignment: National Prequalification of consultants: Yes (Shortlisting)

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter, year)	Comments
							Advance contracting: No E-procurement: Yes (cms.adb.org)
WSSIP-S05	PMU Support Staff (Administration Support)	100,000	ICS	Prior		Q3/2021	Type: Individual Assignment: National Prequalification of consultants: Yes (Shortlisting) Advance contracting: No E-procurement: Yes (cms.adb.org)
WSSIP-CS06	Chief Technical Advisor for PMU	500,000	ICS	Prior		Q3/2021	Type: Individual Assignment: National Prequalification of consultants: Yes (Shortlisting) Advance contracting: No E-procurement: Yes (cms.adb.org)

CV = Curriculum Vitae, FTP = Full Technical Proposal, ICS = Individual Consultant Selection, LCS = Least Cost Selection, PMU = project management unit, PSC = project supervision consultant, Q = Quarter, QCBS = Quality- and Cost-Based Selection, STP = Simplified Technical Proposal.

d. List of Indicative Packages (Contracts) Required Under the Project

40. The following table lists goods, works, non-consulting services, and consulting services contracts for which the procurement activity is expected to commence beyond the procurement plan duration and over the life of the project.

Procurement of Goods, Works, and Nonconsulting Services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter, year)	Comments

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter, year)	Comments
None							

e. List of Awarded and Completed Contracts

41. The following table lists the awarded and completed contracts for goods, works, non-consulting services, and consulting services.

Goods, Works, and Nonconsulting Services					
Package Number	General Description	Contract Value	Date of ADB Approval of Contract Award	Date of Completion	Comments
None					

Consulting Services					
Package Number	General Description	Contract Value	Date of ADB Approval of Contract Award	Date of Completion	Comments
None					

f. Non-ADB Financing

42. The following table lists goods, works, non-consulting services, and consulting services contracts over the life of the project, financed by non-ADB sources.

Goods, Works, and Nonconsulting Services				
General Description	Estimated Value (cumulative, \$)	Estimated Number of Contracts	Procurement Method	Comments
None				

Consulting Services				
General Description	Estimated Value (cumulative, \$)	Estimated Number of Contracts	Recruitment Method	Comments
Detailed engineering design package (DED) – consortium Águas de Portugal Timor-Leste / Engidro	2.90 million	1	IB	Financed by government

M. Value for Money

43. A strategic procurement planning was carried out to ensure that fit-for-purpose procurement approaches are developed to achieve Value for Money (VfM) and the project's development objectives.

44. The procurement risk is rated medium. The strategic procurement planning assessed procurement risks and identified optimal procurement packages to provide value for money given the capacity constraints within the MPW and the government. The design preparation by a qualified DED consortium who will follow up bidding documents preparation and the single packaging including water supply, distribution and sanitation, provide value for money by attracting large qualified international contractors. The appointment of a high- quality PSC will further drive VfM by ensuring quality of works is a focus during contract management phase. Procurement is streamlined under two main packages—a consulting contract for PSC firm, and a large civil works contract including the upgrading of water supply and sanitation system in three cities (3 lots with a total cost estimate of USD40.52 million, OCB- Internationally advertised, (1S2E)).

45. The procurement modalities ensure procurement capacity support and development with the hiring of a PSC consultant firm including an international procurement specialist who will provide capacity support. The recruitment of national chief technical advisor, international project accountant specialist, national project accountant specialist and national support staff (administration support) will be also critical for successful monitoring of the project.