



Procurement Risk Assessment Report

Project Number: 50259
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Western Uzbekistan Water Supply System Development Project

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ABBREVIATIONS

ADB	– Asian Development Bank
BC	– Bidding Committee
BD	– bidding documents
BER	– bid evaluation report
CQS	– consultants' qualifications selection
DSSP	– Djizzak Sanitation System Project
EA	– executing agency
GAPR	– Guide on Assessing Procurement Risks and Determining Project Procurement Classification
GOU	– Government of Uzbekistan
IA	– implementing agency
IATC	– Inter-Agency Tender Committee
ICB	– international competitive bidding
ICS	– individual consultant selection
IDB	– Islam Development Bank
IFI	– international financial institutions
LCS	– least-cost S=selection
MDB	– multilateral development banks
MFERIT	– Ministry of Foreign Economic Relations and Investments and Trade
NCB	– national competitive bidding
OFID	– OPEC Fund for International Development
OSFMD	– Operations Services and Financial Management Department
PCU	– project coordination unit
PMC	– project management consultant
PMIS	– project management information system
PMU	– project management unit
POM	– project operational manual
PPMU	– program preparation and management unit
PPTA	– project preparatory technical assistance
P-RAMP	– Procurement Risk Assessment and Management Plan
QCBS	– quality- and cost-based selection
RCM	– Resolution of Cabinet Ministers
SABC	– Small ad-hoc bidding committee
SCAC	– State Committee for Architecture and Construction
SFD	– Saudi Fund for Development
TER	– technical evaluation report
TOR	– terms of reference
TN	– Tuyamuyun-Nukus Operation Department
TPWSDP	– Tashkent Province Water Supply Development Project
UCSA	– Uzbek Communal Services Agency
WB	– working body
WTP	– water treatment plant
WUWSP	– Western Uzbekistan Water Supply Project

PROJECT PROCUREMENT RISK ASSESSMENT REPORT

EXECUTIVE SUMMARY

1. The overall risk assessment is *Moderate*.
2. The Communal Services Agency (CSA), through the 3 Project Coordination Units (PCU) established within it, has generally good procurement capacity and well established procurement processes. CSA is familiar with ADB and other MDB's procurement guidelines. Since 2002 CSA has already completed 9 MDB projects (ADB -6, World Bank -2, and China Exim Bank 1) and is now implementing 8 MDB projects (ADB -3, World Bank -3, ISDB-1 and OFID&SFD 1). During implementation of these projects CSA has awarded multiple civil works, goods, and consulting services contracts using various procurement methods. The ADB Project Coordination Unit has been implementing mentioned 6 projects since 2009.
3. The main weaknesses are identified to include (i) ADB PCU has only one procurement expert which is responsible for all 3 ADB projects procurements and the number and qualifications of the current PCU staff is insufficient to undertake this proposed large and complex project (>US\$300 mln.); (ii) TN has no procurement unit and has not participated in procurement activities of the MDB projects; (iii) CSA has no its own training program and any procurement process manual for goods and works; (iv) There is no formal non-judicial mechanism for dealing with complaints regarding the procurement; (v) There were delays in evaluations due to high number of evaluators from different ministries, agencies and also due to busyness of high level evaluators.
4. The proposed mitigation measures are enhancing the capacity of PCU for the new proposed project by engaging with advance action an international project management consultant (PMC), including international and national professional procurement positions. The Local Coordinator hired by the PCU will be located in the TN and will work in coordination with TN in implementation of the project.
5. The PCU and TN staff will be intensively trained, guided and coached on ADB guidelines. This training should be organized before any procurement is initiated. It is recommended that PMC and PCU develop a Project Operational Manual (POM), including procurement procedures and non-judicial mechanism for dealing with complaints, to foster efficiency and reduce risk of non-compliance.
6. Bid opening shall not be postponed due to absence of the members. Also Bid opening can be managed by Bidding Committee or Working Body of the IATC. Minutes of bid opening shall be systematically sent to the ADB within 24 hours of the bid opening. Members present in bid opening should only sign the bid opening minutes. Lengthy procedure of obtaining signatures of all IATC members, whether present or not, should be discontinued as it delays issuance of minutes and compromises the integrity of bid opening. For each project standing evaluation committee should be nominated and the members should have technical and procurement knowledge. The committee should consist of 3 to 5 members. Bid evaluation should not take more than 4 weeks from the bid opening date.

I. INTRODUCTION

7. This Project Procurement Risk Assessment Report has been prepared for Western Uzbekistan Water Supply System Development Project, in accordance with the Guide on Assessing Procurement Risks and Determining Project Procurement Classification. The project procurement risk assessment (PRA) was conducted from 02 May to 05 June 2017. The PRA considered the organizational and staff capacity, information management, procurement practices and their effectiveness, and accountability measures at the CSA. Preparation activities included reviewing documents, ADB's ongoing procurement experience, a procurement capacity and risk survey with the use of the project procurement risk assessment questionnaire, and extensive in-depth interviews with relevant key local stakeholders. The completed Project Procurement Risk Assessment Questionnaire is presented in Appendix 1.

8. The impact of the project will be improved living standards, environment, and public health of the population of some 330,000 living in six districts of the autonomous Republic of Karakalpakstan, namely: Amudarya, Beruni, Karauzak, Nukus, Kungrad and Muynak. The outcome of the project will be improved and expanded access to reliable, sustainable and affordable water supply services in the mentioned regions.

9. At this interim phase and subject to later revisions, the project cost is estimated at \$168 million equivalent. In addition to works, goods, consulting services and interest during implementation, ADB project funding is expected to include the financing of (i) costs of PCU, including staff salaries and operating costs, and potentially (ii) social charges and withholding taxes assessed on PCU staff salaries. The project will be implemented over five years. The CSA, through a PCU (for ADB projects) established within it, will be the executing agency (EA) in order to manage the project including procurement, contract management, project administration, safeguards compliance, and reporting. TN will be the implementing agency (IA) for the project, with its strategic development department being responsible for day to day project implementation functions.

10. All procurement process will be mainly managed by PCU of CSA and TN will assist the PCU, so the procurement experience of the IA will be asset but not compulsory.

II. PROJECT PROCUREMENT RISK ASSESSMENT

A. Overview

11. There is no single national procurement law in Uzbekistan. The key documents governing procurement activities are: (i) Resolution of the Cabinet of Ministers No.264 (14 September 2015) "On measures for further improvement of bidding processes"; (ii) Resolution of the Cabinet of Ministers No. 456 (21 November 2000) "On measures for the improvement of organization of the bidding processes (for procurement of raw materials, spare parts and equipment)"; (iii) Resolution of the Cabinet of Ministers No. 302 (3 July 2003) "On measures for organization of biddings for civil works and associated services "; (iv) Resolution of the Cabinet of Ministers No 110 (7 June 2007), on Approving Regulations for Preparation, Conducting, Examination and Approval of Tender Documents of Investment Projects.

12. Under the RCM No.264 seven Inter-Agency Tender Committees (IATCs) have been established for procurement of goods, works and services under the investment projects. There is a separate IATC for each of the following sectors of economy: (i) geology, fuel and energy complex, chemical, petrochemical and metallurgical industries; (ii) mechanical engineering, automotive and electrical industry, standardization of products; (iii) communal

services, transport, capital construction and building industry (*includes the projects of CSA*); (iv) agriculture and water management, processing of agricultural products and consumer goods; (v) health, ecology and environmental protection; (vi) education, culture and sport, and (vii) IT and telecommunications. These IATCs are responsible for jointly conducting procurement of goods, works and services exceeding the equivalent of US\$5.0 million per contract. Procurement for contracts below US\$5.0 million is conducted by a Bidding Committee to be established by each line ministry and approved by the relevant IATC. The Resolution allows IATCs to conduct procurement with funds provided by IFIs, such as the ADB or World Bank, according to their respective procurement guidelines. Also above mentioned resolutions state that if there is inconsistency with procedures of IFIs then latter should be followed. So, CSA mainly uses the manuals of the ADB and other MDBs.

13. The main objective of these IATCs is to ensure effective and rational use of public funds for procurement of goods, works and services through organizing tenders properly. For this purpose, the IATC approves: composition of the Working Bodies (Bid Evaluation Committees); procurement plans; bidding documents, including evaluation criteria and deadlines for bid submission and opening; invites representatives of experts and consultancy organizations to participate in the evaluation of tenders as necessary, and for evaluating bids estimated to cost above US\$5 million per contract. The decisions of the IATC are recorded within three days following the meeting and the minutes signed by the participating members and approved by the IATC chairperson. The quorum required for an IATC meeting is attendance by 75% of its members.

i. Organization and Staff Capacity

14. The IATC for the biddings of CSA is headed by the Deputy Prime Minister acting as Chairman, and consists of 15 members including the Chairman. The high level staff of the following government ministries and agencies are represented on the IATC: Cabinet of Ministers (COM), Ministry of Finance (MOF), Ministry of Economy (MOE), Ministry of Foreign Economic Relations and Investments and Trade (MFERIT), Ministry of Justice (MOJ), Fund for Reconstruction and Development of Uzbekistan (FRDU), State Committee for Architecture and Construction (SCAC), State Tax Committee (STC), State Custom Committee (SCC), State Committee on Privatization, Demonopolization and Development of Competition (SCDC), Agency "Uzstandard", National Bank of Uzbekistan (NBU), Uzbek Industrial and Construction Bank (UICB) and CSA.

15. Bidding Committee (BC) (for medium procurements >\$100 thousand and <\$5million) is headed by the Director General of the CSA acting as Chairman, and consists of 11 members including the Chairman. The medium level staffs of the following government ministries and agencies are represented on the BC: MFERIT, MOE, MOF, SCAC, SCDC, local bank holding Project Accounts (for ADB projects it is Ipak Yuli Bank), CSA, Provincial government (where project is located), Head of beneficiary water utilities and international project management consultant.

16. For small procurements (<\$100 thousand), the CSA will appoint each time small ad-hoc bidding committee (SABC). SABC is headed by the Director of the Water Utility acting as Chairman, and consists of 3-7 members including the Chairman. (The members are from management and working staff of CSA, Project Coordination Unit (PCU), beneficiary water utilities and international project management consultant).

17. For large procurements, there is permanent working body (WB) of the IATC which performs the function of a Secretariat and WB consists of 11 members including the Chairman. The members are nearly same with members of BC. For medium procurements 3 PCUs will

act as a secretariat of BC for related IFI funded projects. And for small procurements, the procurement experts of the PCUs will act as the secretary of SABC.

18. There is no separate Procurement department/unit in the CSA, but the three PCUs each employ one local procurement expert, one for ADB, World Bank and ACG projects, respectively, who report to the Director of the PCUs and who in their turn are accountable to the Director of the CSA. The ADB procurement expert of PCU has 5 years of experience in procurement and sufficient level of English language proficiency. The number and qualifications of the ADB PCU procurement staff will be sufficient by hiring the Project Management Consultant which also will include international and national procurement experts.

19. PCUs have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement.

20. CSA has no its own training program and any procurement process manual for goods and works, but various IFIs such as ADB, World Bank, IDB and EBRD organize trainings at least once a year for various subjects of project implementation, including procurement trainings and CSA mainly uses the manuals of the ADB and other MDBs, since national regulations (RCM No.264, No.302, No.456) prioritize their usage.

21. For the ADB funded projects CSA has established the PMU (Project Management Unit) in 2002 and in 2009 opened another PPMU (Program Preparation and Management Unit). Then in 2015 first PMU was cancelled by the Government decree and PPMU was changed to PCU (Project Coordination Unit). This PCU is now fully staffed and implementing 3 ADB projects.

22. All the procurement documents are drafted by PCU and PMC experts and then approved by the appropriate Bidding Committees mentioned above per the size of the procurement and submitted to ADB for non-objection.

23. TN has participated in implementation of 5 MDB projects (ADB -2, World Bank -1, KFAED -1 and Natixis -1), but it has no either procurement unit as such or procurement experience since its role was only to supervising the construction works. TN has a purchase department consisting of 2 experts, but they make only purchase of administrative and technical needs of TN which amounts up to US\$300. They use direct contracting method for these purchases. Procurement of higher than this limit is made by the Republican Commodity Exchange as per the request of TN. Also, TN has capital construction and exploitation units under which concludes small services contracts (installation of water meters, repairing of small networks) with direct contracting method as per request of the customers. As per requests or applications of TN the procurement of larger civil works is carried out by Unique Client Company (UCC) established by the GOU under Provincial Governments and the SCAC. These civil works are financed by the local funds and its procurement is carried as per RCM No.302. TN staff is involved in each stage of such procurements. There is also a department for implementation and monitoring of the foreign investment projects under TN, yet this department's staff has no sufficient qualifications to fulfill this task.

ii. Information Management

24. There is a referencing system for procurement files in the paper form and in the excel sheets. However, for the recently started Djizak Sanitation System Project (DSSP) it is envisaged to create Project Management Information System (PMIS), which enables financial and procurement staff of PCU to access information to each project/contract starting from bid announcement until completion of contract, including: bid announcement date, bid opening

date, names of bidders and prices, name of the contractor, contract date, price, duration, amendments, payments, hand-over certificates, amount and validity of bank guarantees (advance and performance securities), number of beneficiaries, etc. The same PMIS will be created for the new proposed project.

25. There is a special secure filing room within the PCU office to file confidential procurement documents. Only PCU director and procurement expert with permission of PCU Director have access to this room. But this room is very small and already full of documents. Also within the CSA there is so-called "secret department" in which the confidential documents of CSA are kept. In large procurements, the original of the Bids are temporarily stored in this department from immediately after bid openings till the contract award. Only staff of this secret department has access to this department. Office Manager of the PCU is also involved in record keeping system. For the proposed project PCU will allocate additional resources to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions.

26. Per RCM No.264 procurement records shall be kept at CSA for 3 years from the completion of the contract. When the project facilities are transferred to the water utilities, the records will be transferred to the State archives for long-term keeping. Archived documents are not destroyed.

iii. Procurement Practices

27. The CSA through the 3 Project Coordination Units (PCU) established within it, since 2002 has already completed 9 MDB projects (ADB -6, World Bank -2, and China Exim Bank 1) and is now implementing 8 MDB projects (ADB -3, World Bank -3, ISDB -1, and OFID&SFD 1). During implementation of these projects CSA has awarded multiple civil works, goods, and consulting services contracts using various procurement methods. The ADB PCU has been implementing 6 projects since 2009, 3 of which are already completed.

28. ADB PCU carries out procurement for goods, works, and consulting services in accordance with ADB Procurement Procedures. The procurement procedures used by ADB PCU are in accordance with ADB's Procurement Guidelines and ADB's Guidelines on the Use of Consultants, as amended from time to time. Procurement methods for different types and values of the contracts are outlined in the Loan Agreement and Procurement Plan. For consultant selection, PCU uses mostly QCBS, LCS and CQS selection methods.

29. Evaluation of the bids is carried out by the appropriate Bidding Committees mentioned above per the size of the procurement. Evaluators are from different ministries, agencies and companies. In each bid opening meeting before submitting to evaluation the sufficiency of the qualification of the evaluators are discussed first. If there will be doubt on its sufficiency, then additional related experts are added to the team evaluators. Besides, international project management consultants will follow the evaluation process entirely.

30. However, there are delays in evaluations due to high number of evaluators from different ministries, agencies and due to busyness of high level evaluators. Since evaluators (WB) and approving members (IATC) are high ranked officers of the ministries it is difficult to convoke them for bid opening or evaluation meetings. If there will not participate 75% of the members of the IATC or WB in the meeting, then this meeting will be postponed. Besides, they are not used to sign minutes directly after the meeting and minutes should be submitted to them via their office for signing.

iv. Effectiveness

31. In ADB PCU there are currently 4 regional coordinators/monitoring specialists on Implementation of ADB projects which are responsible in monitoring and reporting of contractual performance in dedicated to him region. For the new proposed project one more regional coordinator/monitoring specialist will be hired for the systematically monitoring and reporting of only this project.

32. For the consultancy contracts PCU financial and procurement staff, for the civil work and supply contracts PCM, with reporting to PCU, monitor and track PCU's contractual payment obligations. After establishing of PMIS monitoring and tracking of contractual payment obligations will be online.

33. Complaints resolution mechanism are limitedly described in national procurement documents (*RCM No.302, part II Participants of Tendering, para. 12.*). But there is no formal non-judicial mechanism for dealing with complaints regarding the procurement. Procurement decisions and disputes are always supported by written narratives.

v. Accountability Measures

34. All participants of the procurement process (*ADB PCU, PCM, BC, and IATC*) follows the requirements of ADB regarding the standard statement of ethics and potential conflict of interest.

35. As per national regulations (RCM 110) after signing of the Loan Agreement, before commencement of procurement process, the initiator of the project (in the framework of which the bidding is provided) develops of the bidding documents, determines the budget of the bidding from feasibility study and coordinates it with MFERIT and SCAC. In case of local co-financing the approval of the Treasury (Ministry of Finance) is needed. Then procurement transactions are, at final, approved by the MFERIT.

36. In all procurements, for each procurement stage the final decision will be made by the ADB. If ADB rejects the decision of IATC then decision of IATC will be revised as per ADB's instruction. But, there is another instance which may approve or reject the ADB's decision, which is MFERIT. In some case, MFERIT rejects to register the contract awarded by ADB and instructs to carry out rebidding.

37. Duties concerning procurement transactions, contracts, payments, recording of procurement transactions and events are segregated. Procurement decisions can be traced through documentation.

B. Strengths

38. ADB PCU has generally good procurement capacity and well established procurement processes. ADB PCU is well familiar with ADB procurement guidelines. ADB PCU is implementing 6 ADB projects since 2009. During implementation of these projects ADB PCU has awarded multiple civil works, goods, and consulting services contracts using various procurement methods. ADB PCU is now fully staffed and for the new proposed project ADB PCU will engage additional staff to enhance its capacity.

39. There are 3 independent Procurement Committees (IATC, BC, SABC) in accordance with the size of the procurement. Besides, the international project management consultants are always involved in each stage of procurement.

40. ADB PCU carries out procurement for goods, works, and consulting services in accordance with ADB Procurement Procedures. The procurement procedures used by ADB

PCU are in accordance with ADB's Procurement Guidelines and ADB's Guidelines on the Use of Consultants, as amended from time to time. ADB PCU uses the manuals of the ADB.

C. Weaknesses

41. There is only one procurement specialist, with 5 years of procurement experience and sufficient level of English, which is responsible for all 3 ADB projects procurements. Considering the size and complexity of the proposed project after appointment of the international project management consultant, including international and national professional procurement positions, there will be sufficient capacity to successfully undertake the procurements.

42. CSA has no its own training program and any procurement process manual for goods and works. The procurement specialists need continuous training in relation to ADB's procurement procedures.

43. There is no formal non-judicial mechanism for dealing with complaints regarding the procurement. Complaints resolution mechanism are limitedly described in national procurement documents (RCM No.302, part II Participants of Tendering, para. 12.).

44. There are delays in evaluations due to high number of evaluators from different ministries, agencies and due to busyness of high level evaluators. Since evaluators (WB) and approving members (IATC) are high ranked officers of the ministries it is difficult to convoke them for bid opening or evaluation meetings. All members don't attend meeting. If there will not participate 75% of the members of the IATC or WB in the meeting, then this meeting will be postponed. Besides, they are not used to sign minutes directly after the meeting and minutes should be submitted to them via their office for signing. On the other hand RCM No. 264 states very clearly that members present in bid opening should only sign the bid opening minutes. The PCUs need to get signatures from all members even if they don't attend meeting (hence there is no incentive to attend meeting). It takes from 1 to 2 months to get signatures of all members.

45. TN has no either procurement unit as such or procurement experience in MDB projects. There is department for implementation and monitoring of the foreign investment projects responsible, but temporarily this department has no sufficient qualifications to fulfill this task. It is now suggested that local coordinator to be engaged to PCU will be in TN to enhance its overall capacity in implementation of the ADB-financed projects.

D. Procurement Risk Assessment and Management Plan (P-RAMP)

46. Given the above, the ADB's fiduciary risks are considered low. ADB PCU procurement performance is considered moderate. The project Procurement Risk Assessment and Management Plan (P-RAMP) is prepared considering the weaknesses identified during the discussions the various agencies involved in procurement and based on the responses provided in the procurement risk assessment questionnaire. P-RAMP is given Appendix 2.

III. PROJECT SPECIFIC PROCUREMENT THRESHOLDS

47. International competitive bidding will be applied to goods contracts estimated to cost US \$2 million and more, and works contracts estimated to cost US\$5 million and more. Goods contracts worth less than US \$2 million and works contracts worth less than US \$5 million will follow NCB. Shopping will be used for contracts for works and goods valued less than US

\$100,000. All ICB contracts, first 5 NCB contracts and first 2 shopping contracts will be subject to prior review. For more information please see the Appendix 3 Procurement Plan.

IV. PROCUREMENT PLAN

A. Scope of Procurement

48. The proposed project facilities are mainly civil works consisting of installing small to large sized pipelines, small to large capacity pumping stations, water reservoirs, drinking water disinfection units, extension of capacity of two and construction of one water treatment Plant, rehabilitation of production wells and installing a remote controlled nonrevenue water control system. Installation of water pipes will involve trench excavation, pipe welding and burying, resurfacing of road beds and surface pavements, and landscaping. The construction of large capacity pumping stations will consist of electromechanical works which can be carried out by consortiums of national and international contractors. The water treatment plants will involve a mix of new technologies including electromechanical works and electronic controls which can suitably be implemented under design-and-build type of contracts. Rehabilitation of a new groundwater production wellfield will require national contractors specialized in the groundwater development sector.

B. Packaging

49. The Project has a total 22 contract packages under the ADB Loan and 13 under the GCF Grant. Please see the Procurement Plan in the Appendix 3 for more details.

Breakdown of the contract packages

Type	Procurement Method	No. of Contracts	Cumulative amount (\$)
ADB Loan			
Civil Works ICB	ICB	9	114,144,711
Civil Works NCB	NCB	1	1,796,203
Goods	ICB / NCB / Shopping	9	1,692,692
Consulting Services	QBCS	2	5,490,084
Consulting Services	LCS	1	144,000
GCF Grant			
Civil Works ICB	ICB	6	41,710,035
Civil Works	NCB	1	1,200,000
Consulting Services	QBCS	6	5,089,920

ICB: International Competitive Bidding; NCB: National Competitive Bidding; QBCS: Quality and Cost-Based selection; LCS: Least Cost Selection.

C. Advance action and retroactive financing

50. To take advantage of any delays before loan effectiveness, the CSA (the EA) has requested advance contracting and retroactive financing for the most urgent packages. Advance contracting includes: i) goods/equipment contract packages for procurement of machineries, and ii) two consulting services: Project Management Consultant and Detailed Design contract packages (both QBCS). Contract under advance action are flagged in the procurement plan.

V. CONCLUSION

51. The project arrangements with appropriate mitigation measures are considered satisfactory. ADB and the government will jointly undertake reviews of the project at least once a year. The reviews will assess progress in the project activities, including implementation of the mitigation measures, procurement transactions, performance of contractors and suppliers, monitoring and reporting of project assets, identify issues and constraints, and determine necessary remedial actions and adjustments.

APPENDICES:

Appendix 1: Project Procurement Risk Assessment Questionnaire

Appendix 2: Procurement Risk Assessment and Management Plan (P-RAMP)

Appendix 3: Procurement Plan

APPENDIX 1 : PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

QUESTION	RESPONSE	RISK
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT/UNIT		
<p>A.1 Does the agency or Government have a Procurement Committee that is independent from the head of the agency?</p>	<p>Yes. In particular, for large procurements (>\$5million), there is a government appointed Inter-agency Tender Committee (IATC) for the procurement of goods, works and services under investment projects in the field of public utilities, transportation, capital construction, construction and AIC under the Cabinet of Ministers of the Republic of Uzbekistan (RoU). The IATC is headed by the Deputy Prime Minister acting as Chairman, and consists of 15 members including the Chairman. <i>(The members are from management staff of Cabinet of Ministries, MFERIT, MOE, FRD, MOF, MOJ, State Committee for Architecture and Construction, State Tax Committee, State Custom Committee, State Committee on Privatization, Demonopolization and Development of Competition, National Bank of Uzbekistan, Uzbek Industrial and Construction Bank, Agency "Uzstandard" and CSA).</i></p> <p>For medium procurements (>\$100 thousand and <\$5million), there is a government appointed Bidding Committee (BC) for the procurement of goods, works and services under investment projects of the CSA. The BC is headed by the Director General of the CSA acting as Chairman, and consists of 11 members including the Chairman. <i>(The members are from working staff of MFERIT, MOE, MOF, State Committee on Privatization, Demonopolization and Development of Competition, Ipak Yuli Bank, CSA, project's regional Government, Head of beneficiary water utilities and international project management consultant).</i></p> <p>For small procurements (<\$100 thousand), there is CSA appointed Small Ad-Hoc Bidding Committee (SABC) for the procurement of goods, works and services under investment projects of the CSA. LTC is headed by the Director of the Water Utility acting as Chairman, and consists of 5-7 members including the Chairman. <i>(The members are from management and working staff of CSA, Project Coordination Unit (PCU), beneficiary water utilities and international project management consultant).</i></p>	<p>Low</p>

QUESTION	RESPONSE	RISK
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Not as such. For large procurements (>\$5million) there is permanent Working Body (BC) of the IATC which performs the function of a Secretariat and BC consist of 11 members including the Chairman. <i>(The members are from working staff of MFERIT, MOE, MOF, State Custom Committee, Ipak Yuli Bank, CSA, project's regional Government, Head of beneficiary water utilities and chief engineer of the project).</i> For medium procurements (>\$100 thousand and <\$5million), there are 3 PCUs which act as a secretariat of BC. For small procurements (<\$100 thousand), the procurement specialist will work as the secretary of SABC. However, there is no separate procurement dedicated secretariat as such in the CSA.	Moderate
A.3 If yes, what type of procurement does it undertake?	Commodities, works and services.	
A.4 How many years' experience does the head of the procurement department/unit have in a direct procurement role?	There is no separate Procurement Department in the CSA, but the PCU employs a local expert dedicated to procurement (Procurement Unit), who reports to the Director of the PCU and who in their turn are accountable to the Director of the EA. This expert has 5 years of experience in a direct procurement role.	Moderate
A.5 How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	There is one procurement specialist in the PCU and he works full-time.	High
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	Current procurement specialist has sufficient level of English language proficiency (verbal and written).	* Moderate
A.7 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes. Also with the help of the international consultant hired by the PCU the number and qualifications will be quite sufficient.	* Moderate
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes. PCU have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement. But under proposed project new such facilities will be procured separately.	Low
A.9 Does the agency have, or have ready access to, a procurement training program?	CSA has no its own training program, but various IFIs such as ADB, World Bank, IDB and EBRD organize trainings at least once a year for various subjects of project implementation, including procurement trainings.	* Moderate

QUESTION	RESPONSE	RISK
A.10 At what level does the department/unit report (to the head of agency, deputy etc.)?	To the Director of PCU	Moderate
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Procurement positions for PCU have job descriptions which outline specific roles, minimum technical requirements but not career routes.	Low
A.12 Is there a procurement process manual for goods and works?	Not as such but CSA follows the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No.264 dated 14.09.2015, No.302 dated 03.07.2003 and No.456 of 21.11.2000 that provides appropriate guidance for consulting services and tenders under projects with participation of IFI (ADB, WB,ISDB and others). Besides, CSA usually uses the manuals of the ADB and other MDBs.	Moderate
A.13 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Meets the requirements. See A12	Moderate
A.14 Is there a procurement process manual for consulting services?	No but with revision of 2013 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 456 (of 21 November 2000) now also covers consulting services under projects with participation of IFI (ABD, WB, ISBD and others).	Moderate
A.15 If there is a manual is it up to date and does it cover foreign-assisted projects?	Meets the requirements. See A14	
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	Yes. Actually, for the ADB funded projects CSA has established the PMU (Project Management Unit) in 2002 and in 2009 opened another PPMU (Program Preparation and Management Unit). Then in 2015 first PMU was cancelled by the Government decree and PPMU was changed to PCU (Project Coordination Unit). This PCU is now fully staffed and implementing 3 ADB projects.	* Moderate
A.17 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes.	* Moderate
A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes. PCU have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement.	Low

QUESTION	RESPONSE	RISK
A.19 Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Yes. Standard Procurement Documents/Forms used for previous ADB projects will be used for the proposed project.	* Low
A.20 Does the agency follow the national procurement law, procurement processes, and guidelines?	Yes. CSA follows the RCM No.264, No.302 and No.456. If there are inconsistencies with ADB requirements, ADB guidelines will be followed.	* Low
A.21 Do ToRs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes, they do.	Low
A.22 Who drafts the procurement specifications?	Depending on complexity of the procurement PCU procurement specialist in consultation with recruited international consultant, local consultants (design institute) and specified agencies.	Low
A.23 Who approves the procurement specifications?	For large procurements (>\$5million) – IATC. For medium procurements (>\$100 thousand and <\$5million – BC. For small procurements (<\$100 thousand) – SABC.	Low
A.24 Who in the PMU has experience in drafting bidding documents?	PCU Director, Procurement specialist, WSS Engineer and Chief Institutional Specialist	* Low
A.25 Are records of the sale of bidding documents immediately available?	Yes, they are. These records are made by PCU Financier and accountant. These records are regularly checked by the PCU director and afterwards by the auditors.	* Low
A.26 Who identifies the need for consulting services requirements?	For project management consulting services the PPTA consultants do. For other consulting services PCU, CSA jointly with consultants do.	Low
A.27 Who drafts the Terms of Reference (ToR)	For project management consulting services the PPTA consultants do. For other consulting services depending on complexity of the procurement PCU specialists in consultation with recruited international consultant, local consultants (design institute) and specified agencies.	Low
A.28 Who prepares the request for proposals (RFPs)	PCU and CSA with consultation of ADB and IATC/BC	Low
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	Yes, there is a referencing system for procurement files in the paper form and in the excel sheets. However, for the recently started Djizak Sanitation System Project (DSSP) it is envisaged to create Project Management Information System (PMIS), which enables financial and procurement staff of PCU to access information to each project/contract starting from bid announcement until completion of contract,	Low

QUESTION	RESPONSE	RISK
	including: bid announcement date, bid opening date, names of bidders and prices, name of the contractor, contract date, price, duration, amendments, payments, hand-over certificates, amount and validity of bank guarantees (advance and performance securities), number of beneficiaries, etc. The same PMIS will be created for the new proposed project	
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Yes, there is a special secure filing room within the PCU office to file confidential procurement documents. Only PCU director and procurement expert with permission of PCU Director have access to this room. But this room is very small and already full of documents. Also within the CSA there is so-called "secret department" in which the confidential documents of CSA are kept. In large procurements the original of the Bids are temporarily stored in this department from immediately after bid openings till the contract award. Only staff of this secret department has access to this department. Office Manager of the PCU is also involved in record keeping system. For the proposed project PCU will allocate additional resources to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions.	* Low
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes, according to RCM No.264 procurement records shall be kept at CSA for 3 years from the completion of the contract. When the project facilities are transferred to the water utilities, the records will be transferred to the State archives for long-term keeping. Archived documents are not destroyed	* Low
B.4 Are copies of bids or proposals retained with the evaluation?	Yes, they are.	Low
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Yes, they are.	Low
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes, there is.	Low
B.7 Are copies of invoices included with the contract papers?	Yes, they are.	Low
B.8 Is the agency's record keeping function supported by IT?	Yes. Most of the documents are scanned and kept in digital form also.	Moderate
C. PROCUREMENT PRACTICES		
Goods and Works		

QUESTION	RESPONSE	RISK
C.1 Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	<p>Yes, <u>ADB projects</u>: Kashkadarya and Navoi Rural WSS Sector Project; Surkhandarya WSS Project; First WSS Services Investment Program – Tranche 1, 2, 3, 4; Djizak Sanitation System Development Project, Tashkent Province Water Supply Project.</p> <p><u>World Bank Projects</u>: Syrdarya Water Supply Project; Alat and Karakul Water Supply Project; Bukhara and Samarkand Sewerage Project (Phase 1 and 2); Bukhara & Samarkand Water Supply Project;</p> <p><u>Exim Bank of China</u>: Fergana & Margilan Water Supply Project.</p> <p><u>ISDB project</u>: Syrdarya Sanitation Project</p> <p><u>OFID & SFD projects</u>: Improving Drinking Water Supply in Rural Areas of Koshrabad District in Samarkand Region Project</p>	* Low
C.2 If the answer is yes, what were the major challenges faced by the agency?	<p>The process of agreement/coordination with ministries and agencies of Republic of Uzbekistan; Not very attractive biddings due to small fixed budgets; Big interval between low and high submission; Abnormal low submissions and difficulties during contract realization; Passive participation of foreign experienced bidders; Bid opening extensions due to errors in detailed design; Delay in evaluations due to high number of evaluators from different ministries and agencies and busyness of evaluators. Since evaluators (WB) and approving members (IATC) are high ranked officers of the ministries it is difficult to convoke them for bid opening or evaluation meetings. If there will not participate 75% of the members of the IATC or WB in the meeting, then this meeting will be postponed. Besides, they are not used to sign minutes directly after the meeting and minutes should be submitted to them via their office for signing.</p>	* High
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	<p>Yes. The identification of procurement requirements under the project is undertaken through discussions between PCU and CSA, then submitted to further approval</p>	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	<p>Yes, 28 days for goods and works and 30 days for consulting services. ADB guidelines are followed.</p>	* Low
C.5 Are all queries from bidders replied to in writing?	<p>Yes, they are.</p>	* Low
C.6 Does the bidding document state the date and time of bid opening?	<p>Yes, it does.</p>	* Low

QUESTION	RESPONSE	RISK
C.7 Are bids opened in public?	In all IFI financed procurements opening of bid proposals is done with participation of bidders and interested persons.	* Low
C.8 Can late bids be accepted?	No, they cannot be.	* Low
C.9 Can bids (except late bids) be rejected at bid opening?	No, they cannot be.	* Low
C.10 Are minutes of the bid opening taken?	Yes, they are.	* Low
C.11 Are bidders provided a copy of the minutes?	Yes, by the request of bidders.	* Low
C.12 Are the minutes provided free of charge?	Yes, they are.	* Low
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	<p>For large procurements (>\$5million) the evaluation is made by permanent Working Body (WB) of the IATC which consists of 11 members from inline ministries and agencies. WB also can attract additional experts depending on the complexity of the project.</p> <p>For medium procurements (>\$100 thousand and <\$5million), the evaluation is made by ad-hoc committee appointed by the BC, which usually consists of 7-10 members depending on the complexity of the project. 70% of the ad-hoc committee is members of BC and 30% are the experts from various agencies and PCU.</p> <p>For small procurements (<\$100 thousand) the evaluation is made by small ad-hoc committee consisting from specialists of CSA, PCU and water utilities.</p>	Low
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	As mentioned in C13 evaluators are from different ministries, agencies and companies. In each bid opening meeting before submitting to evaluation the sufficiency of the qualification of the evaluators are discussed first. If there will be doubt on its sufficiency then additional related experts are added to the team evaluators. Besides, international project management consultants will follow the evaluation process entirely.	* Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	The decision of evaluators will be discussed and approved or rejected during Bid evaluation meeting. Then this evaluation is submitted to ADB for approval. After ADB's approval and contract award the contract will be submitted to MFERIT for registration. Sometimes during contract registration (especially for the goods) MFERIT may reject the contract and ask for rebidding.	* Low

QUESTION	RESPONSE	RISK
C.16 Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	On average 7 month. 1.5 months for advertisement + 2 months for evaluation + 2.5 months for legal procedural works (<i>meetings convocations + minutes signing + BER signing & approval –WB-IATC-ADB</i>) + 1 month contract preparation & negotiations.	High
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes, there are.	Low
C.18 Are there established goods receiving procedures?	Yes, there are.	Low
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes, they are.	Low
C.20 Is the agency/procurement department familiar with letters of credit?	Yes, it is. LC the most preferred payment term both for the PCU and the Supplier.	Low
C.21 Does the procurement department register and track warranty and latent defects liability periods?	PCU and recruited consultants register and track warranty and latent defects liability periods	Low
Consulting Services		
C.22 Has the agency undertaken foreign- assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes, <u>ADB projects</u> : Kashkadarya and Navoi Rural WSS Sector Project; Surkhandarya WSS Project; First WSS Services Investment Program – Tranche 1, 2, 3, 4; Djizak Sanitation System Development Project, Tashkent Province Water Supply Project. <u>World Bank Projects</u> : Syrdarya Water Supply Project; Alat and Karakul Water Supply Project; Bukhara and Samarkand Sewerage Project (Phase 1 and 2); Bukhara & Samarkand Water Supply Project; <u>Exim Bank of China</u> : Fergana & Margilan Water Supply Project. <u>ISDB project</u> : Syrdarya Sanitation Project <u>OFID & SFD projects</u> : Improving Drinking Water Supply in Rural Areas of Koshrabad District in Samarkand Region Project	* Low
C.23 If the above answer is yes, what were the major challenges?	The process of agreement/coordination with ministries and agencies of Republic of Uzbekistan; Delay in evaluations due to high number of evaluators from different ministries and agencies and busyness of evaluators. Since evaluators (WB) and approving members (IATC) are high ranked officers of the ministries it is difficult to convoke them for bid opening or evaluation meetings. If there will not participate 75% of the members of the IATC or WB in the meeting, then this	* High

QUESTION	RESPONSE	RISK
	meeting will be postponed. Besides, they are not used to sign minutes directly after the meeting and minutes should be submitted to them via their office for signing.	
C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?	Yes, they are advertised in local well-known newspaper and web (in English and Russian), ADB (or MDB's) web (in English).	* Low
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	For large procurements (>\$5million) the evaluation is made by permanent Working Body (WB) of the IATC which consists of 11 members from inline ministries and agencies. WB also can attract additional experts depending on the complexity of the project. For medium procurements (>\$100 thousand and <\$5million), the evaluation is made by ad-hoc committee appointed by the BC, which usually consists of 7-10 members depending on the complexity of the project. 70% of the ad-hoc committee is members of BC and 30% are the experts from various agencies and PCU. For small procurements (<\$100 thousand) the evaluation is made by small ad-hoc committee consisting from specialists of CSA, PCU and water utilities.	Low
C.26 What criteria are used to evaluate EOIs?	For the projects with participation of ADB: 1. Technical Competence 2. Geographical Experience 3. Management Competence	Low
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS, LCS and CQS	* Low
C.28 Do firms have to pay for the RFP document?	No, they don't. RFP are sent to shortlisted firms through e-mail.	* Low
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes, it does.	* Low
C.30 Are pre-proposal visits and meetings arranged?	Yes, if required by consultants the pre-proposal visits and meetings are arranged	Low
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes. If meetings are arranged minutes are prepared.	* Low
C.32 To whom are the minutes distributed?	To all short-listed applicants.	* Low
C.33 Are all queries from consultants answered/addressed in writing?	Yes, they are.	* Low

QUESTION	RESPONSE	RISK
C.34 Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	Yes, they are.	* Low
C.35 Are proposal securities required?	No, they are not.	* Low
C.36 Are technical proposals opened in public?	Yes they are	* Low
C.37 Are minutes of the technical opening distributed?	Yes they are	* Low
C.39 Who determines the final technical ranking and how?	Depending on the size of the Project the IATC, BC or SABC will finally approve the technical ranking given in Technical Evaluation Report prepared by the BC, related Ad-hoc committees, PMC and PCU according to the bidding procedures (methods of selection).	* Low
C.40 Are the technical scores sent to all firms?	Yes. PCU informs the firms whose technical proposals scored 750 points or more, time and place of public opening of financial proposals. The name of the firms, the technical scores, and the proposed prices are announced, and recorded when the financial proposals are opened.	* Low
C.41 Are the financial proposal opened in public?	Opening of financial proposal is done with participation of bidders and interested persons.	* Low
C.42 Are minutes of the financial opening distributed?	Yes, they are.	* Low
C.43 How is the financial evaluation completed?	According to the ADB bidding procedures (methods of selection).	* Low
C.44 Are face to face contract negotiations held?	Yes, they are.	* Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	On average 2-3 weeks.	Low
C.46 What is the usual basis for negotiation?	TOR, personnel schedule, counterpart facilities, cost of estimates and substitution of personnel	Low
C.47 Are minutes of negotiation taken and signed?	Yes, they are.	* Low
C.48 How long after negotiation is the contract signed, on average?	On average 1-2 weeks.	Low
C.49 Is there an evaluation system for measuring the outputs of consultants?	It's evaluated upon performance/execution of the works (services).	Low
Payments		

QUESTION	RESPONSE	RISK
C.50 Are advance payments made?	Yes, they are.	Low
C.51 What is the standard period for payment included in contracts?	Within 60 days after invoice submission.	Low
C.52 On average, how long is it between receiving a firm's invoice and making payment?	30 days.	Low
C.53 When late payment is made, are the beneficiaries paid interest?	Yes, it is. Penalty is paid at the rate specified in the contract.	Low
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	Yes, it is. In ADB PCU there are currently 4 regional coordinators/monitoring specialists on Implementation of ADB projects which are responsible in monitoring and reporting of contractual performance in dedicated to him region. For the new proposed project one more regional coordinator/monitoring specialist and one PCU monitoring specialist will be hired for the systematically monitoring and reporting of only this project	Low
D.2 Does the agency monitor and track its contractual payment obligations?	Yes, it does. For the consultancy contracts PCU financial and procurement staff, for the civil work and supply contracts PCM, with reporting to PCU, monitor and track PCU's contractual payment obligations. After establishing of PMIS monitoring and tracking of contractual payment obligations will be online	Low
D.3 Is a complaints resolution mechanism described in national procurement documents?	Yes, but limited only by the procuring entity. (RCM No.302, part II Participants of Tendering, para 12: <i>Bidding Committee performs the following functions: considers and regulates debates and contradictions, emerging in the process of conducting the tendering, delivers the corresponding decisions.</i>)	Low
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	No, there is not.	High
D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes they are. Procurement decisions and disputes are always supported by written narratives	* Low
E. ACCOUNTABILITY MEASURES		
E.1 Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes, as per ADB requirements.	* Low

QUESTION	RESPONSE	RISK
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes, as per ADB requirements.	* Low
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	Yes, after signing of the Loan Agreement the initiator of the project (in the framework of which the bidding is provided) conducts the development of the bidding documents and determining the budget of the bidding and coordination of them with MFERIT and the State Architectural Committee of the Republic of Uzbekistan. In case of co-financing the approval of the Treasury (Ministry of Finance) is needed.	Moderate
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	The Ministry for Foreign Economic Relations, Investments and Trade (MFERIT). Yes, they have some procurement experience and qualifications.	* Moderate
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee and who grants the approval?		
a) Bidding document, invitation to pre-qualify or RFP	ADB	Low
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	ADB	Low
c) Evaluation reports	ADB	* Low
d) Notice of award	ADB	* Low
e) Invitation to consultants to negotiate	ADB	Low
f) Contracts	ADB and the Ministry for Foreign Economic Relations, Investments and Trade (MFERIT). MFERIT and the Ministry of Finance (MOF) and the State Customs Committee issued a joint Resolution that requires examination and registration of export and import contracts. Without registration by MFERIT, contracts cannot be registered with commercial banks and customs (for imported goods) and, therefore, cannot become effective.	* Low

QUESTION	RESPONSE	RISK
E.6 Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	No, different.	* Low
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes, there is.	* Low

APPENDIX 2 : PROCUREMENT RISK ASSESSMENT AND MANAGEMENT PLAN (P-RAMP)

RISK	IMPACT¹	LIKELIHOOD²	RISK MANAGEMENT
IA has no experience with foreign-financed projects and is unfamiliar with ADB guidelines and procurement procedures	High	<i>Unlikely</i>	Mitigation: <input type="checkbox"/> Provision of intensive training on ADB procedures before procurement is undertaken <input type="checkbox"/> Procurement agent must have strong ADB experience <input type="checkbox"/> PMC terms of reference must include support and capacity building for procurement and contract management
IA is unfamiliar with ADB procurement guidelines and procedures for consulting services	High	<i>Unlikely</i>	Mitigation: <input type="checkbox"/> Provision of intensive training on ADB procedures before procurement is undertaken <input type="checkbox"/> ADB to provide support for procurement of the services of PMC <input type="checkbox"/> PCU to seek committee members with familiarity with ADB procedures and adequate English language proficiency
The Agency uses practices inconsistent with national procurement law or bidding documents unsuitable for ADB-funded procurement.	High	<i>Unlikely</i>	Mitigation: <input type="checkbox"/> Provision of training on ADB procedures (see above) to TN <input type="checkbox"/> Agreement between PCU and TN to include modalities to ensure that ADB guidelines requirement are followed
Record-keeping is inadequate to enable internal or external audit of procurement processes.	High	<i>Unlikely</i>	Monitoring: <input type="checkbox"/> Ensure that secured dedicated room is ready before procurement is started <input type="checkbox"/> If procurement activities begin before such room is available, ensure that temporary space is provided by TN until PMC dedicated room is ready. Mitigation: <input type="checkbox"/> PMC to develop project manual for PCU <input type="checkbox"/> Terms of reference of PMC to reflect this requirement
Agency does not promote non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)?	High	<i>Unlikely</i>	Mitigation: <input type="checkbox"/> Provision of training on promotion of non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)
The Agency has inadequate ethics and anticorruption measures in place.	High	<i>Unlikely</i>	Mitigation: <input type="checkbox"/> Provision of training on ethics and anticorruption measures

¹ Any risk that may result in actions that are inconsistent with the ADB Procurement Guidelines or Guidelines on the Use of Consultants is assessed as "High".

² "Likely" or "Unlikely" to occur in the life of the project, given the response to the question in Appendix 2 and the guidance note in the column.

PROJECT PROCUREMENT RISK ANALYSIS

SL No.	RISK	IMPACT ³	LIKELIHOOD ⁴	STRATEGY ⁵
A6, A7, A9, A16, A17, A23, C1, C2, C14, C22, C23	Procurement Department and/or PMU have insufficient qualified staff to efficiently undertake the procurements required to implement the project.	High	<i>Unlikely</i>	The current PCU is fully staffed and implementing 3 ADB projects. An international project management consultant (PMC) including international and national professional procurement positions shall be engaged with advance action.
A19–A20	The Agency uses practices inconsistent with national procurement law or bidding documents unsuitable for ADB-funded procurement.	High	<i>Unlikely</i>	Standard Procurement Documents/Forms used for previous ADB projects will be used for the proposed project. In case of inconsistencies with ADB requirements in national procurement regulations, ADB guidelines will be followed. PCU and TN staff will be intensively trained and coached on ADB guidelines. Training will be organized before procurement is initiated. PMC and PCU will develop a Project Operational Manual (POM), including procurement procedures and non-judicial mechanism for dealing with complaints, to foster efficiency and reduce risk of non-compliance
B2–B3	Record-keeping is inadequate to enable internal or external audit of procurement processes.	High	<i>Unlikely</i>	There is a special but small secure filing room within the PCU office to file confidential documents. Only PCU director and procurement expert with permission of PCU Director can access this room. Also within CSA confidential documents of CSA are kept in a “secret department”. Original of Bids for large procurements are temporarily stored in this department from bid openings to contract award. Only authorized staff has access to this department. Office Manager of the PCU is involved in record keeping system. PCU will allocate additional resources to record keeping infrastructure for the WUWSP.

³ Any risk that may result in actions that are inconsistent with the ADB Procurement Guidelines or Guidelines on the Use of Consultants is assessed as “High”.

⁴ “Likely” or “Unlikely” to occur in the life of the project, given the response to the question in Appendix 2 and the guidance note in the column.

⁵ “Mitigate” (either through the Procurement Plan including NCB Annex or through measure/s indicated in Appendix 5), “Monitor” or “Avoid”

SL No.	RISK	IMPACT ³	LIKELIHOOD ⁴	STRATEGY ⁵
				Upon Project completion, the records will be transferred to the State archives for long-term keeping. Archived documents are not destroyed.
A25, C4–C12, C24–C44, C47, D5, E7	Agency does not promote non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)?	High	<i>Unlikely</i>	The procurement procedures used by ADB PCU for goods, works, and consulting services are in accordance with ADB's Procurement Guidelines and Guidelines on the Use of Consultants. ADB PCU uses the ADB procurement manuals. There are 3 independent Procurement Committees (IATC, BC, SABC) in accordance with the size of the procurement. Besides, the international project management consultants are always involved in each stage of procurement.
C15, E1–E.6	The Agency has inadequate ethics and anticorruption measures in place.	High	<i>Unlikely</i>	All participants to procurement process (ADB PCU, PCM, BC, and IATC) follow the ADB requirements regarding the standard statement of ethics and potential conflict of interest. At each stage of all procurement process the final decision is made by the ADB. If ADB rejects the decision of IATC then decision of IATC will be revised as per ADB's instruction. In some cases, MFERIT does not endorse contracts awarded by ADB and instructs for rebidding. As per national regulations (RCM 110) after signing of the Loan Agreement the Project initiator develops bidding documents and detailed cost estimates in coordination with MFERIT and SCAC. In case of local co-financing the approval of the Treasury (Ministry of Finance) is needed. All procurement transactions are, at final stage, approved by the MFERIT. Duties concerning procurement transactions, contracts, payments, recording of procurement transactions and events are segregated. Procurement decisions can be traced through documentation.

APPENDIX 3 : PROCUREMENT PLAN

Basic Data

Project Name: Western Uzbekistan Water Supply System Development Plan	
Project Number: 50259	Approval Number:
Country: Uzbekistan	Executing Agency: Communal Services Agency (CSA)
Project Procurement Classification: B	Implementing Agency: Department for Operation of the Interregional Trunk Main Tuyamuyun-Nukus (TN)
Procurement Risk: Moderate	
Project Financing Amount: \$172.3 million ADB Financing: \$145 million Cofinancing: Non-ADB Financing: US\$ 27.3 million	Project Closing Date: 31 July 2024
Date of First Procurement Plan 22 June 2017	Date of this Procurement Plan: 26 February 2018

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

1. Procurement and Consulting Methods and 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	Comments
International Competitive Bidding (ICB) for Works	\$5,000,000	
International Competitive Bidding for Goods	\$2,000,000	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	90:10
Quality Based Selection	
Consultants' Qualifications Selection ³	
Least-Cost Selection ⁴	
Fixed Budget Selection	
Individual Consultant Selection	

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

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

Package Number	General Description	Estimated Value	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
WU-CW-01	WSS improvement in Amudarya district	24,933,247	ICB	Prior	1S1E	Q2/2019	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-02	WSS improvement in Beruniy district	29,352,289	ICB	Prior	1S1E	Q2/2019	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-03	WSS improvement in Nukus district	18,968,620	ICB	Prior	1S1E	Q3/2019	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-04	WSS improvement in Karauzak district	16,498,537	ICB	Prior	1S1E	Q1/2020	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-05	WSS improvement in Kungrad district	27,614,033	ICB	Prior	1S1E	Q1/2020	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-06	WSS improvement in Muynak district	12,314,889	ICB	Prior	1S1E	Q2/2019	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-07	Construction of Mangit WTP	10,479,538	ICB	Prior	1S1E	Q2/2020	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-08	Rehabilitation of Tuyamuyun PS	3,222,133	ICB	Prior	1S1E	Q1/2019	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works

Package Number	General Description	Estimated Value	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
WU-CW-09	Extension of Takiatash WTP	10,382,742	ICB	Prior	1S1E	Q1/2020	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works
WU-CW-10	NRW Equipment and OCS	1,796,203	NCB	Prior	1S1E	Q1/2019	Prequalification of Bidders: N Domestic Preference Applicable: N MDB Harmonized Bidding Document: SBD Design& Build

NRW: Non-revenue Water; OCS: Operational Control System.

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

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

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
WU-CS-01	Project Management Consultant (including EMP, GDP & SD)	3,526,224	QCBS (90:10)	Prior	Q2/2018	FTP	Advance Contracting Assignment: International
WU-CS-02	Detailed Engineering Design (including preparation of BD)	1,470,700	QCBS (90:10)	Prior	Q2/2018	FTP	Advance Contracting Assignment: National
WU-CS-03	Financial Audit	144,000	LCS	Prior	Q3/2018	BTP	Assignment: National
WU-CS-04	O&M Capacity Development	840,000	QCBS (90:10)	Prior	Q2/2020	FTP	Assignment: International
WU-CS-05	Corporate Development Program	888,000	QCBS (90:10)	Prior	Q2/2020	FTP	Assignment: International
WU-CS-06	Rural Sanitation and Hygiene Improvement Program	600,000	QCBS (90:10)	Prior	Q3/2018	STP	Assignment: International
WU-CS-07	Procurement of GIS	493,160	QCBS (90:10)	Prior	Q3/2020	STP	Assignment: International

FTP: Full Technical Proposal; QCBS: Quality and Cost-Based selection; BTP: Biodata Technical Proposal; LCS: Least Cost selection; EMP: Environmental Management Plan; GDP: Gender Development Plan; SD: Social Development; BD-Bidding Documents

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works

Package Number ⁵	General Description	Estimated Value	Number of Contracts	Procurement Method	Review Prior / Post	Bidding Procedure ⁶	Advertisement Date (quarter/year)	Comments ⁷
WU-G-01	Procurement of machineries and O&M tools	1,692,692	9	NCB / Shopping	Prior	1S1E	Q4/2018	

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal ⁸	Comments ⁹

B. Indicative List of Packages Required Under the Project

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number ⁵	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure ⁶	Comments ⁷

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal ⁸	Comments ⁹

D. Non-ADB Financing

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

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments

E. National Competitive Bidding

1. General

The procedures to be followed for national competitive bidding shall be those set forth in the applicable resolutions of the cabinet of ministers (COM) of Republic of Uzbekistan with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the *ADB Procurement*.

2. Eligibility

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

3. Prequalification

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.

4. Registration and Licensing

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

5. Bidding Period

The minimum bidding period is 28 days prior to the deadline for the submission of bids.

6. Bidding Documents

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

7. Preferences

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

8. 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 of \$1,000,000 equivalent or more for civil works shall be advertised on

ADB's website via the posting of the procurement plan.

9. Bid Security

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

10. Bid Opening and Bid Evaluation

- (i) Immediately after the date and time set for the deadline for bid submission, bids shall be opened in public. A record of bid opening shall be prepared by the executing agency, or implementing agency, or the contracting authority, and such record shall be distributed to all bidders.
- (ii) 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.
- (iii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (iv) No bidder shall be rejected on the basis of a comparison with the contract cost estimate(s) and budget ceiling(s) set by the borrower/executing agency without ADB's prior concurrence.
- (v) A contract shall be awarded to the technically responsive bidder that offers the lowest evaluated price, and meets the qualifying requirements. Negotiations shall not be permitted.
- (vi) Price verification shall not be applied.

11. Rejection of All Bids and Rebidding

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

12. Participation by Government-Owned Enterprises

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

13. Right to Inspect/Audit

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

14. Fraud and Corruption

- (i) The Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt,

fraudulent, collusive, or coercive practices in competing for the contract in question.

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

15. Pre-Shipment Inspections

Pre-shipment inspections, if necessary, shall be carried out by an independent reputable testing authority/surveyor in the supplier's country for reasons of sound engineering practice and economy and efficiency in project implementation.

16. 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/contracting authority shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.