

Procurement

1. Procurement for the proposed Project will be carried out in accordance with “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014). The various items under different expenditure categories are described in general below. For each contract to be financed by the Project, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank in the Procurement Plan.

2. **Assessment of the implementing entities’ capacity to implement procurement.** BTS and ARIS will implement the Project. The procurement capacity assessment of BTS and ARIS was carried out by the Bank using the Procurement Risk Assessment and Management System (P-RAMS). The review identified a number of risks related to procurement policy and institutional arrangements which need to be mitigated. The procurement risks include: (i) BTS officials, who would be involved in some Project procurements through Tender Committees, may not be familiar with Bank procurement procedures; political developments may lead to the frequent turnover of tender committee members; (ii) Potential procurement delays: Experience with past and ongoing projects in the country show frequent procurement delays due to poor procurement planning; (iii) Low level of competition: Past experience indicates that procurement in the country has not attracted adequate competition; (iv) Inadequate contract management and lower-than-required quality of procured equipment; (v) Perceived high level of corruption as measured by Transparency International;.

3. The agreed mitigation measures are: (i) BTS will prepare an OM including a Procurement chapter, to be agreed with the World Bank, which will include procurement and contract management procedures to ensure the clear division of responsibilities among staff. The contract management procedures should minimize the discretion given to public officials involved for certification of invoices, issue of completion certificates and making payments. All officials concerned should be required to fulfill their obligations within a specified period; (ii) BTS and ARIS procurement staff will receive intensive training in international procurement under the Bank Guidelines, including the regional procurement seminars that will be organized by the Bank and other events (if any); (iii) BTS and ARIS will establish ad-hoc tender committees; and (iv) each staff involved in procurement, including each member of a tender committee, to certify in writing that his or her involvement does not create any conflict of interest (e.g., relationship with a supplier or consultant); (v) BTS and ARIS will organize a half-day seminar for senior officials involved in procurement to make them aware of Bank procurement requirements; (vi) in addition to the publication of tender notices and contract award information as required by the Bank Procurement and Consultant Guidelines, BTS and ARIS will publish all tenders and contract award information in the national press, the public procurement bulletin and on their respective websites (); (vii) BTS and ARIS will put in place the necessary mechanisms to ensure that suppliers and consultants are paid according to their contract terms without any delays; (ix) inform the World Bank of every complaint received from any supplier, contractor or consultant relating to the procurement process, and respond promptly to such complaints; and (x) maintain up-to-date records and make these available to Bank staff, and auditors.

4. To mitigate the identified procurement-related risks, the following mitigation actions are suggested:

| | Actions | Deadline |
|----|--|------------------|
| 1. | Training of staff involved in project procurement activities on the Bank’s Procurement and Consultant Guidelines and the public procurement | Ongoing |
| 2. | Preparation of a Project OM with a detailed chapter on procurement, including detailed description of procurement decision making processes and accountability for procurement | By effectiveness |

| | Actions | Deadline |
|----|---|---|
| | decisions | |
| 3. | Preparation of a detailed procurement plan for the first 18 months of the Project and submission of updates as required | Appraisal and agreed by Negotiations |
| 4. | Preparation of the bidding documents, terms of references and draft request for proposals for the first year of project implementation to facilitate the initiation of procurement as per the agreed Procurement Plan | Negotiations/first months of implementation |
| 5. | Ensuring quality review of the technical specifications/ terms of references, Bid Evaluation Reports and the final deliverables | Ongoing |
| 6. | Putting in place an efficient contract monitoring mechanism designed to maximize overall value for money of contracting activities | Ongoing |
| 7. | Regular procurement support during project implementation by Bank procurement staff | Ongoing |

5. The overall project risk for procurement is “High”. After mitigation measures implemented, the residual risk will be “Substantial”.

6. **Procurement Arrangement:** As indicated above, it was agreed that procurement responsibilities will be entrusted to PIU under BTS and ARIS. To assist BTS, the PIU will hire a procurement consultant.

7. **Methods of procurement:** The following procurement methods shall be used under the Project. It has been agreed that if a particular invitation for bid comprises of several packages, lots or slices, and invited in the same invitation for bid, then the aggregate value of the whole package determines the applicable threshold amount for procurement and also for the review by the Bank.

8. **Procurement of Works.** Works procured under the project will include [to be detailed during pre-appraisal]. The procurement will be done using appropriate Standard Bidding Documents (SBD) agreed with the Bank. The SBD shall contain draft contract and conditions of contract acceptable to the Bank. National Competitive Bidding (NCB) will be used for civil works contracts estimated to cost more than US\$50,000. Shopping for Minor Works will be used for civil works contracts estimated to cost US\$50,000 or less.

9. **Procurement of Goods.** Goods procured under this project would include [to be detailed during pre-appraisal]. The procurement will be done using appropriate form of Invitation to Quote (ITQ) agreed with the Bank. The ITQ shall contain draft contract and conditions of contract acceptable to the Bank. Shopping will be used for goods contracts estimated to cost less than US\$100,000 per contract.

10. Procurement of non-consulting services is not anticipated.

11. **Selection of Consultants.** Consultancy services will include [to be detailed at pre-appraisal]. Short lists of consultants for services estimated to cost less than US\$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.6 of the Consultant Guidelines.

12. **Training and Operational Costs.** The project will finance the operating costs of BTS and ARIS, comprising mainly salaries and fees of contractual staff, office operations, travel and subsistence expenses. These will be procured using the existing administrative procedures of BTS and ARIS which were reviewed and found acceptable to the Bank. BTS and ARIS will prepare annual operational budget for the Bank team’s review and clearance.

13. **Complaint Handling Mechanism:** To deal with procurement complaints received by BTS and ARIS, a complaint handling mechanism for the Project will be developed and documented in the procurement section of the OM. On receipt of complaints, immediate action will be initiated to acknowledge the complaint and redress in reasonable time frame. All complaints will be dealt at levels higher than that of the level at which the procurement process was undertaken. Any complaint received is to be forwarded to the Bank for information and the Bank will be kept informed after the complaint is redressed.

14. **Procurement Plan:** A draft procurement plan has been developed covering the above procurement activities and agreed at Negotiations. The draft Procurement Plan is attached in Annex [5]. The Procurement Plan will be updated annually or as needed to: (i) reflect progress in project implementation; (ii) accommodate changes that should be made; and (iii) add new packages necessary for the Project. Each update will be subject to Bank's prior review. The Procurement Plan will be published on the World Bank website. Procurement under the Project will be carried out in accordance with the agreed Procurement Plan and as updated.

15. **Project OM:** The procurement chapter of the project OM will cover all procurement aspects under the project such as: procurement implementation arrangements, procurement plan and reporting, procurement methods and thresholds, responsibilities of procurement staff and evaluation committees, procurement process including contract monitoring, procurement control procedures and complaints handling procedure

16. **Additional Provisions for National Competitive Bidding:** The standard provisions for NCB will be applied to all the NCB contracts in the Kyrgyz Republic as per Financing Agreement

17. **Procurement Thresholds:** The thresholds for procurement methods and Bank's prior review thresholds are noted below.

| Expenditure Category | Contract Value (USD) | Procurement Method | Bank Prior Review |
|--|----------------------|------------------------------|---|
| Civil Works, S&I of Plant & Equipment | >= 5, 000 000 | ICB | All ICB contracts |
| | < 5, 000,000 | NCB | NA |
| | <50 000 | Shopping | NA |
| | NA | DC | All contracts >= USD 5,000,000 |
| Goods | >= 1, 000 000 | ICB | All contracts >= USD 1,500,000 |
| | <1, 000 000 | NCB | NA |
| | <100 000 | Shopping | NA |
| | NA | DC | All contracts >= USD 1,500,000 |
| Consultant Services | NA | QCBS, QBS, FBS, LCS and CQS* | All contracts >= USD 500,000 for firms; all contracts >= USD 200,000 for individuals; |
| | NA | SSS | |
| | NA | IC | |
| Notes : ICB – International Competitive Bidding NCB – National Competitive Bidding DC – Direct Contracting QCBS – Quality and Cost Based Selection QBS – Quality Based Selection | | | |

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| FBS – Fixed Budget Selection LCS – Least Cost Selection *CQS – Selection Based on Consultants' Qualification below \$300,000 depending on the nature of assignment SSS – Single (or Sole) Source Selection IC – Individual Consultant selection procedure NA – Not Applicable |
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18. **Procurement Supervision:** The procurement post review will be carried out on a sample basis (20% in terms of number of contracts) by the procurement specialist based in the region/country office and one ex-post review report will be prepared per fiscal year, including findings of physical inspections for not less than 10 percent of the contracts awarded during the review period. In addition, two supervision missions are expected to take place per year.

19. **Disclosure:** The following documents shall be disclosed on BTS and ARIS website: (i) procurement plan and updates, (ii) invitation for bids for goods and works for all ICB and NCB contracts, (iii) request for expression of interest for selection/hiring of consulting services (firms), (iv) contract awards of goods and works procured following ICB/NCB procedures, (v) short list of consultants(firms) for QCBS and LCS, (vi) contract award of all consultancy services (firms), and (vii) list of contracts following DC, CQS or SSS on a quarterly basis.

The following details will be sent to the Bank for publishing on the Bank's external website and UNDB: (i) invitation for bids for procurement of goods and works using ICB procedures, (ii) request for expression of interest for consulting services with estimated cost more than \$300,000, (iii) contract award details of all procurement of goods and works using ICB procedure, (iv) contract award details of all consultancy services with estimated costs above \$300,000, and (v) list of contracts/purchase orders placed following SSS, CQS or DC procedures on a quarterly basis.

PROCUREMENT PLAN **Kyrgyz Republic : Heat Supply Improvement Project**

General Information

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|-------------------------------|---------------------------------|---|---|------------|
| Country: | Kyrgyz Republic | Bank: | Approval Date of the Original Procurement Plan: | 2017-01-26 |
| Project ID: | P157079 | Revised Plan Date(s): (comma delimited, leave blank if none) | | 2017-05-17 |
| Project Name: | Heat Supply Improvement Project | GN Date: | | 2017-01-19 |
| Loan / Credit No: | | | | |
| Executing Agency(ies): | Bishkekteploset OJSC | | | |

| Activity Reference No. / Description | Loan / Credit No. | Component | Review Type | Method | Market Approach | Procurement Process | Prequalification (Y/N) | Actual Amount (US\$) | Process Status | Draft Pre-qualification Documents | | Prequalification Evaluation Report | | Draft Bidding Document / Justification | | Specific Procurement Notice / Invitation | | Bidding Documents as Issued | | Proposal Submission / Opening / Minutes | | Bid Evaluation Report and Recommendation for Award | | Signed Contract | | Contract Completion | | |
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| | | | | | | | | | | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned |
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| | | | | | | | | | | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned |
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| Activity Reference No. / Description | Loan / Credit No. | Component | Review Type | Method | Market Approach | Contract Type | Actual Amount (US\$) | Process Status | Terms of Reference | | Expression of Interest Notice | | Short List and Draft Request for Proposals | | Request for Proposals as Issued | | Opening of Technical Proposals / Minutes | | Evaluation of Technical Proposal | | Combined Evaluation Report and Draft Negotiated Contract | | Signed Contract | | Contract Completion | |
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| | | | | | | | | | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual |
| PPG-HSP-CS-CQS-2016-3 / Consultant Assignment to Prepare the Tender Documents for Vostok Transmission Line and to Assist in Project Implementation | | | Prior | Consultant Qualification Selection | Open - International | | 0.00 | Under Review | 2017-01-12 | | 2017-02-02 | | 2017-03-18 | | | | | | | | 2017-04-17 | | 2017-05-22 | | | 2017-11-18 |
| PPG-HSP-CS-CQS-2016-2 / Consultant Assignment to Prepare the Tender Documents for Upgrading of Building-level Substations and to Assist in Project Implementation | | | Prior | Consultant Qualification Selection | Open - International | | 0.00 | Under Implementation | 2017-01-19 | | 2017-02-09 | 2017-03-01 | 2017-03-25 | 2017-04-29 | | | | | | | | 2017-04-24 | | 2017-05-29 | | 2017-11-25 |

INDIVIDUAL CONSULTANTS