

Invitation for Expression of Interest

**Consulting Services for the
Transaction Advisory Services for involvement of
operator being able to manage based on a lease contract in areas serviced by
“Yerevan Water” CJSC, “Armenian Water Supply and Sewerage CJSC”,
“Lori Water and Sewerage CJSC”, “Shirak Water and Sewerage CJSC” and
“Nor Akunq CJSC”**

**State Committee of Water Economy (SCWE)
Yerevan, Republic of Armenia**

September 2014

Procurement ref:

Country: Armenia

Sector: Municipal and environmental infrastructure

Contract type: Consultancy Services

Notice type: Invitation for expressions of interest

Contract duration: Up to 14 months

Issue date: 11 September 2014

Closing date: 15 October 2014
16:00 local time in Yerevan

1. The Client (Client Responsibilities, refer to §2.8) hereby invites qualified independent Consultants to submit a prequalification document for consulting services (see §5). Taking into account that the tendering process is a matter of urgency for the Government of Armenia (GoA), the GoA has launched the tendering process and in parallel negotiates with EBRD in order to obtain the necessary funds in due course.

The Results of the tendering process will be valid in case of EBRD's approval and financing. Based on EBRD's expected comments, there may be some amendments and changes in the Invitation for Expression of Interest as well as in approach of the tendering process. If necessary, the terms of the tendering process will be reviewed as well. The possible risks (including financial risks), conditioned by changes, are to be borne by Participants.

Additional information regarding the above mentioned will be provided in the same sources where the announcement on the tender is allocated.

2. The Client is the State Committee of Water Economy (SCWE) in 13a, Vardanants Street, Yerevan, Republic of Armenia.

3. In the past the GoA represented by the Client supported strong involvement of the private sector in water services provision with the assets kept in public possession. The first management contract for Yerevan has been signed already in 2000 and converted into a 10-year lease contract in 2006. Beside Yerevan, four other regional water and waste water utilities (i.e. Shirak, Lori, Nor Akunq and the Armenian Water and Sewerage Company) with private sector participation have been created as well.

Currently there are five water companies which are managed by three private operators. SCWE has delegated the management of state water and sewerage infrastructure to the following companies:

- Yerevan Djur – serving 1 million population under a Lease Arrangement with Veolia;
- Armenia Water and Sewerage Company (AWSC) – serving 0.62 million population under a Management Contract with SAUR; and

- Regional Utilities (Nor Akunq, Lori and Shirak) - serving 0.32 million population under a Management Contract with a consortium of companies MVV decon, MVV Energie, AEG Service under SAUR's leadership (since January 1, 2014).

All these PPP contracts expire in May 2016 and will be subject to new tender.

Outside of service areas of the 5 major water and sewerage companies, there are about 560 communities (with about 650,000 population) which have different organizational arrangements for water system management.

The involvement of the private sector has resulted in significant performance improvements, particularly in service delivery, reduction of operation costs and increase of revenues.

However, there are several key challenges remaining to be addressed in the next decade: (i) low levels of tariff resulting in inadequate financial viability of water companies and low investments in capital maintenance and repair, (ii) low level of service and high investment needs for communities not covered by water operators, (iii) high level of water losses in the systems, (iv) lack of strategic planning in the sector, (v) low coverage of wastewater services and wastewater treatment.

The Government of Armenia (GoA) is therefore about to launch a “second generation” of reforms in the water sector. It is agreed that after termination of the on-going lease and management contracts the sector weaknesses should be addressed by restructuring not only the water management (water operators) but also the legal and regulatory framework with particular focus on institutional solutions for the rural water sector.

For that purpose the government in cooperation with international financial institutions (e.g. WB, KfW, EBRD, ADB, EIB, etc.) has initiated implementation of several technical assistance projects in order to properly design the “architecture” of the second generation of reforms in the water sector. Particularly the Water Sector Study (supported by KfW) has assisted the GoA in preparing and implementing a water sector reform through implementation of the following assignments:

- Preparatory Services and Management Contracts Extension
- Assessment of Present State of Water Sector
- Development of Water Sector Management Options
- Financial and HR Impact and Water Sector Management Study.

Another water sector key study - Water Tariffs Study (supported by the World Bank) had the following objectives: 1) to assess the levels of the current water and wastewater tariffs in terms of cost-recovery; 2) to present a number of tariff scenarios which take into account financial, economic, efficiency and equity objectives and 3) to present a recommendation for a plan of actions to move from the current tariff levels and structure to an agreed future tariff level and structure.

The two above-mentioned studies have already finished their main findings and conclusions upon which the government will base its decisions on water sector institutional and financial set up for long-term period.

Based on the results of the above-mentioned two projects the Government of Armenia has adopted a decision (§888-N dated 14.08.2014) on number, type and term of PPP contract in service areas of water utilities (“Yerevan Djur” CJSC, “Armenian Water Supply and Sewerage CJSC”, “Lori Water and Sewerage CJSC”, “Shirak Water and Sewerage CJSC” and “Nor Akunq CJSC”). Particularly it was decided to involve one private operator with lease contract for 15 years.

A sound involvement of the private operator of the water sector of Armenia requires hiring of advisory services for the transaction process.

The specific objectives of the proposed Transaction Advisory services (covering Technical, Legal, Financial and Environmental aspects) are to:

- (1) elaborate and support the implementation of the appropriate PPP modalities for the structuring, financing and implementation of the PPP arrangement,
- (2) prepare the tender documents of the PPP arrangements to be ready to submit to the bidders,
- (3) support SCWE during tender and in negotiations with and selection of the preferred bidder.

4. The Client is seeking to engage qualified consultants for provision of transaction advisory services. In the following the main topics requested by the Client to be covered and complemented by EBRD are briefly listed. The Terms of Reference will include a more detailed description of requested assistance to the Client.

The following tasks will have to be carried out:

- Review (briefly) current situation of water sector and make recommendations for improvement (if needed).
- Elaborate PPP Procurement Plan
- Carry out tasks related to base year report (report 2014)
- Conduct PPP procurement (restricted tender or negotiation)
- Develop Request for proposals (RFP)
- Develop Bid evaluation criteria, bid process design
- Elaborate a draft PPP agreement for leasing
- Carry out Administration of the bidding processes
- Carry out Evaluation of bids
- Conduct PPP agreement negotiations and management plan
- Carry out PPP agreement signature, close-out report and financial closure

5. The services are to be provided by a team of consulting firms or associations comprising of international and local companies or individual experts (engineers, socio-economists, lawyers, financial experts, and other professional and administrative support staff) for the tasks mentioned above. Efficient management and backstopping services shall be made available.

6. Tasks and services requiring close coordination with the Client and other local actors will have to be performed in Yerevan to ensure a well-planned, coordinated and effective interaction of all stakeholders for a timely and successful implementation of the advisory services.

7. The services shall be rendered by an independent international consulting firm in association with international and domestic consultants and/or individual experts to make sure that all required know-how and experience is available. The cooperation with skilled local consultants is not obligatory, but accorded high priority. Hence, if Consultants participate in the prequalification procedure in conjunction with local consultants, they shall be awarded with additional points.

8. The complete prequalification documentation shall have the structure and content as described hereunder and presented in the same sequence.

- (i) **Cover Letter**, comprising the firm's name, address, contact person, telephone and email as well as the relevant data of the associated partners
- (ii) **Presentations of Firms** (maximum 10 pages, for each firm separately), including clear statements of type, property and key task of the firm and the associated partners
- (iii) **Statements and Declarations** (presented separately for all partners):
 - a) Declaration to submit a proposal in case of being short-listed;
 - b) Statement on affiliations of any kind with other firms which may cause a conflict of interest in providing the envisaged services;
 - c) Outline of the intended contractual arrangement between the international and local partners, nominating the lead consultant and including letters of intent of participating firms (for local partners a copy of such letter of intent is sufficient);
 - d) Declaration to observe the highest standard of ethics during execution of the contract. Applicants should be aware that any fraudulent or corrupt activities disqualify them immediately from participation in the selection process and will be subject to further legal investigation. The said declaration shall be submitted and duly signed by each of the companies separately and exactly in the form as stated in Annex 3.
 - e) To prove that financial resources are adequate, the lead consultant shall present (i) a confirmation of the guarantee limit from his bank, which must not be more than six months old; (ii) a certified statement showing a minimum annual turnover of more than 1.5 million Euro p.a. in the past 3 years; (iii) balance sheets and profit and loss accounts for the last three years.
- (iv) **List of Project References** carried out as described in Annex 1 (EBRD-Format) covering the past ten years. The projects must be strictly related to the envisaged services (maximum 15 references).
- (v) **Brief CVs** (max. 5 pages) on personnel proposed for backstopping and home office support.
- (vi) **List of Available Personnel** for the envisaged services with information about education, professional experience, regional experience, years with firm, specific project-related experience and experience in similar posts. This list shall allow a profound judgment on the consultants' general ability to provide the required personnel having the specific experience for the project in case of an offer (see Annex 2). Personnel permanently employed by the consulting firm or retainers having a long cooperation with the firm receive a higher score. It is requested to strictly concentrate the list on potential personnel for the project and the proposed job assignment.

Interested consultants are requested to submit concise and clear documents and to adhere to the structure as shown above. Non-compliance with provisions of this invitation or faulty information shall lead to non-qualification. Any superfluous information not specific to the requirements of this invitation will lead to devaluation.

9. The prequalification document (in an envelope marked: "Consulting Services for the Transaction Advisory Services for involvement of operator being able to manage based on a lease contract in areas serviced by "Yerevan Water" CJSC, "Armenian Water Supply and Sewerage CJSC", "Lori Water and Sewerage CJSC", "Shirak Water and Sewerage CJSC" and "Nor Akunq CJSC") shall be submitted in one original in English as well as one original and one copy in Armenian and Russian languages to the Client (address refer to § 2) latest by 15th of October before 16:00 local time. For timely submission of the documents, submission date and time at the Client is relevant.

Further, one electronic copy in English (maximum 2 files/attachments, unzipped) and Russian and Armenian should be submitted to the EBRD and the Client by the same closing date/time. In case of discrepancy, the English language version of the documentation will prevail.

10. The expression of interest must be accompanied by a completed Contact Sheet, the template for which is available from the following web-link:

http://www.ebrd.com/pages/workingwithus/procurement/not=ces/csu/contact_sheet.doc

11. All cost for obtaining information and data as well as preparation and submission of the prequalification document, cost for meetings, negotiations, etc. in relation with the prequalification shall be borne by the Consultants.

12. It is planned to establish a short-list of not more than six prequalified consultants not later than 10 days after the submission date and to invite technical and financial proposals from these consultants.

13. At any time, the Client at his own initiative or in response to clarifications requested by an interested Consultant may further clarify this invitation. After clarification is agreed with the EBRD, such information shall be sent in writing by email to all applicants having requested the “Invitation for Expression of Interest”.

14. Taking into account that this tender is expected to be held within the framework of EBRD’s projects, the Tender Committee will consider the latest version of the EBRD „Procurement Policies and Rules“ available on EBRD’s website for the evaluation process (<http://www.ebrd.com/downloads/research/policies/ppr10.pdf>). Only financially capable firms which have submitted the necessary documents satisfying the set conditions will be evaluated. Specific evaluation criteria and their individual weight are presented in the following table.

	Criteria	Max. Score
1.	Evidence of relevant experience gained by consultants during the past ten years (“Experience of the Firm”)	40
1.1	Experience in handling consulting services with regard to water sector PPP contracts	20
1.2	Experience under various working-conditions in developing and emerging countries	5
1.3	Experience with working-conditions in the region, preferably in the same sector	15
2.	Suitability for this specific project (“Experience of Experts Available”)	60
2.1	Assessment of available expertise with regard to water sector PPP contracts (key personnel)	30

15. After having completed the evaluation of the prequalification documents, a short-list consisting of not more than six Consultants ranked highest scoring a minimum of 70 points will be established. Short-listed firms will be invited to submit a technical and financial proposal. Firms not pre-qualified will be informed accordingly.

16. The Client is not bound to select any consultant.

17. The preparation and the submission of the prequalification document is the responsibility of the applicant and no relief or consideration can be given for errors and omissions.

18. Between opening of prequalification documents until preparation of the short-list no communication of any type shall be entertained unless called for by the Client.

Note: *Following this Invitation for Expression of Interest, a shortlist of qualified firms will be formally invited to submit proposals. Shortlisting and selection will be subject to the availability of funding.*

CONTACTS

The Client/Executing Agency:

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RA Ministry of Territorial Administration*

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Tbilisi 0102,
Georgia
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This notice refers to goods, works, services or consultancy services to be procured through open and competitive tendering for projects financed by the EBRD. Potential tenderers desiring additional information on the procurement in question or the project in general should, unless indicated otherwise, contact the project agency and not the EBRD.

EXPERIENCE

Please complete a table using the format below to summarize the **major relevant projects related to this project** carried out in the course of the past **ten** years by the legal entity or entities making this application. The number of references to be provided shall not exceed **15** for the entire application.

It is highly recommended to also highlight the experience gained in the past 10 years in specific project components related to the present project.

Ref (max. 15)		Project title						
Name of legal entity	Country	Overall project value (EUR)	Proportion carried out by legal entity (%)	No. of staff provided	Name of client	Origin of funding	Date (start / end)	Name of partners, if any
...	...	...	...	...	...	...	...	...
Description of project				Type of services provided				
...				...				

LIST OF AVAILABLE PERSONNEL STRUCTURE FOR THE ENVISAGED SERVICES

Presentation of maximum of three candidates for each potential job assignment (e.g. team leader, water engineer, socio-economist, lawyer, etc.) related to the services as described under §4.

The following personnel details have to be shown for each candidate:

- Name
- Proposed job assignment
- Nationality
- Professional education (name of university, special fields)
- Academic title, year obtained
- Years of professional experience
- Age
- Years with firm
- Actual position held in firm
- Years working as freelance expert with firm
- Years of regional experience (country, years)
- Specific project related experience; please give details about relevant projects carried out (project name, position held, country, donor, year, duration, special tasks etc.)

DECLARATION OF UNDERTAKING

We underscore the importance of a free, fair and competitive procurement process that precludes abusive practices. In this respect we have neither offered nor granted directly or indirectly any inadmissible advantages to any public servant or other person nor accepted such advantages in connection with our bid, nor will we offer or grant or accept any such incentives or conditions in the present procurement process or, in the event that we are awarded the contract, in the subsequent execution of the contract. We also declare that no conflict of interest exists.

We also underscore the importance of adhering to minimum social standards ("Core Labour Standards") in the implementation of the project. We undertake to comply with the Core Labour Standards ratified by the country of @ (name of country).

We will inform our staff about their respective obligations and about their obligation to fulfill this declaration of undertaking and to obey the laws of the country of @ (name of country).

We also declare that our company/all members of the consortium has/have not been included in the list of sanctions of the United Nations, nor of the EU, nor of the EBRD, nor in any other list of sanctions and affirm that our company/all members of the consortium will immediately inform the Client and EBRD if this situation should occur at a later stage.

We acknowledge that, in the event that our company (or a member of the consortium) is added to a list of sanctions that is legally binding upon the Client and/or EBRD, the Client is entitled to exclude our company/the consortium from the procurement procedure and, if the contract is awarded to our company/the consortium, to terminate the contract immediately if the statements made in the Declaration of Undertaking were objectively false or the reason for exclusion occurs after the Declaration of Undertaking has been issued.

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(Place)

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(Date)

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(Name of company)

.....

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(Signature(s))