

PROCUREMENT PLAN

Project information: The Ulaanbaatar Heating Sector Improvement Project (P170676) **Project Implementation agency:** UBHSIP Project Implementation Unit

Date of the Procurement Plan: Feb 18, 2021

Period covered by this Procurement Plan: Jan 2021 – June 2022

1. Preamble

In accordance with paragraph 5.9 of the “World Bank Procurement Regulations for IPF Borrowers” (July 2016, revised November 2017 and August 2018) (“Procurement Regulations”) the Bank’s Systematic Tracking of Exchanges in Procurement (STEP) system will be used to prepare, clear and update Procurement Plans and conduct all procurement transactions for the Project.

This textual part along with the Procurement Plan tables in STEP constitute the Procurement Plan for the Project. The following conditions apply to all procurement activities in the Procurement Plan. The other elements of the Procurement Plan as required under paragraph 4.4 of the Procurement Regulations are set forth in STEP.

2. The Bank’s Standard Procurement Documents: shall be used for all contracts subject to international competitive procurement and those contracts as specified in the Procurement Plan tables in STEP.

3. National Procurement Arrangements: In accordance with paragraph 5.3 of the Procurement Regulations, when approaching the national market (as specified in the Procurement Plan tables in STEP), the country’s own procurement procedures may be used.

3.1 National Open Competitive Procurement

When the Borrower uses its own national open competitive procurement arrangements as set forth in Chapter Two of the Public Procurement Law of Mongolia enacted on December 1, 2005, as amended several times with the latest amendment on March 22, 2019, such arrangements shall be subject to paragraph 5.4 of the Procurement Regulations and the following conditions.

(a) Participation in Bidding and Preferences

- (i) Government-owned enterprises in Mongolia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent of the agency contracting them.
- (ii) A bidder declared ineligible by the World Bank, based on a determination by the World Bank that the bidder has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices

in competing for or in executing a World Bank–financed contract, shall be ineligible to participate and be awarded a World Bank–financed contract during the period determined by the World Bank.

- (iii) A firm which has been engaged by the Borrower to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works resulting from or directly related to the firm’s consulting services for such preparation or implementation. This provision does not apply to the various firms which together are performing the contractor’s obligations under a turnkey or design and build contract.
- (iv) Interested foreign bidders from eligible countries shall be allowed to participate without being required to associate or form joint ventures with local bidders. Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders. Mongolian bidders and goods of Mongolian origin shall be given no preference over foreign bidders, either in the bidding process or in the evaluation of bids.
- (v) Prior registration shall not be a requirement for any bidder to participate in bidding.

(b) Request for Bids / Request for Proposals Documents

(i) The request for bids/request for proposals documents shall be acceptable to the World Bank and include the WB’s provisions for fraud and corruption.

(ii) In the case of contracts of more than eighteen (18) months’ duration, the procurement documents and the contract shall provide for price adjustment, based on a formula acceptable to the World Bank, which shall be disclosed to the bidders in the procurement documents.

(iii) Unless agreed and established in the procurement plan, there shall be no post–bidding negotiations. No bidder shall be required, as a condition for the award of contract, to change his bid price or otherwise materially alter his bid after it has been submitted.

(c) Assessment of Bidder’s Qualification

Qualification criteria shall be clearly specified in the bidding documents, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder’s qualifications shall be conducted separately from the technical and commercial evaluation of the bid. When post qualification is applied, the assessment of bidder’s qualifications shall be carried out only after the preliminary and detailed evaluation of bids has been

completed by the Recipient and, in doing so, the qualifications of the bidder who has submitted the lowest evaluated substantially responsive bid or most advantageous bid shall be assessed first. The evaluation of a bidder's qualifications shall only take into account the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities and financial capacity. In carrying out the bid evaluation including the post-qualification assessment, the Recipient shall exercise reasonable judgment in requesting clarifications in writing from Bidders in accordance with the provisions established in the procurement documents. No bidders shall be disqualified on the ground that the bidder has tax debt.

3.2 Other National Procurement Arrangements

When other national procurement arrangements other than national open competitive procurement arrangements are applied by the Borrower, such arrangements shall be subject to paragraph 5.5 of the Procurement Regulations. The request for bids / request for proposals / request for quotations documents should be acceptable to the Bank and jointly with the signed contract shall include the clauses related to World Bank's Policy in regard to corrupt and fraudulent practices. The request for bids / request for proposals / request for quotations documents and the signed contract shall also include the clauses allowing the World Bank to inspect the site and/or all accounts and records relating to the performance of the contract and the submission of the bid or proposal, and to have such accounts and records audited. The standard text is attached hereafter.

4. Leased Assets as specified under paragraph 5.10 of the Procurement Regulations: Not applicable.

5. Procurement of Second Hand Goods as specified under paragraph 5.11 of the Procurement Regulations: Not applicable.

6. Domestic preference as specified under paragraph 5.51 of the Procurement Regulations (Goods and Works): Not applicable.

7. Hands-on Expanded Implementation Support (HEIS) as specified under paragraphs 3.10 and 3.11 of the Procurement Regulations: Not applicable.

8. Other Relevant Procurement Information: Not applicable.

9. Standard Text for Fraud & Corruption and Inspection & Audit

Fraud and Corruption The Bank requires compliance with the Bank's Anti-Corruption Guidelines and its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework, as set forth in Appendix to the GC.

The Employer / Purchaser / Client requires the

Contractor / Supplier / the Consultant to disclose any commissions or fees that may have been paid or are to be paid to agents or any other party with respect to the bidding /selection process or execution of the Contract. The information disclosed must include at least the name and address of the agent or other party, the amount and currency, and the purpose of the commission, gratuity or fee. Failure to disclose such commissions, gratuities or fees may result in termination of the Contract and/or sanctions by the Bank.

Inspections and Audit by the Bank

The Contractor / Supplier / Consultant shall keep and shall make all reasonable efforts to cause its Subcontractors and Sub-consultants to keep, accurate and systematic accounts and records in respect of the Works / Goods / Services in such form and details as will clearly identify relevant time changes and costs.

Pursuant to paragraph 2.2 e. of Appendix to the General Conditions the Contractor / Supplier / Consultant shall permit and shall cause its subcontractors and sub-consultants to permit, the Bank and/or persons appointed by the Bank to inspect the Site and/or the accounts and records relating to the performance of the Contract and the submission of the bid / proposal, and to have such accounts and records audited by auditors appointed by the Bank if requested by the Bank. The Contractor's / Supplier's / Consultant's and its Subcontractors' and sub-consultants' acts intended to materially impede the exercise of the Bank's inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank's prevailing sanctions procedures).

Procurement thresholds, per method (US\$ thousand)

International Competitive Procurement		National Competitive Procurement		Request for Quotations (RFQ)	
Works	Goods/NC	Works	Goods/NC	Works	Goods/NC
>5,000	>1,000	<5,000	< 1,000	<200	<100

Prior reviews threshold is shown below:

Prior reviews threshold for Mongolia - 2017-2019

Category	High and Substantial risk	Moderate and low risk
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Works	>US\$ 1 million	US\$ > 1.5 million
Goods - NC	>US\$ 500,000	US\$ > 500,000
Consulting services (firm)	>US\$ 400,000	US\$ > 600,000
Individual consultants	>US\$ 150,000	> US\$ 200,000

APPENDIX TO GENERAL CONDITIONS

Fraud and Corruption

(Text in this Appendix shall not be modified)

1. Purpose

1.1 The Bank's Anti-Corruption Guidelines and this annex apply with respect to procurement under Bank Investment Project Financing operations.

2. Requirements

2.1 The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders, consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.

2.2 To this end, the Bank:

- a. Defines, for the purposes of this provision, the terms set forth below as follows:
 - i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
 - ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
 - iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
 - iv. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
 - v. "obstructive practice" is:
 - (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or

- (b) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.
- b. Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/ or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
 - c. In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring mis-procurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
 - d. Pursuant to the Bank's Anti- Corruption Guidelines and in accordance with the Bank's prevailing sanctions policies and procedures, may sanction a firm or individual, either indefinitely or for a stated period of time, including by publicly declaring such firm or individual ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner;¹ (ii) to be a nominated² sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project;
 - e. Requires that a clause be included in bidding/request for proposals documents and in contracts financed by a Bank loan, requiring (i) bidders, consultants, contractors, and suppliers, and their sub-contractors, sub-consultants, service providers, suppliers, agents personnel, permit the Bank to inspect³ all

¹ For the avoidance of doubt, a sanctioned party's ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification, expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract.

² A nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the particular bidding document) is one which has been: (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower.

³ Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact-finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and

accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank.

Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information.

PROCUREMENT PLAN Mongolia : Ulaanbaatar Heating Sector Improvement Project

General Information

Country: Mongolia Bank's Approval Date of the Original Procurement Plan: 2021-02-23
 Revised Plan Date(s): (comma delineated, leave blank if non 2021-02-26
 Project ID: P170676 GPN Date: 2021-02-07
 Project Name: Ulaanbaatar Heating Sector Improvement Project
 Loan / Credit No: IDA / 65890
 Executing Agency(ies) Ulaanbaatar Heating Service Improvement Project

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Procurement Process	Prequalification (Y/N)	High SEA/SH Risk	Procurement Document Type	Estimated Amount (US\$)	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
													Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
W-SA-5 / Expansion and rehabilitation of 2F800mm diameter SA main pipeline to 2F1000mm from TPP-3 to the point 1699 (67.8m.pair of pipelines with steam pipeline from the fixed pillar of point 183 to the end of the fixed pillar of point 237)	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Prior	Request for Bids	Open - National	Single Stage - One Envelope				3,085,857.20	0.00	Pending Implementation					2021-08-20		2021-08-30					2021-09-29		2021-10-09		2021-10-26	2022-11-15
W-SA-2 / Expansion and rehabilitation of 2F800mm diameter SA main pipeline to 2F1000mm from TPP-3 to the point 1699 (65.4m.pair of pipelines with steam pipeline from the fixed pillar of point 36 inside the property of TPP-3 JSC to the fixed pillar of point 66)	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Prior	Request for Bids	Open - National	Single Stage - One Envelope				2,741,657.80	0.00	Pending Implementation					2021-03-05		2021-03-15					2021-04-14		2021-04-26		2021-05-13	2022-11-15
W-SA-3 / Expansion and rehabilitation of 2F800mm diameter SA main pipeline to 2F1000mm from TPP-3 to the point 1699 (62.8.5m.pair of pipelines with steam pipeline from the fixed pillar of point 66 to the end of the fixed pillar of point 125)	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Prior	Request for Bids	Open - National	Single Stage - One Envelope				2,600,396.70	0.00	Pending Implementation					2021-03-08		2021-03-18					2021-04-19		2021-04-30		2021-05-17	2021-11-18
W-3C-7 / Expansion and rehabilitation of 2F400/1F500mm 3C main pipeline to 2F700mm from TK-521 to TK-328	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Prior	Request for Bids	Open - National	Single Stage - One Envelope				2,023,559.00	0.00	Pending Implementation					2021-03-04		2021-03-09					2021-04-08		2021-04-19		2021-05-10	2021-11-16
W-SA-1 / Expansion and rehabilitation of 2F800mm diameter SA main pipeline to 2F1000mm from TPP-3 to the point 1699 (from point 12 to point 36 with 214 m.pair pipelines with steam pipeline (in the property of TPP-3))	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Prior	Request for Bids	Open - National	Single Stage - One Envelope				2,276,491.10	0.00	Pending Implementation					2021-08-02		2021-08-09					2021-09-08		2021-09-20		2021-10-07	2022-11-16
W-SA-4 / Expansion and rehabilitation of 2F800mm diameter SA main pipeline to 2F1000mm from TPP-3 to the point 1699 (from the fixed pillar of point 125 to the end of the fixed pillar of point 183 with 636m.pair of pipelines with steam pipeline)	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Prior	Request for Bids	Open - National	Single Stage - One Envelope				2,630,240.60	0.00	Pending Implementation					2021-03-09		2021-03-19					2021-04-21		2021-05-03		2021-05-20	2022-11-16

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Procurement Process	Prequalification (Y/N)	Estimated Amount (US\$)	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	
											Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
CO-CS-1 / 2 Vehicles to support the UBHC	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Post	Request for Bids	Open - National	Single Stage - One Envelope		131,533.00	0.00	Pending Implementation					2021-03-01		2021-03-09					2021-04-10		2021-04-20		2021-05-06		2021-06-20
CO-CS-2 / Laboratory equipment for the UBHC	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Post	Request for Quotations	Open - National	Single Stage - One Envelope		83,506.00	0.00	Pending Implementation							2021-05-25								2021-07-08		2021-08-19	

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Procurement Process	Prequalification (Y/N)	Estimated Amount (US\$)	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
											Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual			

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Contract Type	Estimated Amount (US\$)	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		
											Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual			
CS-DD-3 / Consultancy service for Design and drawings of DH network to selected per area (Dormin 1000 area, East west, Mongolian radio,TV area)	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Post	Consultant Qualification Selection	Open - National		80,000.00	0.00	Pending Implementation	2021-05-10													2021-06-14		2021-07-01		2021-11-28

CS-ES-4 / Consulting service for external monitoring firm for the implementation of environment and social management plan of the UBHSIP	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Post	Consultant Qualification Selection	Open - National		11,000.00	0.00	Pending Implementation	2021-03-22		2021-03-29		2021-04-27						2021-05-07		2021-05-23			2025-11-12
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INDIVIDUAL CONSULTANTS																				
Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Contract Type	Estimated Amount (US\$)	Actual Amount (US\$)	Process Status	Terms of Reference		Invitation to Identified/Selected Consultant		Draft Negotiated Contract		Signed Contract		Contract Completion		
										Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
CS-5A-1 / Consulting service for the author's supervision with the amendment of the drawing and budget for expansion and rehabilitation of 2F400mm diameter 5A main pipeline to 2F1000mm from T99-3 to the point 1699	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Post	Direct Selection	Direct		151,363.40	0.00	Pending Implementation	2021-02-24		2021-03-04					2021-03-18		2022-11-18	
CS-3G-2 / Consulting service for the author's supervision with the amendment of the drawing and budget for expansion and rehabilitation of 2F400/1F600mm 3G main pipeline to 2F700mm from TK-521 to TK-328	IDA / 65890	Component 1: Rehabilitation and expansion of district heating network	Post	Direct Selection	Direct		28,401.10	0.00	Pending Implementation	2021-02-26		2021-03-08					2021-03-22		2021-11-17	