

# Project Procurement Strategy for Development

April 18, 2022

## I. Project overview

<b>Country:</b>	The Republic of Tajikistan
<b>Full Project Name:</b>	Technical Assistance for Financing Framework for Rogun Hydropower Project
<b>Total Finance (\$):</b>	US\$15,000,000
<b>Project number:</b>	P178819
<b>Project Development Objective</b>	The development objective is to improve the readiness of Rogun hydropower project to raise a financing package required for completion of construction

## II. Project Description

The TA Project will help to: (a) strengthen technical, environmental and social aspects of the Rogun hydropower plant construction project (Rogun HPP Project); (b) develop the commercial framework of the Rogun HPP Project; and (c) strengthen the institutional capacity of the Project Management Group for Energy Facilities Construction under the President of the Republic of Tajikistan Rogun (Rogun PMG), which is the implementing entity for Rogun HPP Project. The TA Project would be implemented during the period of April 2022 and April 2031. The TA Project will have the following key components:

**Component 1: Improvement of the dam safety of Rogun HPP Project (estimated cost of about US\$6.3 million).** This component will finance: (a) the panel of experts (POE) for the dam safety, which will carry out due diligence and ensure international quality standards in the design and construction of Rogun HPP Project; provide high level and professional independent advice and guidance to support objectivity and credibility in the development and implementation of designs and in the construction of the project; share technical expertise and knowledge and so contribute to dialogue amongst the various stakeholders; and (b) technical and engineering studies that may be required for improvement of technical aspects of the Project.

**Component 2: Strengthening of environmental and social (E&S) performance of Rogun HPP Project (estimated cost of about US\$5.2 million).** This component will finance the following: (a) update of E&S instruments for Rogun HPP Project to align them with the requirements of the World Bank's Environmental and Social Framework (ESF); assistance to Rogun PMG in developing a Contractor Management Plan that will include the details of how Rogun PMG will supervise the E&S performance of its contractors; recommendations on modification of existing contractors, to

include relevant E&S requirements to comply with the applicable E&S standards and requirements; (d) E&S panel of experts; and (e) design of local community benefit-sharing program.

**Component 3: Development of the commercial framework for Rogun HPP Project (estimated cost of US\$2 million).** This component will finance: (a) preparation of a macroeconomically sustainable Project construction completion schedule taking into account the existing and projected macro-fiscal framework of the country; (b) prepare a Project financing plan taking into account the updated Project construction completion schedule; (c) transaction advisory service to help the Government draft, negotiate, and sign long-term PPAs for sale of Rogun electricity; and (d) technical and engineering studies that may be required for strengthening o

**Component 4: Strengthening of institutional capacity of Rogun PMG and other technical assistance (estimated cost of US\$1.5 million).** This component will finance: (a) strengthening of Rogun PMG team to implement the TA Project; (b) capacity building for Rogun PMG and Rogun JSC staff in dam safety, operation and management of hydro facilities, and project management; (c) Purchase of Information and Communication Technologies (ITC) and office equipment for Rogun PMG; (d) TA Project audits; and (e) incremental operating costs of Rogun PMG.

### **III. Strategic Assessment of Country, Borrower and Marketplace**

#### **a. Operational context**

**Governance aspects.** Government of the Republic of Tajikistan established the Rogun Open Joint Stock Company to own and operate the Rogun Hydropower Project (HPP). By the executive order of the President (No. 1361, dated October 26, 2012), Rogun PMG was established. It is the implementing entity for the construction of the Project. The HPP is being constructed on the Vakhsh River about 110 kilometers east of Dushanbe and about 70 kilometers upstream of the Nurek HPP. The dam will be 335 meters high and the facility will have generation capacity of 3,780 MW. This large hydropower project of 3,780 MW located on the Vakhsh cascade has the potential to generate a multitude of benefits for Tajikistan and the broader Central Asia (CA) region. For Tajikistan, the project could provide reliable electricity to meet growing domestic electricity demand at affordable costs.

The legal and regulatory framework to be applicable to the key aspects of the TA Project is clear and well-defined. The World Bank Procurement Regulations applicable to the project take precedence over any conflicting regulations from the national public procurement laws. This has been enabled in the Constitution of the Republic of Tajikistan. The current Law on Public Procurement of Goods, Works and Services was adopted in March 2006 and was amended on April 16, 2012. The Government is working on preparation of a new PPL based on the UNCITRAL Model Law 2011 and the principles of the WTO GPA, and, in parallel, on the development of secondary legislation and standard bidding documents to be in line with the new draft

PPL. The licensing framework for provision of technical consulting services is clear. In addition, the consultants will be required to comply with the requirements of the World Bank's relevant Environmental and Social Standards (ESS) as detailed in the relevant E&S documents prepared as well as the requirements of the local legislation related to labor policies.

**Economic aspects.** In 2021, Tajikistan's per capita income (GNI, Atlas method) was about US\$1,100, which is slightly above the lower-middle-income threshold. The poverty rate fell from 17.8 percent in 2015 to about 13.9 percent in 2021. Tajikistan's economy relies heavily on primary commodity production and exports, with limited economic diversification. Domestic investment and consumption depend heavily on migrant remittances, which are about a third of GDP, thus leaving the economy highly vulnerable to external shocks. Sanctions on the Russian economy have exposed this vulnerability since Russia is the largest employer of Tajik migrant workers and is among the largest trading partners. Reforms aimed at private sector growth, public sector efficiency, and greater inclusion are vital to further economic development.

**Sustainability aspects.** There are no issues with the sustainability aspects of the TA Project-financed activities since they only include advisory services and technical assistance for the needs of PMG. The proposed TA Project would contribute to strengthening the sustainability of the Rogun HPP Project by introducing requirements for good-practice E&S standards; robust criteria for E&S performance of the existing and new contractors; and design of community benefit sharing program that would contribute to equitable development and sustainable socio-economic growth at the local and national levels.

**Technological aspects.** The assessments and studies under the TA Project will be relying on methodologies (such as hydropower planning, probable maximum flood modelling, least-cost system planning with economic optimization), which are considered to be standard for the hydropower sector and overall electricity industry. Therefore, there are no issues or risks to the grant-financed activities from technology-driven change or deployment of untested methods for technical studies.

**Key Conclusion.** No major issues expected given that the grant would be financing primarily consulting services.

#### **b. Client Capability and PMG Assessment**

**Experience.** Rogun PMG will be responsible for the implementation of the Project. PMG staff consists of 34 persons. In its procurement activities, it is guided by the developed regulations, instructions, the Public Procurement Law of the Republic of Tajikistan, and the Rules for International Tender for Construction of Rogun Project. Rogun PMG has significant experience in implementing projects funded by the state budget including preparation of bidding documents for works and goods contracts, evaluation of bids, contract negotiations, and contract management. Rogun HPP team and the Resettlement Unit will be involved in reviewing the relevant documents,

reports, and outputs to be produced by the consultants to be hired by Rogun PMG. They would be involved in reviewing and approving the contractual, technical, environmental and social recommendations and advice to be provided by the consultants that would be hired by Rogun PMG , con. In addition to its primary function, Rogun PMG is also responsible for coordination of the activities with various ministries, departments and international financial organizations in the implementation of the state policy of the Republic of Tajikistan related to issues related to the construction of energy facilities and their upgrade in accordance with the programs of socio-economic development of the Republic of Tajikistan.

The activities of the Rogun PMG related to procurement process include, among other things, the following:

- Coordination of activities with ministries and departments, enterprises, institutions of Tajikistan and other international financial organizations related to the construction of energy facilities.
- Ensuring, together with the authorized state bodies, the organization of the work of tender commissions related to the construction of power facilities.
- Development and preparation of documentation for procurement of goods, works, consulting and non-consulting services for the construction of power facilities.
- Monitoring the use of funds attracted and allocated by the Government of the Republic of Tajikistan for the implementation of projects for the construction of energy facilities.
- Coordination and provision of working conditions for international and domestic specialists, consultants, experts in the preparation and implementation of projects.
- Together with the authorized state bodies, organizing meetings with representatives of international organizations and, based on their results, providing information to the President of the Republic of Tajikistan.

However, Rogun PMG does not have experience in implementation of projects financed by IFIs including the World Bank. It currently has one procurement consultant with experience in procurement in World Bank financed projects - CASA-1000 and Rural Electrification Project. The consultant will continue providing support to the Rogun PMG under her current financing until Rogun PMG selects a procurement specialist funded by the TA Project to carry out the required functions till the end of the TA Project. Her performance to date has been satisfactory. The procurement specialist will receive the required training to further strengthen the capacity in World Bank's procurement rules and policies.

**Contract management capacity.** Contract management is the responsibility of the relevant staff (director, manager, technical experts, etc.). Rogun PMG maintains an Excel file to track key contract dates. PMG has experience in managing contracts for similar projects such as pre-contract works on Rogun HPP Project that involved management of several

civil works contractors, construction of electricity transmission line projects for evacuation of electricity from Rogun HPP Project. In general, Rogun PMG will benefit from further training in contract management.

**Complaint management and dispute resolution systems.** Rogun PMG will follow the requirements of The World Bank Procurement Regulations for IPF Borrowers (Nov 2020) in handling the complaints under consulting and goods contracts. Specifically, if a complaint is received, consistent with the requirements of an RFP or a request for bids, then Rogun PMG will respond to the complaint by ensuring the following minimum information is provided: (a) statement of issues; (b) facts and evidence; (c) decision and reference to the basis for the decision; and (d) analysis. Rogun PMG will act consistent with the roles and responsibilities of the Borrower/Recipient as specified in the World Bank Procurement Regulations

**Conclusions on PMG capacity.** PMG has experience in implementing projects financed by the Government. However, it has no experience with the World Bank procurement procedures; have limited monitoring and contract management skills, as this function was mainly assigned to external consultants. The existing capacity is not sufficient to manage the growing volume of procurement activities across multiple projects running in parallel. Therefore, this will require further strengthening of PMG’s capacity to meet the TA Project needs.

**c. Market analysis**

**Market sector dynamics.** There are many specialized consulting firms that provide technical, economic analysis, environmental and social advisory, as well as financial and legal advisory services related to various aspects of hydropower projects and that have been very active in Tajikistan. These firms have been contracted to perform various large consulting assignments for new investment projects in the hydropower as well as rehabilitation projects; technical and economic assessments of new investments; feasibility studies; preparation of tender documentation; and preparation of environmental and social instruments/documents as required by various financial institutions; and financial and legal advisory for various project-level needs. Additionally, there have been strong interest from global individual experts to assume roles under the POE for dam safety and E&S issues. This has been demonstrated during implementation of techno-economic assessment studies (TEAS) for the Project as well as engagement of those experts for the needs of Nurek Hydropower Rehabilitation Project.

**Procurement risk analysis**

Keeping in view the nature of the consulting contracts to be procured under the TA Project, the main risks associated with the implementation of the TA Project and the proposed mitigation measures are described hereunder.

Risk Description	A	B	Overall I Risk	Description of proposed	Risk owner
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	Likelihood Rating	Impact Rating	Rating (A*B)	mitigation through the procurement process	
Lack of interest from reputable international consultants.	2	3	6	Procurement activities related to Rogun HPP that is a very large and complex project. Therefore, it is expected to generate significant interest from reputable international consultant. Moreover, competitive procurement is expected to be the main approach.	Rogun PMG
Issues with contract management due to limited familiarity of Rogun PMG staff with Procurement Regulations of the World Bank.	2	4	8	The TA Project would finance capacity building and training of the relevant staff in procurement and contract management.	Rogun PMG

#### IV. Procurement objectives

The main procurement objectives to be achieved are:

- Advance preparation of TOR to avoid delays in procurement;
- Monitoring of the procurement process so that the timing of each tender does not exceed the planned deadlines.

#### V. Recommended Procurement Approach for a Grant

##### Activity 1: Panel of Experts (POE) on Dam Safety

**Selection method for all nine POE members:** International Competitive Selection. Individual consultant contracts (time-based). The POE will be comprised of various experts and those will need to be hired under individual contracts because POE members will need to be internationally renowned experts in their respective fields and the experience and qualifications of the individuals are of paramount requirement. This cannot be achieved through hiring of a firm. We will invite those individual consultants that we deem

qualified to provide the required consulting services. The complete TOR will be sent with the invitation.

**Estimated cost:** The estimated cost of each POE member contract is presented in the Procurement Plan (PP) and is expected to range from US\$142,000 to US\$770,000

**Duration of contract:** The POE members will provide services during the period of May 2022 – April 2031.

**Level of risk:** Low.

### **Activity 2: Update of the environmental and social instruments of the Rogun HPP Project**

**Selection method:** Quality and Cost Based Solution (QCBS). International Competitive.

**Estimated cost:** US\$4,000,000.

**Duration of contract:** June 2022 – June 2026.

**Risk level:** Medium.

### **Activity 3: POE on Social and Environmental Issues**

**Selection method for all three POE members:** International Competitive Selection. Individual consultant contracts (time-based). The POE will be comprised of various experts and those will need to be hired under individual contracts because POE members will need to be internationally renowned experts in their respective fields and the experience and qualifications of the individuals are of paramount requirement. This cannot be achieved through hiring of a firm. We will invite those individual consultants that we deem qualified to provide the required consulting services. The complete TOR will be sent with the invitation.

**Estimated cost:** The estimated cost of each POE member contract is presented in the Procurement Plan (PP) and is expected to range from US\$300,000 to US\$574,000.

**Duration of contract:** The POE members will provide services during the period of May 2022 – May 2031.

**Level of risk:** Low.

### **Activity 4: Update of the Project implementation completion schedule**

**Selection method:** Direct contract with joint venture of Tractebel-ELC (France-Italy).

The direct contracting is justified for the following reasons:

- a. The JV of Tractebel-ELC was selected in 2018 using international competitive process. The contract is financed by the Government. The consultant was hired to carry out update of the project implementation schedule, technical supervision of some construction activities and manage the interface among existing civil works contractors under Rogun HPP Project. The contract is still ongoing with the focus on technical supervision of construction works.
- b. The engagement of JV of Tractebel-ELC is justified because this assignment is related to ongoing services under the existing contract. The procurement is of both very low value and low risk.

**Estimated cost:** US\$100,000.

**Duration of contract:** May 2022 – July 2022.

**Risk level:** Low.

### **Activity 5: Preparation of a financing plan to complete construction of the Project**

**Selection method:** Quality and Cost Based Solution (QCBS). International Competitive.

**Estimated cost:** US\$474,000.

**Duration of contract:** July 2022 – September 2022.

**Risk level:** Medium.

### **Activity 6: Financial and legal advisor to negotiate and sign long-term power purchase agreements**

**Selection method:** Quality and Cost Based Solution (QCBS). International Competitive.

**Estimated cost:** US\$1,100,000.

**Duration of contract:** August 2022 – June 2023.

**Risk level:** Medium.

### **Activity 7: Update of economic analysis of the Project**

**Selection method:** Direct contract with Poweren Consulting (UAE). This method is justified given that the Consultant has knowledge of the Project of exceptional worth to the needs of the assignment. The proposed consultant has previously completed a similar contract with the Borrower for detailed modelling of electricity sector, dispatch simulation, and valuation of economic costs and benefits of large hydro rehabilitation projects. The contract was under Nurek Hydropower Rehabilitation Project financed by the World Bank. Therefore, the Consultant can perform the task with much

greater speed and precision, which is of critical importance for the Rogun HPP. Without detailed and very rigorous updated economic analysis, based on the updated implementation schedule, it will be impossible to secure financing for the completion of the Rogun HPP. This, in turn, will create technical and safety risks. The performance of this consultant was satisfactory under the previous contract.

**Estimated cost:** US\$ 200,000.

**Duration of contract:** July 2022 - October 2022.

**Risk level:** Low.

### **Activity 8: Purchase of IT and office equipment for Rogun PIG**

**Selection method:** Request for Quotation.

**Estimated cost:** US\$50,000.

**Duration of contract:** September 2022.

**Risk level:** Low.

### **Activity 9: Audit of the annual financial statements of the grant**

**Selection method:** LCS. The audit firms will be selected from the World Bank's list of auditors eligible to carry out Project audits.

**Estimated cost:** US\$20,000 per year (needs to be carried out for each year during 10-year implementation period of the TA)

**Duration of contract:** Recurring.

**Risk level:** Low.

### Procurement plan

Sl. No	Activity	Estimated cost in US\$ (including taxes)	Procurement method	Contract signing date	Prior/post review
1	Dam Safety POE				
	Dam engineering expert/POE Chair	767,700	IC	May 16, 2022	Post
	Hydrology and sediment management expert	108,300	IC	May 16, 2022	Post
	Engineering geology and hydrogeology expert	171,200	IC	May 16, 2022	Post
	Geotechnical engineering expert	672,400	IC	May 16, 2022	Post
	Hydraulics expert	672,400	IC	May 16, 2022	Post
	Seismology and seismic design expert	142,300	IC	May 16, 2022	Post

<b>Sl. No</b>	<b>Activity</b>	<b>Estimated cost in US\$ (including taxes)</b>	<b>Procurement method</b>	<b>Contract signing date</b>	<b>Prior/post review</b>
	Electro-mechanical expert	672,400	IC	May 16, 2022	Post
	Hydromechanical expert	199,510	IC	May 16, 2022	Post
	Hydropower construction management expert	409,800	IC	May 16, 2022	Post
2	E&S POE				
	Hydrology and water resources expert/POE Chair	574,000	IC	June 10, 2022	Post
	Environmental and planning expert	300,500	IC	June 10, 2022	Post
	Social and resettlement expert	425,500	IC	June 10, 2022	Post
3	Update of the environmental and social instruments of the Rogun HPP Project	4,000,000	QCBS	July 20, 2022	Prior
4	Update of the Project implementation completion schedule	100,000	DS	May 16, 2022	Post
5	Preparation of a financing plan to complete construction of the Project	400,000	QCBS	July 30, 2022	Post
6	Financial and legal advisor to negotiate and sign long-term power purchase agreements	1,100,000	QCBS	July 30, 2022	Post
7	Update of economic analysis of the Project	200,000	DS	July 20, 2022	Post
8	Purchase of ICT and office equipment for Rogun PIG	50,000	RFQ	September 30, 2022	Post
9	Audit	200,000	LCS	Annually	Post

**PROCUREMENT PLAN Tajikistan : Technical Assistance for Financing Framework for Rogun Hydropower Project**

**General Information**

**Country:** Tajikistan **Bank's Approval Date of the Original Procurement Plan:** 2022-04-29  
**Revised Plan Date(s):** (comma delineated, leave blank 2022-05-25)  
**Project ID:** P178819 **GPN Date:**  
**Project Name:** Technical Assistance for Financing Framework for Rogun Hydropower Project  
**Loan / Credit No.:** /  
**Executing Agency:** Project Management Group for Energy Facilities Construction under the President of the RT

**WORKS**

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 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	

**GOODS**

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 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	

**NON CONSULTING SERVICES**

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 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	

**CONSULTING FIRMS**

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	Planned	Actual	

**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 Identify/Selected Consultant		Draft Negotiated Contract		Signed Contract		Contract Completion
										Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	

RHPP/CS/IC/09 / Hydropower construction management expert	/		Prior	Individual Consultant Selection	Limited		409,800.00	0.00	Canceled	2022-05-04		2022-05-09	2022-05-19	2022-06-12	2031-06-10	
RHPP/CS/IC/10 / Hydrology and water resources expert/PE Chair	/	Strengthening of environmental and social aspects of Rogun HPP Project	Prior	Individual Consultant Selection	Open		574,000.00	0.00	Pending implementation	2022-06-20		2022-07-30	2022-08-20	2022-09-03	2031-09-01	
RHPP/CS/IC/10 / Hydrology and water resources expert/PE Chair	/		Prior	Individual Consultant Selection	Limited		574,000.00	0.00	Canceled	2022-06-01		2022-06-06	2022-06-16	2022-07-10	2031-07-08	
RHPP/CS/IC/11 / Environmental and planning expert	/		Prior	Individual Consultant Selection	Limited		300,500.00	0.00	Canceled	2022-06-01		2022-06-06	2022-06-16	2022-07-10	2031-07-08	
RHPP/CS/IC/12 / Social and resettlement expert	/		Prior	Individual Consultant Selection	Limited		425,500.00	0.00	Canceled	2022-06-01		2022-06-06	2022-06-16	2022-07-10	2031-07-08	