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**Credit Number 2751-1 AZ**

**(Amendment)**

# **Agreement Amending Project Agreement**

**(Greater Baku Water Supply Rehabilitation Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**APSHERON REGIONAL JOINT-STOCK WATER COMPANY**

**Dated June 30, 2003**



**CREDIT NUMBER 2751-1 AZ**

**(Amendment)**

**AGREEMENT AMENDING**

**PROJECT AGREEMENT**

AGREEMENT, dated June 30, 2003 between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and APSHERON REGIONAL JOINT-STOCK WATER COMPANY (ARWC).

WHEREAS (A) by the Development Credit Agreement dated July 6, 1995, as amended to date, (the Development Credit Agreement) between the Borrower and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty eight million eight hundred thousand Special Drawing Rights (SDR 38,800,000) and to carry out the Project described in Schedule 2 to the Development Credit Agreement;

(B) the Association has agreed to provide to the Borrower on the basis of the Borrower's request an additional assistance in amount of ten million three hundred thousand Special Drawing Rights (SDR 10,300,000) upon the terms and conditions set forth in the Development Credit Agreement;

NOW THEREFORE the parties hereto, hereby agree to the following amendments to the Project Agreement:

**ARTICLE I**

**Amendments of the Project Agreement**

1. The address for ARWC specified in the Section 5.01 of the Project Agreement is revised as follows:

“For ARWC:

Apsheron Regional Joint-Stock Water Company  
67 Tblisi Avenue  
Baku 370112”

2. Part C of Section I of Schedule 1 to the Project Agreement is amended by adding a new paragraph 1 to read as follows:

“1. National Competitive Bidding

(a) Works estimated to cost less than \$450,000 equivalent per contract, up to an aggregate amount not to exceed \$2,300,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Improvement of Bidding Procedures

In order to ensure economy, efficiency, transparency and broad consistency with the provision of Section I of the Guidelines:

- (i) the bidding period should not be less than 30 days from the date of publication of the Invitation to Bid or the date of issuance of the bidding documents to the bidders, whichever is later;
- (ii) pre-qualification shall not be used for simple goods and works but shall be conducted for large and complex works;
- (iii) bidding shall not be restricted to pre-registered firms. If registration is required, it shall not be denied to eligible bidders for reasons unrelated to their capacity and resources to successfully perform the contract (e.g., mandatory membership in professional organizations, classification, etc). Post-qualification shall be conducted to verify that the bidder has the capability and resources to successfully perform the contract;
- (iv) bidding documents shall be made available to all bidders who are willing to pay the required fee;
- (v) state-owned enterprises of the Borrower shall be permitted to bid only if they are legally and financially autonomous and operate under commercial law;
- (vi) the opening of bids shall follow immediately after the deadline for bid submission and bidders' representatives should be permitted to attend;
- (vii) a single envelope procedure shall be used for the submission of bids for goods and works;

- (viii) procuring entities shall use the Association's regional standard NCB documents, which shall be satisfactory to the Association prior to their issuance to bidders;
- (ix) bidders shall be required to submit bid and performance securities in an amount appropriate to the estimated value of the contract and in a form acceptable to the government;
- (x) evaluation of bids shall be based on quantifiable criteria, clearly defined in the bidding documents. Responsiveness of the bid to the interests of the country, the region or the procuring entity is not an acceptable criteria;
- (xi) contracts for long duration (more than 18 months) shall contain appropriate price adjustment provisions;
- (xi) Re-bidding shall not be carried out without the Association's prior concurrence;
- (xii) Contracts shall be awarded to the lowest evaluated bidder".

3. The earlier paragraphs 1, 2 and 3 are re-lettered 2, 3 and 4 respectively and the titles now read as follows:

- “2. International Shopping
- 3. Procurement for Small Works
- 4. National Shopping”

4. Paragraph 2 of Part C of Section I of Schedule 1 to the Project Agreement is amended to read as follows:

- “2. International Shopping

Goods estimated to cost \$100,000 equivalent or less per contract and \$700,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines”.

5. Paragraph 2 of Part D of Section I of Schedule 1 to the Project Agreement is amended to read as follows:

“2. Prior Review

With respect to: (a) all contracts for goods and works procured under Section I.B of this Schedule; (b) all prequalification procedures; (c) all contracts for works under Section I C.1 and Section I C.2 of this Schedule; and (d) the first two contracts for works procured under Section I.C.3 and Section I.C.4 of this Schedule, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply”.

6. Section II of Schedule 1 to the Project Agreement is amended to read as follows:

“Section II. Employment of Consultants

Part A: General

1. Consultants’ services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants’ services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants’ Qualifications

Services for studies to support the reform of the water sector under Part E of the Project estimated to cost less than \$50,000 equivalent per contract may

be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

- (a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.
- (b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.”

7. A new paragraph 8 is added into Schedule 2 to the Project Agreement to read as follows:

“8. ARWC shall support the implementation of the Program to Strengthen the Financial Discipline in the Water Sector and to provide quarterly progress



reports in formats acceptable to the Association on the implementation of the measures in this Program”.

8. A new sub-paragraph (e) is added into paragraph 5 of Schedule 2 to the Project Agreement to read as follows:

“5 (e) not later than December 31, 2002, complete a study, under terms of reference acceptable to the Association, to examine and propose revisions to the methodology and procedures to set water tariffs”.

9. Paragraph 7 (a) of Schedule 2 to the Project Agreement is revised to read as follows:

“7. ARWC shall:

(a) not later than September 30, 2002, prepare an action plan, acceptable to the Association, for the effective recovery of outstanding water bills to enable accounts payable and receivable of ARWC to be gradually eliminated, and, after the Borrower’s approval, implement all such measures as are required to ensure the achievement of the objectives of the said plan, taking into account the Association’s views on the matter;”

10. A new paragraph 9 is added into Schedule 2 to the Project Agreement to read as follows:

“9. ARWC shall:

- (a) carry out the Project in accordance with the Environmental Management Plan (EMP) adopted by the Borrower on June 28, 2001; and
- (b) ensure by all necessary measures the implementation of the Project’s EMP prepared as part of the environmental assessment studies. Towards that end the ARWC through its CDU shall ensure that: (i) recommended mitigation measures are incorporated in the design of Project works; (ii) such measures are implemented during the construction period and subsequent operation of the Project facilities; and (iii) the CDU is staffed with appropriate expertise to oversee the implementation of the EMP”.

11. Entry into Force and Effect

This Agreement Amending Project Agreement shall come into force and effect on the date upon which the Agreement Amending Development Credit Agreement becomes effective.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement Amending Project Agreement to be signed in their respective names in Baku, Azerbaijan Republic, as of the day and year first above written.

ASSOCIATION INTERNATIONAL DEVELOPMENT

By: /s/ Akbar Noman

Representative

Authorized

APSHERON REGIONAL JOINT-STOCK  
WATER COMPANY

By: /s/ Avaz Alekperov

Authorized Representative