



THE REPUBLIC OF ARMENIA GOVERNMENT

DECREE

N 168-N Dated February 10, 2011

ON ARRANGING PROCUREMENT PROCESS

Pursuant to the Articles 3 and 4 of the Republic of Armenia Law on Procurement, the Republic of Armenia Government has **decided:**

1. To approve the procedure for arranging procurement process as set out in the Annex 1.
2. Change the name of the «State Procurement Agency» State Non-Commercial Organization to the «Procurement Support Center» State Non-Commercial Organization.
3. Establish that:
 - 1) The procurement outside the Republic of Armenia territory specified in the Article 3(3) of the Law shall be carried out:
 - a. Following the procedure approved by the Head of the relevant state administration body, if the estimated price of procurement object does not exceed AMD 50 million. In addition, the approved procedures shall be compliant to the purpose and principles specified in the Article 3 of the Law;
 - b. Following the procedure set out by the Republic of Armenia Government, if the estimated price of procurement object exceeds AMD 50 million.
 - 2) Prior to the effectiveness of the Law, the amendments in and the addenda to the procurement contracts awarded within the scope of procurement processes arranged by the “State Procurement Agency” State Non-Commercial Organization, including agreements concluded thereunder, shall be incorporated by the Client, for whose needs such contracts are awarded;

3) Prior to the effectiveness of the Law, the contract performance security provided in the form of a guarantee for concluding the procurement contract could be replaced by another form of security stipulated in the Article 32(2);

4) Prior to the effectiveness of the Law, the unilateral termination of a procurement contract by the Client due to inability of the entity awarded such contract to perform contractual obligations as a result of increased market prices for goods, works or services shall not lead to the inclusion of such entity in the list of bidders ineligible to participate in the procurement process and no sanctions specified in the contract shall be applied to such entity;

5) Prior to the effectiveness of this Decree, a candidate nominated by the relevant body at the Republic of Armenia Ministry of Finance shall be included in the membership of the Procurement Complaint Review Board without prior testing provided that pursuant to this Decree his/her knowledge of the Republic of Armenia procurement related legislation will be assessed during the year 2011;

6) The Section 15(1)(a) of the procedure for arrangement of procurement process approved under the Section 1 of this Decree shall become effective on January 1, 2012. Prior to this deadline, the manager of the relevant public administration body (minister, head of agency, etc.) shall specify the list of procurements for which the PIU shall be exercising the competences of a procurement coordinator.

7) Procurement of specific goods and services in the total amount not exceeding AMD3,960,000 and needed to prepare the introduction of the e-tendering system shall be financed from the budget of the “Procurement Support Center” State Non-Commercial Organization to be allocated in accordance with the Republic of Armenia Law “On the Republic of Armenia State Budget for 2011” and pursuant to the procedure specified in the Article 20(5) of the Law.

8) Pursuant to the procedure specified in this Decree, procurement procedures under framework agreements are arranged prior to July 31, 2011, if, on the 20th business day after the publication of the tender announcement and invitation about the procurement procedure, the periodic tender(s) organized for a given subject of procurement prior to the effectiveness of the Law has been cancelled since the need for procurement seized to exist;

9) The names of procurement procedures and their abbreviations used in the procurement plans approved by the RoA Government Decree N 1748-N “On Measures Ensuring the Execution of the Republic of Armenia State Budget 2011” dated December 23, 2010, shall be identified with the names and abbreviations of procurement procedures used in the Article 17 of the Law in the following manner:

- a. targeted tender (TT) – open procedure (OP),

- b. targeted tender containing state or official secrecy (TT) – restricted procedure (RP),
 - c. limited tender (LT) – open procedure (OP),
 - d. limited tender containing state or official secrecy (LT) – restricted procedure (RP),
 - e. periodic tender (PT) – procurement procedure under framework agreements (FA)
 - f. request for quotations (RQ) – simplified procedure (SP)
 - g. competitive negotiations (CN) – negotiated procedure with a procurement announcement published in advance (NPA),
 - h. single source (SS) – negotiated procedure without a procurement announcement published in advance (NPNA),
 - i. competitive negotiations (CN) – negotiated procedure without a procurement announcement published in advance (NPNA).
4. Read the paragraph 8 (5) of the Charter of the RoA Ministry of Finance approved under the paragraph 2(1) of the RoA Government Decree N 503-N “On the Approval of the Charter and the Structure of the Staff of the Republic of Armenia Ministry of Finance and the Annulment of the RoA Government Decree N 1460-N dated July 11, 2002” dated May 5, 2008 as follows:
- “5) In the area of procurement process regulation and coordination:
- 1) Coordination of activities on drafting of procurement related legal documents and their adoption or submission to approval;
 - 2) Facilitation of methodological guidance for procurement process and provision of procurement related methodological assistance to Clients;
 - 3) Provision of a system for initial training, professional development and qualification assessment of Clients’ procurement specialists;
 - 4) Facilitating publication of the official bulletin;
 - 5) Coordination of procurement related collaboration of international organizations, foreign countries and the Republic of Armenia state administration bodies and local self-governments;
 - 6) Registration of procurement transactions leading to sovereign liabilities;
 - 7) Publication of the annual procurement report and the list of qualified procurement specialists (entities).”

5. Amend the RoA Government Decree N 1904-N “On Approval of the Charter of the ‘State Procurement Agency’ State Non-Commercial Organization and the List of Assets Transferred to the Organization” dated October 31, 2002 as follows:
 - 1) In the title of the Decree, replace the words ‘State Procurement Agency’ in the paragraph 1(a) with the words ‘Procurement Support Center’;
 - 2) Edit the wording of the Annex 1 of the Decree in accordance with the Annex 2;
 - 3) Delete from the paragraph 3 the word “institutions”.
6. Amend the RoA Government Decree N 914-N “On the Reorganization of the State Procurement Agency at the RoA Government” dated June 27, 2002 as follows:
 - 1) In the paragraph 2(b) of the Decree, replace the words “implementation of procurement for the state needs in cases and pursuant to the procedure specified in the Republic of Armenia legislation” with the words “carrying out competences reserved to the Procurement Support Center under the RoA Law “On Procurement” and assisting the Authorized Body in discharging its competences”;
 - 2) In the paragraph 2(c) of the Decree, replace the words “provide services of carrying out procurement for the needs of communities as well as legal entities” with the words “professional education and continuous training in the area of procurement, professional consultancy, including legal advice in the area of procurement, professional assessment of tender invitations, technical specifications of procurement subjects, bidder qualification criteria as well as bids and bid evaluation procedure for compliance to the requirements specified in the Republic of Armenia legislation on procurement, and facilitation of procurement procedures”:
7. Read the paragraph 4(18) of the RoA Government Decree N 1748-N “On Measures Ensuring the Execution of the Republic of Armenia State Budget 2011” dated December 23, 2010 as follows:

“18) For each open, restricted, competitive dialogue and negotiated procedure being arranged for the government needs, ensure the broadcasting of the tender announcement by a TV channel of metric frequency (4 times) and by a radio station (10 times), and ensure - four times a year - the broadcasting of a program series on “Public Procurement” by a TV channel of metric frequency and by a radio station.”
8. The RoA Minister of Finance shall:

- 1) Ensure the broadcasting of TV and radio advertisements about the procurement support service (hotline) in order to disseminate information related to the rights of entities involved in the procurement process and the procurement review system;
 - 2) Submit the procedure for carrying out e-procurement to the discussion of the RoA Government by October 30, 2011.
9. The RoA Minister of Economy, by October 30, 2011, shall submit to the discussion of the RoA Government the types of public private partnership transactions, the requirements for specifications of such transactions, and the procedure for development and approval of such specifications.
10. Consider null and void:
- 1) The RoA Government Decree N 2274-N “On Approval of Procedure to Determine All Potential Bidders Eligible to Participate in the Tenders Containing State or Official Secrecy” dated September 8, 2005;
 - 2) The RoA Government Decree N 853-N “On Approval of the Procedure for Approving Specifications of the Procurement Subject, Prior Review, and Procurement Financing; the Procedure for Formation and Activities of Tender Committees; the Procedure for Examining the Minutes of the Procurement Procedure; the Procedure for Reviewing Complaints Submitted to the Authorized Body and Activities of the Unit Supervising the Procurement Process; the Procedure for Conducting Procurements Outside the Territory of the Republic of Armenia; the List of Natural Monopoly Services and Annulment of Several Decrees of the Republic of Armenia Government” dated June 5, 2008;
11. Prior to the effectiveness of this Decree, the relations pertaining to launched but not completed procurement shall be regulated by legal documents effective at the time of launching the procurement procedure concerned.
12. This Decree shall come into force on the first day following its official promulgation.

PRIME MINISTER
OF THE REPUBLIC OF ARMENIA

S. SARGSYAN

March 2, 2011
Yerevan



PROCEDURE
FOR ARRANGING PROCUREMENT PROCESS

I. GENERAL PROVISIONS

1. Pursuant to the Article 4(4) of the Republic of Armenia Law “On Procurement” (hereinafter referred to as the Law), this procedure shall approve the procedure for procurement planning, approval of procurement subject specifications, preliminary control and financing of procurement; the procedure for composition and activities of evaluation commission; the procedure for application of procurement procedures stipulated in this law; the procedure for assessing the knowledge of the members of the Procurement Complaint Review Board in the field of the Republic of Armenia procurement legislation as well as the amount of and the procedure for their remuneration; and the main terms and conditions of the invitation and contract.

2. Terms and conditions specified in this procedure for the invitation and the contract shall be considered as the main terms and conditions thereof.

3. Based on the peculiarities of a procurement process, other legal documents may, in addition to the norms stipulated in this procedure, set out norms related to the application of procedures specified in the paragraph 1 of this procedure and main terms and conditions of invitation and contract

II. PROCUREMENT PROCESS

4. Procurement process is the entirety of the following processes (functions):

- 1) Procurement planning;
- 2) Preparation of procurement;
- 3) Awarding of contract;
- 4) Execution of contract.

5. The following processes (functions) are also related to the procurement process:

- 1) Accountability;
- 2) Control;
- 3) Internal audit.

6. Accountability is the entirety of measures undertaken by the Client aimed to ensure the availability of complete, reliable and timely information about the procurement process.

7. Control is an independent evaluation of the procurement process by the Client. The objective of the control is to ensure that:

1) Available resources are used and the functions are implemented in compliance with the initial conditions;

2) Resources are protected from embezzlement and fraud;

3) Reliable and timely information is available for decision making.

8. The types of control are:

1) Ex ante control, when the compliance (legality) of the transaction to the terms and conditions set out for that transaction is evaluated prior to carrying out such transaction; and

2) Ex post control, when the compliance (legality) of the transaction to the terms and conditions set out for that transaction is evaluated after such transaction has been completed.

9. Internal audit:

1) Established and functions in accordance with the Republic of Armenia Law “On Internal Audit”;

2) Through assurance mechanisms and within the scope of ex post control, carries out random audit of the Client’s procurements and submits to the manager of the state administration body a written audit report:

a. On procurement procedure within three months of the approval of the procurement procedure minutes. The audit of procurement procedure is carried out through an assessment of procurement procedure minutes (documents) and information disclosed therein;

b. On contract performance within six months of accepting the outcome of contract execution. The contract performance audit is assessing whether contractual obligations assumed by the parties under the contract have been fulfilled in compliance with the contract;

10. Other bodies may carry out control and supervision of procurement process in cases and following the procedure stipulated in the Republic of Armenia legislation.

III. ENTITIES RESPONSIBLE FOR PROCUREMENT PROCESS

11. For each procurement process the responsible entities are the Head of the Client and, within the competences reserved to them:

1) Procurement coordinator;

2) Responsible unit;

3) Evaluation commission.

12. The Head of the Client is:

1) In the state administration bodies envisaged in the Republic of Armenia legislation:

- a. The Chief of Staff, if the body concerned has a staff;
- b. The Head of the body or an official authorized by him/her, if the body concerned does not have a staff;
- c. For construction projects as well as other procurements specified by the Head of the state administration body, the manager of the unit implementing projects envisaged in the paragraph 15 of this procedure (project implementation unit or PIU), if the body concerned has a PIU;

2) In local self-government bodies of the Republic of Armenia, the head of the relevant body or an official authorized by the latter;

3) In the state or community agencies, the manager of the relevant body or a person authorized by the latter;

4) In the state or community non-commercial organizations, the manager (executive body) of the relevant organization or a person authorized by the latter;

5) In the entities with over fifty percent of government or community shareholding, the head of the executive body or a person authorized by the latter;

6) In the associations (unions) formed by the state or community or state or community non-commercial organizations or entities with over fifty percent of government or community shareholding, the head of the executive body of the union or a person authorized by the latter;

7) In legal entities - recipients of funds donated by the government or community or the Republic of Armenia Central Bank or state or community non-commercial organizations or entities with over fifty percent of government or community shareholding, the head of the legal entity's executive body or a person authorized by the latter;

8) In public undertakings, the head of the undertaking's executive body or a person authorized by the latter.

13. The Head of the Client shall:

1) Appoint:

- a. Procurement coordinator;
- b. Responsible unit;
- c. Evaluation commission.

2) Approve the minutes of procurement procedure;

3) Endorse (conclude) the contract

14. Procurement coordinator:

1) Shall be responsible for arrangement and coordination of procurement process of the Client;

2) Shall provide an opinion on documents approved by the Client within the scope of procurement, shall ensure the compliance of procurement procedure and related documents to conditions set out by the Republic of Armenia legislation on procurement;

3) Shall carry out the competences of the secretary of the evaluation commission;

4) Shall prepare the minutes and the contract of relevant procurement procedure and submit them to the approval of the Head of the Client.

15. In the event if a state administration body acting as a Client has a project implementation unit, the PIU shall carry out:

1) The following functions reserved to the Client by the Republic of Armenia legislation on procurement:

- a. The competences of procurement coordinator; and
- b. The competences of the Head of the Client under construction projects financed from the budget of the state administration body as well as other procurements specified by the Head (minister, manager of the agency, etc.) of the state administration body. In addition, the PIU shall carry out the procurement of works for preparation of design estimates on the basis of technical specifications of procurement subject approved by the Head of the state administration body;

2) Monitoring of technical supervision over the quality of construction and full compliance to the requirements of building standards as well as reporting, including control over quality, deadlines and implementation of works, specified by the Republic of Armenia legislation on urban development as the competences of the Client.

16. For the purposes of this procedure, construction projects include construction, reconstruction, renovation, reinforcement, refurbishment, rehabilitation, repair and overhaul, including road construction, pavement or any other civil works, development of design estimates, expertise, designer's supervision and technical supervision related to such works.

17. Responsible:

1) Unit shall:

- a. Develop and approve bidding documents,
- b. Carry out control over implementation of contractual obligations by a contract party (contractor, supplier, etc),
- c. Accept the outcome of contract execution,
- d. Present the list of individuals (candidates) nominated for the evaluation commission membership,
- e. Submit a proposal for reviewing the procurement procedure, if necessary.

2) Unit could be:

- a. The Client's relevant unit,
- b. A specialized group established by the Client that could also include representatives of other bodies or organizations, invited individuals (consultant or consultants).

3) Unit's competences cannot be assigned to the procurement coordinator;

4) Unit's personnel (representatives) taking part in the preparation of bidding documents:

- a. Shall possess professional capacity – qualification and experience – determined by the type of the subject of procurement to characterize the latter. If the representatives of the responsible unit do not possess required professional capacities, a qualified expert (specialist) shall be engaged to assist the responsible unit in the activities;
- b. Or the engaged expert (specialist) are not eligible to participate in designing the bidding documents, if individuals immediately related to them (parent, spouse, sibling, brother, sister, parent-in-law, spouse's sibling, brother-in-law or sister-in-law) and (or) entities founded by or with more than fifty percent of shareholding by such individuals are potential participants of that procurement process. Each individual (representative) being engaged therein shall sign an appropriate statement.

18. The evaluation commission shall:

- 1) Approve the texts of tender or prequalification announcement and invitation;
- 2) Make amendments in the invitation;
- 3) Provide explanations about the procurement procedure;
- 4) Open and evaluate the bids;
- 5) Select the winning tender(s).

19. A member of the evaluation commission should possess professional capacity – qualification and experience – required for evaluating the qualification of bidders and bids, which capacity shall be determined depending on the subject of procurement. In addition:

1) The individual (representative) of the responsible unit, who facilitates the activities of designing the bidding documents cannot be a member of the commission;

2) If the staff members of the Client do not possess required professional capacities, then an appropriate expert (specialist) is invited to become a member of the commission and/or to assist in carrying out the activities of the commission;

3) The responsible unit shall establish the fact that a candidate nominated for the inclusion into the commission possesses required professional capacities;

4) A member of the commission or an engaged expert (specialist) is not eligible to participate in the activities of the commission, if individuals immediately related to them (parent, spouse, sibling, brother, sister, parent-in-law, spouse's sibling, brother-in-law or sister-in-law) and (or) entities founded by or with more than fifty percent of shareholding by such individuals are potential participants of that procurement process. The individual being engaged therein shall sign an appropriate statement.

5) The procurement coordinator or any official thereof cannot be a member of the commission.

IV. PROCUREMENT PLANNING

20. The Republic of Armenia Ministry of Finance shall set out the procedure for filling out the procurement plan, which shall be approved:

1) Based on the following sample form, if the procurement plan is to be financed by the Republic of Armenia state budget:

Client -----				
<i>(according to the economic classification of budget expenses)</i>				
Project				
Title -----				
Section -- group -- class -- project --				
<i>(according to the operational classification of budget expenses)</i>				
Subject of Procurement	Measurement Unit	Quantity	Total Amount (AMD)	Method of Procurement (procedure)
1	2	3	4	5
Goods				
--				
Works				
--				
Services				
--				
Total				

2) Based on the following sample form, if the procurement plan is to be financed other sources:

Client -----				
Project				
Title -----				
Source of Financing -----				
Subject of Procurement	Measurement Unit	Quantity	Total Amount (AMD)	Method of Procurement (procedure)
1	2	3	4	5
Goods				
--				
Works				
--				
Services				
--				
Total				

21. The subject of procurement shall be included in the procurement plan to initiate a procurement process. The day of emergence of the need for procurement shall be the day of approval (amendment) of the procurement plan. If financial resources are allocated for additional procurement (not included in the original procurement plan) to be carried out during the given year, then an addendum is made in the procurement plan.

22. The availability of a duly approved and, in cases specified by the Republic of Armenia legislation on procurement, also published procurement plan shall be the legal ground for arranging procurement processes.

23. Changes in the procurement plan financed by the Republic of Armenia state budget shall be made by:

1) The Client, if this change does not require a change of the budgetary expenditures' classification;

2) The Republic of Armenia Government, if this change requires a change of the budgetary expenditures' classification.

24. Changes in the procurement plan financed from other sources of the Client shall be made following the same procedure as for the approval of the procurement plan concerned.

25. In cases of procurement carried out pursuant to the Article 14(7) of the Law, the subject of procurement shall be included in the procurement plan without indicating the total amount of procurement provided that an appropriate amendment will be made once funds are allocated.

26. Funds for procurement of construction works shall be allocated on the basis of duly approved design estimates that have passed expert assessment, if the availability of design estimates and(or) their expert assessment are compulsory for the construction works concerned.

27. Except for the procurements financed by the Republic of Armenia state budget, the Head of the Client shall approve by February 1 of the given year the procurement plan for procurements to be carried out during that year and within five business days shall submit the plan to the Republic of Armenia Ministry of Finance for publication.

28. Amendments made in the procurement plan shall be furnished to the Republic of Armenia Ministry of Finance within five business days of their approval.

V. PREPARATION OF PROCUREMENT

29. In order to prepare the procurement, within five business days of the approval of the procurement plan, for each subject of procurement included therein are appointed:

- 1) A responsible unit; and
- 2) A procurement coordinator.

30. Unless another deadline is specified in the document for appointment of the responsible unit, the latter, within fifteen days of the approval of the procurement plan, shall:

- 1) Approve the bidding documents that include:
 - a. Specifications of the subject of procurement;
 - b. Criteria for bidder qualification, including:
 - Requirements for the bidder under the qualification criterion of "Technical resources", including the list of supporting documents and information required from the bidder, if the existing standards or normative and technical documents of the Republic of Armenia require appropriate technical resources for a proper execution of the procurement contract;
 - In case of procurement of civil works and consulting services, requirements for the bidder under the qualification criterion of "Labor resources", including the list of supporting

documents and information required from the bidders. The requirements for the minimum quantity of labor force, required qualification, work experience (minimum number of years, area of activities and work performed) shall be set out exhaustively and univocally;

- c. List of licenses required for the supply of goods, execution of works, or provision of services, if the execution of awarded contract is considered by the Republic of Armenia legislation as an activity subject to licensing;
- d. In case of procurements comprising state, official or bank secrecy, the requirement set out by the Republic of Armenia legislation for individuals eligible to have access to classified information, the list of supporting documents and information required thereof, the validity terms and the evaluation procedure for such documents and information;
- e. Pursuant to the Article 20(5) of the Law, in case of procurements comprising state, official or bank secrecy, the personal data of an individual(s) (potential bidder[s]) – name and location – who shall receive the relevant tender invitation;

2) Shall furnish to the Head of the Client the list of nominees (candidates) for the commission membership drafted in the order of priority for inclusion of such individuals in the commission;

31. Except the cases of procurement carried out following the procedure stipulated in the Article 20(5), when setting out the specifications of a procurement subject and the criteria for an assessment of qualifications it shall be taken into account that more than one potential bidder shall meet the established criteria.

32. When arranging the procurement procedure - in addition to the conditions stipulated in the Section 3 of the Law - it shall be taken into account that:

1) If the estimated price of a contract does not exceed the procurement base unit, then the procurement might be carried out using a negotiated procedure without a prior publication of the tender announcement and regardless of the fact that the given subject of procurement has been included in the framework agreements concluded with the bidders and published pursuant to the Article 16(1)(3)(a);

2) If the estimated price of a procurement subject does not exceed twenty procurement base units, then the procurement:

- a. Might be carried out using a simplified procedure, if the subject of procurement has not been included in the framework agreements concluded with the bidders and published pursuant to the Article 16(1)(3)(a);
- b. Shall be carried out under the framework agreements, if the subject of procurement has been included in the framework agreements concluded with the bidders and published pursuant to the Article 16(1)(3)(a);

3) In cases and following the procedure specified by the Republic of Armenia Government, procurement shall be carried out from commodity, labor or service exchanges using a purchase procedure;

4) The following procurements might be carried out pursuant to the Article 20(5)(1) of the Law due to the existence of a special or an exclusive right:

1. Natural gas supply
2. Power supply
3. Fixed telephony
4. Irrigation, drinking, technical and industrial water supply
5. Based on a legal regulation or an administrative norm of the relevant body, purchase of goods, works or services from a sole supplier (contractor, provider) of those goods, works or services
6. Purchase of goods, works and services required to provide military equipment, weapons, ammunition and armament as well as acquisition of immovable property for military needs all comprising state or official secrecy
7. Designer's supervision by developers of design estimates
8. Purchase of printed or electronic publications, mass media, except TV and radio programs
9. Education at secondary schools
10. Education at music schools
11. Education at evening and distant learning schools
12. Special secondary education
13. Inclusive education
14. Vocational secondary education
15. Out-of-school education
16. Arts and crafts education
17. Lease of real estate
18. Hospital care
19. Outpatient care
20. Hygienic anti-epidemic service
21. Hard-to-access diagnostic tests
22. Purchase of goods, works and services for reception of official delegations and organization of abroad visits, except purchase of airplane tickets from the agents of air carriers
23. Services of insolvency (bankruptcy) case managers
24. Publication of announcements about competitions for vacant positions in the "Civil Service" weekly
25. Services for technical maintenance of airplanes
26. Banking services
27. Postal service
28. Purchase of maintenance services, including spare parts and supplies required thereto, from the manufacturer of the procurement subject or the sole representative of the latter
29. Purchase of goods, works or services from an organization established by the state or community, if the purpose (the main activity specified in its charter) of establishing such organization is to supply such goods to, implement such works for or render such services to the founder, which are the subject of procurement in question
30. Production of the Republic of Armenia orders and medals and boxes thereto
31. Purchase of goods manufactured, works implemented and services rendered by the "Support to the Convict" Foundation for the needs of penitentiary service provided that the prices for such goods, works and services are equal to or lower than their market prices
32. Purchase of community owned real estate
33. Purchase of waste collection services
34. Purchase of motor vehicle insurance services pursuant to the requirements and minimum tariffs set out by the "Bureau of Motor Vehicle Insurers of Armenia" Union of Legal Entities

5) In the following cases procurement might be carried out pursuant to the Article 20(5)(2) of the Law:

a. The procurement is carried out to address urgent needs that arise due to emergency situations foreseen in the Republic of Armenia Law “On Protection of Population in Emergency Situations”, or natural disasters and emergencies in foreign countries, or natural and(or) manmade disasters and(or) accidents and(or) other emergency and unforeseeable circumstances. The need is urgent, if it should be fully satisfied – the outcome of the contract execution accepted – within sixty calendar days after such procurement demand arises, and it is impossible to carry out such procurement under a simplified procedure or a framework agreement.

On those grounds, the procurement of goods, works and services for government needs might be carried out despite the fact that there have been no financial allocations planned for the procurement in question and upon written consent of the Republic of Armenia Prime Minister provided that the amounts will be earmarked within the current or the following fiscal years;

b. In case of public procurement, in other cases specified as urgent by the Republic of Armenia Government due to emergency.

33. The responsible unit shall furnish the approved bidding documents to the procurement coordinator within three business days of approval of such bidding documents in order to arrange the process of contract awarding.

34. The procurement coordinator shall, within three business days, assess the compliance of bidding documents to the requirements set out in the Republic of Armenia legislation on procurement. In case if incompliance is identified, the bidding documents are returned to the responsible unit for the latter to correct and resubmit adjusted bidding documents. In case of disagreeing with identified incompliance, the responsible unit shall return the bidding documents to the procurement coordinator, who, within two business days, shall submit a written report to the Head of the Client. On the day of receiving the report, the Head of the Client:

1) Shall task the Client’s legal department (lawyer or an invited specialist) to submit, within three business days, a legal opinion. To provide a legal opinion, the legal department may request and obtain additional materials;

2) Based on a written proposal of the legal department, may consult with the relevant (specialized) bodies to receive a professional conclusion on the issue in question;

3) Upon receiving the legal opinion shall task:

- a. the procurement coordinator to arrange the process of contract awarding on the basis of submitted bidding documents, if the report was considered as groundless; or
- b. The responsible unit to revise the bidding documents in accordance with the legal opinion.

VI. EVALUATION COMMISSION

35. The evaluation commission shall be formed within three business days after the responsible unit submits such proposal.

1) The evaluation commission has a chairperson and a secretary appointed in the legal document on the establishment of the commission. If the chairperson is unable to participate in the meeting of the commission, the person listed next after the chairperson in order of priority for membership in the commission and attending the meeting shall chair the meeting;

2) Activities of the commission shall be arranged by means of meetings. The meeting of the commission shall be authorized, if attended by the two thirds of the commission members. The bid opening meeting shall be authorized, if attended by the secretary and at least one member of the commission;

3) In case if the meeting of the commission does not have a quorum, the secretary, once this fact is established, shall immediately report in writing to the Head of the Client, who, in the following sequence, shall:

- a. Suspend the procurement procedure for no more than five business days;
- b. Ensure the attendance of the given member at the meeting of the commission or, on the basis of the responsible unit's proposal, replace that member with a newly appointed member of the commission;
- c. Determine new date and time of the meeting that should coincide with the deadline of suspension of the procurement procedure;

4) A decision of the commission shall be deemed as approved if voted for by more than half of the attending members. Each member of the commission shall have one vote and shall vote either for or against. In case of equal votes, the chairperson of the commission or, in his/ her absence, the person chairing the meeting shall have the casting vote;

5) Meetings of the commission shall be stenotype (or video or audio) recorded and minutes shall be taken and the members attending the meeting and the secretary shall without fail sign the minutes of that meeting. These minutes shall be an inseparable part of the minutes of the procurement procedure;

6) Members of the commission and the secretary must ensure the confidentiality of information marked by the bidders as classified and shall bear responsibility as per procedure stipulated by the Republic of Armenia legislation for damages caused to the bidders due to disclosure of such information, except for information subject to mandatory disclosure under this Law;

7) The Secretary shall call an extraordinary meeting of the commission upon a written instruction of the Head of the Client or a written request of at least one third of the commission members, within the deadline and based on the agenda specified by them. The secretary shall notify, in writing or by electronic communication, the commission members about the calling of an extraordinary meeting as well as communicate its agenda and the date of holding the meeting at least twenty four hours in advance;

8) Failure of a commission member, including the secretary to perform his/her duties as well as an intervention of a non-member official into the activities of the commission shall lead to sanctions against that member (official) stipulated by the Republic of Armenia legislation;

9) The commission shall bear responsibility for its decisions, including the documents and requirements approved by the commission as well as the reasonableness in selecting the winning tender.

36. If the evaluation commission fails to ensure implementation of the requirements of the Republic of Armenia legislation on procurement, the secretary, once this fact is established, shall report in writing to the Head of the Client, who: on the same day of receiving the report shall:

1) On the same day of receiving the report shall:

- a. Issue a decree suspending the activities of the commission. Unless another deadline is indicated in the decree, the activities of the commission are suspended for up to five business days;
- b. Task the Client's legal department (lawyer or an invited specialist) to provide a legal opinion prior to the deadline of suspension. To provide a legal opinion, the legal department may request and obtain additional materials;

2) Based on a written recommendation of the legal department, may consult with relevant (specialized) bodies to obtain professional conclusion about the issue. In such cases, the term of suspension of the commission's activities shall be prolonged until the next day of obtaining the opinion, which shall be set out in a respective decree of the Head of the Client;

3) Upon receiving the legal opinion, by a decree:

- a. Resume the activities of the commission, if in the legal opinion the report is deemed to be groundless; or
- b. Based on the legal opinion, task the evaluation commission to revise its decisions. The report and the legal opinion shall be attached to the minutes.

37. Unless a new decree is issued prior to the deadline of suspension of the commission's activities stipulated under this procedure, the activities of the commission shall be deemed as resumed. Copies of the documents related to the suspension of the commission's activities shall be attached to the minutes of the procurement procedure.

38. On the next day after declaring the procurement procedure ineffective or concluding the procurement contract, the commission shall be dissolved. Within three business days following the dissolution of the commission, the secretary shall draft and submit a report on the tasks performed by the commission within the scope of the given procurement procedure. The report shall be accompanied by all documents (bids, letters, decisions, minutes, consultant's conclusions, and other documents) related to the given procedure that the commission has at its disposal. The report shall be part of the minutes of the procurement procedure.

39. In cases of procurement carried out under the Article 20(5) of the Law, if an evaluation commission is not formed, the head of the responsible unit shall carry out the competences of the

evaluation commission and the procurement coordinator shall carry out the competences of the secretary.

VII. CONTRACT AWARD

General Conditions

40. The procurement coordinator shall invite the first meeting of the evaluation commission within five business days after such commission has been formed. On the basis of bidding documents, the commission, as a result of the meeting, shall approve:

- 1) The text of the tender or prequalification announcement;
- 2) The text of the invitation;
- 3) The date and venue of the next meeting of the commission.

41. Within five business days after the approval of the texts of the tender or prequalification announcement and(or) the invitation, the secretary shall:

1) Furnish electronic texts of the tender or prequalification announcement and the invitation to the Republic of Armenia Ministry of Finance, if one of the following procurement procedures shall be arranged:

- a. Open procedure;
- b. Competitive dialogue;
- c. Restricted procedure;
- d. Negotiated procedure with a tender announcement published in advance;
- e. Simplified procedure.

2) Simultaneously furnish electronic text of the invitation to those bidders, who have concluded framework agreements and were included in the list published pursuant to the Article 16 (1) (3)(a) of the Law, if the procurement is to be carried out under the framework agreements;

3) Furnish the invitation to a potential bidder(s) of the procurement in question, if the procurement is to be carried out following the procedure stipulated in the Article 20(5) of the Law;

4) Following the procedure specified by the Republic of Armenia Government, undertake measures to conclude the contract, if the procurement is to be carried out from the exchanges.

42. Within five business days after receiving the texts of the tender or prequalification announcement and the invitation, The Republic of Armenia Ministry of Finance shall post them on the www.gnumner.am website and ensure TV and radio broadcast of core information on the procurement arranged for the government needs or the prequalification announcement.

Within three business days after the announcement is posted on the www.gnumner.am website, the procurement coordinator shall also ensure the publication of the tender or prequalification announcements in the printed media with at least three thousands issues in the Armenian language. This provision shall be effective until January 1, 2013.

43. Upon the decision of the evaluation commission, the procurement coordinator, for the purposes of contract awarding, shall undertake additional measures to expand the circle of bidders and to promote competition between them by:

1) Publishing information (the tender or prequalification announcement) on the procurement procedure in mass media and other electronic means of communication;

2) Providing (sending) information (the tender or prequalification announcement) on the procurement procedure to potential bidders.

44. In order to receive a hard copy of the invitation for an open procedure a written request shall be submitted to the Client. The request to receive a hard copy of the invitation shall be accompanied by a copy of the payment document provided by the bank verifying that the charges for issuing the invitation have been paid, if such charges for issuance of a hard copy of the invitation are foreseen in the announcement. The amount of charges shall be specified in the tender announcement. The Client shall ensure that a hard copy of the invitation is furnished on the same day of receiving such request. In case of receiving a request to issue an electronic invitation, the Client shall ensure that the invitation is furnished during the next business day of receiving such request.

45. In order to receive a copy of the invitation in the English or Russian language a written request and a copy of the payment document provided by the bank, verifying that the charges for issuing the invitation in English or Russian have been paid, shall be submitted to the Client. The amount of charges for issuing English or Russian copy of the invitation shall be specified in the invitation and it cannot exceed the costs for translating, photocopying and delivering the invitation. In this case, the Client shall ensure that a copy of the invitation is furnished within ten business days of receiving such request. The invitation issued by the Client in the English or Russian languages shall be equally authentic as the invitation in the Armenian language. In cases of differences between the invitation in the English or Russian language and the invitation in the Armenian language, the differences shall be interpreted in favor of the bidder.

46. The Client shall conclude a service agreement(s) for translation, photocopying and delivery of the invitation, if these works cannot be performed using the Client's own resources.

47. Prior to the bid opening meeting, the Client and (or) its officials shall not disclose any information on the persons having submitted requests for obtaining the invitation and (or) having received such invitation to a third party. If such officials shall provide explanations and (or) other procurement procedure related information to a third party in a manner not stipulated by the Republic of Armenia legislation on procurement, it shall lead to sanctions undertaken against such officials, as stipulated in the legislation.

48. The bidder's price proposal, that includes also the cost price calculation, shall be presented in the form of a calculation that incorporates general components of cost price (sales cost price), profit and indirect taxes. A calculation of cost price components - break down or details - is not required or submitted. Unless otherwise stipulated in the contract:

1) Regardless of the actual cost price and profit at the end of the contract implementation, the reimbursement (payment) against the outcome received is done in the amount stipulated in the contract;

2) The contract shall specify the outcomes expected from the contract implementation, the sequential stages of their implementation, the amount – as a lump sum or percentage of the total amount – payable against the outcome of each stage without a detailed calculation of reimbursement (price) components.

49. If the bidder is a value added taxpayer, the price proposal specifies in a separate line the VAT amount payable under the contract to the Republic of Armenia state budget. In addition, except the cases foreseen in the agreements (contracts) concluded on behalf of the Republic of Armenia, the price proposal of the bidder(s) is evaluated and compared without calculating the amount of value added tax payable to the Republic of Armenia state budget.

50. If the procurement contract is to be concluded for the total value, but the funds allocated for that given year are less than the total price of the procurement contract and some part of the goods, works or services will be supplied, implemented or rendered if funds would be allocated in the following years, the procurement contract shall stipulate that the goods, works or services will be supplied, implemented or rendered by signing an agreement: If no funding is allocated for the supply of goods, implementation of works, or rendering of services in the year next to the year in question, the procurement contract for that part is terminated.

51. Contracts may be executed by awarding agency contracts or subcontracts. The bidder recognized as the winning tender, who refused to sign the contract, cannot be a party to an agency contract or a subcontract. In the event if more than twenty five percent of the contract will be implemented through an agency contract or a subcontract:

1) The bidder shall also include in the bid a copy of the agency contract or subcontract and the documents of (information on) the contractual party thereto specified in the invitation;

2) During the bid evaluation, it shall be taken into account that the qualification of a party to the agency contract or subcontract shall meet the qualification requirements set out in the invitation for the obligation to be assumed by the agency or the subcontractor under the contract specified in the subparagraph 1 of this Clause;

3) The replacement of the agency or the subcontractor during the contract implementation is made upon the consent of the Client;

4) The bidder shall bear responsibility for the obligations of the agency or the subcontractor.

52. The bidders can participate in the procurement procedure, including the prequalification procedure as a consortium. In such cases:

1) The bid also includes an agreement on joint venture;

2) When evaluating the bid, it is taken into account that the qualification of each of the parties to the agreement on joint venture shall meet the qualification requirements set out in the

invitation for the obligation to be assumed by that party under the contract specified in the subparagraph 1 of this Clause;

3) The bidders bear joint and several liability;

4) If a member of the consortium terminates its membership, the contract concluded by the Client with the consortium shall be unilaterally terminated and sanctions stipulated under the contract shall be applied to the members of the consortium.

53. If the proposed least prices are equal:

1) Simultaneous negotiations are held at the meeting of the commission with all bidders, whose non-price proposals have been evaluated as satisfactory, to reduce the proposed prices and determine the winning bidder provided that all bidders (duly authorized representatives) are present at the meeting;

2) Otherwise, the meeting of the commission shall be suspended and the secretary of the evaluation commission shall, within one business day, concurrently send an electronic notice about the day, time and venue of simultaneous negotiations on the price reduction to all bidders, whose bids were evaluated as satisfactory;

3) The negotiations shall be held not earlier than the third business day of sending the notice out;

4) The price offered by each of the bidders at that time is disclosed to all other bidders, and, until the deadline set out for negotiations, the bidder may revise the offered price.

5) At the deadline set out for negotiations, the bidders are ranked in descending order on the basis of prices offered.

54. In case if the notice (invitation) is furnished electronically as stipulated in this procedure, an automatic reply acknowledging the receipt of the notice by the bidder shall be mandatory, while in the case of a written notice (invitation), the notice shall be sent as registered mail with the sender notification option or shall be handed to the bidder in person indicating the date of the receipt. The electronic mail addresses of the bidders shall be required both by the invitation and the bidding documents.

55. In case of the electronic exchange of information (documents), the sender shall validate information (documents) by an electronic signature or send scanned copies of the validated original documents.

56. If the contract price is firm fixed, the bidder shall submit the price proposal with one figure – the lump sum proposed for the implementation of the contract. The contract price is firm fixed, if the works envisaged by the contract shall be implemented within one year, while the goods shall be supplied and the services shall be rendered within three years of the contract signing. Unless the invitation indicates that the contract price is piece rate pay, the contract price shall be deemed as the firm fixed regardless of the contract performance deadline.

57. If the contract price is firm fixed:

1) The bidder shall not be required to provide justifications of price proposal or any other information or documents;

2) The invitation shall limit the size of profit;

3) In case of due and proper implementation of the contract, the benefits (savings) received and (or) damages incurred by the parties (winning tender and (or) the Client) shall be the benefit or the damage of the relevant party;

4) Third party liabilities of the contractual parties, including other transactions concluded by the bidder - who signed the contract - within the scope of the contract performance and the obligations arising thereto shall be exempted from the contract regulation framework and cannot affect the acceptance of the contract implementation outcome. The relations pertaining to such transactions and fulfillment of obligations arising thereto shall be regulated by the norms pertaining to those relations and the bidder, who concluded the contract with the Client, shall bear responsibility thereof.

58. The contract price might be piece rate pay and this provision shall be specified both in the invitation and contract, if:

1) The goods, works or services envisaged by the contract shall be supplied, implemented and rendered within a period of time exceeding one year from the signing of the contract, with a possibility to revise contractual prices for the period exceeding one year;

2) In other cases specified by the Republic of Armenia Government.

59. If the contract price is piece rate pay, the invitation shall set out:

1) All those conditions (hereinafter referred to as “external factors”), which, if changed, may lead to the contract price revision;

2) Procedure for the contract price revision, if the external factors are changed.

60. The external factors and the procedure for the contract price revision triggered by the changes of external factors shall be agreed in advance with the Republic of Armenia Minister of Finance.

61. The amount of the contract performance security is equal to the ten percent of the contract price. Furthermore, the contract shall stipulate that, during the validity of the contract performance security, the provider of the contract performance security shall inform in advance the Client about filing bankruptcy or initiating insolvency process.

62. The contract shall set out default interest and penalties for the contracting party’s non-performance or inappropriate performance of its contractual obligations. The amount of penalty cannot be less than 0.5 percent of the contract price, while the default interest cannot be less than 0.05 percent of the contract price being calculated for calendar days against the price of the non-performed part of the contract.

63. If the grounds stipulated in the contract are present, the Client, when making payments against procurement, shall ensure the calculation of the default interest and (or) penalties of the contracting party and their settlement shall be made from the amounts payable.

64. During preparation of design estimates:

1) The designer shall:

- a. Develop technical specifications for materials serving as the basis for the design in accordance with the requirements specified in the Article 12 of the Law;
- b. Propose minimum requirements for the warranty periods of development project, its individual parts (structures, etc.) and materials used therein;
- c. Propose requirements for the license and labor resources requisite to implement the works;
- d. Submits to the Client paper based and electronic copies of the design estimates;

2) If deviations from the design will take place during the implementation of construction projects, the persons, who carried out the designing and expert review, pay to the Client a penalty in the amount of loss caused by each deviation identified and (or) resulting from it. In addition:

- a. additional volume of works exceeding twenty percent of the original design that arises during the implementation of works is regarded as a deviation and the amount of penalty is equal to the cost of the additional volume of works;
- b. deviations from design that result in a modification (demolition, reconstruction, etc.) of the actually implemented works and implementation of additional works are regarded as a loss, and the amount of penalty is equal to the sum total of the amount of loss and the cost for the additional volume of works exceeding twenty percent of the original design;

65. If deficiencies have emerged during the warranty period set out for the outcome of a construction project implementation or its individual component, the contractor is obliged to fix such deficiencies at its own expense and within a reasonable deadline specified by the Client. In case of procurement of civil works not requiring design estimates or goods regarded as fixed assets, the warranty period is at least 365 days of the acceptance of the works or goods by the Client. If deficiencies have emerged during the warranty period, the contract party is obliged to fix such deficiencies at its own expense within a reasonable deadline specified by the Client.

66. In cases, when a control and (or) supervision of compliance to the requirements of the Republic of Armenia legislation pertaining to procurement or a review of complaints carried out in accordance with the procedure specified in the Law identifies that, prior to the procurement contract signing, the implementer, under the procurement process, has submitted falsified documents (information and data) or the decision to recognize (select) the implementer as the winning tender is not compliant to the Republic of Armenia legislation, then, after the emergence of such grounds, the Client has the right to unilaterally terminate the contract, if identified breaches, if known prior to the contract signing, would have served as grounds to reject the contract award in accordance with the Republic of Armenia legislation on procurement. In addition, the Client is not liable for the losses or the risk of lost profit of the implementer resulting from a unilateral termination of the contract, while the implementer must reimburse, following the procedure specified by the Republic of Armenia legislation, the losses incurred by the Client in the amount, which is not covered by the proceeds received by the Client from the procurement contract execution prior to its termination.

67. The contract cannot be partially or fully terminated by a mutual consent of the parties, except:

1) For cases when financial allocations requisite for that procurement have been reduced in accordance with the procedure stipulated by the Republic of Armenia legislation;

2) For cases, when the market prices for goods, works or services included in the contract have changed by more than twenty percent. The procedure to determine the market prices and to evaluate their changes shall be specified in the contract and agreed in advance with the Republic of Armenia Ministry of Finance.

68. The deadline for supply of goods, execution of works and provision of services may be extended, if a contract party makes a proposal prior to the expiration of such deadline, provided that the Client maintains the need for procurement subject:

69. Procurement contract concluded with a person for technical control over implementation of construction projects shall stipulate that in the event if deficiencies have emerged during the warranty period, then the technical supervisor, for non-performance or improper performance of duties specified in the contract, shall pay the Client a penalty in the amount of actual costs incurred by the contractor or the Client to fix the identified deficiency.

70. If the price of a procurement contract concluded for the government needs exceeds the procurement base unit, then an amendment made therein shall, within three business days after making such amendment, be submitted to the Republic of Armenia Ministry of Finance. The Republic of Armenia Ministry of Finance, within five business days, shall post on the www.gnumner.am website a notice about the amendment made.

71. It is prohibited to make such changes in the contract, which would lead to artificial modifications of the quantity of goods, works, and services, or of the contract price. The following changes are deemed as artificial:

1) Reducing the quantity of goods, works, or services specified in the contract, while keeping the contract price unaltered;

2) Increasing the quantity of goods, works, or services specified in the contract in excess of the twenty percent of the contract price;

3) A replacement of goods, works, or services specified in the contract by goods, works, or services with other specifications, which, in monetary terms, exceed fifteen percent of the contract price. A replacement within fifteen percent of the contract price may be done, if there is a professional opinion that such replacement would lead to an efficient execution of the contract. The replacement is deemed efficient, if non-financial outcomes originally specified under the contract are achieved with relatively less funds.

4) Except for cases of procurement of research and development activities containing state or official secrecy, an extension of the deadline for supply of goods, execution of works and provision of services specified under the contract:

a. By the original term or a term longer than the original more than once;

b. By the original term more than once.

5) An extension of the deadline for supply of goods, execution of works or provision of services under the procurement contract signed on the grounds specified in the Article 20 (5)(2) of the Law;

6) An increase of the contract price when the technical specifications for goods, works or services specified under the contract remain unchanged.

72. The Republic of Armenia Government shall specify cases for amending the contract due to factors independent of the contract parties.

73. If the price of a contract awarded for the government needs exceeds the procurement base unit by the three hundred fifty times, then the approval of the outcome of that procurement procedure by the Republic of Armenia Government shall be a precondition for the effectiveness of that contract.

74. If no contract is awarded as a result of a procurement procedure, the procedure shall be declared ineffective and new procurement procedure or, if necessary, another procedure shall be arranged as prescribed by the Law.

75. Unless other provision is stipulated under this procedure, if the evaluation commission shall, as a result of comprehensive and complete evaluation of bids, find (identify) an incompliance, the procurement coordinator shall within three business days notify the bidder about the incompliance recommending to correct it within three business days. If the identified incompliance:

1) Shall be corrected before the deadline set out herein, the bid shall be evaluated as satisfactory;

2) Shall not be corrected before the deadline set out herein, the commission shall make a decision to reject the bid of the bidder in question. If all bids submitted shall be incompliant to the conditions of the invitation, the procurement procedure shall be declared ineffective on those grounds.

76. The secretary of the evaluation commission shall enter the bids into the register in order of receipt indicating in the register the registration number, date and time. At the request of the bidder, a receipt thereof is issued. Bids received after the deadline for their submission shall not be entered into the register and the secretary shall return such bids within three business days of receiving them.

77. Not later than within two business day of the bid opening meeting, the secretary of the evaluation commission shall provide members of the commission with two copies of the bids and bid evaluation sheets. Each member of the commission shall:

1) Evaluate the submitted bids;

2) Enter the evaluation results into the evaluation sheet;

3) Endorse the evaluation sheet by signing it; and

4) Unless another deadline is set out by the evaluation commission for the bid evaluation, furnish one copy of the endorsed evaluation sheet to the secretary within five business days of the receipt of the bids.

78. The procurement coordinator shall, within three business days, summarize the evaluation sheets submitted by the evaluation commission members and draft the bid evaluation minutes to be signed by the commission members.

Conditions for evaluating the eligibility to participate in the procurement process and the qualification criteria

79. The bidder's «Eligibility to Participate» criterion stipulated under the Article 5(1) of the Law shall be evaluated as follows:

1) If the bidder has submitted with the bid a written statement about the compliance of his/her data to the requirements set out in the Article 5(1) of the Law, the bidder shall be eligible to participate in procurement procedure;

2) Besides the statement, no other documents shall be required from the bidder, including the winning tender, to justify the compliance to requirements of the Article 5(1) of the Law;

80. The bidder's «Compliance of professional activity to activities stipulated in the contract» criterion stipulated under the Article 5(3)(1) of the Law shall be evaluated as follows:

1) The bidder shall submit in the bid the following information:

Past contracts implemented			
Subject	Volume	Amount (in AMD)	Client Data and Contacts
1	2	3	4
Year:			
1.			
2.			
..			
Year:			
1.			
2.			
..			
Year:			
1.			
2.			
..			

2) The bidder shall fulfill the requirement set out in the Article 5(3) (1) of the Law, if such bidder shall submit in the bid requisite information and a statement that within the three years preceding to the submission of the bid has duly implemented contracts for supply of goods, implementation of works or provision of services same as or similar to the procurement subject.

81. The bidder's «Professional experience» criterion stipulated under the Article 5(3)(2) of the Law shall be evaluated as follows:

1) The invitation requires the bidder to submit in the bid a statement that within three years prior to the bid submission he/she has duly implemented at least one similar contract. The previously implemented contract shall be deemed as similar, if the volume of goods supplied, works

implemented or services rendered under such contract is not less than fifty percent of the procurement size under the procurement procedure in question;

2) Prior to concluding the contract, the bidder ranked the first shall submit a copy of the previously implemented contract and, to assess its proper implementation, a copy of the certificate of acceptance endorsed by the contractual parties verifying the implementation of the contract or a written statement of the contractual party that has accepted the implementation of such contract;

3) The bidder's qualification shall be evaluated satisfactory, if the latter fulfills the requirements set out under this paragraph.

82. The bidder's «Technical Resources» criterion stipulated under the Article 5(3)(3) of the Law shall be evaluated as follows:

1) The invitation requires the bidder to submit in the bid a statement on availability of technical resources requisite for the implementation of the contract;

2) If the invitation sets out specific requirements for the «Technical Resources» qualification criterion, the bidder ranked the first shall, prior to concluding the contract, submit the data on technical resources that he/she intends to use during the implementation of the contract. In addition, the selected bidder, to prove the availability of technical resources, shall provide copies of their technical certificates (passports) and documents verifying the ownership or the right for temporary use of those resources by the bidder;

3) The bidder's qualification shall be evaluated satisfactory, if the latter fulfills the requirements set out under this paragraph.

83. The bidder's «Financial Resources» criterion stipulated under the Article 5(3)(4) of the Law shall be evaluated as follows:

1) The invitation requires the bidder ranked the first to submit with the bid a loan agreement concluded with the bank or a bank guarantee. In addition, the amount of the loan or the bank guarantee shall not be less than the ten percent of the bidder's price proposal, while the validity term of the loan or the bank guarantee shall not be less than the deadline for the contract execution, excluding the warranty period;

2) The bidder's qualification shall be evaluated satisfactory, if the latter fulfills the requirements set out under this paragraph.

84. The bidder's «Labor Resources» criterion stipulated under the Article 5(3)(5) of the Law shall be evaluated as follows:

1) The invitation requires the bidder to submit in the bid a statement on availability of labor resources requisite for the implementation of the contract;

2) If the invitation sets out specific requirements for the «Labor Resources» qualification criterion:

a. The selected bidder shall, prior to concluding the contract, submit data on the staff proposed by the bidder for the contract implementation by filling out the following form:

Specialists Engaged as the Core Staff				
Name	Qualification	Work Experience		Employer and the Employer's Contacts
		Period	Field of Activities and Works Implemented	
1	2	3	4	5
1.				
2.				
..				

b. The selected bidder shall, in order to prove the availability of labor resources, submit copies of written agreements endorsed by the specialists included in the proposed staff to participate in the implementation of works as well as copies of their passports and documents verifying their qualification (diploma, certificate, etc);

3) The bidder's qualification shall be evaluated satisfactory, if the latter fulfills the requirements set out under this paragraph.

85. The contracts shall be deemed analogous (similar), if they are classified under the same groups of economic activities specified in the tender or prequalification announcement. The types of economic activities deemed as similar and the procedure for their evaluation shall be unambiguous and shall not lend an opportunity for a second interpretation. If the types of similar economic activities specified in the invitation lend an opportunity for a diverse (dualistic) interpretation, the existing difference shall be interpreted in favor of the bidder.

86. The bidder may submit other additional documents, information and materials in support of compliance to the specified requirements.

87. The procurement coordinator and (or) the evaluation commission may check the validity of information submitted by the bidder using data received from official sources or obtaining thereto a written opinion of relevant bodies. Relevant state administration bodies and local self-governments, within three business days after receiving such request, shall provide a written opinion. If the validity check of information submitted by the bidder shall result in qualifying such information as falsified:

1) The participation of the bidder in question in the procurement processes shall be revoked and the Clients shall, inter alia, unilaterally terminate all contracts concluded with that bidder within the scope of the Republic of Armenia legislation on procurement;

2) The Client shall, within three business days after establishing this fact, furnish all relevant information to the Republic of Armenia Ministry of Finance to initiate the process of including the information on the bidder in question into the list of bidders banned from the procurement process;

3) The Client shall, within three business days after establishing this fact, furnish all relevant information to the Office of the Republic of Armenia Prosecutor General.

88. The deadline for submission of documents (information) required from the bidder under the Article 31(5) of the Law shall not be less than five business days.

The Procedure for Use of Prequalification Procedure

89. The Client shall arrange a prequalification procedure, if the procurement is to be carried out under:

- 1) Competitive dialogue procedure;
- 2) Restricted procedure;
- 3) Negotiated procedure by publishing in advance the tender announcement;
- 4) Open or restricted procedure arranged to procure consulting services.

90. The prequalification procedure shall be arranged in compliance with the conditions stipulated under the Article 21 of the Law, which shall be applied as follows:

1) The prequalification announcement shall set out the following requirements for the bidder's eligibility and qualification:

- a. The bidder shall meet the eligibility criteria set out in the Article 5(1) of the Law;
- b. The bidder shall fulfill the requirements set out in the Article 5(3)(1) of the Law;
- c. If a restricted procedure is applied, the bidder shall also meet the requirements set out by the Republic of Armenia legislation for individuals eligible to have access to or handle information containing state, official or bank secrecy. In addition, the prequalification announcement shall set out the exhaustive list of these requirements, the list of documents and information requisite to support them, the validity terms thereof as well as the procedure for their evaluation;

2) The bidder shall submit an application following the procedure specified in the prequalification announcement. The prequalification application shall include the following documents verified by the bidder:

- a. A written request for participation in prequalification procedure;
- b. A written statement endorsed by the bidder on compliance of his/her data to the eligibility and qualification criteria set out in the invitation attaching to this statement information required by this procedure;
- c. In case of a restricted procedure, the documents (information) set out in the prequalification announcement verifying the bidder's eligibility to have access to or handle information containing state, official or bank secrecy;
- d. If the bidders shall participate in the prequalification procedure as a consortium, an agreement on joint venture.

3) The prequalification application might be submitted in electronic format with an electronic notice sent to the secretary of the evaluation commission;

4) The prequalification application shall be evaluated following the procedure specified in the prequalification announcement;

5) Based on the evaluation of prequalification applications carried out following this procedure, the evaluation commission by its decision shall rank the bidders in the descending order. Based on the sum total of contracts implemented in the preceding period and submitted for the evaluation of the «Compliance of professional activity to activities stipulated in the contract» criterion stipulated under the Article 5(3) (1) of the Law, the bidders, evaluated as compliant to the requirements of the prequalification announcement, shall be ranked in descending order, where the bidder with the highest total amount of such contracts shall be ranked the first.

6) The bidders ranked from one to ten in the list of prequalified bidders shall be eligible to participate further in the procurement process.

The Procedure for Use of Negotiated Procedure

91. If a negotiated procedure without a tender announcement published in advance shall be arranged:

1) A prequalification procedure is not arranged;

2) The qualification of bidders specified under the Article 5(3) of the Law shall be evaluated as follows:

a. If the bidder has submitted with the bid a written statement about the compliance of his/her data to the requirements set out in the Article 5(1) of the Law, such bidder shall be considered as qualified bidder;

b. The bidder may not be required to submit other documents in addition to the statement to substantiate his/her compliance to the requirements set out in the Article 5(1) of the Law;

3) If the procurement subject specifications contain state, official or bank secrecy, the bidder shall also meet the requirements set out by the Republic of Armenia legislation for individuals eligible to have access to or handle information containing state, official or bank secrecy;

4) The bidder shall:

a. Not provide a bid security;

b. Provide contract performance and (or) advance payment guarantee, if the procurement is to be carried out under the Article 20(5)(3) and (4);

5) The application shall include the following items verified by the bidder:

a. A written request for participation in the procurement procedure;

b. A written statement on compliance of his/her data to the requirements specified in the Article 5(3) of the Law;

c. If the procurement subject specifications contain state, official or bank secrecy, the documents (information) set out in the invitation verifying the bidder's eligibility to have access to or handle information containing state, official or bank secrecy;

d. If the bidders shall participate in the procurement procedure as a consortium, an agreement on joint venture;

e. Price proposal;

6) The bid is submitted to the procurement coordinator following the procedure specified in the invitation and accompanied by a notice endorsed by the bidder. The bid might be submitted in electronic format by an electronic notice sent to the secretary of the evaluation commission.

7) The procurement coordinator, upon a decision of the evaluation commission, shall invite the bidder, who submitted a bid evaluated as compliant to the invitation, to negotiations. The negotiations may result in modifying the bid, but shall not lead to an increase of the price proposed in the bid or an amendment of the invitation terms and conditions. The outcome of negotiations shall be approved by a decision of the evaluation commission and based on such decision a contract shall be concluded.

92. The provisions set out in the Clause 91 of this procedure shall not be mandatory, if the procurement is to be carried out under the Article 20(5)(1), (3), (4), (5) and (6) of the Law.

93. If the procurement is carried out under the Article 20(5)(6) and if such procurement is not to be carried out within the scope of framework agreements:

1) It is not mandatory to conclude a written contract and the transaction might be implemented on the basis of other documents (invoice, etc.) stipulated in the Republic of Armenia legislation;

2) The procurement coordinator shall arrange the contract signing in a manner compliant to the Republic of Armenia legislation.

94. If a negotiated procedure with an initially published tender announcement is to be arranged:

1) A prequalification procedure specified in this procedure shall be arranged;

2) Within three business days after the approval of the prequalified bidders' list, the secretary of the evaluation commission shall simultaneously provide (send) an invitation to all prequalified bidders.

95. In case of arranging a negotiated procedure with an initially published tender announcement to purchase specific non-tangible assets such as design of works, research, expertise, experimental or scientific activities:

1) The invitation shall define the technical specifications of the procurement subject in terms of performance and (or) functional requirements that have to be described sufficiently accurate in order to allow bidders and the Client to understand exactly the subject of the contract;

2) The bids shall be submitted in two stages;

3) The bid submission deadline set out for the first stage shall not be less than fifteen calendar days from the day of issuing the invitation;

4) In the first stage, the bid without a price proposal may include the bidder's proposals on the procurement subject performance and (or) functional specifications set out in the invitation, i.e., non-

price (technical) proposal. The bidder may attach to the first stage bid documents, information, opinions and other materials in support of the technical proposal.

5) The bidder shall submit the technical proposal with a notice addressed to the secretary of the evaluation commission prior to the deadline for submission of the first stage bids specified in the invitation. The bidder may submit the technical proposal in electronic format with an electronic notice sent to the secretary of the evaluation commission;

6) The secretary, within three business days following the deadline for submission of technical proposals, shall provide the copies of the bids to the responsible unit;

7) The secretary of the evaluation commission shall, no later than ten business days following the deadline for submission of technical proposals, invite all prequalified bidders to simultaneous negotiations. The secretary of the evaluation commission shall, no later than three business days prior to the date of negotiations, send an electronic notice on holding negotiations to the bidders, indicating the venue, date and time thereof. Other individuals may be invited to the negotiations as consultants. Separate negotiations with a bidder, who submitted a technical bid, shall be prohibited. As a result of negotiations, written minutes shall be drafted and signed by negotiating parties. The minutes shall be an integral part of the procurement procedure minutes;

8) The responsible unit, as a result of negotiations, shall approve and, within three business days after such approval, furnish to the secretary of the evaluation commission the revised bidding documents, which shall include:

- a. Specifications of procurement subject compliant to the Article 12(1), (2), (3) and (5) of the Law;
- b. Qualification criteria of bidders;
- c. The list of licenses required for the supply of goods, execution of works, or provision of services, if the execution of awarded contract is considered by the Republic of Armenia legislation as an activity subject to licensing;
- d. If specifications of the procurement subject contain state, official or bank secrecy, the exhaustive list of requirements set out by the Republic of Armenia legislation for individuals eligible to have access to or handle information containing state, official or bank secrecy, the list of supporting documents required thereof, the validity terms and the evaluation procedure thereof;

9) The secretary of the evaluation commission shall:

- a. Pursuant to this procedure, evaluate and ensure the compliance of the revised bidding documents to the requirements set out by the Republic of Armenia legislation on procurement;
- b. Within five business days after receiving the revised bidding documents, simultaneously send them electronically to all prequalified bidders with an accompanying notice inviting them to submit bids for the second stage;

10) The bid submission deadline set out for the second stage shall not be less than ten calendar days from the day of issuing the revised bidding documents to the prequalified bidders;

11) The bid for the second stage shall be submitted in an envelope prepared in accordance with the Article 27(2) and (3);

12) The second stage bid shall include the following items verified by the bidder:

- a. One original of the price proposal;
- b. One original of the data (documents) on qualification criteria and the number of copies specified in the invitation;
- c. One original of the bid security;
- d. If specifications of the procurement subject contain state, official or bank secrecy, the documents (information) required by the revised bidding documents substantiating the right to have access to or handle information containing state, official or bank secrecy;

13) The bids shall be opened in compliance with the Article 30 of the Law;

14) The evaluation commission shall, as a result of bid evaluation, determine bidders rated satisfactory. The bids compliant to the conditions specified in the invitation are rated as satisfactory; otherwise the bids are rated unsatisfactory and rejected;

15) The selected bidder shall be determined from the bidders rated satisfactory by a method that gives preference to the bid with the least price proposed.

96. In case of arranging a negotiated procedure with initially published procurement announcement due to emergency or other unforeseeable circumstances:

1) The deadline for submission of prequalification requests shall be ten calendar days from the day of publishing the prequalification announcement;

2) The invitation shall be drafted in compliance with the Article 25 of the Law taking into account that:

- a. Specifications of the procurement subject shall be compliant to the requirements of the Article 12(1), (3) and (5) of the Law;
- b. The bidder shall meet the requirements stipulated in the Article 5(3) of the Law and set out in this procedure;

3) The deadline set out for the bid submission shall not be less than ten calendar days from the day of issuing the invitation to the prequalified bidders;

4) The bids shall be submitted in an envelope prepared in accordance with the Article 27(2) and (3);

5) The bid shall include the following items verified by the bidder:

- a. One original of the price proposal;
- b. One original of the data (documents) on qualification criteria and the number of copies specified in the invitation;
- c. One original of the bid security;

- d. If specifications of the procurement subject contain state, official or bank secrecy, the documents (information) required by the revised bidding documents substantiating the right to have access to or handle information containing state, official or bank secrecy;
- 6) The bids shall be opened in compliance with the Article 30 of the Law;
- 7) The evaluation commission shall, as a result of bid evaluation, determine bidders rated satisfactory. The bids compliant to the conditions specified in the invitation are rated as satisfactory; otherwise the bids are rated unsatisfactory and rejected;
- 8) The results of the bid evaluation shall be disclosed at the evaluation commission meeting, where simultaneous negotiations to reduce the proposed prices and determine the winning bidder(s) are held with all bidders, who have submitted bids rated satisfactory;
- 9) The secretary of the evaluation commission shall, at least three business days prior to the meeting for disclosure of the bid evaluation results, send an electronic notice on calling such meeting to all bidders, who submitted bids rated satisfactory, indicating therein the venue, date and time of the meeting;
- 10) Only the bidders, who submitted bids rated satisfactory, shall participate in simultaneous negotiations. Separate negotiations with a bidder, who submitted a bid rated satisfactory, shall be prohibited;
- 11) The price offered by each of the bidders involved in negotiations at any point of time is disclosed to all other bidders, and, until the deadline set out for negotiations, the bidder may revise the offered price. The bidder offered the least price at the deadline set out for negotiations shall be deemed as selected bidder.

The Procedure for Use of Framework Agreements

97. If the subject of procurement is included by the Republic of Armenia Ministry of Finance in the list of procurements to be carried out under the framework agreements:

1) Within five business days after such inclusion, the Republic of Armenia Ministry of Finance shall furnish to the Procurement Support Center the criteria for evaluation of bidders' eligibility to bid and their qualifications, the list of supporting documents required from bidders thereto and the validity terms, and the procedure for evaluation of eligibility and qualification;

2) Within ten business days after such inclusion, the Head of the Procurement Support Center stipulated in the Law shall:

- a. Approve the texts of the tender announcement and invitation;
- b. Appoint a secretary for procurement procedure in question;
- c. Furnish the texts of the tender announcement and invitation to the Republic of Armenia Ministry of Finance.

98. The invitation shall not include specifications and the procurement subject shall be described in the invitation based on the definition provided by the Republic of Armenia Ministry of Finance in the list of procurements to be carried out under framework agreements.

99. Within five business days after receiving the texts of the tender announcement and invitation, the Republic of Armenia Ministry of Finance shall post them on the www.gnumner.am website and, at the same time, ensure TV and radio broadcast of core information of the tender announcement.

100. The secretary:

1) Shall ensure the publication of the tender announcement in the printed media with at least three thousands issues:

a. Within two business days after posting this announcement on the www.gnumner.am website;

b. On the 10th business day of each month;

2) For the purposes of contract awarding, may undertake additional measures to expand the circle of bidders and to promote competition between them by:

a. Publishing information (the tender announcement) on the procurement procedure in mass media and other electronic means of communication;

b. Providing (sending) information (the tender announcement) on the procurement procedure to potential bidders at own initiative.

101. After the publication of the tender announcement and invitation, an individual wishing to participate in the procurement process and to be registered as a potential bidder shall submit to the Procurement Support Center a registration request, which shall include:

1) A written application to the name of the Head of the Procurement Support Center;

2) A written statement endorsed by the bidder on compliance of his/her data to the eligibility criteria set out in the invitation;

3) Documents substantiating the compliance of bidder's qualifications to the qualification criteria set out in the invitation;

4) Bid security in the form of a fine in the amount equivalent to the procurement base unit.

102. The secretary shall evaluate the registration request following the procedure specified in the invitation.

103. Within five business days after entering the registration request at the Procurement Support Center:

1) The Procurement Support Center shall conclude a framework agreement with a bidder, who meets the criteria specified in the invitation, and such bidder shall be entered into the list of entities (individuals) that have concluded framework agreements. The Procurement Support Center shall issue to the registered bidder an electronic mail address to facilitate the circulation of information foreseen by the framework agreement;

2) The Procurement Support Center shall reject the registration of a bidder, who does not meet the criteria specified in the invitation, and a notice shall be furnished to the bidder, who submitted a registration request, where all discrepancies that served as the ground for rejection shall be exhaustively disclosed.

104. If the bidder shall be willing to correct the discrepancies that served as the ground for rejection, such bidder shall submit a registration request to the Procurement Support Center within thirty calendar days after receiving the notice on rejection of the initial registration. The secretary shall evaluate the re-submitted registration request within three business days after receiving such request. In addition:

- 1) Only the documents, where the discrepancies were identified, may be submitted;
- 2) The bidder shall submit a statement on compliance of his/her data to the eligibility criteria set out in the Law and the qualification criteria set out in the invitation and verifying that they remain unaltered since the registration was rejected.

105. If the Procurement Support Center shall evaluate the re-submitted registration request:

- 1) As compliant to the requirements of the invitation, a framework agreement shall be concluded with such bidder within two business days and such bidder shall be entered into the list of entities (individuals) that have concluded framework agreements;
- 2) As incompliant to the requirements of the invitation, the registration of such bidder shall be rejected and the Procurement Support Center shall, within two business days, furnish a notice to the bidder, who submitted a registration request, where all discrepancies that served as the ground for rejection shall be exhaustively disclosed.

106. If a bidder shall fail to re-submit the registration request prior to the specified deadline or shall submit a request incompliant to the requirements of the invitation, the registration process of such bidder shall be cancelled. The bidder may submit new registration request following this procedure.

107. Within three business days of concluding the framework agreement, the Procurement Support Center shall electronically send the data on the bidder awarded such agreement and a copy of the concluded framework agreement to the Republic of Armenia Ministry of Finance.

108. Within five business days after receiving the data on the bidder awarded a framework agreement, the Republic of Armenia Ministry of Finance shall post these data and the framework agreement on the www.gnumner.am website and shall enter the bidder into the list of bidders awarded framework agreements.

109. The framework agreement shall also stipulate that:

- 1) Submission of bid by a bidder concluded a framework agreement shall not be mandatory;
- 2) Bid shall be submitted within seven business days after the notification;
- 3) The bidder may terminate the framework agreement by notifying in writing the Procurement Support Center. The termination of the agreement shall not automatically lead to the termination of contracts concluded on the basis of such agreement in the past. The framework agreement shall be

terminated on the tenth business day after registering appropriate application with the Procurement Support Center. In this period:

- a. The Procurement Support Center shall notify in writing the Republic of Armenia Ministry of Finance;
- b. The Republic of Armenia Ministry of Finance shall remove the bidder from the list of bidders awarded framework agreements;

4) The bidder, after concluding a framework agreement, must submit an application to terminate such framework agreement the Procurement Support Center, if the compliance to the eligibility criteria set out in the Law and (or) the qualification criteria set out in the invitation has changed (deteriorated). If the bidder shall fail to meet the requirements of this subparagraph as well as shall not conclude the contract, if awarded:

- a. Such bidder shall, within three business days after receiving an appropriate notice from the Procurement Support Center, pay to the latter an amount equal to the bid security; and
- b. The framework agreement concluded with such bidder shall be terminated.

110. The following conditions shall apply, if procurements shall be carried out under the framework agreements:

1) The bid shall include the following items verified by the bidder concluded a framework agreement:

- a. An application to participate in the procurement procedure;
- b. Price proposal;

2) The bid shall be submitted in a sealed and glued envelope bearing the following inscriptions:

- a. The words "Price proposal";
- b. The code of procedure;
- c. The words "do not open until the bid opening meeting";
- d. The name, location and phone number of the bidder;
- e. The name and location of the Client;

3) At the bid opening meeting, which shall coincide with the deadline for submission of bids indicated in the invitation, the procurement coordinator shall provide information on entries made in the bid register, then the commission shall:

- a. Evaluate the compliance of preparation and submission of envelopes containing the bids to the requirements of established procedure and shall open the envelopes assessed as compliant. If discrepancies are identified, the evaluation commission shall reject such bids. The secretary, within two business days following the meeting, shall provide the rejected bids and a copy of the minutes of the meeting to the bidders, who submitted rejected bids;

- b. Disclose the prices proposed in the opened bids considering the amount shown in letters as a reference. If requested, the copies of disclosed price proposals shall immediately be provided to the bidder submitting such request;

4) At the bid opening meeting, the commission shall determine the winning tender and the bidders ranked the second and the third. The winning tender (selected bidder) shall be determined from the bidders, who submitted bids compliant to the invitation, by a method that gives preference to the bidder, who offered the least price;

5) If the prices offered by bidders, who submitted bids compliant to the invitation, exceed the amount of financial allocations envisaged for that procurement:

- a. Simultaneous negotiations are held at the meeting of the commission with all bidders, whose non-price proposals have been evaluated as satisfactory, to reduce the proposed prices and determine the winning bidder provided that all bidders (duly authorized representatives) are present at the meeting;

- b. Otherwise, the meeting of the commission shall be suspended and the secretary of the evaluation commission shall, within one business day, concurrently send an electronic notice about the day, time and venue of simultaneous negotiations on the price reduction to all bidders, whose bids were evaluated as satisfactory;

- c. The negotiations shall be held not earlier than the third business day of sending the notice out;

- d. The price offered by each of the bidders at that time is disclosed to all other bidders, and, until the deadline set out for negotiations, the bidder may revise the offered price;

- e. At the deadline set out for negotiations, the bidders are ranked in descending order on the basis of prices offered;

6) After the bid opening meeting, the secretary of the commission shall draft minutes, which shall be signed by all members of evaluation commission attending the meeting. The minutes shall contain:

- a. Information on venue, date and time of bid opening;
- b. The names and addresses of bidders, who have submitted or did not submit bids;
- c. Data on preparation and submission of envelopes in terms of compliance to the requirements of established procedure;
- d. Data on availability of required documents in each of the opened envelopes;
- e. Data on compliance of documents submitted by each bidder to specified conditions;
- f. The price offered by each bidder;
- g. Information on the negotiations held;
- h. The names of commission members present at the meeting;

7) With the bidder selected under this procedure, a contract shall be concluded following the procedure specified in the framework agreement. In addition, the deadline set out to supply goods,

implement works or render services shall be at least thirty business days of the contract signing, except cases when the contractual party agrees to execute the contract within a shorter deadline;

8) Within two business days of the contract signing, the Client shall submit to the Authorized Body an announcement on the awarded contract, which shall be posted on the Authorized Body's website. If the procurement shall lead to liabilities for the government, the announcement shall concurrently be the report specified in the Article 8(2) of the Law. The announcement shall contain the following information:

- a. Source of procurement financing based on the operational classification of budget expenses;
- b. Date of sending out the invitation;
- c. Names of bidders, who submitted or did not submit bids;
- d. Price offered by each of the bidders;
- e. Information on rejected bids;
- f. The date of concluding as well as the number, price and completion deadline of the procurement contract and, if stipulated, the amount of advance payment;
- g. Name and quantity of the procurement subject;
- h. Bank account and taxpayer ID number of supplier (contractor, implementer).

The Procedure for Use of Simplified Procedure

111. If simplified procedure is to be used for procurement, the provisions stipulated in the Articles 27 to 37 of the Law shall apply taking into account the following peculiarities:

- 1) A prequalification procedure is not arranged;
- 2) The invitation is drafted in compliance with the Article 25 of the Law, taking into account that:
 - a. Specifications of the procurement subject shall comply with the requirements of the Article 12(1), (2), (3) and (5);
 - b. The bidder shall meet the requirements specified in the Article 5(3) of the Law and elaborated in this procedure;
- 3) The bid submission deadline shall not be less than ten calendar days of publishing the procurement announcement in the bulletin;
- 4) The bids shall be submitted in an envelope prepared in accordance with the Article 27(2) and (3);
- 5) The bid shall include the following items verified by the bidder:
 - a. An application to participate in the procurement procedure;
 - b. One original of the price proposal;
 - c. One original of the data (documents) on qualification criteria and the number of copies specified in the invitation;

- d. One original of the bid security;
- e. If specifications of the procurement subject contain state, official or bank secrecy, the documents (information) required by the revised bidding documents substantiating the right to have access to or handle information containing state, official or bank secrecy;
- 6) The bids shall be opened in compliance with the Article 30 of the Law;
- 7) The evaluation commission shall, as a result of bid evaluation, determine bidders rated satisfactory. The bids compliant to the conditions specified in the invitation are rated as satisfactory; otherwise the bids are rated unsatisfactory and rejected;
- 8) The winning tender - selected bidder - shall be determined from the bidders rated satisfactory by a method that gives preference to the bidder, who offered the least price, and with whom the contract is concluded;
- 9) The contract with the selected bidder shall be concluded pursuant to the Article 33 of the Law.

The Procedure for Use of Competitive Dialogue

112. The competitive dialogue procedure shall be arranged pursuant to the Article 18(2) of the Law, taking into account that:

- 1) A prequalification procedure shall be arranged;
- 2) Within three business days after the approval of the prequalified bidders' list, the secretary of the evaluation commission shall simultaneously provide (send) an electronic invitation to all prequalified bidders;
- 3) The invitation shall provide an initial draft of technical specifications of the procurement subject in terms of performance and (or) functional requirements;
- 4) The bids shall be submitted in two stages;
- 5) The bid submission deadline set out for the first stage shall not be less than fifteen calendar days from the day of issuing the invitation;
- 6) In the first stage, the bid without a price proposal shall include the bidder's proposals on the procurement subject performance and (or) functional specifications set out in the invitation, i.e., proposed specifications. The bidder may attach to the first stage bid documents, information, opinions and other materials in support of the proposed specifications;
- 7) The bidder shall submit the proposed specifications with a notice addressed to the secretary of the evaluation commission prior to the deadline for submission of the first stage bids specified in the invitation. The bidder may submit the proposed specifications in electronic format with an electronic notice sent to the secretary of the evaluation commission;
- 8) The secretary, within three business days following the deadline for submission of proposal on specifications, shall provide the copies of the bids to the responsible unit;

9) The secretary of the evaluation commission shall, no later than ten business days following the deadline for submission of specifications' proposals, invite all prequalified bidders to simultaneous negotiations. The secretary of the evaluation commission shall, no later than three business days prior to the date of negotiations, send an electronic notice on holding negotiations to the bidders, indicating the venue, date and time thereof. Other individuals may be invited to the negotiations as consultants. Separate negotiations with a bidder, who submitted a proposal on specifications, shall be prohibited. As a result of negotiations, written minutes shall be drafted and signed by negotiating parties. The minutes shall be an integral part of the procurement procedure minutes;

10) The responsible unit, as a result of negotiations, shall approve and, within three business days after such approval, furnish to the secretary of the evaluation commission the revised bidding documents, which shall include:

a. Final specifications of the procurement subject in terms of performance and (or) functional requirements that have to be described sufficiently accurate in order to allow bidders and the Client to understand exactly the subject of the contract;

b. The requirements for evaluation of bidder qualifications specified in the Article 5(3) of the Law and elaborated in this procedure;

c. The list of licenses required for the supply of goods, execution of works, or provision of services, if the execution of awarded contract is considered by the Republic of Armenia legislation as an activity subject to licensing;

11) The secretary of the evaluation commission shall:

a. Pursuant to this procedure, evaluate and ensure the compliance of the revised bidding documents to the requirements set out by the Republic of Armenia legislation on procurement;

b. Within five business days after receiving the revised bidding documents, simultaneously send the (final) bidding documents electronically to all prequalified bidders with an accompanying notice inviting them to submit bids for the second stage;

12) The bid submission deadline set out for the second stage shall not be less than twenty calendar days from the day of issuing the final bidding documents to the prequalified bidders;

13) The bid for the second stage shall be submitted in an envelope prepared in accordance with the Article 27(2) and (3). In addition, the price proposal to be put into the aforementioned envelope shall be submitted in a sealed and glued envelope bearing the following inscriptions:

a. The words "Price proposal";

b. The code of procedure;

c. The words "do not open until the bid opening meeting";

d. The name, location and phone number of the bidder;

14) The second stage bid shall include the following items verified by the bidder:

a. An application for participation in the procurement procedure;

b. One original of the price proposal;

- c. One original of the data (documents) on qualification criteria and the number of copies specified in the invitation;
- d. One original of the technical proposal and the number of copies specified in the invitation;
- e. One original of the bid security;

15) To the extent possible, the technical proposal of the bidder shall be compliant to the requirements of the Articles 12(1), (2), (3) and (5) of the Law;

16) The bids shall be opened in compliance with the Article 30 of the Law, taking into account that:

a. Envelopes containing price proposals compliant to the invitation shall not be opened, shall be placed in a separate envelope (box) that must be sealed and glued;

b. The box shall be signed by the members and the secretary of the evaluation commission; the latter shall be in charge for the box and ensure its separate storing in a special depository;

c. The opening of the box or envelopes therein as well as any other actions intended to learn the price proposals of the bidders shall be strictly prohibited;

17) The bids shall be evaluated by the following criteria:

Evaluation Criterion	Minimum Score	Maximum Score
1	2	3
Professional experience	Available/Unavailable	
Technical resources		
Financial resources		
Labor resources	15	25
Technical proposal	55	75
<i>Total</i>	<i>70</i>	<i>100</i>

a. The bidder's qualification under the "Professional Experience", "Technical Resources" and "Financial Resources" criteria shall be rated as "Available", if the bidder meets the minimum requirements set out, following this procedure, in the invitation for these criteria;

b. The bidder, whose qualification under the "Labor Resources" criterion shall be the most compliant to the requirements set out in the invitation for this criterion, shall score "25" points as the best proposal. The qualifications of all other bidders shall be evaluated in comparison to the best proposal;

c. The best technical proposal submitted by a bidder(s) shall receive a maximum score of "75" points envisaged for the evaluation of the "Technical Proposal" criterion. Technical proposals of all other bidders shall be evaluated in comparison to the best technical proposal;

18) Bids not meeting the minimum requirements of the invitation shall be considered technically unsatisfactory and the bidders, who submitted such bids, shall be not be eligible to participate further in the procurement procedure;

19) The members of the commission shall sign minutes of the bid evaluation results. The secretary of the evaluation commission shall, within three business days, simultaneously provide an electronic copy of the minutes with a written notice to bidders, who submitted bids. The notice shall also indicate the date, venue and time of the price proposal opening meeting, which shall not be earlier than five business days of sending the notice;

20) Bidders, who have submitted satisfactory bids, or their representative may attend the price proposal opening meeting;

21) At the price proposal opening meeting, the secretary of the evaluation commission shall:

a. Based on the evaluation minutes, disclose the results of evaluation of bidders' qualification criteria and technical proposals;

b. Open the envelopes with price proposals of bidders rated satisfactory and announce the price proposal of each bidder as a total amount, by considering the amount shown in letters as a reference;

22) The minutes of the price proposal opening meeting shall be drafted and signed by all members of the evaluation commission attending the meeting and the secretary. The secretary of the evaluation commission shall, on the next business days after the meeting, simultaneously provide an electronic copy of the minutes with a written notice to all bidders, who submitted satisfactory bids. The notice shall also indicate the date, venue and time of the price proposal opening meeting;

23) The bids shall be evaluated as follows:

a. The financial proposal of the bidder, who proposed the lowest price, shall be rated one hundred points, and the points to be given to financial proposals of the other bidders shall be calculated using the following formula:

$$PP = MP * 100 / EP,$$

Where:

PP is points given to the price proposal;

MP is the minimum price;

EP is the price proposed by the bidder (the estimated price)

b. The points given to each bidder, who was rated technically satisfactory, shall be calculated using the following formula:

$$BS = (PP * 0.7/100) + (TP * 0.3/100),$$

Where:

BS is the bidder's score;

PP is points given to the price proposal;

TP is the points given to the bidder's qualifications and technical proposal;

24) The selected bidder is the bidder with the highest score (BS);

25) If the price proposal of the selected bidder exceeds the amount of financial allocations planned for that procurement, the Client can offer the selected bidder to reduce the offered price. If no agreement is reached, the bid of that bidder is rejected, and the Client holds negotiations with the bidder ranked the second and, in case of disagreement with the latter, with the bidder ranked the third, whereas, in case of a disagreement with the latter, the bidding is declared ineffective.

26) A contract with the selected bidder shall be concluded pursuant to the Republic of Armenia legislation on procurement.

Registration of Procurement Contracts Leading to Government Liabilities

113. Pursuant to the Article 8(2) of the Law, the Head of the Client shall furnish to the Authorized Body a report on the procurement process (hereinafter referred to as ‘report’) in format specified by the Republic of Armenia Minister of Finance, who, in addition shall also specify cases, when the copy of the contract shall be an integral part of the report.

114. Based on the submitted report, the Republic of Armenia Ministry of Finance shall, within seven business days, evaluate the compliance of the procurement process to the requirements of legal documents regulating relations pertaining to procurement.

115. If an instance of incompliance is identified, the Republic of Armenia Ministry of Finance shall furnish a written notice to the Client requesting explanations on the incompliance. The Client shall furnish the requested explanation no later than five business days of receiving the notice of the Republic of Armenia Ministry of Finance.

116. The Republic of Armenia Ministry of Finance shall, within five business days, discuss the explanation submitted by the Client and accept it, if:

1) The Client, on the basis of legal documents regulating relations pertaining to procurement, shall prove that the incompliance was identified inaccurately;

2) The incompliance is related to the procedure of taking minutes and the Client corrects such incompliance in the explanation provided to the Authorized Body;

3) The Client agrees with the incompliance identified and assures that such incompliance arose due to unforeseen and insurmountable circumstances and is not an outcome of the Client’s action;

4) The Client agrees with the incompliance identified and assures that such incompliance did not lead to a modification of the procurement procedure or its outcomes and did not infringe the interests of the bidders thereof.

117. If the explanation provided is not accepted, the Republic of Armenia Ministry of Finance shall, within five business days, communicate this to the Client, who may present the issue of compliance of the procurement procedure and the contract to the legal documents regulating relations pertaining to procurement to the discussion of the Republic of Armenia Government and the decision adopted by the latter shall be decisive for the Republic of Armenia Ministry of Finance.

118. Failure to submit the report to the Republic of Armenia Ministry of Finance, or identification of an incompliance or non-acceptance of provided explanation by the latter shall result in suspending the financing of the procurement contract in question until submission of the report or acceptable explanation or adoption of an appropriate decision by the Republic of Armenia Government.

119. In case of procurements leading to government liabilities, the Client shall, within ten business days of awarding a contract or making amendments thereto, furnish an excerpt of the contract (hereafter referred to as the ‘excerpt’) to its servicing Local Treasury Unit of the Republic of Armenia Ministry of Finance (hereinafter referred to as the ‘LTU’) in a format set out by the Republic of Armenia Minister of Finance.

VIII. ACCEPTANCE OF THE CONTRACT EXECUTION OUTCOMES

120. The Head of the responsible unit and the signatory of the procurement contract shall accept full or partial outcomes of the contract execution by signing a certificate of acceptance (hereinafter referred to as the ‘certificate’), standard form of which is set out by the Republic of Armenia Minister of Finance.

121. The certificate shall be signed, if the supplied goods, implemented works, or rendered services shall be compliant to the terms and conditions of the contract. Otherwise, full or partial outcomes of the contract execution shall not be accepted, a certificate shall not be signed and the Client shall:

- 1) To resolve the issue, take measures stipulated in the contract for such circumstances;
- 2) Apply to the implementer responsibility measures stipulated in the contract.

122. In case of civil works’ procurement, the following conditions shall also apply:

1) The outcome of the contract execution shall be fully accepted, if a commission (hereinafter referred to as the ‘trial board’) established by the Head of the state administration body pursuant to the Republic of Armenia Government Decree N 626-N dated May 8, 2003, shall accept the implemented works;

2) Upon the receipt of information on the completion of construction by the contractor, the Head of the Client shall undertake measures to form the trial board specified in the Republic of Armenia Government Decree N 626-N dated May 8, 2003, and to accept the implemented works;

3) Prior to the acceptance of the construction project, the trial board specified in the Republic of Armenia Government Decree N 626-N dated May 8, 2003, shall, as prescribed by the Republic of Armenia legislation, register the fact of completion of the construction project and draft a decision of the trial board on accepting the commissioning of the construction site.

4) After receiving the decision aforementioned in the paragraph 3 of this Clause, the responsible unit shall check the compliance of the completed construction project (implemented works) to the contract provisions and, if the implemented works:

a. Are compliant to the contract provisions, shall sign a final certificate of acceptance of the contract execution outcome;

b. Are not compliant to the contract provisions, shall not sign a certificate;

5) Prior to signing the final certificate of acceptance of the contract execution outcome specified in this procedure, the Client shall not pay the five percent of the total amount for works implemented for capital construction or, in case of payment in installments, shall not make the last installment.

IX. FINANCING OF PROCUREMENT

123. In order to arrange the payment against the procurement, the Client shall, within two business days after signing the certificate, furnish the payment order (hereinafter: the Payment Order) to the LTU. Otherwise, the payment against the procurement shall be done following the procedure specified by the Republic of Armenia legislation and the contract.

124. If an advance payment is stipulated under the contract, then:

1) To allocate the advance payment, the payment order and a copy of the document verifying the availability of the advance payment guarantee shall be furnished to the LTU;

2) The repayment of the advance is done through deductions (retentions) from the payments made on the basis of the minutes. For each case, the amount deducted (repaid from the advance) shall be determined as a proportion of the amount paid against the total contract price.

125. On the basis of the documents submitted in accordance with this procedure, the LTU shall make the payment in question within three business days of the deadline set out in the contract for that payment.

126. In the event if procurement is carried out using the method stipulated in the Article 20(5)(6) of the Law, the results of the full or partial execution of the contract are summarized upon the availability of supporting documents related to the contract in question and specified in the Republic of Armenia legislation.

127. The LTU shall, after making the payment in accordance with this procedure, furnish to the account holder a treasury account statement on the transaction executed.

X. PROCEDURE FOR TESTING THE KNOWLEDGE OF LEGISLATION ON PROCUREMENT OF THE PROCUREMENT COMPLAINT REVIEW BOARD MEMBERS, THE PROCEDURE FOR AND THE AMOUNT OF THEIR REMUNERATION

128. A candidate nominated by the relevant body for the membership of the Procurement Complaint Review Board (hereinafter referred to as the 'Board') shall be included in the Board after the assessment of his/her knowledge of the Republic of Armenia legislation on procurement. The assessment shall be carried out by the Republic of Armenia Ministry of Finance through knowledge testing. The test shall be developed on the basis of legal documents regulating relations pertaining to procurement.

129. The testing shall be carried out following the procedure set out by the Republic of Armenia Ministry of Finance. The testing shall be done on the tenth business day after the application nominating the candidacy has been registered at the Republic of Armenia Ministry of Finance. The candidate shall be notified about the date, time and venue of testing at least forty eight hours in advance.

130. The testing results shall be published on the day of taking the test. Within two business days of publishing the testing results, the data on the candidate, who successfully passed the test, shall be included in the list of the Board members.

131. Each member of the Board entitled to receive the allowance specified in the Article 47(4) of the Law as well as an expert (specialist) engaged for reviewing the complaint in question shall be paid an amount equal to the one third of the amount allocated for remuneration under this section.

132. Up to sixty percent of the appeal fee paid for the review of complaint in question and set out by the Law shall be allocated for remuneration of the Board members.

133. The amount of the appeal fee shall be thirty thousand Armenian Drams.

134. If only one Board member or an expert is to be remunerated, the one third of the amount allocated for remuneration shall be paid to such member or expert. The amounts shall be allocated via non-cash transactions within ten business days of adopting a decision on the complaint in question.

CHIEF OF STAFF
OF THE REPUBLIC OF ARMENIA
GOVERNMENT



D. SARGSYAN

Annex 2
to the RoA Government Decree N-168-N
dated February 10, 2011

“Annex 1
to the RoA Government Decree N 1904-N
dated October 31, 2002”

CHARTER
OF THE “PROCUREMENT SUPPORT CENTER” STATE NON-COMMERCIAL
ORGANIZATION

I. GENERAL PROVISIONS

1. The “Procurement Support Center” State Non-Commercial Organization (hereinafter referred to as “the Center”) is a non-profit organization with the status of a legal entity.

2. The founder of the Center is the Republic of Armenia represented by the Republic of Armenia Government.

3. The founding document of the Center is its Charter that shall be approved by the Republic of Armenia Government.

4. The Center shall exercise powers pursuant to the Republic of Armenia Civil Code, the Republic of Armenia Law “On Procurement”, other laws and normative legal documents and this Charter.

5. The Center shall be deemed as established from the moment of its state registration in accordance with the procedure stipulated by law and its activities shall discontinue from the moment of its liquidation. The Center shall be eligible to have branches and (or) representations in accordance with the procedure stipulated by the law. The Center shall be responsible for its liabilities with the assets that belong to the Center under the ownership right. The Center can obtain to its name and exercise property and personal non-property rights, assume liabilities, act as a plaintiff and defendant in court. The Center shall not be responsible for the liabilities of its Founder. The Founder shall not be responsible for the liabilities of the Center.

6. The Center has a seal with the Republic of Armenia coat of arms bearing its name, letterhead, logotype and other means of identification.

7. The Center has an independent balance, bank account and revenue and expenditure estimate

8. The official name of the Center is:

1) In the Armenian language in full: «Գնումների աջակցման կենտրոն» պետական ոչ առևտրային կազմակերպություն.

2) In the Armenian language abbreviated: ԳԱԿ.

3) In the Russian language in full: «Центр содействия закупок» государственная некоммерческая организация.

4) In the Russian language abbreviated: ЦСЗ.

5) In the English language in full: «Procurement Support Center» State Non-Commercial Organization.

6) In the English language abbreviated: PSC

9. The Agency is located at 54b Komitas Street, Yerevan, Republic of Armenia.

II. SUBJECT AND PURPOSE OF ACTIVITIES OF THE AGENCY

10. The main subject and purpose of the Center's activities is:

1) To implement competences of the procurement support center specified in the Republic of Armenia Law "On Procurement";

2) To provide support in the implementation of the competences of the Authorized Body specified in the Republic of Armenia Law "On Procurement".

11. The Center shall, on commercial basis, carry out the following entrepreneurial activities:

1) Professional education and continuous training in the field of procurement;

2) Professional advice, including legal counseling in the field of procurement;

3) Professional expert assessment of tender invitations, including technical specifications of procurement subject and bidder qualification criteria as well as bids and their evaluation process in terms of compliance to the requirements specified in the Republic of Armenia legislation on procurement;

4) Arrangement of procurement procedures.

III. MAIN TASKS AND FUNCTIONS OF THE CENTER

12. The Center shall:

1) Conduct professional education and continuous training of procurement coordinators;

2) Provide free professional advice to Clients and paid professional advice to bidders and other entities;

3) Evaluate the eligibility and the qualification of bidders to participate in procurement process, conclude framework agreements, compile and publish it in the Bulletin:

a. The list of bidders, who signed framework agreements;

b. The list of pre-qualified potential bidders;

4) Implement the e-procurement system service (support) and coordination functions;

5) Compile and publish electronic newsletters on goods, works and services, analyze procurement statistics and publish opinions;

6) Conduct a random assessment of technical specifications of procurement subject and bidder qualification criteria approved by a Client in order to ensure the compliance to the requirements for ensuring competition and nondiscrimination stipulated under this law. The results of assessment are submitted to the Clients and the Authorized Body;

7) Ensure the availability of a procurement support service (hotline) in order to register procurement related signals and promptly respond to the questions;

8) Act as the secretariat of the Procurement Complaint Review Board, i.e., shall:

a. Facilitate the Board activities,

b. Evaluate the completeness of received complaints (appeals) and provides an opinion on all complaints to the Board;

c. Publish the Board decisions.

9) Support the Authorized Body to facilitate activities related to the regulation and coordination of procurement process;

10) Implement other competences set out by the Republic of Armenia legislation on procurement.

13. The competences of the Procurement Support Center shall be set out by an agreement concluded between the Center and the Authorized Body.

IV. FACILITATION OF THE CENTER'S OPERATIONS

14. The Founder of the Center has the right to provide definitive solutions to all issues related to the activities and management of the Center, except cases specified in law.

15. The competences of the Founder are:

1) To establish the Center;

2) To determine the scope and objectives for the Center's activities, including types of entrepreneurial activities implemented by the Center;

3) To approve the list of government owned assets transferred to the ownership of and (or) assigned to the Center;

4) To approve and amend the Charter of the Center;

5) To determine the management structure of the Center;

6) To reorganize and liquidate the Center;

7) To appoint the Center's liquidation commission and approve the liquidation balance;

8) To address other issues envisaged by the Republic of Armenia legislation and this Charter.

16. The Authorized Government Body shall carry out the overall management of the Center, shall ensure its regular operation and shall be responsible for failure to implement them or improper implementation thereof.

17. The competences of the Authorized Government Body are:

- 1) To supervise the activities of the Center;
- 2) To suspend or revoke decrees, resolutions, orders and instructions of the management body of the Center contradicting to the provisions of the Republic of Armenia legislation;
- 3) To hear the reports on activities of the Center and discuss the outcomes of its performance audit;
- 4) To carry out supervision over the operation and maintenance of government assets assigned to the Center;
- 5) To carry out supervision over the maintenance of assets owned by the Center;
- 6) To establish branches and (or) representations of the Center;
- 7) To approve annual reports and annual balance of the Agency;
- 8) To carry out other functions stipulated by the Republic of Armenia legislation and this Charter.

V. THE PROCEDURE FOR ACQUISITION AND MANAGEMENT, POSSESSION AND USE OF THE CENTER'S ASSETS

18. The assets of the Center might be replenished by assets transferred to it with the ownership rights by the Founder as well as assets obtained by the Center during its operation.

19. The Center shall have the right to possess, manage and use the assets owned by the Center, in accordance with law, the Founder's decrees and (or) this Charter.

20. The Founder shall have no rights over the assets owned by the Center with the exception of assets remaining after the liquidation of the Center.

21. The Center shall maintain the assets assigned to it.

22. The property of the Center could be confiscated through court proceedings only.

VI. THE PROCEDURE FOR MANAGEMENT, POSSESSION AND USE OF ASSETS ASSIGNED TO THE CENTER

23. The Founder shall have the right to recover assets assigned to the Center. The Center shall have no rights to alienate assigned assets or its rights thereto, pledge or allocate such assets for free use.

24. The Center shall have the right to lease out on behalf of the government the assets assigned to it. Revenues generated as a result of the use of assets assigned to the Center are the

property of the Center. Inseparable improvements made during the use of assets assigned to the Center are the property of the Founder.

25. The assignment of assets to the Center by the Founder cannot serve as a ground to terminate or amend the rights of the Founder or a third party pertaining to such assets.

26. The right of the Center to use immovable property assigned to it by the Founder or assets subject to mandatory state registration shall arise from the moment of the state registration of rights pertaining to such assets.

VII. FINANCIAL ACTIVITIES OF THE CENTER

27. The sources of revenue for the Center are:

1) The fee paid from the Republic of Armenia state budget for carrying out competences stipulated under the contract concluded pursuant to the Article 16(2) of the Republic of Armenia Law “On Procurement”;

2) Fees specified in the Republic of Armenia legislation on procurement transferred to the Center;

3) Funds received from entrepreneurial activities;

4) Other sources not prohibited by the Republic of Armenia legislation.

28. Funds generated by the Center from the sources specified in the Clause 27, paragraphs 2, 3 and 4 of this Charter (non-budgetary funds) shall be own funds of the Center.

29. When calculating and (or) allocating the fee specified under the Clause 27, paragraph 1 of this Charter, the own funds of the Center shall not be deducted from that fee.

30. The amount of fee for services provided in compliance with the entrepreneurial activities stipulated in the Clause 11 of this Charter shall be determined by the relevant service contract.

31. In case of non-budgetary funds foreseen in this Charter:

1) Appropriate part of these funds shall be channeled for the remuneration envisaged under the Article 47(4) of the Republic of Armenia Law “On Procurement” for Commission members and experts (specialists) to be engaged in the review of a complaint in question, if they shall be paid; and

2) The difference between these funds and the funds specified in the paragraph 1 of this Clause shall be allocated for:

a. Service support and development of e-procurement system – 50 percent;

b. Financial bonuses for employees of the Center – 30 percent;

c. Training of employees of the Center – 10 percent;

d. Development of capacities of the Center – 10 percent.

32. Activities of the Center, including those related to the implementation of the Center's tasks, shall be subject to the audit carried out by the internal audit unit of the Authorized Body pursuant to the Republic of Armenia Law "On Internal Audit".

33. The annual financial statements of the Center shall be subject to audit by an independent auditing company selected by the Authorized Government Body or the Republic of Armenia Ministry of Finance.

34. The Center shall pay taxes, duties and other mandatory payments in accordance with the procedure established and in the amount determined for non-profit organizations.

VIII. EXECUTIVE BODY OF THE AGENCY

35. The management of daily activities of the Center shall be carried out by the executive body – the Head of the Center – appointed to and dismissed from the office by the Republic of Armenia Prime Minister.

36. The Head of the Center shall manage the Center within the scope of competences reserved to him/her by law, decrees of the Founder and this Charter, and shall bear responsibility for non-performance or improper implementation of requirements of laws, other legal documents, the Founder's decrees, this Charter and contracts signed to ensure regular operation of the Center.

37. The Head of the Authorized Government Body, on behalf of the Founder, shall sign a contract with the Head of the Center in accordance with the Republic of Armenia legislation.

38. The person appointed to the office of the Head of the Center shall not be employed at other positions or implement any other paid duties, except scientific, pedagogical and creative activities.

39. The Head of the Center shall bear full property liability for damages caused to the Center and (or) the Government as a result of his/her fault.

40. The termination of competences of the Head of the Center cannot serve as a basis to absolve from the obligations to retribute the damage caused.

41. The Head of the Center shall not implement decisions, resolutions, orders and instructions of the Founder and the Authorized Government Body, if they contradict to the Republic of Armenia legislation, and shall bear no responsibility for not implementing them.

42. The powers of the Head of the Center shall be terminated in the instances and in accordance with the procedure stipulated by the Republic of Armenia Law "On State Non-Commercial Organizations."

43. The Head of the Center can have deputies, who shall be appointed to and dismissed from the office by the Head of the Center. The deputy shall substitute the Head of the Center being assigned by the latter.

IX. COMPETENCES OF THE HEAD OF THE CENTER

44. The Head of the Center shall:

- 1) Act on behalf of the Center without a letter of attorney, represent its interests and conclude transactions;
- 2) Manage the assets of the Center, including financial resources, in accordance with the provisions of the Republic of Armenia legislation, decrees of the Founder and this Charter;
- 3) Issue letters of attorney to act on behalf of the Center, including letters of attorney with the right to reissue such letters;
- 4) Issue ordinances pursuant to the labor law, including his/her secondment or the secondment of employees of the Center, hire and dismiss employees of the Center, apply promotional and disciplinary measures to them;
- 5) Open current accounts in the banks;
- 6) Divide responsibilities between his/her deputies;
- 7) Determine the structure of the Center and mandates of structural units;
- 8) Approve Charters of branches and representations of the Center and appoint their managers;
- 9) Appoint managers of branches and representations of the Center and issue to the them relevant letters of attorney;
- 10) Within the scope of competences delegated to him/her by law and the Charter of the Center, issue orders and resolutions, give mandatory instructions and oversee their execution;
- 11) Approve financial estimate of annual revenues and expenditures of the Center;
- 12) Approve staffing level and official salaries of the Center. The official salaries of the Center employees shall be set not lower than average official salaries of corresponding employees of the Project Implementation Units operating within the system of the Republic of Armenia state administration bodies.
- 13) Implement other competences not restricted by the Republic of Armenia legislation.

X. REORGANIZATION AND LIQUIDATION OF THE CENTER

45. Reorganization of the Center shall be done by the decision of the Founder, in accordance with the procedure stipulated by the Republic of Armenia Civil Code.

46. Liquidation of the Center is the termination of its activities without a transfer of its rights and responsibilities to other entities through legal succession procedure.

47. The Center can be liquidated by the decision of the Founder, in accordance with the procedure stipulated by the Republic of Armenia Civil Code.

48. The Center can also be liquidated due to bankruptcy.

49. The Center can be liquidated by court proceedings only on the grounds and in accordance with the procedure stipulated by law.

50. In case of liquidation of the Center, after the settlement with its creditors the remaining assets of the Center are transferred to the Republic of Armenia state budget.

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D. SARGSYAN