

GOVERNMENT OF THE REPUBLIC OF ARMENIA

DECISION

No 1183-N of 28 July 2022

**ON APPROVING THE PROCEDURE FOR PUBLIC AND PRIVATE PARTNERSHIP,
THE PROCEDURE FOR CREATING AND MANAGING THE DATABASE ON THE
PUBLIC AND PRIVATE PARTNERSHIP PROJECTS, DEFINING THE SECTORS OF
PUBLIC SERVICES PROVIDED WITHIN THE SCOPE OF PUBLIC AND PRIVATE
PARTNERSHIP PROJECTS, SUB-DIVISION OF THE PUBLIC AND PRIVATE
PARTNERSHIP, THE FORM OF THE REPORT ON IMPLEMENTATION OF THE
PUBLIC AND PRIVATE PARTNERSHIP PROJECTS AND THE TIME LIMIT FOR THE
SUBMISSION THEREOF AND REPEALING DECISION OF THE GOVERNMENT OF
THE REPUBLIC OF ARMENIA NO 1241-N¹ OF 20 SEPTEMBER 2012**

Based on points 2, 11, 14 and 23 of part 1 of Article 2, points 1, 2 of part 1 of Article 4, part 1 of Article 5, point 2.2 of part 1 of Article 8, parts 2, 4, 5 and 6, point 1 of part 7, part 9, points 1, 2 of part 11 and part 13 of Article 10, part 1 of Article 13, parts 1 and 6 of Article 14.2, part 1 of Article 14.4, part 7 of Article 14.5, part 1 of Article 14.6, part 5 of Article 14.7, parts 1, 6 and 7 of Article 14.8, part 2 of Article 14.10, parts 5 and 6 of Article 14.11, part 2 of Article 14.12, part 5 of Article 15, part 2 of Article 22, part 1 of Article 24, part 2 of Article 25, part 3 of Article 26 of the Law of the Republic of Armenia "On public and private partnership"² and Article 37 of the Law of the Republic of Armenia "On the regulatory legal acts", the Government of the Republic of Armenia decides:

¹ OJRA 2012 N 50 (924), 17.10.12

² OJRA 2019 N 47 (1500), 24.07.19

1. To approve the Procedure for Public and Private Partnership (Procedure for PPP) in accordance with the annex.
2. To establish that:
 - (1) the sectors of public services provided within the scope of public and private partnership projects shall be the following:
 - a. healthcare;
 - b. education;
 - c. energy;
 - d. water economy;
 - e. transport infrastructures and services;
 - f. collection, processing and disposal of solid waste;
 - g. postal infrastructures and services;
 - h. issuing passports containing biometric data and electronic identification system;
 - (2) the sub-division of the public and private partnership shall be a structural sub-division of the Ministry of Economy of the Republic of Armenia.
3. To repeal Decision of the Government of the Republic of Armenia No 1241-N of 20 September 2012 "On approving the procedure for evaluating and approving the public and private partnership projects".

4. This Decision shall enter into force on the tenth day following the day of its official promulgation.

DEPUTY PRIME MINISTER OF THE
REPUBLIC OF ARMENIA

H. MATEVOSYAN

Yerevan

2 August 2022

CERTIFIED BY
ELECTRONIC
SIGNATURE

Annex
to Decision of the Government of the Republic of Armenia
No 1183-N of 28 July 2022

PROCEDURE
FOR PUBLIC AND PRIVATE PARTNERSHIP

GENERAL PROVISIONS

1. This procedure shall regulate relations with regard to the procedures and rules applicable to the implementation of PPP projects (hereinafter referred to as "the PPP procedure"), in accordance with point 14 of part 1 of Article 2 of the Law of the Republic of Armenia "On public and private partnership" (hereinafter referred to as "the Law").
2. The goal of the PPP procedure shall be the effective identification, preparation and implementation of PPP projects.
3. The discount rate used during the calculation of the net present value of monetary flows of the projects evaluated for the implementation in PPP format shall comprise the average weighted percent of return of state treasury bonds — in circulation at that moment — priced in drams with maturity of 10 years and more.
4. The economic internal base rate of return (hereinafter referred to as "EIRR") of projects of social sector (healthcare and educational), as well as those targeting the proportional territorial development shall be 6 (six) percent, while for all the other projects — 9 (nine) percent. The EIRR shall be 6 (six) percent also for

projects (irrespective of the sector), which essentially contribute to at least one of the following environmental goals, while not harming any of the others:

- (1) mitigation of climate change;
 - (2) adaptation to climate change;
 - (3) stable use and protection of water resources;
 - (4) transition to circular economy;
 - (5) prevention of contamination;
 - (6) protection and recovery of biodiversity and ecosystems.
5. The internal legal acts of the body elaborating PPP policy may define advisory guidelines (hereinafter referred to as "the guidelines") applicable to the processes of elaboration and implementation of PPP projects.
6. Concepts used in this Procedure and not provided for by point 7 of this Procedure shall be used within the meaning of the Law of the Republic of Armenia "On public and private partnership".
7. Within the meaning of this Procedure the below-mentioned concepts shall have the following meanings:
- (1) Draft PPP Project — comprehensive analysis of a potential PPP project, the requirements with regard to the content whereof shall be provided for by point 33 of this Procedure;
 - (2) PPP Database — an electronic register of data on the current and terminated (completed) PPP Projects and Draft PPP Projects;
 - (3) Potential PPP Project — a public investment project, which can be prepared in PPP format, where its compliance with the standards applicable towards the PPP projects — provided for by part 1 of Article 4 of the Law — is substantiated as a result of the conducted analyses;

- (4) Project Information Memorandum — a document, containing details of the draft PPP project and the general description of the essential conditions of the expected PPP contract;
- (5) Public Investment Management (PIM) policy — the state policy with regard to regulations and supervision mechanisms applicable to the identification, development, selection of public investment programmes and implementation thereof within the framework of public finance management;
- (6) Financial Viability — the capacity of the project to ensure positive financial net present value;
- (7) Economic Viability — the capacity of the project to exceed the economic internal base rate of return;
- (8) PPP Transaction Structure — the method of distribution of rights, obligations and risks among the parties to the PPP contract;
- (9) Public Sector Comparator or PSC — a tool, through which the evaluation of traditional infrastructure project procurement price shall be conducted, providing a similar or comparable public infrastructure or public service;
- (10) Risk Matrix — a matrix set up for potential PPP project and draft PPP project, wherein any risk specific for the project, possible consequences of the risk, the methods of its management and mitigation, as well as partners responsible therefor are described;
- (11) Internet website functioning at the official website: <https://mineconomy.am/page/1414>, where information on potential PPP projects and draft PPP projects, their preparation, implementation and status, private partner selection procedure and PPP projects are posted;

- (12) Minimum performance standards and indicators — minimum performance or functional standards and indicators, to which the PPP project shall correspond while implementing the drafting, construction, operation and maintenance works;
- (13) Traditional Infrastructure Project Procurement — implementing a similar public infrastructure project through the method of conducting procurement within the framework of the Law of the Republic of Armenia "On procurement".

II. PERSONS RESPONSIBLE FOR THE PPP PROCESS

- 8. In the Republic of Armenia the following bodies shall — within the scope of their competencies — be responsible for the development of PPP policy, preparation and implementation of PPP projects, monitoring and managing of fiscal risks, as well as for the development of institutional capacities:
 - (1) the body developing PPP policy;
 - (2) the authorised body;
 - (3) the sub-division of PPP;
 - (4) the competent body (after the conclusion of the PPP contract — the public partner);
 - (5) the evaluation commission.
- 9. By each potential PPP project the head of the competent body shall approve — and at the stage of rendering a decision on the preparation of draft PPP project by the Government it shall recommend — the composition of the working group (hereinafter referred to as "the Working Group") responsible for the preparation

of the PPP project. In case of approval by the head of the competent body, representatives of other state or local self-government bodies or organisations (including private ones), as well as advisers and experts may be included in the Working Group. Inclusion within the Working Group of a person affiliated with the organisation interested in the implementation of the PPP project, within the meaning of Chapter XXVII of this Procedure shall be prohibited. The composition of the Working Group may be subjected to change, conditioned by the stage of preparation of the PPP project. The rules of procedure of the Working Group shall be approved by the decision of the head of the competent body.

10. The working group shall:

- (1) prepare the pre-feasibility studies of the potential PPP project;
- (2) conduct the feasibility study of the PPP project;
- (3) draw up the draft PPP contract;
- (4) prepare the project information memorandum of the PPP project;
- (5) conduct preliminary communication to the market.

11. Upon the decision on the implementation of the PPP project, an evaluation commission shall be formed, which shall:

- (1) approve and promulgate the announcement and invitation of the private partner selection procedure;
- (2) provide clarifications on the private partner selection procedure;
- (3) open and evaluate the qualification bids, technical and financial proposals;
- (4) hold work discussions with the qualified bidders with regard to draft PPP projects for the purpose of responding to the questions and problems prior the stage of the request for proposal;

- (5) draw up and approve the list of qualified bidders in the private partner selection procedure, as a result of evaluation of the qualification bids;
 - (6) determine the successful bidder in the private partner selection procedure as a result of evaluation of the bids;
 - (7) render a decision on re-promulgating the announcement of the stage of request for qualification or declaring the stage of request for qualification as not having taken place;
 - (8) perform other functions provided for by this Procedure.
12. Upon the decision on implementation of the PPP project, a chairperson of the commission shall be appointed from among the members of the evaluation commission and a secretary who is not a member of the evaluation commission (hereinafter referred to as "the Secretary").
13. The composition of the evaluation commission shall comprise at least of five members. The activities of the evaluation commission shall be carried out through sessions. The session of the commission shall have a quorum, where all the members of the commission are present at the session (including on-line). The sessions of the commission shall be convened upon the initiative of the chairperson of the commission, through the notification of the members of the commission in written form at least five working days prior the session.
14. The member or the Secretary of the evaluation commission may not participate in the works of the evaluation commission and shall be obliged to submit self-recusal, where the person affiliated with the latter has submitted a (qualification) bid to participate in the given procedure. The member or the Secretary of the evaluation commission shall submit the self-recusal within 3 (three) working days from the day of submission of the (qualification) bid or after the affiliation has emerged.

15. At the moment the session of the evaluation commission has no quorum or the evaluation commission or the members of the commission learn about prima facie violations of the Law or this Procedure, the Secretary shall report the head of the competent body in written form. The head of the competent body shall undertake measures to eliminate the violations provided for by this point and the consequences thereof.
16. The decisions of the evaluation commission shall be adopted by the simple majority of votes of the members of the commission. The member of the evaluation commission shall be responsible for the decisions thereof, as well as for the documents, requirements approved by him or her, as well as for the substantiation of determining the successful bidder.
17. The Secretary shall:
 - (1) arrange the activities of the commission;
 - (2) receive and register the bids;
 - (3) draw up draft documents subject to the approval of the commission and submit them to the commission;
 - (4) by drawing up appropriate documents — record information on the activities of the commission and ensure safe storage of the mentioned documents during the activities of the commission;
 - (5) arrange the works of providing clarifications to the bidders or potential bidders on the private partner selection procedure;
 - (6) organise the work discussions provided for by sub-point 4 of point 11 of this Procedure;
 - (7) perform other functions provided for by this Procedure.
18. After the selection of the successful bidder, but not later than the commercial close of the PPP contract, the head of the public partner shall approve the

managing group of the PPP contract (hereinafter referred to as "the Managing Group"). Representatives of public partner and other state or local self-government bodies, advisers, experts and representatives of private partner may be included within the composition of the Managing Group. Moreover, the inclusion of a representative or employee of public partner or other state or local self-government bodies — who is an affiliated person to the private partner — in the Managing Group shall be prohibited.

19. Not later, than within 10 (ten) working days after the PPP project passes to the stage of operation and maintenance, the public partner shall form a Monitoring Group (hereinafter referred to as "the Monitoring Group"), which shall manage and monitor the operation and maintenance of the public infrastructure by the private partner within the scope of the PPP project in accordance with the obligations prescribed in the PPP contract. Representatives of public partner and other state or local self-government bodies, advisers and experts may be included within the composition of the Monitoring Group. Inclusion of representatives of the private partner and the persons affiliated to the private partner of the PPP contract, within the meaning of Chapter XXVII of this Procedure, in the Monitoring group shall be prohibited.

III. STAGES OF THE PPP PROCESS

20. In the presented order, the stages of the PPP process and the main activities performed during each of them shall be the following:
 - (1) identification of the PPP project;
 - (2) preparation of the PPP project;

- a. implementation of the pre-feasibility study of the potential PPP project, which shall include the study of the components of the PPP project, provided for by point 24 of this Procedure;
 - b. approval of preparation of the draft PPP project by the Government of the Republic of Armenia;
 - c. preparation of the draft PPP project and implementation of the feasibility study, which shall include the study of the components of the potential PPP project, provided for by point 34 of this Procedure;
 - d. submission of the draft PPP project to the sub-division of PPP for the purpose of provision of an opinion on the compliance of the processes of preparation and implementation of draft PPP projects with the Law and this Procedure;
 - e. submission of the draft PPP project to the authorised body for the purpose of provision of an opinion on the PPP project, prescribed by Article 11 of the Law;
 - f. submission of the draft PPP project to the Government of the Republic of Armenia for the purpose of adopting a decision on the implementation of the project in PPP format;
- (3) private partner selection procedure: a. stage of request for qualification (where applicable) b. stage of request for proposal;
- (4) management of PPP contract;
- a. ensuring the commercial and financial close of the PPP contract;
 - b. ensuring implementation of PPP project;
 - c. based on the main conditions of the PPP contract and the minimum performance standards and indicators, elaboration of a separate manual for each PPP project and application thereof, for the purpose

- of organising the monitoring and ensuring the effective current management and operation of the project;
- d. based on the main conditions of the PPP contract, elaboration of the system and procedures for managing the amendment and termination and monitoring of the PPP contract and the application thereof;
- (5) conducting evaluation based on the results of the PPP project.

IV. IDENTIFICATION OF THE PPP PROJECT

21. Identification of the PPP project shall be conducted in two alternative methods:
- (1) by the competent body, upon the initiative thereof;
- (2) by the competent body, upon the initiative of the private initiator.

V. PRE-FEASIBILITY STUDIES

22. The responsibility for conducting pre-feasibility studies of the potential PPP project shall rest on the competent body of the relevant sector. For that purpose, the sub-division of PPP shall provide technical, methodological and other type of support to the competent body.
23. According to point 9 of this Procedure, the head of the competent body shall form a Working Group for the purpose of preparing pre-feasibility studies.
24. The following components of the potential PPP project shall be studied within the framework of the pre-feasibility studies:

- (1) the general description, framework, goals of the project, required infrastructures and services, potential alternatives to reach the goals;
- (2) the draft project, which is a common project usually applicable for the given sector, with the peculiarities specific to the place of implementation of the project;
- (3) the expenditures of construction, operation, maintenance, administration, provision of services and acquisition of rights over the land parcels required with regard to the project, wherein:
 - a. evaluation of expenditures of construction, operation, maintenance, administration, provision of services shall be conducted based on the expenditures for operation, recovery and replacement of equipment, assets, those evaluated in terms of materials, stuff, which shall be calculated based on the knowledge, experience of the founded Working Group and competent body and the pre-studied approximate values,
 - b. expenditures of acquisition of rights over the land parcels required for the implementation of the project shall be calculated based on the surface of the land parcel and the values gained through the comparable information (data);
- (4) the main risks of potential negative impact of the project on the environment, including the potential negative impact on the environment and human health as a result of implementation of the project;
- (5) the social impact of the project, including:
 - (a) analysis of the land parcel and the necessity for re-settlement of the population residing there, identifying problems related to acquisition and re-settlement of the limited land parcel and those hindering the implementation of the project or entailing additional expenditures;

- (b) analysis of the impact of the project on the gender-based employment, employment of the communities and local employment, referring to the essential problems of implementation of the limited project;
- (6) economic impact of the project, which is the evaluation of general economic expenditures and profits for the public during the entire period of operation of the project. Study of the economic impact of the project shall include the evaluation of economic viability of the project defined through preliminary EIRR calculation and comparison with its base rate, expenditures for infrastructures and operation, calculated according to approximate values obtained in accordance with sub-point 3 of this point, social expenditures and profits according to average national values calculated per approximate number of beneficiaries;
- (7) the potential demand by the end consumers and the capacity thereof to contribute to the economic and financial viability of the potential PPP project, wherein:
 - a. the estimate of the share of community demand shall be based on national or regional average statistical data, while the evaluation of increase in the demand shall be based on general average values for similar infrastructures;
 - b. the estimate of willingness of end consumers to pay shall be based on national or regional average statistical data and/or direct inquiries conducted among affected communities;
 - c. the ability of the end consumers to pay shall be calculated based on market prices for the same or similar services (where applicable);
 - d. the discussions with end consumers shall be conducted among a limited number of individuals to test the assumptions about ability and willingness to pay, as well as to confirm the potential alternatives and the prices thereof;

- e. the demand forecasts shall be carried out through information available to the competent body or information provided to the latter for the purpose of carrying out pre-feasibility studies;
- (8) the analysis of risks of the project and risk matrix set up based thereon shall rest upon the entire information available at the moment of pre-feasibility studies of the project. Analysis of risks of the project and the risk matrix shall be a base for proposing alternative versions of PPP transaction structure;
- (9) the financial viability of a project defined through the analysis of the possibilities to implement a project through several methods of PPP transaction structure, the financial viability thereof and the preliminary analysis of the value for money (hereinafter referred to as "the VfM"), wherein:
- a. The analysis of financial viability of possibilities to implement a project through several methods of PPP format shall include the financial analysis of the most likely structural versions of the PPP, as well as analysis of the possible necessity for state support;
 - b. capital expenditures shall be determined based on the approximate value of evaluation provided for by sub-point 3 of this point;
 - c. time limit of the construction shall be determined taking into account the time limits of the construction usually applied for the sector, presented within the scope of the draft project provided for by sub-point 2 of this point;
 - d. expenditures for acquisition of land parcels and re-settlement of the population residing there shall be determined from the analysis of the acquisition of land parcels and re-settlement of population residing there, conducted within the framework of the analysis of social impact, and approximately evaluated values;

- e. the approximate value of the expenditures for operation and maintenance shall be determined through the procedure provided for by sub-point 3 of this point;
 - f. the time limit of operation shall be determined according to the estimated period for operation of the public infrastructure;
 - g. the interest rates for long-term loan in Armenian dram and foreign currency shall be determined based on the potential source of financial means, using the interest rates in effect at the time of conducting the analysis. The minimum of the time limits for operation of the asset and available financial means shall be defined as the time limit of the loan.
 - h. depreciation of the asset is calculated based on the minimum amortization periods defined by the tax legislation;
 - i. project revenues shall be projected based on payments made by end consumers or the public partner, necessary for achieving a positive net present value (hereinafter referred to as "the NPV");
 - j. project affordability shall be evaluated based on the demand analysis (including the estimated time period of increase in demand) conducted on the basis of discussions with end consumers, as well as the payments made to the private partner;
- (10) potential problems that can hinder the implementation of the project, including essential environmental problems, problems related to historical findings, essential resistance of the community, problems for ensuring tax and budgetary and fiscal stability raised by the authorised body, etc.;
- (11) in case of rendering a decision on conducting a feasibility study of a potential PPP project, the specific problems subject to consideration in this regard. Where the pre-feasibility studies propose to pass on to the

feasibility study of the draft PPP project, the pre-feasibility studies shall also determine the terms of reference of the feasibility study;

- (12) the strategy of implementation of the project, which shall include the schedule of the preparation of the project and the private partner selection procedure, the necessary means, the competent body and, where available, the co-implementers;
 - (13) initial willingness of potential funding organisations and potential bidders to participate in the process of implementation of a PPP project;
 - (14) any other problem hindering the implementation of the PPP project or causing additional expenditures.
25. The process of the preparation of a potential PPP project may continue only in case of simultaneous availability of the conditions presented below:
- (1) the calculated EIRR exceeds the base rate provided for by point 4 of this Procedure;
 - (2) no fundamental factor hinders the implementation of the project. Within the meaning of this point, fundamental factors shall be the circumstances leading to violations of the human rights or fundamental freedoms or entailing threat of such violations, which are the essential environmental risks related to the project, social or community problems, problems related to the engineering risk, etc.
26. In case of meeting the conditions prescribed by point 25 of this Procedure, the feasibility of the project in PPP format shall be verified. The project in PPP format shall be considered as feasible, where the two conditions presented below are ensured simultaneously:
- (1) preliminarily shall be evaluated as financially viable; and
 - (2) the implementation thereof may ensure positive VfM.

27. Where it is recommended to pass on to the feasibility study based on the ground of meeting the conditions prescribed by points 25 and 26 of this Procedure as a result of pre-feasibility studies, the competent body shall forward the pre-feasibility studies to the authorised body and the sub-division of the PPP.
28. Regarding the pre-feasibility studies, the authorised body shall — within 15 (fifteen) working days after receiving it — provide to the competent body and the sub-division of the PPP a preliminary opinion on the long-term impact of the recommended PPP project on the fiscal territory.
29. Regarding the pre-feasibility studies, the sub-division of the PPP shall — within 15 (fifteen) working days after receiving it — provide to the competent body a preliminary opinion on the compliance of the pre-feasibility study with the Law and this Procedure.
30. After receiving the preliminary opinions provided for by points 28 and 29 of this Procedure, the competent body shall elaborate the draft decision on preparing a draft PPP project and submit it to the Government for approval.
31. In order the Government renders a decision on preparing a draft PPP project, the draft decision shall include at least the following information:
 - (1) a statement of information on the compliance of the PPP project with points 1-5 of part 1 of Article 4 of the Law "On public and private partnership", wherein:
 - (a) the risk matrix set up within the scope of the pre-feasibility studies shall serve as a base for the distribution of risks between the public and private partners;
 - (b) the preliminary EIRR calculated by the pre-feasibility studies shall serve as a base for the calculation of the economic return of the project;

- (c) the preliminary opinion provided by the authorised body shall serve as a base for the evaluation of the affordability of the project from fiscal point of view;
- (2) the preliminary positive opinion of the sub-division of PPP, provided for by point 29 of this Procedure;
- (3) the recommended composition of the Working Group. Representatives from the authorised body, the sub-division of PPP, other state and local self-government bodies interested in the recommended PPP project shall be included in the composition of the Working Group;
- (4) expenditures estimated for the preparation of the draft PPP project, the prescribed terms of reference and the time limits for the performance of works.

VI. PREPARATION OF THE DRAFT PPP PROJECT

- 32. The responsibility for the preparation of the draft PPP project shall rest upon the competent body. For that purpose, the sub-division of PPP shall provide technical, methodological and other types of support to the competent body.
- 33. The draft PPP project shall include:
 - (1) the feasibility study, according to point 34 of this Procedure;
 - (2) the substantiation on the compliance with the PPP standards prescribed by points 1, 2, 3 and 5 of part 1 of Article 4 of the Law;
 - (3) the proposed form of private partner selection procedure, the proposal for the qualification standards, method of evaluation of the bid, requirements for the technical and financial proposals and, where available, the proposal

on the weights assigned thereto, as well as a proposal on the procedure for determining the successful bidder;

(4) the draft PPP contract.

34. At least the following components of the potential PPP project shall be completely studied within the framework of the feasibility study of the PPP project:

(1) the potential demand by the end consumers, the increase and capacity thereof to contribute to the economic and financial viability of the potential PPP project, wherein:

a. the estimate of the share of community demand shall be based on national or regional average statistical data and/or direct inquiries conducted among affected communities;

b. the estimate of willingness of end consumers to pay shall be based on national or regional average statistical data and direct inquiries conducted among affected communities;

c. the ability of the end consumers to pay shall be calculated based on market prices for the same or similar services, national statistics on the disposed revenues of households and the direct inquiries conducted among affected communities;

(2) the engineering-technical and design estimation works related to survey of actual technical condition of the construction site, engineering-geological condition of the territory, existing buildings, constructions and structures, wherein:

a. technical evaluation and capital expenditures of the project shall be calculated based on the comprehensive study of physical specifications of the constructed infrastructures or the existing infrastructures;

- b. expenditures of operation, recovery and maintenance, administration and other expenditures shall be estimated based on the capital expenditures and the projects provided for by this sub-point;
- (3) the necessity for and availability of technical land parcels of an infrastructure, based on the comprehensive evaluation of the needs, the plan for acquiring a land parcel (where applicable) and the compliance of the expenditures to the market prices;
- (4) the opportunity of the project to conduct strategy evaluation and expert examination of the potential PPP project in accordance with the Law "On environmental impact assessment and expert examination", as well as, where applicable, the discovery of the opportunity of the project to involve green funding;
- (5) the social impact of the project, including:
 - a. analysis of the land parcels and the necessity for the re-settlement of the population residing there, based on the necessary and planned expenditures for the acquisition of the right of ownership over the land parcels, where applicable, as well as the expenditures and time limits for applying procedures for alienation of the property to ensure the overriding public interests;
 - b. comprehensive analysis of the impact of the project on the demographics, local communities and local employment;
- (6) economic impact of the project, which is the evaluation of general economic expenditures and profits for the public during the entire period of operation of the project. In this point, the study of the economic impact of the project shall include the evaluation of economic feasibility of the project defined through EIRR calculation and comparison with its base rate, expenditures for physical infrastructures and operation, calculated

according to exact values obtained through the procedure provided for by sub-point 2 of this point, social expenditures and profits according to average national or regional values calculated per exact number of beneficiaries;

- (7) the financial analysis of the project, as well as the analysis of the alternative versions of the state support and the evaluation thereof in the light of the complete analysis of EIRR:
- a. the financial analysis of the versions of PPP transaction structure shall be conducted based on the description of the recommendations for the state support and all the conditions of and procedures for providing the mentioned support;
 - b. the capital expenditures of the project and time limits for constructions shall be calculated based on the requirements of sub-point 2 of this point;
 - c. expenditures for acquisition of land parcels and re-settlement of the population residing there shall be determined based on the results of analysis of the social impact of the project provided for by sub-point 5 of this point;
 - d. the expenditures for operation and maintenance shall be determined based on the exact and reasonable values estimated in accordance with the international standards of expenditures for operation of the assets;
 - e. the period of operation shall be determined according to the estimated time limit of operation of the public infrastructure;
 - f. the demand for the project shall be determined according to sub-point 1 of this point;

- g. the interest rates for long-term loan in Armenian dram and foreign currency shall be determined based on the potential source of financial means, using the interest rates in effect at the time of conducting the analysis. The minimum of the time limits for operation of the asset and available financial means shall be defined as the maturity of the loan;
 - h. depreciation of the asset is calculated based on the minimum amortization periods defined by the tax legislation;
 - i. project revenues shall be projected taking into account the payments based on the results necessary for ensuring a positive NPV, affordability payments and other payments made to the private partner;
 - j. the EIRR and NPV shall be calculated based on the final and substantiated analyses;
 - k. project affordability shall be evaluated based on the demand analysis and the discussions with end consumers (where the project will have direct financial impact on the end consumers), as well as the payments made to the private partner;
- (8) the analysis of the risks of the project, which shall include the precise description of risks, the approaches of their distribution and management based on the comprehensive analysis of risks presented in all the sections of the feasibility study and shall be summarised in the risk matrix;
- (9) the analysis of VfM, conducted in accordance with the procedure provided for by Chapter XXV of this Procedure;
- (10) the minimum performance standards and indicators, based on the analysis provided for by sub-point 2 of this point;

- (11) the conditions of commercial and financial close of the transaction, including the preconditions for the entry into force of the PPP contract;
 - (12) the schedule of the key stages (including planning, construction, completion, commencement of the provision of services, operation and maintenance, transferring, terminating the right of ownership over the assets) of the project and the action plan for implementation.
35. The proposal on the alternative versions of the state support (including its size) of the PPP project shall be formed in the stage of preparation of the draft PPP project in accordance with the requirements prescribed by Chapter XX of this Procedure.
36. Based on the results of the feasibility study of the PPP project, the Working Group shall — upon the support of the sub-division of PPP — ensure preliminary communication to the market with regard to the PPP project.
37. The preliminary communication to the market with regard to the PPP project shall include the following actions:
- (1) preparation of the information memorandum;
 - (2) preparation of the plan for preliminary communication to the market, which shall include the definition of the goals, time limits, necessary measures, documents of the process;
 - (3) preparation of inquiry among sectoral, including potential lenders, based on the feasibility study;
 - (4) determination of the groups of companies being involved in the process of preliminary communication to the market and inquiry;
 - (5) organisation of discussions with the private sector companies on the draft PPP project, based on the plan for preliminary communication to the market, provided for by sub-point 2 of this point;

- (6) evaluation of the interest of potential lenders in funding the PPP project;
- (7) summarisation of results and making the required adjustments in the draft PPP project.

VII. RENDERING A DECISION ON THE IMPLEMENTATION OF THE PPP PROJECT

- 38. The competent body shall submit the draft PPP project to the sub-division of PPP, which shall — within a one-month period from the moment of receiving the draft — perform an evaluation of the compliance of the draft with the Law and this Procedure and provide an opinion to the competent body and the authorised body.
- 39. Along with submitting the draft PPP project to the sub-division of PPP, the competent body shall submit the draft PPP project to the authorised body, which shall — within a one-month period from the moment of receiving the draft, through the procedure provided for by Article 11 of the Law — subject the draft PPP project to analysis and provide an opinion on the fiscal affordability of the PPP project. The authorised body may — during 5 (five) working days from the moment of receiving the opinion of the sub-division of PPP, provided for by point 38 of this Procedure — make adjustments in the said opinion on the fiscal affordability of the draft project.
- 40. The Government shall not adopt a decision on the implementation of the PPP project, where the authorised body has provided an opinion on the fiscal affordability of the project through the procedure provided for by point 39 of this Procedure.

41. The Government shall — upon the recommendation of the competent body — render a decision on the implementation of the PPP project, taking into account the requirements of point 40 of this Procedure.
42. In order to adopt a decision on the implementation of the PPP project, the following shall be substantiated by the draft PPP project:
- (1) the project complies with the standards prescribed by part 1 of Article 4 of the Law "On public and private partnership";
 - (2) the project may be implemented in PPP format, as it is possible that it will be financially viable and as a result of implementation thereof ensuring a positive VfM will be possible;
 - (3) the project complies with the Law and this Procedure, in accordance with the opinion of the sub-division of PPP;
 - (4) no fundamental factor hinders the implementation of the project. Within the meaning of this point, fundamental factors shall be the circumstances leading to violations of human rights or fundamental freedoms or entailing threat of such violations, which are the essential environmental risks related to the project, social and community problems, problems related to the engineering risk.
43. The following shall be included in the decision on the implementation of the PPP project and be defined for the PPP project:
- (1) the draft PPP project, except for feasibility study;
 - (2) the types of the state support and the conditions for the application thereof;
 - (3) the risk matrix;
 - (4) the draft PPP contract;
 - (5) the contract security;

- (6) the benefits to be provided to the private initiator in case of participation in the private partner selection procedure (where available);
 - (7) the type of private partner selection procedure, the procedure for the implementation thereof, the qualification criteria;
 - (8) the method of evaluation of the bid during the private partner selection procedure, the requirements for the technical and financial proposals and, where available, the weights assigned thereto, as well as the procedure for determining the successful bidder;
 - (9) the individual composition of the evaluation commission and the Secretary of the evaluation commission.
44. The competent body of the relevant sector shall bear the responsibility for the implementation of the decision on the implementation of the PPP project, unless otherwise provided for by the decision of the Government of the Republic of Armenia.

VIII. GENERAL PROVISIONS ON THE PRIVATE PARTNER SELECTION PROCEDURE

45. The competent body shall be responsible for the organisation of the private partner selection procedure.
46. The rules provided for by the Law and this Procedure, as well as the requirements of the decision on the implementation of the PPP project, shall be applied to the private partner selection procedure to the extent they do not contradict the Law and this Procedure.

IX. THE RIGHT TO PARTICIPATE IN THE PRIVATE PARTNER SELECTION PROCEDURE

47. The following persons (consortium of persons) shall not have the right to participate in the private partner selection procedure:

- (1) those who have been declared bankrupt through judicial procedure or against whom a bankruptcy proceedings has been initiated as of the day of submitting the (qualification) bid;
- (2) those who correspond to the elements of bankruptcy (insolvency) provided for by the legislation of the place of registration thereof as of the day of submitting the (qualification) bid;
- (3) those who have been convicted or a representative of the executive body whereof has been convicted — within three years prior to submission of the (qualification) bid — for financing of terrorism, child exploitation or a crime involving human trafficking, creation of a criminal association or participation therein, receiving a bribe, giving a bribe or mediation in bribery and crimes against economic activity provided for by law, except for cases when the conviction is cancelled or expired as prescribed by law;
- (4) those with regard whereof there is an inappealable judicial or administrative act — during the three years preceding the day of submitting the (qualification) bid — for anti-competitive agreement or abuse of dominant position in the sector of public and private partnership or procurement, rendered in the Republic of Armenia or other country;
- (5) those who have been included in the list of bidders ineligible to participate in the procurement process, published according to the legislation of member states of the Eurasian Economic Union on procurement, as of the day of submitting the (qualification) bid;

- (6) those who have been included in the list of bidders ineligible to participate in the public and private partnership procedure as of the day of submitting the (qualification) bid. A bidder shall be included in the indicated list, where he or she:
- a. has violated the essential obligation provided for by the PPP contract (or by a contract equivalent thereto by the legislation of another country) or undertaken within the scope of private partner selection procedure (or a procedure equivalent thereto by the legislation of other country). Within the meaning of this paragraph, violation of an essential obligation shall be considered any violation of an obligation, which has led to essential deviation from the results provided for by the contract;
 - b. has refused to conclude a PPP contract as a successful bidder and has not paid the bid security;
 - c. has refused to further participate in the private partner selection procedure after opening the bids and has not paid the bid security;
 - d. has been involved in the list of participants ineligible to participate in the procurement process;
- (7) those who are residents of a state, registered in such a state, supervised by residents of such a state or are closely related to such a state, which does not have diplomatic relations with the Republic of Armenia.

48. The sub-division of PPP shall render the decision on including the persons in the list indicated in sub-point 6 of point 47 of this Procedure upon the application of the competent body or public partner and post it in the official website, including in Russian and English. A person shall be included in the indicated list for a term of five years.

49. During the private partner selection procedure, but before determining the successful bidder, in case any of the circumstances prescribed by point 47 of this Procedure about the bidder is discovered or in case such a circumstance is revealed, the given bidder shall — upon the decision of the evaluation commission — be deprived of the right to further participate in the private partner selection procedure. Where the situation provided for by this point is revealed after the bidder has been declared the successful bidder, the bidder shall be deprived of the right to conclude a PPP contract and the bidder having submitted the bid with the second highest score shall be declared as the successful bidder upon the decision of the evaluation commission.
50. In order to participate in the private partner selection procedure, a legal person shall submit the following documents to the evaluation commission with a qualification bid:
- (1) a maximum one-month-old extract confirming the fact that the legal person is registered and operating, issued by the state body having registered the given legal entity;
 - (2) decision of the board of directors of the legal person, other equivalent decision of the management bodies or a relevant power of attorney, which will certify the representative's authority to act on behalf of the legal entity during the private partner selection procedure, as well as the carbon copy of the personal identification document of the representative. The foreign language originals and the carbon copies of the documents provided for by this sub-point shall be submitted with translation into Armenian certified through notarial procedure and by Apostille (in case of documents sent from countries having ratified the Hague Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents, and where the state is not a member to the Convention — the legalisation of documents is done through the consular channels). Where the bidder is

a consortium of legal persons, the requirements of this sub-point shall apply to all legal entities participating in the consortium;

- (3) written certification that the bidder meets the requirements prescribed by point 47 of this Procedure and is authorised to participate in the private partner selection procedure and submit documents, as well as bears responsibility — through the procedure provided for by point 55 of this Procedure — in case the documents, information and other data submitted during the private partner selection procedure are inaccurate or false;
- (4) in case of participating in the private partner selection procedure in a consortium, the carbon copy of the contract regarding the consortium certified through notarial procedure shall also be submitted to the evaluation commission. The foreign language originals and the carbon copies of the documents provided for by this sub-point shall be submitted with translation into Armenian certified through notarial procedure and by Apostille (in case of documents sent from countries having ratified the Hague Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents, and where the state is not a member to the Convention — the legalisation of documents is done through the consular channels).

51. In case of participating in the private partner selection procedure in a consortium of legal persons, the documents provided for by this Chapter must be submitted for each participant of the consortium, as well as each participant of the consortium must meet the conditions provided for by this Chapter. The foreign language originals and the carbon copies of the documents provided for by this sub-point shall be submitted with translation into Armenian certified through notarial procedure and by Apostille (in case of documents sent from countries having ratified the Hague Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents, and where the state

is not a member to the Convention — the legalisation of documents is done through the consular channels).

52. The contract on the consortium shall, inter alia, provide for the amount of equity participation of each of the participants in the consortium in the statutory capital of the legal person created for the purpose of concluding the PPP contract and the main conditions of equity participation (certifiable rights, privileges and restrictions) in case of being declared as the successful bidder in the private partner selection procedure, which cannot be changed at the moment the PPP contract is being signed.
53. In case of making an amendment contradicting point 52 of this Procedure at the moment of signing the PPP contract in case the consortium is declared as the successful bidder, the bidder having submitted the bid with the second highest score shall be declared as the successful bidder upon the decision of the evaluation commission.
54. None of the parties to the contract on consortium may submit a separate (qualification) bid for the same private partner selection procedure. In case of non-compliance with the requirement of this point, both the (qualification) bids submitted in consortium and those submitted separately shall be rejected at the (qualification) bid opening session.
55. The bidder (in the case of a consortium — the participant of the consortium) shall be responsible for the reliability of all the documents, information and other data submitted by him or her during the private partner selection procedure. In case of submitting inaccurate or false information to the evaluation commission during the private partner selection procedure, the bidder shall immediately be deprived of the right to participate in the private partner selection procedure upon the decision of the evaluation commission. Where the public partner learns that the private partner has submitted inaccurate or false information during the

private partner selection procedure after the conclusion of the PPP contract, the public partner shall unilaterally rescind the contract, demanding from the private partner compensation for the damages caused thereto.

X. MINUTE TAKING OF THE PROCESS OF PRIVATE PARTNER SELECTION PROCEDURE AND THE PROCEDURE FOR MAINTAINING THE REGISTER

56. The sessions of the evaluation commission shall be video- or audio-taped and minute taken by the Secretary, and the members of the commission present at the session and the Secretary shall sign the minutes of the session.
57. In the cases provided for by this Procedure, the minutes of the sessions of the evaluation commission shall be subject to publication by the Secretary on the official website, except for the cases where the closed procedure is used.
58. The members and the Secretary of the evaluation commission shall be obliged to ensure the confidentiality of information indicated as confidential by bidders in accordance with the request for qualification and request for proposal and shall be held liable for the damage caused to the bidders as a result of disclosing such information through the procedure provided for by the Law, except for the information subject to mandatory disclosure provided for by law.
59. Within fifteen working days following the conclusion of the PPP contract or the day of declaring the private partner selection procedure not having taken place, the competent body shall draw up and publish on the official website (except for information constituting official, commercial, bank or other secrets) a report on the private partner selection procedure (declaring the private partner selection procedure not having taken place). The report provided for by this point shall include:

- (1) requests received during the private partner selection procedure and the submitted clarifications;
- (2) data on the bidders — name, place of registration, contact details;
- (3) financial and technical proposals submitted through the bids;
- (4) procedure for the evaluation of qualification bids and bids and the results of the evaluation thereof;
- (5) in case of rejecting the qualification bid or bid — the substantiation thereof;
- (6) the PPP contract and where no contract is concluded as a result of the private partner selection procedure — the substantiation thereof;
- (7) in case of detecting unlawful actions — a brief description of such actions and measures undertaken in that respect;
- (8) cases of prima facie violations of the legislation of the Republic of Armenia or this Procedure by the evaluation commission or a member of the latter and the brief description of the actions undertaken with that regard;
- (9) other information considered necessary by the competent body.

60. The following information shall be recorded in the register:

- (1) name of the bidder having submitted a (qualification) bid;
- (2) the numbers and dates of the outgoing letter and the incoming letter, by which the (qualification) bid (in case the bid is submitted personally — the name, surname, name and number of the identification document of the person submitting it) has been submitted;
- (3) hour, month and date of receiving the (qualification) bids;
- (4) signature of the person registering the (qualification) bid;

- (5) where applicable — markings.
61. The submitted (qualification) bids shall be received and registered in the register by the Secretary of the evaluation commission.
62. Notes shall be made in the register only by the Secretary. In case of making corrections in the register, the signature of the Secretary shall be put in the section "markings" of the register. The Secretary shall be responsible for the safe maintenance of the register during the private partner selection procedure.
63. On the envelope submitted by the bidder the Secretary shall mark the number of registration, day and hour of registration of the given envelope, sign under the notes made on the envelope by him or her.
64. After the PPP contract is concluded or the private partner selection procedure is declared as not having taken place, all the documents related to the private partner selection procedure, including minutes of the sessions of the evaluation commission, decisions, reports, received qualification bids, bids and other documents, shall be record-registered and kept by the competent body.

XI. FORMS OF PRIVATE PARTNER SELECTION PROCEDURE

65. The form of the private partner selection procedure shall be defined by the decision on the implementation of the PPP project.
66. In case an open procedure is applied, the decision on the implementation of the PPP project, the announcement of the private partner selection procedure, the request for qualification shall be public and available.
67. In case a one-stage open procedure is applied, the invitation approved by the evaluation commission and provided to the bidders shall simultaneously include a request for qualification and a request for proposal. In the case provided for by

this point, the bidder shall simultaneously submit a qualification bid and a bid in separate envelopes.

XII. THE ANNOUNCEMENT OF THE PRIVATE PARTNER SELECTION PROCEDURE, THE REQUEST FOR QUALIFICATION AND THE REQUEST FOR PROPOSAL

68. Before the commencement of the open procedure for selection of the private partner, the evaluation commission shall publish an announcement on the private partner selection procedure on the official website. The evaluation commission and the sub-division of PPP shall make their best efforts to publish the announcement also in international periodicals with high reputation in the sector of implementation of PPP projects, where available.
69. The announcement shall contain the following information:
- (1) the name and location of the competent body;
 - (2) the password of the private partner selection procedure;
 - (3) the brief and precise description of the content of the PPP project and PPP contract;
 - (4) the announcement on the right of the bidders to participate in the open procedure;
 - (5) the conditions for receiving a request for qualification in paper form (in case of one-stage open procedure — an invitation), including the amount of fee charged therefor and the procedure for making the payment;
 - (6) the language or languages in which the bids must be submitted;
 - (7) the brief description of qualification criteria for bidders;
 - (8) the procedure for determining the successful bidder;

- (9) the form, place and time limits for submitting qualification bids (in case of one-stage open procedure — bids);
 - (10) the form, place, day and hour for opening the qualification bids (in case of one-stage open procedure — an invitation);
 - (11) the place, day and hour of open discussions with the potential bidders regarding the participation, time limits for the submission of requests;
 - (12) other information, upon the decision of the evaluation commission.
70. In case of open procedure, the time limit envisaged for submission of qualification bids shall be calculated from the day of publishing the announcement on the official website.
71. The request for qualification shall be approved upon the decision of the evaluation commission. The time limit for submission of qualification bids shall be at least forty calendar days calculated from the moment of publishing the announcement.
72. The request for qualification shall include:
- (1) introduction, including the main conditions of the PPP project and PPP contract;
 - (2) instructions for bidders;
 - (3) confirmations submitted by the bidders and the requirements for them;
 - (4) requirements applied to the form (including the language for the submission thereof), content of the qualification bid and the procedure for the submission thereof;
 - (5) deadline for the submission of the qualification bids;
 - (6) the right of the bidder to participate in the private partner selection procedure;

- (7) requirements applied to the professional experience of the bidder;
 - (8) requirements applied to the technical competencies and experience of the bidder;
 - (9) requirements applied to the financial and economic competencies of the bidder;
 - (10) the procedure for the evaluation of the qualification bid;
 - (11) upon necessity, the procedure for submitting the qualification bid security by the bidder and the grounds for paying the qualification bid security;
 - (12) the schedule of the private partner selection procedure;
 - (13) the procedure for conducting inquiries by the potential bidders and providing clarifications;
 - (14) the place, day and hour of open discussions for the participation of the potential bidders, as well as the conditions for participation;
 - (15) the procedure for making amendments in the request for qualification;
 - (16) other information, upon the decision of the evaluation commission.
73. In case of open procedure, the time limit envisaged for submission of bids shall be calculated from the day of publishing the request for proposal on the official website. After the publication of the request for proposal, during one working day from the day of receiving an application from a qualified bidder on receiving the feasibility study through the procedure prescribed in the request for proposal, the evaluation commission shall provide the feasibility study of the PPP project to the relevant qualified bidder in paper form or electronically.
74. The request for proposal shall be approved upon the decision of the evaluation commission. The time limit for submission of bids shall be at least sixty calendar days, calculated from the moment of publication of the request for proposal.

75. The request for proposal shall be provided only to qualified bidders in paper form or electronically, during two working days upon the moment of approving the request for proposal by the evaluation commission.
76. The request for proposal shall include:
- (1) introduction, including the main conditions of the PPP project and PPP contract;
 - (2) instructions for bidders;
 - (3) confirmations submitted by the bidders and the requirements for them;
 - (4) the draft PPP project, except for feasibility study;
 - (5) the sample form of the application on the receipt of feasibility study from the qualified bidders and the procedure for the submission thereof. Moreover, the application provided for in this sub-point shall also include a written confirmation on non-publication of the feasibility study and on assuming the obligation not to provide it to third persons, as well as the legal consequences of violating the obligation;
 - (6) the draft PPP contract;
 - (7) requirements applied to the form (including the language for the submission thereof), content of the bid and the procedure for the submission thereof;
 - (8) deadline for the submission of the bids;
 - (9) the statute of limitations of the bids;
 - (10) the schedule of the private partner selection procedure;
 - (11) the procedure for opening the technical proposals;
 - (12) the procedure for evaluation of technical proposals (where applicable — the weight assigned thereto and the minimum threshold);

- (13) the procedure for opening the financial proposals;
- (14) the procedure for evaluation of financial proposals (where applicable — the weight assigned thereto);
- (15) the procedure for determining the successful bidder;
- (16) the requirements applied to the bid security, including the size and the procedure for submission thereof;
- (17) the procedure for conducting inquiries by the qualified bidders and providing clarifications;
- (18) the place, day and hour of holding discussions with all the qualified bidders, as well as the conditions for participation;
- (19) the procedure for making amendments in the request for proposal and in the bid;
- (20) other information, where necessary.

XIII. QUALIFICATION BIDS

77. The bidder shall be obliged to submit — by the qualification bid — to the evaluation commission all the information required by the request for qualification. The evaluation commission shall evaluate only bids submitted in the form complying with the Law, this Procedure and the request for qualification. The qualification bids not complying with the Law, this Procedure or the request for qualification shall be subject to rejection by the evaluation commission at the session for opening the qualification bids and returned unchanged to the persons having submitted them, except for the case provided for in point 97 of this Procedure.

78. In case of participating in the private partner selection procedure in a consortium, the qualification bid shall also include an unconditional guarantee for implementation provided in the format envisaged by the request for qualification by the participants of the consortium.
79. The bidder shall be obliged to submit the qualification bid in four copies, out of which:
- (1) one paper copy with clearly legible marking "ORIGINAL" must include the originals of all documents required by the request for qualification (in case of being provided for by the request for qualification — the carbon copies);
 - (2) one paper carbon copy of the complete qualification bid with clearly legible marking "CARBON COPY";
 - (3) two electronic copies — submitted in electronic carriers prescribed by the request for qualification.
80. In case of inconsistencies between the copies of the submitted qualification bids, the version submitted in original shall prevail.
81. The documents and electronic carriers provided for by point 79 of this Procedure shall be put in a closed envelope. The envelope and the documents — provided for by the request for qualification — drawn up by the bidder shall be signed by the latter's representative.
82. The following information shall — in the language of drawing up the qualification bid — be marked on the envelope indicated in point 81 of this Procedure:
- (1) the name of the competent body and the place of submission of the bid (address);
 - (2) the password of the private partner selection procedure;
 - (3) the words "do not open until the session for bid opening";

- (4) data on the bidder — name, place of registration, contact details.
83. The Secretary shall register the qualification bids and the amendments thereto in the register in the order of receipt, by indicating on the envelope the number, day and hour of registration. A statement of information shall be issued on the spot upon the request of the bidder.
84. The qualification bid shall be valid until the conclusion of the PPP contract in compliance with the Law and this Procedure, withdrawal of the qualification bid by the bidder, rejection of the qualification bid or declaration of the private partner selection procedure as not having taken place.
85. The bidder may amend, supplement or withdraw the qualification bid thereof until the deadline for submission of qualification bids.
86. The notification on amending or supplementing the qualification bid shall be sent through the procedure provided for by points 79-82 of this Procedure, by adding thereon the words "AMENDMENT" or "SUPPLEMENT" respectively. In case of withdrawing the qualification bid the bidder shall submit a written notification thereon before the deadline for submitting the qualification bids. In case of availability of a notification on withdrawing the qualification bid, the given qualification bid shall not be subject to opening; it shall be returned unchanged to the person having submitted the qualification bid.
87. The qualification bids (including the amendments and supplements made thereto) must be submitted by 18:00 o'clock of the last day of the deadline for submission of qualification bids. Qualification bids submitted after the deadline shall not be subject to evaluation. The evaluation commission shall reject such evaluation bids and return them to the persons having submitted them.
88. The qualification bids shall be opened by the evaluation commission on the day, at the hour and place indicated by the request for qualification — at the session for opening the qualification bids.

89. The following shall be publicised at the session for opening the qualification bids:

- (1) name of each bidder having submitted a qualification bid, in case of submitting a bid in consortium — names of the participants of the consortium;
- (2) information on compliance of drawing up and submitting the envelopes containing qualification bids with the requirements of the request for qualification;
- (3) information on availability of documents required by the request for qualification in each opened envelope;
- (4) information on compliance of documents submitted by each bidder with the requisites prescribed by the request for qualification;
- (5) information on withdrawal of, amendments or supplements to the qualification bids.

90. After opening the qualification bids, minutes shall be drawn up. The Secretary shall ensure the publication of the minutes provided for by this point at the official website within two working days from the moment the session for opening the qualification bids is over. The minutes provided for by this point shall include:

- (1) information on the place, day and hour of opening the qualification bids;
- (2) names and place of registration of the bidders having submitted qualification bids, in case of submitting a bid in consortium — the names and place of registration of the participants of the consortium;
- (3) data on drawing up and submitting the envelopes in compliance with the requirements of the request for qualification;
- (4) data on availability of documents required by the request for qualification in each opened envelope;

- (5) data on drawing up the documents submitted by each bidder in compliance with the conditions prescribed by the request for qualification;
 - (6) in case the private partner selection procedure or the stage of request for qualification is declared as not having taken place — the substantiation thereof;
 - (7) information on the requests for qualification bids and responses thereto;
 - (8) the place, day and hour of the next session of the evaluation commission;
 - (9) the names and surnames of the commission members present at the session.
91. Where a member of the evaluation commission or the bidder wishes to express an opinion (separate opinion) on the opening of the qualification bids, not included in the minutes of the session for opening of bids, he or she shall submit it in writing within three working days following the day of publication of the minutes. The separate opinion provided for by this point shall be attached to the minutes of the session for opening the qualification bids.
92. The bidders and the latter's representatives may be present at the sessions of the evaluation commission. The bidders or the latter's representatives may require the carbon copies of the minutes of the sessions of the evaluation commission, which are provided within one calendar day.
93. Members and the Secretary of the evaluation commission shall sign a statement on absence of conflict of interests, which shall be published on the official website on the first working day following the completion of the session for opening the qualification bids. Within the meaning of this point, there is a conflict of interests, where the actions of the member or the Secretary of the evaluation commission lead or contribute to or may reasonably lead or contribute to the improvement of the property or legal status thereof, the family member thereof (spouse, parent, child, sister or brother) or the person affiliated therewith as well.

94. The member or the Secretary of the evaluation commission may not participate in the works of the evaluation commission and shall be obliged to submit self-recusal at the session for opening the qualification bids, where the person affiliated with the latter has submitted a qualification bid to participate in the given procedure.
95. The norms on the publication of the information provided for in this Chapter on the official website shall not apply in case of close procedure for the private partner selection procedure.
96. The evaluation commission shall evaluate the qualification bids through the procedure prescribed by the request for qualification. The bids meeting the criteria provided for by the request for qualification shall be evaluated as satisfactory. Otherwise, the qualification bids shall be evaluated as unsatisfactory and rejected.
97. Where technical inconsistencies with regard to the requirements of the request for qualification are recorded in the qualification bid of the bidder during the session of the evaluation commission, the commission shall have the right to suspend the session for up to five working days, and the Secretary shall notify the bidder about it the same day, offering to correct the inconsistency before the end of the time limit of suspension. The detected inconsistencies shall be described in detail in the notification being sent to the bidder.
98. Where the bidder corrects the recorded inconsistency within the time limit prescribed by point 97 of this Procedure, the latter's qualification bid shall be evaluated taking into account the corrections made.
99. Every member of the evaluation commission shall evaluate the submitted qualification bids, reflect the results of their evaluation in the evaluation sheets and confirm them by the signature thereof.

100. The evaluation commission shall evaluate the qualification bids and render the decision on approving the list of qualified bidders within one month from the day of completion of the session for opening the qualification bids.
101. During the evaluation of the qualification bid of the bidder participating in the private partner selection procedure in consortium, the joint qualifications of all the participants of the consortium shall be taken into account. Within five working days following the day of rendering the decision on approving the list of qualified bidders, the evaluation commission shall publish the list of qualified bidders on the official website.
102. The members of the Working Group shall also be invited to the work discussions provided for by part 5 of Article 14.8 of the Law. The minutes of work discussions must be signed by all members of the evaluation commission present at the discussion. The minutes of work discussions must be provided to the bidders within two working days after it is drawn up. The minutes shall contain at least the following:
- (1) information on the place, day and hour of the work discussion;
 - (2) names of the bidders having appeared at the work discussion, name, surname of the representative of each bidder, a document certifying the competence to represent the bidder;
 - (3) detailed information on every question raised during the discussion and clarification given by the evaluation commission with regard to that question, as well as on the clarifications given upon the initiative of the evaluation commission;
 - (4) names, surnames and statuses of the members of the commission present at the work discussion and those of the persons present at the work discussion.

103. Where the member of the evaluation commission or the bidder wishes to express an opinion (separate opinion) on the work discussions, not included in the minutes, he or she shall submit it in writing within three working days following the day of getting familiar with the minutes. The separate opinion provided for by this point shall be attached to the minutes of work discussions.

XIV. BIDS OF THE STAGE OF REQUEST FOR PROPOSAL

104. The bidder shall be obliged to submit to the evaluation commission — by the bid — all the information required by the request for proposal.
105. The evaluation commission shall evaluate only the bids submitted in the form complying with the Law, this Procedure and the request for proposal. The bids not complying with the Law, this Procedure and the request for proposal shall be subject to rejection by the evaluation commission at the session for opening the bids and returned unchanged to the persons having submitted them, except for the case provided for in point 129 of this Procedure.
106. The bidder shall be obliged to submit a technical proposal and a financial proposal by the bid. Each of the submitted proposals shall be placed in a separate closed envelope, which, in their turn, shall be submitted by the bidder placed in one closed envelope. Each proposal shall be submitted in four copies, out of which:
- (1) one paper copy with clearly legible marking "ORIGINAL" must include the originals of all documents required by the request for proposal (in case of being provided for by the request for proposal — the carbon copies);
 - (2) one paper carbon copy of the complete bid with clearly legible marking "CARBON COPY";

- (3) two electronic copies — submitted in electronic carriers prescribed by the request for proposal.
107. Each envelope indicated in point 106 of this Procedure and the documents — envisaged by the request for proposal — drawn up by the bidder shall be signed by the latter's representative.
108. The following information shall — in the language of drawing up the bid — be marked on the envelopes indicated in point 106 of this Procedure:
 - (1) the name of the competent body and the place of submission of the bid (address);
 - (2) the password of the private partner selection procedure;
 - (3) the words "do not open until the session for bid opening";
 - (4) data on the bidder — name, place of registration, contact details;
 - (5) where applicable — the proposal submitted in the envelope ("Technical proposal" or "Financial proposal").
109. In case of inconsistencies between the copies of the submitted bids, the version submitted in original shall prevail.
110. The Secretary shall register the bids and the amendments thereto in the register in the order of receipt, by indicating on the envelope the number, day and hour of registration. A statement of information shall be issued on the spot upon the request of the bidder.
111. The bid shall be valid until the conclusion of the PPP contract complying with the Law and this Procedure, withdrawal of the bid by the bidder, rejection of the bid or declaration of the private partner selection procedure as not having taken place.

112. The bidder may amend, supplement or withdraw the bid thereof until the deadline for submission of bids.
113. The notification on amending or supplementing the bid shall be sent through the procedure provided for by points 106-108 of this Procedure, by adding thereon the words "AMENDMENT" or "SUPPLEMENT" respectively, as well as the proposal, whereto the amendment or supplement is made. In case of withdrawing the bid, the bidder shall submit a written notification thereon before the deadline for submitting the bids. In case of availability of a notification on withdrawing the bid, the given bid shall not be subject to opening; it shall be returned unchanged to the person having submitted the bid.
114. The bids (including the amendments made thereto) must be submitted by 18:00 o'clock of the last day of the deadline for submission of bids. Bids submitted after the deadline shall not be subject to evaluation. The evaluation commission shall reject such bids and return to the persons having submitted them.
115. The technical proposal must be accompanied at least with:
- (1) a letter for submitting the bid supplemented in the format provided for by the request for proposal and signed by the representative of the bidder;
 - (2) any additional information, which the bidder considers necessary, in order the evaluation commission evaluates the technical proposal, based on the criteria provided for by the request for proposal;
 - (3) the bid security, submitted through the procedure and in the amount provided for by the request for proposal;
 - (4) other documents provided for by the request for proposal.
116. The evaluation commission shall — on the day, at the hour and place for opening the technical proposals indicated in the request for proposal — firstly open the technical proposals. The following shall be publicised at the session for opening the technical proposals:

- (1) name of each bidder having submitted the technical proposal being opened, in case of submitting a bid in consortium — names of all the participants of the consortium;
 - (2) information on compliance of drawing up and submitting the envelopes containing technical proposals with the requirements of the request for proposal;
 - (3) information on availability of documents applicable to the technical proposals required by the request for proposal in each opened envelope;
 - (4) information on compliance of documents submitted by each bidder with the requisites envisaged by the request for proposal for technical proposals;
 - (5) information on the withdrawal of bids or amendments or supplements to the technical proposals.
117. After opening the technical proposals, minutes shall be drawn up. The Secretary shall ensure the publication of the minutes provided for by this point at the official website within two working days from the moment the session for opening the technical proposals is over. The minutes provided for by this point shall include:
- (1) data on the place, day and hour of the opening of technical proposals;
 - (2) names and place of registration of the bidders having submitted bids, in case of submitting a bid in consortium — the names and place of registration of all the participants of the consortium;
 - (3) data on compliance of drawing up and submitting the envelopes containing technical proposals with the requirements of the request for proposal;
 - (4) data on availability of documents subject to inclusion in the technical proposals upon the request for proposal in each opened envelope;

- (5) data on drawing up the technical proposals submitted by each bidder in compliance with the conditions prescribed by the request for proposal;
 - (6) in case of declaring the private partner selection procedure as not having taken place — the substantiation thereof;
 - (7) data on the inquiries on technical proposals and responses thereto;
 - (8) the place, day and hour of the next session of the evaluation commission;
 - (9) the names and surnames of the members of the commission present at the session.
118. Where the member of the evaluation commission or the bidder wishes to express an opinion (separate opinion) on the opening of the technical proposals, not included in the minutes of the session for opening the technical proposal, he or she shall submit it in writing within three working days following the day of publication of the minutes. The separate opinion provided for by this point shall be attached to the minutes of the session for opening the technical proposals.
119. The evaluation commission shall evaluate the technical proposals through the procedure prescribed by the request for proposal.
120. In case of value-based selection, the evaluation commission shall — as a result of evaluation of the technical proposal — adopt a decision on approving the bids having overcome the threshold provided for by the request for proposal. The evaluation commission shall reject the bids not having overcome the threshold provided for by this point and return to the persons having submitted them, without opening the financial proposal.
121. In case of quality-based and value-based selection, the evaluation commission shall — as a result of evaluation of the technical proposal — adopt a decision on approving the bids having overcome the threshold provided for by the

request for proposal and on the evaluation score issued to each of such technical proposals through the procedure provided for by the request for proposal. The final evaluation score issued to the technical proposal of the bidder shall be determined based on the arithmetic mean of the evaluation scores issued to the technical proposal by the members of the commission through the procedure provided for by the request for proposal. The evaluation commission shall reject the bids not having overcome the threshold provided for by this point and return them to the persons having submitted them.

122. After the evaluation of the technical proposals, the evaluation commission shall — on the day, at the hour and place for opening the financial proposals indicated in the request for proposal — open the financial proposals. The following shall be publicised at the session for opening the financial proposals:

- (1) name of each bidder having submitted a bid, in case of submitting a bid in consortium — names of all the participants of the consortium;
- (2) information on compliance of drawing up and submitting the envelopes containing financial proposals with the requirements of the request for proposal;
- (3) information on availability of documents applicable to the financial proposals required by the request for proposal in each opened envelope;
- (4) information on compliance of documents submitted by each bidder with the requisites envisaged for financial proposals required by the request for proposal;
- (5) information on withdrawal of bids or amendments and supplements to the financial proposals.

123. After opening the financial proposals, minutes shall be drawn up. The Secretary shall ensure the publication of the minutes provided for by this point at the official website within two working days from the moment the session for

opening the financial proposals is over. The minutes provided for by this point shall include:

- (1) data on the place, day and hour of the opening of financial proposals;
 - (2) names and place of registration of the bidders having submitted bids, in case of submitting a bid in consortium — the names and place of registration of all the participants of the consortium;
 - (3) data on compliance of drawing up and submitting of the envelopes containing financial proposals with the requirements of the request for proposal;
 - (4) data on availability of documents subject to inclusion in the financial proposals upon the request for proposal in each opened envelope;
 - (5) data on drawing up the financial proposal submitted by each bidder in compliance with the conditions prescribed by the request for proposal;
 - (6) in case of declaring the private partner selection procedure as not having taken place — the substantiation thereof;
 - (7) data on the inquiries on financial proposals and responses thereto;
 - (8) the place, day and hour of the next session of the evaluation commission;
 - (9) the names and surnames of the members of the commission present at the session.
124. Where a member of the evaluation commission or the bidder wishes to express an opinion (separate opinion) on the opening of the financial proposals, not included in the minutes of the session for opening the financial proposal, he or she shall submit it in writing within three working days following the day of publication of the minutes. The separate opinion provided for by this point shall be attached to the minutes of the session for opening the financial proposals.

125. The evaluation commission shall evaluate the financial proposals through the procedure prescribed by the request for proposal.
126. In case of value-based selection, at the session for opening the financial proposals, the evaluation commission shall open and evaluate only the financial proposals submitted by the bids having overcome the threshold provided for by the request for proposal as a result of evaluation of the technical proposal. As a result of evaluation, based on the best financial proposal submitted, the evaluation commission shall adopt a decision on declaring a successful bidder in the private partner selection procedure.
127. In case of quality-based and value-based selection, at the session for opening the financial proposals, the evaluation commission shall open and evaluate only the financial proposals submitted by the bids having overcome the threshold provided for by the request for proposal as a result of evaluation of the technical proposal. The evaluation commission shall adopt a decision on the evaluation score issued to each of the financial proposals through the procedure provided for by the request for proposal. Moreover, the best financial proposal submitted shall get the highest score, and the other financial proposals shall be evaluated through the procedure provided for by the request for proposal — in sequential order. Based on the evaluation scores of the technical and financial proposals calculated in compliance with the weights provided for by the request for proposal, the evaluation commission shall adopt a decision on declaring the bidder having submitted the bid that gained the highest score in the private partner selection procedure as the successful bidder.
128. Where the same best financial proposal (in case of value-based selection) has been submitted in the private partner selection procedure by two or more different bids or two or more bids have gained the same highest score (in case of quality-based and value-based selection), the evaluation commission shall

notify thereon the bidders having submitted the relevant bids and each of those bidders shall be provided an opportunity to submit a new financial proposal within 10 (ten) working days. As a result of evaluation, based on the best financial proposal (in case of value-based selection) submitted or the evaluation scores of technical and financial proposals (in case of quality-based and value-based selection) calculated in compliance with the weights provided for by the request for proposal, the evaluation commission shall adopt a decision on declaring the successful bidder in the private partner selection procedure.

129. Where technical inconsistencies — except for inconsistencies existing in the financial proposal — with regard to the requirements of the request for proposal are recorded in the bid of the bidder during the session of the evaluation commission, the commission shall be held competent to suspend the session for up to five working days, and the Secretary shall notify the bidder thereon on the same day, offering to correct the inconsistency before the end of the time limit of suspension. The detected inconsistencies shall be described in detail in the notification being sent to the bidder.
130. Where the bidder corrects the recorded inconsistency within the time limit prescribed by point 129 of this Procedure, the latter's bid shall be evaluated taking into account the corrections made.
131. Every member of the evaluation commission shall evaluate the submitted bids, reflect the results of their evaluation in the evaluation sheets and confirm them by the signature thereof.
132. The evaluation commission shall evaluate the bids and render a decision on declaring a successful bidder within one month from the day of completion of the session for opening the technical proposals.
133. The bidders and the latters' representatives may be present at the sessions of the evaluation commission. The bidders or the latters' representatives may

require the carbon copies of the minutes of the sessions of the evaluation commission, which are provided within one calendar day.

134. The norms on the publication of the information provided for in this Chapter on the official website shall not apply in case of close procedure for the private partner selection procedure.
135. Within five working days from the moment of rendering a decision on evaluating the bids and declaring the successful bidder, the evaluation commission shall publish on the official website the name of the successful bidder, in case of submitting a bid in consortium — the names of all the participants of the consortium, as well as the brief results (evaluation scores) of the evaluation of the technical and financial proposals of each bid — where a quality-based and value-based selection has been conducted — or the sequence of bidders, as a result of the evaluation of bids — where a value-based selection has been conducted.

XV. THE PROCEDURE FOR DECLARING THE PRIVATE PARTNER SELECTION PROCEDURE AS NOT HAVING TAKEN PLACE

136. Upon the grounds provided for by the Law, the evaluation commission shall render a decision on declaring the private partner selection procedure as not having taken place.
137. Within the working day after declaring the private partner selection procedure as not having taken place, the evaluation commission shall post an announcement on the official website which shall contain the substantiation for declaring the private partner selection procedure as not having taken place. In case of a closed procedure the announcement provided for by this point shall not be posted.

138. The announcement on declaring the private partner selection procedure as not having taken place shall be posted on the official website in Armenian, Russian and English.

XVI. COMMERCIAL AND FINANCIAL CLOSE OF THE PPP CONTRACT

139. For the commercial and financial close of the PPP contract, the responsibility for the proper fulfilment of rights and obligations of the Government of the Republic of Armenia shall rest upon the public partner, unless otherwise provided for by the PPP contract. For that purpose, the sub-division of the PPP shall provide technical, methodological and other types of support to the public partner or other body provided for by the contract (hereinafter referred to as "the public partner").
140. After rendering a decision on declaring the successful bidder, the competent body (public partner) and the Managing Group shall — within the scope of their competences — ensure (monitor with regard to obligations of the successful bidder (private partner)) the following:
- (1) commercial close of the contract, which shall include the implementation of the preconditions necessary for the complete emergence of the rights and obligations of the parties to the PPP contract;
 - (2) financial close of the contract.

XVII. BID SECURITY AND CONTRACT SECURITY

141. In case of submitting a bid, the bidder must submit a bid security in the technical proposal in the amount and through the procedure prescribed by the request for proposal.
142. The amount of the bid security may not be less than the 2 (two) percent of the estimated value of the capital expenditures necessary for the implementation of the PPP project.
143. The bid security must be valid during the time period provided for by the request for proposal, which may not be less than 60 (sixty) calendar days calculated from the validity period of the bid provided for by this Procedure.
144. The procedure for paying the bid security shall be defined by the request for proposal.
145. The bid security not complying with the Law, this Procedure and the requirements applicable to the bid security provided for by the request for proposal and the relevant bid shall be subject to rejection by the evaluation commission at the session for opening the technical proposals, while the bid — to return to the person having submitted it.
146. Any bid, submitted without a bid security, shall be subject to rejection and return to the person having submitted it by the evaluation commission.
147. The bid security of the successful bidder shall be valid until the submission of the contract security provided for by the PPP contract.
148. The requirements applicable to the contract security, the procedure for the submission thereof, the grounds of and procedure for the rejection thereof, as well as the procedure for the payment shall be defined by the PPP contract.

149. In case of being provided for by the request for qualification, a qualification bid security may be required from the bidders. The procedure for submitting a qualification bid security and the grounds for paying the qualification bid security shall be defined by the request for qualification.

XVIII. THE PROPOSAL OF THE PPP PROJECT UPON PRIVATE INITIATIVE

150. The competent body shall have the competence to accept and evaluate the proposal for implementation of the potential PPP project (PPP project upon private initiative) submitted by the private initiator through the procedure provided for by the Law and this Chapter.
151. Irrespective of the method for presentation of the PPP project, it must have been subjected, and in case of proposal for PPP project upon private initiative, it must be subjected to preliminary evaluation and selection as a draft project subject to implementation, in accordance with the procedure for presentation, development, evaluation of public investment projects approved by the Government and the procedure for determining the priorities. The concept papers and drafts of the projects not agreed with the public investment management policy shall not be subject to further development as a draft PPP project. The proposals for implementing a PPP project upon private initiative — with regard to the implementation whereof a decision has already been adopted in compliance with the procedure for presentation, development, evaluation of public investment projects approved by the Government and the procedure for determining the priorities at the moment of submission thereof — shall not be subject to evaluation.
152. The proposal for implementing a PPP project upon private initiative shall be subject to evaluation by the competent body, where:

- (1) the private initiator has an experience for entrepreneurial activity in the subject-matter sector of the proposal. Moreover, a private initiator shall be considered as having an experience for entrepreneurial activity in the subject-matter sector of the proposal, where:
 - a. the latter has implemented at least two projects in the same sector, the total value of the capital expenditures per project has exceeded the 70 percent of the estimated value of the capital expenditures of the potential PPP project, and the public infrastructures subject thereof have been put into operation at least seven years prior to the moment of submission of the proposal and where the relevant contracts concluded with the private initiator have not been rescinded prematurely; and
 - b. the total market value of the private initiator comprises at least 150 (one hundred and fifty) percent of the estimated value of the capital expenditures of the proposed potential PPP project. The basis for calculating the total market value of the private initiator shall be the financial statements of the private initiator, accompanied by an independent audit opinion, submitted for the last three years, or the market capitalisation of the private initiator, where the latter's shares are listed on the stock exchange;
- (2) the proposal includes information on the PPP project upon private initiative and is accompanied with pre-feasibility studies or feasibility study. Moreover, the requirements of Chapters V and VI of this Procedure shall be applicable to the pre-feasibility studies or feasibility study, respectively, and the results presented by the pre-feasibility studies or feasibility study of the project can be achieved exclusively by the patent based use of intellectual property of the private initiator.

- (3) the rate of the proposed PPP project upon private initiative provided for by point 4 of this Procedure — being applied as the minimum internal rate of financial return in the given case — is ensured without any direct impact on state and (or) community budgets, as well as without alienation or gratuitous allocation of the property under the ownership of state or community with price lower than the market price (and in case of immoveable property — with value lower than the cadastral value);
 - (4) the private initiator has undertaken the public and irrevocable obligation to participate in private partner selection procedure.
153. The private partner shall undertake the obligation of the private partner to participate in the selection procedure, provided for in sub-point 4 of point 152 of this Procedure, by way of submitting the announcement signed thereby and the means of securing it, the document certifying the authority of the person having signed it to act on behalf of the private initiator (decision of the board of directors of the legal person, other equivalent decision of management bodies or corresponding power of attorney), as well as the carbon copy of the personal identification document of the representative to the competent body. The means of securing the obligation provided for in this point shall be presented in the form of a unilaterally approved announcement — a penalty or a bank guarantee, wherein the obligation of the private initiator to pay penalty to the competent body in the amount of one percent of the value — estimated by the documents submitted by him or her — of the potential PPP project submitted by him or her in case of failure to participate in the private partner selection procedure shall clearly be stated.

The foreign language originals and the carbon copies of the documents provided for by this sub-point shall be submitted translation into Armenian certified through notarial procedure and by Apostille (in case of documents sent from countries having ratified the Hague Convention of 5 October 1961 Abolishing the Requirement of

Legalisation for Foreign Public Documents, and where the state is not a member to the Convention — the legalisation of documents is done through the consular channels).

154. For the evaluation of the proposal for PPP project upon private initiative, prior to conducting evaluation, fee in the amount of one thousand-fold of the minimal salary shall be charged from the private initiator by the competent body, for the purpose of compensating the expenditures related to evaluation.
155. While evaluating the proposal for the PPP project upon private initiative, the competent body shall evaluate:
 - (1) the compliance of the input data presented by the pre-feasibility studies or feasibility study with the data available to the Government;
 - (2) the compliance of the project with the criteria provided for by Article 4 of the Law;
 - (3) the capacity of the project to ensure financial viability thereof without state support;
 - (4) availability of essential legal, financial, environmental, social or technical factors or fundamental factors hindering the implementation of the project. Within the meaning of this point, fundamental factors shall be the circumstances leading to violations of human rights or fundamental freedoms or entailing threat of such violations.
156. While conducting the inspections provided for by point 155 of this Procedure, the competent body shall apply to the PPP sub-division, as well as it may apply to the authorised body, where the competent body does not have the ability to check any data presented by the pre-feasibility studies or feasibility study.

157. As a result of evaluation of the proposal for the PPP project upon private initiative, in case of rendering a decision on preparing the PPP project, the regulations provided for by Chapters VI-VII of this Procedure shall be applied.
158. In the course of preparation of the PPP project and the private partner selection procedure, the private initiator shall be obliged to provide to the competent body, where necessary, clarifications with regard to the draft PPP project upon the request of the competent body. In the course of preparation of the PPP project and the private partner selection procedure, contacts not provided for by this Procedure between other bidders, potential bidders or companies with state participation and the private initiator, as well as provision — by the private initiator — of clarifications regarding the draft PPP project through other methods shall be prohibited. In case of violation of this point, upon the decision of the evaluation commission, the private initiator shall be deprived of the right to participate in the private partner selection procedure.
159. In case of provision of the advantage provided for by point 1 of part 11 of Article 10 of the Law upon the decision on the implementation of the PPP project, the amount of and the procedure for the compensation of the expenditures made by the private initiator in relation to the preparation of the project by the successful bidder, who is not a private initiator, shall be indicated in the request for proposal. The amount of compensation provided for by this point shall be determined based on the results of an independent evaluation carried out upon the initiative of the competent body and may not exceed one percent of the estimated value of the capital expenditures of the PPP project upon the decision on implementation of the PPP project, where the private initiator has submitted a feasibility study, and zero point one decimal percent, where the private initiator has submitted pre-feasibility studies. The successful bidder shall pay the compensation to the competent body, which shall ensure the transfer of the compensation to the private initiator.

160. In case of provision of the advantage provided for by point 2 of part 11 of Article 10 of the Law upon the decision on the implementation of the PPP project:

- (1) the volume of the PPP project, as well as the total volume of the public service and the public infrastructure, shall be determined based on the basic measurement unit applicable to the public service provided in the relevant sector;
- (2) the private initiator shall be considered as having a high ranking in the given sector, where:
 - a. as of the day of submitting the proposal, the private initiator has solvency rating granted by reputable international organisations (Fitch, Moodys, Standard & Poor's), at least in the amount of the sovereign rating granted to the Republic of Armenia;
 - b. it is an international financial organisation; or
 - c. it has implemented or implements PPP projects in the same sector in at least two member states of the Economic Co-operation and Development Organisation or the Eurasian Economic Union.

161. Where the advantage provided for by point 2 of part 11 of Article 10 of the Law has been envisaged upon the decision on the implementation of the PPP project, and as a result of the evaluation of the financial proposals, the evaluation commission establishes that the best financial proposal in the private partner selection procedure was submitted by another bidder, the evaluation commission shall notify the private initiator about the conditions of the best financial proposal received. In the case provided for by this point, new financial proposals shall be submitted by the private initiator and the bidder having submitted the best financial proposal, and the successful bidder shall be determined through the procedure provided for by point 128 of this Procedure.

162. PPP projects upon private initiative may be implemented in the following sectors:

- (1) healthcare;
- (2) water economy;
- (3) collection, processing and disposal of solid waste.

XIX. DIRECT NEGOTIATIONS

163. In case of direct negotiations, the competent body shall:

- (1) post an announcement on the official website on the intention thereof to commence direct negotiations (except for the case when closed procedure is applied);
- (2) hold negotiations with as great number of persons as possible having the abilities to implement the given PPP project with the evaluation of the competent body to the extent reasonably suggested under the circumstances;
- (3) establish criteria for evaluation, by which the received proposals shall be compared.

XX. STATE SUPPORT IN PPP PROJECTS

164. The proposal regarding the alternative versions of state support to the PPP project (including the amount thereof) must be substantiated by the need to ensure the financial viability of the PPP project and be agreed with the

authorised body in terms of the impact on fiscal stability. In case the proposal provided for by this point includes the allocation of assets belonging to the state or the community, the substantiation of the applicability of the given type of support must contain an analysis of the possibilities of alternative use of the asset.

165. Where the obligation assumed by the public partner under the PPP contract is not uncertain in nature and is not conditioned by certain circumstances or events, it shall be prohibited to envisage the relevant obligation under the PPP contract as state support (including a guarantee) in the form of a conditional obligation.
166. Among the types of state support in PPP projects, grants and (or) subsidies and (or) compensation of certain types of expenditures related to the PPP project shall be applicable to those PPP projects that have high economic return, but the financial viability of the project is not ensured. In that case, the state financial support having direct impact on the state or community budget should not exceed the sum of the net economic benefits of the PPP project, as well as the amount of support necessary to ensure the financial viability of the project.
167. Guarantees of minimum revenue from the types of state support in PPP projects and (or) minimum number of end consumers or buyers and (or) guarantees with regard to the fact that the public partner will consume or use a certain volume or part of the goods produced, works performed or services provided during the implementation of the PPP project or guarantees and compensations related to other risks shall be applicable for the projects that are financially viable, but in which, according to the risk matrix, the level of uncertainty of the project demand and that of fluctuations of raw material prices or exchange rate is high and the impact on the implementation of the project is significant in case of materialisation of the risk.

168. Within the scope of the PPP project, private partners may be provided with other types of state support provided for by part 1 of Article 26 of the Law. In case of approval of the draft PPP project, the competent body shall ensure the inclusion of the amount and schedule of state support in accordance with the PPP contract in the budget process.

XXI. IMPLEMENTATION OF THE PPP PROJECT, MONITORING OF DESIGN AND CONSTRUCTION

169. In the course of design and construction, the responsibility for the implementation and monitoring of the PPP project shall rest upon the public partner, within the framework of the competences thereof, and upon the Managing Group — in terms of the powers assigned thereto.
170. The Managing Group shall exercise the following functions:
- (1) monitoring of the commercial close of the PPP contract;
 - (2) monitoring of the financial close of the PPP contract;
 - (3) managing the commencement of the PPP project, including ensuring the access of the private partner to the land parcel necessary for the implementation of the project and monitoring the receipt of all the permissions related to the project, in order to ensure the submission of the necessary applications and the compliance thereof with the legislative requirements;
 - (4) managing the schedule of the PPP project. The Managing Group shall — in accordance with the PPP contract — monitor the in-time development and approval of the relevant projects, in-time commencement of construction works;

- (5) ensuring the provision of services and the submission of a manual for the operation and maintenance by the private partner;
 - (6) ensuring selection of key specialists and advisers of the public partner within the scope of the PPP contract;
 - (7) managing the deviations of and amendments to the PPP project;
 - (8) managing and resolving the problems and disputes over the PPP project;
 - (9) receiving reports of the PPP project, submitted by the private partner, in accordance with the procedure provided for by the PPP contract;
 - (10) ensuring the receipt of phase results of the PPP project under the procedure provided for by the PPP contract;
 - (11) ensuring the final approval of the readiness of the design documents, construction and the project to pass on to the stage of operation and provision of services under the procedure provided for by the PPP contract.
171. The public partner shall ensure that the PPP project is implemented in accordance with the provisions of the PPP contract, including the distribution of risks prescribed by the PPP contract and the minimum performance standards and indicators included in the PPP contract shall be maintained.

XXII. MANAGING AND MONITORING THE OPERATION AND MAINTENANCE

172. The public partner shall be responsible for the management and monitoring of the PPP project during the operation and maintenance, while the authorised body shall be responsible for the current monitoring and management of the financial performance of the project, direct and contingent obligations. The

PPP sub-division shall provide technical, methodological and other type of support to the public partner.

173. During the operation and maintenance of the PPP project, the function of monitoring the project and the PPP contract shall be carried out by the monitoring group.
174. Based on the provisions of the PPP contract, the monitoring group shall elaborate a manual for the management of the PPP contract, according where to the management and the monitoring of the PPP project is carried out by the public partner.
175. The manual for the management of the PPP contract must include provisions at least with regard to the following:
 - (1) ensuring the compliance of the operation and maintenance and the provision of a service with the PPP contract and the minimum performance standards and indicators;
 - (2) monitoring of expenditures for operation and maintenance;
 - (3) monitoring the status of the asset to ensure the compliance thereof with the minimum performance standards and indicators;
 - (4) submitting means of securing the operation and maintenance in compliance with the PPP contract, as well as applying means of security in case of insolvency of the private partner;
 - (5) reports of the PPP contract, submitted by the private partner;
 - (6) applying and adjusting the payments made by the end consumers of the PPP project and the affordability payments, according to the requirements of the PPP contract;
 - (7) monitoring of the PPP project demand by the public and private partners;

- (8) managing the process of termination of the PPP contract and monitoring over it;
 - (9) any other issue included in the PPP contract and requiring monitoring or management.
176. The public partner shall prepare and submit to the PPP sub-division at least semi-annual reports on the operation and maintenance of the PPP project. The form and the time limit for the submission of the report shall be defined for each PPP project upon the decision on the implementation of the PPP project. The submitted reports shall be analysed by the PPP sub-division, as well as be provided to the authorised body within 10 (ten) working days for the purpose of further management of the PPP project and the exercise of the rights and obligations provided for by the PPP contract.
177. The Monitoring Group and the authorised body shall monitor the circumstances related to the PPP contract, which can lead to the transformation of the conditional obligations assumed by the Government of the Republic of Armenia into direct obligations. The mentioned circumstances shall include, but not be limited to the following cases:
- (1) the number of the end consumers is less than the predicted number and it is required to provide the private partner with the state support prescribed by the PPP contract;
 - (2) the bid for increasing the tariff or the fee for use provided for by the PPP contract has not been approved by the Government of the Republic of Armenia or other state body provided for by the legislation of the Republic of Armenia ;
 - (3) changes in capital or operation and maintenance expenditures deriving from the PPP project in cases provided for by the PPP contract;

- (4) under the given conditions, extraordinary and unpreventable circumstances (force majeure), that have or may have an impact on the fulfilment of the obligations assumed under the PPP contract.
178. The public partner shall submit the information on the circumstance provided for by point 177 of this Procedure to the authorised body not later, than within 2 (two) working days after receiving it.

XXIII. EVALUATION OF ACTUAL RESULTS OF THE PPP PROJECT

179. The PPP sub-division shall bear the responsibility for the evaluation of the actual results of the PPP project. For that purpose, the public partner shall provide technical support to the PPP sub-division.
180. For the purpose of conducting the evaluation of the actual results of the PPP project, the PPP sub-division may involve the necessary experts and specialists.
181. After the termination of the PPP contract, the PPP sub-division shall conduct an evaluation of the project based on the actual results, in accordance with the following conditions:
- (1) the evaluation shall be prepared within 180 days after the termination of the PPP contract;
 - (2) the results of the PPP format related to the specific type of project shall be evaluated;
 - (3) potential problems related to the implementation or management of a PPP project or a specific type of transaction structure shall be identified;
 - (4) the evaluation of the VfM of the project shall be reviewed.

XXIV. PRINCIPLES FOR THE DISTRIBUTION OF THE PPP PROJECT RISKS

182. The PPP project risks shall be divided into the following three groups:
- (1) risks undertaken by the private partner;
 - (2) risks undertaken by the public partner;
 - (3) jointly undertaken risks.
183. The main principle of the distribution of risks shall be the assumption of risks by the partner with the greatest capability to properly manage them. In case of complexity or impossibility of determining the party undertaking them in the manner of risk management capabilities, joint undertaking of risks by partners can be applied.
184. The guidelines must include the methodology applicable to the procedure for determining the value of the risks of the PPP project, distribution of risks and risk management. The risk analysis of the PPP project shall be performed during the pre-feasibility studies and feasibility study prescribed by this Procedure, based on the information available at those stages. The results of PPP project risk analysis shall be summarised in the risk matrix.
185. In case of a PPP project upon private initiative, the regulations of this Chapter on distribution of risks shall be applied to the extent they do not contradict the requirements of point 3 of part 6 of Article 10 of the Law.

XXV. COMPARATIVE ANALYSES OF VfM AND EXPENDITURES OF PUBLIC SECTOR

186. The competent body shall bear the responsibility for the evaluation of the VfM of the PPP project. For that purpose, the PPP sub-division shall provide technical, methodological and other types of support to the competent body.
187. The goal of the evaluation of the VfM shall be to ensure that the provision of public infrastructure or public service in the PPP format creates value much bigger for the public, than the traditional infrastructure project procurement.
188. The preliminary evaluation of the VfM shall be included in the pre-feasibility studies of the PPP project, and the second evaluation — in the feasibility study. The evaluation of the VfM shall be reviewed based on the best proposal received in the private partner selection procedure. The evaluation of the VfM shall be subject to reviewing also during the discussion of the proposal for any amendment or supplement to the PPP contract.
189. The evaluation score of the VfM shall include the analysis of the quantitative and qualitative characteristics of the potential PPP project.
190. The qualitative evaluation of the VfM shall be carried out at the stage of pre-feasibility studies, and in case of non-availability of sufficient information, it shall also complement the calculation of the VfM carried out at the stage of feasibility study. The calculation of qualitative evaluation shall be based on the weight of positive responses to the questions prescribed by point 191 of this Procedure provided that at least 5 of the questions shall receive reasonable and positive answers with a high degree of certainty.
191. The qualitative evaluation of the VfM must answer the following questions with regard to the PPP project:

- (1) whether the size of the project is sufficient for covering the expenditures to be made in terms of the PPP transaction;
 - (2) whether it is possible to join several projects in one long-term project;
 - (3) whether the project is separated from the existing projects or networks or it is integrated therein;
 - (4) whether the requirements for performance of the project and the consumption of the results of the project are stable during the period of implementation of the project;
 - (5) whether the performance of the project is measurable;
 - (6) whether the expected period of useful service of the non-current asset underlying the project is at least 20 (twenty) years;
 - (7) whether the maintenance of the non-current asset underlying the project includes essential requirements;
 - (8) whether the cycle of restoration and reconstruction of the assets underlying the project is predictable and stable;
 - (9) whether there are no factors, which limit the transfer of the operation and maintenance of the project to the private sector;
 - (10) whether there is a possibility for innovation in terms of design, construction or operation of the project;
 - (11) whether the project includes an opportunity for generating additional incomes for the private partner.
192. The quantitative evaluation of the VfM shall be carried out in case of availability of sufficient information and the difference between the value estimated through the PSC and the present values of the implementation of the project in the PPP format shall be calculated.

193. The traditional infrastructure project procurement and the risk-adjusted expenditures for the implementation of the project in the PPP format shall be compared through the analysis of the PSC.
194. The evaluation of the VfM shall be conducted taking into account the assessment of risks presented in the risk matrix of the PPP project, calculation of the value of risks and the version proposed for the distribution of risks.
195. The analysis of the PSC shall comprise of the following components:
- (1) preliminary PSC calculation. The preliminary PSC calculation shall determine the complete expenditure for the traditional infrastructure project procurement (hereinafter referred to as "the IPP"). The expenditure indicated in this point shall be calculated by the sum of the following values:
 - a. estimated total value of the IPP based on the engineering estimate of the project or the values of the comparable project obtained as a result of traditional infrastructure project procurement from a private contractor, which includes the present value of capital expenditure and the current expenditures of the life-cycle. In case the project can provide income, the present value of the estimated income for the entire period shall be deducted from the expenditures;
 - b. all the expenditures specified, made for the preparation of feasibility study or pre-feasibility studies, but not taken into account;
 - c. evaluation scores of all the direct expenditures related to direct supervision and monitoring of the organisation and implementation of traditional infrastructure project procurement;
 - d. financing expenditures, including fees for applying for financing, fees for assuming the obligation to provide financing, interest amounts paid during the construction and operation of the project.

- (2) Risk-adjusted PSC. For the purpose of calculating the risk-adjusted PSC, the value of the risks of the project shall be added to the IPP gained by the sub-point 1 of this point.
196. The results of analysis of the PSC shall be summarised in the conclusion of the analysis of the VfM. The conclusion of the analysis of the VfM must include:
- (1) the capital expenditures of the PPP project;
 - (2) expenditures for the operation of the PPP project and the expected savings, which is the net present value of the expenditures for the operation and maintenance during the life-cycle of the project;
 - (3) the distribution of risks among the parties to the PPP project and the value of that risks;
 - (4) the VfM received as a result the analysis;
 - (5) the analysis of sensitivity of evaluation of the VfM to key input variables.

XXVI. THE PROCEDURE FOR CREATING AND MANAGING THE DATABASE OF THE PPP PROJECTS

197. For the purpose of ensuring the transparency and accountability of the information on the PPP projects, the PPP sub-division shall create and maintain the database on the PPP projects, which shall include the following information on the PPP project or draft PPP project:
- (1) identification number of the project;
 - (2) title of the project;
 - (3) the competent body;

- (4) the public partner;
- (5) sector of implementation of the project;
- (6) place of implementation of the project;
- (7) status of the project;
- (8) the date of the announcement for the private partner selection procedure;
- (9) the date of determining the successful bidder;
- (10) the date of commercial close of the contract;
- (11) the date of financial close of the contract;
- (12) the date of completion of the development works;
- (13) the date of commencement of the operation;
- (14) validity period of the contract (in years);
- (15) the amount of capital expenditures provided for by the project (in Armenian dram);
- (16) the amount of capital expenditures actually made by the project in the stage of implementation and the amount of the state support provided;
- (17) financial obligations assumed by the public partner by the project (including the conducted compensations and the affordability payments);
- (18) the types of the state support and the amounts thereof;
- (19) the type of the PPP contract;
- (20) the reference to the package of documents;
- (21) and other necessary information not contradicting to this Procedure.

198. The PPP sub-division shall be obliged to update the database of the PPP projects at least semi-annually.
199. Through the procedure prescribed by this Chapter, the public partner shall submit to the PPP sub-division the carbon copies of each PPP contract signed thereby, all the annexes thereto, amendments or supplements thereto within 20 (twenty) working days upon the moment of signing the PPP contract or the relevant amendments or supplements thereto.
200. The competent body and the public partner shall submit to the PPP sub-division the brief information on the draft PPP project and the PPP project in accordance with point 197 of this Procedure.

XXVII. AFFILIATED PERSONS

201. Within the meaning of this Procedure, natural and legal persons shall be deemed as affiliated, where the given natural person or the family member thereof (spouse, parent, child, sister or brother) is:
 - (1) a participant disposing at least 10 (ten) percent of votes provided by share of participation of the legal person concerned;
 - (2) a person able to predict the decisions of the legal person in other manners not prohibited by the legislation of the Republic of Armenia;
 - (3) member of the Board, executive director, deputy executive director, member of the collegial body performing functions of the executive body of the given legal person;
 - (4) employee of the legal person.

202. Members of the Working, Managing and Monitoring Groups must submit a statement on the absence of affiliation with the organisation interested in the implementation of the given PPP project.

XXVIII. THE PPP GUIDELINES

203. Guidelines applicable to the processes of elaboration and implementation of PPP projects by the body developing PPP policy shall be defined in accordance with the following schedule:

NAME OF THE SCHEDULE	DEADLINE FOR RECEIPT
1. Guideline for economic analysis and evaluation of social and economic impact of a PPP project	1 September 2022
2. Guideline for pre-feasibility studies of the PPP	1 September 2022
3. Guideline for the stage of preparation of the PPP projects, which shall include the following sections: (1) analysis of demand; (2) financial analysis; (3) evaluation of needs for state support; (4) specification and management of risks; (5) comparative evaluation of the VfM and expenditures of public sector; (6) elaboration of conditions of the PPP contract.	1 September 2022
4. Guideline for management of the PPP contract, which shall contain the following sections: (1) means of securing the PPP contract, the types and applicability thereof; (2) elaboration of a manual for the management of the PPP contract; (3) principles and requirements for submitting reports on the PPP projects by the public partner; (4) principles and requirements for submitting reports on the PPP projects by the private partner.	31 December 2022
5. Guideline for preliminary communication to the market within the scope of the PPP	31 December 2022

NAME OF THE SCHEDULE	DEADLINE FOR RECEIPT
6. Guideline for private partner selection procedure within the scope of the PPP	31 December 2022
7. Guideline for evaluation of actual results of the PPP project	31 December 2022

DEPUTY CHIEF OF STAFF TO
THE PRIME MINISTER
OF THE REPUBLIC OF ARMENIA

B. BADALYAN

2 August 2022

CERTIFIED BY
ELECTRONIC
SIGNATURE

Date of official promulgation — 2 August 2022.