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LAW
OF THE REPUBLIC OF ARMENIA

Adopted by the National Assembly
June 5th, 2000

ON PROCUREMENTS

CHAPTER 1.
GENERAL PROVISIONS

Article 1. Scope of the law

The present law regulates the relations for procurement of goods, works and services for state and community needs, and defines the basic rights and responsibilities of the parties in these relations.

Article 2. The goal and application of the law

1. The goal of this law is to ensure the efficient organization, publicity and transparency of the procurement process for the needs of the state and communities, as well as:
 - 1) performance of economically beneficial procurements for the state and communities;
 - 2) application of a unified procedure for the organization of procurements by the state and local self-government bodies;
 - 3) state regulation and inter-sector coordination;
 - 4) prevalence of equal participation rights for any individual, regardless of their country of residence.
2. This law is applicable to the procurement process financed at the expense of appropriate budgets for the state and community needs in the territory of the Republic of Armenia, as well as procurement from other financial recourses under the disposal of the state and local self-government bodies.

Article 3. Basic concepts used in this law

Procurement, acquisition of all types of goods, works and services by the customer at the expense of corresponding budgetary resources of the Republic of Armenia and other financial resources, in a manner not contradicting the legislation of the Republic of Armenia, including procurement, lease and rent, as well as unscheduled payment for goods, works and services.

Procurement contract, a contract entered into by the customer for the purpose of procurement in the order defined by this law (hereinafter *contract*);

Customer, state and local self-government bodies and organizations empowered by this law with an authority to engage in procurement, as well as legal entities and institutions authorized by the government thereof;

Participant, a person engaged in the procurement with the purpose of entering into a contract in accordance with this law;

Selected participant, a participant recognized the winner of the competition/awarded the contract in accordance with this law;

An offer to enter into a procurement contract, in accordance with the procedure established by this law, a notification forwarded by the customer which contains a proposal to enter into a contract;

Bid security, a security provided to the customer by the participant to secure the fulfillment of obligations related to the participation in competition;

Performance security, security provided to the customer by the selected participant to ensure the fulfillment of obligations to be undertaken pursuant to the contract to be entered into;

Request for goods, works and services, invitation to bid (hereinafter *invitation to bid*) or request for price quotations provided by the customer in accordance with this law in order to perform procurement;

Offer of goods, works and services, a bid (hereinafter *bid*) or price quotation sent to the customer on the basis of the invitation to bid or the request for price quotations, in accordance with the procedure established by this law;

Specifications, economic, qualitative and technical indicators specifying the subject of the contract;

Base unit of procurement, an amount equivalent to the 1000-fold minimal salary, as expressed in the national currency of the Republic of Armenia.

Article 4. Legislation of the Republic of Armenia on procurement, other legal acts and norms of international contracts

1. The legislation of the Republic of Armenia on procurement (hereinafter *legislation*) consists of the Constitution of the Republic of Armenia, the Civil Code of the Republic of Armenia, this law and other laws of the Republic of Armenia.
2. Relationships associated with procurements can be also regulated by other legal acts.
3. If the international agreements of the Republic of Armenia establish other norms than provided by this law, the norms of international agreements are applicable.

Article 5. Adoption and publication of other legal acts on procurements

In accordance with the provisions of this law, other procurement-related legal acts are adopted by the government of the Republic of Armenia (hereinafter the *government*) and (or) by a state body authorized by the government (hereinafter the *authorized body*).

Other procurement-related legal acts, except in the cases provided by the law, are published in the official newsletter of the authorized body (hereinafter *official newsletter*).

Article 6. Publicity of procurements

1. Should the contract price exceed one quarter of the base unit of procurement, information about the contract is published in the official newsletter within 30 working days after entering into the contract and in the order defined by the authorized body. This information must contain at least:
 - 1) brief description of goods, works and services being procured;
 - 2) justification of the need for the procurement and the selected method of implementation;
 - 3) the contract price;
 - 4) the year, month and day of entering into the contract;
 - 5) the names and addresses of the parties to the contract.
2. If the information that must be publicized contains state secrets, the requirements of paragraph 1 of this Article are not applied.

Article 7. The right to participate in procurements and the qualification criteria for participants

1. Those entities are not entitled to participate in procurements:
 - 1) who are insolvent, have been recognized bankrupt during insolvency process or whose property is under lien;
 - 2) one of the founders of which is a member of the competition committee, an official or close relative of the customer;
 - 3) who were legally subjected to such liability in the result of which they were deprived of the right to perform this type of activities at the moment of submitting bids, including by revocation of the license;
 - 4) at the time of submitting bids have delinquent liabilities related to tax and other payments defined by the law.
2. For any procurement proceedings, the customer establishes the following qualification criteria required from the participants:
 - 1) professional and technical qualifications (characteristics), financial resources, material and human resources necessary for the performance of the contracts;
 - 2) a license for the implementation of this type of activity.
3. In order to certify one's right to participate in procurement and the qualification data, the participant must submit to the customer the copies of the required documents in the order defined by the authorized body.
4. With the exception of the cases stipulated in paragraph 1 of this Article, the customer shall not restrict the right of any person to participate in the procurement, shall establish no criterion with respect to the qualifications of participants that are conditioned by Participant's being a resident of another country, are discriminatory, or other criteria not provided by this law.

5. The customer unconditionally rejects (suspends) the participation of any participant in the procurement proceedings if the documents attesting to the participation right or qualification data are incomplete or contain wrong, including false, data.
6. The customer shall not establish requirements not provided in the legislation for verifying the authenticity of the documents attesting to the qualification data submitted by the participant.

Article 8. Equality to participate in procurements

1. The customer shall treat all persons offering goods, works and services in a likewise manner.
2. The participation of a foreign resident in the procurement process can be restricted, in accordance with the legislation, only by the Government, if the national security or defense interests of the Republic of Armenia cause this.
3. In the competition announcement, the customer must indicate that all persons entitled to participate in the procurements can participate in procurement proceedings, regardless of their country of residence, the said announcement being not subject to further changes. If the right to participate in certain procurements is restricted in accordance with paragraph 2 of this Article, the customer must state this in the competition announcement.
4. The customer shall exclude discrimination and laying down such specifications that can hinder (restrict) any person's right to participate in the procurement.

Article 9. Form of drawing up documents

The persons participating in the procurements must ensure the written record of the data provided by this law and concerning procurement proceedings through drawing up respective documents.

Article 10. Record of procurement proceedings

1. If the pre-estimated budget price, regardless of the form of procurement, exceeds one quarter of the base unit of procurement, the customer shall maintain a record of the procurement proceedings. The latter, in accordance with the respective method of procurement, must contain:
 - 1) a brief description of procured goods, works and services;
 - 2) justification for the need and selected method of the procurements;
 - 3) the indication (names) and addresses of the participants who submitted bids, as well as the indication (name) and location of the participant who was awarded the contract, its price, substantiation of the price, other principal provisions of the contract;
 - 4) information about qualification data, or lack thereof of participants who submitted bids, as well as the consistence of submitted data with the requirements of the competition invitation;
 - 5) the price of each bid and a brief summary of other principle terms;
 - 6) criteria for bids evaluation and comparison, including the brief summary of the preferred one;
 - 7) the grounds for the rejection of all or part of the bids;
 - 8) in case of starting the procurement process without entering into a contract, grounds thereof;

- 9) a brief summary of inquiries and responses concerning the competition invitation and the bids, as well as, of the changes made in these documents;
 - 10) the reasons for the complaints brought against the procurement proceedings, the grounds for the decision made on those by the customer;
 - 11) the indication (names) of third-party organizations and (or) experts (specialists) to the procurement, which provided services to the customer during the given procurement process;
 - 12) other data that the customer considers necessary at its discretion.
2. Within 10 working days after entering into the contract or the suspension of procurement process, the customer submits the copies of the records of procurement proceedings to the authorized body.
 3. If the pre-estimated price of the contract does not exceed one quarter of the base unit of procurement, the customer maintains brief records, indicating the main actions performed during the procurement and the grounds thereof.
 4. The customer is obligated to provide any person with the data contained in the records of the procurement proceedings, with the exception of the information comprising a state secret, as well as the records maintained in accordance with paragraph 3 of this Article, within three days after such a request has been filed.
 5. The failure to comply with the requirements of this article to maintain a record of the procurement proceedings is not grounds for the right of the participant to demand damage compensation.

Article 11. Entering into contract and performance terms

1. The customer notifies the selected participant of being awarded the contract and enters into a contract in accordance with this law.
2. The contract must stipulate the conditions based on which each party to the contract can terminate the contract unilaterally, as well as the rights and duties of the parties in the case of unilateral termination.
3. If the contract is signed in accordance with Article 34, paragraph 9 of this law, the contract must envisage that if as a result of performance, less than 50% of Armenian labor and production resources are used, the price of the given contract is reduced to the extent of the given preference.

Article 12. Publicizing the decision to award a contract

1. The customer must within 20 working days after choosing the winner of the competition, as established by procedure of the authorized body, publish information in the official newsletter about its decision to enter into the contract, except in the cases when this decision is a state secret. This notification must contain at least:
 - 1) the indication (name) of the participant;
 - 2) the year, month and day when the contract was signed;
 - 3) the subject and price of the contract entered into;
 - 4) the date of passing the decision to enter into the contract.

2. The requirements of paragraph 1 of this Article are not applicable if the pre-estimated price of the contract does not exceed one quarter of the base unit of procurement.

Article 13. Illegal actions of the participants

1. If the participant's actions during the procurement proceedings contradict the legislation on procurement, the customer, with the consent of the authorized body, rejects the bid or price quotation, providing the grounds of this decision to the participant.
2. The customer makes an entry in the records of the procurement proceedings about the rejection of the bid or quotation and its justification, in accordance with paragraph 1 of this Article, and immediately notifies the state bodies about that.
3. The responsible official of the customer bears personal liability for the obligations of the customer envisaged in paragraph 2 of this Article.

Article 14. Technical characteristics of the specifications

1. The technical specifications must fully describe the procured goods, works and services in order for them to be clearly defined, ruling out alternative interpretations.
2. The technical specifications include the clear description of the quality, standards, performance output, testing, safety, sizes, symbols, terminology, packaging, unloading, marking of goods, works and services procured, as well as other procedures and requirements related to them. The technical specifications, plans, drawings, designs and descriptions (if such are required) must also include:
 - 1) direct description of goods, works and services to be procured based on the technical and qualitative specifications (standards) established by the Republic of Armenia;
 - 2) standards, indicators, requirements, symbols and terminology, standards of the terms of transactions related to the technical and quality specifications of the goods, works and services to be procured.
3. The technical specifications shall not include references to a particular trademark, firm name, patent, design or model, specific origin or producer, with the exception of the cases when it is impossible to specify the object of the contract without those. If equivalent references are used, the technical specifications must contain words such as "or equivalent".
4. The technical specifications are defined in the given contract, in accordance with the standards effective in the Republic of Armenia.

Article 15. The official language of procurement proceedings

1. All documents related to the procurements are compiled and publicized in Armenian.
2. If the pre-estimated price of the contract, in the case of goods and services, exceeds the base procurement unit the 90-fold, and in the case of works, 500-fold, the procurement-related documents are compiled and publicized in Armenian, Russian and English, at the same time.

Article 16. Procurement financing

The procurements are financed at the expense of the state budget, community budgets and other funds under the disposal of state and local self-government bodies, within the scope of allocations provided for these purposes.

CHAPTER 2. STATE REGULATION OF PROCUREMENT PROCEEDINGS AND
INTER-SECTORAL COORDINATION

Article 17. The body carrying out state regulation of procurement proceedings and inter-sectoral coordination

1. State regulation of procurement proceedings and inter-sectoral coordination is carried out by an authorized body. The authorized body is governed by legislation, as well as by decrees of the President of the Republic, by decisions of the Government and Prime Minister. The acts of the authorized body are obligatory for the state and local self-government bodies and other organizations.
2. The authorized body cannot be a party to a contract, to perform procurements autonomously, except as procurements for its own needs.
3. The authorized body, in the cases and in the manner provided by the legislation on procurement, does the following:
 - 1) provides the methodology for normative regulation for organizing and carrying out the procurement proceedings;
 - 2) develops draft normative documents related to procurements and submits those for approval by the Government and (or) Prime Minister;
 - 3) assists customers in conducting the procurements and supervises the observance of the provisions of this law and other legal acts by the customers;
 - 4) provides methodological assistance to customers, including the development and publication of document samples used during procurements;
 - 5) based on complaints filed by the participants, organizes inspections and makes decisions obligatory for the customers;
 - 6) approves or rejects the decisions of the customer about the form of procurement performance, in the cases envisaged in this law;
 - 7) coordinates the cooperation between international organizations and foreign states and state and local self-government bodies of the Republic of Armenia related to procurements;
 - 8) organizes professional training of employees of state and local self-government bodies, their qualification and re-training;
 - 9) provides the inspection of procurements proceedings and their records which are part of these proceedings;
 - 10) publishes an official newsletter;
 - 11) approves or rejects the decisions made by customers on entering into the contracts, in the cases envisaged in this law;
 - 12) maintains regular records of procurement acts, including instructions, orders and decrees.

CHAPTER 3.
FORMS OF PROCUREMENTS AND CONDITIONS OF THEIR APPLICATION

Article 18. Forms of procurement

1. Procurements are performed by means of competition, in centralized and decentralized manner, and in the cases envisaged in this law, by means of soliciting price quotations and by means of single-source procurement.
2. The competition may be open or closed.
3. The customer, with the consent of the authorized body, only in the cases envisaged in this law, is entitled to use methods of procurement other than open competition.
4. When applying paragraph 3 of this Article, the customer must provide justification for the application of the given type of the procurement in the records of procurement proceedings.
5. The item list of procurements carried out for the state needs, the departmental classification of budget expenditures is approved by a separate attachment appended to the law on the State Budget.

Article 19. Centralized procurements

1. Centralized procurements are performed by a legal entity or institution (referred to below as state procurement agency) authorized by the Government.
2. Procurement in the form of closed competition, by other customers, can be decentralized in the cases established by the Government.
3. The order of instituting the state procurement agency and its activities is established by the Government in accordance with this law.

Article 20. Conditions for use of two-stage competition

The customer can conduct the procurement by means of two-stage competition, if:

- 1) it is not feasible for the customer to formulate clear-cut (detailed and comprehensive) technical and qualitative specifications for the goods, works and services to be procured, and a need has arisen to negotiate with the participants and to clarify these specifications;
- 2) the customer intends to enter into a contract for the purpose of conducting scientific (including sociological, expert) surveys and experiments.

Article 21. Conditions for the use of closed competition

Procurements for the needs of defense and national security of the Republic of Armenia containing state secrets are performed by means of closed competition, in the cases established by the Government.

Article 22. Conditions for the use of procurement through the request for price quotations

If the pre-estimated price of the goods, works and services to be procured does not exceed one quarter of the base unit of procurement, the customer is entitled to perform procurements by means of request of price quotations, without approval of the authorized body.

Article 23. Conditions for the use of single-source procurement

The customer can perform single-source procurements, provided:

- 1) goods, works and services to be procured can be purchased only from one person which is conditioned by the person's copyright, by lack of competition, by the availability of an appropriate license;
- 2) an urgent unforeseen need for the goods, works and services has arisen, and time-wise, competition is impossible, provided the need was impossible to foresee and it did not result from the customer's actions;
- 3) when purchasing works from a person, the customer, based on technical characteristics, decides to make additional procurements from the same person, provided that the price of those will not exceed 20% of the price of the initial contract. Additional purchases from the same person, based on this paragraph, can be performed only once.

Article 24. Impossibility to artificially divide procurement or unjustifiably expand the quantity of goods, works or services

With the purpose of entering into a contract through dividing the procurement into separate proceedings, the customer has no right to

- a) artificially divide procurements into separate portions;
- b) in order to avoid engaging in new proceedings for the procurement of additional amounts of goods, works and services, to artificially expand the amounts of goods, works and services procured by acting contracts, except in the case mentioned in Article 23, paragraph 3 of this law.

CHAPTER 4. COMPETITION PROCEDURE

§ 1. SOLICITATION OF BIDS

Article 25. Publicizing the competition announcement

1. During open competition for procurement, in order to solicit bids, the customer publishes an announcement about the competition in the official newsletter.
If not otherwise stipulated by paragraph 2 of this Article, the competition announcement must be published 30 days before the expiry of the deadline for acceptance of bids.
2. If the pre-estimated price of goods or services to be procured exceeds the base unit of procurement 90-fold, and in the case of works, 500-fold, the customer must publish the competition announcement in press circulating in no less than 10 countries, 40 days before the expiry of the deadline for acceptance of bids.
3. The announcement about the competition must contain the following information:
 - 1) the indication (name) and the location of the customer;
 - 2) type of competition;
 - 3) competition code;
 - 4) description of the content of the contract to be entered into, subject of the contract and brief technical, qualitative and economic specifications;
 - 5) the preferable or mandatory deadline for the performance of the contract to be entered into;
 - 6) statement as to the equal rights of participants to participate in the competition regardless of the country of residence or as to restriction of rights in accordance with this law;
 - 7) the conditions for being provided with an invitation to competition, including the amount charged for it, order of payment and currency;

- 8) the language or languages in which competition bids must be submitted;
- 9) basic requirements to qualification characteristics of participants;
- 10) the venue and time for submission of competition bids;
- 11) other information believed necessary by the customer.

Article 26. Terms and procedure for submitting solicitation documents

1. The customer must, based on competition announcement, provide the solicitation documents to persons who requested solicitation documents.
2. Should the pre-estimated prices of the procurement contract, in the case of goods and services, exceed base procurement unit 90-fold, and, in the case of works, 500-fold, the persons intending to participate in the competition are entitled to request from the customer solicitation documents in Armenian, Russian and English.
3. The customer can charge a price for providing solicitation documents in an open competition, which cannot exceed the costs of photocopying and delivery of solicitation documents.
4. The customer provides the solicitation documents within two working days after the requested payment is effected.

Article 27. The content of solicitation documents

1. Solicitation documents shall include:
 - 1) reference to the published competition announcement, in addition to which the given solicitation documents are provided;
 - 2) instructions to prepare competition bids;
 - 3) criteria for qualifications required from participants and their evaluation procedure;
 - 4) requirements to documents in evidence of the qualification data of the participants or other data demanded for this purpose;
 - 5) the specifications characterizing the nature, constitution and structure of the goods, works and services to be procured, including the technical features, plans, designs;
 - 6) the procedure for selection of the winner, including the criteria used by the customer and the possibility and terms of preference provided in accordance with this law;
 - 7) draft contract to be entered into;
 - 8) if the participants are allowed to bid only for a portion of goods, works and services to be procured, its terms and procedure;
 - 9) method of calculation of the bid price and currency in which it is nominated;
 - 10) indication to the effect that the proposed price, in addition to the cost of goods, works and services, includes transportation and insurance fees, duties and taxes;
 - 11) customer's requirements to bid and performance security, and nature, form, amount and other principal conditions of any security to be provided by bidder;
 - 12) conditions of bid submission, including the method, venue, costs, as well as the language of the competition;
 - 13) the means by which participants can request clarifications of the solicitation documents and information about the customer's meetings with the participants, including maintaining direct communication between the customer and the participants and the names, positions, addresses and office phone numbers of officials (employees) authorized to receive procurement-related information;

- 14) conditions of submitting bids, the day and time of their opening, the consideration (evaluation and comparison) procedure;
- 15) references made to the provisions of this law and other legal acts related to procurements;
- 16) conditions of the proposal to enter into a contract with the selected participant;
- 17) clarification of participant's right to appeal the customer's actions and (or) decisions, procedures employed by him;
- 18) information about the right reserved to the customer to reject bids;
- 19) other information related to bid preparation, submission and evaluation.

Article 28. Clarifications and modifications of solicitation documents

1. The participant is entitled to request clarification of solicitation documents, within 15 working days before the expiry of the deadline to accept bids. The customer provides clarifications within five working days after the request. At the same time, the customer publishes such clarifications in the official printed media, as well as notifies the persons who submitted bids in the written form.
2. The customer does not provide clarifications if the request was made after expiry of deadline established by this law, as well as if the request goes beyond the content of the solicitation documents, or the clarification of the request entails divulgence of state secrets.
3. Before half of bid submission time limit elapses, the customer is entitled, with approval of the authorized body, to make modifications in solicitation documents, providing it with the justification of the necessity thereof. Such modifications are obligatory and are published by the customer in the official newsletter, as well as written notifications are forwarded to persons who submitted bids. In case of making modifications, the expiry date of bid submission is calculated from the day of publication of information about modifications. In that case the participants who submitted bids are obligated to extend the effectiveness of the submitted bid security, or submit new bid security. Otherwise, bids will be rejected, left unopened and returned to the participant.
4. In order to provide the implementation of the requirements of this Articles, the customer compiles a written record of the meetings and the results thereof held between the customer and other persons, that must contain the requests on the clarifications of the solicitation documents submitted during the meetings organized by the customer (without mentioning their sources) and responses. This record is the indispensable part of the procurement proceedings, which the customer presents to participants who submitted bids, within one working day after such a request from the participants.

§ 2. BIDS

Article 29. Procedure of bid submission

1. The persons intending to participate in the competition submit bids to the customer in accordance with solicitation documents.
2. Bids, technical and economic (price) proposals, related appendixes and other auxiliary documents are placed into an envelope that is glued, signed and sealed by the bidder. The documents included in the envelope must consist of the original and the number of copies indicated in the solicitation document respectively marked by the inscriptions "original"

and “copy”. The envelope and the containing documents are signed by the bidder or a person authorized by the latter (referred to below as *agent*). If the bid is signed by the agent, the agent presents a relevant document to the customer in evidence of the authorization of that person to act on behalf of the participant.

3. Only the following indications can be made in the language of the bid on the envelope mentioned in paragraph 2 of this Article:
 - 1) the location (address) mentioned in the solicitation document for submitting the bid;
 - 2) competition code;
 - 3) the wording: “*not to open until the bid opening session*”;
 - 4) indication (name) of the participant , location and phone number.
4. The price proposal is submitted separately, placed into a separate envelope on which the indication (name) of the participant who submitted it and the words “*proposed price*” are noted. The price proposal envelope is glued, signed, sealed and placed with technical proposals in the appropriate envelope in accordance with paragraph 2 of this Article.
5. The bids are registered in a separate record book, in the order of their incoming order, indicating on the envelope the registration number, day and hour. At the request of the participant, the customer issues reference information on it.
6. Bids received with non-observance of the requirements of this Article, as well as after the expiry of the deadline for bid submission, are rejected and returned unopened to the participant who submitted them.

Article 30. The effectiveness period of the bids, withdrawing bids and making modifications in them

1. The bid is considered effective before entering into a contract in accordance with this law, withdrawal of the bid by the participant, rejection of the bids or declaring the competition invalid.
2. The participant can introduce changes into the bid or withdraw it before the expiry of the deadline for submission of bids.
3. The notification about the modification or withdrawal of the bid is forwarded to the customer in the envelope drawn up in accordance with Article 29, paragraph 3 of this law, adding the word “modification” or “withdrawal” on it.

Article 31. Bid securities

1. If the price of the goods and services to be procured exceeds the base unit of procurement 90-fold, and in the case of works, 500-fold, the participant in accordance with procedure established in solicitation documents, in any form not prohibited by law, submits a bid security. The amount of bid security, that cannot be less than 5% of the bid price, is determined by the participant.
2. The customer must indicate its requirements to the bid security in the solicitation document.

3. The participant, prior to submitting the bid, is entitled to request from the customer the acceptability of the bid security; to which the customer must respond within three working days after such a request.

The acceptability of the submitted bid security, in accordance with this paragraph, does not preclude the customer from rejecting that security on the ground that the person who submitted it or the guarantor has become insolvent.

4. A bid security in the form of cash is deposited by the customer as a demand deposit on treasury account opened for that purpose on the name of the authorized body. In case of return of the deposit, the resultant interest is returned to the participant who submitted the security.

The bid security is not returned when the person who submitted it has been awarded the contract, however, this person refuses or, in accordance with Article 39, paragraph 4 of this law, is refused to enter into the contract.

5. With the exception of the case described in paragraph 4 of this Article, the bid security is returned to the person who submitted it within five working days after the contract is entered into, the competition is declared invalid or the bid is rejected.

Article 32. Competition committee

1. Prior to the competition announcement and publication of solicitation documents, the customer establishes a committee consisting of at least five members, which

- 1) approves the texts of the competition announcement and solicitation documents;
- 2) opens and evaluates the bids;
- 3) determines the winner.

2. The procedure for setting up and the order of operation of the competition committee is established by the Government pursuant to this law.

§3. EVALUATION AND COMPARISON OF BIDS

Article 33. Opening the bids

1. Bids are opened on the day of expiry of the deadline indicated in the solicitation documents, at a special session of the competition committee. The day and hour of opening the bids must coincide with the deadline of their submission.

2. At the bid opening session, the following is publicized:

- 1) the indication (name) of each participant who submitted the bid;
- 2) preliminary information on compliance of the submitted bids, with the requirements of the solicitation documents;
- 3) Information about the availability of envelopes containing price quotations, consistence of their form and submission format with the requirements of this law;
- 4) summary information on notifications about modification in the submitted bids, in accordance with this law.

3. After bids have been opened, the competition committee compiles a protocol, which is an indispensable part of the records of the procurement proceedings. The protocol is signed

by the competition committee members and by participants present at the session. The protocol must include:

- 1) indication of the venue, day and hour of the bid opening;
 - 2) the indication (names) and the location (addresses) of the participants who submitted bids;
 - 3) preliminary information on the compliance of the bids with the requirements of the solicitation documents;
 - 4) notation of every bid as to the availability of envelopes containing price quotations, consistence of their form and submission format with the requirements of this law, of other basic terms of each bid;
 - 5) in case of declaring the competition invalid, the justification thereof;
 - 6) in case of rejection of a bid, the justification thereof;
 - 7) information about inquiries concerning the bids and responses to these inquiries;
 - 8) the venue, day and hour of the session at which the results of the competition will be finalized;
 - 9) the first names, last names and positions of the competition committee members;
 - 10) other necessary information.
4. If competition committee members and (or) the participants have an opinion (special opinion) about the bid opening proceedings that is not included in the protocol of the bid opening session, it is presented in the written form and attached to the minutes as its indispensable part.
 5. The participants and their representatives are entitled to be present at the bid opening session. The participants or their representatives are entitled to request the copy of the protocol of the bid opening session, which must be provided promptly by the competition committee.
 6. Within two working days following the bid opening session, the results of bid opening are communicated by the customer to the participants, who or whose representatives did not participate in the session.

Article 34. Consideration, evaluation, comparison and rejection of bids

1. After opening the bid, the customer can request explanations (clarifications) from all participants concerning the submitted bids, as well as reconfirmation of the qualification data presented by them. The customer compiles protocol concerning the explanations and clarifications; this protocol is indispensable part of the records of the procurement proceedings. The explanations cannot include proposals on the prices or modifications of bid conditions or part thereof.
2. If the participant does not reconfirm his qualifications, in accordance with paragraph 1 of this Article, the bid of the participant is rejected. In such cases the customer compiles a protocol, indicating the justification for bid rejection, the copy of which is provided to the participant upon such request. This protocol is the indispensable part of the records of procurement proceedings.
3. The competition committee evaluates and compares the bids that do not contain significant deviations. The deviations are considered significant if they are inconsistent

with the conditions of solicitation documents or cause modifications thereof. Bids with significant deviations are rejected.

4. The bids consistent with the requirements of solicitation documents are evaluated technically. Bids evaluated as satisfactory technically are evaluated economically. During bid evaluation and comparison, use of no criteria other than the criteria envisaged in the solicitation documents is allowed.
5. If in the satisfactory bids, there is discrepancy in the amounts expressed in letters and figures, the competition committee regards the amount written in letters as a basis.
6. The competition committee rejects the submitted bids of the participants in the cases envisaged in this law and if the participant who submitted bids:
 - 1) does not conform to the qualification and (or) other procedural requirements established in the solicitation documents;
 - 2) does not agree with the corrections made in consistence with this Article.
7. In order to determine the winner of the competition, the competition committee compares the satisfactory bids. The participant whose proposal technically and qualitatively satisfies the requirements of the solicitation documents is considered the winner, if the bid of this participant is more beneficial than the others. When declaring the bid more beneficial, the competition committee takes into account only the bid price, and the bid price of the selected participant must be the lowest one whereas all other conditions are equal.
8. If the proposed prices are presented in two or more currencies, they are compared in the Dram equivalent of the Republic of Armenia at the rate set by the Central Bank of the Republic of Armenia on the day of opening the bids.
9. In case of goods and services procurement, with approval of the authorized body, the margin of preference up to 20% of the proposed price is granted to the participant who undertakes to use more than 50% of labor and production resources of Armenian origin during the contract performance. This preference can be used, if during open competition procurement, this is envisaged in the competition announcement, and during closed competition, in the solicitation documents.

Article 35. Finalizing competition results

1. Within the time period defined by the government, but no later than 30 working days after the submission of bids, at the session of finalizing the competition results, the Committee shall make a decision on awarding the contract or declare the competition invalid in accordance with this law.
2. At the result finalization session, the competition committee publicizes the name of the winner, and information about the justification of the latter's selection.
3. Having selected the winner, the competition committee compiles the protocol of the result finalization session, which is the indispensable part of the records of the procurement proceedings. The protocol is signed by members of the competition committee. If the members of the competition committee and (or) the participants have other opinion

(special opinion) about the finalization of the competition results and they believe necessary to express this opinion, it is presented in the written form and attached to the protocol. The special opinion is indispensable part of the records of the result finalization session.

Article 36. Declaring the competition invalid

1. The competition committee declares the competition invalid, if:
 - 1) none of the submitted bids is consistent with the conditions of the solicitation documents;
 - 2) procurement is impossible in an emergency situation;
 - 3) no bids were submitted;
 - 4) only one bid was submitted.
2. After declaring the competition invalid, the customer has no right to open the bids. The bids must be returned to the participant in the form they were submitted.
3. Within 15 working days after declaring the competition invalid, the customer publishes a statement to that effect in the official newsletter, indicating the reasons for declaring the competition invalid.

Article 37. Impossibility of negotiations with participants

Before the entry into the contract negotiations between the competition committee, customer and participants are prohibited, except in the cases envisaged in this law.

Article 38. Performance security

1. If the pre-estimated price of the contract exceeds the base unit of procurement 10-fold, the customer must demand performance security from the selected participant, as a condition of entry into the contract.
2. The customer must refer to the requirement to submit a performance security in the solicitation documents.
3. Based on the customer's request to submit a performance security, within 15 working days after such a request, the selected participant must submit a performance security in any form allowed by the law and in compliance with the requirements of the solicitation documents.
4. Prior to submitting the performance security, the participant is entitled to request from the customer a confirmation of acceptability of the submitted performance security to which the customer must respond in three working days after receiving such an inquiry. The fact that the submitted security is acceptable does not preclude the customer from the right to reject the performance security in the future, should the person submitting it or the guarantor become insolvent.
5. In case the participant observes the requirements established in accordance with paragraph 3 of this Article, the customer has no right to refuse to accept the submitted performance security and must enter into the contract within five working days after the acceptance of the security.

6. The amount of the performance security must be equal to the advance payment provided in the draft procurement contract to be paid by the customer, if the advance payment is envisaged in the contract. Otherwise, the amount of the performance security is determined by the customer, in the order established by the authorized body.
7. If the performance security is submitted in the form of cash, the customer deposits this amount on the name of the authorized body at a treasury account opened for that purpose, as a demand deposit. If the performance security is returned, the interest from the deposit is returned by the customer to the participant who submitted it.
8. If not otherwise stipulated in the contract, the performance security is returned to the participant who submitted it, within five working days after the implementation of the contract.

Article 39. Proposal to enter into a procurement contract by customer and entering into the contract

1. The contract with the selected participant is entered into based on the decision of the competition committee.
If the customer's decision to enter into a contract must be approved also by the authorized body, the contract cannot be entered into without this approval.
2. The contract is signed in the written form, by drawing up one document.
3. Within three working days after being selected the winner of the competition and receiving the approval of the authorized body, in the cases stipulated by this law the customer notifies the winner about the offer to enter into the contract.
In the cases envisaged in this law, the customer must notify the winner about submitting the performance security. With notification, the customer provides the draft contract to the winner and publishes the decision to enter into the contract in the official newsletter.
4. If the winner does not enter into the contract within 20 working days after receiving the notification and the draft contract, or does not submit a performance security within the deadline established in Article 38, paragraph 3 of this law, the participant is deprived of the right to enter into a contract. In this case the customer can propose to enter into a contract with the participant ranking second, or if the second participant rejects the proposal, with the participant ranking the third, with the approval of the authorized body. In accordance with Article 34, paragraph 6 of this law, the competition committee is entitled to reject the remaining bids.
5. If the pre-estimated price of goods and services to be procured exceeds the base unit of the procurement 90-fold, and in the case of works, 500-fold, then the customer's decision to sign a contract must be approved by the authorized body. In this case, the draft procurement contract, the texts of competition announcement and solicitation documents, as well as, the copies of the records of the procurement proceedings and copies of other integral documents thereof, are submitted by the customer to the authorized body.
Within three working days after the result finalization session determines the winner of the competition, the customer submits the documents required by this paragraph to the authorized body.

6. Within ten working days, the authorized body approves or rejects the customer's decision to enter into a contract and provides the latter with the justification of its decision.
7. The authorized body approves the customer's decision to enter into a contract, if the proceedings of organized procurements and the draft procurement contract is in conformity with legislative requirements.
If the authorized body rejects the customer's decision to enter into a contract, the conducted competition is announced invalid.
8. If the competition has been announced invalid, in accordance with requirements of paragraph 7 of this Article, the party through whose fault the competition was announced invalid, compensates the costs of other party for organizing, conducting and participating in the competition, within ten working days after the competition was announced invalid. If the competition was announced invalid because of the customer's actions, the latter compensates only the participation costs of the selected participant.
9. If the pre-estimated price of the goods and services to be procured does not exceed the base unit of procurement 90-fold, and in the case of works, 500-fold, and it is entered into in accordance with paragraph 4 of this Article, the participant who refuses to enter into the contract must compensate the damages incurred by the customer, within ten working days after such refusal. The compensation amount must be equal to the difference between the bid prices submitted by the participants ranking first and second best or third.
10. If a winner has been selected and the pre-estimated price of the goods and services to be procured does not exceed the base unit of procurement 90-fold, and in case of works, 500-fold, however, the customer or the selected participant refuse to enter into a contract, and the provisions of paragraph 9 of this Article are not applied, the refusing party compensates costs of the other party related to the organization, implementation and/or participation in the competition, within ten working days after the refusal to sign the contract.
11. If the pre-estimated price of the goods and services to be procured exceeds the base unit of procurement 90-fold, and in the case of works, 500-fold, however, the customer or the selected participant refuse to enter into a contract, the refusing party compensates costs of the other party related to the organization, implementation and/or participation in the competition, provided:
 - 1) the customer is signing a contract in accordance with paragraph 4 of this article, the Participant who was awarded the contract and was deprived of the right to enter into the contract, compensates the losses of the Customer in the amount equal to the price difference between the price quotations of Participants who ranked 1st and 2nd or 3rd in the competition, with the right to get back the submitted bid security.
 - 2) the selected participant refuses to enter into the contract and the provisions of subparagraph 1 of this paragraph are not applied, the bid security of that participant is not returned.
12. The customer must keep the documents related to the procurement process for at least three years.

Article 40. Calculation of contract price

The calculation of the contract price must incorporate all costs (payments) to be effected to provide for the implementation of the contract, including taxes, duties, transportation, insurance expenses, bonuses, commissions and profit.

CHAPTER 5. PROCEEDINGS OF OTHER TYPES OF PROCUREMENTS

Article 41. Two-stage competition

1. In engaging in a two-stage competition the customer must indicate this in the competition announcement for open competitions, and in the case of closed competition, in the solicitation documents.
2. The provisions of Chapter 4 of this law apply to the two-stage competition proceedings, if not otherwise envisaged in this Article.
3. At the first stage of a two-stage competition, the participants submit initial bids, in accordance with this law. The initial bids must not include the price of the bid. At the first stage, the competition committee evaluates the initial bids submitted by the participants. The competition committee is entitled to negotiate with all the participants on any provision of the initial bid submitted by them.
4. At the second stage the competition committee proposes to all the participants that have passed the first stage, to submit final bids, including a price proposal.
5. At the second stage of the competition proceedings, the competition committee can modify the technical and qualitative specifications and bid evaluation and comparison criteria initially established in the solicitation document, about which the committee must notify the possible participants of the second stage in the forwarded proposal to submit final bids. During evaluation and comparison of final bids, negotiations between the competition committee and the participants are prohibited.
6. In a two-stage competition price proposals as well as bid securities, in the cases provided by this law, are submitted at the second stage together with the final bids.
7. Any first-stage participant is entitled to refuse to submit the final bid.

Article 42. Closed competition

1. When engaging in a closed competition, the customer shall provide solicitation documents to all possible persons.
2. During a closed competition, the provisions of Chapter 4 of this law are applicable if nothing else is provided by this article.

Article 43. Request for quotations

1. When engaging in procurement in the form of a request for price quotations, such quotations shall be required from at least two persons.

Request for quotations must include all conditions of the contract to be entered into by the participant, including the terms for requesting quotations, for their evaluation and comparison.

2. In response to the customer's request made in accordance with paragraph 1 of this Article, any person is entitled to submit only one quotation, which cannot be changed later. Quotations are submitted in a sealed envelope in accordance with Article 29, paragraph 3 of this law within 10 working days after receiving such a request.
3. No negotiations between the customers and the participants who submitted price quotations with respect to the presented price are allowed. During the evaluation of the quotations, the customer can use only the criteria indicated in the request for quotations.
4. The contract shall be awarded to the participant who while meeting the requirements of the customer proposed the lowest price, with whom the Customer enters into a contract within five days following the submission of price quotations.

Article 44. Single-source procurement

1. In the cases envisaged in this law, the customer can procure goods, works and services from a single person, by means of submitting a request for goods, works and services or by means of price quotation.
2. In case of a procurement from a single person, the customer is entitled to negotiate with respect to any provision in the request for goods, works and services or price quotation.

CHAPTER 6. REVIEW

Article 45. Right to review

1. Any person is entitled to seek a review, if as a result of the actions of the customer and (or) the authorized body he suffered or can suffer losses. The following shall not be subject to a review:
 - 1) the choice of the procurement form and procedure by the customer;
 - 2) application of requirements mandatory for the customer;
2. Any person is entitled:
 - 1) to seek a review of the customer's decisions by the customer in accordance with Article 46 of this law;
 - 2) to seek a review of the customer's decisions by the authorized body in accordance with Article 47 of this law;
 - 3) to seek judicial review of the decisions of the customer and (or) authorized body in accordance with Article 50 of this law.

Article 46. The procedure of appealing to the customer

1. The deadline of appealing to the customer is the fifth working day after the publication of the decision to enter into a contract.
2. The appeal shall not be subject to examination after the contract has been entered into. In this case, the appeal is made in accordance with Article 47, paragraph 1 of this law;

3. Within five working days after receiving the appeal, the customer must issue a written decision which shall include:
 - 1) in case the appeal is rejected, the grounds thereof;
 - 2) the means of satisfying the presented demands, in the case of complete or partial satisfaction of the appeal.
4. In case of the failure to issue a decision within the time-limit specified in paragraph 3 of this Article or in the case of the participant's dissatisfaction with the decision, the latter is entitled to appeal in accordance with Articles 47 and 50 of this law. The dispute cannot be considered by the customer from the moment such an appeal was instituted.
5. The customer's decision is regarded final, unless investigation has not been instituted in accordance with Articles 47 or 50 of this law.

Article 47. Procedure of appealing to the authorized body

1. The following persons are entitled to appeal to the authorized body:
 - a) whose appeal was not discussed by the customer;
 - b) who are not satisfied with the decision issued by the customer,
 - c) the decision on whose appeal was made by the customer with a breach of the deadline specified in Article 46, paragraph 3.

If the appeal is submitted after publication of the decision to enter into the contract by the customer, it must be submitted in writing within 15 working days after the publication of the decision.

2. The authorized body notifies the customer about the submission of the appeal in writing.
3. The authorized body is entitled to adopt the following decisions:
 - 1) to prohibit the customer from acting in certain ways, adopting decisions, applying procedures;
 - 2) to require the customer to adopt appropriate decisions, take necessary measures and apply proceedings pursuant thereof;
 - 3) to annul, completely or partially, or reconsider the customer's decisions or to adopt a decision replacing the customer's decision, other than the decisions to annul the entry into force or termination of the contract;
 - 4) to require the customer to compensate the costs incurred by the appellant in connection with the procurement proceedings or as a result of an act or a decision or procedure followed by the customer, with the purpose to participate in the procurement, established by the legislation and substantiated by documents;
 - 5) on the termination of the procurement proceedings.
4. Based on the provisions established by the procurement legislation, the authorized body within five working days adopts a justified decision on the complaint.
5. The decision of the authorized body on the complaint is considered final, if it has not been appealed in court.
6. In case of satisfaction of the complaint by the authorized body, the customer is liable for the losses inflicted by its actions to the appellant.

Article 48. Norms applicable to appeals

1. In accordance with Articles 48 and 49 of this law, the reviewing body notifies all parties to the proceedings about its content.
2. Any person, whose interests has been affected or can be affected as a result of appeals proceedings, is entitled to participate in the appeal proceedings. The person, who fails to participate in the appeal proceedings, is deprived of the right to file a complaint of the same type.
3. The decision of the customer or the authorized body, within five working days after it has been adopted, is forwarded to the person who filed the complaint and other stakeholders, who participated in these procurements and have filed a similar complaint.

Article 49. Suspension of procurement proceedings

1. In accordance with Articles 46 or 47 of this law, the authorized body suspends the procurement proceedings for up to seven working days, provided the person who submitted the complaint justifies that losses will be incurred in the absence of suspension of procurement proceedings.
2. In order to ensure the rights of the appellant, the authorized body is entitled to extend the suspension period in accordance with paragraph 1 of this Article, until the end of the procurement proceedings, provided that the total period of suspension will not exceed 15 working days.
3. Suspension is not applied if the customer certifies and proves to the authorized body that based on the defense and national security interests it is necessary to continue the procurement proceedings. The customer's justified demand to continue the procurement proceedings is attached to the records of the procurement proceedings.
4. Any decision on the suspension adopted by the customer attached the records of the procurement proceedings.

Article 50. Judicial review

In accordance with Articles 46 and 47, the decisions adopted by the customer and (or) authorized body can be reviewed in court.

CHAPTER 7
ADDITIONAL PROVISIONS

Article 51. Additional provisions

1. The authority reserved to the government to make procurements for the needs of the community is vested with the Council, with the exception of the authorities provided for in article 5 of this law, subparagraphs 1, 2, 4, 5, 7, 8, 9, 10, 12 of paragraph 3, article 17, paragraph 3, article 32, as well as authorities stipulated by chapter 6.
2. The official of the customer who signs the contract is liable for compensation of damages incurred by the state, the community or (and) the person who entered into the contract with

the customer, in the order stipulated by the legislation of the Republic of Armenia, should the contract be entered into in a manner other than stipulated by this law.

CHAPTER 8
TRANSITIONAL PROVISIONS

Article 52. Transitional provisions

1. This law comes into effect 60 days after its publication.
2. Within 60 days after the adoption of this law, the government and the local governance bodies adopt regulations and decisions within their jurisdiction necessary for the enforcement of the law.
3. Procurement by the State Procurement Agency can be implemented 30 days after the publication of the RA law "On the RA 2001 State Budget".
4. Before implementation of state procurements by the State Procurement Agency, procurement through open competition is carried out in a decentralized manner, by other customers, in consistence with this law.

President of the Republic of Armenia

R. Khocharyan

June 19, 2000