

Sector: Transport

Date of award: 25/10/2018

ALBANIA - FIER AND VLORE BYPASS ROADS -34637

Tender and lot number(s): Lot 2 for Construction of “Fier Bypass Road Section, North-South Corridor

Duration of the contract awarded: 15 Months

Summary scope of contract awarded: The objective of the project is to complete the construction of the new road already started from other and left uncompleted from the city of Fier to the city of Levan for a total length of around 23,000.00 m. The Fier-Levan trunk road represent a part of the South-North corridor of Albania. Staring from the Fier urban areas the new road alignment will pass through the villages of Mbrostari, Petove, Gracallia, Hamili, Dermenasi, Hoxhara and Pojani. The proposed completion of the new road present a 4 line cross section (2+2) for a total width of 22.00 m ($1.75m+2*3.75+1.75m=11.00m$ for each direction). It is part of the Contract also the construction of the new link road to Apollonia park for a total length equal to 2.8Km with 8m width and the rehabilitation of the existing road from the new interchange at Km 10 to the existing national road to Seman. The works includes bridges, culvert and retaining wall.

Name of Tenderer(s) and Tender prices as read out at Tender Opening:

Tenderer Identification		Read-out Tender Price(s)	
Name	Country	Currency (ies)	(Lot-2) Amount (s)
(a)	(c)	(d)	(exl VAT)
China Road & Bridge	China	Euro	50,047,642.00
Sinohydro	China	Euro	46,090,072.00
AltCom	Ukraine	Euro	31,602,184.53
Combined Group	Kuwait	Euro	35,939,485.38
JV Ohitan&Gurbag	Turkey	Euro	41,700,000.00
JV INC&Albstar	Italy	Euro	44,903,763.36

Name of Tenderer(s) and evaluated prices of each evaluated Tender:

Tenderer	Read-out Tender Price(s)	Corrections	Corrected Tender Price(s)
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<i>(a)</i>	Currency <i>(b)</i>	Amount <i>(c)</i>	Computational Errors ¹ <i>(d)</i>	Provisional Sums <i>(e)</i>	<i>(f) = (c) + (d) - (e)</i>
AltCom	Euro	31,602,184.53	n/a	n/a	31,602,184.53
Combined Group	Euro	35,939,485.38	+2,004,736.18	n/a	37,944,221.56
JV INC&Albstar	Euro	44,903,763.86	- 18.23	n/a	44,903,745.63
Sinohydro	Euro	46,090,072.00	n/a	n/a	46,090,072.00
CRBC	Euro	50.047,642.00	+5,926.63	n/a	50,053,568.63

Name of Tenderers rejected and reasons for rejection:

1. Name of Tenderer: AltCom
 - Noncompliance with the Tender Security Requirements
 - Abnormally Low Tender

2. Name of Tenderer: JV Ohitan&Gurbag
 - Noncompliance with the Tender Security Requirements

Name of Winning Tenderer and Price offered: Combined Group Contracting Company (K.S.C.C) for the amount of 37,944,221.56 Euro (without VAT)

Annex 1

Detailed Price Analysis of AltCom

The Tender Evaluation Committee noted that the tender price offered by the lowest substantially responsive tender, namely AltCom appears to be in the an Abnormally Low Tender, as per the methodology described in the EBRD Draft Guidance Note on the Treatment of Abnormally Low Tenders (ALT), Therefore, the Tender Evaluation Committee conducted a detailed price analysis of this tenderer financial offer.

As 5 tenders have submitted in response to this tender, the methodology used for establishing the ATL risk have been the “Relative Approach” described in the EBRD Draft Guidance Note on the Treatment of Abnormally Low Tenders (ALT), This entails the comparison of each tender prices with the average of all tender prices.

Based on this methodology the only the tender submitted by JV Gener 2 & Ing E Mantovani, Combined Group and INC is in the ALT risk zone. The comparison is presented in the Table 1 below:

Table 1: Comparison of the Corrected Tender Prices

	Corrected Price (in EUR)	Deviation from the average price of all tenders (in %)	Deviation from the Risk Zone Tender Price(in EUR)
AltCom	31,602,184.50	-24.97%	-3,193,472.79

Combined Group Contracting	37,944,221.56	-9.91%	3,148,564.27
JV INC S.p.a & Albstar sh.pk JVCA	44,903,745.64	6.61%	10,108,088.35
Sinohydro Corporation	46,090,745.02	9.43%	11,295,087.73
China Road and Bridge Corporation	50,053,568.64	18.84%	15,257,911.35
Average	42,118,893.07		
Standard Deviation	7,323,235.79		
Risk Zone	34,795,657.29		

The analysis showed that although two tenders were priced below the average, only the Altcom tender was in ALT Risk Zone. Their tender price is 25 % lower than the Average Tender Prices, and 17% lower than the second offer.

Therefore, the Tender Emulation Committee conducted a further analysis into the financial proposal of the lowest substantially responsive tender, namely Altcom. The analysis envisages the comparison of the summaries of the three BOQs Volumes to identify which are the main areas that led the AltCom financial offer into ALT Risk Zone. The detailed analysis is presented in the Table 2 below:

Table 2: Comparison of BOQs Volumes

Tenderers	Total Corrected Price	Vol A	Vol B	Vol C
AltCom	31,602,184.50	231,870.20	29,439,586.96	1,930,727.34
Combined Group Contracting	37,944,221.56	283,800.00	36,024,955.64	1,635,465.92
JV INC S.p.a & Albstar sh.pk JVCA	44,903,745.64	286,719.02	41,849,711.40	2,767,315.22
Sinohydro Corporation	46,090,745.02	415,600.00	43,374,993.61	2,299,477.09
China Road and Bridge Corporation	50,053,568.64	495,217.72	47,097,933.42	2,460,417.50
Average	42,118,893.07	342,641.39	39,557,436.21	2,218,680.61
Deviation	7,323,235.79	108,929.30	6,919,838.52	444,134.32
Risk Zone	34,795,657.29	233,712.08	32,637,597.68	1,774,546.29
Deviation from Risk Zone for AltCom	-3,193,472.79	-1,841.88	-3,198,010.72	156,181.05
Deviation from Average	-10,516,708.57	-110,771.19	-10,117,849.25	-287,953.27
Percentage in the Deviation from Average	100.00%	1.05%	96.21%	2.74%

From this analysis the Tender Evaluation Committee noted that 96.21% of the deviation resulted from Volume B.

, The Tender Evaluation Committee has proceeded to further examine the Vol B and identify the areas that had the highest impact in the bringing this tenderer financial offer into the Alt Risk zone.

The volume B is separated in 12 sub-totals. The most significant sub-totals that brings the AltCom offer to ALT offer are Vol B05 and Vol B07.

Nr	Name of the Tenders	Vol B 02	Vol B03	Vol B04	Vol B05	Vol B06	Vol B07	Vol B08	Vol B09	Vol B10	Vol B11	Vol B12
1	AltCom	2,556,295.26	1,315,566.17	1,172,804.61	15,706,874.15	2,261,232.82	5,793,539.63	215,410	238,104.29	104,361.97	N/A	75,398
2	Sinyhydro	3,910,120.35	2,305,611.40	2,008,053.02	23,939,645.02	2,467,430.08	8,156,052.08	404,739.67	240,831.47	99,637.50	N/A	102,500.64
3	CRBC	4,035,823.99	2,601,979.24	2,878,285.31	25,416,895.06	2,872,684.21	8,403,397.39	417,600.99	248,132.52	105,978.26	N/A	111,413.74
4	Combined Grou	3,416,858.04	1,868,186.27	1,425,046.36	17,562,699.39	2,364,531.09	8,856,964.98	107,489.08	225,390.00	69,500.00	N/A	129,290.32
5	INC& Albstar	4,485,759.21	1,942,008.35	2,586,495.87	22,112,380.39	3,004,827.57	7,019,572.94	182,616.79	243,401.63	155,238.75	N/A	117,425.81
	Average	3,680,971	2,006,672	2,014,137	20,947,698	2,594,141	7,645,905	266,571	239,171	106,943		107,205

Based on this analysis the Committee identified two financial major Sub-totals which are the Vol B-05 (15,706,874 m€) and the Vol B-07 (5,793m€) as the main responsible for ATL.

The Tender Evaluation Committee requested the tenderer to provide a further breakdown of prices for these two sub-totals.

The tenderer provided the requested breakdown of prices, explanations and provided quotation from local suppliers.

They also stated that for some of the items in the BOQ, the unit prices have been determined based on the prices stated Manual of Prices” approved through a Decision of Council of Ministers actually in power in Albania.

The Evaluation Committee further analyzed the unit prices in the Items05 ((Vol B05) Road Works and Pavement) which represents 50% of the offer is 5,2 m€ less the (average), 2 m€ less that the second offer against the information provided by AltCom. ., As a result if this analysis 3 major and significant deviations have been found, as follows:

- i. In the breakdown of price sent in response to the Tender Evaluation Committee request for clarification, for item 05.01.01.c (supply and placement of granular sub-base) the unit price is only € 2,32. However, the lowest quotation from a local supplier provided by AltCom with their response the quotation from the local Contractor “Benland”, for this item is € 6.2, (for supply only). This is 2.7 times more than the amount indicated in the breakdown of prices submitted by AltCom
- ii. In the breakdown of price sent in response to the Tender Evaluation Committee request for clarification, for item 05.01.02 (supply and placement of crushed stones) the unit price is only € 2,32. However, the lowest quotation from a local supplier provided by AltCom with their response the quotation from the local Contractor “Benland”, for this item is € 5.5, (for supply only). This is 2.4 times more than the amount indicated in the breakdown of prices submitted by AltCom.
- iii. In the breakdown of price sent in response to the Tender Evaluation Committee request for clarification, for item 05.02.01 (supply and placement of bituminous base course 15 cm thick) unit price is only € 3,04 per m². However, the lowest quotation from a local supplier

provided by AltCom with their response the quotation from the local Contractor “Varaku.E, for this item is€ 3,46 per m²(for supply only). This is 17.65% more than the amount indicated in the breakdown of prices submitted by AltCom.

The calculation of the price distortion that is generated only by not reflecting the local market prices into the offers is reflected in the table below:

BOQ AltCom							
Bill	Item	Item Description	Unit of measure	New tender Quantities	Unit Price	Amount	
						AltCom	Local Contractor Offer
5	05.01.02	Supply and placement of crushed stone base	m3	186,105.18	3	558,315.54	1,023,578
5	05.02.01	supply and palcement of bituminous base coyurse 15 cm thick	m2	547,018.00	3.04 euro as per price breakdown	1,662,934.72	1,892,682.28
5	05.01.01.c	Supply and placement of granular sub-base	m3	24,328.43	2.32 euro as per price breakdown	56,441.95	150,836.27

Conclusion: The unit prices proposed by AltCom are underestimated and abnormally low, comparing with the Average Tender Price, unit rates proposed by the others tenders and with local contractors offer submitted by AltCom. Based on the figures on the table above only for three items which the AltCom has submitted the local contractors offer is underpriced with 789,406 euro.

Moreover, the Committee has verified the breakdown of unit rates as attached in the letter submitted by AltCom and has determined that the lowest prices proposed by local Contractors are higher that the AltCom Tender Price.

Therefore, the Tender Evaluation Committee considers that AltCom cannot perform this part of Contract with its offered tender price.

Vol B-07

The Item 07 represents 18 % of the offer.

Out of all items, the Tender Evaluation Committee has highlighted 2 major and significant deviations as follows:

BILL N°	Item Description	Unit	Quantity	Unit Rate	Amount	Unit Rate	Amount
				(EURO)	(EURO)	(EURO)	(EURO)
BILL N° 07	ROAD ANCILLARY WORKS			Average Tender Price		Altcom	
07.01	GUARDRAILS						
07.01.01.	Provide and erect guard-rails of containment level H3, with reflectors on embankments including fixing as specified or directed for Main Axis.	m	54,911.00	70.00	3,843,770.00	39.10	2,147,020.10

The unit prices proposed by AltCom are underestimated and abnormally low, comparing with the Average Tender Price. As the Tender AltCom says that hi is based on Albanian Manual Price for BOQ, we compare the offered price of AltCom for Item 07.01.01 “Provide and erect guard-rails of containment level H3, with reflectors on embankments including fixing as specified or directed for Main Axis” with the respective Item in Albanian Manual of Price (the price of manual for this item various from 100 -150 euros (with reference to the Albanian Manual of Price An23, An24, An25,

An26 and An27). As a specific conclusion this unit item price is 3 time lower than official Albanian Manual of Price and almost half of the average tender price for this price.

Conclusion: the tender price of AltCom is unrealistic and abnormally low. Therefore, the Committee considers that AltCom cannot perform this part of Contract with its offered tender price.

Overall Conclusion

The tender price of AltCom is unrealistic and abnormally low. Taking into consideration the above highlighted majors and significant deviation, the Committee considers that AltCom cannot perform the Contract with its offered tender price.

With regards to Altcom explanation that for certain unit prices they have used the unit prices set in the Albanian “Manual of Prices” approved through a Decision of Council of Ministers it shall be noted that this manual of prices is only a reference manual for the public entity to estimate a budget for the planned investments There are no any legal provisions in Albania which require tenderers to mandatory use the price stated in Manual for the calculation of the offers. Moreover, there are no provisions in the Tender Documents that requires tenderers to use the reference prices from Albanian Manual Prices.

Since AltCom provided evidence that showed that the quote prices in the breakdown of process were much lower than the quotations received by this tenderer from the local suppliers, the Evaluation Committee considered that there is enough evidence to demonstrate that AltCom cannot perform the contract at the offered tender price.

Therefore, in accordance with the ITT paragraph 32.2, the Tender Evaluation Committee
recommended the rejection of their tender.