

WORKS AND SERVICES DEPARTMENT GOVERNMENT OF SINDH

Asian Development Bank Loan No. 4279-PAK(COL)

BID EVALUATION REPORT (BER) FOR

EFAP/W&SD/CW-02: PACKAGE-2: REHABILITATION AND IMPROVEMENT OF ROADS IN DISTRICT BADIN

- EFAP-02-BA1: Improvement of Road from Tando Bago to Dragah Saman Sarkar via Pangrio – (30.28 Km)
- EFAP-02-BA2: Road from Khalifo Qasim to Jhudo via Mehboob Shah – (27.22 Km)

IFB No. EFAP/W&SD/CW-02
(Single Stage-One Envelope Procedure)

EMERGENCY FLOOD ASSISTANCE PROJECT (EFAP)
October 2023

BASIC INFORMATION

| | | |
|----|--|---|
| 1 | Estimated Value/Engineer's Estimate: | PKR 2,441,470,351 |
| 2 | Date Invitation for Bids Issued: | 22 September 2023 |
| 3 | Original Bid Closing Date and Time: | 06 October 2023 (1100 Hrs) |
| 4 | Revised Bid Closing Date and Time: | 12 October 2023 (1100 Hrs) |
| 5 | Bids Opening Date and Time: | 12 October 2023 (1130 Hrs) |
| 6 | Method of Procurement | Open Competitive Bidding following Prequalification of Contractors |
| 7 | Bidding Procedure | Single Stage One Envelope (1S1E) |
| 8 | Number of Bids Received: | Three (03) Bids |
| 9 | Bid Validity Expires On: | 120 Days (09 February 2024) |
| 10 | Bid Security Declaration | Applicable [148 Days (08 March 2024)] |
| 11 | Date for Determining Applicable Exchange Rates | 14 September 2023 The selling rate notified by the State Bank of Pakistan on 28 days prior to the deadline submission of bids i.e., 12 October 2023. |
| 12 | Exchange Rates for Evaluation | 1 USD = 297.9586 PKR 1 CNY = 40.9529 PKR |

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1. INTRODUCTION

1.1 General

1. The **Islamic Republic of Pakistan** has received financing from the **Asian Development Bank (ADB)** toward the cost of **Emergency Flood Assistance Project** (*Works & Services Department Component for the Rehabilitation and Improvement of Roads Including Construction of Damaged Culverts and Bridges Spread in Province of Sindh*). Part of this financing will be used for payments under the Contract named above. Bidding is open to prequalified Bidders from eligible source countries of ADB.
2. The **Works & Services Department (W&SD) Sindh** (“the Employer”) invited sealed bids from prequalified eligible Bidders for the package mentioned below (“the Works”).
3. **Open Competitive Bidding** will be conducted in accordance with the ADB’s Single- Stage: One-Envelope following Prequalification bidding procedure and is open to all prequalified Bidders from eligible countries as described in the Bidding Document.
4. Subsequent to the approval of the ADB, the Invitation for Bids (IFB) was issued to twelve (12) prospective bidder(s) (Individual or JV) i.e., [(i) M/s Zahir Khan Brothers (PAK); (ii) M/s CCECC (PRC); (iii) M/s SPGEC-ZEPL (JV) (PRC/PAK); (iv) M/s Euro-Asian (AZE); (v) M/s Sardar Mohammad Ashraf D. Baluch (Pvt) Ltd (PAK); (vi) M/s Saadullah Khan & Brothers (SKB) – M/s Sultan Mahmood & Co. (SMC) – M/s KNK (Pvt.) Ltd. (Joint Venture) (PAK/PAK/PAK); (vii) M/s Haji Syed Ameer & Brothers (PAK); (viii) M/s Shaanxi Construction Engineering Group Corporation Limited Pakistan Branch (PRC); (ix) M/s Umer Jan & Co – M/s NPI Construction & Engineering (Joint Venture) (PAK/PAK); (x) M/s Niaz Muhammad Khan (PAK); (xi) M/s Abdul Ghaffar Memon (PAK) and (xii) M/s FB – MCPL (Joint Venture) (PAK)], who were prequalified for the **Category-II**, on 22 September 2023, copy of which was uploaded on PMU website is attached as **Appendix-1**.
5. As per the IFB, sealed bids were called for the following package:

| | |
|---------------------|--|
| EFAP/W&SD/ CW-02 | Rehabilitation and Improvement of Roads in District Badin |
|---------------------|--|

6. A pre-bid meeting was held on 27 September 2023 in the PMU Office Hyderabad. Eleven (11) prospective prequalified bidders attended the pre-bid meeting. On 28 September 2023, the minutes of the pre-bid meeting along with the Addendum No. 01 to the bidding document (copy is attached as **Appendix-6**) were accordingly sent to all the prospective bidders who purchased the bidding document (*listed below*) and were also uploaded on PMU’s website for those who downloaded the document from PMU website on the same date i.e., 28 September 2023.
7. Details of bidders who purchased the bidding documents are listed below:

| S/No | Name of Bidder | Nationality |
|------|--|-----------------------|
| 1 | M/s Zahir Khan Brothers | PAK |
| 2 | M/s CCECC | PRC |
| 3 | M/s SPGEC – ZEPL (JV) | PRC/PAK |
| 4 | M/s FB – MCPL (JV) | PAK/PAK |
| 5 | M/s Sardar Mohammad Ashraf D. Baluch (Pvt) Ltd | PAK |
| 6 | M/s Saadullah Khan & Brothers (SKB) – M/s Sultan Mahmood & Co. (SMC) – M/s KNK (Pvt.) Ltd. (Joint Venture) | PAK / PAK / PAK |
| 7 | M/s Haji Syed Ameer & Brothers | PAK |
| 8 | M/s Shaanxi Construction Engineering Group Corporation Limited Pakistan Branch | PRC |
| 9 | M/s Umer Jan & Co – M/s NPI Construction & Engineering (Joint Venture) | PAK / PAK |
| 10 | M/s Niaz Muhammad Khan | PAK |
| 11 | M/s Abdul Ghaffar Memon | PAK |

1.2 Submission of Bids

8. The original date for the submission of bids was 06 October 2023 which was extended to 12 October 2023 through Addendum (copy attached as **Appendix-6**). The receipt of bids was closed at 1100 hours local time on 12 October 2023 as scheduled in the Bidding Documents / Addendum. Following bidders submitted their bids as per details below:

| B# | Bidder Name | Legal Status | Origin |
|----|----------------------------------|---------------|-----------|
| 1 | M/s Niaz Muhammad Khan & Brother | Single Entity | PAK |
| 2 | M/s Abdul Ghaffar Memon (AGM) | Single Entity | PAK |
| 3 | M/s FB – MCPL (Joint Venture) | JV | PAK / PAK |

1.3 Bid Opening

9. Bids were opened as specified in the Bidding Documents i.e., at 1130 Hours (PST) on 12 October 2023 at PMU-EFAP by the Procurement Committee (PC) in the presence of representative of the bidders. The bidder's name, bid price (and discount, if any), the presence or absence of Bid-Securing Declarations were announced publically and recorded. The Record of Bid Opening was prepared as announced. A copy thereof is attached as **Appendix-2**.

1.4 Basic Data

10. Basic information pertaining to this bidding is summarized in the cover sheet of this report.

1.5 Procurement Committee (Bid Opening / Evaluation Committee)

11. The Procurement Committee (PC) comprising following five officers was constituted as per Works and services Department Code vide Notification No. E&A(W&S)/3-9/91-2013, dated: 30 August 2023 (attached as **Appendix-8**). The members of the constituted Procurement Committee are

| | |
|--------------|--|
| (1) Chairman | Project Director, PMU-EFAP, W&SD, GOS, Hyderabad |
| (2) Member | Executive Engineer, Provincial Highway Division, Hyderabad |
| (3) Member | Executive Engineer, Small Dams Division, Kohistan-II, Jamshoro, Irrigation Department. |
| (4) Member | Divisional Accounts Officer, PMU-EFAP, W&SD, GOS, Hyderabad |
| (5) Member | Director (Procurement & Contracts) / Deputy Project Director, PMU-EFAP, W&SD, GOS, Hyderabad |

2. EXAMINATION FOR COMPLETENESS OF BIDS

2.1 Documents Required with the Bid

12. The Bids submitted were first examined to check whether the bidders have submitted all the documents and information required by the Bidding Documents. The areas covered by the examination were:
- (i) Number of copies of Bids submitted.
 - (ii) Letter of Bid and Schedules to Bid (i/c Priced BOQ).
 - (iii) Bid-Securing Declaration
 - (iv) JV Agreement or Letter of Intent to form a JV, if applicable.
 - (v) Propriety of Signature and Power of Attorney.
 - (vi) Technical Proposals of the Bidders.
 - (vii) Documents to assess Bidder's Qualification; and
 - (viii) Financial Requirements.
13. Result of examination for completeness of Bids are attached as **Appendix-3**. The PC has determined that all the three (03) Bidders (*Serial No. 1, 2 and 3*) have submitted, complete set of documents and their bids were evaluated further, in accordance with the Bidding Document.
14. The status of bidders regarding the **completeness of bids** is summarized as follows:

| B# | Bidder Name | Legal Status | Status |
|---|----------------------------------|---------------|--------|
| 1 | M/s Niaz Muhammad Khan & Brother | Single Entity | Q |
| 2 | M/s Abdul Ghaffar Memon (AGM) | Single Entity | Q |
| 3 | M/s FB – MCPL (Joint Venture) | JV | Q |
| Q = Qualified, DQ = Disqualified, NA = Not Applicable | | | |

2.2 Bid Validity and Bid-Securing Declaration

15. **Bid Validity:** ITB 18.1 under Section 2 of the BDs require that the bids should have the validity of at least 120 days from the deadline of submission of bids. Thus, bids should remain valid till **09 February 2024**.
16. It has been determined by the PC that all the three (03) bidders (*Serial Nos. 1, 2, and 3*) have offered a bid validity period as required under ITB 18.1 of the Bid Data Sheet. **(Appendix-3 and Appendix-4)**.
17. **Bid-Securing Declaration:** The PC evaluated all the three (03) bidders for the compliance of the Bid-Securing Declaration in a requisite form, with the validity as required under ITB 19.1. The three (03) bidders i.e., Bidders (*Serial No. 1, 2 and 3*) have submitted Bid-Securing Declaration as per requirement of ITB 19 and are determined to be qualified.

| B# | Bidder Name | Status Bid Validity | Status Bid-Securing Declaration |
|---|----------------------------------|---------------------|---------------------------------|
| 1 | M/s Niaz Muhammad Khan & Brother | Q | Q |
| 2 | M/s Abdul Ghaffar Memon (AGM) | Q | Q |
| 3 | M/s FB – MCPL (Joint Venture) | Q | Q |
| Q = Qualified, DQ = Disqualified, NA = Not Applicable | | | |

2.3 Propriety of Signature and Power of Attorney

18. The bids submitted by Bidder No. 1, 2 and 3 was evaluated for propriety of signatures of the authorized representatives and adequacy of their Power of Attorney (“POA”).
19. It was determined by the PC that the Bidder No. 1, 2, and 3 have submitted the bids that are properly signed and the appropriate POA, in accordance with the Bidding Document, have been provided. Therefore, the Bidder No. 1, 2 and 3 is determined to be qualified.

| B# | Bidder Name | Propriety of Signs | POA |
|--|----------------------------------|--------------------|-----|
| 1 | M/s Niaz Muhammad Khan & Brother | Q | Q |
| 2 | M/s Abdul Ghaffar Memon (AGM) | Q | Q |
| 3 | M/s FB – MCPL (Joint Venture) | Q | Q |
| Q = Qualified, DQ = Disqualified, PQ = Partially Qualified | | | |

20. The results of these examinations are shown in **Appendix-3**.

3. DETERMINATION OF SUBSTANTIVE RESPONSIVENESS / QUALIFICATION OF BIDDERS (TECHNICAL PART OF THE BID)

3.1 Eligibility of Bidders and Goods

21. The bidding documents required, in Clause 4.2 and 5 of the Instructions to Bidders that each bidder and material, equipment and services supplied under the contract shall have nationality from eligible member countries. All the three (03) bidders (*Serial No. 1, 2, and 3*) who submitted bids furnished information which indicates that they were nationals of an eligible member country and offered goods originating in an eligible member country of ADB.

3.2 Bidders' Qualification

22. Based on the determination of the PC, all the three (03) bidders (*Serial No. 1, 2, and 3*) were evaluated against the requirements. The detailed account regarding the qualification of bidders is stated in the following paragraphs.

3.2.1 Eligibility

23. All the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) have submitted the completed Forms ELI-1 and (ELI-2 in case of JV) along with required supporting documents and upon assessment were found eligible. (**Appendix-3, Appendix-4, and Item 1 Appendix-5**).
24. All the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) who have submitted their bids; meets the eligibility requirement (**Item 1, Appendix-5**). The eligibility status of the bidders is summarized below:

| Eligibility Criteria | Bidder-1 | Bidder-2 | Bidder-3 |
|---|------------|------------|----------|
| 1. All partners of a JV must be jointly and severally liable. | <u>N/A</u> | <u>N/A</u> | <u>Q</u> |
| 2. Nationality | <u>Q</u> | <u>Q</u> | <u>Q</u> |
| 3. Conflict of Interest | <u>Q</u> | <u>Q</u> | <u>Q</u> |
| 4. Declared Ineligible by ADB | <u>Q</u> | <u>Q</u> | <u>Q</u> |
| 5. Government owned enterprise | <u>Q</u> | <u>Q</u> | <u>Q</u> |
| 6. Declared Ineligible by UN | <u>Q</u> | <u>Q</u> | <u>Q</u> |
| Q = Qualified, DQ = Disqualified, NA = Not Applicable | | | |

3.2.2 Historical Contract Non-performance

25. The three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) have submitted the completed Forms CON-1 and accordingly meet the requirement of Historical Contract Non-performance (**Appendix-3, Appendix-4 and Item 2, Appendix-5**). The qualification status of the respective bidders is summarized below:

| B# | Bidder Name | Criteria | Status |
|----------------------------------|----------------------------------|--|--------|
| 1 | M/s Niaz Muhammad Khan & Brother | Non-performance of a contract did not occur because of contractor default since 1 January 2017 | Q |
| 2 | M/s Abdul Ghaffar Memon (AGM) | | Q |
| 3 | M/s FB – MCPL (Joint Venture) | | Q |
| Q = Qualified, DQ = Disqualified | | | |

3.2.3 Pending Litigation & Arbitration

26. The PC noted that the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) have submitted the completed Forms CON-1 and accordingly meet the requirement of Pending Litigation and Arbitration (**Item 2, Appendix-5**).
27. The qualification status of all the bidders is summarized below:

| B# | Bidder Name | Criteria | Status |
|----------------------------------|----------------------------------|---|--------|
| 1 | M/s Niaz Muhammad Khan & Brother | All <u>pending litigation & arbitration</u> initiated against the Bidder should not represent more than fifty percent (50%) of the Bidder's net worth | Q |
| 2 | M/s Abdul Ghaffar Memon (AGM) | | Q |
| 3 | M/s FB – MCPL (Joint Venture) | | Q |
| Q = Qualified, DQ = Disqualified | | | |

3.2.4 Financial Situation and Status

| SECTION 3, PARA 2.1 – FINANCIAL SITUATION CRITERIA FOR BIDDER'S QUALIFICATION | |
|--|--|
| 2.1: Financial Resources Less Current Contract Commitments | |
| (a) PKR 542.5 million or USD equivalent for Single Entity & all partners combined in a JV. | |
| (b) PKR 217 million or USD equivalent for one partner in a JV | |
| (c) PKR 135.63 million or USD equivalent for each partner in a JV | |

28. The three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) have to submitted the audited financial statements for the latest of last three (03) years (i.e., Financial Year 2019-20, 2020- 21 and 2021-22 (or latest three years) for the bidders which close their accounts on 30th June every year and Calendar Year 2020, 2021 and 2022 (or latest three years) for the bidders which close their accounts on 31st December every year) to demonstrate their current soundness of financial position. The bidders also must submit the line of credit, where available, along with the AFS and details regarding Current Contract Commitments (“CCC”) in order to demonstrate that they meet the requirements related to financial resources; in accordance with Para 2.1 Section 3 of the Bidding Document (**Item 3, Appendix-5**). After detailed scrutiny of all the three (03) substantially compliant bidders, the following has been determined:

| B# | Bidder Name | Cash Flow | | |
|---|----------------------------------|-----------|-------------|--------------|
| | | SE/JV | One Partner | Each Partner |
| 1 | M/s Niaz Muhammad Khan & Brother | Q | Q | NA |
| 2 | M/s Abdul Ghaffar Memon (AGM) | Q | Q | NA |
| 3 | M/s FB – MCPL (Joint Venture) | Q | Q | Q |
| Q=Qualified, DQ = Disqualified, NA = Not Applicable, SE = Single Entity; JV = Joint Venture | | | | |

3.3 Compliance with Commercial Terms and Conditions

3.3.1 Bid-Securing Declaration

29. The evaluation of bids submitted all the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) have fulfilled the requirements of Bid-Securing Declaration and considered compliant by the PC in terms of the requirements of ITB 19 of the Bidding Documents.

3.3.2 Time for Completion

30. A check on time for completion was carried out based on the construction schedule submitted by the all the three (03) bidders. The time for completion of the various major work components were analysed to check (i) whether they are logical and (ii) whether completion times comply with the schedules. Information on construction schedule submitted by all the three (03) bidders (*Serial No. 1, 2, and 3*) is stipulated in para 3.4.7 below. It is determined by the PC that all the three (03) substantially responsive bidders comply with the requirement of time for completion.

3.3.3 Terms of Payment

31. All the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) accepted the commercial provisions of the Bidding Documents and did not indicate any reservation to the terms of payment stipulated in the Bidding Document.

3.4 Compliance with Technical Requirements

32. Check for the requirement of “*Compliance with Technical Requirements*” was carried out for the substantially responsive bidders i.e., Bidder No. 1, 2, and 3, The Bidders were evaluated as per qualification criteria briefed in **Appendix-4**.
33. Bidder-wise detail of their capability / capacity is given in **Appendix-5**.

3.4.1 Clarification

34. As the bidding process is following prequalification, all the three (03) bidders generally adhered to the requirements of the bidding documents and submitted substantially responsive bids. All the information required in the bidding document was updating the data provided in the prequalification application whereas new forms and information are duly filled. No clarifications were therefore, required to be sought from the bidders.

3.4.2 Personnel

35. The substantially responsive bidders i.e., Bidder No. 1, 2, and 3, submitted complete PER-1 and PER-2 forms, except some minor shortcomings. Additionally, the experts proposed by these bidders for the subject package have also been proposed for other packages. The lowest evaluated bidder with non-material deviations / omissions in Personnel will be asked to rectify the shortcoming before the contract award (**Item 4, Appendix-5**).

3.4.3 Equipment

36. Information related to the equipment provided by the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*), indicated that the bidders have the capacity to mobilize key equipment in accordance with their respective mobilization schedule and construction schedule, which suited to the Works for its smooth and timely completion. **(Item 6, Appendix-5).**

3.4.4 Site Organization

37. The site organization documentation submitted by all the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*), indicated that the bidders were conversant with site conditions in addition to the volume and extent of Works to be executed smoothly. The submission by the bidders is considered satisfactory by the PC **(Item 6, Appendix-5).**

3.4.5 Method Statement

38. The Method Statements submitted by all the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) demonstrated their ability to handle the execution of Works in accordance with the specifications and drawings. **(Item 6, Appendix-5).** The submission by the bidders is considered satisfactory by the PC.

3.4.6 Mobilization Schedule

39. The Mobilization schedule submitted by all the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) was evaluated by the PC and found satisfactory **(Item 6, Appendix-5).**

3.4.7 Construction Schedule

40. The Construction Schedule submitted by all the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) was evaluated by the PC and found satisfactory. **(Item 6, Appendix-5).**

3.4.8 Environment, Health & Safety Management Plan

41. The substantially responsive bidders (*Serial No. 1, 2, and 3*), have submitted the Health and Safety Management Plan as per the requirements of the Bidding Document **(Item 6, Appendix-5).** The submission by the bidders is considered satisfactory by the PC.

3.4.9 Diversion of Traffic Management Plan

42. The substantially responsive bidders (*Serial No. 1, 2, and 3*), have submitted the Diversion of Traffic Management Plan as per the requirements of the Bidding Document **(Item 6, Appendix-5).** The submission by the bidders is considered satisfactory by the PC.

3.5 Non-Responsive/Disqualified Bids

43. Total three (03) bidders submitted the bids for the instant procurement package of the EFAP-W&SD Sindh Component. All the three (03) bids were technically qualified.

3.6 Announcement of Price Bids

44. The Price Bids of the all the three bidders (*Serial No. 1, 2, and 3*) were publicly announced at 1130 hours on 12 October 2023 at PMU's office by the Procurement Committee (PC), in the presence of representative of the bidder.
45. The bidders name and the respective amounts of bid prices were announced and recorded. The announced bids are as under:

| B# | Bidder Name | Announced Bid (PKR) | Premium / Rebate Offered (PKR) | Final Bid Price (PKR) |
|----|----------------------------------|---------------------|--------------------------------|-----------------------|
| 1 | M/s Niaz Muhammad Khan & Brother | 5,277,105,897 | 0.00 | 5,277,105,897 |
| 2 | M/s Abdul Ghaffar Memon (AGM) | 5,269,172,586 | 0.00 | 5,269,172,586 |
| 3 | M/s FB – MCPL (Joint Venture) | 4,981,513,401 | 0.00 | 4,981,513,401 |

4. EXAMINATION OF BIDS (FINANCIAL PART)

4.1 Completeness and Signatures

46. The Price Bids were first examined to ensure that the bidders had provided the quoted price in the Letter of Bid, priced Bill of Quantities, and whether these documents had been prepared properly and signed as stipulated in the Instructions to Bidders. Documents of all the three (03) substantially responsive bidders (*Serial No. 1, 2, and 3*) were satisfactory as the bid documents were complete, signed and corrections, only where required, were initialed by the authorized persons.

4.2 Currency for Bid and Exchange Rate

47. The currency for bid comparison is local currency i.e., Pakistani Rupee. The exchange rate is not required as all the bids are quoted in local currency.

4.3 Discount Offered in Price Bids

48. None of the bidders out of the three (03) bidders offered discounts which were reflected in the Record of Bid Opening (**Appendix-2**) are as per details below:

| B# | Bidder Name | Legal Status | Premium / Rebate Offered (PKR) |
|----|----------------------------------|---------------|--------------------------------|
| 1 | M/s Niaz Muhammad Khan & Brother | Single Entity | Nil |

| | | | |
|---|-------------------------------|---------------|-----|
| 2 | M/s Abdul Ghaffar Memon (AGM) | Single Entity | Nil |
| 3 | M/s FB – MCPL (Joint Venture) | JV | Nil |

4.4 Schedule of Payment Currencies

49. The status for the Schedule of Payment Currencies for all the three (03) bidders are given below:

| B# | Bidder Name | Legal Status | Origin | Percentage | |
|----|----------------------------------|---------------|--------|----------------|------------------|
| | | | | Local Currency | Foreign Currency |
| 1 | M/s Niaz Muhammad Khan & Brother | Single Entity | PAK | 100 | 0 |
| 2 | M/s Abdul Ghaffar Memon (AGM) | Single Entity | PAK | 100 | 0 |
| 3 | M/s FB – MCPL (Joint Venture) | JV | PAK | 100 | 0 |

4.5 Arithmetic Check and Corrections

50. Each of the three (03) qualified bidders (*Serial No. 1, 2, and 3*) were checked for arithmetic errors in accordance with the provisions of the bidding document and such errors were corrected. Detail of errors / corrections are highlighted in Yellow in the Comparison Sheets (**Appendix-7**).

4.6 Multiple Contracts

51. Multiple Contracts is Not Applicable.

4.7 Completion Time

52. Alternate completion time was not an option.

4.8 Alternative Technical Solution

53. Alternative technical solution was not applicable.

4.9 Margin of Preference

54. Margin of preference was not applicable.

4.10 Lowest Evaluated Bid Considering Discount, if any

55. The quoted bid prices for the responsive and qualified bidders which were evaluated, as shown in **Appendix-7**, indicate that the lowest evaluated bids are as under:

M/s FB – MCPL (Joint Venture) for a total evaluated bid price of **PKR 4,981,506,265**.

| B# | Name of Bidder | Evaluated Bid Price (PKR) | Ranking |
|----|-------------------------------|---------------------------|-----------------|
| 3 | M/s FB – MCPL (Joint Venture) | 4,981,506,265 | 1 st |

56. A general price comparison is undertaken based on corrected prices exhibited in the preceding section. Bidders' price variations are calculated relative to the Engineer's Estimate based on CSR 2022.

Engineer's Estimate:

PKR 2,441,470,351

| Bidder No | Name of Contractor | Final Bid Amount (PKR) | Position | %age of EE |
|-----------|----------------------------------|------------------------|-----------------------|---------------|
| 1 | M/s Niaz Muhammad Khan & Brother | 5,277,095,123 | 3rd | 116.1% |
| 2 | M/s Abdul Ghaffar Memon (AGM) | 5,269,164,973 | 2nd | 115.8% |
| 3 | M/s FB – MCPL (Joint Venture) | 4,981,506,265 | 1st | 104.0% |

57. The detailed item rate comparison of all the three (03) bids with Engineer's Estimate are attached at **(Appendix-7)**.

4.11 Examination of Unbalanced Rates for Lowest Evaluated Bid

58. As per explanation given in the ADB's Guide on Bid Evaluation (Pages 18 and 19), there can be two categories of unbalanced bids: (i) higher unit prices for earlier works; and (ii) higher unit rates for underestimated work items. The rates for almost all items are predominately higher than the Engineer's Estimate of the lowest evaluated bid. Therefore, it is not evident in the lowest evaluated bid. Hence, the conclusion is that the lowest bid is balanced in the light of Bid Evaluation Guide, despite the fact that the quoted rates are higher which is mainly due to the high inflation rates.

59. Comparison of unit rates and prices, particularly early work items, of the lowest evaluated bid with the Executing Agency's / Engineer's estimate were carried out **(Appendix-7)**. The comparison indicates that the unit rates of the lowest evaluated responsive bid do not fall into the above (i) nor (ii), given the following observations:

- Almost the lowest bidder's rates are on higher side, however, there is no indication of front loading or any other visible trend.
- Significant variation has been observed in some quoted rates; however, it is pertinent to note that percentage of these items to the total price bid is significant neither as an individual item nor as cumulative.

60. The comparison indicates that the unit rates of the lowest evaluated responsive bid of bidder at Serial No. 3 **[M/s FB – MCPL (Joint Venture)]** for are mostly on higher side.

61. The price bid of bidder at Serial No. 3 **[M/s FB – MCPL (Joint Venture)]** is 104% above the Engineer's Estimates based on NHA CSR-2022. As per detailed deliberation by the Procurement Committee it is established that the bid submitted by the Bidder-3 are substantially higher than the Engineer's Estimate.

4.12 Examination of Bidder's Proposed Price Adjustment Weightages

62. The lowest evaluated bidder for Package-2 i.e., Bidder No. 3: M/s FB – MCPL (JV) proposed weightages for priced bid adjustment (please refer to tables below) which were within the permissible limits provided in the issued bidding documents.

Price Adjustment Weightages

| S# | Description | Unit | Proposed weightages as per Engineer's Estimate | Bidder's Proposed Weightages |
|--------------|-------------------|------------------|--|------------------------------|
| (i) | Fixed Portion | - | 0.464 | 0.464 |
| (ii) | High Speed Diesel | Litres | (0.077 to 0.086) | 0.086 |
| (iii) | Labour | Day (Per Day) | (0.099 to 0.111) | 0.111 |
| (iv) | Cement | Metric Ton | (0.041 to 0.046) | 0.046 |
| (v) | Steel Grade 60 | Metric Ton | (0.118 to 0.131) | 0.131 |
| (vi) | Bitumen | Meters | (0.146 to 0.162) | 0.162 |
| Total | | | 1.00 | 1.00 |

4.13 Quantifiable Nonconformities and Omissions

63. The ITB 30.3 states that, *“the Employer shall rectify quantifiable nonmaterial nonconformities related to the Bid Price. To this effect, the Bid Price shall be adjusted, for comparison purposes only, to reflect the price of a missing or nonconforming item or component. The adjustment shall be made using the method indicated in Section 3 (Evaluation and Qualification Criteria)”* whereas the Para 1.4 of Section 3 (Quantifiable Nonconformities and Omissions) states that the *“cost of all quantifiable nonmaterial nonconformities shall be evaluated, including omissions in Daywork where competitively priced but excluding omission of prices in the Bill of Quantities”*.

4.14 Reasonableness of Price of Lowest Evaluated Bid

64. The bid submitted by each bidder is compared with the respective Engineer's Estimate based on the NHA CSR rates of 2022 and it was found that the lowest evaluated substantially responsive bid of Bidder No. 3 is well above the Engineer's Estimates for the subject procurement package as tabulated below.

| Bidder's Name | Value of EE (PKR) | Evaluated Bid Price (PKR) | %age Variation from EE | Rank |
|----------------------------------|-------------------|---------------------------|------------------------|-----------------|
| M/s Niaz Muhammad Khan & Brother | 2,441,470,351 | 5,277,095,123 | 116.1% | 3 rd |
| M/s Abdul Ghaffar Memon | | 5,269,164,973 | 115.8% | 2 nd |
| M/s FB – MCPL (Joint Venture) | | 4,981,506,265 | 104.0% | 1 st |

4.15 Rate Analysis of Lowest Evaluated Bid

65. It was observed during the opening of bids, confirmed during the detailed evaluation that the received bids are exceptionally higher than the Engineer's Estimate. The Employer sought a rate analysis from the lowest evaluated technically qualified bidder for clarification and justification for the items which has significant impact in the overall bid cost. In this regard, a letter was issued to the lowest evaluated technically qualified bidder which is placed as **Annexure-1**.

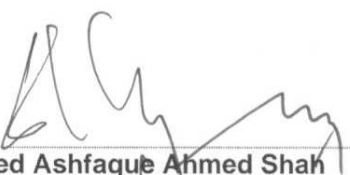


66. Subsequently, the lowest evaluated technically qualified bidder submitted their rate analysis, and the corresponding responses are placed as **Annexure-2**.



67. During the evaluation of these rate analysis by the Procurement Committee, it was observed that the lowest evaluated technically qualified bidder has inflated their resources and input costs to justify their high rates, which is against the established Engineering Principles.

5. CONCLUSION AND RECOMMENDATIONS

68. Based on the comprehensive assessment of the submitted bids detailed in this report, it is determined that the bid submitted by the **Bidder-3: M/s FB – MCPL (Joint Venture)**, for the **EFAP/W&SD/CW-02: Package-2: Rehabilitation and Improvement of Roads in District Badin** [EFAP-02-BA1: Improvement of Road from Tando Bago to Dragah Saman Sarkar via Pangrio – (30.28 Km) and EFAP-02-BA2: Road from Khalifo Qasim to Jhudo via Mehboob Shah – (27.22 Km)], is substantially responsive and lowest evaluated bid, which is **104% above the Engineer's Estimate, based on NHA CSR 2022 which is substantially high and could not be accepted at this rate as it would reduce the scope of work as well as total bid cost if accepted, would increase from allocated budget**

69. Hence, the Procurement Committee recommends to seek the ADB approval, in accordance with procurement regulations for ADB Borrowers 2017, Sub clause 92 and with **Sub-Clause 98, which entails conducting Price Negotiations with the lowest bidder, Bidder-3: M/s FB – MCPL (Joint Venture) to ascertain a reasonable bid price before exercising** Sub-Clause 92: Rejection of All Bids, as outlined in the Procurement Regulations for ADB Borrowers 2017 and ITB 39: Employer's Right to Accept Any Bid, and to Reject Any or All Bids.

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|  Syed Ashfaq Ahmed Shah Director (Procurement & Contracts) / Deputy Project Director Project Management Unit (PMU) Emergency Flood Assistance Project (EFAP) Works & Services Department (W&SD) Government of Sindh (GOS) Hyderabad (Member / Secretary PC) |  Ghulam Rasool Abbasi Executive Engineer Provincial Highway Division Hyderabad (Member PC) |  Qammaruddin Solangi Divisional Accounts Officer PMU-EFAP, W&SD, GOS Hyderabad (Member PC) |
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| <p>Asif Junaid Bhayo Executive Engineer Small Dams Division, Kohistan-II Jamshoro Irrigation Department (Member PC)</p> | <p>Muhammad Ayooob Junejo Project Director PMU-EFAP, W&SD, GOS Hyderabad (Chairman PC)</p> |

WORKS AND SERVICES DEPARTMENT GOVERNMENT OF SINDH

ASIAN DEVELOPMENT BANK LOAN NO. 4279-PAK(COL)

MINTES OF PRICE NEGOTIATIONS / ADDENDUM TO THE BID EVALUATION REPORT FOR

EFAP/W&SD/CW-02: PACKAGE-2: REHABILITATION AND IMPROVEMENT OF ROADS IN DISTRICT BADIN

- EFAP-02-BA1: Improvement of Road from Tando Bago to Dragah Saman Sarkar via Pangrio – (30.28 Km)
- EFAP-02-BA2: Road from Khalifo Qasim to Jhudo via Mehboob Shah – (27.22 Km)

IFB No. EFAP/W&SD/CW-02
(Single Stage-One Envelope Procedure)

EMERGENCY FLOOD ASSISTANCE PROJECT (EFAP) NOVEMBER 2023

BASIC INFORMATION

| | | |
|----|--|---|
| 1 | Estimated Value/Engineer's Estimate: | PKR 2,441,470,351 |
| 2 | Date Invitation for Bids Issued: | 22 September 2023 |
| 3 | Original Bid Closing Date and Time: | 06 October 2023 (1100 Hrs) |
| 4 | Revised Bid Closing Date and Time: | 12 October 2023 (1100 Hrs) |
| 5 | Bids Opening Date and Time: | 12 October 2023 (1130 Hrs) |
| 6 | Method of Procurement | Open Competitive Bidding following Prequalification of Contractors |
| 7 | Bidding Procedure | Single Stage One Envelope (1S1E) |
| 8 | Number of Bids Received: | Three (03) Bids |
| 9 | Bid Validity Expires On: | 120 Days (09 February 2024) |
| 10 | Bid Security Declaration | Applicable [148 Days (08 March 2024)] |
| 11 | Date for Determining Applicable Exchange Rates | 14 September 2023 The selling rate notified by the State Bank of Pakistan on 28 days prior to the deadline submission of bids i.e., 12 October 2023. |
| 12 | Exchange Rates for Evaluation | 1 USD = 297.9586 PKR 1 CNY = 40.9529 PKR |

Attachment

Annexure-1 Negotiated Signed Bill of Quantities by Bidder-3

1. The Procurement Committee of Works and Services Department, Government of Sindh recommended the bid submitted by the lowest evaluated, technically qualified and responsive **Bidder-3: M/s FB – MCPL (Joint Venture)**, for the **EFAP/W&SD/CW-02: Package-2: Rehabilitation and Improvement of Roads in District Badin** [EFAP-02-BA1: Improvement of Road from Tando Bago to Dragah Saman Sarkar via Pangrio – (30.28 Km) and EFAP-02-BA2: Road from Khalifo Qasim to Jhudo via Mehboob Shah – (27.22 Km)], for a evaluated amount of **PKR 4,981,506,265.00 (104% Above of Engineering Estimate, based on NHA CSR 2022)** which is substantially high and could not be accepted at this rate as it would reduce the scope of work as well as total bid cost if accepted, would increase from allocated budget, and recommended to seek the ADB approval, in accordance with **Procurement Regulations for ADB Borrowers 2017**, Sub clause 92 and with Sub-Clause 98, which entails conducting **Price Negotiations** with the lowest evaluated technically qualified and responsive **Bidder-3: M/s FB – MCPL (Joint Venture)** to ascertain a reasonable bid price before exercising **Sub-Clause 92: Rejection of All Bids**, as outlined in the **Procurement Regulations for ADB Borrowers 2017** and **ITB 39: Employer's Right to Accept Any Bid, and to Reject Any or All Bids**.
2. ADB vide Email dated **17 November 2023** conveyed No Objection to the recommendation of the Procurement Committee in the Bid Evaluation Report (BER) of **EFAP/W&SD/CW-02: Package-2: Rehabilitation and Improvement of Roads in District Badin**. To conduct the Price Negotiations with the Lowest Evaluated Technically Qualified and Responsive Bidder.
3. This Addendum to the Bid Evaluation Report includes the detailed proceedings of the Price Negotiations held in Karachi with **Bidder-3: M/s FB – MCPL (Joint Venture)**, the Lowest Evaluated Technically Qualified and Responsive Bidder for **EFAP/W&SD/CW-02: Package-2: Rehabilitation and Improvement of Roads in District Badin**. The negotiation aimed to achieve a mutually agreeable contract value for the project.
4. In accordance with the Asian Development Bank's (ADB) No Objection, the Project Management Unit (PMU) successfully conducted **Price Negotiations** on **20 and 21 November 2023** with the lowest evaluated technically qualified and responsive **Bidder-3: M/s FB – MCPL (Joint Venture)**, for **EFAP/W&SD/CW-02: Package-2: Rehabilitation and Improvement of Roads in District Badin**.
5. **Discussion Points:**
6. The negotiation commenced with an open dialogue between the Authorized Representative **Mr. Muhammad Sohail Khan** supported by **Mr. Raheel Memon** of the **Bidder-3: M/s FB – MCPL (Joint Venture)**. Mr. Muhammad Sohail Khan began by acknowledging the competitiveness of the bidding process and expressed their commitment to delivering the project within the specified parameters, design, and specifications.
7. **Reasons for Higher Quoted Rates:**

8. Mr. Muhammad Sohail Khan explained the factors contributing to the initially higher quoted rates:
- **Distance of Quarry Sites from Project Site:**
 - The remote location of the quarry sites significantly increased transportation costs, impacting the overall project cost.
 - **Geographic Spread of the Project Site:**
 - The extensive geographic spread of the project site necessitated additional resources, leading to higher labor and material costs.
 - **Prevailing Market Rates in Sindh:**
 - The bidder highlighted that at the time of bidding market rates in Sindh, particularly in the construction sector, were elevated due to increased demand from various ongoing projects.
 - **Construction Material Availability:**
 - The ongoing projects in the area had led to a surge in demand for construction materials, causing an increase in their prices.
 - **Unavailability of Labor in the Area:**
 - Mr. Muhammad Sohail Khan emphasized the scarcity of skilled labor in the project area, resulting in higher labor costs.
9. **Positive Developments:**
- Despite the challenges, Mr. Muhammad Sohail Khan shared positive news:
 - **Reduction in Construction Material Rates:**
 - The Dollar depreciation against rupee and reduction in fuel price has played a major role in price de-escalation
 - Construction material rates had witnessed a decrease compared to previous assessments, especially, Bitumen, aggregate Cartage/Transportation Cost, providing a favorable aspect to consider.
 - Due to interim Government ban on fresh bidding in Sindh Province the contractors machinery and plants are idle and contractor over head expenses are at rise.
 - Labours are now easily available and cost of construction material are substantially reduced.
10. **Sindh Composite Schedule of Rates (CSR):**

11. Mr. Muhammad Sohail Khan pointed out that the fresh Sindh Composite Schedule of Rates 2023 which is in approval stage is almost 80% to 90% (depending upon the quarry location) above the existing National Highway Authority CSR 2022. This significant difference contributes that the rates quoted by us are realistic and market is substantially high.
12. **Basis of Project Procurement Committee for Price Negotiation.**
- As Per CPI index of Bureau of statistics and Donor agencies report about inflation rates it float between 50-60 % since the NHA CSR 2022 schedule is introduced (May 2022 to October 2023)
 - The contracts awarded in other region of Sindh province based on NHA CSR 2022 are almost 80-87% above the schedule.
 - Keeping the Sindh Revenue Board Tax of 5% over the base cost of inflation, cartage of material from quarry distance, Rates of new Sindh Schedule of rates (which is under approval stage) which are 80-90 %above NHA CSR 2022. The current trend of bidding in Sindh province over NHA CSR 2022 rates. The procurement Committee envisaged that rates between 65% to 75% depending upon the distance from quarry are appropriate to negotiate.
 - If rebated rates are not accepted between these range then second round of bidding is to be initiated which will take almost one more month from letter to bidders to approval from ADB.
 - It was not sure that either bidders remained at that rates, reduce or increase.
 - Most probability was that they will increase the rates because Sindh New Schedule of Rates 2023 is in offing which is almost 80-90% above NHA CSR 2022.
 - Dollar is again at rise which may increase the material cost.
 - When after election 2024 the new works were launched the cost of material and labour may rise because of supply and demand.
 - If the bids received in second round higher then first one then it will be crucial for PMU and ADB to accept it.
 - If ADB adopts Single stage two envelope bidding after receiving higher bidding the whole process of procurement of competitive biddings has to be adopted which may take three months as per ADB guidelines.
 - EFAP is emergency nature of project which needs to be concluded by June 2026 if delayed further then this project could not be completed within time lines
 - Commitment charges from Donor Agency ADB will be paid if delayed.
 - Economic Affairs Division Islamabad and Planning and Development Department Government of Sindh has also shown serious concern over the delay of procurement.
 - The Socio Economic condition of project areas are severely damaging with each passing day.
 - The design parameters for rehabilitation may change if further delayed (because further damaged to road structure is occurring).
 - The above position suggests Procurement Committee to negotiate the rates at acceptable level where quality of work should not be compromised as well as they must be in conformity with market rates.

13. **Revised Offer:**

14. In a display of flexibility, Mr. Muhammad Sohail Khan extended a revised offer to address the concerns raised during the negotiation.

15. **Rebate Offer**

16. On behalf of Bidder-3, Mr. Muhammad Sohail Khan offered a substantial rebate of **PKR 850,005,822.00**.

17. **Final Bid Cost:**

18. Following the rebate, the revised total bid cost amounted to **PKR 4,131,500,443.00**.

19. **Conclusion**

20. The negotiation session with M/s FB – MCPL (JV) proved to be constructive, with the bidder acknowledging the challenges posed by various factors and actively seeking solutions to address them. The offered rebate reflects the bidder's commitment to working collaboratively and achieving a mutually beneficial agreement.

21. This commendable decision has been formalized in the **Revised Bill of Quantities (attached as Annexure-1)**, which has been duly signed by the Authorized Representative of **Bidder-3: M/s FB – MCPL (Joint Venture) [Mr. Muhammad Sohail Khan]**.

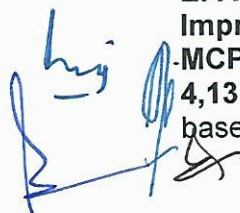
22. The Price Negotiations Meeting concluded on a positive note with expressions of gratitude from both the PMU and Bidder-3, underscoring the collaborative spirit and shared commitment to the successful implementation of the project.

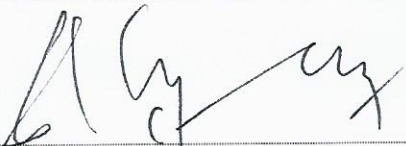


23. The Conclusion and Recommendation of the BER accordingly amended as:



5. CONCLUSION AND RECOMMENDATIONS

24. On the basis of the systematic evaluation of bids as presented in the Bid Evaluation Report (BER) followed by Price Negotiations in the form of Addendum to the BER, it is concluded that the bid Bidder No. 3 is the lowest evaluated substantially responsive bid

25. Therefore, the PC recommends that the Contract for **EFAP/W&SD/CW-02: Package-2: Rehabilitation and Improvement of Roads in District Badin** be awarded to: **M/s FB – MCPL (Joint Venture)** at the Lowest Evaluated Bid Price of **PKR 4,131,500,443.00** which is **69.22% Above** the Engineer's Estimate based on NHA CSR 2022.



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| <p>Syed Ashfaq Ahmad Shah Director (Procurement & Contracts) / Deputy Project Director Project Management Unit (PMU) Emergency Flood Assistance Project (EFAP) Works & Services Department (W&SD) Government of Sindh (GOS) Hyderabad (Member / Secretary PC)</p> | <p>Ghulam Rasool Abbasi Executive Engineer Provincial Highway Division Hyderabad (Member PC)</p> | <p>Qammaruddin Solangi Divisional Accounts Officer PMU-EFAP, W&SD, GOS Hyderabad (Member PC)</p> |

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