



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

NOTIFICATION OF AWARD

Employer: Department of Roads, Ministry of Public Works and Transport
Project: Lao National Road 13 South Improvement and Maintenance Project
Country: Lao PDR
AIIB Loan No.: 000373
Contract title: Improvement and Maintenance of the National Road 13 South, Section (Length 78 km) from (KM 190+000) to (KM 268+000) in Bolikhamxay and Khammouan Province

Bid/Contract Reference No: OPBRC 003/2020/Package3

Scope of Contract: Output- and Performance-based Road Contract (OPBRC), which includes Improvement and Maintenance of the National Road 13 South, Section (Length 78 km) from (KM 190+000) to (KM 268+000). The Scope of the Bid for package 31 stated above for the entire chainage, among others, comprises: (i) Detailed Design; (ii) Rehabilitation & Improvement Works; (iii) Maintenance Services.

Contract duration: The Contractor(s) shall carry out the following Rehabilitation Works, which are detailed in the Specifications: The Project covers: improvement of National Road 13 South from Km190+000 to Km 268+000 within 3 years, and the delivery of Maintenance Services of the project road over a 10year period (including running in parallel with the Rehabilitation and Improvement Works for the first 3 years). The total contract period is 10 years.

Duration of Defects Notification Period: 12 Months

Evaluation Currency: US Dollars.

Dated of Contract Signature: 27 August 2021.

Awarded Bidder(s):

Name: China International Water and Electric Corp (China)

Address: CWE Mansion, 3 Liupukang Street, Xicheng District, Beijing 100120, P.R. China

Bid price at bid opening:

29,690,305.78 USD

Evaluated Bid Price:

29,690,305.78 USD

Contract Price:

29,690,305.78 US Dollars (including applicable taxes), consisting of:

Rehabilitation Works: 23,494,594.38 USD

Improvement Works: 175,711.40 USD

Maintenance Services: 6,020,000.00 USD

Emergency Works: 0.00 USD

5/2

Evaluated Bidder(s):

#	Bidder	Price ay Bid Opening, USD	Evaluated Price, USD	Evaluation Result
1	China International Water and Electric Corporation	29,690,305.78	29,690,305.78	Accepted
2	Sinohydro Corporation Limited	33,961.583.00	33,366,498.54	Accepted
3	China Road & Bridge Co., Ltd	32,754,442.01	29,463,715.58	Rejected

Rejected Bidder(s):

Name: China Road & Bridge Co., Ltd.

Reasons for rejection: C1 percentage excluding Emergency Works after application of discount is over 80%.

Discount proposed by China Road & Bridge Co., Ltd (50% discount on the cost of maintenance services a total of \$3,290,000 US) had reduced the amount of Maintenance Works from 20.09% to approximately 11.17% of the total contract price. The Maintenance Works had to constitute at least 20% of the total contract price, which was originally so (before discount), but then dropped after the discount has been applied.

ITB Clause 34.4 of the RFB clearly says: *The price of the Rehabilitation and Improvement Works included in each Bid shall not be higher than the threshold indicated in the BDS (80%). If the Bidder estimates that its costs for the Rehabilitation and Improvement Works are higher than the threshold indicated in the BDS, it shall include the portion above the threshold in its price for the Maintenance Services. **If the Bid price in the Most Advantageous Bid is above the 80% threshold for the Rehabilitation and Improvement Works, the Employer may reject the Bid.***

The requirement of $C1 \leq 80\%$ (where C1 is works and C2 is maintenance service) is also explained in the Section IV of the RFB, Bill of Quantities and Unit Prices for Maintenance Services. Therefore, despite the fact that the C1/C2 ratio ($\leq 80\% / \geq 20\%$) has initially been met by China Road & Bridge Co., Ltd this ratio had changed after application of the proposed discount. The idea of this criterion $C1 / (C1+C2) \leq 80\%$ was to engage the Bidders in the higher responsibility for maintenance period. If the contract was awarded based on the discounted price, then the idea of having sufficient funds for maintenance would be undermined, because the ratio of the rehabilitation cost (C1) would increase above the 80%.

Thus the EC considered that the discount on the bid price was only applied on the maintenance phase, and the share of rehabilitation versus maintenance after applying the discount represented 88.83% for C1 and 11.17% for C2, not in compliance with the RFB and, therefore, the effect of the discount on these percentages should result in the rejection of bid. The approach taken by the Bidder to reduce his cost for the maintenance phase entails to a distortion of the stipulations of the RFB.

Date: 27 August 2021



Litta Khattiya

Director General
Department of Roads

Beneficial Ownership Disclosure Form

RFB No.: [OPBRC 003/2020/Package 3]

To: Department of Roads, Ministry of Public Works and Transport (DOR/MPWT)

In response to your request in the Letter of Acceptance dated 17 Jun 2021 to furnish additional information on beneficial ownership:

We declare that there is no Beneficial Owner meeting one or more of the following conditions:

- directly or indirectly holding 25% or more of the shares
- directly or indirectly holding 25% or more of the voting rights
- directly or indirectly having the right to appoint a majority of the board of directors or equivalent governing body of the Bidder

Name of the Bidder: China International Water & Electric Corp.

Name of the person duly authorized to sign the Bid on behalf of the Bidder:

Liu Limin

Title of the person signing the Bid: General Manger of China International Water & Electric Corp.Lao Branch

Signature of the person named above: _____

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Date signed 17th day of Jun, 2021

