
Letter of Transmittal

To: Operation Leader – Ms. Mirjana Vujičić, Principal Banker EBRD Belgrade
CC: Lars Jamten - EBRD Associate Director Banking Procurement

Date: 01 Aug 2017

Dear Ms. Vujičić,

We hereby submit for your kind review and no objection the Tender Evaluation Report for Procurement of Works for Lot No.4 “Rehabilitation of 7 Small Hydropower Plants in Serbia (Civil Works for 7 SHPP’s – Group South East)” under EPS Programme for Reconstruction of 15 Small Hydropower Plants.

Unfortunately, only one offer was submitted for this tendering, and the only tenderer was the Serbian contractor, HIDRO-TAN D.O.O, the company, which earlier submitted the only tender for procurement of works for Lot No.2 under this Project and recently signed the contract for rehabilitation of the first group of seven small hydropower plants.

Considering that three companies and one individual purchased the Tender Documents, we did not expect to receive only one tender once again, especially because several companies requested clarifications from us, and another tenderer, the Slovenian company Kostak d.d., has actively participated in the tendering by attending the Pre-tender Meeting and Site Visit. To clarify the reasons for receiving only one tender we asked this company to explain the grounds for not submitting the tender. In response to our request the tenderer explained that the decision was made due to lack of all required references to demonstrate compliance to requirements of the tender documents.

It seems to us that another reason for receiving only one tender for performance of works for Lot No.4 is the same as for Lot No.2 - specifics of civil works related to reconstruction of 7 SHPPs: relatively small and inexpensive but time and labour consuming scope works required for rehabilitation of each small hydropower plant and their location in different places over the territory of Serbia. For this reason, such works may not seem to be interesting for the foreign construction companies, while most Serbian companies may not have required level of experience in implementation of such large-scale and complicated projects or do not have enough capacities to perform works in different places at the same time.

Evaluation of the only tender was carried out in accordance with provisions of the Tender Documents. The examination and evaluation of the tender showed that it was prepared in good quality, no material deviations were revealed, no computation errors were found.

Comparison of the offered prices with the initial EPS’s estimations showed that for some types of works the offered prices are higher than it was estimated initially. It may be explained by the following reasons. First is the growth of prices for such works and materials within the last years since the time when the cost estimates were made, because the offered prices seem to be generally in line with the current market prices. The second reason is the revisions made by us in the technical documentation and in the scope of works on some SHPPs, which lead to increase of the costs in comparison with the initial cost estimates. We, therefore, believe that the offered tender prices are reasonable and reflect the actual scope of works.

Evaluation of the tenderer's qualification demonstrated that the tenderer meets qualification requirements of the tender documents. Considering that the works for the first group of 7 SHPPs under the contract for Lot No. 2 are supposed to be mainly performed by the tenderer this year, while the majority of works related to Lot No. 4 will be executed in 2018, we do not expect considerable overlapping of activities between them. Therefore, it seems to us that the only tenderer may be regarded as capable of performing the works under the contract in question.

Based on the outcome of the evaluation outlined in the attached Evaluation Report we recommend accepting the only tender submitted by HIDRO-TAN D.O.O., Belgrade, Serbia, for the amount of EUR 3.208.872.90, which has been considered as responsive.

The difference between the offered tender price and the initial cost estimates is EUR 418,872.90, which we propose to finance by the following source – Contingencies.

Based on the above we would like to kindly ask you to provide us with the Bank's no objection to proceed with accepting the only responsive tender submitted by the company HIDRO-TAN D.O.O., which was determined as qualified and capable of performing the contract.

Sincerely,

Dejan Vuksanović
Project Manager

WWW.CINS.rs