



# Construction Sector Transparency Initiative (CoST- ETHIOPIA)

## **FINAL REPORT**

### Quality Assurance of disclosed information on Research Park Building Project and disclosure of additional information

Procuring Entity: Adama Science and Technology University

**Asmerom Tadesse - Assurance Professional**

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Adama Science and Technology University	Construction of Research Park	

**November 2018, Addis Abeba**

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**NOTICE**

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This assurance report is prepared by an Assurance Professional employed by the National Multi-Stakeholder Group Executive Committee (NMSGEC) of CoST-Ethiopia.

While CoST-Ethiopia administers the assurance process, establishes working documents for guidance and gives feedback on the assurance report; it does not write the document and it does not independently test, evaluate, or verify the accuracy or completeness of any information or the soundness of any judgments contained in the assurance report.

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**ACRONYMS/ ABBREVIATIONS**

AP	- Assurance Professional
ASTU	- Adama Science and Technology University
CoST	- Construction Sector Transparency Initiative
EIA	- Environmental Impact Assessment
EOT	- Extension of Time
ETB	- Ethiopian Birr
FDRE	- Federal Democratic Republic of Ethiopia
FPPAA	- Federal Public Procurement and Property Administration Agency
ICB	- International Competitive Bidding
IDS	- Infrastructure Data Standard
NCB	- National Competitive Bidding
NMSGEC	- National Multi-Stakeholder Group Executive Committee
PE	- Procuring Entity
PLC	- Private Limited Company
QCBS	- Quality and Cost Based Selection
SBD	- Standard Bidding Document
TC	- Technical Committee
VAT	- Value Added Tax
VfM	- Value for Money
VO	- Variation Order

## EXECUTIVE SUMMARY

The aim of Construction Sector Transparency Initiative (CoST) is to enhance transparency of Procuring Entities (PEs) and construction companies. It will do this by disclosing to the public ‘Material Project Information’ (MPI) at all stages of the construction project cycle, from the initial identification of the project to the final completion.

In its effort to streamlining disclosure, CoST-Ethiopia delivered trainings, mentorship and follow up disclosures which as a result have enabled Procuring Entities to disclose on the website of Federal Public Procurement and Property Administration Agency (FPPAA). To this respect, Adama Science and Technology University (ASTU) has disclosed information and availed project documents on the implementation process of an ongoing Construction of Research Park Building Complex in May 2018 which is made up of the following one (1) service and one (1) work contracts:

- 1) SERVICE CONTRACT : Consultancy services for detailed engineering design, construction supervision and contract administration of Research Park, and
- 2) WORK CONTRACT: Construction Works of Research Park Project.

The project aims to house key facilities for the University's information technology organization and central infrastructure as well as facilities to support technology transfer and economic development; to strengthen university- industry linkage as well as to serve as a valuable technology resource centre for both public and private research efforts. Having justified the implementation of the project, the government of FDRE has allocated sufficient budget on program budget basis to finance payments for the service and work contracts forming parts of the implementation of the project.

On the basis of National Competitive Bidding Procedure, the Procuring Entity had procured the Service Contract using “Open Tendering” and Quality and Cost Based Selection (QCBS) as a method of procurement and Evaluation Criteria. The invitation to Bid was published once in a newspaper that has nationwide circulation to ensure participation of as many bidders as possible. Despite this, the number of firms that purchased and collected the RFP document was not disclosed. Two (2) firms had submitted their proposals in sealed envelopes on or before the deadline for the submission of proposals and both had passed to the next evaluation stage.

The Procurement of Work Contract on the other hand, had used International Competitive Bidding (ICB) Procedures and the evaluation of bids was conducted by a two stage procedure involving technical and financial bids evaluation. The invitation to bid was published once in a newspaper that has nationwide circulation to ensure participation of as many bidders as possible. In response to the invitation, four bidders submitted their bid offers among the many bidders that bought the bidding document and only two passed to the next evaluation stage.

ASTU and Yohannes Abay Consulting Architects and Engineers concluded a Consultancy Service Agreement on December 14, 2012. The contract for detailed engineering design, and construction supervision and contract administration is time based contract and the original contract price inclusive of a 15% VAT was 980,375.00 including 15% VAT while The original

scope and period of services to be rendered by the Consultant were to undertake the following activities grouped in two phases:

- i. Phase I: Site survey, Preparation of detailed engineering designs, specifications and bill of quantities and bidding documents, and the service shall commence within five (5) days of signing of contract and completed within a maximum of 3 months, and
- ii. Phase II: Supervision and contract administration of the construction of Research Park Building. The consultancy service is scheduled to be completed within 12 months of the construction period inclusive of one month for contract mobilization.

The supplemental agreement for time extension and contract price adjustment for consultancy service to carry out additional tasks of design modification/redesigning of research park project was concluded on April 17, 2017. The agreement is entered into based on the permission obtained from FPPAA in response to ASTU's request to maintain the continuation of the performance of the consultancy service contract within the threshold of the pertinent government procurement regulations.

Following the Employer’s acceptance of the Contractor’s offer on 11/07/2014, a contract agreement for the Construction of Research Park Buildings at ASTU's Main Campus was concluded on July 17, 2014 between ASTU and Tekleberhan Ambaye Construction PLC. The original period of construction was 750 Calendar days with additional 30 days of mobilization time while the original intended completion date was on Sept 05, 2016. The Original Contract Price for the work amounts to ETB 444,427,684.20 inclusive of 15% VAT

With regard to Project Identification, implementation of Service Contract and Work Contract that forms parts of the implementation of the project, the analysis of the disclosed documents have revealed the following facts:-

- Except the undesired impacts of the project, ASTU’s disclosure provides clear information, among others, on the Project location, Project scope, Purpose of the project, Source of funding, Original project cost and duration. Thus, it is noted that the coverage and quality of disclosed information adequately reveals the project identification of Research Park building project.
- The methods and procedures of procurement that the Procuring Entity adopted in the procurement of service contract and work contract are in compliance with the Procurement Directive and regulations. However, the total time input for the procurement of the Work Contract was 466 days, thus implying the causes of concern on the procuring entity’s effort in ensuring efficiency in the execution of public procurement.

The performance of the service contract in light of cost, time and scope performance indicators:-

- The original and revised Contract Prices inclusive of 15% VAT for the service were ETB 980,375.00 and ETB 3,063,676.67, respectively showing a cost overrun of 212.5%. The disclosed documents have adequately justified the reasons for the significant changes observed with regard to contract price of the consultancy service.



- The original contract period and completion date of the phase I of the consulting service were 3 months and March 19, 2013, respectively. The disclosed documents have revealed that Phase I of the consultancy service was completed without significant changes while the intended completion date of the consultancy service was later revised to January 31, 2018 in response to ASTU's desire.
- It is note that the disclosed documents have adequately justified the reasons for the significant changes observed with regard to programme of the consultancy service. Despite this, the Procuring Entity should have allocated time sufficient enough to obtain the expertise of professionals to provide adequate planning and feasibility studies as well as design works.
- The consultant had delivered the Phase I of the consultancy services in conformance to the original agreement. However, due to client's initiated changes, the original scope of services had been changed. It can thus be said that the disclosed documents have adequately justified the reasons for the significant changes observed with regard to the scope of the consultancy service.

The performance of work contract in light of cost, time and scope performance indicators:-

- As of May 15, 2018 the overall changes to the original contract price was 5.01%. The total contract price adjusted for the variations is ETB 466,681,835.81 including 15% VAT.
- The original commencement and intended completion dates were on 16/08/2014 and September 05, 2016, respectively, which later were revised to be on March 09, 2015 and May 15, 2018, respectively. As of May 15' 2018, 194.5% of the original contract period(1459 days) had been elapsed thus showing a "behind schedule" condition.
- It is noteworthy that the mobilization time given to the contractor is not sufficient enough so as to undertake among others pre-construction planning which is one of the key factors for project success.
- The project has undergone with the significant scope changes which are attributed primarily to the reasons explained under the supplementary agreement of the service contract. Hence, it can be said that the project has undergone with significant scope changes which are adequately justified in the project documents made available by the PE.

Heeding the above stated results of Quality Assurance Process undertaken on the information that ASTU has disclosed on the Research Park Building Project, the following issues are recommended upon which the PE shall provide clarifications and explanations:

**a) Procurement process of service contract**

- The floating period that the PE set for the preparation of bid (16 days) was not sufficient for bidders to prepare responsive bids, to gather information, to analyze the information, and to fulfil other pre-conditions to participate in the bid. The shorter length of the

floating period might have been a contributory factor for the lower number of bids' submission.

- It is apparent that the owner or facility sponsor holds the key to influence the construction costs, quality and delivery time of a project because any decision made at the beginning stage of a project life cycle has far greater influence than those made at later stages. To this respect, the relatively smaller weightage given for the personnel engaged in phase I (design) as compared to phase II (construction supervision and contract administration) seems unjustifiable.

**b) Procurement process of work contract**

- The contractor submitted performance bond for an amount of 44,442,768.42 valid for 365 days plus 365 days of defect liability effective from 15/7/2014. Nonetheless, the performance bond should have remained in force and virtue for a period of 750 Calendar days plus 365 days of defect liability period effective from 15/07/2014.
- The procurement directive prescribes that "*A Public Body may open the envelopes containing the financial proposals after 5 working days from the date of notification of the result of the technical evaluation to the bidders*". In contrary to this, the PE opened the financial proposals after one working day from the date of notification of the technical evaluation result thus revealing incompliance to the procurement directive.
- Approach in determining the successful bid

The review of the evaluation procedure described in the bid document reveals that the PE had chosen approach (B) of SDB in determining the Successful Bid which states that "*The Bid that is found to be substantially responsive to the professional, technical, and financial qualification requirements, technically compliant in relation to the technical specifications, and with the lowest evaluated bid. The lowest evaluated Bid shall be the bid offering better economic advantage ascertained on the basis of factors affecting the economic value of the bid*".

Article 16.8.3 (b) of the federal procurement directive stipulates that the public body who desires to use the above selection criteria shall make sure whether a value offered by a bidder in addition to the minimum requirement would bring extra benefit to the Public Body, and whether the extra benefit, if any, is significant. Despite these, the documents that the PE availed do not justify the reasons why it was necessary to allocate 0.6 and 0.4 weights to the technical and financial offers, respectively.

- Both the procurement proclamation and directive stipulate that any public entity must among others ensure economy in the execution of public procurement. Despite this, the documents that the PE has availed do not reveal the efforts that the PE has made to verify the competitiveness of the award price.

**c) General**

- In all procurement processes covered in the assurance process, it is observed only two firms had passed to the financial evaluation stages thus implying the award prices were decided with narrow scope of competition.

- The comments and verifications (including signature) of procurement endorsing committee are not shown in all the procurement documents made available

## 1. INTRODUCTION

### 1.1 Background

The Construction Sector Transparency Initiative (CoST) is a country- centred initiative to improve the value for money spent on public infrastructure by increasing transparency in the delivery of Government financed construction projects.

Strengthening transparency and accountability in public construction yields benefits both domestic and international. It curbs mismanagement, waste, and corruption and reduces risks to public safety from poor construction practices. It improves fairness in competition for contracts and can also increase the flow of foreign direct investment and development finance into a country's construction sector.

Disclosure of Infrastructure Data Standard (IDS) is one of the three essentials of CoST. Assurance of the disclosed information and demand for accountability (based on the disclosed information) are the other basics of the Initiative. Accordingly, CoST – Ethiopia had disclosed 52 projects since its establishment by employing Assurance Professionals though the disclosures should have been made by the Procuring Entities (PEs) themselves. The establishment of a system whereby the PEs disclose by themselves was primarily inhibited by the failure to bring the mainstreaming of the disclosure process to a satisfactory level.

The disclosure process to be sustainable, it requires mainstreaming. Towards this end, CoST – Ethiopia delivered rounds of training programs (backed with Mentorship and Follow-up of the Disclosure Process) to delegates (drawn from 24 public universities and 10 other federal institutions responsible for various public works in building, water and road subsectors) on the basics of CoST and Application of the website of Federal Public Procurement and Property Administration Agency (FPPAA) for the disclosure of Infrastructure Data Standard by the respective PE.

Following the above stated training, mentorship and follow up services; the PEs were expected to disclose the IDS of two (2) projects using the template posted on the website of FPPAA. To this respect, Adama Science and Technology University (ASTU) has disclosed information on the implementation process of an ongoing Construction of Multi-purpose hall and Research Park building Projects on the FPPAA website. Infrastructure Data Standard (IDS) that ASTU disclosed on the website of Federal Public Procurement and Property Administration Agency (FPPAA) is presented in Annex 1.

The National Multi-Stakeholder Group Executive Committee (NMSGEC) of CoST-Ethiopia has employed an Assurance Professional to undertake verification, analysis and interpretation activities so that the information released by ASTU is both accurate and available in a form that can easily be understood by stakeholders.

In response to the draft assurance report on the subject project, ASTU has given its comments and clarifications with additional disclosures on procurement and contract implementation processes in September 2018. Moreover, a one-day validation session was held at the end of October 2018. Having assessed and incorporated ASTU's valid comments on the draft report and convincing points raised during the validation session, this final report is thus prepared to describe the findings of the Assurance Process that has been undertaken on the disclosed information pertinent to Construction of Research Park buildings complex project.

Procuring Entity	Project	Page   1
Adama Science and Technology University	Construction of Research Park	

## 1.2 Objectives of the assurance process

The Assurance Professional (AP) has been appointed to achieve the following core objectives of the assurance process:

1. To verify the accuracy and completeness of IDS disclosures by the PE,
2. To analyse disclosed and verified data in order to make informed judgements about the cost, time and scope aspects of the CoST Project, and
3. To produce a report that is clearly intelligible to the non-specialist, outlining the findings regarding the implementation process and highlighting any cause for concern that analysed information reveals on CoST Project.

## 1.3 Challenges of the assurance process

In the course of the assurance process, the procuring entity has been cooperative and it can be said that no major challenges has been faced except the failure to avail some project documents. Annex 2 summarizes the list of documents that the AP requested and availed by the PE.

## 2. DISCLOSURE OF PROJECT INFORMATION

It is apparent that the government of the Federal Democratic Republic of Ethiopia (FDRE) has considered the education sector as a cornerstone of the capacity building, poverty reduction and sustainable development. In addition to ensuring access to elementary education for all citizens, the government has been investing a huge outlay of public fund for the expansion of secondary and tertiary education throughout the country.

As part of its effort to fulfill the developmental objectives bestowed upon it, Adama Science and Technology University has been expanding its academic and support facilities through constructing various infrastructures and buildings including a Research Park Buildings Complex of which project information are summarized in table 1 below.

The implementation process of the Research Park Buildings Complex has involved various entities of which participations are ensured mainly through different contractual arrangements coined to serve the intended purposes. The following one (1) service and one (1) work contracts form parts of the implementation of the an ongoing Research Park Building Project:

- i. SERVICE CONTRACT: Consultancy Services for detailed engineering design, construction Supervision and Contract Administration of Research Park Building, and
- ii. WORK CONTRACT: Construction of Research Park Building Project.

**Table 1: Overview of project identification**

<b>Project identification variable</b>	<b>Description</b>
Project location	Within the premises of ASTU's main campus, Adama City
Project scope	The project encompasses a complex of building structures and ancillary facilities (Administration building with a meeting & Canteen spaces, Research building, Workshop & compound services, Gymnasium & Services, Guest house ( 3 blocks), Power & transformer house, Guard house (3 blocks) and Site work)
Purpose of the project	To house key facilities for the University's information technology organization and central infrastructure as well as facilities to support technology transfer and economic development; to strengthen university- industry linkage as well as to serve as a valuable technology resource centre for both public and private research efforts.
Undesired impacts of the project	It is difficult to make an informed judgment on the impacts of the project as the PE hasn't availed any document related to preliminary statutory requirements such as environmental impacts assessment study report.
Source of funding	The government FDRE
Original project cost	<ul style="list-style-type: none"> <li>- Service contract - ETB 980,375.00 including 15% VAT</li> <li>- Work contract - ETB 444, 427,684.20 inclusive of 15% VAT.</li> <li>- Total - ETB 445,408,059.20 inclusive of 15% VAT.</li> </ul>
Original project duration	<ul style="list-style-type: none"> <li>- Service contract:                             <ul style="list-style-type: none"> <li>▪ Phase I - Design &amp; Tender documents preparation: 3 months</li> <li>▪ Phase II - Supervision &amp; Contract Administration: 12 months</li> </ul> </li> <li>- Work contract - 780 Calendar days including 30 days of mobilization period</li> </ul>

### **3. PROCUREMENT AND CONTRACT INFORMATION DISCLOSURE - CONTRACT 1**

#### **3.1 Disclosure of procurement information**

##### **3.1.1 Overview of the procurement process**

With the intent of procuring service contract - Consultancy Services for detailed engineering design, construction Supervision and Contract Administration of Research Park Building Complex; the PE had posted Invitation to Bid (ITB) inviting sealed bid from eligible bidders of category four and above on the Ethiopian Herald newspaper dated on 27/08/2012. The ITB had among others specified the following information and requirements:

- All bids must be accompanied a bid security of ETB 40,000.00 (in the form of CPO, cash or unconditional bank guarantee), and

- The deadline for submission of bid is on or before the first regular working day after fifteen (15) days starting from the first date of the official announcement of this bid on the Ethiopian herald or Addis Zemen newspaper.

In response to the invitation, two (2) consultants submitted their bid offers among the bidders that purchased and collected the RFP document. Based on the procedures set out in the RFP, the technical offers of the bidders were opened in the presence of concerned offices from ASTU and representatives of the bidders. Following this, a technical evaluation committee was established on 05/10/2012 to carry out the detail evaluation of the bidders' technical proposals. It is however to be noted that the PE has not availed a document revealing the technical evaluation process.

**Table 2: Evaluation criteria extracted from the tender document**

S/n	Criteria	Weight
1	Specific experience of the Bidder related to the assignment	10
2	Adequacy of the proposed work plan and methodology	25
3	Qualifications and competence of the key staff for the Assignment	60
3.1	For detailed engineering design (35%)	21
3.2	For construction supervision and contract administration (65%)	39
4	Suitability of the transfer of knowledge programme	5
<b>Total Points</b>		<b>100</b>

The financial proposals of technically responsive bidders was opened on 23/11/2012. Following this, the Technical Committee (TC) carried out detail financial analysis and combined technical/financial evaluations of the proposals. Based on this, the committee did the evaluations and comparisons of the bid offers in accordance with the evaluation criteria set in the bidding document and submitted the financial/combined Evaluation report on 27/11/2012

**Table 3: Financial evaluation result**

S/n	Bidders' name	Readout prices with VAT (ETB)	Adjustments	Evaluated prices with VAT (ETB)	Financial scores	Rank
1	Yohannes Abbay Consulting Architects & Engineers	980,375.00	-	980,375.00	81	2
2	Habtamu International Consulting Architects & Engineers PLC	742,325.00	51,175	793,500.00	100	1

The combined technical and financial result of each bidder was determined by adding together its weighted technical and financial results. The bidder scoring the highest point in the total sum of the technical and financial evaluation is selected as the most successful bidder and is recommended for award of the contract. Table below shows summary of the combined technical and financial evaluation results of the bidders.

**Table 4: summary of combined technical and financial evaluation result**

No	Bidders' name	Technical Evaluation Result		Financial Evaluation Result		Combined Evaluation Result	
		technical score (100%)	Weighted technical score (80%)	financial score (100%)	Weighted financial score (20%)	Total score (100%)	Rank
1	Habtamu International Consulting Architects and Engineers PLC	84.23	67.38	100	20	87.38	2
2	Yohannes Abbay Consulting Architects and Engineers	91.43	73.14	81	16.2	89.34	1

Based on the examinations carried out on technical and financial offers of the bidders to select the most responsive one, Yohannes Abbay Consulting Architects and Engineers had been found scored the highest total sum 89.34 points. Hence, the TC unanimously recommended the same for the award of the contract for provision of the consultancy services for a total contract price of ETB 980,375.00 including 15% VAT.

Consequent to the TC's award recommendation, the Vice president for Administration thru a letter (Notification of Evaluation Result of Your Bid Offers) notified the bid evaluation result and declared that Yohannes Abbay Consulting Architects and Engineers. Through the same letter, the consultant was requested to avail himself to the university's president office on 13/12/2012 to sign the contract agreement.

### 3.1.2 Verification of the disclosed procurement information

In the course of the assurance process, a verification work has been carried out to validate the completeness and accuracy of the disclosed contract information.

The documents that the PE has availed with regard to the procurement process of the Consultancy Services are ITB & Bid document for open tender, Financial and combined technical and financial evaluation report evaluation report, and Letter of Acceptance. The PE has failed to make available a separate document showing the detailed technical evaluation process.

It is noted that the no information variance has been observed between the disclosed and the verified ones.

### 3.1.3 Analysis of the disclosed procurement information

In line to the principles of procurement enshrined in the proclamation, public bodies are required to create an environment conducive enough to enable competition among the bidders to take place on the basis of complete, neutral and objective terms.

In a bid to structure the analysis and interpret the findings on objective basis, the AP has compiled various compliance requirements stated in the procurement proclamation/directive so as to prepare the under-tabulated evaluation framework upon which the interpretations are made.



**Table 5: A framework for procurement process evaluation**

Principles of Public Procurement	Narration of evaluation basis
Ensure value for money (VfM)	The PE's effort to ensure economy, efficiency and effectiveness in the use of public fund for procurement
Non-discrimination among candidates	<ul style="list-style-type: none"> <li>• <u>Compliance with rules of advertisement</u> <ul style="list-style-type: none"> <li>- <b>Medium:</b> The bid advertisement shall be published in a news paper that has wide circulation and disclose to the public by posting it on the Agency’s website at the same time of publication of its bid advertisement in a news paper, any procurement the value of which is above the threshold stated in article 6(5) of this Directive.</li> <li>- <b>Language:</b> The language in which bid advertisement and a bidding document are prepared, and the language in which bid proceedings are conducted shall be as provided in the Proclamation and directive.</li> <li>- <b>Content of the invitation to bid:</b> Whether the publication of an invitation to bid contains the information requirements stated in the Proclamation and directive.</li> <li>- <b>Floating period of bids</b> - The time allowed for preparation of bids shall not be less than the minimum number of days stated in the procurement directives.</li> </ul> </li> <li>• <u>Compliance with rules of participation</u> <ul style="list-style-type: none"> <li>- <b>The fairness/reasonableness of the criteria</b> (evaluation and award criteria) applied in making procurement decisions fairness,</li> <li>- <b>Fairness in procurement packaging</b> - unless the interest of the Public Body requires otherwise, the same supplier or suppliers shall not be selected repeatedly, so that other suppliers in the suppliers list may have the opportunity of competition to sale to the Public Body.</li> </ul> </li> </ul>
Transparency	<p>Transparency can be evaluated in light of</p> <ul style="list-style-type: none"> <li>- whether a complete and clear tender document (including procurement decision criteria) is prepared, and</li> <li>- decisions taken on each procurement stages must be made transparent to all concerned parties/ notification of bid evaluation results to all at the same time.</li> </ul>

**3.1.3.1 Compliance of the procurement process with the rules of advertisement**

The invitation to bid was published in a news paper that has wide circulation and the language in which bid advertisement and a bidding document are prepared, as well as the language in which bid proceedings are conducted complies with the provisions in the Proclamation and directive. Moreover, the publication of an invitation to bid contains the information requirements stated in the Proclamation and directive.

Article 16.9.2 of the Procurement Directive stipulates that “*the floating period that a Public Body has to set the deadline for bid submission shouldn’t be less than the minimum date stated in Annex 3 of the directive*”. To this end, the minimum floating period for the consultancy service should have been 30 days. Thus, the floating period that the PE set for the preparation of

bid (16 days) was not sufficient for bidders to prepare responsive bids, to gather information, to analyze the information, and to fulfil other pre-conditions to participate in the bid. The shorter length of the floating period might have been a contributory factor for the lower number of bids' submission.

Except the insufficiency of the time given for the preparation of bids, hence, the overall procurement process complies with the rules of advertisement.

**3.1.3.2 Efficiency of the procurement process (Timeliness)**

The milestone events and the analysis of the procurement process in light of applicable variables are described in tables 6 and 7, respectively.

**Table 6: Milestones regarding the procurement process**

Code	Event	Date
A	Notice of Invitation to Bids	27-Aug-12
B	Deadline for submission of bid/Opening date of Technical bids	12-Sep-12
C	Formation of Technical Evaluation Committee	5-Oct-12
D	Notification of Technical Evaluation Result	Undisclosed
E	Opening of Financial Proposal	23-Nov-12
F	Notification of Bid Evaluation Result	27-Nov-12
G	Notification of award of contract	13-Dec-12
H	Signing of a contract agreement for the service	14-Dec-12

**Table 7: Analysis of the Procurement Process**

Description of Variables	Duration (days)
Bid Preparation Period – [B-A]	16
Combined Evaluation Period – [F-E]	4
Bid Result Disclosure Period – [G-F]	15
Consultancy Service Procurement Period – [H-A]	108

Both the Procurement Proclamation and Directive stipulate that “any procuring entity must comply among others with the principle that supports the country’s economic development by ensuring economy, efficiency and effectiveness in the execution of public procurement”. In light of this, the time input that the PE utilized for the procurement of the consultancy service is slightly higher than the one to ensure the required efficiency in the execution of public procurement.

**3.1.3.3 Fairness of the procurement rules on participation**

The PE has employed Selection based on Quality and Cost for selecting the best responsive bidders. The criteria and percentage points that the PE used for evaluating and comparing technical proposals submitted by consultants complies with the ones specified in the procurement directive & SBD thus showing the award criteria are fair enough to encourage participation.

It is apparent that the owner or facility sponsor holds the key to influence the construction costs, quality and delivery time of a project because any decision made at the beginning stage of a project life cycle has far greater influence than those made at later stages. To this respect, the relatively smaller weightage given for the personnel engaged in phase I (design) as compared to phase II (construction supervision and contract administration) seems unjustifiable.

**3.1.3.4 Transparency of the tender evaluation process**

In the course of the procurement process of service contract, the PE has prepared a complete and clear tender document (including procurement decision criteria). Moreover, the decisions taken on most of the procurement stages (except the notification of technical bid results) have been made transparent to all concerned parties. Hence, the tender evaluation process can be assessed to be transparent.

**3.1.3.5 Competitiveness of the award price**

Both the procurement proclamation and directive stipulate that any public entity must among others ensure economy in the execution of public procurement. Despite this, the documents that the PE has availed do not reveal the efforts that the PE has made to verify the competitiveness of the award price.

**3.2 Disclosure of contract information**

**3.2.1 Overview of the contract**

**a) Main Contract**

Consequent to the procurement process stated in *section 3.1.1* above, ASTU and Yohannes Abay Consulting Architects and Engineers concluded a Consultancy Service Agreement on December 14, 2012. With regard to securing the proper execution of all the Consultant’s obligations during the period from the date of signing of the contract to the date of issue of certificate of completion of the Service the Contract, the Consultant has provided a performance security amounting to ten (10%) of the total contract price within the stipulated time frame.

The original scope and period of services to be rendered by the Consultant were to undertake the following activities grouped in two phases:

- i. Phase I: Site survey, Preparation of detailed engineering designs, specifications and bill of quantities and bidding documents, and the service shall commence within five (5) days of signing of contract and completed within a maximum of 3 months, and
- ii. Phase II: Supervision and contract administration of the construction of Research Park Building. The consultancy service is scheduled to be completed within 12 months of the construction period inclusive of one month for contract mobilization.

The contract for detailed engineering design, and construction supervision and contract administration is time based contract and the original contract price inclusive of a 15% VAT was 980,375.00 including 15% VAT with breakdown shown in table below.

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**Table 8: Breakdown of the original contract agreement**

Description	Detail Engineering Design	Intermittent staff & contract administration	Resident Supervision and contract administration	Sum
Fees	242,500.00	130,000.00	480,000.00	852,500.00
VAT	36,375.00	19,500.00	72,000.00	127,875.00
<b>Total incl. 15% VAT</b>	<b>278,875.00</b>	<b>149,500.00</b>	<b>552,000.00</b>	<b>980,375.00</b>

**b) Supplementary contract**

The supplemental agreement for time extension and contract price adjustment for consultancy service to carry out additional tasks of design modification/redesigning of research park project was concluded on April 17, 2017. The agreement is entered into based on the permission obtained from FPPAA in response to ASTU's request to maintain the continuation of the performance of the consultancy service contract within the threshold of the pertinent government procurement regulations. The supplemental agreement highlights the following justifications and conditions:

- It was ASTU's desire to carry out the design change/redesigning of the original designs of the project under the consideration in which case such design modification was redone, reformulated and proposed by the Korean Expertise in a view to align the function of the building to ASTU's new mission and objectives;
- As the redesigning tasks is completely deviating from the tasks' of the consulting firm as stated under the original contract and the tasks of doing so is believed to be incurring additional redesigning fee which entails outsourcing of some tasks to professionals of various discipline;
- The parties have agreed that extending the initial contract period for contract administration and construction supervision of the project works, including all changes/alterations under the works contract to January 31, 2018 and
- The total contract price for contract administration and construction supervision of the project under consideration is adjusted, without varying the unit price quoted in the initial contract, to ETB 3,063,676.67 including VAT, to cover the cost increment due to guaranteed additional time for completion of the assignments.

With regard to service contract implementation, the consultant submitted tender document with non-priced BOQ and engineering estimate on March 19, 2013 and as of April 04, 2018 the total value of services delivered by the consultant amounts to ETB 2,273,458.19 ETB without VAT.

**3.2.2 Verification of the disclosed contract information**

In the course of the assurance process, a verification work has been carried out to validate the completeness and accuracy of the disclosed contract information.

The PE has disclosed the main, supplemental contract documents and the Minutes of the Bi-party (Client & Consultant) Meeting held on May 18, 2016, and a letter enclosing approved consultancy payment certificate. In general, no major information variance has been observed.

### 3.2.3 Analysis of the disclosed contract information

The analysis of the disclosed contract information and the consequent interpretation in terms of the changes and justifications of changes observed in connection to contract price, duration and scope are presented hereunder.

#### 3.2.3.1 Issues related to contract Price

The original and revised Contract Prices inclusive of 15% VAT for the service were ETB 980,375.00 and ETB 3,063,676.67, respectively showing a cost overrun of 212.5%. The disclosed documents have adequately justified the reasons for the significant changes observed with regard to contract price of the consultancy service.

#### 3.2.3.2 Issues related to contract duration

The original contract period and completion date of the phase I of the consulting service were 3 months and March 19, 2013, respectively. The disclosed documents have revealed that Phase I of the consultancy service was completed without significant changes while the intended completion date of the consultancy service was later revised to January 31, 2018 in response to ASTU's desire.

It is note that the disclosed documents have adequately justified the reasons for the significant changes observed with regard to programme of the consultancy service. Despite this, the Procuring Entity should have allocated time sufficient enough to obtain the expertise of professionals to provide adequate planning and feasibility studies as well as design works.

#### 3.2.3.3 Issues related to contract scope

The consultant had delivered the Phase I of the consultancy services in conformance to the original agreement. However, due to client's initiated changes, the original scope of services had been changed. It can thus be said that the disclosed documents have adequately justified the reasons for the significant changes observed with regard to the scope of the consultancy service.

## 4. PROCUREMENT AND CONTRACT INFORMATION DISCLOSURE - CONTRACT 2

### 4.1 Disclosure of procurement information

#### 4.1.1 Overview of the procurement process

The Procuring Entity has procured the Construction Work for Research Park Buildings Complex Project using International Competitive Bidding (ICB) Procedures. The invitation to bid was published once in an Ethiopian herald newspaper on April 06/2013 that has nationwide circulation to ensure participation of as many bidders as possible. The ITB had among others specified the following information and requirements:

- All bids must be accompanied a bid security of ETB 500,000.00 or equivalent amount,

- The deadline for submission of bid is on or before the first regular working day after 35 days starting from the first date of the official announcement of this bid on the Ethiopian herald and/or Addis Zemen newspaper.
- A margin of preference of 7.5% shall be considered for local contractors who comply with the eligibility requirements.

In response to the invitation, four (4) bidders submitted their bid offers among the many bidders that bought the bidding document. Based on the procedures set out in the bidding document, the technical bids of the bidders were opened on 16/05/2013 in the presence of concerned offices and representatives of the bidders. Following this, a technical committee was established on 30/05/2013 to carryout detail evaluation of technical proposals and to identify bidders that are responsive to the requirements of the bidding document to pass to financial competition.

**Table 9: Technical Evaluation criteria extracted from the tender document**

No	Description	Maximum allocated points
1	Legal status	Mandatory
2	General experience as a contractor	5
3	Specific construction experience	15
4	Qualification of key personnel	20
5	Plant and construction equipment	20
6	Financial status	25
7	Methodology and schedule	10
8	Completeness and presentation of qualification documents	5
<b>Total Points</b>		<b>100</b>

Accordingly, the committee has carried out detail examinations of the technical offers of the bidders in accordance with the evaluation and qualification criteria spelled out in the bidding document. The result of the analysis indicated that two bidders have passed to next evaluation stage for further analysis whereas two bidders failed to meet the minimum criteria that must be fulfilled to pass to financial evaluation stage. It is noted that as part of the technical bid evaluation, the PE had verified that the bidders got audit and accounting services from firms who got their certificates of competence and renewal for 2005 from the OFAG.

On 19/09/13, the V/president for administration had notified the technical evaluation result shown in table below to the bidders. Through the same letter, the responsive bidders were notified to participate on the financial proposals opening session which would be conducted on 23/09/2013 at ASTU, purchasing and property administration directorate director office.

**Table 10: Technical evaluation results**

#	Bidders' Name	Point scored	Responsive/ Non-responsive
1	Tekleberhan Ambaye Construction PLC	96.12	R
2	Koracon Construction PLC	33.3	NR
3	Zamra Construction PLC	61.12	NR

4	Yotek Construction PLC	71.91	R
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Having approved the technical evaluation report by responsible body and disclosed the result to all bidders, the financial proposals of all technically responsive bidders had been opened and directed to the technical committee to carryout detail financial analysis and combined evaluations of the proposals. Following this, the committee carried out the evaluations and comparisons of the bid offers in accordance with the evaluation criteria set in the bidding document submitted the report on 21/10/2013.

**Table 11: financial evaluation results**

S/n	Bidders' name	Readout prices w/o VAT (ETB)	Adjustments	Evaluated prices w/o VAT (ETB)	Financial scores	Rank
1	Tekleberhan Ambaye Construction PLC	392,594,259.90	(6,135,404.08)	386,458,855.83	100	1
2	Yotek Construction PLC	466,371,259.22	(73,944.88)	466,297,314.34	82.88	2

As stipulated in the bidding document, 0.6 and 0.4 weights are allocated to technical and financial offers, respectively, for computation of the global point. The combined technical and financial result of each bidder is then determined by adding together its weighted technical and financial results. The bidder scoring the highest point in the total sum of the technical and financial evaluation is selected as the most successful bidder and its recommended for award.

**Table 12: summary of combined technical and financial evaluation result**

S/n	Bidders' name	Technical results		Financial results		Combined result	
		(100)	(60)	(100)	(40)	(100)	Rank
1	Tekleberhan Ambaye Construction PLC	96.12	57.67	100	40	97.67	1
2	Yotek Construction PLC	71.91	43.15	82.88	33.15	76.3	2

Based on the examinations and comparisons carried out on technical and financial offers of the bidders to select the most responsive one, Tekleberhan Ambaye Construction PLC scored the highest total sum 97.67. Hence, the evaluation committee unanimously recommended Tekleberhan Ambaye Construction PLC for the award of the contract for the construction of Research Park Building Complex at the main campus for a total contract price of ETB 444,427,684.20 inclusive of 15% VAT.

#### 4.1.2 Verification of the disclosed procurement information

In the course of the assurance process, a verification work has been carried out to validate the completeness and accuracy of the disclosed contract information.

The documents that the PE has availed with regard to the procurement process of the work contract are ITB & Bid document for open tender, Technical and combined technical and financial evaluation reports.

It is noted that the no information variance has been observed between the disclosed and the verified ones.

**4.1.3 Analysis of the disclosed procurement information**

**4.1.3.1 Compliance of the procurement process with the rules of advertisement**

The overall procurement process (in terms of medium of advertisement, language in which bid advertisement and a bidding document are prepared, as well as the language in which bid proceedings are conducted, content and floating period) complies with the rules of advertisement.

**4.1.3.2 Efficiency of the procurement process (Timeliness)**

The milestone events and the analysis of the procurement process in light of applicable variables are described in tables 13 and 14, respectively.

**Table 13: Milestones regarding the procurement process**

<b>Code</b>	<b>Event</b>	<b>Date</b>
<b>A</b>	Notice of Invitation to Bids	6-Apr-13
<b>B</b>	Deadline for submission of bid	11-Mar-13
<b>C</b>	Technical Bid opening date	16-May-13
<b>D</b>	Establishment of TEC	30-May-13
<b>E</b>	Notification of Technical Evaluation Result	19-Sep-13 (Thursday)
<b>F</b>	Opening of Financial Proposal	23-Sep-13 (Monday)
<b>G</b>	Notification of Bid Evaluation Result	21-Oct-13
<b>H</b>	Date of letter of acceptance	11-Jul-14
<b>I</b>	Contract signing date	17-Jul-14



**Table 14: Analysis of the Procurement Process**

Description of Variables	Duration (days)
Bid Floating period – [B-A]	35
Technical Evaluation Period – [E-D]	111
Disclosure period (working days) of Technical Evaluation Results - [F-E]	1
Combined Evaluation Period – [G-F]	28
Contract Award Process – [H-G]	262
Contract Signing Process – [I-H]	6
Work Procurement Period – [I-A]	<b>466</b>

***Findings and Identified issues of concern regarding Procurement Stage***

- Both the Procurement Proclamation and Directive stipulate that “any procuring entity must comply among others with the principle that supports the country’s economic development by ensuring economy, efficiency and effectiveness in the execution of public procurement”. In light of this, the time input that the PE utilized for the procurement of the work does not ensure the required efficiency in the execution of public procurement.
- The procurement directive prescribes that "A Public Body may open the envelopes containing the financial proposals after 5 working days from the date of notification of the result of the technical evaluation to the bidders". In contrary to this, the PE opened the financial proposals on 23-Sep-13 (Monday), after one (1) working day from the date of notification of the technical evaluation result on 19-Sep-13 (Thursday) thus revealing incompliance to the procurement directive.

**4.1.3.3 Fairness of the procurement rules on participation**

The objectivity of the tender evaluation and award criteria is considered to assess the compliance of tender process with rules of participation.

a) Approach in determining the successful bid

The review of the evaluation procedure described in the bid document reveals that the PE had chosen approach (B) of SDB in determining the Successful Bid which states that "The Bid that is found to be substantially responsive to the professional, technical, and financial qualification requirements, technically compliant in relation to the technical specifications, and with the lowest evaluated bid. The lowest evaluated Bid shall be the bid offering better economic advantage ascertained on the basis of factors affecting the economic value of the bid".

Article 16.8.3 (b) of the federal procurement directive stipulates that the public body who desires to use the above selection criteria shall make sure whether a value offered by a bidder in addition to the minimum requirement would bring extra benefit to the Public Body, and whether the extra benefit, if any, is significant. Despite these, the documents that the PE availed do not justify the reasons why it was necessary to allocate 0.6 and 0.4 weights to the technical and financial offers, respectively.

b) Rejection criteria

Section 3 (evaluation and qualification criteria) of the tender document states among others that "Priority of the projects had to be mentioned. However, bidder who fails to comply with the criteria is subjected to complete rejection." The AP has found it the objectivity of this criteria and hence calls for the PE's justification about its reasonableness as well as legal source.

**4.1.3.4 Transparency of the tender evaluation process**

In the course of the procurement process of the work contract, the PE has prepared a complete and clear tender document (including procurement decision criteria). Moreover, the decisions taken on each procurement stages have been made transparent to all concerned parties. Hence, the tender evaluation process can be assessed to be transparent.

**4.1.3.5 Competitiveness of the award price**

It is observed that, the consultant had submitted the final revised engineering estimate for the construction of Research Park Building on May 13, 2013.

**Table 15: Final revised engineering estimate submitted by the consultant**

#	Item	Amount
1	Site work	41,436,690.34
2	Administration + Meeting + Canteen	117,516,271.67
3	Research building	201,720,636.57
4	Workshop + compound services	11,890,084.21
5	Gymnasium + Services	11,890,283.52
6	Guest house (multiply by 3 blocks)	87,153,866.68
7	Power + transformer house	3,244,130.54
8	Guard house (multiply by 3 blocks)	9,732,423.42
<b>Total With 15% VAT</b>		<b>484,584,386.95</b>

During the detailed evaluation stage of the financial bids offered for work contract, the PE hadn't made use of the Engineer's Estimate (as a whole, on Bill Group Basis, unit rates of major items) and unit rates of major items of Other Recently Signed Projects. To this respect, the PE's has shown no effort to avoid unbalanced bid offers and verify the competitiveness of the award price.

**4.2 Disclosure of contract information**

**4.2.1 Overview of the contract**

Following the Employer's acceptance of the Contractor's offer on 11/07/2014, a contract agreement for the Construction of Research Park Buildings at ASTU's Main Campus was concluded on July 17, 2014 between ASTU and Tekleberhan Ambaye Construction PLC. With regard to securing the proper execution of all the Contractor's obligations, the contractor submitted performance bond for an amount of 44,442,768.42 valid for 365 days plus 365 days of defect liability effective from 15/7/2014 and work schedule on 16/07/2014.

It is commendable to note that in SCC GCC 9.1 the schedule of Key Personnel is part of the contract. However, for

- i. Unskilled and semi-skilled labour: Only Ethiopian nationals shall be employed as unskilled labour, and Only Ethiopian nationals shall be employed as semi-skilled labour unless the contractor can demonstrate that no suitably trained Ethiopian nationals are available,
- ii. Rates of wages and conditions of labour: The contractor shall pay rates of wages and observe employment conditions not less than those established work is being carried out. In the absence of any established rates or conditions in the locality, the contractor shall follow those by other employers for similar trades and industries.

The scope of the work includes the supply of materials, equipment and labour for the construction of Research Park Buildings complex comprising Administration building with a meeting & Canteen spaces, Research building, Workshop & compound services, Gymnasium & Services, Guest house ( 3 blocks), Power & transformer house, Guard house (3 blocks) and Site work. The original period of construction was 750 Calendar days with additional 30 days of mobilization time while the original intended completion date was on Sept 05, 2016. The Original Contract Price for the work amounts to ETB 444,427,684.20 inclusive of 15% VAT. It is noted that site hand over was made on August 14, 2014 and the construction work commenced on 16/08/2014.

As of May 15, 2018 the value of work executed and materials on site (considering only 50% of the total contract price of the materials) till May 15, 2018 is 359,461,429.45ETB without VAT. It is noted that for the materials on site (mechanical installation equipment situated at ASTU's main campus) the contractor has furnished insurance coverage for burglary and house breaking, and fire and lightning. An advance payment amounting 77,291,771.16 and 11,593,765.67 VAT was paid to the contractor and all sum was repaid by this period.

**Table 16: Total value of work executed as of May 14, 2018**

Item	Amount [ETB]
Total value less variations	340,169,512.96
Total value of variation works	15,483,230.86
Material on site (50%)	3,808,685.63
The value of work executed (incl. variations & materials on site) a	<b>359,461,429.45</b>

The original commencement and intended completion dates were on 16/08/2014 and September 05, 2016, respectively, which later were revised to be on March 09, 2015 and May 15, 2018, respectively. As of May 15' 2018, 194.5% of the original contract period(1459 days) had been elapsed.

As of March 2018, two variation works worth of 19.3 million have been approved while a total of 317 calendar days had been granted as Extension of Time out of the 1212 calendar days that the contractor requested in four EOT claims.

**Variation order #3:** The consultant through a letter dated on October 5, 2017 approved the unit rates for VO # 3 - passenger lifts and the light fittings and thru the same letter, the contractor was instructed to submit the required agreed quantities of the light fittings.

**Approval of EOT #4:** The contractor requested the consultant submitted time claim #4 on 5/01/2018 for further review and approval. To this respect, on March 12, 2018 the consultant notified ASTU that 68 calendar days out of 413 calendar days have been approved.

**Table 17: Delay justification form (submittal of time claim #4)**

#	Delayed activities/works	Reason for delay/EOT	Assessment of claims by the consultant	EOT requested by the contractor (days)	EOT accepted by the consultant (days)	Delay affecting the critical path	Reference documents
1	Electrical boards & cables, light fittings, glazing of curtain wall, aluminum cladding and other activities	Delay due to clarification, work order and approval issues in Research, Administration & site works	The case of electrical boards & cables and light fittings are accepted while glazing of curtain wall and aluminum cladding are not accepted as these requests are variation requests and they have to be considered in variation claims if the request got accepted.	78	15	0	Different letters attached in the disclosed documents
2	All works	Due to variation and excess in quantity	No attachment for any variation work permit, for exceeding quantity, variation work approval and no work order to execute the works; but variation # 1 and 2 are checked and approved, hence appropriate EOT had been granted for such cases in the previous claims.	281	0	0	No documents are attached for this particular case
3	Mechanical works for Administration and Research buildings	Reclaim-Due to design change & clarification in Administration and Research buildings such as no mechanical drawings were forwarded to the contractor and due to this from August 2015 up to October 2016	As no mechanical drawings were submitted from August 2015 up to October 2016 or late issuance of such drawings, the planned work was not executed. So the case has been re-evaluated and granted 68 calendar days according to the approved master work schedule.	90	68	68	Different letters attached in the disclosed documents
<b>Total delay without overlap affecting the critical path (in calendar days)</b>						<b>68</b>	

#### 4.2.2 Verification of the disclosed contract information

In the course of the assurance process, a verification work has been carried out to validate the completeness and accuracy of the disclosed contract information.

The documents that the PE has availed with regard to the work contract implementation process are Project Handover Form and Contract Agreement, Latest progress reports , Work Programme approved by the Engineer and subsequent updates, Latest Interim Payment Certificate, Claims and Variation Orders.

It is noted that no other information variance has been observed between the disclosed and the verified ones.

#### 4.2.3 Analysis of the disclosed contract information

##### 4.2.3.1 Issues related to contract Price

As of May 15, 2018 the overall changes to the original contract price was 5.01%. The total contract price adjusted for the variations is ETB 466,681,835.81 including 15% VAT.

**Table 18: Revised contract price (as of May 15,2018)**

Item	Amount (ETB)
Main contract	386,458,855.83
Variation order No.1	19,351,436.18
Sum	405,810,292.01
VAT 15%	60,871,543.80
<b>Total</b>	<b>466,681,835.81</b>

##### 4.2.3.2 Issues related to contract duration

The original commencement and intended completion dates were on 16/08/2014 and September 05, 2016, respectively, which later were revised to be on March 09, 2015 and May 15, 2018, respectively. As of May 15' 2018, 194.5% of the original contract period(1459 days) had been elapsed thus showing a "behind schedule" condition.

It is noteworthy that the mobilization time given to the contractor is not sufficient enough so as to undertake among others pre-construction planning which is one of the key factors for project success.

##### 4.2.3.3 Issues related to contract scope

The project has undergone with the significant scope changes which are attributed primarily to the reasons explained under the supplementary agreement of the service contract. Hence, it can be said that the project has undergone with significant scope changes which are adequately justified in the project documents made available by the PE.

## 5. CONCLUSION AND RECOMMENDATION

This chapter presents the end product of the assurance process comprising two separate sections: *section 5.1* concludes the informed judgments made within the broader context of the aims of the assurance undertakings while the highlights of the causes for concern upon which the PE shall provide clarifications and explanations as well as the list of additional project documents that the PE shall make available for further review are provided in *section 5.2*.

### 5.1 Conclusion

The Construction Sector Transparency Initiative (CoST) is a country- centered initiative to improve the value for money spent on public infrastructure by increasing transparency in the delivery of Government financed construction projects.

In its effort to streamlining disclosure, CoST-Ethiopia delivered trainings, mentorship and follow up disclosures which as a result have enabled Procuring Entities to disclose on the website of FPPAA. To this respect, Adama Science and Technology University (ASTU) has disclosed information and availed project documents on the implementation process of an ongoing Research Park building project in May 2018 which is made up of the following one service and one (1) work contracts:

- i. SERVICE CONTRACT: Consultancy Services for detailed engineering design, construction Supervision and Contract Administration of Research Park Building, and
- ii. WORK CONTRACT: Construction of Research Park Building Project.

CoST Ethiopia has employed an Assurance Professional to carry out the assurance process involving the verification, analysis and interpretation activities so as to make sure that the accuracy and completeness of the disclosed information as well as to highlight any cause for concern that analyzed information reveals mainly in terms of procurement compliance and contract performances.

The verification works carried out to validate the completeness and accuracy of the disclosed procurement and contract information have revealed that information variances are observed in relation to the service and work contracts. Despite this, it is worthwhile noting that the wider time gap between the proactive disclosure and assurance period is a hindrance to make a reliable assessment on the accuracy of the disclosed information.

The procurement processes of the two contracts have shown incompliance to the applicable principles of public procurement.

Though Phase I of the consultancy service was completed without significant changes, the intended completion date of the consultancy service was later revised to January 31, 2018 in response to ASTU's desire . The original and revised Contract Prices inclusive of 15% VAT for the service were ETB 980,375.00 and ETB 3,063,676.67, respectively showing a cost overrun of 212.5%. The consultant had delivered the Phase I of the consultancy services in conformance to the original agreement. However, due to client's initiated changes, the original scope of services had been changed. In general, it can thus be said that the disclosed documents have adequately justified the reasons for the significant changes observed with regard to the contract price, programme and scope of the consultancy service. As of May 15, 2018 the overall changes to the original contract price and period were 5.01% and 94.5%, respectively. The project has

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undergone with the significant scope changes which are attributed primarily to the client initiations.

Heeding the above stated results of the Assurance Process undertaken on the information that ASTU has disclosed on Research Park building project, the following section outlines the issues are recommended upon which the PE shall provide clarifications and explanations, and the list of additional project documents that the PE shall make available for further review.

**5.2 Issues recommended for PE's clarification and further review**

The following are highlights of causes for concern upon which the PE shall provide clarifications and explanations:

**a) Procurement process of service contract**

- Insufficient floating period set for bid preparation,
- The relatively smaller weightage given for the personnel engaged in phase I (design) as compared to phase II (construction supervision and contract administration) seems unjustifiable.

**b) Procurement process of work contract**

- The opening of the envelopes containing the financial proposals earlier than the required disclosure period of technical evaluation results,
- The time input (466 days) for the procurement of the work does not ensure the required efficiency in the execution of public procurement.
- Unjustified approach applied in determining the successful bid,
- The competitiveness of the award price was not verified thus causing a concern on the PE's effort to ensure economy in the execution of public procurement.

**c) General**

- In all procurement processes covered in the assurance process, it is observed only two firms had passed to the financial evaluation stages thus implying the award prices were decided with narrow scope of competition.
- The comments and verifications (including signature) of procurement endorsing committee are not shown in all the procurement documents made available



**ANNEX**

**Annex 1: Filled Infrastructure Data Standard (IDS) disclosed by the PE (as of May 31<sup>st</sup> 2018)**

**Identification**

<b>Sector</b>	Education
<b>Location</b>	Adama City
<b>Purpose</b>	Government
<b>Description</b>	the project comprises different buildings with different heights and site works

**Preparation**

<b>Scope</b>	Research buildings, guest houses and other buildings		
<b>Funding Sources</b>	Government		
<b>Contracts</b>	Supplier 1	Supplier 2	Supplier 3
<b>Contract Title</b>	Research Park Construction	Research park design Consultancy service	Research Park Supervision and Contract Administration
<b>Contract Type</b>	Unit Price	Lump sum	Unit Price
<b>Procurement Type</b>	Works	Consultancy Services	Consultancy Services
<b>Procurement Mode</b>	ICB	NCB	NCB
<b>Contract Status</b>	2	2	2
<b>Number of firms tendering</b>	4	3	3
<b>Contracting firm tin no</b>	0003464279	0005454825	0005454825
<b>Contract Price</b>	444,427,680 ETB	278,875 ETB	701,500 ETB
<b>Description</b>	Admin building and research park	Design	Supervision
<b>Contract start date</b>	18/08/2014	19/09/2012	18/08/2014
<b>Contract end date</b>	25/09/2016	20/04/2013	18/08/2015
<b>Contract Duration</b>	767 Days	216 Days	365 Days
<b>Contract Extend Information</b>	NIL	NIL	NIL
<b>Completion</b>	NIL	NIL	NIL

**Annex 2: List of initially disclosed documents**

#	Stage	Documents to be disclosed	Documents Availability			Remarks
			Yes	No	Pages	
1	<b>PROJECT IDENTIFICATION</b>	Inception & feasibility study document for the university's academic and support facilities Implementation				
2	<b>PREPARATION</b>					
2.1	Funding sources/ budget authorization process	Project cost estimation/Inception Assumptions, etc	✓		47	
		Budget approval process/ Project budget	✓		28	Program budget plan & approved budget
2.2	Procurement strategy	Procurement plan				
2.3	Preliminary statutory requirements	Environmental and land impacts (?)				
3	<b>PACKAGE DELIVERY - PROCUREMENT</b>					
3.1	<b>Tender Process</b>					
a	Service Contract - Consultancy Services for Research Park design, construction Supervision and Contract Administration	Notice of Invitation for EoI	N/A			
		Expression of Interest (EOI) Assessment Report	N/A			
		Invitation to bid	✓		89+2	ITB & Bid document for open tender
		Tender Evaluation Report - Technical				
		Tender Evaluation Report - Financial/combined	✓		7	
b	Work Contract - Research Park Construction	Notice of Invitation to bids	✓		154+5	ITB & Bid document
		Evaluation Reports	✓		69	Technical & financial evaluation reports
3.2	<b>Contract Award</b>					
a	Service Contract - Consultancy Services for Research Park design, construction Supervision and Contract Administration	Contract Agreement between ASTU and Yohannes Abbay Consulting Architects and Engineers for the Consultancy Services (including Addendum to Main Agreement, if any)	✓		140+5 4	Main contract document, supplemental contract document and MoM
b	Work Contract	Project Handover Form and Contract Agreement between AdSTU and Tekleberhan Ambaye Construction PLC	✓		313+3	Contract document & site handover
4	<b>PACKAGES DELIVERY - IMPLEMENTATION &amp; COMPLETION</b>					
a	Service contract	Consultancy completion report/ Audit and evaluation reports, if any				
b	Work contract	Latest progress reports	✓		7	
		Project Evaluation/audit report (quarter/annual, if any)	✓			
		Work Programme approved by the Engineer and subsequent updates	✓		56	
		Latest Interim Payment Certificate	✓		134	
		Latest Progress Report	✓		7	
		Design changes				
		Claims and Variation Orders	✓		65	Variation order, time extension & exceeding/decreasing quantity
		Early Warning notices and Compensation Events				

**Annex 3: Assessment of ASTU's Comments on Draft Quality Assurance Report**

S/n	Issues identified in the draft assurance report for the PE's clarification & further review	Clarifications provided by ASTU(PE)	Additional document provided by the PE	AP's Response/ action taken
<b>1</b>	<b>Service Contract I- Design, Contract Administration and Contraction Supervision CS</b>			
<i>a</i>	<i>Procurement Process</i>			
1.1	Insufficient floating period set for bid preparation	<ul style="list-style-type: none"> <li>The comments is acknowledged and considered in future procurements process</li> </ul>		It is commendable that ASTU has given due attention to the matter.
1.2	The relatively smaller weightage given for the personnel engaged in phase I (design) as compared to phase II (construction supervision and contract administration) seems Unjustifiable.	<ul style="list-style-type: none"> <li>As there is no clear standard for assigning points personnel involved in Construction supervision &amp; Contract administration (phase), the allocation is subjective and based on perception and understanding of the experts who prepared the bidding document.</li> </ul>		NOT ACCEPTED/ NO CHANGE MADE TO THE FINAL REPORT
<b>2</b>	<b>Contract II - Works Contract</b>			
<i>a</i>	<i>Procurement Process</i>			
2.1	Shorter validity period of the performance bond	<ul style="list-style-type: none"> <li>As bid security submitted by the bidder selected as winner was valid during the period of contract signing, the contract was signed without considering the submitted performance bond. But after the signing of the contract, the contractor was made to submit performance bond valid thought out the full performance period of the contract plus 365 days defects liability period. At this time also the contract security is active.</li> </ul>	Refer Annex (Page 1-4)	ACCEPTED/ THE FINAL REPORT IS REVISED ACCORDINGLY
2.2	No international firm participated though the bidding was ICB	<ul style="list-style-type: none"> <li>The university invited all interested bidders via Ethiopian Herald having wide coverage and no limitation was made on international firms not to involve in the bid</li> </ul>		NOT ACCEPTED/ NO CHANGE MADE TO THE FINAL REPORT
2.3	The opening of the envelopes containing the financial proposals earlier than the required disclosure period of technical evaluation results	<ul style="list-style-type: none"> <li>The disclosure period was taken as calendar days</li> </ul>		NOT ACCEPTED/ NO CHANGE MADE TO THE FINAL REPORT

S/n	Issues identified in the draft assurance report for the PE's clarification & further review	Clarifications provided by ASTU(PE)	Additional document provided by the PE	AP's Response/ action taken
2.4	the time input (466 days) for the procurement of the work does not ensure the required efficiency in the execution of public	<ul style="list-style-type: none"> <li>As the budget assigned for this project was not sufficient at the early stage of bid process, finalization of the procurement process was delayed until the issue was dealt with MoFEC and settled.</li> </ul>	Refer Annex Page 05	NOT ACCEPTED/ NO CHANGE MADE TO THE FINAL REPORT
2.5	Unjustified approach applied in determining the successful bid	<ul style="list-style-type: none"> <li>The approach/method used in determining the successful bidder was selected between the two methodologies defined in the federal public procurement directive under clause 16 sub-clause 16.8. (2) and the university clearly indicated the detail bid evaluation criteria applicable to the bid in the bidding document.</li> </ul>		NOT ACCEPTED/ NO CHANGE MADE TO THE FINAL REPORT
2.6	The competitiveness of the award price was not verified thus causing a concern on the PE's effort to ensure economy in the execution of public procurement	<ul style="list-style-type: none"> <li>In addition to the comparison made among the bidders, the university had compared the price offered by the winning bidder against the Engineering Cost Estimation and made sure of that the award price is less than it and hence this procurement ensured economy.</li> </ul>		NOT ACCEPTED/ NO CHANGE MADE TO THE FINAL REPORT
<b>b</b>	<b>General all Contract</b>			
2.7	In all procurement processes covered in the assurance process , it is observed only two firms had passed to the financial evaluation stages thus implying the award prices were decided with narrow scope of competition	<ul style="list-style-type: none"> <li>The university used open tendering method; set clear and fair evaluation criteria; and invited all interested bidders to participate via media having wide coverage (Ethiopian Herald Newspaper); and fairly evaluated the bids in accordance with the set criteria.</li> </ul>		NOT ACCEPTED/ NO CHANGE MADE TO THE FINAL REPORT
2.7	The comments and verifications - (including signature) of procurement endorsing committee are not shown in all the procurement documents made available.	<ul style="list-style-type: none"> <li>The procurement endorsing committee has used meeting minutes to endorse the bid evaluation results and other issues coming to its desk. But in future the committee will consider the comments given this regard.</li> </ul>		It is commendable that ASTU has given due attention to the matter.
2.8	The following are the list of - additional project			

S/n	Issues identified in the draft assurance report for the PE's clarification & further review	Clarifications provided by ASTU(PE)	Additional document provided by the PE	AP's Response/ action taken
	documents that the PE shall make available for further review:			
i	<ul style="list-style-type: none"> <li>EOT claims # 1-3 with their Justifications and variation orders # 1 and 2;</li> </ul>	<ul style="list-style-type: none"> <li>Additional documents attached</li> </ul>	Refer annex from pages 06 to 39	ACCEPTED/ THE FINAL REPORT IS REVISED ACCORDINGLY
ii	<ul style="list-style-type: none"> <li>Technical Evaluation Report- Service Contract.</li> </ul>	<ul style="list-style-type: none"> <li>Required documents are attached</li> </ul>	Refer annex from pages 40 to 89	ACCEPTED/ THE FINAL REPORT IS REVISED ACCORDINGLY