



Construction Sector Transparency Initiative- Ethiopia (CoST-Ethiopia)

Assurance Report on Reactive Disclosed Project and Contract Information of Assosa University on Construction of Waste Water Treatment Plant.

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LIST ACRONYMS

- AAHCPO - Addis Ababa Housing Construction Project Office
- AP - Assurance Professional
- AU- Assosa University
- CoST - Construction Sector Transparency Initiative
- EIA - Environmental Impact Assessment
- ETB - Ethiopian Birr
- FDRE - Federal Democratic Republic of Ethiopia
- FPPAA Federal Public Procurement and Property Administration Agency
- IDS- Infrastructure Data Standard
- NMSGEC - National Multi-Stakeholder Group Executive Committee
- PE - Procuring Entity
- PLC - Private Limited Company
- RAP - Resettlement Action Plan
- RFP - Request for Proposal
- VAT - Value Added Tax

PART ONE

1. Executive Summary

The aim of Construction Sector Transparency Initiative (CoST) is to enhance transparency of procuring Entities (PEs), consultants and construction companies. This will be done by disclosing to the public Infrastructure Data Standard (IDS) at all stages of the consultancy service as well as the construction project cycle. The process shall be done from the initial development of the project to the final completion service time. The process shall include both the service and work contract.

CoST- Ethiopia plays a catalyst role in the creation of awareness, training, mentorship and follow-up in active and reactive disclosure process so as to disclose the procuring entity in FPPAA wave site.

CoST-Ethiopia takes the initiation of disclosure of the services as well as work contract on public property. Based on this, CoST-Ethiopia agrees with Assosa University in order to take reactive disclosure of Assosa University Waste Water Treatment Plant. By considering the agreement between Assosa University and CoST- Ethiopia, one of the selected projects, is construction of Assosa University Waste Water Treatment Plant. During assessment period in April /2018, the waste water treatment plant under which still is construction. The waste treatment plant has to be designed, supervised and undertakes construction, which means two services and one work contract have been done but the design service contract is completed.

- 1) SERVICE CONTRACT 1: Consultancy services of Ten Universities for design, waste water treatment plant for eight universities except Addis Ababa Sciences and Technology and Woldia University, the consultancy services are handled by MH Consultant PLC.
- 2) SERVICE CONTRACT 2: Consultancy services for design review, supervision and contract administration is handled by MH Consultant PLC.
- 3) WORK CONTRACT: Construction works of waste water treatment plant project is handled by Beraka Construction.

The aim of the project is to treat the wastewater that generate from Assosa University. During the establishment of the University, the government of Ethiopia takes all the responsibility, including the budget, to implement the consultancy services and work contract.

During construction of the thirteen universities, it is through the joint work of GTZ/GIZ and MH Consultant that consultancy services including design,

supervision and contract administration was provided.

Of course because of the experiences that MH Consultant PLC had developed in the former thirteen universities, the Ministry of Education automatically selected the this consulting firm to prepare standard design and tender documents for the later ten universities. From among these ten universities the consulting firm did not prepare design for waste water treatment plant due to environmental impact assessment results.

The Ministry of Education advertised on a newspaper, the Ethiopian Herald, to outsource supervision and contract administration works. Two consultants submitted their Technical and Financial proposals, and MH Consultant got the award and signed the contract agreement with Assosa University (AU) on the 30th of July 2013. The consultancy period was for one year (12 Months) with an annual supervision cost of 692,300.00 ETB, including 15% VAT.

The procurement for Construction work was made on the basis of direct selection criteria by taking into account the track record of the contractors. In this regard, the Ministry of Education selected Beraka Construction PLC from among a number of contractors. The agreement was signed between Assosa University and Bereka Construction on 16/02/2014 (09/06/2006 E.C) with a cost of ETB 91,474,551.49 ETB (Ninety one million four hundred seventy four thousand five hundred fifty one and forty nine cent) including 15% VAT.

Regarding the implantation of the contract on the consultancy service and construction works, the disclosed documents have explained the following facts and figures:

The method of procurement for the selection of consultancy service for design review, supervision and contract administration was made by advertising through the Ethiopian Herald. Here two consultants submitted their technical as well as financial proposals, and MH Consultant was declared to be the least bidder. In fact this information is revealed merely in a single letter; but other documents related to the procurement process (the ToR, evaluation criteria, evaluation results, etc.) were not found in the office of the procuring entity (PE) during the assessment period.

As has been mentioned above, design review, supervision and contract administration of wastewater treatment plant was undertaken by MH Consultant. The Consultant signed the agreement to give annual service for 365 days (from 30th of July 2013 to 30th of July 2014). Even though the consultant signed the agreement to give a one-year consultancy service starting from 30th of July, 2013, the contractor on the other hand signed the agreement to execute the construction work within 730 days (from 16th of February 2014 to 16th February 2016). As the result of this the construction work as well as the consultancy

service was started after six months of the original schedule of the consultant.

As far as performance of service contracts in light of cost, time and scope of indicators is concerned:

- ✓ For Services Contract I, there is no information about the final cost, time taken to complete the design and in case of any change made in the scope of the assignment;
- ✓ It is observed that Service Contract II was not completed and the construction was on going during field assessment time .Here significant change in the consultancy fee is observed as compare to the original agreement of the consultancy service. This problem is basically attributed to delay in the construction process. The scope of the consultancy service did not change during the consultancy period. The root cause of the delay is therefore the contractor's weak performance, shortage of reinforced bar and absence of resident Engineer.

The performance of the contract in light of cost, time and scope of performance indicators is as follows:

- ✓ The contract was agreed to undertake the construction work from 16th February 2014 to 16th February 2016, for 730 calendar days; but the construction work is still underway in a very slow pace. As the result of such slow pace of construction the time is elapsed far beyond the anticipated schedule. This could be observed from the report of MH Consultant, made in February 2018. According to the report, 1493 calendar days were elapsed and this is 204.52% of time elapse. The total required calendar days for the project are 1345, but the project period is extended (delayed) by 426 calendar days. The root causes for the delay are shortage of supply of construction materials such as reinforcement bar of 14 mm diameter for 35 days and absence of resident engineer for 391 days. The construction status during our assessment period (in February 2018) was almost 46.73% and the effected payment was 42,718,551.02 ETB, including 15% VAT.
- ✓ The construction quality is also poor, and the consultant also reported on this issue. According to the consultant, poor casting, use of poor quality formwork and workmanship are the causes for poor quality workmanship. Moreover, the casted concrete is highly segregated and the reinforced bar is not properly covered by cement concrete. This will make the reinforced bar highly susceptible to corrosion and as a result many of them are causing leakage.
- ✓ No change is made in cost as well as scope during the construction period. The CoST request clarification on the missed data from AU, but still now the AU did not respond to CoST. Even though the AU did not respond on missed data, the Assurance professional explain as follow.

Based on the above explanation following issues are recommended upon which the PE shall provide clarifications and explanations:

a) Procurement process of Service Contract I

Major documents such as: procurement minutes, selection criteria, negotiation and award letters, which are important to understand the tender process, are not available by the PE. Incompleteness of such documents makes it more difficult by the PE to deliver to the Assurance Professional the necessary information. In this regard, the Assurance Professional has faced challenges in assuring that Service Contract I was not made through the right procurement procedure. Thus, as long as the available documents are merely those of initial negotiation letters, this makes the Service Contract I to be incomplete.

b) Procurement process of Service Contract II

The same as Service Contract I, in Service Contract II too major documents which are important to understand the tender process such as: advertisement on the newsletter, registration document of those who purchased and submitted tender documents, tender evaluation criteria and results and tender evaluation report are not available in the PE. The incompleteness of such documents makes it difficult by the PE to deliver the necessary documents to the Assurance Professional. Here the only available document is merely the contract agreement and under such circumstance it has become difficult for the Assurance Professional to assure that the procurement process of Service Contract II was made through the right procedure. the consultant give the service until provisional acceptance undertaken.

c) Procurement process of work contract

The procurement process of work contract is made based on single selection process by taking into account the contractor's pervious performance record of the Ministry of Education and Housing Development projects. Here the PE could not deliver documents to the Assurance Professional such as: minutes, selection criteria, negotiation letter and award letter which are important to understand the tender process. The incompleteness or absence of such procurement documents makes it more difficult to the Assurance Professional to assure that whether or not the work contract was done in the right process.

d) Implementation of Service Contract I and II

During the assurance period no document is available by the PE that shows change of scope in the contract period. In this regard the PE has no adequate information about the final duration and cost to accomplish Service Contract I; while Service Contract II was extended due to poor construction performance which incurred unnecessary cost in the consultancy service.

e) Implementation of work contract

Even though execution of the contract is delayed by 204%, there is no change in the contract scope. Among the elapsed calendar days only 426 days are justified by the consultant.

f) Concluding Remark

The Assurance Professional (AP) has tried to get all the necessary procurement documents from the PE and the Ministry of Education; but only the contract agreement is available for both consultancy service contracts and also for the work contract. What is observed from the available documents is that the procurement process was not made on the basis of formal/proper competition. Thus, the contractor could not complete the work, even though more than 200% of time is elapsed; and the current state of executed work is about 47% which is far behind the anticipated schedule.

PART TWO

2. Introduction

The construction sector plays catalytic role in supporting social and economic development of a country and makes a major contribution to the economic growth and poverty reduction of a nation. However, mismanagement and corruption during the study, planning and implementation of construction projects has become bottleneck in achieving the desired social and economic benefits and changes.

This study report contains five parts, the first part is the Executive Summary, part two is Introduction, part three Disclosed of Project Information, Part four Disclosure of Procurement and Contract Information for Service Contract, Part five is on Disclosure of Procurement and Contract Information for Work Contract and the final part is Conclusion and Recommendation to the MSG. There are also tables attached as annexes that portray Disclosure of Procurement Information.

The objective of the assurance process is to find the actual information and activities among employer, consultant and contactors. In this regard the Construction Sector Transparency Initiative (CoST) is a multi-stakeholder initiative designated to increase transparency and accountability in the construction sector. The aim of CoST is to enhance the transparency of the Procuring Entity (PE) and construction companies by disclosing to the public information of the construction projects at all stages of the project cycle, from initial identification of the project to final completion. The transparency and accountability in public construction sector benefits the national as well as international contractors and consultants, and this makes the procurement process in the sector more competitive and may get reasonable prices with acceptable quality and services.

The National Multi-Stakeholder Group Executive Committee (NMSG) of CoST-Ethiopia has identified a number of projects associated with housing construction, water development, road construction, etc. This report is therefore produced for construction of wastewater treatment plant in Assosa University, and the Assurance Professional, Demelash Betemariam, prepares it.

Expansion of education is one of the major government agenda in an effort of attaining rapid socio-economic development in the country through Growth and Transformation Plan (GTP). To this end, the government is expanding educational services, among other things, by opening new higher education institutions in the various corners of the country. Assosa University is among the 10 newly established universities for which constructions are undertaken for the purpose of wastewater treatment.

2.1. Objectives of the Assurance Process

As described in the introduction part of this report, the Procuring Entities (PEs) are required to release information on the selected projects. In order to ensure the authenticity and acceptability of the information released by the Procuring Entities, it has to be analyzed and verified by experts of Assurance Professionals who are appointed by the National Multi – Stakeholder Group Executive Committee (NMSG-EC).

The objective of the assignment is to evaluate the process undertaken by the procuring body and the level of transparency and governance of the on-going or accomplished projects. In this regard, the Assurance Professionals has two tasks: in the first place, they collect information and verify that the Infrastructure Data Standard (IDS) is both complete and accurate, and in the second place, the AP analyzes the disclosed data and interprets it so that the report will easily be understandable by the wider public.

In general, the AP has to verify the source of the reports and has to confirm that the information is complete, accurate, and it is the latest version available by the time the report has been prepared. In this regard, the Quality Assurance Professional (QAP) has been appointed to achieve the following core objectives of the assurance process:

1. To assure the accuracy and completeness of Infrastructure Data Standard (IDS) disclosures by the Procuring Entity (PE);
2. To summarize the extent and accuracy of information released for the selected CoST project;
3. To analyze, disclose and demonstrate data in order to make informed judgments about the cost, time and scope of CoST projects; and
4. To organize and produce reports in clear and intelligible way to the non-specialist with plain language, outlining the findings regarding the procurement and implementation process by highlighting major findings (both positive and negative) to the concerned bodies.

2.2. The challenges of the assurance process

In the course of evaluating the procurement process of the various projects the following challenges are identified:

- ✓ Some of the documents such as: contract document, bank guarantee, action plan, environmental impact assessment and mitigation measures during and after construction of projects are not fully available at the procurement entity;
- ✓ Newly joined professionals of the procuring entity have little information about Phase Four Project mainly because of absence of some important documents pertaining to the project;

- ✓ Documents pertaining to the project are not properly handled as a result they are found in a scattered manner and are not easily accessible;
- ✓ Because of absence of all the necessary documents, it could not justify or understand why time extension was given to the contractors and consultants.

PART THREE

3. Disclosure of project information

3.1. Project overview

Assosa wastewater treatment plant project is disclosed under the *DISCLOSURE OF PROCUREMENT INFORMATION (44 ITEMS)* and *DISCLOSURE OF PROCUREMENT INFORMATION (26 ITEMS)* attached in Table 3 and 4. The disclosed information indicates that Assosa wastewater treatment plant project is located in Binshangule Gumize Regional state, in the northwestern part of Assosa town.

The waste water treatment plant construction project is not completed during the study period. Detailed engineering design and tender document preparation for the project was done by MH Consultant and subsequently submitted to the Ministry of Education (MoE). The MoE nominate MH Consultant again to manage the supervision and contract administration works. During the study period also the supervision and contract administration has been undertaken by MH Consultant. The government of FDRE represented by MoE had allocated sufficient budget to finance payments for the service and work contracts forming parts of the implementation of the project of which important features are given in Table 1 below:

Table 1. Project description

No	Project identification	Description
1	Project name	Assosa University (AU) , Waste Water Treatment Plant
2	Project scope	Construct modern Waste Water Treatment Plant within 730 days
3	Project purpose	To treat waste water that is generated from AU
4	Undesired impacts of the project	There is no as such significant impact during construction, but due to construction delay the existing wastewater pond over flow to downstream water body.
5	Source of funding	The Government of FDRE
6	Original project cost	✓ The cost for Service contract I is 9,665,950 ETB including 15% VAT. This is for ten universities waste water treatment plant design and tender document preparation. The sizes of the projects vary depending on the number of students. The design costs for each university is almost an average of 1,200,000 ETB.

		<ul style="list-style-type: none"> ✓ The annual cost for Service contract II is 692,300.00 ETB including 15% VAT. ✓ The Work contract 91,474,551.49 ETB including 15% VAT.
7	Original project duration	<ul style="list-style-type: none"> ✓ For Service Contract I six months. ✓ For Service Contract II one year / 365 days/ but in order to fully supervise the work contract it may take one additional month. ✓ For the Work Contract two years /730 calendar days

. The assignment of the project includes the following activities:

- ✓ Service Contract I, Design and tender document preparation handled by MH Consultant;
- ✓ Service Contract II, Supervision and contract administration handled by MH Consultant ;
- ✓ Work Contract, execution of the civil work by Bereka Construction.

MH Consultant is in charge of undertaking consultancy service I in design and tender document preparation. The consultant has undertaken his duty and responsibility within the given time frame and as a result he properly delivered his assignment.

After receiving the design and tender document from Assosa University, then the MoE advertised for supervision and contract administration consultancy services. Even though the date of the advertisement and the newspaper is not available in office of the PE. Accordingly, the Ministry awarded the assignment to MH Consultant for supervision and contract administration. Then after the MoE transferred the responsibility to Assosa University to administer the consultancy service and construction works.

The designated period for construction work is 730 days right after the signing of the contract agreement. In fact no mobilization period has been clearly set in the agreement. The commencement date was on 16th February 2014 and the designated completion date was supposed to be on 16th February 2016.

3.2. Scope of the project

The scope of the project is to construct waste water treatment plant within the duration period of the project (730 days) after signing of the contract.

3.3. Socio-economic benefits (purpose) of the project

The project could have positive socio-economic impacts in many respects: in the first place it solves the pollution problem in downstream water bodies. The other impact is that the project could create temporary and permanent employment opportunities for residences of the town and its environs. Moreover, it is also an opportunity for skill transfer. This is to say that temporary jobs could be created for some job seekers during the construction period. On the other hand permanent jobs would be created for those who could be engaged in operation, electromechanical professional works, sanitary and security services in the universities.

Expansion of tertiary education throughout the country while placing special emphasis on educational services in disadvantaged regions and remote areas helps to achieve the important objectives of political and administrative decentralization and balanced and equitable growth of the country. During construction phase there would be job opportunity and knowledge transfer for local community.

3.4. Undesired impacts of the project

There are not as such significantly observed undesired impacts of the project during construction phase. However, one thing that should be worth mentioning is that there could be some environmental impacts of the project during the construction phase because some construction materials, in the form of cart away, could be dumped around the vicinity of the university so that it could adversely affect the environment resulting in siltation on rivers and streams during rainy seasons. On the other hand dust from construction sites could also adversely affect the environment and hence the community during construction.

During the assessment period the construction was not completed and thus the project was very much delayed as compared with the desired project schedule. Currently the university prepares simple pond structure to dispose the waste water which is being generated from the university compound. During rainy time the waste water overflows from the pond and drains downwards to streams polluting the water body and which in turn affects the downstream communities, domestic animals, the wild life, the fauna and flora.

3.5. Sources of funding and project cost

The project cost is covered by the Ministry of Education (MoE); and Assosa University is in charge of managing the projects on behalf of the MoE and hence the Government of Ethiopia.

3.6. Project duration

The commencement date of the project is on 16th of February 2014 and the anticipated completion date was on the 16th of February 2016. The elapsed time is 1493 days and the percentage of elapsed time is 204.52% as reported in February 2018 by the MH Consultant. Out of the elapsed 1493 calendar days, only 426 calendar days are found to be justifiable as per the report of the consultant.

PART FOUR

4. Disclosure of procurement and contract information for consultancy service.

4.1. Disclosures of procurement information

4.1.1. Overview of the procurement process

The data for the procurement processes of the consultant and the selection process of contractors for waste water treatment plant construction was not

available during the assessment period. Moreover, documents related to invitation letter, selection criteria, minutes of negotiation, etc. are not available. In fact MoE tries to provide some of the procurement documents, but due to poor documentation, all the necessary documents are not available during the assessment period. Of course Service Contract I is engaged in design and tender document preparation; While Service Contract II is focused on supervision and contract administration. The contract was signed for one-year service, but without any extension agreement from the PE the consultancy service has simply been extended, though the construction performance is below 50%.

For Service Contract II the consultant signed the agreement with Assosa University on 30th of July, 2013. The consultancy period was for one year (12 Months) with annual design review, supervision and contract administration cost of 692,300.00 ETB including 15% VAT. But in actual fact the consultant began to provide its supervisory service starting from January 2014, while the contractor started to undertake his assignment since the 16th of February 2014.

4.2. Verification of the disclosed procurement information

4.2.1. Completeness of the disclosed procurement information

The selection process was undertaken based on the performance of the consultant on its previous design experiences in the thirteen universities after which negotiations were made for Service Contract I. Despite such process of procurement there is no any document that deals with the selection criteria, offered price by the consultant, minutes and award letter. The same is also true for Service Contract II. The only document available is the contract agreement, and this makes the disclosed procurement information incomplete. The unavailability of the documents adversely affects in disclosing other procurement information such as:

- Accuracy of the disclosed procurement information;
- Analysis of the disclosed procurement information:
 - ✓ Compliance of the procurement process with the rules of advertisement;
 - ✓ Efficiency of the procurement process (Timeliness);
 - ✓ Fairness of the procurement rules on participation;
 - ✓ Transparency of tender evaluation process;
 - ✓ Objectivity of tender evaluation and the award criteria;
 - ✓ Competitiveness of the award price.

4.3. Disclosure of contract information

4.3.1. Overview of the contract

The contract services are of two phases, the original contract price for Service Contract I is 9,665,950 ETB including 15% VAT. This is for waste water treatment plant design and tender document preparation of eight universities, though their size varies depending on the number of students. The design cost for each university is almost similar with an average of 1,200,000 ETB.

In the ten universities, the consultant agreed to handle the design and tender

document preparation work for wastewater treatment. Due to its complex nature the assignment requires highly skilled experts for consultancy service of wastewater treatment plant, and thus the university invited the bidders through proper advertisement. Even though other procurement and evaluation documents are not available, Assossa University signed the agreement with MH Consultant PLC to undertake the assignments of supervisory and contract administration works during the construction period of the wastewater treatment plant. Primarily the agreement was signed merely for one year consultancy service, but due to delay in the construction works the consultant is still providing services of supervision and contract administration of the waste water treatment plant with an annual supervision cost of 692,300.00 ETB, including 15% VAT. During the construction period, there is no variation nor price adjustment nor provision of supplementary work. In this respect, the construction process is undergoing without any change from the original agreement.

4.4. Verification of the disclosed contract information

During the assurance process, a verification work has been carried out to validate the completeness and accuracy of the disclosed contract information. The Procurement Entity has disclosed the contract information in the contract agreement; and this is the only available contract document that was signed between Assossa University and MH Consultant PLC.

4.5. Analysis of the disclosed contract information

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

4.5.1. Issues related to contract price

There is no change of contract price for the contractor as well as the consultant from original contract price.

4.5.2. Issues related to the contract duration

The consultancy duration is extended for more than 3 years due to delay in the construction process of the wastewater treatment plant. The original agreement for Service Contract II was signed with Assossa University on the 30th of July, 2013. The consultancy period was for one year (12 Months) with an annual supervision cost of 692,300.00 ETB, including 15% VAT. It is worth noting that until the assessment period of the assurance professional, no price change has been made.

4.5.3. Issues related to the contract scope

The contract scope is not changed, even though the pace of construction is very slow. In this regard the elapsed time, in relation to the contract agreement, is 1493 calendar days which is 204.52%, according to the report of MH Consultant that was made in February 2018. The report notes that out of the 1493 calendar days only 426 of them are proved to be justifiable by the consultant.

PART FIVE

5. Disclosure of procurement and contract information for contract work

5.1. Disclosures of procurement information

5.1.1. Overview of the procurement process

There is no enough information about the procurement processes made either with the contractor or the consultant. In fact there is a letter which was sent from the MoE to Assosa University, indicating that the procurement for the contractor and the consultant for Service Contract I was made merely through negotiation; while the procurement for Service Contract II was through open bid. Of course the MoE tries to get information on the selection criteria of the both the consultancy services and the work contract, but the necessary document is not available during assessment period.

5.1.2. Verification of the disclosed procurement information

During the assurance process, a verification work has been carried out to validate the completeness and accuracy of the disclosed contract information. But the necessary documents are not available in the hands of procuring entity. This becomes questionable to define the completeness and accuracy of the disclosed procurement information. The unavailability of the document adversely affects to disclosure of other procurement information such as:

- Accuracy of the disclosed procurement information;
- Analysis of the disclosed procurement information;
 - ✓ Compliance of the procurement process with rules of advertisement;
 - ✓ Efficiency of the procurement process (Timeliness);
 - ✓ Fairness of the procurement rules on participation;
 - ✓ Transparency of tender evaluation process;
 - ✓ Objectivity of tender evaluation and the award criteria; and
 - ✓ Competitiveness of the award price.

5.2. Disclosure of contract information

5.2.1. Overview of the contract

The original contract was signed between Assosa University and Bereka Construction with the amount of 91,474,551.49 ETB. During the assessment period the status/performance of the construction work was at about 46.7%. The root cause for such significant delay is not clearly pointed out in the consultant's report, but there were delays resulted from absences of resident engineer for 391 days and also due to shortage of supply of reinforcement bar of 14 mm diameter for 35 days. In this regard the total justified delay time are 426 days. Even though the construction period is delayed by almost more than 200% elapsed time, the contractor did not request any price adjustment as well as contract extension time. In the consultant's report casting of concrete and poor quality of the formwork adversely affected the workmanship. Moreover, during the assessment period, the Assurance Professional confirmed that the construction takes place on site, especially the concrete work and formwork use by the contractor very poor workmanship. This become may cause a serious problem during services period, some of the problem segregated concrete cast and properly uncovered reinforced bar may easily corrode and causes leakage.

5.2.2. Verification of the disclosed contract information

5.2.2.1. Completeness of the disclosed contract information

The disclosed contract information is not fully available during the assessment period; and it is impossible to verify whether the disclosed contract information is complete or not. The only available document is the contract agreement. Moreover, the award letter is not also available.

5.2.2.2. Accuracy of the disclosed contract information

The disclosed contract information is not available during study period, it is impossible to verify whether or not the disclosed contract information is accurate.

5.2.3. Analysis of the disclosed contract information

5.2.3.1. Issues related to contract price

There is no change in the contract price as compare with the original contract.

5.2.3.2. Issues related to the contract duration

The contract period of the construction is highly delayed which can be explained by 204% of elapsed days. In fact, part of the delay is justified by the consultant. The time elapsed is by 1493 calendar days, which is 204.52% of delay, according to the report made by MH Consult in February 2018. As have been mentioned above, out of the 1493 elapsed days only 426 calendar days are justified by the consultant.

The justification behind the delay was shortage of supply of reinforced bar of 14 mm diameter; and also absence of resident engineer due to unresolved

contractual issues between the employer and the consultant. The delay time was from December 1, 2015 to August 1/2016, which is 240 days, and from February 20, 2017 to July 21, 2017 (151 days). Generally, the project was without resident engineer for the total of 391 days and this have definitely adverse impact on the quality as well as the progress of the project.

5.2.3.3. Issues related to the contract scope

The contract scope is not changed even though the pace of construction is highly delayed. The reason behind the delay of the project is not justified by either the procurement entity or the consultant.

PART SIX

6. Conclusion and Recommendation to the MSG

6.1. Conclusion

- ✓ The construction period is highly delayed almost by more than 200% (1493 calendar days) of which only 426 calendar days are justified by the consultant. So far, the actual executed work of the project is only 46.7%, which is far behind the desired schedule.
- ✓ During our assessment period of the waste water treatment plant , the concrete work was not done based on the desired quality in that it is not well casted and the concert did not fully cover the reinforced bar; this exposes the reinforced bar to weathering which in turn subjects it to corrosion.
- ✓ No need any clarification from MSG.
- ✓ Generally, the status of the construction work could not exceed 47% and the remaining electromechanical part requires hard currency of significant amount, which of course is more than the agreed unit rate. Now the contractor may face challenges in finalizing the remaining construction work. It is therefore better to terminate the agreement and seek for another solution.

6.2. Issues Recommended for further review

As stated above, the final recommendation to the procuring entity is to terminate the assignment and look for other options to finalize the remaining work.

ANNEX

Table 2. DISCLOSURE OF PROCUREMENT INFORMATION (44 ITEMS)

<i>DISCLOSURE OF PROCUREMENT INFORMATION (44 ITEMS)</i>				
Phase	Item of disclosure	Construction	Design	Supervision
Procurement information (30 Items)	Date of disclosure	Not available	Not available	Not available
	Contract title	Construction of waste water treatment plant	Design and tender document preparation	Design review, supervision and contract administration
	Location	Assosa	Assosa	Assosa
	Procuring entity	Assosa university	Assosa university	Assosa university
	Source for further information	Project construction and procurement office	Project construction and procurement office	Project construction and procurement office
	Date of procurement notice / Invitation date	Direct selection based on the previous experiences	Direct selection based on the previous experiences	Not available
	Floating period of the procurement notice	No need floating period, Selection through leer letter	No need floating period, Selection through letter	Not available
	Media used for procurement notice	No need media to disclose the procurement notice.	No need media to disclose the procurement notice.	News letter
	Method of procurement	Restricted bid	Restricted bid	Competitive
	Type of procurement	Single selection	Single selection	Open Bid
	Procurement procedure	Negotiation	Negotiation	Two step (technical and Finical)
	Evaluation criteria	Based on the pervious performance	Based on the pervious performance	Not available
Type of contract and project delivery method	Admeasurement	Lump sum for design	Monthly payment for supervision and contract administration within annual contract amount	

Type and amount of bid security	Unconditional, from Addis International Bank, with amount of 11,341,264,.41 Birr up to June 19/2016, after this no document available whether have bank guarantee or no	Not available	Not available
Content of any complaint lodged	Poor contractor performance , Absences of resident engineer for almost one year	No documents available	Absences of resident engineer for almost one year
Engineer's estimate	Not available	Not available	Not available
Date of bid opening	No bid process undertaken and direct selection take place.	No bid process undertaken and direct selection take place	Not available
Number of bidders: participated, rejected and declined to submit	Single selection	Single selection	Not available
Award firm/ contracting firm	Beraka construction	MH Engineering PLC- Consulting Engineers and Architects	MH Engineering PLC- Consulting Engineers and Architects
Date of contract award / Acceptance date	16 Feb/2014	4 th March 2010	30/July/2013 but the contractor sign the agreement on 16 Feb/2014
Award price/original contract price in ETB	91,474,551.49 including VAT 15%	9,665,950 including VAT 15% for eight university, an average of 1.2 million ETB	692,310.00 including 15% VAT. For one year , monthly 57,692.5
Unit contract price (price /km, price /m2)	Various item and measurement	Not measurable to define in unite rate	Not measurable to define in unite rate, simply monthly 57,692.5 ETB including VAT.
Contract security type and amount	Unconditional from Addis International Bank S.C with amount of 11,341,264,.41 ETB and extend till June 19/2016	Not available	Not available
Date of contract signing	16 Feb 2014	04/ March 2010	30/July/2013

	Contract scope	Construction waste water treatment plant within 730 calendar days.	Data not available	Design review, supervision and contract administration for One year/365 days
	Description of contract and contract components	Construction of waste water treatment plant.	Design and tender document preparation	Design review, supervision and contract administration
	Contract administration entity	MH Engineering PLC- Consulting Engineers and Architects	Assosa University project office	Assosa university project office
	Contract duration	16 Feb 2014 up to 16 Feb 2016	04/ March 2010 up to Sept. 3/2010	30/July/2013 up to 30 July/2014 one year contract period
	Contract start / commencement date	16 Feb 2014	04/ March 2010	30/July/2013 sign contract but the actual start date immediately after the contractor start
	Intended completion date	Ongoing (46.7% only completed)	completed	Ongoing

Table 3. DISCLOSURE OF PROCUREMENT INFORMATION (44 ITEMS)

Phase	Item of disclosure	Construction	Design	Supervision
	Contract status (ongoing % progress) terminated, completed)	On going	Completed	On going
	Completion date (revised, projected, actual)	Not yet completed, below fifty percent	Completed	Due to delay on construction, the design review, supervision and contract administration not completed.

Contract implementation (14 items)	Changes to contract duration with reason	No change but due to contractor week performance currently 46.7 % and Time elapsed (Calendar days) 1493 and Percentage of Time Elapsed (204.52%)	Completed	Due to extreme delay construction the consultant also still perform its supervision and contract administration during the assessment period.
	Amount of liquidate damage is applied (penalty for delay)	Penalty not applied	No need penalty	Penalty not applied
	Contract price (revised, projected, actual)	The original contract unite rate not revised	Design is completed but no information about the contract price	Original contract not revised
	Changes to contract scope with reason	No change in scope	No change in scope	No change in scope
	Scope at completion	Waste water treatment plant	Design and tender document for waste water treatment plant	Design review, supervision and contract administration.
	Change to contract price with reason	No change in contract price	No change in contract price	No change in contract price
	Total payment effected	42,748,553.41 with 15% VAT from total 91,474,551.46 with 15% VAT	1.2 million ETB effected	Due to unsolved contractual issues between the employer and the consultant , there was no resident engineer on the project site which affect the project progress from Dec 1, 2015 up to Aug 1,2016 (240 days) and Feb 20,2017 up to July 21,2017 (151 days) total 391 days. Net Total payment effected 2,711,508.29 ETB

Warranty type and description	Not available	Not available	Not available
Details of Termination if applied	Termination not applied	Termination not applied	Termination not applied
Safety measures (accident & death)	Data not available	Data not available	Data not available
Quality of work (very good, good, inferior, impossible to comment)	Not good, even the consultant also report poor casting and formwork because of poor workmanship in form work preparation	Data not available	Data not available
Disputed issues & award details	Data not available	Data not available	Data not available

Table 4. DISCLOSURE OF PROCUREMENT INFORMATION (26 ITEMS)

DISCLOSURE OF PROCUREMENT INFORMATION (26 ITEMS)					
Preliminary project information (18 Items)	Date of disclosure	Data not available			
	Project owner	Ministry of education			
	Project name	Assosa University/ Waste water treatment plant			
	Sector, sub-sector	Higher education			
	Source for further information	Assosa University			
	Project Location	Assosa Town			
	Purpose	Expansion of higher education throughout the country, by giving special consideration where previously have no higher education services by near. This is the reflection of political and administrative decentralization and to bring balanced and equitable growth of the economy.			
	Project description	Construction of Assosa university waste water treatment plant			
	Original project scope	Construction of waste water treatment plant			
	Project components	Waste water treatment plant			
	Environmental impact	Information not available/ INA			
	Land and settlement impact	Information not available/INA			
	Estimated budget of the project with breakdown of components	Information not available/ INA			
	Funding sources	Government of Ethiopia			
	Project budget approval date	Information not available/ INA			
	Project start date (planned, actual)	Consultant Name	Sign the agreement	Planned date	Actual date
		MH Engineering PLC- Consulting Engineers and Architects contract 1	DNA	DNA	DNA
		MH Engineering PLC- Consulting Engineers and Architects contract 2	30 July/2013	One year contract	Construction not complete
Contractors name		Sign the agreement	Planned date	Actual date	
Beraka construction		16/02/2014	16 th Feb/2014	Construction not complete	
	Consultant Name	Planned /Original			

	Planned /Original duration for completing the whole project	MH Engineering PLC- Consulting Engineers and Architects	Time based contract sign, after ministry of education transfer responsibility to Assosa university, starting from 30 th July,2013 one year contract period
		Contractors name	
		Beraka Constructors	16 th Feb/2016 (total planned 730 calendar days)
	Planned /Original cost of the project	MH Engineering Plc, the first consultancy service agreement signed to design and tender document preparation for waste water treatment plant and the original cost 1.2 million Ethiopian Birr, the award process is direct selection based on pervious performance. The second consultancy services is design review, supervision and contract administration and the original cost monthly 57,691.67 ETB	Bereka Constructors
			The original 91,474,551.49 ETB without any contingency, but in the contract document contingency 10% are included.
Project information at completion (8 Items)	Cost of the project at completion	Not completed	Not Completed
	Changes of project cost with reason	Not change	Not Change
	Project completion date (Revised, projected, actual)	Time based contract, renewable annually	No information about Revision or extension, information not available
	Actual duration for completing the whole project		There is a time fix for completing the project, while the current time of elapsed more than 200% but the construction statues not more than 47%, the remaining part electromechanical that make to get foreign currency by it self very difficult and the original rate cannot purchase the current item
	Changes of project duration with reason	Only 347 days justified from total delayed calendar days justified by the consultant	Information not available, but the project office said foreign currency problem

	Project scope at completion	Design review , supervision and contract administration of Waste water treatment plant	Waste water treatment plant
	Changes of project scope with reason	No change at scope	No change at scope
	Reference to documents for disclosure upon request (reactive disclosure)	Contract agreement document	Contract agreement Consultant report No 32 and 33
	Contract agreement Completion report	Project not completed	Project not completed