

## CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE ETHIOPIA (CoST-ETHIOPIA)



### **Amanuel Mental Specialized General Hospital**

**Owner : Federal Ministry of  
Health**

**Consultant: GATMeTS  
Intrnational PVT. Ltd. Co.**

**Pilot Study by the Assurance Team for**

**Project Name: Amanuel General Mental Hospital and Mental Research Institute Construction Project**

# Amanuel General Mental Hospital and Mental Research Institute

## Construction Project

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## 1. LIST OF ACRONYMS / ABBREVIATIONS

AMSH	Amanuel Mental Specialized Hospital
AT	Assurance Team
BOQ	Bills of Quantity
CoST	Construction Sector Transparency Initiative
E. C.	Ethiopian Calendar
EH	Ethiopian Herald
EPE	Ethiopian Press Enterprise
FDRE	Federal Democratic Republic of Ethiopia
FMOH	Federal Ministry of Health
GCC	General Conditions of Contract
NCB	National Competitive Bidding
LOA	Letter of Acceptance
MOI	Ministry of Infrastructure
MPI	Material Project Information
MSG	Multi Stakeholder Group
PPA	Public Procurement Agency
RE	Resident Engineer
RFP	Request for Proposals
TOR	Terms of Reference
VAT	Value Added Tax
VO	Variation Order

## 2. EXECUTIVE SUMMARY

### 2.1 Background

#### Construction Sector Transparency Initiative (CoST)

CoST is a multi-stakeholder initiative designed to increase transparency and accountability of procuring bodies and construction companies for the cost and quality of public sector construction projects. This initiative is being piloted in seven countries, and Ethiopia is one of the countries.

The CoST performs its work principally through the release of project information into the public domain. But it is recognized that the disclosure of this information may not be sufficient on its own to achieve greater accountability. This is because some of the information is likely to be complex and not easily intelligible to the general public.

To ensure that the information that is released is both accurate and available in a form that can easily be understood by stakeholders it may need to be verified and interpreted by experts. As a result, CoST Ethiopia has engaged an Assurance Team (AT) to assess that the Material Project Information released to the public is correct. In line with this requirement, *Amanuel General Mental Hospital and Mental Research Institute Construction Project* in Addis Ababa has been selected for the study.

#### Overview of the project

The project is intended to construct a complex that constitutes supportive facilities; hospital technical rooms, administrative, reception and emergency facilities, part of the out-patient Department; geriatric, pediatrics, forensic wards; replacement of three wards that will have to be demolished; maintenance and rehabilitation workshops; and master planning of the overall relationship of the compound.

The Employer is Federal Ministry of Health who entered to a contract with Santa Maria Construction Pvt. Ltd. Company at a contract price of 67,660,053.56 Birr (including VAT) for a period of 790 Calendar days. The employer entered a contract to the

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contractor on 09<sup>th</sup> June 2010. GATMeTS – International PLC were awarded the consultancy services for design and supervision of the construction for the sum of initial contract amount of 265,479.64 Birr (including VAT). The Consultancy Contract agreement was signed between GATMeTS – International PLC and FBOH on July, 2005.

According to the works contract, the project is supposed to be completed in 790 Calendar days. The construction site was formally handed over to the contractor on the 23<sup>rd</sup> date of June 2010.

## 2.2 Key Findings

- The time for the selection of consultant and contractor was extremely delayed due to the lengthy procedure of evaluation and approval of proposals by the PE. It also appeared at the phase of the planning stage and continued to date. The selection of consultant has taken almost 230 days; from 5<sup>th</sup> November 2004 to 28<sup>th</sup> July 2005. The PE has entered to a contract with Santa Maria Construction Pvt. Ltd. Company on 09<sup>th</sup> June 2010; which is almost 5 years after the assignment of the consultant.

The evaluation and approval process of technical and financial proposals had been done by two different offices. The PE evaluation of technical and financial proposals of consultants had been approved by MOI.

For works contract, the approval of design was delayed due to the Government announcement of new law at the time of the design work for deciding public building projects to be constructed based on law cost method.

- The Contract Agreement made between PE and Contractor is based on the bases of obsolete condition of Contract rather than new PPA January, 2006 law. The condition of contract used on the agreement is '*The Standard Condition of Contract for Civil Works, 1994*' however; the Government law of Public Procurement proclamation of 2004 has obliged the PE to made an

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agreement with the contractor based on '*Standard Condition of Contract PPA, January, 2006*'.

- The tender for works contract has been advertised based on the previous study of design document. The adaptation of the design for the relocated construction site was submitted to the FMOH after the announcement of bid tender of works contract. The PE has advertised the bid in contrary with the Ethiopian Government law for Procurement of Works *PPA, January, 2006*'. *The PPA law for procurement of works under User Guide, on section 'Preparation and Issue of Bidding Document'*, states that the PE is responsible for the preparation of studying document before bid. This will in fact leads the PE to have the risk for cost and time overruns.
- The absence of feasibility study for the project has result in delay for construction to commence on time and the PE has obliged to relocate the construction site from Amanuel Hospital to Kotebe (new construction site). It has also contributed cost overruns for design adaptation.
- There is oral information from the consultant for the problem on the approval of design by local authorities. On the construction site handover document, it was stated that there are buildings to be demolished and the site handover is accepted as soon as the existing buildings are demolished.

*The PE has entered an agreement with the consultant for the design service as per the previous procurement law existing for that time. The acceptance of the consultant was done in collaboration with MOI, which makes the approval clear and fair. However, the current regulation of the Government has changed the requirement for the capacity of consultants to design as per their License Grade with respect to the cost of the project and obliged the PE to approve the design by the Local Authorities before construction the building.*

*The tasks for the approval of design by the Local Authorities should have been confirmed by PE before the advertisement for the call of contractor.*

*As per the Ethiopian Government law for Procurement of Works PPA, January, 2006' on 'Standard Condition of Contract clause 21, it states that 'the Employer shall give possession of the Site to the Contractor, as defined in the Contractor's approved work program. If possession of a part is not given by the date stated in the approved work program, the Employer will be deemed to have delayed the start of the relevant activities, and this will be a Compensation Event'.*

### **2.3 Summary on findings**

The study of the project is based on the document supplied by PE, contractor and consultant and the oral information from all parties. The documents are accurate and adequate for the assignment, and even if some minor documents couldn't be supplied by PE, AT had made deep analysis based on the available documents and satisfactory findings have been outlined. The key findings explained above are the top selected problems that need to be addressed and give concentration to the reader to give informed judgments easily and summarized way. The overall findings of the study on the project are explained on each projects cycle and summarized on the conclusion part in the following section.



### 3. INTRODUCTION

#### 3.1 Background

CoST is a multi-stakeholder initiative designed to increase transparency and accountability in the construction sector. The aim is to enhance the accountability of procuring bodies and construction companies for the cost and quality of public sector construction projects. It will do this by disclosing to the public key project information at all stages of the construction project cycle. It is being piloted in seven countries, Ethiopia being one of them. As a result of this CoST Ethiopia has selected the project and assigned AT to study *Amanuel General Mental Hospital and Mental Research Institute Construction project* which is located in Addis Ababa.

The project is intended to construct a complex that constitutes supportive facilities; hospital technical rooms, administrative, reception and emergency facilities, part of the out-patient Department; geriatric, pediatrics, forensic wards; replacement of three wards that will have to be demolished; maintenance and rehabilitation workshops; and master planning of the overall relationship of the compound.

The Employer is Federal Ministry of Health (FMOH) who entered to a contract with Santa Maria Construction Pvt. Ltd. Company at a contract price of 67,660,053.56 Birr (including VAT) for a period of 790 Calendar days. The employer entered a contract to the contractor on 09<sup>th</sup> June 2010. GATMeTS – International PLC were awarded the consultancy services for design and supervision of the construction at a contract amount of 468,942.27 Birr (including VAT).

Although it is intended that the initial focus of CoST is the period from the award of the main contract for construction until final build, on this specific project, it is important that information disclosed from the initial identification of the project to the start of construction work would be analyzed in detail. This is due to the fact that the current stage of the project is at the start of the construction stage and it is believed that the

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focus of the study on tendering process can minimize the future risk of cost and time overruns.

### 3.2 Objectives of the Study

The Assurance Team has the following core objectives:

1. To assist the NMSG to liaise with the Procuring Entities (PEs) of CoST projects to ensure the collection of the relevant Material Project Information (MPI)
2. To verify the accuracy and completeness of MPI disclosures on all or a subset of CoST projects, as required by the NMSG
3. To produce reports that are clearly intelligible to the non-specialist, outlining the extent and accuracy of information release on CoST projects In addition, the Assurance Team may be called upon:
4. To analyze disclosed and verified data on all or a subset of CoST projects in order to make informed judgments about the cost and quality of the built infrastructure
5. To produce reports that are clearly intelligible to the non-specialist, highlighting any cause for concern that analyzed information reveals

### 3.3 Scope of work

#### Project selection

- Before the Assurance Team was appointed the NMSG have decided the Ministry of Health (PE) to be involved in CoST and secured their agreement.
- The NMSG also have defined the criteria to be used for the selection of projects, acquired a list of projects meeting the criteria from PE, and finally *Amanuel General Mental Hospital and Mental Research Institute Construction project* have been selected projects for the assignment.

#### Data collection

- Prior to the appointment of the Assurance Team, the cooperation of the PE should already have been secured and arrangements made for disclosing the required MPI.

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- If this is not the case, a member of the AT may be required to help the NMSG to liaise with the PE to ensure publication on an on-going basis of the relevant project information on the project.
- Even when arrangements have been agreed for forwarding information from the PE to the NMSG, it may be that not all the information required will be forwarded in a timely manner. The AT may therefore be required to assist in obtaining the information. This will probably involve visiting the PE in person.
- On an ongoing basis, the AT should report in a manner clearly intelligible to the non-specialist the extent of information release on CoST projects, highlighting any lapses in the timely release of MPI.

### Data verification

Differing degrees of verification may be required for:

- The information for feasibility studies and financing agreements.
- Tender evaluation reports for the supervision and the works contracts, as well as the initial contract prices, scope and program, may require more careful scrutiny and/ may need to be checked and confirmed from other sources.
- The information concerning changes to the contracts (for supervision and for works) during implementation. The information to be released, on an on-going basis, during contract implementation includes (i) individual significant changes to the contract which affect the price and reasons for those changes and (ii) individual changes to the contract which affect the programs and duration and reasons for those changes. To ensure accuracy and completeness, the information released should include more detailed source documents, such as variation orders, claims and payment records. This information may also need to be checked and confirmed from other sources.
- To check MPI obtained from PE against the records of the consultant and the contractor.
- To produce a report that is clearly intelligible to the non-specialist outlining the completeness and accuracy of information release on CoST projects.

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### Data analysis and report writing

For the project, AT may be called upon to make elements of the MPI more easily understood by the general public. What the public is particularly concerned about (and the focus of CoST) is getting ‘value for money’ in publicly funded construction projects.

This means that;

- AT will be expected to make informed judgments, from the MPI that is being released, on the cost and quality of the infrastructure under construction.
- AT will need to undertake a more detailed analysis of the released information, paying particular attention to variations and claims, application of price fluctuation clauses etc.
- The AT may also be requested by the NMSG to check on the quality of the construction, for example by site visits at critical stages of the project. Some form of quality check may be necessary in order to assess whether or not the structure is being built to specification.
- AT will be expected to highlight for the public any ‘cause for concern’.
- AT may simply report the facts that give cause for concern and leave it to the NMSG and/or the wider public to ask questions and raise challenges, which may include calls for further investigation.
- The AT will be expected to produce short reports on the above for dissemination to the NMSG and through them, as appropriate, to the public at large.

### 3.4 Summary of the Project

#### Consultancy contract

In accordance with the TOR, which was developed by Ministry of Health in collaboration with Amanuel Hospital at the time of 1996 E. C., the Amanuel Mental Specialized Hospital announced bid through Ethiopia Press Enterprise for consultants to give services for design and supervision works on 30/06/96 E. C. ref. no. 2689/142/96. However less than three bidders have been submitted their expression of interest for two calls in the newspaper. The problem was explained and forwarded a letter by AMSH to FMOH on the date of 03/09/96 ref. no (AH)/30/28/48/121 by including an improvement on the TOR.

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The TOR that was prepared by FMOH was forwarded to the Ministry of Infrastructure on 04/12/96 E.C for approval. Bid notice for the call of consultants has been declared for the second time on Ethiopian Herald On Friday 5<sup>th</sup> and 12 November 2004 which is extended to November 20, 2004 for amendment. The bid was opened on December 7<sup>th</sup> 2004 for technical proposal. 10 consultants have been participated and out of them 8 are passed the technical proposal evaluation. Final financial evaluation have been done and declared to the winner GATMeTS – International PLC on 27/10/97 E. C. A signed and sealed contract agreement for design and supervision was forwarded to the consultant on the date of 09/12/97 from the client FMOH.

All technical and financial proposal evaluation of consultants has been EVALUATED BY FMOH and approved by Ministry of Infrastructure up to the date of 21/10/97 E. C. The overall documents collected from PE and schedule is outlined in ANNEX 3. A summary of Consultancy contract data is given in ANNEX 2.

### **Works Contracts**

The Federal Ministry of Health has advertised tendering notice for the works contract to contractors through the Ethiopian Herald Newspaper on Wednesday 10, February 2010 for the construction of Amanuel Mental Specialized General Hospital in Addis Ababa. The deadline for submission of tenders was on 3<sup>rd</sup> March 2010 at 2:00 pm. By the submission deadline, nine contractors have participated in the bid process however six contractors have been submitted bid documents and out of them Santa Maria Construction PLC won the bid and thus the works contract for the project was awarded to them for a contract period of 790 calendar days, summary of contract data for works contract is given in ANNEX 3.

## 4. STUDY APPROACH

### 4.1 Collection of Documents

The AT, having entered into a contract agreement with Construction Sector Transparency Initiative CoST Ethiopia, collection of documents have been performed from FMOH (the Client). Before the assignment of AT, CoST- Ethiopia has already signed memorandum of understanding outlining schedule of project information and documents to be disclosed by the procuring entity for the pilot programme on selected projects. Based on the memorandum of understanding the following documents relevant to the study were requested:

- (a) Feasibility Study Reports
- (b) Financing Agreement
- (c) Tender Evaluation Reports for Works and Consultancy Services
- (d) Contract Documents
- (e) Project Files
- (f) Variation Orders
- (g) Progress Reports
- (h) Extension of Time Correspondences
- (i) Payment Certificates
- (j) Audit Reports
- (k) Completion Report

Items (a) and (i) were not made available while item (b) was not relevant because the project was fully financed by the Government of Federal Republic of Ethiopia (FDRE). Hence there was no financing agreement. Items from (f) to (k) are not yet to be prepared because the project is at the commencement of construction stage. For item (c) technical evaluation report for consultancy service could not be supplied by PE nevertheless persistent request of AT directly by visiting the PE focal persons.

The PE has appointed two appropriate focal persons whom are the chief staff of the office and directly concerned for the project run. Initially AT has contacted the one of the focal person to supply copy of documents and provided some copies from the requested documents. For the remaining documents, AT with CoST Ethiopia has made an effort to collect on time. Finally the second focal person was informed to work with AT for the supply of documents. An improvement was seen and most of the documents have been collected.

The PE has also informed Consultant orally and Contractor by letter to cooperate AT for the collection of necessary documents from their offices. The response from both Consultants and Contractors were appreciated. The documents necessary for the assignment are collected with a few exceptions. Almost 60% of the time was wasted for collecting the documents.

#### **4.2 Assessment and Documentation**

The Assurance team has carried out a detailed study on the documents and supportive oral information obtained from PE and Consultant. The study was done based on reviewing and understanding of PE program at the initial project identification during planning (feasibility) stage, compliance with procurement procedures stipulated during tendering phase, works and consultancy contract management during execution stage. Documentation was then carried out to record, assess and report findings and recommendations obtained from the study.

## 5. FINDINGS

The findings are split into six main categories. The first group, on section 5.1, covers general findings on completeness & accuracy of documents while parts two, three and four, on section 5.2, 5.3 and 5.4, deal with findings on initial project identification stage, intended beneficiaries and project funding respectively. Findings on tender process for both consultancy services and work contract are summarized in part five on sections 5.5, and on contract works management are contained in part six on sections 5.6.

### 5.1 **General Findings on completeness & accuracy of documents**

The general findings cover aspects related to difficulty in acquiring documents for this study, and completeness or adequacy of disclosed documents and consultancy services contract. It is noted that acquiring documents for this assignment was difficult; it took about sixty (60%) percent of the study period to obtain most of the documents. In fact, some documents have not been made available at all, as can be seen in ANNEX 4 & 5.

AT in connection with CoST Ethiopia has made great effort to get the remaining documents from PE. The effort was appreciated nevertheless for some documents. AT also visits consultant office and lately requested document from the contractor for verification and completeness of documents as necessary as possible. Nevertheless, the following documents couldn't be supplied by the procuring entity,

- *Tender evaluation report for consultants*
- *Payment certified to consultants and contractors*
- *Engineers estimate which has signed and sealed by consultants*
- *Bill of quantity document that has been prepared by the consultant*

Although the above remaining lists of documents are believed to be additional supportive documents for the findings of the report, we consider that the information provided is accurate and adequate for the purpose of this study.



### Key notes on collected documents

- *Copies of documents are collected from PE and Consulting office directly by visiting the focal persons of PE and consultant's representatives;*
- *Some of the documents have no sign and seal, specially the RFP and engineer estimate of consultant;*
- *The PE was expected to supply all documents to CoST Ethiopia with formal letter, however AT has collected the copy of documents from PE and Consultants on different time without having formal letter;*
- *The information on the current suspension for the start of the construction project couldn't be addressed formally by PE, however there are some information that the approval of documents for design is not accepted by the concerned bodies of local Authorities due to the fact that the consultant couldn't fulfill the required grade to make design for the project as per the new Government Rule,*

### 5.2 Project Identification

Amanuel Mental Specialized Hospital has been assigned the responsibility of the country's only central referral and training centre regarding mental health services. The assignment entails that the hospital provide highest grade services in all areas of mental health services in the country, and do high grade and relevant research and training in the field. However, the rooms and facilities within the premises of the hospital are far below the standard for such a centre of the excellence. This obsolete nature of the hospital is the main reason for the need to construct the project.

A TOR was developed by Ministry of Health in collaboration with Amanuel Hospital at the time of 1996 E. C. The TOR was prepared for consultants to design a complex that constitutes supportive facilities; hospital technical rooms, administrative, reception and emergency facilities, part of the out-patient Department; geriatric, pediatrics, forensic wards; replacement of three wards that will have to be demolished; maintenance and rehabilitation workshops; and master planning of the overall relationship of the compound.

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The project was planned to be designed based on the program studied by FMOH in the absence of feasibility study. The feasibility study report was not made available; however, detail analysis is made based on the available program prepared by FMOH.

Initially the AMSH has tried to study the pre-design phase by independent consultant during 1<sup>st</sup> quarter of 1996 E. C., however due to budget reason it failed. A comprehensive program was developed by FMOH and sent to AMSH on 22/03/96 E. C. The absence of proper feasibility study affected, in some extent, the performance of the project.

Specifically, the following issues were noted:

- 1. The consultant was asked to include additional programs in the design during the comments of the client as explained on the letter dated on 03/05/98 E. C.*
- 2. The project is delayed due to relocation of the construction site from the original study site. The relocation has incurred an additional cost for design adaptation and time delay for construction works. The construction works could not started due to the fact that the contractor couldn't get the construction site free. There are also problem of approval of design from concerned government bodies due to some problems as orally presented from the consultant.*

### **5.3 Intended beneficiaries**

Amanuel Hospital under take measures to change the old, below standard services and worn out buildings to major rehabilitation and extensions to bring the facilities to the standard of serving as specialized referral, teaching and research Hospital.

The first phase, which partially includes the OPD, female and male inpatient wards with teaching class rooms has already constructed. According to the explanation of the Hospital, it was pointed that because of the inappropriateness of the design, the constructed buildings are still causing lots of difficulties in the process of service provision.

It is believed that design considerations have been given for the location of rooms for special services the compound and drainage etc so that it is expected the patients can get better and advanced treatment from the hospital.

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## 5.4 Project Funding

With regard to project funding, there is no documentary evidence disclosed from PE however, as per the verbal explanation of PE the Government of Ethiopia financed the project fully i.e. one hundred (100%) percent. Hence no financing agreement was entered into.

## 5.5 Tender Process

### Procurement of Consultancy Services

The procurement of consultancy services was carried out in accordance with the Government Regulation and FMOH have prepared Request for Proposal (RFP) document for bid and at all stage, final approval of evaluations of tender process have been taken over by MOI. The Regulation stipulates selection procedures based on combined technical quality and price consideration.

The procurement followed National Competitive Bidding (NCB). Expression of Interest was solicited by advertising the tender in “*The Ethiopian Herald*” Newspaper on 5<sup>th</sup> November 2004. Additional advertisement was declared on the Ethiopian Herald Newspaper on 20, November 2004 for extension of bid opening date due to some amendments.

A total of Ten (10) firms expressed interest and submit technical and financial proposals for the assignment. The evaluation of the proposals followed the procedure set out in the criteria stipulated in the Request for Proposals (RFP). The technical proposal has been opened on December 7, 2004. The technical proposal evaluation has scored 80% and the financial evaluation has scored 20%. In order to pass the technical evaluation the firm has to score a minimum of 70% otherwise the firm will be disqualified.

The evaluation report on technical proposals concluded that eight (8) firms qualified, each having attained the required minimum score of 70% specified in the RFP. A letter was forwarded for those firms that failed the technical proposal before the opening of financial proposal. For the firms that have qualified the technical evaluation, letter was forwarded to present on the opening date of the financial proposal.

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The financial proposals of the eight qualified firms were opened on May 3, 2005. Based on the combined technical and financial evaluation, GATMeTS – International PLC were awarded the consultancy services for design and supervision of the construction at a contract amount of 468,942.27 Birr (including VAT) on 28<sup>th</sup> July 2005.

As per the agreement made, the consultant has submitted preliminary design study on Megabit 11, 1998 E. C. and final design documents on Tir 11, 1999 E. C. for approval.

After a long period of time, there was an intention from the Government side to change the design of the building to low cost house. However, as per the agreement reached between FMOH and Government of FDRE, the previous design has got an acceptance to continue. Due to the interest of the client, a relocation of site has been decided for the building construction which incurred an additional design cost and delay of start of construction of the building. An additional contract agreement has been made between FMOH and GATMeTS – International PLC on July, 2009 for design adaptation service with an amount of 54,844.09 (including VAT) for a period of 60 days.

The following anomalies however, related to procurement of consultancy services have been noted:

- (a) The intension of construction of the building was planned in 1994 E. C. and letter was written from AMSH to FMOH requesting for the design study in the year of 1995 E. C. however, the delay of response from FMOH has contributed for such delay of commencement of construction of the building. The first advertisement for bid was declared on “The Ethiopian Herald” Newspaper on 5<sup>th</sup> November 2004.*
- (b) The absence of proper pre design study has caused the project to make relocation of construction site from the original proposed site. This contributes for an additional cost and time overruns.*
- (c) The selection of consultant has taken almost 230 days which is from 5<sup>th</sup> November 2004 to 28<sup>th</sup> July 2005.*
- (d) After selecting the consultant, the commencement of construction was also delayed firstly on the interest of the Government of FDRE for constructing the building in low cost house, secondly, due to the relocation of the construction site*

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*to other place. The interest of the Government of FDRE for constructing building with 'Low Cost House' in the country was decided on Tikimt 3, 1999 E. C. which was much far from the planning stage of the project.*

- (e) The bid validity was 90 calendar days as explained on RFP 3.10 however, expired on March 7, 2005, but the contract was signed on 28<sup>th</sup> July 2005. No records were made available to show that the original bid validity was extended.*
- (f) There is oral information from the consultant for the problem on the approval of design by local authorities.*

*The PE has entered an agreement with the consultant for the design service as per the previous procurement law existing for that time. The acceptance of the consultant was done in collaboration with MOI, which makes the approval clear and fair. However, the current regulation of the Government has changed the requirement for the capacity of consultants to design as per their License Grade with respect to the cost of the project and obliged the PE to approve the design by the Local Authorities before construction the building.*

*The tasks for the approval of design by the Local Authorities should have been confirmed by PE before the advertisement for the call of contractor.*

### **Procurement of Works Contracts**

The procurement of works contract was conducted through National Competitive Bidding (NCB) procedures in accordance with the PPA January, 2006. The invitation for bids was advertised in "The Ethiopian Herald" Newspapers on 10<sup>th</sup> February 2010. The deadline for submission was on 3<sup>rd</sup> March 2010 at 2:00 pm hours.

A total of nine (9) bidders purchased the bidding documents, but only six submitted before the set deadline. According to the first time technical evaluation, only three contractors have fulfilled the requirement. However, meeting have been conducted for the evaluation on the technical report and found that the points that give failure to the firms are minor and believed to be client advantage to participate the firms. After the fulfillment of documents all six companies have passed the technical evaluation. The bid opening results are as shown in table 1.

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**Table 1: Bid Opening Results**

No	Bidder Name	Financial Bid opening	Financial result after Arithmetic check
1	SANTA MARIA Construction	59,476,687.86	58,834,829.18
2	Alemayehu Ketema GC	79,117.026.82	79,096,391.82
3	Equator Engineering	59,666,454.84	59,667,457.52
4	AMB Construction	59,953,057.23	61,953,021.23
5	NASEW Construction	80,036,599.35	78,035,586.87
6	AKIR Construction	73,691,741.33	67,691,975.44

The evaluation of the bids followed the procedures set out in the PPA January 2006, its regulations and the criteria stipulated in the Instructions to Tenders. The Employer entered to a contract with Santa Maria Construction Pvt. Ltd. Company on 09<sup>th</sup> June 2010 at a contract price of 67,660,053.56 Birr (including VAT) for a period of 790 Calendar days.

The following anomalies however were noted on procurement procedures of the works contract:

(a) *The invitation for bids was advertised in “The Ethiopian Herald” Newspapers on 10<sup>th</sup> February 2010. The deadline for submission was on 3<sup>rd</sup> March 2010 at 2:00 pm hours. The floating time for bid submission was 21 days which is contrary the Regulation of PPA, which specifies a minimum of 30 days.*

*As per the letter from PE to CoST-Ethiopia ref no MT1/24/25/48 dated on 24 Nov, 2010, it is stated that the delay was happened due to the communication and being delay of the correspondence letter between FMOH and the Hospital. However PE have tried to manage this gap and extended the bid by two weeks time.*

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- (b) The PE has revised the 'Bill of Quantities (BOQ)' document for tendering works contract. As per the verbal explanation of PE, the reason for revising the BOQ is to identify and correct any error which could result in potential increment of budget and variations during implementation stage.*
- (c) The tender for works contract has been advertised based on the previous study of design document. The adaptation design was submitted to the FMOH after the announcement of bid tender of works contract. This will in fact leads to cost and time overruns*
- (d) The contract agreement was signed between contractor and PE based on the previous Standard Condition of Contract for civil Works 1994, which is to the contrary to the new condition of contract of PPA January, 2006.*

## **5.6 Main works contract**

The construction of the project is at the commencement stage. Formal construction site handover was taken on 23<sup>rd</sup> date of June, 2010 on the presence of PE and Contractors representatives. On the site handover document it is stated that the site handover is accepted as soon as the existing buildings are demolished. AT couldn't get latest information whether the site is clear for construction. However the PE has to make the construction site clear and guaranteed the contractor on the time of the handing over the construction site. There is also other reason to be solved by the PE that the delay on the approval of drawings by the Local Authorities may also have an effect on the start of the construction.

## **ANNEX 1: Template for collecting Material Project Information**

This template has been developed to assist Multi-stakeholder Groups in collecting Material Project Information from PE on projects that are included in the on-going disclosure process.

Procuring Entity: - **Ministry of Health**

Project: - **Amanuel General Mental Hospital & Mental Research Institute**

<b>Stage in Project Cycle</b>	<b>Initial List of Disclosures</b>	<b>Description</b>
<b><i>Project identification</i></b>	<ul style="list-style-type: none"> <li>• Feasibility study</li> <li>• Project Purpose</li> <li>• Location</li> <li>• Intended beneficiaries</li> <li>• Specification</li> </ul>	<ul style="list-style-type: none"> <li>• No feasibility study report</li> <li>• Expansion and rehabilitation of the supportive &amp; related services of the Hospital</li> <li>• Addis Ababa</li> <li>• General Public</li> <li>• Constructing a complex that constitutes supportive facilities; hospital technical rooms, administrative, reception and emergency facilities, part of the out-patient Department; geriatric, paediatrics, forensic wards; replacement of three wards that will have to be demolished; maintenance and rehabilitation workshops; and master planning of the overall relationship of the compound</li> </ul>
<b><i>Project funding</i></b>	<ul style="list-style-type: none"> <li>• Financing agreement</li> <li>• Budget</li> <li>• Engineer's estimate</li> </ul>	<ul style="list-style-type: none"> <li>• Not available</li> <li>• Not disclosed</li> <li>• 82,233,726.47 (soft copy from PE)</li> <li>•</li> </ul>
<b><i>Tender process for the contract for project design</i></b>	<ul style="list-style-type: none"> <li>• Tender procedure</li> <li>• Number expressing interest</li> </ul>	<ul style="list-style-type: none"> <li>• Short Listed</li> <li>• 9</li> </ul>

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	<ul style="list-style-type: none"> <li>• Number shortlisted</li> <li>• Number submitting tender</li> <li>• Name of main consultant</li> </ul>	<ul style="list-style-type: none"> <li>• 9</li> <li>• 3</li> <li>• GATMeTS – International PLC</li> </ul>
<b><i>Tender process for the contract for project supervision</i></b>	<ul style="list-style-type: none"> <li>• Tender procedure</li> <li>• Number expressing interest</li> <li>• Number shortlisted</li> <li>• Number submitting tender</li> <li>• Name of main consultant</li> </ul>	<ul style="list-style-type: none"> <li>• Supervision and design service has been tendered jointly therefore the process is the same as the design. See above</li> </ul>
<b><i>Tender process for the main contract for works</i></b>	<ul style="list-style-type: none"> <li>• Tender procedure</li> <li>• Number expressing interest</li> <li>• Number shortlisted</li> <li>• Number submitting tender</li> <li>• List of tenderers</li> <li>• Tender evaluation report</li> </ul>	<ul style="list-style-type: none"> <li>• Open bid</li> <li>• 9</li> <li>• 3</li> <li>• 6</li> </ul>
<b><i>Details of the contract for project supervision</i></b>	<ul style="list-style-type: none"> <li>• Consultant</li> <li>• Contract price</li> <li>• Contract scope of work</li> <li>• Contract programme</li> </ul>	<ul style="list-style-type: none"> <li>• Not yet officially assigned</li> <li>• Not disclosed</li> <li>• Not disclosed</li> <li>• Not disclosed</li> </ul>
<b><i>Details of the main contract</i></b>	<ul style="list-style-type: none"> <li>• Contractor name</li> </ul>	<ul style="list-style-type: none"> <li>• Santa Maria Construction PLC</li> </ul>

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<b>for works</b>	<ul style="list-style-type: none"> <li>• Contract price</li> <li>• Contract scope of work</li> <li>• Contract programme</li> </ul>	<ul style="list-style-type: none"> <li>• 67,660,053.56 (including VAT)</li> <li>• Not disclosed</li> <li>• 790 Calendar days</li> </ul>
<b>Execution of the contract for project supervision</b>	<ul style="list-style-type: none"> <li>• Significant changes to contract price, programme, scope with reasons</li> </ul>	<ul style="list-style-type: none"> <li>• Not yet started</li> </ul>
<b>Execution of the main contract for works</b>	<ul style="list-style-type: none"> <li>• Individual changes to the contract which affect the price and reasons for those changes</li> <li>• Individual changes to the contract which affect the programme and reasons for those changes</li> <li>• Details of any re-award of main contract</li> </ul>	<ul style="list-style-type: none"> <li>• Not yet started</li> </ul>
<b>Post contract completion details of the main contract for works</b>	<ul style="list-style-type: none"> <li>• Actual contract price</li> <li>• Total payments made</li> <li>• Actual contract scope of work</li> <li>• Actual contract programme</li> <li>• Project evaluation and audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• Construction work is at start</li> <li>• 13,532,010.71 ETB (Advance Payment)</li> </ul>

**Project Name: Amanuel General Mental Hospital and Mental Research Institute Construction Project**

## **ANNEX 2: Contract Data for Consultancy Contract**

<b>Contract Item</b>	<b>Description</b>
Contract Name	<b>Design, Supervision and Contract Administration of the construction of the Supportive Facilities of Amanuel Mental Health Hospital</b>
Contract Number	
The Employer	<b>FMOH</b>
Financier	<b>Federal Democratic Republic of Ethiopia (FDRE)</b>
The Engineer / Consultant	<b>GATMeTS – International PLC</b>
Original Contract Price	<b>265,479.64 Birr (including VAT)</b>
Variation	<b>54,844.09 Birr (including VAT)</b>
Amount paid to date (Sept. 08)	
Original Contract Period	<b>Preliminary Design 3 ½ months Final Design 3 months after approval of preliminary design Commencement date = 7 days after the signing of the contract</b>
Additional Contract Period	<b>60 days</b>
Key Dates	<b>Original Contract Signing: 28/07/2005 Commencement Date: 05/08/2005 Variation Contract Signing: 26/08/2009</b>

**Project Name: Amanuel General Mental Hospital and Mental Research Institute Construction Project**

**ANNEX 3: Contract Data for Works Contract**

<b>Contract Item</b>	<b>Description</b>
Contract Name	<b>Amanuel General Hospital and Mental Research Institute Construction</b>
Contract Number	
The Employer	<b>FMOH</b>
Financier	<b>FDRE</b>
The Engineer / Consultant	<b>GATMeTS International PLC</b>
Contractor	<b>Santa Maria Construction PLC</b>
Original Contract Price	<b>67,660,053.56 (including VAT)</b>
1st Revised Contract Price	-----
Amount paid to date (Sept. 08)	<b>30 % Of contract price (expected)</b>
Original Contract Period	<b>790 Calendar days</b>
Maintenance period	<b>365 Calendar days</b>
Key Dates	

**Project Name: Amanuel General Mental Hospital and Mental Research Institute Construction Project**

**ANNEX 4: Schedule of Documents Disclosed (for Consultancy Contract)**

No	Document / Report	Date Requested	Date Supplied	Comment on encountered problems
1	Feasibility Study Reports	16/07/10	-----	The PE couldn't submit the report
2	Letter from AMSH to FMOH that requested for the design study in the year of 1995 E. C. date of the letter is written on 20/07/94 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
3	Letter from AMSH to FMOH that requested for the program to be included design study the letter is written on 30/12/95 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
4	Letter from AMSH to FMOH that explained for the failure of the call of bidders for pre design study of the project the letter is written on 23/02/96 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
5	Letter from FMOH to AMSH that requested for approval of the bid document which has been prepared for design study to consultants the letter is written on 22/03/96 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
6	Letter from FMOH to EPE that requested for Announcement of bid on the Herald Newspaper design study to consultants the letter is written on 30/06/96 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
7	Letter from FMOH to AMSH that explained for the failure of the call of bidders for design study of the project and to be programmed for next year the letter is written on 03/09/96 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
8	Letter from FMOH to MOI that requested for approval of the improved bid document	16/07/10	30/07/10	<b>Submitted by PE</b>

**Project Name: Amanuel General Mental Hospital and Mental Research Institute Construction Project**

	which has been prepared for design study to consultants the letter is written on 04/12/96 E. C.			
9	Letter from MOI to FMOH for the approval of the improved bid document for the call to consultants the letter is written on 06/01/97 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
10	Letter from FMOH to MOI that explained for the call of consultants have been declared on EH dated on 20, November 2004, and send representative for technical proposal opening date of 7 <sup>th</sup> December 2004 the letter is written on 17/03/97 E. C.	16/07/10	30/07/10	<b>Submitted by PE</b>
11	RFP Document	16/07/10	19/08/10	The document has no sign and seal for the all of the pages
12	Letter from FMOH to MOI that requested for the approval of the technical proposal evaluation document, the letter is written on 23/07/97 E. C.	16/07/10	19/08/10	<b>Submitted by PE</b>
13	Letter from FMOH to all Consultants who participated the bid to explain whether they are qualified or not. The three letters were written on 19/08/97	16/07/10	19/08/10	<b>Submitted by PE</b>
14	Letter from FMOH to MOI that requested for the approval of the financial evaluation document, the letter is written on 07/10/97 E. C.	16/07/10	19/08/10	<b>Submitted by PE</b>
15	Letter from MOI to FMOH for the approval of the financial evaluation; the letter is written on 21/10//97 E. C.	16/07/10	19/08/10	<b>Submitted by PE</b>

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16	LOA for the bid from FMOH to GATMeTS – International PLC and also requested for draft contract agreement; the letter is written on 27/10/97 E. C.	16/07/10	19/08/10	<b>Submitted by PE</b>
17	Letter from FMOH to GATMeTS – International PLC forwarding the approved contract agreement; the letter is written on 09/12/97 E. C.	16/07/10	19/08/10	<b>Submitted by PE</b>
18	Consultant and PE contract agreement for design and supervision	16/07/10	17/08/10	<b>Submitted by PE</b>
19	Letter from AMSH to FMOH that explained for additional programs to be included on the design study the letter is written on 03/05/98 E. C.	16/07/10	17/08/10	<b>Submitted by PE</b>
20	Letter from GATMeTS – International PLC to FMOH to give comments on preliminary design study; the letter is written on 11/07/98 E. C.	19/08/10	20/08/10	The letter is collected from the consultant.
21	Preliminary Design and Report for the main contract	16/07/10	20/08/10	The document is collected from the consultant.
22	Letter from FMOH to GATMeTS – International PLC forwarding comments on preliminary design study and to proceed for final design; the letter is written on 24/08/98 E. C.	19/08/10	20/08/10	The letter is collected from the consultant and PE.
23	Letter from GATMeTS – International PLC to FMOH for submitting final design study documents; the letter is written on 11/05/99 E. C.	19/08/10	20/08/10	The letter is collected from the consultant
23	Engineers Estimate	16/07/10	19/08/10	The document has no sign and seal and

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				date; however collected from PE
24	Letter from FMOH to GATMeTS – International PLC for changing the design to low cost house and to submit new agreement as per cost break down; the letter is written on 26/10/99 E. C.	16/07/10	19/08/10	<b>Submitted by PE</b>
25	Letter from MOI to Prime Minister Office that explains permission to proceed the project based on original design rather than low cost house design; the letter is written on 22/09/2000 E. C.	16/07/10	19/08/10	<b>Submitted by PE</b>
26	Letter from GATMeTS – International PLC to MOI for submitting takeoff sheet documents; the letter is written on 27/04/01 E. C.	19/08/10	20/08/10	The letter is collected from the consultant
27	Letter from GATMeTS – International PLC to FMOH for submitting final bill of quantity document as per the request from MOI; the letter is written on 04/05/01 E. C.	19/08/10	20/08/10	The letter is collected from the consultant
28	Letter from GATMeTS – International PLC to FMOH for requesting payment; the letter are written on 07/09/01 & 06/05/01 E. C.	19/08/10	20/08/10	The letter is collected from the consultant
29	Financing Agreement	16/07/10		Not submitted
30	Letter from FMOH to GATMeTS – International PLC for submitting additional contract agreement for design adaptation; the letter is written on 11/09/01 E. C.	16/07/10	17/08/10	<b>Submitted by PE</b>
31	Letter from GATMeTS – International PLC to FMOH for submitting additional agreement; the letter are written on	16/07/10	19/08/10	<b>Submitted by PE</b>

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	15/11/01 E. C.			
32	Geotechnical Investigation Report and Foundation Recommendation study document for new construction site	16/07/10	17/08/10	<b>Submitted by PE</b>
33	Additional Design Contract Agreement	16/07/10	17/08/10	<b>Submitted by PE</b>

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**ANNEX 5: Schedule of Documents Disclosed (for Works Contract)**

<b>No</b>	<b>Document / Report</b>	<b>Date Requested</b>	<b>Date Supplied</b>	<b>Comment on encountered problems</b>
1	Invitation for bid to contractors copied from Newspaper; date – 10 February 2010	16/07/10	19/08/10	<b>Submitted by PE</b>
2	5 - Minutes of meetings; total = 12 pages	16/07/10	19/08/10	<b>Submitted by PE</b>
3	Technical Evaluation Reports for Works	16/07/10	19/08/10	<b>Submitted by PE</b>
4	Financial Evaluation Report	16/07/10	19/08/10	<b>Submitted by PE</b>
5	Invitation of award letter 07/06/2010	16/07/10	19/08/10	<b>Submitted by PE</b>
6	Contract Documents	16/07/10	17/08/10	<b>Submitted by PE</b>
7	Handing over the construction site document;	16/07/10	-----	Not submitted
8	Master work schedule	16/07/10	18/08/10	<b>Submitted by PE</b>
9	Variation Orders			<b>N/A</b>
10	Performance Bond			<b>Submitted by the Contractor</b>
11	Advance Payment Bond			<b>Submitted by the Contractor</b>
12	Contract Document			<b>Submitted by the Contractor</b>
13	Advance Payment			<b>Submitted by the Contractor</b>
14	Site Handover Format			<b>Submitted by the Contractor</b>
15	Correspondence letters (total = 8 letters)			<b>Submitted by the Contractor</b>

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