

**Construction Sector Transparency Initiative
(CoST- ETHIOPIA)**

**Pilot Assurance Process of CoST on the
IMPLEMENTATION PROCESS OF TEN NEW UNIVERSITIES**

FINAL REPORT

CoST Assurance Team
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Acknowledgement

This CoST Assurance Report is prepared by the Assurance Team (AT) consisting of two senior construction management specialists, namely Mr. Asmerom Tadesse and Mr. Endale Bewketu, appointed by the National Multi-Stakeholder Group Executive Committee (NMSGEC) OF CoST-ETHIOPIA. The Assurance Team hereby extends its kind appreciation to stakeholders of CoST-Ethiopia listed below:

Members of the MSG are:

- Mr. Tesfaye Yalew, Ministry of Works and Urban Development, Chairman
- Mr. Tsedeke Yihune, Ethiopian General Contractors Association, Vice Chairman
- Mr. Bekure Ketema, Federal Ethics and Anti-corruption Commission, Executive Secretary and IAG representative
- Mr. Biniam Girma, Ethiopian Roads Authority, Editorial member
- Mr. Ayalew Tefera, Public Procurement Agency, Editorial member
- Mr. Biruk Feleke, Birhane Tibebe Art, Health and Environmental Association, Editorial member
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Acronyms/ Abbreviations

AT	-	Assurance Team
AY	-	Academic Year
CoST	-	Construction Sector Transparency Initiative
DFID	-	Department For International Development
E.C.	-	Ethiopian Calendar
ETB	-	Ethiopian Birr
FDRE	-	Federal Democratic Republic of Ethiopia
MoE	-	Ministry of Education
MoWUD	-	Ministry of Works and Urban Development
MPI	-	Material Project Information
NMSGEC	-	National Multi-Stakeholder Group Executive Committee
SNNPRS	-	Southern Nations, Nationalities and People Regional State

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Executive Summary

- The government of the Federal Democratic Republic of Ethiopia (FDRE) has been implementing the construction of ten (10) new universities with core objectives of achieving a political and administrative decentralization and balanced and equitable growth of the economy, among others, through extending a tertiary education. A mother inception document, jointly prepared by the Ministry of Education and Ministry of Works and Urban Development had clearly mapped out the implementation strategies and financing requirement for the construction of ten new universities' facilities and associated infrastructures.
- In collaboration with the Ministry of Works and Urban Development, the Ten New Universities Construction Project Office, established under the auspices of Ministry of Education, has been implementing the planning, procurement and coordination of the construction works.
- In pursuance to Article 24 of the Procurement Directive, the procuring entity had secured the approval of the procurement agency prior to actual procurement of services and works. Moreover, the Procuring Entity had mapped out the procurement direction in collaboration with Ministry of Works and Urban Development, which testifies that it had searched out for technical support from appropriate body pursuant to Article 27 of the procurement directive.
- The procuring entity has made full and accurate disclosure of documents demonstrating its procedures for awarding contracts for this project and in operating their procedures
- Having considered the documents that the Procuring Entity had made available in light of project identification phase of the project cycle, the Assurance Team is satisfied that the disclosed documents adequately identify the projects and the funding for the projects.

The ministry of Education had procured consultancy services in two stages: a main consultant on direct procurement basis for the preparation of standard designs and guideline and seven consultants for master plan preparation, design adaptation and supervision works on national open competitive basis. The services procurement processes complies with the conditions set in the procurement regulation and the assurance team is satisfied that the disclosed documents adequately reveal the procurement process.

- The procurement process of works had followed the direction set out in the inception document involving performance based short listing of contractors by regional housing development offices, joint assessment of the offices' recommendation by a

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committee comprising representatives of MoE and MoWUD and final approval by the higher management body of the Ministry of Education. In view of the procurement process of work contract, the assurance team is satisfied that the disclosed documents are adequate and the process was in compliance with the procurement directive.

- With regard to scope, cost and programme, no significant changes were observed on the actual execution of the service contract for the preparation of standard design and guideline.
- Similarly, with regard to scope, cost and programme, no significant changes were observed on the actual execution of the service contract for the Planning, Design Adaptation and Supervision Services.
- As of the end of October 2010, 167 calendar days have been elapsed and the contractor has financially executed 22.76% of the contract amount showing a 75% performance efficiency with respect to the original plan. In general, with regard to scope, cost and programme, no significant changes were observed on the actual execution of the work
- In reference to the original programme set out in the original inception document, the universities were supposed to enroll students for 2003 (2010/11) Academic year revealing a delay of one year. Nonetheless, the disclosed documents has adequately justified the causes for delay which among others include slow decision making processes emanated from procedural requirements and complex organizational set up for the implementation of the projects.

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1. Introduction

1.1 Background

The Construction Sector Transparency Initiative (CoST) is an international multi-stakeholder programme designed to increase transparency and accountability in the construction sector. It will do this by disclosing to the public ‘Material Project Information’ (MPI) at all stages of the construction project cycle, from the initial identification of the project to the final completion.

CoST, supported by the UK Department for International Development (DFID) and the World Bank, is currently being piloted in seven countries. Ethiopia has signed up to Construction Sector Transparency Initiative (CoST) on 22nd December 2008 to implement a two-year pilot phase of the program while attaching an expectation that the release of key project information will lead to better quality infrastructure and better value for money, helping economic growth and reducing poverty.

CoST is principally about increasing transparency 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. For example, there are many reasons for time and cost overruns on construction projects that may be quite legitimate and not necessarily an indication of poor governance of the procurement process.

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 (an ‘Assurance Team’). To this respect, an Assurance Team (AT) consisting of two senior construction management specialists is appointed by the National Multi-Stakeholder Group Executive Committee (NMSGEC) OF CoST-ETHIOPIA.

The assurance team has been entrusted to undertake the Assurance Process on the CoST project “Implementation of Ten New Universities while focusing on Work Contract of Hossana University” which was selected by the NMSGEC to form part and parcel of a pilot study of the operation phase of this initiative.

This report has been prepared by Assurance Team with the intent of describing the study process and findings regarding the cost and programme parameters as well as highlighting any cause for concern that analyzed information reveals on the pilot CoST Project.

1.2 Objectives

1.2.1 Objectives of the pilot study

As identified by National Multi-Stakeholder Group, the pilot study has four objectives:

- To learn lessons to inform the design of CoST internationally

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- To learn lessons that improves transparency internationally through the disclosure of project information.
- To gain an improved understanding of construction project costs amongst public sector clients, industry and wider society
- To learn and share lessons on publicly-funded construction project governance

1.2.2 Objectives of the Assurance Team

The Assurance Team has been appointed to achieve the following core objectives:

1. To collect the project information from the Procuring Entities (PEs) of CoST projects,
2. To verify the accuracy and completeness of MPI disclosures on CoST Projects,
3. To produce reports that are clearly intelligible to the non-specialist, outlining the extent and accuracy of information released for the selected CoST projects.
4. To analyse disclosed and verified data in order to make informed judgements about the cost and quality of the built infrastructure on CoST Projects.
5. To produce reports that are clearly intelligible to the non-specialist, outlining the findings regarding the cost and quality of the infrastructure and highlighting any cause for concern that analysed information reveals on CoST Projects.

1.3 Pilot Project

1.3.1 Description of the pilot project

The government of the Federal Democratic Republic of Ethiopia (FDRE), in its five years Development and Economic Growth blueprint (i.e. Sustainable Development and Poverty Reduction Program, 2002-2007), has considered the education sector program as a cornerstone of the capacity building, poverty reduction and sustainable development strategy. In addition to ensuring access to elementary education for all citizens, the education sector program aims to expand secondary and tertiary education throughout the country. Special emphasis is placed on expansion of educational services in disadvantaged regions and remote areas to achieve the important objectives of political and administrative decentralization and balanced and equitable growth of the economy.

It is primarily in line with this strategy that the construction of ten (10) new universities is conceived and being implemented. (Basic Projects Information on the ten (10) new universities including their original programs are provided in Annexes 2 and 8.)

During the construction process of the ten (10) new universities, various entities have participated through different contractual arrangements coined to serve the intended purposes. The construction process of the ten (10) new universities has involved:

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- Ten New Universities Construction Project Office, established under MoE in March 2008 to implement the planning, procurement and coordinate the construction works,
- Ministry of Works and Urban Development, co-owner of the project facilitating the overall implementation of the project,
- Regional housing development offices, authorized representative of the employer (MoE),
- Main consultant entrusted with the preparation standard designs and guidelines for ten new construction projects; who has been reviewing the works of the seven consultants,
- Seven consultants who have been engaged in Planning, Design Adaptation and Supervision Works of the ten new University projects,
- 39 construction contractors, who have been engaged in the actual implementation of the construction of the 10 new universities, and
- Significant number of small and micro enterprises that have been engaged in the execution various work items.

1.3.2 Project Selection and Summary on the selected project

As outlined in section 1.3.1, there are numerous projects under the selected pilot project for CoST assurance process. Having paid due attention to the criteria set by the MSG, the Assurance Team has conducted the study on the service contracts of the pilot project and it has selected Hossana University (construction of One Library, One Dining Hall and One Kitchen Building Blocks) to see the process of work contract. Contractual details of services and work contracts are summarized in Annex 3.

(It is to be noted that the AT has selected the project with the higher project cost among the five projects being implemented in Hossana University. Annex 4 describes the list of projects being implemented in Hossana University)

1.4 Study Process

The pilot study comprises three phases: data collection, data verification and analysis phases. Section two (2) of this report discusses on the data collection phase of the pilot study, which is carried out with the aim of collecting project information from the Procuring Entities (PEs) of CoST projects.

During the second phase of the study, the Assurance Team has reviewed the information disclosed during the first phase and held further meetings with various focal persons to clarify certain matters, verify the accuracy and completeness of information, and to obtain further understanding of how the project was managed.

During the analysis phase of the study, the Assurance Team has carried out a detailed study of the documents made available. This was done with the view to make informed judgements and highlight any cause for concern that analysed information revealed on the

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initial project appraisal process, compliance of service and procurement procedures operated on CoST Project by the procuring entity as well the execution of service and work contracts. Documentation was then carried out to record and report findings and recommendations obtained from the study.

Section three (3) of this report compiles the findings of data verification and analysis phases of the pilot study.

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2. Data Collection

2.1 Prior to embarking on the assignment, the Assurance Team has got itself familiarized with the contact person of the procuring entity during an induction workshop arranged by the CoST-Ethiopia on July 29'2010 for orienting the PEs, Assurance Team, consultants and contractors associated with the pilot projects on the objectives and procedures of the pilot study.

2.2 Following review of the documents initially disclosed by the procuring entities to National Secretariat of CoST- Ethiopia and having obtained a letter of notification to the client/ procuring entity and to the contractor and consultants through the same on its appointment by the host of the initiative (i.e. Federal Ethics and Anti-corruption Commission), the assurance team presented the PE requests to provide further documents it had identified as necessary by making use of a standard list prepared for the same purpose. The schedule of material project information which the PE was expected to disclose under the pilot study and later completed by the AT is set out in Annex 7.

2.3 In response to our request, the PE had provided further documents we had identified as necessary. In general, with the view the respective applicability, the following documents relevant to the study were requested:

- a) Feasibility Study Reports
- b) Financing Agreement
- c) Tender Evaluation Reports for Services and Works contract
- d) Services and Works Contract Documents (invitation to bid, form of agreement, Specification, Works Information)
- e) Variation Orders and claims
- f) Programme approved by the Engineer and subsequent updates
- g) Progress Reports
- h) Extension of Time Correspondences
- i) Early Warning notices and Compensation Events
- j) Payment Certificates
- k) Audit Reports
- l) Completion Report
- m) Total contract cost
- n) Final contract payment

2.4 A detailed schedule of the documents disclosed in connection to the implementation process of Ten New Universities in reference to the project cycle is included in Annex 5.

In general, the documents disclosed fall into the following categories:

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- Documents describing the result of feasibility studies, implementation directions and appraisal processes of ten new universities construction,
- Contract documents dealing with the appointment of MH Engineering for the preparation of standard designs and guidelines,
- Documents dealing on the tender processes for selection of consultants for planning, design adaptation and supervision works, and
- Documents dealing with the selection and appointment of Yemane Tesfay BC for Construction.

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3. Verification and Analysis

3.1 Procurement Procedures

3.1.1 In order to understand the status of documents disclosed by the procuring entity, it is necessary to set out the Procurement procedures stipulated by the Proclamation No 430/2005 and the procurement directive that determined the Procedures of Public Procurement for awarding and managing contracts that applies to all federal institutions. To this respect, the following articles of the procurement directive are presented as a reference:

Article 5: Principles

- 1) All Procurement Authorities and the execution thereof must achieve the following objectives:
 - a. Maximize value for money from Procurement, i.e. economy, efficiency and effectiveness. However, the above should be not limited to individual decisions but should also include elaborate Procurement plan;
 - b. No candidate shall be discriminated because of nationality or other reasons which are not related to the evaluation criteria except in accordance with the rule of preference provided for in the proclamation;
 - c. any criteria applied in making procurement decisions and decision taken on each procurement must be made transparent to all concerned parties;

Article 6: Approved Methods of Procurement

- 1) The following six methods of procurement are approved:-
 - a) open bidding
 - b) two-stage bidding
 - c) request for proposals
 - d) restricted bidding
 - e) request for quotations; and
 - f) direct procurement
- 2) In pursuant to Article 25(2) of the Proclamation procuring entity uses a method of procurement other than open bidding, shall record a statement of the grounds and circumstances on which it relied to justify the use of that method.

Article 9. Conditions for use of Direct Procurement

- 1) Procuring entities may engage in Direct Procurement when the conditions laid down under Article 27 are fulfilled.
- 2) Without prejudice to sub-article 1 of this Article Direct Procurement Method may be used only in one of the following conditions.
 - a) When in accordance with sub-article 1 (d) and (e) of Article 27, it is believed that advantage could be obtained, if additional goods, consultancy services and works of a similar kind and price are procured

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from the original supplier. However, such order only be made in cases where the contract price of the additional goods, consultancy services and works doesn't exceed 25% of the value of the original procurement and the additional order is made within the validity period of the original contract or within six months from the date such contract has terminated;

- b) When it is ascertained that the spare parts required for the equipments used by the procuring entity are supplied only by the original supplier.
- c) Where it is technically justified that goods or services procured from a different supplier will not be compatible with existing equipment or services of the procuring entity.

Article 24: Review of Non Standard Proposals by procuring Entities

Procuring entities may only engage in procurement, which does not fully comply with the criteria laid down in this Directive, only upon securing the approval of the Procurement Agency pursuant to Article 11(5) of the proclamation. Procuring entities shall provide justifications and other supporting documents.

27. Technical support for Procurement of Works

- 1) The Ministry of Infrastructure pursuant to the Definition of powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia proclamation No.4/1995 (as amended), shall cause the supervision of and inspect, the execution of construction works to ensure their conformity with the quality standards, time limits and cost as provided in the contract.
- 2) The Ministry of Infrastructure shall render technical support for procurement of works upon request by procuring entities.
- 3) Procuring entities may request the technical support of the Ministry of Infrastructure in the procurement of works.

3.1.2 A mother inception document, jointly prepared by the Ministry of Education and Ministry of Works and Urban Development in April 2008 had set out the following procurement plan:

Service Procurement

- Preparation of cost effective standard design documents through direct procurement procedures from MH Engineering PLC
- Design adaptation, detailing out and supervision works should be carried out by consultants of category 1 to 3 through open national bidding get

Work Procurement

- The construction of classrooms, dormitories, academic and support staffs offices should be executed by building and general contractors of category 3 to 6 on fixed price basis. Each contractor would be given 2 to 5 building blocks

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and the implementation procedure should follow the practice employed in housing development,

- The fixed rates for consultancy service and works should be set taking local specific issues into account,
- Firms who had showed commendable performance in the construction of 13 universities would be given priority,
- Works of higher complexity and scale (cafeteria, library and infrastructure works) should be executed by category 1 to 3 contractors

3.1.3 In pursuance to Article 24 of the Procurement Directive, the procuring entity had secured the approval of the procurement agency prior to actual procurement of services and works. Moreover, the Procuring Entity had mapped out the procurement direction in collaboration with Ministry of Works and Urban Development, which testifies that it had searched out for technical support from appropriate body pursuant to Article 27 of the procurement directive.

3.1.4 The procuring entity has made full and accurate disclosure of documents demonstrating its procedures for awarding contracts for this project and in operating the procurement directive required by law.

3.2 Project identification

3.2.1 Projects identification, feasibility studies and setting of implementation strategies are well articulated for the implementation of ten new university projects. The fundamental rationale for the conception and implementation of the projects is to expand tertiary education throughout the country while placing special emphasis on educational services in disadvantaged regions and remote areas to achieve the important objectives of political and administrative decentralization and balanced and equitable growth of the economy.

3.2.2 The intended beneficiaries of the project are youth from all corners of the nations who successfully accomplished their secondary education as well as those in close vicinity upgrading their education through continuing programs. It is also expected that the community at large will enjoy the fruits of research and development activities of the institution.

3.2.3 A mother inception document, jointly prepared by the Ministry of Education and Ministry of Works and Urban Development in April 2008 had clearly mapped out the implementation strategies and financing requirement for the construction of ten new universities' facilities and associated infrastructures. The major components of the original Projects Appraisal document are concisely discussed hereunder:

Organizational Arrangement

- Establishing a project office under the MoE to implement the planning, procurement and coordinate the construction works and

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- The existing regional housing development offices would be the authorized representative of the client in Executing of the construction works.

Logistic Supply

- The major organizational arrangements set out with regard to construction materials supply include
 - Reinforcement bars, cement and other construction materials having bulk purchasing advantages should be supplied through the regional housing development offices while the general contractors supply the remaining items, and
 - Micro and small scale enterprises operating in the projects towns would supply wall and floor filler hollow concrete blocks, precast beams, gravel, windows and doors

Capacity Building

- Under the capacity building strategies, it is pointed out that the Ministry of Works and Urban Development would avail contractors and consultants as well as provide the required trainings and supports

Students' Intake Plan and Financing Requirement

- The inception document has clearly indicated Students' intake plan, financing and staffing requirements. The budget estimates and time frame as well as Identified cost reduction options, and recommendations made were described in the document annexed to the inception report.
- With regard to project funding, the government of FDRE has fully financed the project. Hence no financing agreement was entered into.
- A table showing Student Intake Plan and Estimated Budget Requirement for Construction is presented in Annex 8.

Others

In addition to the aforementioned subjects, thorough appraisal was conducted on the following issues:

- Site selection and suitability appraisal,
- Identification of university facilities/ design programs, and
- Budget estimated for the provision of infrastructure needed for construction and land acquisition.

3.2.4 Having considered the documents that the Procuring Entity had made available in light of project identification phase of the project cycle, the Assurance Team is satisfied that the disclosed documents adequately identify the projects and the funding for the projects.

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3.3 Tender Process

3.3.1 Procurement of Consultancy Service for Standard Design and guideline

The ministry of Education as part of its effort to construct ten new universities in various parts of Ethiopia had employed MH Engineering PLC – Consulting Engineers & Architects for the Design Adaptation of Ten New Universities on direct award basis on July 9th 2009. The assurance team has found the disclosed documents adequate and the procurement process complies with the procurement directive.

3.3.2 Procurement of Planning, Design Adaptation and Supervision Services

The procurement of consultancy services was carried out in accordance with the Request for Proposal (RFP) document as published by the Public Procurement Authority. The Regulation stipulates selection procedures based on combined technical and financial consideration.

The procurement followed National Competitive Bidding (NCB). Consultants of Category III and above were invited by advertising the tender in “*The Addis Zemen Newspaper*”. Five (5) consultants had submitted technical and financial proposals for the assignment. The deadline for submission was on August 20th 2009 at 10:00am.

The evaluation of the proposals followed the procedure set out in the Public Procurement Regulations and the criteria stipulated in the Request for Proposals (RFP). The technical evaluation was carried by Faculty of Technology, Addis Ababa University.

Based on the combined technical and financial evaluation, BET Architects emerged as the highest ranked and therefore was recommended for negotiation for contract award. Having agreed on negotiation of contract, BET Architects was awarded the contract with a sum of 4,447,093.13 Birr. (Annex 6: Evaluation Result for Planning, Design Adaptation and Contract Administration of Hossana University)

The service procurement process complies with the conditions set in the procurement regulation and the assurance team is satisfied that the disclosed documents adequately reveal the procurement process.

3.3.3 Procurement of Work Contract

The tender process for awarding work contract had followed the direction set out in the inception document (section 3.2.4 above). In line with this,

- The housing development project office of Southern Nations, Nationalities and Peoples Regional State had evaluated the performance of short listed

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contractors and recommended five contractors (Annex 4) for the construction of Hossana University.

- On February 8th 2009, a committee comprising representatives of MoE and MoWUD had assessed the evaluation report of the regional housing development office and forwarded its recommendation for approval by the higher management body of MoE.
- Having deliberated on the matter, the higher management body of the MoE had accepted the recommendation and instructed the ten new universities project office to pass on the decision to the regional works and urban development bureaus as well as to regional housing development offices to conclude contract agreement with selected contractors on April 20'2009.

In view of the procurement process of work contract, the assurance team is satisfied that the disclosed documents are adequate and the process was in compliance to the procurement directive.

3.4 Service Contracts

3.4.1 Consultancy Service for Standard Design and guideline

The Ministry of Education of Federal Democratic Republic of Ethiopia had awarded MH Engineering PLC the contract to prepare standard designs and guidelines for ten new construction projects as well as review the works of the consultants who would be engaged in Planning, Design Adaptation and Supervision Works of the same projects. The original contract price and period were 5,797,820.00 ETB and 3 months, respectively.

With regard to scope, cost and programme, no significant changes were observed on the actual execution of the service contract for the preparation of standard design and guideline.

3.4.2 Planning, Design Adaptation and Supervision Services

With the intent of adapting the standard design works prepared by MH Engineering to actual site conditions and preparing a master plan as undertaking contract administration and supervision of construction works in Hossana University, the Ministry of Education had entrusted the assignment to BET Architects through a contract concluded on 22nd of October 2009. The contract price amounts to 4,447,093.13 ETB while the lump sum contract for design work defined the contract period to be 3 months after commencement (two weeks after signing of the contract). The Construction supervision and contract administration service, a time based contract, lasts up to the completion of construction work (5 years).

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With regard to scope, cost and programme, no significant changes were observed on the actual execution of the service contract for the Planning, Design Adaptation and Supervision Services.

3.5 Work Contract

A contract agreement was concluded between Southern Nations, Nationalities and People Regional State Housing Development Project Office and Yemane Tesfay Building Contractor for the construction of one library, one dining hall and one kitchen building blocks at the New Hossana University on 1st of May 2010. Presently, the project is at the stage of initial sub-structure works and it is expected to be completed within 270 calendar days. The original contract price amounts to 18,401,563.94 Birr and it accounts to nearly thirty percent of the total project cost earmarked for phase one of new hosanna university.

As of the end of October 2010, 167 calendar days have been elapsed and the contractor has financially executed 22.76% of the contract amount showing a 75% performance efficiency with respect to the original plan. In general, with regard to scope, cost and programme, no significant changes were observed on the actual execution of the work.

3.6 Program for the Construction of Ten New Universities

The inception document (dated on April 2008) for the construction of ten new universities had defined that all preparatory works for should be completed by the end of September 2009 and major construction works should commence on 1st of October 2009. The preparatory works mainly include:-

- Land acquisition,
- Preparation of standard designs, fixing of unit rates for each category and preparation of construction materials supply plan,
- Preparation of Master and Infrastructure plans ; adaptation and detailed design works,
- Provision of infrastructure needed for construction,
- Selection of potential contractors and concluding contract agreements as well as site handover,
- Preparatory works for the supply of construction materials and
- Set up of organizational arrangements for implementation of construction

As per the original inception document, the universities were supposed to enroll students for 2003 (2010/11) Academic year. Nonetheless, it is evident that there exist a delay in program caused by the slow decision making processes emanated from procedural

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requirements and complex organizational set up for the implementation of the projects. Some of the milestones of the implementation process are outlined hereunder:-

- On April 20th 2009, the higher management body of the MoE had decided to accept the unit rates proposed for the construction by the main consultant and an instruction was given to the ten new universities project office to pass on the decision to the regional works and urban development bureaus as well as to regional housing development offices to conclude contract agreement with selected contractors. The disclosed documents reveal the following points as the basis considered to make the decision:
 - The prior approval obtained from the Ministry of Finance and Economic Development to undertake the construction works on fixed price basis,
 - The main consultant had conducted extensive site specific cost surveys to propose the unit rates and the Ministry of Works and Urban Development had commented on the same,
 - The estimated unit rates were revised taking the bulk purchase of construction materials by the government into account and
 - The higher management body of MoE had held a meeting with the consultant
- Lengthy contractual negotiations were held between MoE and the consultant to keep the latter's offer within the limits defined in the procurement directives (i.e. 25% of the consultancy fee for 13 university projects under University Capacity Building Program). Decision on the concluding contractual agreement with the main consultant for the preparation of standard design was made on July 13th, 09.
- On February 8th 2009, a committee comprising representatives of MoE and MoWUD forwarded its recommendation on selection of contractors for the assignment
- Capacity building training was given to the selected contractors during the first week of March 2010 by MoWUD
- Contract agreements for the execution of construction works were concluded during the months of April and May 2010,

Taking note of the factors stated below, the assurance team believes that the disclosed documents are adequate and reasonably justify the causes for delay in program.

- Complex organizational arrangement and lengthy decision making process made for the implementation of the projects,
- Considerable time was elapsed to conclude contractual agreement with MH Engineering to prepare standard designs and set the fixed unit rates,
- Technical evaluation of consultants' bids as well as the consortium approach employed to approve the designs prepared by the seven consultants had consumed more than the intended time,
- Infrastructures needed for construction works were not provided well ahead of the commencement of construction and

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- The original procurement scheme was revised forcing the MoE to takeover the assignment of logistic supply.

Annexes

Annex1: Glossary

Accountability: CoST's aim is to enhance the accountability of procuring bodies and construction companies for the cost and quality of public-sector construction projects. The core accountability concept is to 'get what you pay for'. The 'you' in this context applies equally to national governments, affected stakeholders and to the wider public;

Bidder: a natural or juridical person submitting a bid;

Bid Proposal: a document submitted by bidders to participate in a bid on the basis of the bid document prepared by a public body in respect of that procurement;

Budget: an amount of money allocated to a project or scheme;

Compensation event: An event at the risk of the Employer, which may change the programme or price for the project if it occurs;

Competitive Tendering: Awarding contracts by the process of seeking competing bids from more than one supplier;

Construction Sector Transparency (CoST) Initiative: An international multi-stakeholder initiative designed to increase transparency and accountability in the construction sector;

Consultant: An organization or individual who has made a contract to provide services;

Consultancy Service: a service of an intellectual and advisory nature provided by consultants using their professional skills to study, design and organize specific projects, advice clients, conduct training and transfer knowledge;

Contract: A binding agreement made between two or more parties, which is intended to be legally enforceable;

Contract Documents: Documents incorporated in the enforceable agreement between the Procuring Entity and the contractor, including contract conditions, specification, pricing document, form of tender and the successful tenderers' responses (including method statements), and other relevant documents expressed to be contract documents (such as correspondence, etc.);

Contractor: An organisation or individual who has made a contract to undertake works, supply goods or provide services;

Contract period: An arrangement for the supply of works, goods or services established for a fixed period of time;

Cost estimate: A cost estimate prepared by the buyer of works, goods or services which provides a benchmark or a basis for evaluation and/or negotiation when tenders/offers are received from tenderers. It also serves as an instrument of project planning and budgeting;

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Employer: In the context of the CoST initiative, the Procuring Entity awarding construction and consultancy contracts for the project;

Feasibility study: An evaluation of a proposed project to determine the difficulty and likely success and benefits of implementing the project;

Material Project Information (MPI): MPI in this context is intended to indicate that information disclosed on a project is sufficient to enable stakeholders to make informed judgements about the cost and quality of the infrastructure concerned;

Procurement: The process of acquiring goods, works and services, covering acquisition from third parties and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset;

Procuring Entities (PEs – also referred as clients and contracting authorities): The State, regional or local authorities, bodies governed by public law or associations formed by one or several of such authorities that procure works, goods and services with full or part public funding;

Programme: The projected timing of activities required under the contract;

Services: any object of procurement other than works, goods and consultancy services;

Specification: is an essential part of the design, and states how the work should be executed to ensure that it meets the designer's assumptions;

Tender: An official written offer to an invitation that contains a cost proposal to perform the works, services or supplies required, and is provided in response to a tendering exercise. This normally involves the submission of the offer in a sealed envelope to a specified address by a specified time and date;

Tender Documents: Documents provided to prospective tenderers when they are invited to tender and that form the basis on which tenders are submitted, including instructions to tenderers, contract conditions, specification, pricing document, form of tender and tenderers responses;

Tender Evaluation: Detailed assessment and comparison of contractor, supplier or service provider offers, against lowest cost or most economically advantageous (cost and quality based) criteria;

Transparency: In the context of the CoST initiative transparency relates to the disclosure of material project information on construction projects;

Value for Money: The optimum combination of whole-life cost and quality to meet the PEs and user's requirement;

Works: all work associated with the construction, reconstruction, up grading, demolition, repair or renovation of a building road, or structure, as well as services incidental to works, if the value of those services does not exceed that of the works themselves and includes build-own-operate, build- own-operate-transfer and build-operate- transfer contracts.

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Annex 2: Basic Projects Information on ten (10) new universities (First Phase)

Basic Projects Information on the ten (10) new universities including their original programs

<ul style="list-style-type: none"> Client: <u>Ministry of Education</u> PE: <u>Regional Housing Development Agencies</u> Service Consultant (Standard Design) : <u>MH Engineering</u> Procurement method of Construction: <u>Short Listing on Fixed Unit Price Basis</u> Source of Fund: <u>Government of FDRE</u> Description of Work: <u>Buildings</u> 				
Sn.	Project name	Location/ region	Consultant (Detailed design & Supervision Works)	Engineer's Estimate/ Project Cost (Birr)
1	Adigrat	Tigray	Gereta Consult	44,753,487.40
2	Woldiya	Amhara	National Engineers	32,547,154.21
3	Debretabor	Amhara	Ultimate Plan	42,280,559.16
4	Ambo	Oromia	MH Engineering	33,168,534.49
5	Metu	Oromia	Acute Engineering	29,844,103.76
6	Bule Hora	Oromia	Acute Engineering	31,550,911.38
7	Assosa	Benishangul Gumuz	MH Engineering	30,998,049.52
8	Wolkite	South Nations, Nationalities and Peoples	Gereta Consult	33,294,318.55
9	Hosanna	South Nations, Nationalities and Peoples	BET Architect	60,879,930.55
10	Addis Ababa*	Addis Ababa	ETG Designers	-

*: The project is at redesign and tender document preparation stage

Annex 3: Contractual Details for Implementation of Hossana University

Table A3.1: Contract Data for Consultancy Service Contract (Standard Design)

Contract Item	Description
Contract Name	Consultancy Service for the Design Adaptation of Ten New Universities
Procuring Entity	Ministry of Education of Federal Democratic

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	Republic of Ethiopia
Financier	Government of FDRE
Engineer/ Consultant	MH Engineering PLC – Consulting Engineers & Architects
Procurement method	Direct Award
Original Contract Price	5,797,820.00 Birr
Original Contract Period	3 months after commencement
Contract Type	Lump sum Contract
Key dates <ul style="list-style-type: none"> • Original Contract Signing • Commencement date 	<ul style="list-style-type: none"> • July 9th 2009 • 1 week after signing of the contract

Table A3.2: Contract Data for Consultancy Service Contract (Detailed Design & Supervision Work)

Contract Item	Description
Contract Name	Planning, Design Adaptation and Supervision Works of the New Hossana University
Procuring Entity	Ministry of Education of Federal Democratic Republic of Ethiopia
Financier	Government of FDRE
Engineer/ Consultant	BET Architects Plc
Procurement method	Open Competitive Bidding
Original Contract Price	4,447,093.13 Birr
Original Contract Period <ul style="list-style-type: none"> - Design work - Construction supervision and contract administration 	<ul style="list-style-type: none"> - 3 months after commencement - Up to completion of the construction work (5 years)
Contract Type <ul style="list-style-type: none"> - Design work - Construction supervision and contract administration 	<ul style="list-style-type: none"> - Lump sum Contract - Time based Contract
Key dates	

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<ul style="list-style-type: none"> • Original Contract Signing • Commencement date 	<ul style="list-style-type: none"> • 22nd October 2009 • 2 weeks after signing of the contract
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Table A3.3: Contract Data for Work Contract

Contract Item	Description
Contract Name	Construction of one library, one dinning hall and one kitchen building blocks at the New Hossana University
Contract Number	MoE/HU/001
Client; Employer	MoE; Southern Nations, Nationalities and People Regional State Housing Development Project Office
Financier	Government of FDRE
Engineer/ Consultant	BET Architects
Procurement method	Limited tender on fixed unit rate basis
Contractor	Yemane Tesfay B.C.
Original Contract Price	18,401,563.94 Birr
Status	Sub-structure works
Original Contract Period	270 Calendar Days including mobilization period
Maintenance period	365 Calendar Days
Contract type	Admeasurements contract
Key dates	<ul style="list-style-type: none"> • Original Contract Signing • Commencement date • Original completion date
Retention amount	Five percent (5%) of the contract sum

Annex 4: List of projects being implemented in Hossana University

PE: Southern Nations, Nationalities and People Regional State Housing Development Project Office						
Sn	Name of Project	Name	of	Project Cost	Date	of Completion
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		Contractor	(Birr)	signing	Time in days
1	Construction of two dormitory blocks	Sirak Seblu GC	14,490,905.29	May 1 st , 2010	240
2	Construction of one lecture hall and one dormitory blocks	Tadious Masresha	8,866,903.45	May 1 st , 2010	240
3	Construction of two seminar and one laboratory blocks	Dereje Shiferaw	17,604,178.01	May 1 st , 2010	270
4	Construction of one laundry and one dormitory blocks	Wondimu Seta	7,604,372.92	May 1 st , 2010	180
5	Construction of one library, one dinning hall and one kitchen	Yemane Tesfay	18,401,563.94	May 1 st , 2010	270

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Annex 5 – Schedule of Documents Disclosed

Document/ Report	Supplied By/Date
Projects Identification	
inception & feasibility document for Ten New Universities Implementation, MoE - April 2009	Ten New Universities Construction Project Office, MoE/ 26/7/2010
Bind of Minutes, Agreements and Project cost estimation Inception Assumptions, Ten New Universities Construction Project Office, MoE 2002	Ten New Universities Construction Project Office, MoE/ 26/7/2010
Contract for Preparation of Standard Design and Guidelines (i.e. MoE with MH Engineering)	
Contract document for the design adaptation works of 10 new universities	Ten New Universities Construction Project Office, MoE (11/08/2010)
Tender Process for Planning, Design Adaptation and Supervision Works	
Bid document for Planning, Design adaptation and Supervision works of 10 new universities, MoE, May 2009	Ten New Universities Construction Project Office, MoE/ 26/7/2010
Technical Evaluation Result - Planning, Design adaptation and contract administration of 10 new universities, June 2009, Faculty of Technology, Addis Ababa University	Ten New Universities Construction Project Office, MoE (26/7/2010)
Contract Document for the Design Adaptation Works of 10 New Universities; Invitation to Bid for Planning, Design, Adaptation and Supervision Works of the New Hossana University; Contract document for Planning, Design, Adaptation and Supervision Works of the New Hossana University;	Ten New Universities Construction Project Office, MoE (11/08/2010)
Financial Evaluation Report	Ten New Universities Construction Project Office
Contract for Construction	
(sample) Contract agreement for the construction of Ten new university projects, Adigrat Site, At Adigrat, April 2010	Ten New Universities Construction Project Office, MoE/ 26/7/2010
Contract Document for the Construction of Ten Universities Project – Hossana University	Ten New Universities Construction Project Office, MoE (11/08/2010)

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Service Contracts	
<ul style="list-style-type: none"> • A sample document/deliverable submitted by MH Engineering enclosing schematic design report including schedule, schematic design drawing, building topologies (soft copy) • Summary of progress report (physical & financial) by university for the reporting month of September 2010 • A monthly progress report for the reporting month of October 2010- Hossana University 	Ten New Universities Construction Project Office, MoE (24/11/2010)
General description of the ten new universities	
A letter enclosing two pages outlining basic projects information	Ten New Universities Construction Project Office, MoE (14/6/2010)

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Annex 6: Evaluation Result for Planning, Design Adaptation and Contract Administration of Hossana University

Table A 6.1: List of Bidder with their Technical Score and Price Offer

No	Bidder	Technical Score (100%)	Price Offer (ETB)
1	Construction Design S.Co.	81.9	6,980,178.00
2	BET Architects	81.1	4,447,093.13
3	Sileshi Consult	77.5	7,165,093.69
4	Ultimate Plan Consulting Architects & Engineers	71.2	3,976,125.00
5	Dynamic Planner PLC	70.4	3,601,942.60

Table A6.2: Result of Technical Evaluation

No	Bidder	Technical Score (80%)	Financial Score (20%)	Total Score (100%)	Rank
1	Construction Design S.Co.	65.52	10.32	75.84	3
2	BET Architects	64.88	16.20	81.08	1
3	Sileshi Consult	62.00	10.05	72.05	5
4	Ultimate Plan Consulting Architects & Engineers	56.96	18.12	75.08	4
5	Dynamic Planner PLC	56.32	20.00	76.32	2

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Annex 7: Material Project Information

Project identification	Project purpose	Expanding tertiary education
	Location	Hossana, SNNPS
	Intended Beneficiaries	youth who successfully accomplished their secondary education
	Specification	Construction of one library, one dinning hall and one kitchen building blocks at the New Hossana University
Funding	Budget	The government of FDRE has fully financed the project. Hence no financing agreement was entered into.
	Engineer's estimate	18,401,563.94 ETB
Tender process (Service Contract for Standard design preparation)	Tender procedure	Direct award
Tender process (Service Contract for Design adaptation and supervision works)	Tender procedure	Open national competitive bidding
	Number submitting tender	5
Tender process (main contract for works)	Tender procedure	Restricted tender on fixed unit rate basis
Contract award (Service Contract for Standard design preparation)	Name of consultant	MH Engineering PLC
	Contract price	5,797,820.00 ETB
	Contract scope of work	Standard designs and guideline preparation; review of detailed designs preparation by other consultant
	Contract programme	3 months
Contract award (Service Contract for Design adaptation and supervision works)	Name of consultant	BET Architects
	Contract price	4,447,093.13 ETB
	Contract scope of work	Design adaptation and preparation of master plan; Supervision of construction works in Hossana University
	Contract programme	3 months for design and the supervision work lasts till the completion of the construction

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		work (5 years)
Contract award (main contract for works)	Name of main contractor	Yemane Tesfay Building Contractor
	Contract price	18,401,563.94 ETB
	Contract scope of work	Construction of one library, one dining hall and one kitchen building blocks at the New Hossana University
	Contract programme	270 Calendar Days including mobilization period
Contract Execution (service contracts)	Significant changes to contract price, programme, scope with reasons	with regard to scope, cost and programme, no significant changes were observed on the actual execution of the services and work
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	
	Individual significant changes to the contract which affect the programme, with reasons	
	Details of any re-award of main contract	No re-award of main contract
Post contract completion details (main contract for works)	Actual contract price	Not yet known
	Total payments made	Advance payment
	Actual contract scope of work	No change so far
	Actual contract programme	Not yet known

Documents disclosed	Disclosure status
Feasibility study	Disclosed
Financing agreement	N/A
Project evaluation reports	Not yet completed
Tender Evaluation Report for Consultancy Service (standard	N/A

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design) and Work	
Tender Evaluation Reports for Consultancy Services (detailed design and supervision)	Disclosed
Contract Documents	Disclosed

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Annex 8: Student Intake Plan and Estimated Budget Requirement for Construction

Sn.	University	2002EC		2003EC		2004EC		2005EC		2006EC		Total Construction Budget (million)
		No. of students during the next A.Y.	Construction Budget (million)	No. of students during the next A.Y.	Construction Budget (million)	No. of students during the next A.Y.	Construction Budget (million)	No. of students during the next A.Y.	Construction Budget (million)	No. of students during the next A.Y.	Construction Budget (million)	
1	Adigrat	3994	151	3994	151	3994	151	1916	72.5	1102	41.7	567.3
2	Woldiya	2796	105.7	2796	105.7	2796	105.7	1341	50.7	771	29.2	397.1
3	Debretabor	2663	100.7	2663	100.7	2663	100.7	1277	48.3	734	27.8	378.2
4	Ambo	2397	90.7	2397	90.7	2397	90.7	1150	43.5	660	25	340.4
5	Metu	2530	95.7	2530	95.7	2530	95.7	1213	45.9	697	26.4	359.3
6	Bule Hora	2130	80.6	2130	80.6	2130	80.6	1022	38.7	588	22.2	302.6
7	Assosa	1864	70.5	1864	70.5	1864	70.5	894	33.8	514	19.4	264.7
8	Wolkite	2397	90.7	2397	90.7	2397	90.7	1150	43.5	660	25	340.4
9	Hosanna	3595	135.9	3595	135.9	3595	135.9	1724	65.2	991	37.5	510.6
10	Addis Ababa	7988	302	7988	302	7988	302	3832	145	2203	83.3	1134.6
	Total	32354	1223.6	32355	1223.6	32352	1223.6	15519	586.9	8920	337.4	4595.1

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