

# CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE ETHIOPIA (CoST-ETHIOPIA)

## Pilot Study by the Assurance Team for Jimma University Additional Facility Construction Project

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**Project Name:** Jimma University Additional Facility Construction Project

## Table of Contents

1.	LIST OF ACRONYMS / ABBREVIATIONS.....	4
2.	Acknowledgement.....	5
3.	Organization of the Reports.....	6
4.	EXECUTIVE SUMMARY.....	7
4.1	Background.....	7
	<i>Construction Sector Transparency Initiative (CoST)</i> .....	7
	History of the project.....	7
4.2	Key Findings.....	8
4.3	Summary on findings.....	11
5.	INTRODUCTION.....	12
5.1	Background.....	12
5.2	Objectives of the Study.....	12
5.3	Scope of work.....	13
	Project selection.....	13
	Data collection.....	13
	Data verification.....	14
	Data analysis and report writing.....	14
5.4	Summary of the Project.....	15
	Consultancy contract.....	15
	Works Contracts.....	16
6.	STUDY APPROACH.....	18
6.1	Collection of Documents.....	18
6.2	Assessment and Documentation.....	19
7.	FINDINGS.....	20
7.1	General Findings on completeness & accuracy of documents.....	20
7.2	Project Identification.....	22
7.3	Intended beneficiaries.....	22
7.4	Project Funding.....	22
7.5	Tender Process.....	22

**Project Name: Jimma University Additional Facility Construction Project**

Procurement of Consultancy Services.....	22
Procurement of Works Contracts.....	23
7.6 Main works contract.....	26
8. WORKS CONTRACT SUMMARY (As of Hamle 2002).....	29
Appendix-1 Material Project Information.....	30
Appendix-2 Documents Disclosed.....	34
Appendix-3 Documents Requested and Disclosed from PE (related to consultancy).....	36
Appendix-4 Documents Requested and Disclosed from PE (related to works contract).....	37
Appendix-5 Missed pages for Works Contract Disclosed from consultant.....	38
Appendix-6 Verification of information related to project changes (variation orders).....	39

**Project Name: Jimma University Additional Facility Construction Project**

## 1. LIST OF ACRONYMS / ABBREVIATIONS

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
GCC	General Conditions of Contract
NCB	National Competitive Bidding
LOA	Letter of Acceptance
MOE	Ministry of Education
MPI	Material Project Information
NCB	National Competitive Bidding
NMSG	National Multi Stakeholder Group
PE	Procurement Entity
PPA	Public Procurement Agency
RE	Resident Engineer
RFP	Request for Proposals
TOR	Terms of Reference
VAT	Value Added Tax
VO	Variation Order

**Project Name: Jimma University Additional Facility Construction Project**

## 2. Acknowledgement

The preparation of this report has been initiated by the CoST Ethiopia in order to accomplish the pilot project for sustainable and efficient development in the country.

The core concept of CoST is 'Get What You Pay For', by enhancing the transparency of material project information. The ultimate aim is to enhance the accountability of procuring entities and construction companies for the cost and quality of public sector construction projects, by improving transparency to a broad range of stakeholders. The purpose of this report preparation to enhance the transparency and accountability of publicly financed construction projects. The expectation is that improved transparency will be supportive of better management of public finances and reduced corruption. CoST Ethiopia will build the initiatives that exist already to increase transparency and reduce corruption. In order to prepare this document, the assigned Assurance Team (AT) has tried to collect relevant documents for the process of verification and analysis.

The Assurance Team would like thank the Federal Ethics & Anti Corruption Commission and Champion of CoST-ETHIOPIA, National Multi-Stakeholder Group Executive Committee (NMSGEC) and country coordinator of CoST Ethiopia to make this pilot project successful. Further the Procuring Entities (PEs), Jimma University the Consultant and Contractor had given their effort.

### 3. Organization of the Reports

This report is the main report which is extracted and analyzed from the collected documents. Therefore the collected documents are available and can be used for reference and proof.

## 4. **EXECUTIVE SUMMARY**

### 4.1 **Background**

#### **Construction Sector Transparency Initiative (CoST)**

The Construction Sector Transparency Initiative (CoST) is an international multi-stakeholder program designed to increase transparency and accountability in the construction sector. It is supported by the UK Department for International Development (DFID) and the World Bank and is currently being piloted in seven countries including Ethiopia.

The aim of CoST is to enhance the accountability of Procuring Entities (PEs), Consultant and construction companies for the cost and quality of public sector construction projects. One of the ways is by disclosing to the public 'Material Project Information' (MPI) to the public domain at all stages of the construction project cycle, from the initial identification of the project to the final completion. The information which is disclosed at all stages becomes accurate and intelligible to the general public. In order to make the released information accurate and easily understood by stakeholders, The MPI needs to be verified and analyzed by experts.

As a result, CoST-Ethiopia has engaged a team of consultants, Assurance Team (AT), to assess and confirm the correctness of the MPI and disclose to the public domain through National Multi-Sector Group. In line with this requirement, *Jimma University additional facility building project* is selected for the study which is located in Jimma town a distance of 330 km from the Capital City of Ethiopia, Addis Ababa.

#### **History of the project**

The project is intended to build a complex that constitutes supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound. The Client is Jimma University who entered a contract dated 2<sup>nd</sup> July 2008 with a company Rama Construction in Joint Venture with China Jiangsu at a contract Price of Eth. Birr. 309,525,592.83 including 15% VAT for a period of 1500 calendar days.

**Project Name: Jimma University Additional Facility Construction Project**

Construction Design Share company, which is a Governmental organization, is directly awarded by the PE for the consultancy services of design and construction supervision service. The project started after 21 days of site handover and the actual site hand over date was on 25th September 2008. The project completion date is supposed to be after 1500 calendar days of contract time. It is undergoing project which has an age of two years ago when this report is prepared. The overall key findings of the project are summarized in the following way.

#### 4.2 Key Findings

- The PE has used direct method of procurement for both the design and contract administration & supervision service. The consultant is in fact a Governmental organization.

However, the Government law of Federal Public Procurement Directive, Article 7(b), for procuring public projects states that *the total contract value of Procurement made by restricted bidding, shall not exceed birr 250,000.00*. The costs for both services exceed birr 250,000.

As per Article 6(2) of the Directive it also states that *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.*

*As per the Federal, Public Government Procurement Directive articles 92(c), there are conditions for PE to follow for direct procurement and states that "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"*

**AT couldn't get a recorded statement of the grounds and circumstances on which it relied to justify the use of restricted method of procurement,**

- *The consultant forwarded technical proposal evaluation report to the PE for approval by letter on 19/10/2000 E.C ref. no. 610/00/187/2000. As per PE letter ref. no. (JU) 48/1963 dated on 23, Sene/2000 E.C, it was indicated that two*

**Project Name: Jimma University Additional Facility Construction Project**



companies are qualified for the financial evaluation. However one of the companies has been rejected due to the wrong presentation of bank guarantee on the bid. The problem was identified by PE and notified to the consultant for correction to be made on the evaluation. The guarantee was made only by the name of Pan Africa construction instead should be made by including Jambo Construction as Joint Venture. The PE referred for the rejection of Pan Africa Construction in joint venture with Jambo Construction based on the requirement of PPA 'Instruction to Bidder section 16.3' which states that:

*Any bid not accompanied by an acceptable Bid Security shall be rejected by the Employer. The Bid Security of a joint venture must define as "bidder" all joint venture partners and list them in the following manner: a joint venture consisting of "\_\_\_\_\_", "\_\_\_\_\_", and "\_\_\_\_\_".*

*At the end, the financial evaluation has been made for one company 'Rama Construction in Joint Venture with China Jiangsu'.*

*The consultant has accepted the mistakes they have made and correction have been made after the announcement of the evaluation of technical proposal to the contractors. However, to reverse the result of the contractor who by mistake passed the evaluation has its own impact and the consultant has to make proper evaluation as much as possible.*

- *As per the letter from the consultant to Pan Africa Construction in joint venture with Jambo Construction ref. no. 610/00/199/2000 dated on 25/10/2000, the contractor has also been rejected for financial evaluation based on the requirement of PPA 'Instruction to Bidder section 3b in which the contractor couldn't present documentary evidences for his past experience.*

*The technical evaluation report of the consultant is so limited and presented in summarized way which resulted with difficulty to analyze whether the consultant has conducted proper evaluation for the technical proposals of all contractors as per the rules and regulations of PPA.*

**Project Name: Jimma University Additional Facility Construction Project**

- *The financial evaluation result is reported to the PE by the letter dated on 24/10/2000 Ref. No. 610/194/2000 and approval of work contract is declared by PE dated on 24/10/2000 Ref. No. JU 48/1995. Contract document was prepared and forwarded to the PE by letter on the date of 25/10/2000 Ref. No. 610/00/195/2000 by copy to the contractor for sign and seal without a grace period.*

*According to PPA Regulation section 30.2, the PE shall notify all bidders in writing of the successful Bid at least five working days prior to contract award. However, as per the consultant letter ref. no 610/00/198/2000 dated on 25/10/2000 the contractor who failed the technical evaluation have been informed almost on the contract award date which is contrary to PPA Regulation section 30.2.*

- *The contract agreement for works contract has been signed on the 2<sup>nd</sup> day of July 2008. However, formal construction site handover was undertaken on the presence of PE, consultant and Contractors representatives on the date of 30<sup>th</sup> September 2008. The site handover date was referred from the letter of contractor dated on October 20, 2008 ref. no. RAMA/1/1146/2008. The gap between the date of signing of the contract and handing over the construction site is about 58 days. It is a long period to start the construction work after the date of the contract agreement made.*

*The PE has mentioned the reason for delay is due to heavy rain. But it is known that the heavy rain is expected to make some interruption on construction works on that specific region during summer season. Therefore the PE has to make their program of construction without affecting the interruption of the construction work.*

*In order to analyze and show the extent of delay of handing over the construction site from the signing of the works contract agreement, AT couldn't*

**Project Name: Jimma University Additional Facility Construction Project**

*get the approved contractors program as per PPA Regulation stated on the special condition of contract clause 27(1).*

- *For delay of construction works and quality performance, there is no documentary evidence whether the consultant has consulted the PE as per their contractual agreement.*

#### **4.3 Summary on findings**

The scope of this study is based on the collected documents from the Consultant and the Contractor and lately from PE. The PE office is located 330km far from Addis Ababa. CoST-Ethiopia has informed the PE by letter to disclose the necessary documents on time and also arranged for AT for the collection of documents directly from PE office. However, AT couldn't make a journey to Jimma for the collection of documents and site visit due to the fact that the PE couldn't make ready the required documents as per the schedule. The location of the PE office from Addis Ababa has some contribution to the problem on the collection of documents easily. However AT analysed PE's disclosed documents lately and added the findings on this report.

## 5. INTRODUCTION

### 5.1 Background

CoST is a multi-stakeholder initiative designed to increase transparency and accountability in the construction sector. It is being piloted in seven countries, Ethiopia being one of them. 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.

As a result of this CoST Ethiopia has assigned AT to study Jimma University facility buildings Construction project which is located in Jimma. The selection of the project was done by CoST Ethiopia. The project is intended to construct a complex that constitutes supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound. The Employer is Jimma University who entered to a contract with *Rama Construction in Joint Venture with China Jiangsu* at a contract Price of Eth. Birr. 309,525,592.83 including 15% VAT for a period of 1500 calendar days.

*Construction Design Share company* directly awarded to give the consultancy services design and supervision phase. It is intended that the initial focus of CoST is the period from the award of the main contract for construction until final build, and detail analysis has been conducted for the variation orders and time over runs as per the available documents from contractor and consultant.

### 5.2 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

**Project Name: Jimma University Additional Facility Construction Project**

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

### 5.3 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 *Jimma University Additional Facility Building Construction Project* has 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.
- 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.

**Project Name:** Jimma University Additional Facility Construction Project

## 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.

## 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.

**Project Name: Jimma University Additional Facility Construction Project**

- 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.

#### 5.4 Summary of the Project

##### Consultancy contract

The Jimma University has a plan to construct additional facilities in Jimma university compound to solve the shortage scholars' facilities in the compound of the campus. The facilities, dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound, are planned to be constructed by Jimma University. The TOR was prepared by Jimma University for consultants to design a complex that constitutes supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound.

There is no tendering notice for the design and supervision work. The Jimma University had awarded the work for engineering design and supervision directly to the Construction Design Share Company.

The date of the agreement is not filled in both of the documents. A summary of the consultant data is given in Table 1.

**Table 1: Contract Data for Consultancy Contract**

Contract Item	Description
Contract Name	Consultancy Services for Design and Supervision of Additional Facilities in Jimma University
Contract Number	Not available for design but for supervision 15-2/2000
The Employer	Jimma University
Financier	Not Available
The Engineer / Consultant	Construction Design Share Company
Original Contract Price	<ul style="list-style-type: none"> <li>• 642,533.00 for design and supervision</li> <li>• 179,063 Birr per month including 15% of VAT</li> </ul>
Original Contract Period	<ul style="list-style-type: none"> <li>• Preliminary design 90 days</li> <li>• Final design &amp; tender document 120 days for design</li> <li>• 1500 days for supervision</li> </ul>
Key Dates	<p>Original Contract Signing: Not available</p> <p>Commencement Date: Not available</p>

### Works Contracts

Tendering notice for the works contract was advertised on The Ethiopian Herald news paper on the date of 24<sup>th</sup> May 2008. The deadline for submission of tenders was on 25<sup>th</sup> June 2008 at 12:00 am, and delivered to the Consultant, Construction Design Share Company.

The bid was opened on 18<sup>th</sup> of Sene, 2000 EC. Eight firms collected the bidding documents, but only five firms had submitted the bid document.

Finally Rama Construction with China Jiangsu is qualified for the bid and awarded for the work contract of the project for a contract price of Birr 309,717,173.45 including 15%

**Project Name: Jimma University Additional Facility Construction Project**



VAT. The contract period for the completion of the project is 1500 calendar days. A summary of the works contract data is given in Table 3

**Table 3: Contract Data for Works Contract**

Contract Item	Description
Contract Name	Jimma University Additional Facilities Construction
Contract Number	D-009-2/2000
The Employer / Client	Jimma University
Authority	Federal Ministry of Education
Financier	Not Available
The Engineer / Consultant for design	Construction Design Share Company
Contractor	Rama Construction with China Jiangsu
Original Contract Price Amount	Birr 309,717,173.45 including 15% VAT
Original Contract Period (Time of completion)	1500calendar days
Maintenance Period	365 Calendar Days
Key Dates	Contract signing: 2 <sup>nd</sup> July 2008 Site Hand over : 25 <sup>th</sup> September 2008 Commencement Date:16 <sup>th</sup> October 2008 Completion Date: July 14,2011
Retention Amount	Five Percent (5%) of the certificate amount

**Project Name: Jimma University Additional Facility Construction Project**

## 6. STUDY APPROACH

### 6.1 Collection of Documents

The methods used in this study were desk study, interview, primary and secondary data gathering. The combination of these methods was applied in order to ensure that all relevant documents are reviewed and discussion with major stakeholders could be conducted.

The AT, having entered into a contract agreement with Construction Sector Transparency Initiative CoST Ethiopia, collection of documents have been performed from Ministry of Education/ Jimma University (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 program 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 (b) were not made available from PE. For item (c), technical and financial evaluation for works contract is made available from PE. However for consultancy

**Project Name: Jimma University Additional Facility Construction Project**

service, the client has given the service directly to the consultant and no report has been made available from PE. Items from (j) and (k) are not yet to be prepared because the project is under construction stage.

## **6.2 Assessment and Documentation**

The Assurance team has carried out a detailed study on the available documents as per the schedule of the assignment. The study was done based on reviewing and understanding of PE program at the initial project identification during planning 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.

## 7. FINDINGS

The findings are split into six main categories. The first group, on section 7.1, covers general findings on completeness & accuracy of documents while parts two, three and four, on section 7.2, 7.3 and 7.4, 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 7.5, and on contract works management are contained in part six on sections 7.6.

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

The general findings cover aspects related to difficulty in acquiring documents for the study, and completeness or adequacy of disclosed documents for works and consultancy services contract.

The Assurance Team (AT) has obtained an introduction letter from The Federal Ethics and Anti-Corruption Commission for the requested documents to the MOE (Ministry of Education). Letter for the disclosure of MPI is addressed on July 30, 2010 to MOE and MOE also wrote a letter to Jimma University for the disclosure. Jimma University has informed the consultant to supply the required documents to CoST-Ethiopia within the schedule of the assignment. The MOE has also forwarded a letter to the contractor to supply the necessary documents to CoST-Ethiopia at the assignment time.

The Consultant, Construction Design Share Company has appointed one appropriate focal person. Initially AT has contacted the focal person to supply copy of documents. The Consultant has made available some of the necessary MPI to the AT on September 1<sup>st</sup>, 2010. Some of the documents have also been available from the contractor. For the remaining documents, AT with CoST Ethiopia has made an effort to collect the Documents from Jimma University and planned a trip but AT was informed through phone from Jimma University that the person who is supposed to disclose the documents was not available in his office. The trip has been cancelled but Jimma University has sent some of the documents lately to CoST - Ethiopia by post. It took about seventy (70%) percent of the study period to obtain most of the documents. In

**Project Name: Jimma University Additional Facility Construction Project**

fact, some relevant documents have not been made available at all; the collected documents are shown on Annex 2, 3, & 4. There are missed pages from disclosed documents from the consultant and are listed on Annex 5.

#### Key notes on collected documents

- ❖ Some of the documents collected from the consultant have no sign and seal, specially the Financial evaluation report for the works contract
- ❖ The PE was expected to supply all requested documents to CoST Ethiopia within the time frame of the assignment. However the Consultant has taken the PE's responsibility due to far location of PE office, Jimma town, from Addis Ababa. The AT has made a plan to visit Jimma University to collect the required documents but information was forwarded through phone from the focal person of Jimma University that one of their staff that has an access to the documents could not be available in his office. However they have sent some of the requested documents to CoST-Ethiopia lately.

The Assurance Team (AT) in connection with CoST Ethiopia has made great effort to have all the requested documents to be disclosed from concerned bodies. AT also visits consultant office for verification and completeness of documents as necessary as possible. Visiting contractor office was done and some documents are collected. Some of the documents are presented in short and summarized way, like the technical report of works contract, in which detail analysis couldn't be made due to limited information. In general the collected documents are shown on Annex 2, 3, & 4.

Although some of important documents couldn't be made available from concerned bodies, AT has made limited analysis based on the available documents and has checked that the information provided is accurate and believed to be adequate for the results of the findings.

## 7.2 Project Identification

The project was planned to be designed based on the program studied by Jimma University in the absence of feasibility study. The feasibility study report was not made available and AT couldn't made analysis for the project identification stage.

## 7.3 Intended beneficiaries

The Jimma University is situated about 332km from Addis Ababa, and it is one of the known Universities in the country. The Jimma University had a plan to construct additional facilities in the university compound to solve the shortage of main facilities. A TOR was developed by the Jimma University at the time of 2008 and prepared for the consultant to design a complex that constitutes supportive facilities; dormitory, administrative, library, cafeteria and demolishing existing structures and site work of the overall relationship of the compound.

List each stakeholder organization that will directly benefit from this funding.

- Construction contractors and their suppliers and Consultants.
- Procuring entities.
- The public at large.
- Investors and donors active in the construction sector.
- The Ethiopian government.

## 7.4 Project Funding

With regard to project funding, there is no documentary evidence disclosed from PE and AT couldn't made analysis for the project identification stage.

## 7.5 Tender Process

### Procurement of Consultancy Services

The PE has directly invited the consultant for consultancy service of design, contract administration and supervision as a sole bidder and made the agreement for the service. The consultant is in fact a Governmental organization and there is no regulation which supports the PE action for direct invitation to be awarded for a single consulting

**Project Name: Jimma University Additional Facility Construction Project**

company for the service. AT couldn't also get documentary evidence which supports PE action for direct award of the service.

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

- (a) *As per the Federal, Public Government Procurement Directive article 92(c), there are conditions for PE to follow for direct procurement and states that "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" AT couldn't get documentary evidence to be analyzed whether the PE has awarded the service based on the Procurement Directive Regulation.*

#### **Procurement of Works Contracts**

The procurement of works contract was conducted in national level. The invitation bid was advertised on the "Ethiopian Herald" Newspaper on 24<sup>th</sup> May 2008. The deadline for submission was 25<sup>th</sup> June 2008 at 12.00 am local time. A total of eight (8) bidders purchased the bidding documents, but only five have submitted before the set deadline.

The bid was opened on 18<sup>th</sup> of Sene, 2000 EC. List of the Companies who have submitted the bid is shown on Table 2 below.

**Table 2: List of Companies who have submitted the bid**

<b>Item</b>	<b>List of Companies</b>
1	Pan Africa Joint Venture with Jambo Construction
2	Rama Construction Joint Venture with China Jiangsu
3	Emnete Endashaw G. C.
4	Flintstone Engineering
5	DMC Construction

**Project Name: Jimma University Additional Facility Construction Project**

As per the Technical Evaluation Report, DMC Construction and Flintstone Engineering were excluded from further evaluation as their bid are none responsive due to the fact that they couldn't submit the required criteria in the ITB sub clause 4.5 section 3.b.

Emnete Endashaw G. C. has failed the technical evaluation as the contractor got 58.125% which is less than the pass mark (60%).

Therefore the two Construction companies, Pan Africa with Jambo Construction Joint Venture and Rama Construction with China Jiangsu were qualified for the technical evaluation. The consultant has forwarded the evaluation of the technical proposal to the client for approval. However the client identified that one of the bidder bid security was evaluated wrongly. The client forwarded a letter to the consultant for correction.

Finally Pan Africa with Jambo Construction Joint Venture's has been rejected for the financial evaluation due to the bid security was furnished only by the name of Pan Africa Company without including the Joint Venture Company of Jambo Construction. Rama Construction JV with China Jiangsu was the sole bidder for financial evaluation.

**Table 3: Bid Opening Results**

No	Bidder Name	Financial result Bid Opening	Financial result after Arithmetic check
1	Rama Construction with China Jiangsu	317,962,043.57 including 15% VAT	310,998,244.7 including 15% VAT

Based on the technical and financial report, the work contract of the project is awarded to Rama Construction with China Jiangsu, for a contract period of 1500 calendar days.

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

- AT couldn't get all the required documents from PE as well as consultant and the findings are listed based on the available documents. Overall analysis and

**Project Name: Jimma University Additional Facility Construction Project**



findings might be limited due to the absence of necessary documents at each stage of project cycle.

- The consultant forwarded technical proposal evaluation report to the PE for approval by letter on 19/10/2000 E.C ref. no. 610/00/187/2000. As per PE letter ref. no. (JU) 48/1963 dated on 23, Sene/2000 E.C, it was indicated that two companies are qualified for the financial evaluation. However one of the companies has been rejected due to the wrong presentation of bank guarantee on the bid. The problem was identified by PE and notified to the consultant for correction to be made on the evaluation. The guarantee was made only by the name of Pan Africa construction instead should be made by including Jambo Construction as Joint Venture. The PE referred for the rejection of *Pan Africa Construction in joint venture with Jambo Construction* based on the requirement of PPA 'Instruction to Bidder section 16.3' which states that:

*Any bid not accompanied by an acceptable Bid Security shall be rejected by the Employer. The Bid Security of a joint venture must define as "bidder" all joint venture partners and list them in the following manner: a joint venture consisting of " \_\_\_\_\_," " \_\_\_\_\_," and " \_\_\_\_\_".*

At the end, the financial evaluation has been made for one company '*Rama Construction in Joint Venture with China Jiangsu*'.

*The consultant has accepted the mistakes they have made and correction have been made after the announcement of the evaluation of technical proposal to the contractors. However, to reverse the result of the contractor who by mistake passed the evaluation has its own impact and the consultant has to make proper evaluation as much as possible.*

- *As per the letter from the consultant to Pan Africa Construction in joint venture with Jambo Construction ref. no. 610/00/199/2000 dated on 25/10/2000, the contractor has also been rejected for financial evaluation based on the*

**Project Name:** Jimma University Additional Facility Construction Project

*requirement of PPA 'Instruction to Bidder section 3b in which the contractor couldn't present documentary evidences for his past experience.*

*The technical evaluation report of the consultant is so limited and presented in summarized way which resulted with difficulty to analyze whether the consultant has conducted proper evaluation for the technical proposals of all contractors as per the rules and regulations of PPA.*

- The financial evaluation result is reported to the PE by the letter dated on 24/10/2000 Ref. No. 610/194/2000 and approval of work contract is declared by PE dated on 24/10/2000 Ref. No. JU 48/1995. Contract document was prepared and forwarded to the PE by letter on the date of 25/10/2000 Ref. No. 610/00/195/2000 by copy to the contractor for sign and seal without a grace period. According to PPA Regulation section 30.2, the PE shall notify all bidders in writing of the successful Bid at least five working days prior to contract award.

*According to PPA Regulation section 30.2, the PE shall notify all bidders in writing of the successful Bid at least five working days prior to contract award. However, as per the consultant letter ref. no 610/00/198/2000 dated on 25/10/2000 the contractor who failed the technical evaluation have been informed almost on the contract award date which is contrary to PPA Regulation section 30.2.*

## **7.6 Main works contract**

The contract agreement for works contract has been signed on the 2<sup>nd</sup> day of July 2008. However, formal construction site handover was undertaken on the presence of PE, consultant and Contractors representatives on the on the date of 30<sup>th</sup> September 2008. The site handover date was referred from the letter of contractor dated on October 20, 2008 ref. no. RAMA/1/1146/2008. The construction work has started on October 16, 2008 as referred from the consultant monthly progress report dated on 19/11/2002 or July 26<sup>th</sup>, 2010. The contract time is 1500 calendar days and the completion of the construction is expected to be completed on 14<sup>th</sup> day of July 2011.

**Project Name: Jimma University Additional Facility Construction Project**

## Work progress

As of July 30, 2010, the contractor has planned to work 48.05% however the actual progress of the construction work of the project was 32.24% for 65.4% time elapsed from the contract period. The main problems encountered are material shortage; like cement, borrowed fill, fine aggregate, and material for the production of HCB; availability of good performance of equipment and insufficient of skilled labor.

## Variation Orders

The following two variation orders (VO) were received. The first one has been approved by the consultant and the second one is forwarded to the contractor to submit their working price.

1. Additional bulk excavation and disposal to be executed around student service complex building. The VO is agreed and approved by the consultant on the date of 17/03/2010 for an amount of ETB 191,580.63 including VAT which is 0.06% of the contract amount. The contractor has submitted the VO to the consultant for an amount of ETB 294,238.02 for approval.
2. The second VO is forwarded to the contractor by the consultant on the date of 15/10/2010 to construct the sub-surface drainage system for the mat foundation of guest house blocks. The contractor has submitted his price for the VO with an amount of ETB 3,929,163.53 to the consultant for approval. There is document disclosed for the approved price of the VO from the consultant.

## Findings on works contract

- *The contract agreement for works contract has been signed on the 2<sup>nd</sup> day of July 2008. However, formal construction site handover was undertaken on the presence of PE, consultant and Contractors representatives on the on the date of 30<sup>th</sup> September 2008. The site handover date was referred from the letter of contractor dated on October 20, 2008 ref. no. RAMA/1/1146/2008.*

**Project Name: Jimma University Additional Facility Construction Project**

*The gap between the date of signing of the contract and handing over the construction site is about 58 days. It is a long period to start the construction work after the date of the contract agreement made.*

*In order to analyze and show the extent of delay of handing over the construction site from the signing of the works contract agreement, AT couldn't get the approved contractors program as per PPA Regulation stated on the special condition of contract clause 27(1).*

*For delay of construction works and quality performance, there is no documentary evidence whether the consultant has consulted the PE as per their contractual agreement.*

8. **WORKS CONTRACT SUMMARY (As of Hamle 2002)**

PROJECT: **Jimma University Additional Facilities**

LOCATION: **Jimma University Main Campus (Jimma)**

EMPLOYER: **Jimma University**

CONSULTANT: **Construction Design Share Company**

CONTRACTOR: **Rama Construction PLC Joint Venture with China Jiangsu**

CONT. AGR. No: **D8-009/2000**

DATE OF SIGNING OF CONTRACT: **2<sup>nd</sup> July 2008**

CONTRACT VALUE/ MAIN AGREEMENT BIRR: **309,525,592.83 ETB**

VARIATIONS APPROVED BIRR: **191,580.62 ETB**

TOTAL AMOUNT BIRR: **309,717,173.45 ETB**

CONTRACT TIME: **1500 Calendar days**

MOBILIZATION TIME: **21 Calendar days**

COMMENCEMENT DATE: **16<sup>th</sup> October 2008**

CONTRACT COMPLETION DATE: **14<sup>th</sup> July 2011**

PERCENTAGE OF WORK PLANNED: **48.05 %**

PERCENTAGE OF WORK DONE: **32.24 %**

ADVANCE SUM TAKEN /BIRR: **80,745,806.83 ETB**

ADVANCE REPAID SUM/BIRR: **28,125,410.92 ETB**

PAYMENT CERTIFIED IN BIRR: **54,375,794.44 ETB**

PAYMENT CERTIFIED IN PERCENT: **17.56 %**

TIME ELAPSED IN DAYS: **645 days**

TIME ELAPSED IN PERCENT: **65.4 %**

ADVANCE RE-PAID MOUNT IN %: **34.83 %**

Project Name: Jimma University Additional Facility Construction Project

## Appendix-1 Material Project Information

Stage of Project Cycle	List of MPI to be Disclosed	Disclosure Status
Project identification	Specification	<ul style="list-style-type: none"> <li>• Student Service Complex, Academic Staff Office &amp; Staff Residence</li> </ul>
	Project purpose	<ul style="list-style-type: none"> <li>• To build additional facilities for the University</li> </ul>
	Location	<ul style="list-style-type: none"> <li>• In the premise of Jimma University, Jimma</li> </ul>
	Intended Beneficiaries	<ul style="list-style-type: none"> <li>• Not indicated</li> </ul>
	Feasibility study	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
	Budget	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
Tender process (project Design)	Tender procedure	<ul style="list-style-type: none"> <li>• Direct invitation</li> </ul>
	Number expressing interest	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
	Number shortlisted	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
	Number Submitting tender	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
	List of Tenderers	Construction Design Share Company
	Tender Evaluation report	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
	Engineers estimate	<ul style="list-style-type: none"> <li>• ETB 324,847,552.88</li> </ul>
Tender process (Project Supervision)	Tender procedure	<ul style="list-style-type: none"> <li>• Direct invitation</li> </ul>
	Number expressing interest	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
	Number shortlisted	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
	Number submitting	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
	List of Tenderers	Construction Design Share Company
	Tender evaluation report	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>

**Project Name: Jimma University Additional Facility Construction Project**

Tender process (main contract for works)	Tender procedure	<ul style="list-style-type: none"> <li>Open tender through public announcement</li> </ul>
	Number expressing interest	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	Number collect the document	8
	Number submitting tender	5
	List of Tenderers	<ul style="list-style-type: none"> <li>Listed on table 2</li> </ul>
	Tender evaluation report	<ul style="list-style-type: none"> <li>Pan Africa JV with Jambo Construction and</li> <li>Rama Construction JV with China Jiangsu</li> </ul>
Contract award (project Design)	Name of main consultant	<ul style="list-style-type: none"> <li>Construction Design Share company</li> </ul>
	Contract price	<ul style="list-style-type: none"> <li>642,533.00 ETB</li> </ul>
	Contract scope of work	<ul style="list-style-type: none"> <li>The data in pre-design stage</li> <li>Appropriate design standards and codes</li> <li>Municipal and other public body requirements</li> <li>The best methods of incorporating materials available in the project locations</li> </ul>
	Contract program	<ul style="list-style-type: none"> <li>Preliminary design 90 days</li> <li>Final design &amp; tender document 120 days</li> </ul>
Contract award (project supervision)	Name of main consultant	<ul style="list-style-type: none"> <li>Construction Design Share Company</li> </ul>
	Contract price	<ul style="list-style-type: none"> <li>ETB 179,063 per month incl. 15% of VAT</li> </ul>
	Contract scope of work	<ul style="list-style-type: none"> <li>Resident supervision</li> <li>Reviewing of contractors work program</li> <li>Quality control</li> <li>Conduct regular meetings</li> <li>Evaluating claims and time extensions</li> </ul>
	Contract program	<ul style="list-style-type: none"> <li>1500 Calendar days</li> </ul>
Contract award (main contract)	Name of main contractor	<ul style="list-style-type: none"> <li>Rama Construction JV with China Jiangsn's</li> </ul>

**Project Name: Jimma University Additional Facility Construction Project**

for works)	Contract price	<ul style="list-style-type: none"> <li>• 309,525,592.83</li> </ul>
	Contract scope of work	<ul style="list-style-type: none"> <li>• Student Service Complex, Academic Staff Office &amp; Staff Residence</li> </ul>
	Contract program	<ul style="list-style-type: none"> <li>• 1500 Calendar days</li> </ul>
Contract Execution (project supervision)	Changes to contract price, program, scope with reasons	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
Contract Execution (project Design)	Changes to contract price, program, scope with reasons	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
Contract Execution (Main contract for works)	Individual changes to the contract which affect the price with reasons	<ol style="list-style-type: none"> <li>1. Additional bulk excavation and disposal to be executed around student service complex building. The VO is agreed and approved by the consultant on the date of 17/03/2010 for an amount of ETB 191,580.63 including VAT which is 0.06% of the contract amount.</li> <li>2. The second VO is forwarded to the contractor by the consultant on the date of 15/10/2010 to construct the sub-surface drainage system for the mat foundation of guest house blocks. The contractor has submitted his price for the VO with an amount of ETB 3,929,163.53 to the consultant for approval. There is document disclosed for the approved price of the VO from the consultant.</li> </ol>
	Individual changes to the contract which affect the program, with reasons	<ul style="list-style-type: none"> <li>• There is no disclosed information at the time of study; however the contract time will be affected due to variation orders.</li> </ul>
	VO's, claims, Early Warnings &	

**Project Name: Jimma University Additional Facility Construction Project**



	Compensation Events	
	Payment certificates	
	Details of any re-award of main contract	
Post contract completion details (main contract for works)	Actual contract price	• Not applicable
	Total payments made	• Not applicable
	Actual contract scope of work	• Not applicable
	Actual contract program	• Not applicable
	Project evaluation report on going	• Not applicable
<b>Documents to be disclosed</b>		
	Feasibility study	• Not available
	Financing agreement	• Not available
	Tender evaluation report	• Available
	Project evaluation reports (on completion and on-going)	• Monthly progress report from the consultant

**Project Name: Jimma University Additional Facility Construction Project**

## Appendix-2 Documents Disclosed

	Document / Report	Date Requested	Date Supplied	Document supplied from
1	Feasibility Study Reports	Sep, 17 2010	-----	PE
2	Non priced BOQ by soft copy CD		1/08/2010	Contractor
3	Covering letter for submission		1/08/2010	Consultant
4	Payment proposal request		1/08/2010	Consultant
5	TOR Amendment		-----	-----
6	Financial Evaluation for work contract		1/08/2010	Consultant/not complete
7	Supplementary agreement for Design		1/08/2010	Consultant
8	Agreement for Construction Supervision and Contract administration		1/08/2010	Consultant
9	Price Index Formula		1/08/2010	Consultant
10	Engineering Estimate Vol I & II		1/08/2010	Consultant
11	Contract Document Vol I & II		1/08/2010	Consultant
12	Monthly and progress report		1/08/2010	Consultant
13	Time extension / time claim/		1/08/2010	Contractor
14	Variation Order submitted and approved		1/08/2010	Contractor
15	Approval of revised master schedule		1/08/2010	Contractor
16	Payment certificate requested for the contractor dated 16/11/2002 EC		1/08/2010	Consultant

**Project Name: Jimma University Additional Facility Construction Project**

17	Payment certificate requested for the contractor dated 21/12/2002		1/08/2010	Contractor
18	Consultancy service for design and list of works (Amahric letter) dated 16/11/1999		1/08/2010	Consultant
19	Request of Consultancy Service (Amahric letter) dated 24/1/2000		1/08/2010	Consultant
20	Covering letter for Technical offer (Amahric letter) dated 19/10/2000 Ref. No. 610/00/187/2000		1/08/2010	Consultant
21	Bid rejection (Amahric letter) dated 23/10/2000 Ref. No. JU48/1963		1/08/2010	Consultant
22	Contract award affirmation (Amahric letter) dated 24/10/2000 Ref. No. JU48/1995		1/08/2010	Consultant
23	Transform Contract agreement document (Amahric letter) dated 25/10/2000 Ref. No. 610/00/195/2000		1/08/2010	Consultant

**Project Name: Jimma University Additional Facility Construction Project**

Appendix-3 Documents Requested and Disclosed from PE (related to consultancy)

	<b>Document / Report</b>	<b>Date Requested</b>	<b>Date Supplied</b>
1	Feasibility Study Reports	Sep, 17 2010	Not supplied
2	Design report	Sep, 17 2010	
3	Main contract agreement with consultant	Sep, 17 2010	
4	Letter of commencement	Sep, 17 2010	Not supplied
5	Letter of acceptance for design & supervision	Sep, 17 2010	Not supplied
6	Payment certificate	Sep, 17 2010	Not supplied
7	Correspondence letters	Sep, 17 2010	Not supplied
8	Tender document for works contract, engineering estimate	Sep, 17 2010	Not supplied
9	Variations/Additional work for design and supervision	Sep, 17 2010	Not supplied
10	Time extensions and claims	Sep, 17 2010	Not supplied

**Project Name: Jimma University Additional Facility Construction Project**

Appendix-4 Documents Requested and Disclosed from PE (related to works contract)

	<b>Document / Report</b>	<b>Date Requested</b>	<b>Date Supplied</b>
1	Technical and financial evaluation documents	Sep, 17 2010	
2	Bid news paper copy	Sep, 17 2010	Not supplied
3	Minutes of meetings on the bid process like opening of the bid, place, time	Sep, 17 2010	Partially supplied
4	Letter of award	Sep, 17 2010	Not supplied
5	Correspondence letters	Sep, 17 2010	Not supplied
6	Site handover	Sep, 17 2010	Not supplied
7	Letter of commencement	Sep, 17 2010	Not supplied
8	Payment certificate	Sep, 17 2010	Not supplied
9	Approved master schedule /revised	Sep, 17 2010	Not supplied
9	Variation orders	Sep, 17 2010	Not supplied
10	Claims time, price	Sep, 17 2010	Not supplied

**Project Name: Jimma University Additional Facility Construction Project**

Appendix-5 Missed pages for Works Contract Disclosed from consultant

No	Missed pages and Items	Engineering Estimate	Contract agreement	Remark
1	Page 5,6,7,8,9	5,6,7,8,9	Missed	
2	Page 94,95,96	85,86,87	Missed	
3	Page 98,99	88,89	Missed	
4	Page 128-138,139	Missed	-----	
5	Page 104,105 item 16-26,1-8&1-3	Missed	115,116	
6	Page 171, Item27-30	Missed	188.189	
7	Page 185	Missed	203	
8	Page 189	Missed	207	
9	Page 191	Missed	209	
10	Page 244 Item 7,8-5	Missed	269	
11	Page 76 Item 38,39	Missed	351	

**Project Name: Jimma University Additional Facility Construction Project**

## Appendix-6 Verification of information related to project changes (variation orders)

No	Date of issue of variation order	Reason for variation	Work required to implement the variation	Effect on cost	Effect on programme / time	Effect on quality
1.		The reason is not known	Additional bulk excavation and disposal to be executed around student service complex building	Additional ETB 191,580.63 including VAT	Project time will be extended for one day.	Has no effect on quality
2.	15/10/2010	Ground water collection and drainage system	to construct the sub-surface drainage system for the mat foundation of guest house blocks	Not yet approved	Project time will be extended.	Has no effect on quality

**Project Name: Jimma University Additional Facility Construction Project**