

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

**Pilot Assurance Process of CoST on the  
ABALA-SHAIGUBE DESIGN & BUILD ROAD PROJECT**

# **FINAL REPORT**

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**CoST Assurance Consultant**  
Asmerom Tadesse  
November 2010, Addis Ababa

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## Acknowledgement

This CoST Assurance Report is prepared by the Independent Assurance Consultant, a senior construction management specialist appointed by the National Multi-Stakeholder

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Group Executive Committee (NMSGEC) OF CoST-ETHIOPIA. The Assurance Consultant hereby extends its kind appreciation to all stakeholders of CoST-Ethiopia.

Members of the MSG are:

- Mr. Tesfaye Yalew, Ministry of Works and Urban Development, Chairman
- Mr. Tsedek 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
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- Mr. Hagos Abdie, CoST-Ethiopia, MSG Coordinator

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## Acronyms/ abbreviations

AC	- Assurance Consultant
CAC	- Contract Award Committee
CoST	- Construction Sector Transparency Initiative
DFID	- Department For International Development
E.C.	- Ethiopian Calendar
EOI	- Expression Of Interest
ERA	- Ethiopian Roads Authority
EFY	- Ethiopian Fiscal Year
ETB	- Ethiopian Birr
FDRE	- Federal Democratic Republic of Ethiopia
Km	- Kilometres
MPI	- Material Project Information
NMSGEC	- National Multi-Stakeholder Group Executive Committee
PE	- Procuring Entity
PLC	- Private Limited Company
PPA	- Public Procurement Agency
RSDP	- Road Sector Development Program
TAC	- Tender Analysis Committee
VAT	- Value Added Tax

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## Executive Summary

- Dalol area, found in Afar National Regional State, is the lowest land surface in the world. Despite endowed with minerals and its immense touristic values, the area has not been developed due to inaccessibility. With this constraint of access, the Ministry of Mines and Energy of FDRE has signed a contract with Indian mine developer for the exploration of the potash deposit in the Dalol region. Moreover, other exploration companies are working in the region to develop the potash deposit and other natural resources. In response to this pressing need and with the intent of benefiting more than 200,000 local residents, the government of FDRE represented by Ethiopian Roads Authority had identified three road projects including the Abala – Shaigubi road project and allocated sufficient budget to finance payments for the construction works.
- The procuring entity (Ethiopian Roads Authority) 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.
- The assurance process of this project has revealed that the PE has an established institutional set up (as required by the procurement regulation) required for carrying out procurement of services and works.
- In light of project identification phase of the project cycle, the Assurance Consultant is satisfied that the disclosed documents adequately identify the projects and the funding for the projects.
- In pursuance to Article 24 of the Procurement Directive, upon providing the justifications and other supporting documents for the proposed contract award strategy, the procuring entity had secured the approval of the procurement agency prior to actual procurement of service and work. Restricted tendering procedure was operated while procuring the Design-Build work contract. The procurement of Consultancy Services for the Construction Supervision of Abala-Shaigube road project had involved Request for Proposals as a procurement method.
- The service procurement process complies with the conditions set in the procurement regulation and the assurance consultant is satisfied that the disclosed documents adequately reveal the procurement process. Similarly, in view of the procurement process of Design-Build contract, the assurance consultant is satisfied that the

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disclosed documents adequately reveal the procurement process and the process was in compliance with the procurement regulation.

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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 22<sup>nd</sup> 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 Consultant, a senior construction management specialist, is appointed by the National Multi-Stakeholder Group Executive Committee (NMSGEC) OF CoST-ETHIOPIA.

The Assurance Consultant has been entrusted to undertake the CoST Assurance Process on the initial stages of the project cycle (project identification, funding and tender processes) for the project "Abala-Shaigube Design and Build Road Project" which was selected by the NMSGEC to form part and parcel of a pilot study of the operation 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 and
- To learn and share lessons on publicly-funded construction project governance.

### 1.2.2 Objectives of the Assurance Consultant

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

1. To collect the project information from the Procuring Entities (PEs) of CoST project,
2. To verify the accuracy and completeness of MPI disclosures on CoST Project,
3. To produce reports that are clearly intelligible to the non-specialist, outlining the extent and accuracy of information released for the selected CoST project.
4. To analyse disclosed and verified data in order to make informed judgements about the compliance of service procurement procedures operated on CoST Project by the procuring entity with the stipulated regulation and
5. To produce reports that are clearly intelligible to the non-specialist, outlining the findings regarding the project identification and compliance of service procurement procedures and highlighting any cause for concern that analysed information reveals on CoST Project.

## 1.3 Pilot Project and Summary of Contractual Data

### 1.3.1 Description of the pilot project

The government of the Federal Democratic Republic of Ethiopia (FDRE) has continued its commitment to give the road sector development the highest priority and it has been preparing more projects for funding by donors and from the national budget. Individual road projects are selected for inclusion in the Road Sector Development Program (RSDP), among others, on the basis of needs assessment as well as taking into account the level of traffic, road condition and access problems.

To this respect, the FDRE (represented by Ethiopian Roads Authority (ERA)) has allocated sufficient budget for the financing of the link of Dalol to ababa-Afdera Route constituting two contracts:

- Design and Construct Contract for 63km Abala – Shaigube Road Section (Contract 1) and

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- Design and Construct Contract for Agulae – Shaigube – Berahile – Dalol Road Section

The road segment under this CoST Assurance Process, i.e. Contract 1: Abala – Shaigube, is found in Afar and Tigray Regional States. The work under this contract comprises the design and construction of about 63km road which begins at Abala on Abla-Irebt-Afdera road segment (presently under construction) and runs to the north to join the Agulae-Dalol road at Shaigube.

### 1.3.2 Summary of Contractual Data

The implementation process of the pilot project has involved private firms who have concluded contract with the procuring entity (Ethiopian Roads Authority) through different contractual arrangements coined to serve the intended purposes. The description of contracting parties and other pertinent contractual details are summarized in Material Project Information Template presented in Annex 2.

### 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 Entity (PEs) of CoST project.

During the second phase of the study, the Assurance Consultant 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 Consultant 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 initial project appraisal process, compliance of service and procurement procedures operated on CoST Project by the procuring entity. 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 Having obtained a letter of notification to the client/ procuring entity on his appointment by the coordinator of CoST-Ethiopia, the assurance consultant presented the PE a request to provide documents believed to reveal Material Project Information. In general, the following documents relevant to the study were requested:

- a) Feasibility Study Report
- b) Financing Agreements
- c) Tender Evaluation Reports for Consultancy and Design-Build Contracts
- d) Consultancy and Design-Build Contract Documents
- e) Notices of invitation for bid and expression of interest

2.2 In response to the consultant's request, the PE had provided all the documents that were identified as necessary in two days time demonstrating the level of cooperation that the PE showed in the assurance process of this cost project.

2.3 A detailed schedule of the documents disclosed in connection to the Abala-Shaigubi Design Build Road Project is included in Annex 3.

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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.

**13. Procurement By Request For Proposals**

- 1) Procurement by means of request for proposals shall be carried out in accordance with Article 28 and 46 of the Proclamation shall follow the procedures for open tendering provided for under Sub-Articles 11.3 to 11.14 of Article 11 of this Directive.
- 2) Where the value of the consultancy services to be procured by means of request

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for proposals exceeds Birr 200,000 the candidates shall be selected by advertising a request for expressions of interest through a newspaper and if possible, through the website of the procuring entity.

- 3) Procuring entities shall use the standard bidding documents prepared by the Agency when procuring by means of request for proposal.

#### **14. Procurement By Restricted Bidding**

- 1) When procuring entities engage in restricted bidding on the grounds referred to in Article 26 of the Proclamation and where the number of potential candidates is high it shall select a minimum of 5 suppliers from the approved suppliers list in a non-discriminatory manner.
- 2) Without prejudice to Sub-Article 1 of this Article Procurement by means of restricted bidding shall follow the procedures for open bidding provided for under Sub-Articles 11.3 to 11.14 of Article 11 of this Article.
- 3) The procuring entity shall select the supplier that gave the lowest price from bidders who meet the criteria listed in the bid documents.

#### **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.

3.1.2 An assessment report, prepared by the Ethiopian Roads Authority in October 2009, had set out the following contract award strategy for Abala-Shaigubi road project:

- Procurement method for Consultancy Service : Request for Proposal
- Procurement method for Design-Build Work: Restricted Bidding

In pursuance to Article 24 of the Procurement Directive the procuring entity, upon providing the justifications and other supporting documents for the proposed contract award strategy, had secured the approval of the procurement agency prior to actual procurement of service and work.

3.1.3 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 Dalol area, found in Afar National Regional State, is the lowest land surface in the world. Though rich in natural resources of minerals, its harsh climatic condition has

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made very difficult for human settlement. Despite its natural endowment and touristic values, the area has not been developed owing to its inaccessibility. With this constraint of access, the Ministry of Mines and Energy of FDRE had signed a contract with Indian mine developer for the exploration of the potash deposit in the Dalol region. In accordance to this contract, the Indian potash developing company had mobilized his machineries to the nearby Tigray region and it was hardly possible to move the machineries to the project site for installation and start production. Moreover, other exploration companies have been working in the region to develop the potash deposit and other natural resources.

3.2.2 In response to the above perceived need of urgent accessibility, the government of FDRE represented by Ethiopian Roads Authority had allocated sufficient budget to finance payments for the construction works of the following Design and Build roads projects providing access to Dalol:-

- Agula – Shaigubi – Berahile Road,
- Abala – Shaigubi road and
- Berahile – Dalol road.

3.2.3 Abala – Shaigubi road is about 63km and begins at Abala on Abala-Irebti-Afdera road segment (presently under construction) and runs to the north to join the Agulae-Dalol road at Shaigube. The work of the pilot project comprises design and construction of road upgrading to asphalt concrete standard complete with traffic control devices and drainages structures.

3.2.4 A final version of the feasibility study report produced by Net Consult Consulting Engineers and Architects as part of its consultancy service contract (Consultancy services for Feasibility Study, Environmental Impact Assessment, Preparation of Resettlement Action Plan, Detailed Engineering Design and Tender Document Preparation for the Link of Dalol to Abala-Afdera (Abala-Shaigubi-Berahile-Dalol Route) Road Project) concluded with ERA thoroughly discusses the overall processes and findings of the study carried out to determine the economic vitality of the pilot project which forms part of the 170km Dalol to Abala-Afdera road project. Exhaustive traffic analysis has been considered as one of the major components of the feasibility study that is needed to evaluate the economic benefits and determine the design level of the road projects based on the existing and future traffic patterns and the return from the investment. The results of economic analysis indicate that the proposed road project is economically viable. The estimated Internal Rate of Return (IRR) and the Net Present Value obtained appraised the project to be implemented as paved road standard. Moreover, the sensitivity analysis conducted revealed that the proposed road project would be responsive to changes in costs, benefits as well as both costs and benefits.

3.2.5 The project influence area is located in Zone Two (2) of Afar national regional state. More than 200,000 local residents inhabiting Abala, Berhale and Dalol woreda are expected to benefit from the project. In addition to the tremendous contribution to the

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national economy, the project will apparently benefit developers engaged in the mining activities. The project will also open up huge opportunity for the development of tourism potential of Dalol area and its vicinity benefiting the local people, the nation as well as those involved in the tourism related business.

- 3.2.6 Having considered the documents disclosed by the Procuring Entity in light of project identification phase of the project cycle, the Assurance Consultant is satisfied that the disclosed documents adequately identify the projects and the funding for the projects.

### 3.3 Tender Process

#### 3.3.1 Procurement of Consultancy Service for Construction Supervision

With the intent of procuring consultancy services for construction supervision of Abala-Shaigubi, Agula-Shaigubi-Berahile and Berahile-Dalol road projects, the Ethiopian Roads Authority had invited consultants to extend their expression of interest (EOI) through the notice of invitation posted on the Ethiopian Herald newspaper on July 11 and 12 with a deadline for submission on July 27'2009. In response to the invitation, twenty three consulting firms have submitted their EOI on or before the deadline. Twenty one (21) out of the total twenty three consulting firms have expressed their interested to participate in the bid for Abala-Shaigubi Project.

The assessment of EOI was conducted by EOI assessing committee comprising three civil engineers from engineering services procurement branch of the authority. Assessment criteria with five major evaluating parameters were used to assess the qualification of the consulting firms. The assessment of EOI conducted in August had short-listed six consultants for bidding with consideration of the following points:

- Short listing firms scoring high ranks on the respective projects they had applied for and
- Short listing most of the firms at least on one project on which they had applied for

Having approved the short-listed firms on September 02, 2009 by Director General of ERA, the above mentioned firms were invited through ERA's letter (dated 09, 2009) to submit their technical and financial proposals on or before October 08, 2009. Later, the submission date was amended to October 20, 2009 at 2:30PM and the time for proposal opening to be October 20, 2009 at 2:45PM through addendum.

The pre-proposal meeting for the service was held on September 23, 2009 at ERA's conference room. All of the invited firms had submitted their proposals in sealed envelopes on or before the amended deadline for the submission of proposals.

A two stage procedures consisting technical and financial evaluation was applied for selection of the winning consultant for the assignment. The evaluation of technical proposals was carried out by the Tender Analysis Committee (TAC) comprising three

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civil engineers drawn from Engineering Services Procurement, Design and Technical Support Division and Construction Contracts Implementation Division. After carrying out rigorous evaluation of the bidders technical proposals, the TAC had identified five (5) technical responsive companies (companies who scored more than 70% on the technical evaluation) and unanimously recommended the opening of the financial proposals of the technically responsive firms.

After the endorsement of the result of the technical evaluation result by the Director General of ERA, the financial proposals of technically responsive consulting firms had been opened at ERA's conference room on 25<sup>th</sup> March 2010 at 3:15PM in the presence of ERA's Contract Award Committee members. After checking the arithmetic and completeness of the financial proposals, the TAC had corrected the financial offers and determined the financial scores on the basis of the formula stated in the bidding data sheet.

Finally, the TAC determined the aggregate score of the consulting firms by adding the respective technical and financial scores factored by the weightings 0.8 and 0.2 respectively to adjust their contribution for the selection.

The TAC, after having considered the scores of the consulting firms, had recommended holding negotiation with NET consult with a total cost of ETB 8,270,225.00 inclusive of VAT and local taxes. Upon the recommendation of TAC, the CAC of ERA has endorsed to award the contract for NET Consult and finally approved by the Director General of ERA.

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

### ***3.3.2 Procurement of Design-Build Contract***

As per the rationale discussed in section 3.2 above and with view of the urgent demand to construct the roads projects providing access to Dalol, ERA had proposed the following contract delivery strategy and selection of contractors:

- Design and build contract to minimize the time spent on design and
- Direct procurement of contractors as per Article 27(1) (g) of the Determining Procedures of Public Procurement and establishing its Supervision Agency Proclamation No. 430/2005 to minimize the time spent for procurement process.

Based on Article 27(1) (g), SUR Construction was proposed by ERA to Design and Construct the Abala-Shaigubi road considering special nature of the project and the contractor's workload at hand. The Public Procurement Agency through its letter dated on September 21,2002EC had rejected the ERA's proposal and recommended to go for restricted bidding by inviting SUR construction and other competent firms and having less current workload.

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In pursuance to PPA's recommendation and Article 26(1)(a) of the Determining Procedures of Public Procurement and Establishing its Supervision Agency Proclamation No. 430/2005, ERA had shortlisted four (4) firms from eleven(11) long list of firms having work relation with it based on the contractors' performance assessment report of the month of august 2002EC.

Following the short-listing, the above four firms were invited to submit bid for Abala-Shaigubi Design and Build Road projects. Among the above listed four prospective bidders, only two of them (namely SUR Construction and Yencomad Construction) have submitted their qualification applications and financial offers in separate envelopes on or before January 26, 2010, 2:30PM (deadline for submission of bids as mentioned in the bidding document).

The evaluation of bids involved a two stage procedure; namely, post qualification application and financial bids evaluation. The TAC had first conducted evaluation of the qualification applications in line with the criteria set out in the post qualification document and recommended SUR Construction and Yencomad Construction to be post-qualified and their financial bid to be opened.

Following the approval of the post-qualification evaluation outcome by the Director General of ERA, the financial bids of the responsive firms were opened on February 23, 2010 at 2:45P.M.

Taking note of the fact that engineer's estimate was not ready for this project as it is a Design and Construct contract, the TAC, as part of the financial evaluation of bid, had also compared the km cost of the project (i.e. ETB 11,237,393.00 including VAT with a total lump sum cost of ETB 707,955,759.00 including VAT assuming the project length of 63km) with other currently signed projects and projects in the vicinity of the project area by adding a design cost of 4% (as per the Employer's Requirement Document).

Taking the results of the post qualification application, financial bids evaluation, the km cost comparison as well as various site and contractual conditions that would likely increase the cost of the project into account, the TAC recommended SUR Construction for the pre-contract discussion and eventual award for construction of Abala-Shaigubi Design and Build Road Project as per the following contractual details:

- A lump sum contract with a kilometre cost of ETB 11,237,393.00 including VAT and
- a total lump sum contract price of ETB 707,955,759.00 including VAT assuming the project length of 63km.

During the meeting held on March 4 and 9 to review and endorse the final bid evaluation report prepared by the TAC, the CAC had requested the representative of TAC to give clarifications, confirmations and additional information. The CAC (after having obtained satisfactory explanations from the representative of TAC) had

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endorsed the recommendation by TAC to award the contract to the lowest evaluated bidder, SUR Construction, with a total lump sum contract cost of ETB 707,955,759.00 including VAT. On March 15, 2010, the CAC's endorsement had got a final approval by the Director General of ERA.

In view of the procurement process of Design-Build contract, the assurance consultant is satisfied that the disclosed documents adequately reveal the procurement process and the process was in compliance with the procurement regulation.

## 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, advise 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

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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;

**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;

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

**Two Stage Procedure:** a tender procedure whereby a contract is awarded on the basis of aggregate scores of technical and financial evaluation of bidders.

**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: Material Project Information

Project identification	Project purpose	Access provision to Dalol
	Location	Afar and Tigray Regional States
	Intended Beneficiaries	Mine developers, local residents and tourists
	Specification	63km Asphalt Concrete Road
Funding	Budget	The government of FDRE has fully financed the project.
	Engineer's estimate	No engineer's estimate was not ready for this project as it is a Design and Construct contract
Tender process (Service Contract for Supervision)	Tender procedure	Request for proposals
	Number expressing interest	21
	Number shortlisted	6
	Number submitting tender	6
Tender process (Design-Build Contract)	Tender procedure	Restricted Tendering
	Number shortlisted	4
	Number submitting tender	2
Contract award (Service Contract for Supervision)	Name of consultant	Net Consult Consulting Engineers & Architects PLC
	Contract price	ETB 8,270,225.00 including local taxes and 15% VAT
	Contract scope of work	Supervision
	Contract programme	Thirty (30) months including mobilization period and additional one month input in the 12 months of defects liability period
Contract award (Design-Build Contract)	Name of main contractor	SUR Construction PLC
	Contract price	Lump Sum Contract Price of ETB 707,955,759.00 inclusive of 15% VAT
	Contract scope of work	Design and construction of 63km Asphalt Concrete road
	Contract programme	Thirty (30) months from the

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		commencement date
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Documents disclosed	Disclosure status
Feasibility study	Disclosed
Financing agreement	N/A
Tender Evaluation Reports for Consultancy Service	Disclosed
Tender Evaluation Reports for Design-Build Contract	Disclosed
Contract Documents (service and work)	Disclosed

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### Annex 3: Schedule of Documents Disclosed

Document/ Report	Date of Request	Supplied By (Date)
<b>Project Identification</b>		
Final version of Feasibility Study Report, Net Consult Consulting Engineers and Architects PLC, March 2010	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
<b>Tender Process for Consultancy Service</b>		
Expression of Interest (EOI) Assessment Report: Consultancy Services for the Construction Supervision of Agula-Shaigube, Shaigube-Berahile-Dalol and Abala - Shaigube Road Projects, ERA, August 2009	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
Financial Evaluation Report for Consultancy Services for the Construction Supervision of Abala-Shaigube and Aguale-Shaigube-Berahile-Dalol Design Build Road Projects, Contract 1: Abala-Shaigube (approx. 63km), ERA, March 2010	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
Technical Evaluation Report for Consultancy Services for the Construction Supervision of Abala-Shaigube and Aguale-Shaigube-Berahile-Dalol Design Build Road Projects, Contract 1: Abala-Shaigube (approx. 63km), ERA, February 2010	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
<b>Contract Award (Consultancy)</b>		
Project Handover Form and Contract Agreement (between ERA and Net Consult) for the Consultancy Services for the Construction Supervision of Abala-Shaigube and Aguale-Shaigube-Berahile-Dalol Design Build Road Projects, Contract 1: Abala-Shaigube	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
<b>Tender Process for Design-Build Contract</b>		
Assessment Report for Contract Award Strategy for the Design and Building of: <ol style="list-style-type: none"> <li>1. Abala-Shaigubi Road Project</li> <li>2. Agula-Shaigubi-Berahile Road Project</li> <li>3. Berahile-Dalol Road Project and</li> <li>4. Shaigubi-Berahile-Dalol Access Road Project</li> </ol> ERA, October 2009	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
Post Qualification Evaluation Report: Abala-	24/08/2010	Engineering Service

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Shaigube Design and Build Road Project, ERA, February 2010		Procurement Division, ERA (25/08/2010)
Bid Evaluation Report: Abala-Shaigubi Design and Build Road Project, ERA, March 2010	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
<b>Contract Award (Design-Build)</b>		
Project Handover Form and Contract Agreement (between ERA and SUR Construction), Volume I for the Abala-Shaigube Design and Build Road Project, April 2010	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)
Contract Document (between ERA and SUR Construction), Volume II for the Abala-Shaigube Design and Build Road Project, March 2010	24/08/2010	Engineering Service Procurement Division, ERA (25/08/2010)

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#### Annex 4: Tabular descriptions related to service and work contracts

Table A4.1: Consulting firms shortlisted for Abala-Shaigubi Road Project

Sn	Name of Firm
1	Beza Consulting Engineers (Ethiopia) in association with Beza Consulting Engineers (Kenya)
2	Net Consult: Consulting Engineers and Architects PLC
3	Road Design and Development Consultant PLC (RDDC) in joint venture with Highway Engineers and Consultants PLC (HEC)
4	CORE Consulting Engineers PLC
5	Gondwana Engineering PLC in joint venture with RAMA Consult PLC
6	Civil Works Consulting Engineers PLC in joint venture with National Engineers PLC

Table A4.2: List of Technically Responsive Firms

Sn	Name of Firm	Technical score (out of 100%)	Rank
1	Net Consult: Consulting Engineers and Architects PLC	93.6	1
2	Road Design and Development Consultant PLC (RDDC) in joint venture with Highway Engineers and Consultants PLC (HEC)	79.8	4
3	CORE Consulting Engineers PLC	89.5	2
4	Gondwana Engineering PLC in joint venture with RAMA Consult PLC	71.3	5
5	Civil Works Consulting Engineers PLC in joint venture with National Engineers PLC	87.8	3

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Table A4.3: Financial Scores of the consulting firms

Sn	Name of Firm	Total Cost including Taxes in Birr	Financial score out of 100%
1	Net Consult: Consulting Engineers and Architects PLC	8,270,225.00	100%
2	Road Design and Development Consultant PLC (RDDC) in joint venture with Highway Engineers and Consultants PLC (HEC)	9,399,145.21	88%
3	CORE Consulting Engineers PLC	8,779,330.00	94%
4	Gondwana Engineering PLC in joint venture with RAMA Consult PLC	11,361,080.00	73%
5	Civil Works Consulting Engineers PLC in joint venture with National Engineers PLC	9,498,100.00	87%

Table A4.4: Aggregate Scores of Consultants

Sn	Name of Firm	Technical (80)	Financial (20)	Total (100)	Rank
1	Net Consult: Consulting Engineers and Architects PLC	74.9	20	94.9	1
2	Road Design and Development Consultant PLC (RDDC) in joint venture with Highway Engineers and Consultants PLC (HEC)	63.8	17.6	81.4	4
3	CORE Consulting Engineers PLC	71.6	18.8	90.4	2
4	Gondwana Engineering PLC in joint venture with RAMA Consult PLC	57	14.6	71.6	5
5	Civil Works Consulting Engineers PLC in joint venture with National Engineers PLC	70.2	17.4	87.7	3

Table A4.5: List of Shortlisted contractors for Design-Build Contract

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Sn	Name of firm
1	SUR Construction
2	CRBC Addis Engineering
3	Yencomand Construction
4	Sunshine Construction

Table A4.6: Read out Bid Price

Sn	Post-qualified Bidders	Read Out Bid Price(ETB)
1	SUR Construction	707,955,759.00
2	Yencomand Construction	923,939,149.76

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Table A4.7: Comparison of km costs of projects

Project	Year	Lowest Bidder	Average of the other bidders	Average cost/km
Arbaminch-Belta	January 2010	10,369,705.00	11,393,640.00	10,929,103.00
Dedebit-Adiremet	January 2010	10,459,694.00	11,979,291.00	
Ambo-Sholagebeya	February 2010	10,391,072.00	10,981,216.00	
Average cost/km with 4% design cost				11,366,267.00
Abala- Shaigube cost/km				11,237,393.00
% of Abala- Shaigube from the average				99%

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