



# **CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE (CoST)**

## **Report on assurance process**

for

### **Modjo-Arerti-Gobensa, Sembo-Gobensa and Metehbila-Metehara Road Project: Contract 3: Lot 2: Gindeber-Gobensa**

**(Final Report)**

**December 2010**

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## LIST OF ACRONYMS / ABBREVIATIONS

AC	Asphalt Concrete
AT	Assurance team
BOQ	Bills of Quantity
CAC	Contract Award Committee
CoST	Construction Sector Transparency Initiative
DBST	Double Surface Treatment
DDM	Deputy Director General
ERA	Ethiopian Roads Authority
EOI	Expression of Interest
ETB	Ethiopian Birr (local currency)
GCC	General Conditions of Contract
GM	General Manager
Gov	Government of Ethiopia
ITB	Instruction to Bidder
LCB	Local competitive bidding
MPI	Material Project Information
MSG	Multi Stakeholder Group
NMSGEC	National Multi Stakeholder Group Executive Committee
NCB	National competitive bid
PE	Procuring Entity
PPA	Public Procurement Agency
CQBS	Cost and Quality based Selection
RE	Resident Engineer
RFI	Request for Inspection
RFP	Request for Proposals
TAC	Tender Analysis Committee
ToR	Terms of Reference
VAT	Value Added Tax
VO	Variation Order

	<i>TEAM LEADER</i>	<i>TEAM MEMBER</i>
<i>PROJECT NAME</i>		
<i>Modjo-Arerti-Gobensa, Sembo-Gobensa and Metehbila-Metehara Road Project: Contract 3: Lot 2: Gindeber-Gobensa</i>	<i>ASSEFA BEYENE</i>	<i>TEKETELEW ALAYE</i>

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## 1 Summary

- Gindeber-Gobensa (33km) is the last section of Sembo-Gobensa (80 km) road projects which connects East Shoa Zone of Oromia to North Shoa zone of Amhara National regional state. The objective of constructing the road is to improve the accessibility of the area by providing access to social services, market, administration offices etc thereby to foster economic development of the area.
- Ethiopian Roads Authority (ERA) is responsible for the planning and monitoring the implementation of the road construction by procuring consultancy service for the design and supervision of the road, and works contract for the supply of materials and construction of elements of the road. ERA has disclosed almost all documents of the project required for the assignment of the assurance team despite delay in the delivery of hard copies.
- Economic viability analysis was conducted to select the most viable road alignments. Environmental Impact assessment of the most viable alignment was conducted for the whole length of Sembo-Gobensa-Metehara link. Design of the road is prepared with DS4 standard with triple surface treatment pavement type. The construction of the road is being under taken by the same standard and specification. The road alignment passes through rough terrain and implementation of the road project will be a challenge since it needs flexibility. Viability analysis of the project should have been revised to see other alternatives since there was huge variation in the assumed cost and engineer's estimate of the project cost.
- Consultants for consultancy service of the project work and the contractor for the works contract are selected by evaluating their proposals. The consultants are invited to submit proposals by short-listing with/with out requesting for expression of interest (EOI), where as open tendering procedure was used for procurement of works contract.
- Two stage evaluation of proposals from the consultants and the contractors was carried out to select the most responsive bidder. For that ERA nominated two committees named Technical Analysis Committee (TAC) and Contract Award Committee (CAC) for detail evaluation of proposals and award of contract.
- In the award of the works contract, project cost of the road is found to be one of the most expensive in the country which is attributed to huge volume of excavation and Retaining walls required for the work.
- The construction contract has been recently awarded and the contractor is currently in the verge of finalizing mobilization period. However, there is significant delay in the progress of mobilization. No variation order has been proposed by the consultant and no claim was stated by the contractor as the works contract commenced recently. The supervising consultant is reviewing design of the road and will issue variation orders as a result of the design review.

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- The following highlighted findings have been observed in the feasibility analysis and procurement procedures of the works contract as discussed below.
  1. In the feasibility analysis, the project cost was assumed to be ETB 7,026,800 initially. Based on that, the most viable alternative was selected out of six alternatives proposed in the beginning of the feasibility study. After the design of the road had been completed the project cost was calculated to be ETB 26,413,264.75 per km length of the road which had showed a 376% increment from previously assumed in the feasibility study. Knowing huge cost increment, no revision of the feasibility study was carried out by the design consultant to see other alternatives of the road design which would have lesser construction cost and optimized benefit. The assurance team has doubt that the selected alternative would be feasible if the feasibility analysis had been revised using the engineer's estimate of the project. We can say that the public is obliged to expend huge amount of money for the construction of the most expensive road in the country which has compromised benefit.
  2. In the Bill of quantity of the tender document, the volume of Retaining wall and Excavations are seem exaggerated, particularly the volume of excavation is unimaginable (Retaining wall=221606m<sup>3</sup>, total excavation = 4,801,285 m<sup>3</sup>), which escalates the project cost highly and make it the most expensive road in the country per a kilometer length of road. Further effort should be exerted to review design of the road for checking of the quantities or the designing consultant should give confirmation on correctness of the quantities included in the tender document.
  3. In the cost analysis of the bid evaluation, comparison of rates offered by the least bidder with the same rates of recently awarded similar contracts was omitted. The comparison is important when offer of the least bidder is found to be very high. TAC of ERA omitted this comparison in the financial bid analysis while other cost analysis had been carried out. As a procedure the comparison had to be carried out to check financial offer of the least bidder is in the margin of the market price.

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## 2 INTRODUCTION

### 2.1 Background

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

This pilot is led by the CoST-ETHIOPIA Multi-Stakeholder Group, which comprises representatives from the Civil Society, Contractors' Association, Association of Consulting Engineers and Architects and Government.

The National Multi-Stakeholder Group Executive Committee (NMSGEC) OF CoST-ETHIOPIA has appointed Assurance Team (AT) for the disclosure of material project information of some public construction projects selected by a certain criteria.

The projects are selected from Health and Educational buildings, water works and road construction projects. A total of 15 road projects are selected for the pilot program, which are under implementation stage. Gindeber-Gobensa road project is one of the projects eligible for this pilot program.

Gindeber-Gobensa (33km) road segment is part of the road link, Sembo-Gobensa road (80km) which connects Sembo and Gobensa towns in Oromia and Amhara regional states. The road construction project has the objective of upgrading the existing road alignment, width and road surface to increase travel speed of vehicles, thereby reducing travel operating cost of road users.

Ethiopian Roads Authority (ERA), representing the Ethiopian government signed a contract agreement with Yencomad Inc. PLC on 08 January 2010 for the construction of Gindeber-Gobensa (33km) segment of the road for a contract amount of ETB 755,409,675.00, after design of the road had been completed by joint venture consultants of AEC and CORE in 2008. ERA further signed supervision contract agreement with a supervising consultant, Best Consulting Engineers Plc on March 09, 2010 for a contract amount of ETB 12,379,546.45 for the consultancy service of Construction Supervision of Gindeber-Gobensa road segment.

### 2.2 Objectives of the Study

The National Multi-Stakeholder Group has identified four objectives for the pilot:

- to learn lessons to help in the development of CoST



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- to learn lessons on improving transparency through the disclosure of project information
- to gain an improved understanding of construction project costs amongst public sector clients
- to learn and share lessons on the management and control of publicly-funded construction projects.

On the project, the assurance team has been appointed to carry out the following tasks:

- collect the project information
- verify the accuracy and completeness of the information
- report on the extent and accuracy of the information which has been released
- analyse the information and make informed judgements about the cost and quality of the project
- report on the findings regarding the cost and quality of the project and highlighting any outstanding questions.

### 2.3 Scope of the study

The scope of this study fall under the following headings:

#### Data collection

The Assurance Team (AT) will collect Material Project Information (MPI) from the procuring entity for the project. If the information is not provided, the NMSGEC may be asked to intervene. If the information is still not provided, that will be recorded by the Assurance Team.

The information will be contained in the final reports.

#### Data verification

The information to be published on the project shall be verified as accurate and complete. As CoST is principally focused on contract execution differing degrees of verification of the MPI will be carried out:

- Some of the information to be collected are reports (e.g. feasibility studies, financing agreements etc.) commissioned by the Procuring Entity (PE) and produced by others. In these cases the AT will simply verify the source of the report, confirm that the information is complete and is the latest version available.
- Tender evaluation reports for the service and the works contracts, as well as the initial contract prices, scope and programme, requires more careful scrutiny and will be checked and confirmed from other sources.
- The most rigorous verification will be carried out on the information concerning changes to the contracts (for supervision and for works) during implementation. The information to be released includes:-

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- 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 programmes and duration and reasons for those changes. To ensure accuracy and completeness, the information released shall include more detailed source documents, such as variation orders, claims and payment records. This information will also be checked and confirmed from other sources.

The principal alternative sources against which MPI can be checked are the records of the consultant and the contractor.

### Data analysis and report writing

For all projects the AT will 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 the AT will advise, from the MPI that is being released, on the cost and quality of the infrastructure under construction.

On the basis of the above analysis, the AT shall highlight for the public through the NMSGEC any ‘cause for concern’. Some standard text for likely causes for concern will be developed. The AT may wish to select from these developed standard causes or use alternative language with the agreement of the NMSGEC. Alternatively, the AT may simply report the facts that give cause for concern and leave it to the NMSGEC and/or the wider public to ask questions and raise challenges, which may include calls for further investigation.

The AT will produce two short reports on the above for dissemination to the NMSGEC and through them, as appropriate, to the public at large. The Assurance Team reports will be published on the website of CoST-ETHIOPIA.

## 2.4 Summary on the Project, Gindeber-Gobensa

### 2.4.1 General

Gindeber-Gobensa road segment is part of Sembo-Sholagebeya-Gorfu-Gobensa Road (approximately 33km) is located in the central part of the country in North Shoa and East Shoa zones of Amhara and Oromia regional states respectively. The existing road has low standard, gravel road having width of 6m with RR50 standard.

To improve accessibility of the region and foster economic growth of the region, the government included upgrading of the road project in its road sector development program. Accordingly, based on the result and recommendation of the economic viability study, joint venture of AEC-CORE prepared detailed design and procurement documents of the project. Accordingly, upgrading of the road is scheduled to be conducted in different contract sections and Gindeber-Gobensa, designated to be the second Lot of the road segment of the third contract section, Contract III and Lot 2. This section of the road has a length of 33km starting from

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Gindeber town and ending at Gobensa town. The standard of the road designated to be DS4 with triple surface treatment asphalt paving. Width of the road designed to be 7m plus 1.5m paved (DBST) shoulder at each side of the road in rural section, and in town section the road width is increased to 19m including parking lane and a separate side walk.

For the implementation of the upgrading project, Ethiopian Roads Authority (ERA) signed a contract agreement with Yencomad Inc. PLC on January 08, 2010 for the construction of Gindeber-Gobensa (33km) segment of the road. ERA further signed supervision contract agreement with a supervising consultant, Best Consulting Engineers Plc on March 09, 2010 for the consultancy service of Construction Supervision of Gindeber-Gobensa road segment, Lot II.

The project work consists of excavations and embankment filling of the existing road side, construction of new minor drainage structures, paving the road surface with triple surface treatment asphalt, and providing road furniture to assist smooth and safe flow of traffic. Most of the road section passes through Escarpment and Mountainous topography through out the project length. The topographical situation requires heavy excavations and embankment filling to meet the road standard, and successive retaining walls to keep the side slope of the road safe from sliding. The situation brings the road segment to be one of the most expensive roads per kilometer length ever built in the country.

#### 2.4.2 Works Contracts

Yencomad Inc Plc was appointed as a contractor to undertake construction of the road upgrading project as a result of the contract agreement signed between ERA and Yencomad Inc Plc on January 08, 2010 for a contract amount of ETB 755,409,675.00, and to complete the work in 1278 calendar days. So far, up to end of June 2010 a total of 86 calendar days are elapsed which is about 6.73% of the contract period since the commencement of the work. However, the actual accomplishment was not significant. The contractor has been paid 70% of the maximum allowed advance payment certificate upon submission of conditional bank guarantee. No variation order has been issued to the contractor and no claim has been stated by the contractor.

#### 2.4.3 Supervision Contracts

Best Consulting engineers Plc entered into a contract agreement with ERA on March 09, 2010 for the provision of construction supervision consulting services of the project for a contract price of ETB 12,379,546.45. The contract is a time based contract and will last for a period of 1278 calendar days plus defects liability period of 365 calendar days. So, no payment is certified to the consultant except an advance payment of 10% of the contract price (ETB 1,237,954.65) as of end of June 2010.

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### 3 COLLECTION OF DATA

#### 3.1 Collection of Data

The assurance team members were assigned to their duties on July 26, 2010 up on a letter signed by representative of the NMSGEC. An induction work shop was conducted on July 28, 2010 by CoST-Ethiopia among the different stakeholders of the initiative to create awareness about the objective of cost Ethiopia and what is required from each stakeholder to successfully execute the pilot program.

Following formal assignment of the assurance team, the pilot projects are distributed among the assurance team members in their respective sectors. In the road sector, the assurance team members are organized to handle two pilot projects each. An assurance team consists of two team members and a team leader. The team leader is organized to supervise and assist the team members.

The first task of the team member of the assurance team was to collect data from CoST-Ethiopia office which had been issued from Ethiopian Roads Authority (ERA). Data made available at the office was very few and not complete. It was possible to collect progress reports, Works contract document and summary of incomplete Material Project Information (MPI) only from the office. So as to start the work, the assurance team had to go to ERA to fetch the required data of the project having letter of introduction from CoST-Ethiopia.

It was a challenge to get all the required information and project data from ERA since the project documents had to be collected from different departments of the organization, and the organization is in a transition period to implement BPR restructuring. As a result of this the assurance team members suffered unprecedented delay in collection of project data.

After a number of contacts and repeated meetings (two meetings on August 10 and 11, 2010) with top ERA and CoST Ethiopia representative it was possible to collect the following documents of the project all in hard copies.

#### **For Detail Design Consultancy service (procurement ref. no. s/80/04)**

- (a) Technical Evaluation Report for the selection of Consultants, one bounded hard copy.
- (b) Financial Evaluation Report for the selection of Consultants, one bounded hard copy.

#### **For Supervision consultancy service (procurement ref. no. S/02/NCB/RP/GE/2002EFY)**

- (c) Technical Evaluation Report for the selection of Consultants, one bounded hard copy.
- (d) Financial Evaluation Report for the selection of Consultants, one bounded hard copy.



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**For Works Contract (procurement ref. no. w/02/NCB/TS/GE/2002EFY)**

- (e) Post Qualification Evaluation report (November 2009)
- (f) Bid Evaluation report (December 2009)
- (g) Quarterly Progress Report, April-June 2010
- (h) Payment Certificate, for advance payment
- (i) Annual Progress Report, June 2010

**Contract Documents**

- (J) Complete Contract Design drawing of the project, September 2008.
- (k) Works Contract Document.
- (L) Construction Supervision Consultancy Agreement

The following documents were not made available by the procuring entity despite repeated request.

- (a) Feasibility studies

It was possible to get soft copies of feasibility studies form ERA for some project in the pilot. Gindeber - Gobensa was not in the list of projects.

However, an economic viability study report was collected which was conducted by the design consultant AEC-CORE so as to select the most viable route out of the many options during the preparation of detail design for the project-Semb-Gobensa and Methbila-Methara roads.

- (b) Financing agreement

No financing agreement was made for this project since the financing of the project is by the government of Ethiopia.

ERA informed the assurance team that the following contractual matters have not been so far issued by either the consultant or contractor for the reason that the project was commenced lately. This has been also verified from the consultant side.

- (a) Claims
- (b) Variation Orders
- (c) Extension of Time



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### 3.2 Summary of Collected Documents and delivery date

Collected Document	Date requested	Delivery Date
<b>For Detail Design Consultancy service (procurement ref. no. s/80/04)</b>		
(a) Technical Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 18, 2010
(b) Financial Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 18, 2010
<b>For Supervision consultancy service (procurement ref. no. S/02/NCB/RP/GE/2002EFY)</b>		
(c) Technical Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 09,2010
(d) Financial Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 09,2010
<b>For Works Contract (procurement ref. no. w/02/NCB/TS/GE/2002EFY)</b>		
(e) Post Qualification Evaluation report (November 2009)	July 30, 2010	August 18,2010
(f) Bid Evaluation report (December 2009)	July 30, 2010	August 19,2010
(g) Quarterly Progress Report No.1, April-June 2010	July 30, 2010	July 28, 2010
(h) Payment Certificate, for advance payment	July 30, 2010	August 18,2010
<b>Contract Documents</b>		
(I) Complete Contract Design drawing of the project, September 2008.	July 30, 2010	August 19, 2010
(J) Works Contract Document.	July 30, 2010	July 28, 2010
(K) Construction Supervision Consultancy Agreement	July 30, 2010	August 06, 2010
(J) Complete survey and design data in soft copy		October 10, 2010

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## 4 VERIFICATION ON MATERIAL PROJECT INFORMATION

### 4.1 Selection process for Consultants and Contractors

- ERA adopted the selection process by open tendering and short-listing of consultants. The short listing is either by requesting consultants for Expression of interest (EOI) publicly, or short-listing based on past performance of consultants in other ERA projects. After the consultants are short-listed, they are invited to submit proposals by preparing bidding documents containing all the required information (RFP).
- While for contractors, ERA adopted open tender procurement procedures of Public Procurement Agency of Ethiopia of the 2006 version (PPA 2006) for construction works. Where an invitation to bid is posted on newspapers for at least one time to collect bid document and submit bids before the deadline.
- Two stages of Evaluation of bids are adopted for the selection process, technical and financial evaluation in the case of consultants, and post qualification and Bid evaluation in case of contractors.
- A minimum point should be scored by a bidder at the end of the technical evaluation and post qualification stage, or there should not be major deviation from requirements in bid document so that financial proposal of the bidder will be opened, otherwise the financial bid will be returned to the bidder with out opening.
- In the selection process, ERA usually arrange a pre-bid meeting before the deadline of bid submission to clarify any issues raised about the bidding document by bidders, of which minutes of meeting will be part of the bid document.
- Successive addenda are usually given to the prospective bidder as addition or amendment to the original bid document, and the bidder can also request any clarification in written before the deadline of the submission.
- ERA assigns two procurement committees named as Technical Analysis Committee (TAC) and Contract Award Committee (CAC) for the evaluation of proposals from bidders and awarding of contracts respectively. CAC members are selected from top management officials of ERA by the General Director. TAC members which are usually a group of three Engineers are selected and appointed by CAC for evaluation of bids.
- In the end, proposals of bidders are evaluated by TAC based on criteria stated in the bid document; the result of the evaluation is endorsed by the CAC and passed to the General Director of ERA for approval.

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## 4.2 Selection of the Design Consultant

### 4.2.1 Selection Process

- ERA invited all interested general or road consultants register in appropriate authority to submit proposal for detail design and construction supervision of Gindeber-Gobensa project on the Ethiopian Herald News paper on February 1,2,3, 2005.
- Thirteen consultants collected the RFP documents from ERA and the following Seven consultants submitted proposals before the deadline of the submission; UNICONE-HEC-HAMDA JV, BEZA Consulting Engineer, Transport Construction Design Sh.Co, (TCDSCo), PANAF CONSULT, SABA, MH-DANA JV, AEC-CORE JV.
- Pre-proposal meeting was held on February 14, 2005 at 3:30 at ERA conference room. The minutes of the pre-proposal meeting was sent to all invited short-listed before the deadline of the submission.
- Addendum No.1 was issued to the short-listed consultants before the deadline of the submission, March 07, 2005 at 2:30pm
- The proposals submitted by the consultants are examined for their conformity with the Instructions to Bidder (ITB) of the RFP. Accordingly, the proposals are to the requirement of the ITB, and the Technical proposal envelopes are opened in the presences of TAC, CAC and bidders representatives, while the financial proposal are kept in custody of CAC representative without opening.
- Signed copies of the technical proposals are given to the TAC for further evaluation based on the criteria stated in the RFP.
- During evaluation, technical proposals of MH, UNICONE-HEC-HAMDA JV, MH-DANA JV were rejected from further evaluation since there is major deviation in their proposal to the requirement of the RFP.
- Proposal of the other four consultants had been accepted and evaluated. As a result of the evaluation the following score had been recorded by the consultants as follow, Transport Construction Design Sh.Co, (TCDSCo)-91.1%, SABA-82.1%, PANAF CONSULT-77.4%, AEC-CORE JV-89.2%.
- Following endorsement of the technical evaluation result by the CAC and GM of ERA, the consultants had been notified to send their representative to open the financial offer on May 03, 2005.
- The financial proposals of the consultants are opened on the aforesaid date in the presence of representatives of TAC, CAC and the Consultants. Up on opening of the financial offer, the readout bid prices for each consultant were (TCDSCo)-8,839,116.53, SABA-12,449,768.04, PANAF CONSULT-8,935,807.63, AEC-CORE JV-8,124,347.50.
- TAC has gone through the financial bid for arithmetic correction and completeness of the financial proposals. As a result of that small arithmetic corrections were done for all proposals. The Combined weighting (Technical and Financial) of the proposals are given below TCDSCo)-91.38%, SABA-78.80%, PANAF CONSULT-79.94%, AEC-CORE JV-91.36%.

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- Hence CAC recommended contract award negotiations with AEC-CORE JV for a total contract amount of ETB 8,172,273.75 even though TCDSCo and AEC-CORE have equal score in the combined evaluation score, AEC-CORE is the least bidder. The recommendation was proposed by CAC at the meeting held on May 12 and 17, 2005 and the same was approved by GM, ERA on May 24, 2005.

#### 4.2.2 Verification of data

- All information given in the above section are extracted from Technical and Financial Evaluation reports prepared by TAC and approved by CAC of ERA for the procurement of design services. The information are verified to be complete to undertake the analysis of the procurement procedures.

#### 4.2.3 Appointment of the Design Consultant-AEC-Core

- The Consultancy service (Detailed Engineering Design, Tender Document Preparation and Construction Supervision for Modjo – Edjere – Arerti – Gobensa, Sembo – Gobensa and Meteh Bila – Metehara Roads Project) agreement was signed between ERA and AEC on July 11, 2005 and the date for the commencement of the services took effect on July 26, 2005. In addition, the Consultant was assigned also to supervise the works during construction
- The assurance team noted that the consultancy agreement is not only for gindeber-gobensa but also for the whole route length mentioned in the above including construction supervision service.

### 4.3 Selection of Supervising Consultant

#### 4.3.1 Selection Process

- Advertisement for expression of Interest EOI for short listing of capable consulting firms was published on the Ethiopian Herald newspaper on August 4 and 5, 2009 with a deadline for submission of August 28, 2009.
- After the approval of the short listed firms on September 25, 2009 by DGM of ERA, the RFP has been addressed to the following six consultants on October 06,2009; DANA-MH JV, HEC, ICT-ICTE-Omega JV, TCDSCo, Best Consult, Pan Africa and Transnational Engineers.
- Pre-proposal meeting was scheduled on October 16, 2009 at 2:30pm at ERA conference room but no attendee. Addendum No.1 was sent to all invited short-listed on October 23, 2007.
- Out of the short-listed consultants, five of them DANA-MH JV, HEC, TCDSCo, Best Consult, JV of Pan Africa and Transnational Engineers submitted technical and financial proposals in separate envelops before the deadline of submission, November 03, 2009.
- The proposals submitted by the consultants are examined for their conformity with the Instructions to Bidder (ITB) of the RFP. Accordingly, the

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proposals are to the requirement of the ITB, and the Technical proposal envelopes are opened in the presences of TAC, CAC and bidders representatives, while the financial proposal are kept in custody of CAC representative without opening.

- Signed copies of the technical proposals are given to the TAC for further evaluation based on the criteria stated in the RFP.
- As per the result of the evaluation, the technical proposal from Pan Africa and Transnational Engineers, and DANA-MH JV were rejected due to failure of submitting renewed license, Tax clearance certificate. However the other three proposals are reported to be responsive with points as follow, HEC-84.6%, TCDSCo-81.8%, Best Consult-93.3%. However, HEC was rejected by CAC from further evaluation due to poor design performance in another ERA project.
- Following endorsement of the technical evaluation result by the CAC and GM of ERA, the consultants had been notified to send their representative to open the financial offer on February 11, 2010 at 2:30pm.
- The financial proposals of the consultants are opened on the aforesaid date in the presence of representatives of TAC, CAC and the Consultants. Up on opening of the financial offer, the readout bid prices for each consultant were TCDSCo-, ETB 8,306,483.18, Best Consult- ETB 12,231,161.95
- TAC has gone through the financial bid for arithmetic correction or any other correction on the financial offers. Accordingly the financial offer of Best Consult had been corrected and increased to ETB 12,379,546.45 while the financial offer of TCDSCo remains the same. The` huge difference in the financial offer of the consultants was cross checked with other recently awarded contracts. Thus the financial offer of Best Consulting was slightly below the average and accepted by TAC.
- Finally, the combine (Financial and technical) score of the consultants reported to be 88% for Best Consult and 85.4% for TCDSCo. As a result of this, TAC recommended conducting contract negotiation with Best Consult Plc with contract amount of ETB 12,379,546.45.
- The recommendation was endorsed by CAC at the meeting held on February 16, 2010 and the same was approved by the GM, ERA on February 24, 2010.

#### 4.3.2 Appointment of the Consultant-Best Consult Plc

- According to the recommendation of CAC, a contract negotiation had been conducted between ERA and Best Consulting PLC in a meeting held on March 01, 2010 at 2:30pm. Both parties agreed on many points including the contract amount of the consultancy service to be ETB 12,379,546.45.
- Based on the contract negotiation conducted on May 6, 2010, ERA and BEST Consult Plc signed a contract agreement on March 09, 2010 for the constancy service of Construction supervision Modjo-Arerti-Gobensa, Sembo-Gobensa and Metehbila-Metehara Road Project: Contract 3: Lot 2: Gindeber-Gobensa for a contract amount of ETB 12,379,546.45 including VAT.

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#### 4.3.3 Execution of the Supervision Contract

- After signing the contract, notice to commence was issue to the consultant and commencement of the service was fixed to be on March 24, 2010.
- Since the commencement of the service a total of 86 calendar days are elapsed which is 6.73% of the contract period, and the consultant is paid ETB 1,237,954.65 to-date (June 2010) as advance payment up on submission of guarantee.

#### 4.3.4 Verification of Data

- All information given in the above section are extracted from the Technical and Financial Evaluation reports prepared by TAC and approved by CAC of ERA for the procurement of design services. Further, information regarding the supervision contract are also collected from the supervision contract agreement, progress reports etc. The information are verified to be complete to undertake the analysis of the procurement procedures.

### 4.4 Selection of the Contractor

#### 4.4.1 Selection Process for the contractor-Yencomad Inc.Plc

- Notice for invitation of bids for the project was posted on the Ethiopian Herald news paper on August 4 and 5, 2009, pursuant to the notice of invitation, fifteen contractors collected tender document form ERA before the deadline of submission.
- Out of the total contractor collecting the tender document, Seven contractors submitted their qualification application and financial bid documents before the deadline of the submission, October 8, 2009, 2;30pm. Here are list of the contractors who submitted their qualification application, (Akir Construction, Orchid in JV with Tidhar, Yencomad Inc.Plc, Berhe Hagos General Contractor, China International Water and Electric Corporation, Sunshine Construction Plc, and Sur Construction Plc.
- Pre-bid meeting was held on August 31, 2009 at 10:30 am at ERA conference room. The minutes of the pre-proposal meeting and Addenda No.1,2,3 were sent to prospective bidders before the deadline of the submission.
- The qualification applications and financial offers submitted by the contractors are examined for their conformity with the Instructions to Bidder

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(ITB) of the bidding document. Accordingly, the proposals are to the requirement of the ITB, and the post qualification application envelopes were opened in the presences of TAC, CAC and contractors representatives, while the financial proposal are kept in custody of CAC representative without opening.

- Signed copies of the post qualification application are given to the TAC for further evaluation based on the criteria stated in the bidding document.
- As a result of the post qualification evaluation of the contractors, TAC and CAC agreed to reject proposals from Orchid in JV with Tidhar, and China International water and Electric Corporation since they failed to meet the minimum requirement stated in the qualification criteria.
- However, TAC recommended the following contractors to qualify for further evaluation or to be post qualified, Akir Construction, Yencomad Inc.Plc, Berhe Hagos General Contractor, Sunshine Construction Plc, Sur Construction Plc.
- Following endorsement of post qualification evaluation result by the GM of ERA on December 04, 2009, the post qualified contractors had been notified to send their representative to open the financial bid on December 15, 2009 at 2:30 pm.
- The financial offers of the contractors were opened on the aforesaid date in the presence of representatives of TAC, CAC and the contractors. Up on opening of the financial offer, the readout bid prices for each contractor after arithmetic correction and rebate is under listed below, Akir Construction-ETB 831,526,340.40, Yencomad Inc.Plc-ETB755,409,675.00, Berhe Hagos General Contractor-ETB 762,441,528.35, Sunshine Construction Plc, ETB 820,613,835.09, Sur Construction Plc ETB 841,991,580.30, where the least bidder turned out to be Yencomad Inc. Plc.
- All the corrected financial offers of the contractors are compared to the Engineering estimate and all financial offers including the least bidder, Yencomad's is well below the engineer's estimate, ETB 871,637,737.02.
- Further, rates of major pay items of the least bidder in the bill of quantities are compared with rates in the Engineer's estimate. Rates of the least bidder on average are slightly below the rates in the engineer's estimate which are accepted by TAC.
- As a result of this, TAC recommended conducting contract negotiation with Yencomad Inc plc for a contract amount of ETB 755,409,675.00. The recommendation was endorsed by CAC at the meeting held on December 24, 2009 and the same was approved by Director General of ERA on December 28, 2009.

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#### 4.4.2 Award of the works contract

- As a result of the post qualification and financial evaluation of the contractor's bids and recommendation of TAC and CAC a contract negotiation was held between ERA and Yencomad Inc. plc on January 04, 2010. In the negotiation, both parties agreed the contract amount of the construction work to be ETB 755,409,675.00.
- Letter of acceptance for the construction of Gindeber-Gobensa road project is issued on January 05, 2010 to Yencomad Inc for the agreed contract amount in the above.
- Contract agreement is signed on January 08, 2008 between ERA and Yencomad Inc Plc for the construction of Gindeber-Gobensa road project, Contract III: Lot 2, for a contract amount of ETB 755,409,675.00.

#### 4.4.3 Execution of the works contract

- After signing the contract agreement, the contractor had been given notice to commence the works, and works commencing date is agreed to be fixed April 06, 2010 thereby the site handover took place immediately.
- It has been elapsed a contract period of 86 calendar days since the commencement of the work which is almost 6.73% of the contract period, however no significant progress in the construction work.
- So far the contractor has been paid only advance payment of ETB 100,735,828.97.

#### 4.4.4 Variation orders

As the construction work commence recently, no variation order had been given to the contractor.

#### 4.4.5 Claims

So far, no claim has been stated by the contractor

#### 4.4.6 Verification of Data

- All information given in the above section are extracted from the Post Qualification and Bid Evaluation reports prepared by TAC and approved by CAC of ERA for the procurement of design services. Further, information regarding the supervision contract are also collected from the works contract agreement, progress reports, correspondences of the contractor and the consultant etc. The information are verified to be complete to undertake the analysis of the procurement procedures.

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## 5 Analysis of Documents

### 5.1 Project Identification and budget

- A partial feasibility analysis was conducted for the project, Gindeber - Gobensa road (Semobo-Metehbila-Methara road project), that is economic viability analysis to select the most viable route alignment out of the proposed six alternative alignments in the design stage of the project. The government decided to implement the project so as to improve accessibility of the area, and to provide access to the area from Addis-Dessie and Addis-Djibouti trunk roads. In the viability analysis, the design consultant estimated the project cost to be ETB 7,026,800 per km in escarpment section of Sembo-Metehbila-Methara route alignment in 2006. Ginderber-Gobensa is part of the road section that traverses through very rugged topography of the area and the aforesaid cost was applicable to this road section throughout.
- However, the engineer's estimate of the project cost, after detail design was prepared and bill of quantities was developed, estimated to be ETB 871,637,737.02 for 33km length of the road which is equivalent to ETB 26,413,264.75 per km length. The cost increment in the engineering estimate and least bidder is about 376% and 325% of the cost estimated during the viability analysis respectively. The assurance team does not think that all this increment in the construction cost from the estimated in the viability study is attributed to inflation only in two years time.
- The design consultant AEC-CORE estimated the project cost to be ETB 7,026,800 per km length of the road in mountainous and escarpment section during economic viability study in August 2006. The same consultant issued an Engineer's estimate of ETB 26,413,264.75 per km length of the road in the completion of the design in September 2008, which is very high as compared to the cost used in the economic viability report. At this juncture, knowing the difference in the costs, the designing consultant should have revised the viability study based on the recently estimated cost to decide on other alternatives with optimized benefit and reduced cost of the project for highest benefit-cost ratio.
- The standard of the road assumed to be DS4 standard according to ERA design manual published in 2002, and paved road with DBST surface treatment. The width of road designed to be 10m including 1.5m shoulders in both side of the road. Width of the road increases to 19m in town sections to provide space for parking of vehicles and sidewalks. Sidewalks are provided in both side of the road for pedestrians. Later on the final design of the road, the pavement type was designed to be Triple surface treatment instead of Double surface treatment. The construction of the road is also carried out in the designed pavement type, triple surface treatment.

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## 5.2 Design Consultancy Contract

- ERA adopted open tendering procedure for the selection of design consultant by inviting all pre-qualified consultants to submit their proposal on popular newspaper. Upon invitation, seven consultants submitted proposals before the deadline of the submission. Pre-bid meeting was conducted and addendum was issued to amend the bid document. In the technical evaluation stage, out of the total seven consultants, three of them are rejected and the other four qualified for financial evaluation with scored points mentioned in section 4.2.1. Rejection of the consultants found to be justifiable, MH-DANA is due to major material deviation from the RFP requirements in proposed methodology, UNICONE-HEC-HAMDA is due to non-signed CVs of proposed personnel, and BEZA is due to misrepresentation of facts in the proposal.
- Financial proposal of the four qualified consultants was opened; the financial offer of the three consultants was close to each other while financial offer of SABA is much higher than the others. Arithmetic corrections were done for the financial offers based on the respective technical proposal. In the financial evaluation, AEC was the least bidder, but in the combined evaluation (Technical and Financial), TCDSCo has got the highest score; AEC-CORE followed second by slight difference with TCDSCo, 0.02%. As a procedure TAC recommended contract negotiation with TCDSCo since the consultant is the highest scorer in the combined evaluation. But CAC recommended contract negotiation with AEC-CORE, the second highest scorer and the least bidder by assuming that the score of the two consultants is the same when the combined score considered with a decimal place, that is 91.38% and 91.36% are rounded to 91.4%. TAC recommended the highest scorer for contract negotiation following the formal procedures provided that the combined evaluation score is given in two decimal places. If TAC's recommendation had been respected, the consultancy service would have been awarded to TCDSCo and ERA would be obliged to pay additional payment ETB 666,852.75 for the same service. However, due to CAC's decision the employer avoided the additional payment. We can not say that also the CAC decision is an offset from the normal procedure since the technical evaluation is done in one decimal place, and the financial and combined evaluation should be done for the same decimal places, which makes both consultants equal in the combined evaluation. In this case it is justifiable that contract negotiation was conducted with the least bidder
- The assurance team noted that the design consultancy service was not only for Gindeber-Gobensa (33km) but also for the network of Modjo-Arerti-Gobensa (80km) and Sembo-Methibila-Methara (146km) project including construction supervision service. The construction supervision service has

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been omitted from this contract since there was wide time gap in the commencement of the construction after completing the design work.

### 5.3 Supervision Consultancy Contract

- A number of consultants had submitted EOI for the consultancy service up on invitation of the same by ERA on one of the most popular news papers- Ethiopian Herald. Six consultants had been shortlisted and requested to submit proposals. Five out of six shortlisted consultants submitted their proposals before the deadline of the submission. Technical proposals of three consultants were rejected due to various reasons. Technical proposal of HEC was rejected since past performance of the consultant in another ERA's project was unsatisfactory. The rejection was found to be to the requirement of the RFP. The rejection of the other two consultants (DANA-MH JV and PANAf-Transnational JV) Consult was due to failure of the consultants to submit tax clearance certificate from appropriate tax collecting office valid for the bid submission date. As it is indicated in the technical evaluation report, the consultants failed to submit the tax clearance certificate in their proposal which was a requirement according to clause 3.2 of the '*Instruction to Bidder*' section of the RFP. However, ERA should have requested the consultants for clarification on the subject matter before rejecting the consultants and notification of the same. Receiving rejection notification, the consultants complained to bring the certificate if that was the case for rejection, and ERA gave them a chance to submit the tax clearance certificate immediately. One of the two consultants submitted, the other one not. In both case, the consultant's proposals were rejected since the submitted tax clearance certificate was not valid for the submission date. The final decision of ERA found to be acceptable by the assurance team. But rejection of the two consultants due to failure of submitting valid tax clearance certificate for the submission date was a premature decision. ERA should have requested clarification on the submitted certificate before rejecting the consultants.
- In the financial evaluation stage, financial proposal of two consultants were opened, but the financial offers have significant difference after arithmetic correction- TCDSCo-, ETB 8,306,483.18, Best Consult- ETB 12,379,546.45. The highest bidder is almost 50% greater than the least bidder. In the combined evaluation of the consultant's proposal, the highest bidder becomes the highest scorer or the most responsive consultant. Then ERA conducted contract negotiation and awarded the contract to the highest bidder. In fact, the financial offer of the highest bidder was evaluated against financial offer of recently awarded similar consultancy contracts where the financial offer of Best Consult was found to be well below the financial offer of the recently awarded contract. In the selection process, a significant number of technical proposals were opened for evaluation which is found by the assurance team adequate number, while in the financial proposal only two proposals were opened since majority of the proposal were rejected in the technical evaluation stage. The limited

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- number of proposals opened in the financial evaluation stage makes the selection process not competitive and costs the procuring entity more for the same consultancy service. Thus the procuring entity should devise a method in the future to make the selection process more competitive so that many proposals can be opened at the financial evaluation stage to get the most competitive price.
- Up to June 2010, it has been four months since the commencement of the service, the project was in mobilization period and there were no significant supervision activities at the project site except deployment of few staff to monitor setting of the work by the contractor and mobilization of experts to review design amendment proposal of the contractor.

#### 5.4 Works contract

- The construction of Gindeber-Gobensa road project with a length of 33km is being under taken by Yencomad INC PLc with a contract amount of ETB 755,409,675.00 which makes the road the most expensive in the country with an average cost of ETB 23,000,000.00 per a kilometer length of road. High price offer from bidders could be due to many reasons and the analysis has been discussed in this section below.
- In the procurement procedure, seven contractors submitted post qualification application, two of the applicants are rejected in the post qualification evaluation, and there were five applicants in the financial evaluation stage where Yencomad found to be the least bidder out of the five offers with the aforesaid expensive amount. Understanding the most expensive offer from contractors, TAC compared financial offer of the least bidder with the engineering estimate, but it is well below the engineering estimate. Further, TAC compared the most sensitive rates (Intermediate excavations, embankment and masonry for retaining wall) of the least bidder in the bill of quantity with the same rates in the engineering estimate. The rates of the least bidder are below and close to the same rates in the engineering estimate. As the financial offer of the least bidder is the most expensive in the country, the cost comparisons should have been extended to the recently awarded similar contracts to compare the financial offer of the least bidder with the recent market price, and to decide up on the fairness of the financial offer. This step had been omitted in the financial evaluation process for unknown reason.
- Thus once the procurement procedure has been analyzed and criticized for the aforesaid points, the bill of quantities of the road given in the tender document was evaluated against the requirement of the project work to analyze high offer from bidder, So it is difficult to undertake complete review on the design of the road, rough judgment was made on the design and bill of quantity of the project. Accordingly, quantities in Series 1000, 2000, 5000, 6000 and 9000 of the BOQ found to be reasonable for the length and width of the road. However, quantities in Series 3000 and 4000, earthworks and drainages with retaining walls are found to be exaggerated. In fact, the whole length of the road is located almost in mountainous

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topography where volume of excavation is expected to be very high and the needs of retaining walls are also significant. But the volume of excavation and Construction of Masonry retaining wall are seems to be exaggerated. As it is shown in the table below the total volume of excavation calculated to be 4,801,285m<sup>3</sup> for 33km length of the road which is extraordinarily high as compared to the recently implemented projects. Thus calculations of excavations and retaining wall issued by the design consultant should be reviewed for its correctness.

Table 5.1: Volume of excavation and retaining walls

Item	Description	Unit	quantity	Rate offered by the least bidder	Rate offered by the other bidders, avg(excl. highest bidder)	Rate of Engineer's estimate	Percentage of the least bidder Vs Engineer's estimate
<b>Series 3000: Drainages</b>							
34.03b	Retaining wall	M3	<b>221,606</b>	618	851.89	908	68.13%
<b>Series 4000: Earthworks</b>							
42.01a	Cut to fill	M3	1,564,900	43.13	55.77	52.17	82.67%
42.01b	Borrow to fill	M3	7,155	57.79	77.82	97.47	59.29%
42.01c	Intermediate to fill	M3	57,600	103.7	82.24	66.68	155.52%
42.01a	common excavation to spoil	M3	752,960	30.19	31.39	43.97	68.66%
42.03b	Intermediate excavation	M3	2,425,825	56.06	46.27	54.47	102.92%
	<b>Total excavation for the whole length of the road</b>	<b>M3</b>	<b>4,801,285</b>				

- Further, when we analyze financial offer of the bidders, the least bidder took advantage by offering relatively low price for Retaining wall as compare to other bidders as well as the engineer's estimates. While the least bidder offered higher prices for Intermediate excavations and pavement works. It seems that the contractor assumed that the volume of retaining wall construction will be reduced during construction of the road at the expense of increasing excavation. See the table in the above for the analysis of costs.

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- It has been elapsed a contract period of 86 calendar days since the commencement of the work which is almost 6.73% of the contract period, however no significant progress in the construction work. Mobilization period of the project was nearing completion by the end of June 2010. However, the status of the contractor in mobilization of resources required for the execution of the project work was not satisfactory. No major earthmoving equipments have been mobilized. Establishment of the project camp for engineers and contractor's staff was not completed. So far the contractor has been paid only advance payment of ETB 100,735,828.97 up on submission of advance payment guarantee.
- No claim was stated by the contractor, no variation was issued to the contractor except the contractor submitted design amendment report which is composed of mainly route re-alignment of the road to improve design of the road, however, at the time of this report preparation, the consultant is reviewing the proposal of the contractor to amend the design of the road. If the consultant is going to accept proposal of the contractor to amend the route alignment of the road, a lot of variation order will be given to the contractor.

## 5.5 Recommendation and causes of concern

The following highlighted findings have been observed in the feasibility analysis and procurement procedures of the works contract as discussed below for the attention of CoST-Ethiopia.

1. In the feasibility analysis, the project cost was assumed to be ETB 7,026,800 initially. Based on that, the most viable alternative was selected out of six alternatives proposed in the beginning of the feasibility study. After the design of the road had been completed the project cost was calculated to be ETB 26,413,264.75 per km length of the road which had showed a 376% increment from previously assumed in the feasibility study. Knowing huge cost increment, no revision of the feasibility study was carried out by the design consultant to see other alternatives of the road design which would have lesser construction cost and optimized benefit. The assurance team has doubt that the selected alternative would be feasible if the feasibility analysis had been revised using the engineer's estimate of the project. We can say that the public is obliged to expend huge amount of money for the construction of the most expensive road in the country which has compromised benefit.
2. In the Bill of quantity of the tender document, the volume of Retaining wall and Excavations are seem exaggerated, particularly the volume of excavation is unimaginable (Retaining wall=221606m<sup>3</sup>, total excavation = 4,801,285 m<sup>3</sup>), which escalates the project cost highly and make it the most expensive road in the country per a kilometer length of road.

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Further effort should be exerted to review design of the road for checking of the quantities or the designing consultant should give confirmation on correctness of the quantities included in the tender document.

3. In the cost analysis of the bid evaluation, comparison of rates offered by the least bidder with the same rates of recently awarded similar contracts was omitted. The comparison is important when offer of the least bidder is found to be very high. TAC of ERA omitted this comparison in the financial bid analysis while other cost analysis had been carried out. As a procedure the comparison had to be carried out to check financial offer of the least bidder is in the margin of the market price.

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## Appendix 1: Glossary

**Accountability:** responsibility of contracting parties for constructions of infrastructures in the sector. CoST's aim is to enhance the accountability of procuring bodies and construction companies for the cost and quality of public-sector construction projects.

**Audit:** inspection of work procedures to ascertain that works are done as anticipated.

**Budget:** an amount of money allocated by government to a project.

**Competitive Tendering:** process of procuring contracts by receiving more than one tender.

**Contract Price;** means the sum stated in an agreement representing the maximum, total or estimated amount payable for the provision of works or services.

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

**Consultant:** An organisation or individual who has made a contract to provide consultancy or expert services.

**Contract:** means the agreement entered into between procuring parties and construction companies, which is legally binding.

**Contract Documents:** means documents listed in contract agreement signed between the procuring entity and construction companies, including all attachments, appendices, and all documents incorporated by reference therein, and shall include any amendments thereto.

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

**Contract period:** Time fixed in the contract agreement for the supply of works, goods or services.

**Cost estimate:** A cost estimate prepared by the procuring entities of works, goods or services which provides a benchmark or a basis for evaluation and/or negotiation when tenders/offers are received from tenderers.

**Employer:** the Procuring Entity awarding construction and consultancy contracts for the project.

**Feasibility study:** An evaluation of a proposed project at initial stage to determine the difficulty and likely success and benefits of implementing the project.

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**Government:** means the Government of the Federal Democratic Republic of Ethiopia

**International Competitive Bid:** bid procedure announced by employers for procurement of contracts among international companies.

**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.

**National Competitive Bid:** bid procedure announced by employers for procurement of contracts among national companies only.

**Offer:** An offer can be the positive answer issued by a tenderer in response to a tender invitation, or an announcement to deliver goods, carry out works and/or services to every or a specific buyer without a specific request or invitation to tender. Also refers to an expression of readiness by a tenderer to enter into a contract.

**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 purchase works, goods and services with full or part public funding.

**Programme:** The projected timing of activities required under the contract.

**Quotation:** cost and time proposal of suppliers for execution of specific works, services or goods.

**Supervision contract:** A contract with a consultant to oversee the performance of the contractor on the construction work, to give a level of reassurance to the Employer about the quality of the work.

**Supplier:** a person, private or government entity, or a combination of the above, whose proposal to perform the contract has been accepted by the procuring entity and is named as such in the agreement, and includes the legal successors or permitted assigns of the Supplier.

**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

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**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.

**Time-Based contract;** means a contract under which the services are provided on the basis of fixed fee rates and payments are made on the basis of time actually spent.

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

**Two-stage selection:** selection of bidders first by evaluating their technical or post qualification application, and secondly by evaluating their financial proposal. A bidder should be post qualified or score a minimum point in the technical evaluation so that his financial proposal will be opened and evaluated; otherwise proposal of the bidder will be rejected in the first stage.

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## Appendix II: Material Project Information

Stage of project cycle	List of MPI to be disclosed	Project name; Modjo - Arerti-Gobensa, Sembo - Gobensa and Metehbila-Metehara Road Project: Contract 3: Lot 2: Gindeber-Gobensa
		Procuring Entity; Ethiopian Roads Authority
		Client (if different)
Project identification	Project purpose	Up grading of the road standard to DS4 according to ERA Standard, 2002.
	Location	North Shoa Zone of Amhara National Regional state
	Intended Beneficiaries	Road users, Peoples living along the road corridor and the country as a whole
	Specification	Triple surface treatment wearing course on 7m width and 2*1.5m DBST wearing shoulder in rural section, and 19m width of road in town sections.
	Feasibility Study	Economic Viability report to select the most viable route alignment as part of detail design.
Funding	Budget	ETB 755,409,675.00
	Engineer's estimate	ETB 871,637,737.02
Tender process (project supervision)	Tender procedure	Short listing by requesting EOI, NCB, QCBS(Quality and Cost based Selection) in accordance with PPA procurement procedure, 2006
	Number expressing interest	not disclosed
	Number short listed	six (Best, DANA,HEC,ICT-ICTE-Omega, Pan Africa & Transnational Engineers, TCDSCo.)
	Number submitting tender	Five (Best, DANA & MH Engineering, HEC, Pan Africa & Transnational Engineers, TCDSCo.
Tender process (main contract for works)	Tender procedure	Open Tender, NCB, Post Qualification and financial evaluation procedure, in accordance with PPA procurement procedure, 2006
	Number expressing interest	not applicable
	Number short listed	not applicable
	Number submitting tender	Seven (Akir, Berhe Hagos, China International water and electric corporation, Orchid in JV with Tidhar,

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Stage of project cycle	List of MPI to be disclosed	Project name; Modjo - Arerti-Gobensa, Sembo - Gobensa and Metehbila-Metehara Road Project: Contract 3: Lot 2: Gindeber-Gobensa
		Procuring Entity; Ethiopian Roads Authority
		Client (if different)
		Sunshine, Sur, Yencomad.
Contract award (project supervision)	Name of main consultant	Best Consulting Engineering PLC
	Contract price	12,379,546.45 including 15% VAT
	Contract scope of work	Supervision of Construction works, Contract Administration and Design review
	Contract program	42 months + 12 months of defect liability period
Contract award (main contract for works)	Name of main contractor	Yencomad Inc. PLC
	Contract price	ETB 755,409,675.00
	Contract scope of work	Construction of 33km length of triple surface treatment surfaced road with varying widths, 7m+2*1.5 DBST shoulders in rural and 19m in towns including sidewalk
	Contract program	42 months + 12 months of defect liability period
Contract Execution (project supervision)	Significant changes to contract price, program, scope with reasons	No significant changes as the project commences recently.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	No significant changes as the project commences recently.
	Individual significant changes to the contract which affect the program, with reasons	No significant changes as the project commences recently.
	Details of any re-award of main contract	None
Post contract completion details (main contract for works)	Actual contract price	not yet known
	Total payments made	100,735,829.97(70% of the max. allowed advance payment as of June 2010)
	Actual contract scope of work	yet not known
	Actual contract program	yet not known

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Appendix III: List of Documents disclosed

Document title	Subject of document
<b>For Detail Design Consultancy service (procurement ref. no. s/80/04)</b>	
(a) Technical Evaluation Report for Detail engineering design and Tender Document Preparation and Construction Supervision of Modjo-Edjere-Arerti and Sembo-Arerti-Wolenchti Roads Project, April 2005.	Technical Evaluation procedures for the selection of design consultant.
(b) Combined Technical and Financial Evaluation Report for Detail engineering design and Tender Document Preparation and Construction Supervision of Modjo-Edjere-Arerti and Sembo-Arerti-Wolenchti Roads Project, April 2005.	Combined Evaluation procedures for the selection of design consultant.
<b>For Supervision consultancy service (procurement ref. no. S/02/NCB/RP/GE/2002EFY)</b>	
(c) Technical Evaluation Report for consultancy services of Construction supervision of Modjo-Edjere-Arerti-Gobensa, Sembo-Sholagebeya Gorfo-Gobensa and Metehibila-Metehara road project, Contract III-Lot 2: Gindeber-Gobensa(33km), February 2010	Technical Evaluation for the selection of supervising consultants
(d) Financial Evaluation Report for consultancy services of Construction supervision of Modjo-Edjere-Arerti-Gobensa, Sembo-Sholagebeya Gorfo-Gobensa and Metehibila-Metehara road project, Contract III-Lot 2: Gindeber-Gobensa(33km), February 2010	Financial and combined Evaluation for the selection of supervising consultants
<b>For Works Contract (procurement ref. no. w/02/NCB/TS/GE/2002EFY)</b>	
(e) Post Qualification Evaluation report for Modjo-Edjere-Arerti-Gobensa, Sembo-Sholagebeya Gorfo-Gobensa and Metehibila-Metehara road project, Contract III-Lot 2: Gindeber-Gobensa(33km), November 2009.	Post qualification evaluation details for the selection of the contractor.
(f) Bid Evaluation report for Modjo-Edjere-Arerti-Gobensa, Sembo-Sholagebeya Gorfo-Gobensa and Metehibila-Metehara road project, Contract III-Lot 2: Gindeber-Gobensa(33km), December 2009.	Financial Bid evaluation details for the selection of the contractor.
<b>Contract Execution</b>	
(g) Quarterly Progress Report No.1 for Modjo-Edjere-Arerti-Gobensa, Sembo-Sholagebeya Gorfo-Gobensa and Metehibila-Metehara road project, Contract III-Lot 2: Gindeber-Gobensa, June 2010	Quarterly progress evaluation of the project execution. The report is prepared by the consultant and submitted to the employer
(h) Advance Payment Certificate to the contractor, 08/02/2010	Amount advance payment paid to the contractor.
(i) Advance Payment Certificate to the Consultant	Amount advance payment paid to

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<b>Document title</b>	<b>Subject of document</b>
03/06/2010.	the contractor.
(j) Letter of acceptance to the contractor 05/01/10	Award of the works contract
(k) Contract Document for the construction of works of Modjo-Edjere-Arerti-Gobensa, Sembo-Sholagebeya Gorfo-Gobensa and Metehibila-Metehara road project, Contract III-Lot 2: Gindeber-Gobensa,, January 2010 (Volume I)	Contract agreement signed between the contractor, Yencomad and the employer, ERA and other referred contract documents.
(l) Contract Document for Consultancy service for the construction supervision of Modjo-Edjere-Arerti-Gobensa, Sembo-Sholagebeya Gorfo-Gobensa and Metehibila-Metehara road project, Contract III-Lot 2: Gindeber-Gobensa,, March 20108 (Volume I)	Contract agreement signed between ERA and Best Engineering Consult Plc for the consultancy service of construction supervision of the project
(m) Master Work program of the contractor, 21/04/2101	Detailed method statement and work program of the contractor to undertake the construction work.

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