



CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE (CoST)

Report on assurance process

for

**Ginir-Imi-Gode Road Project
Contract 1: Ginir-Beredimtu**

(FINAL REPORT)

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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>PROJECT NAME</i>	<i>TEAM LEADER</i>	<i>TEAM MEMBER</i>
<i>Ginir-Imi-Gode Road Project Contract 1: Ginir-Beredimtu</i>	<i>ASSEFA BEYENE</i>	<i>TEKETELEW ALAYE</i>

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«ጅ»ጊ F። E'ā¼ L^aTμā ~ E^Λጊ M^ΛŠIY ^ΛW^ν lμፍī tEMŠ~t'ā ~t'ā:: Ššéc 'āÃ ጊ tV L^ΛV|līpý E^ΛW'āጊ Bī^r It·mlā ፍፆpŠqpE ፍፆ ፍፆpጋ»T EμfG::

- tM^v LH_ጊ«é^ΛāN E_{Lጊ}μ ^ΛW'āጊ It·mlā Šlj»^oY t^ol፣ E_{Lጊ}μ«ጅ «ጅ»ጊ ፍፆ|aaE E^ΛW pkW^Å pμ^lé'āጊ E^ΛW r[~]oe ፍፆ^Λ። ፍፆጊ«éAāN Š^ΛW pkW^¾æ EMēL^oārጊ E[~]μmfG ¼|h tፆpdIE pμ^lé'āጊ NFb ፍፆ^Λ። ፍፆጊ«éAāN tV L^ΛV|līpý ŠtM^v LH_ጊ«é^Λā EMēFCEErጊ ÝZ^pEov ፍፆELTLT t^lፆ^d ^ΛW'āጊ It·mlā tፆpጋ»^oT ፍፆfG:: ፍፆEDጋN ŠÝZ⁻CEpý Bī^r E^pፍ^Λā ጊጊlī ÝZ⁻CEpý ፍፆE^ppp l^pጊšEr μፍī m^lGiN l^pጊšEr Γ^r EMEi ~Eā l»N E^Λx ጋ'ā::
- ፍፆEDጋN lšéc ¼~r LPT^r EÝZ⁻CEpýጊ Bī^r t~ E·ጊmq'āጊ Aāጋፆq ILLGŠ^r EMēŠpE'ā BጋN ፍፆጊጊf ጊጊr Eé^Λ ፍፆvFG::
 - EÝZ⁻CEpý E^ΛW pkW^Å E_ጊM_ጊ ጊ^ΛrWCEጊ E_{Lጊ}μ ጊጊmq'āጊ EMŠ~ጊ l^rEr June 20,2008 ፍፆ.t.t Štér©É፣ L_ጊμ^ov mE^ΛG»ጊ ጋY 'āG ÔYMôG:: Ššéc μፍī ፍፆNZ E^ΛW pkW^¾æ ጊጊmq'āጊ ፍፆ^ΛW léD_ጊN E·ጊmq'ā Bī^r l^ppp Aāጋፆq F[~] ፍፆfG:: ፍፆ^ΛŠ June 2010 T^Λ 746 d~r E^pጋ^oU véD_ጊ ፍፆCN ME^r Št^ogF[~] EÝZ⁻CEpý Š^pጊšEr μፍī 'ā^Λ¼ 67.67% ፍፆD~G:: ጋμY ጊ lšéc μፍī 'ā^Λ¼ ጊጊmq'ā E^pŠ~ጋ'ā Št^ogF[~] EÝZ⁻CEpý RW 30.40% nu ፍፆD~G:: ፍፆCN EMē^lLECE^pā EÝZ⁻CEpý tጊ^Λg^l l»N E^p«ŠL LDጋጊ ጋ'ā:: E·ጊmq'ā L^lpr ፍፆ^ΛNEጊጊ^r EMē^od^Λār & l^f E ጊ^ΛrWCE^bጊ ጊmsv l^ΛW pkW^¾æ lšāG tELi^Tmt'ā E^Λጊ M^ΛŠIY ^ΛW lμፍī^rā tELP^Wpý ፍፆጊ«éAāN E_{Lጊ}μ «ጅ»ጋ'ā F[~] E'ā¼ L^aTμā~ EīEovN ~t'ā:: ፍፆEDጋN E^ΛW'ā L^lpr ItV L^ΛV|līpýN lšāG ፍፆጊ«éAāN l^pkW^¾æ lšāG CE^Lsv E^qፆ léD_ጊN lAāE^pýN lšāG E^qፆ^rጊ v·Zv t^Λp^cCE^Eā ÝZ⁻CEpýጊ l^pጊšEr μፍī ፍፆጊ«é^lGi t^ΛÔF^μé'ā ¼Tr L^aT· tEl^r::

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1 Summary

- Ginir-Beredimtu (90km) is the first section of Ginir-Imi-Gode (350 km) road projects which connects Bale Zone of Oromia to Gode zone of Somalia National regional state. The objective of constructing the road is to improve the accessibility of 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 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 elements of the road. ERA has disclosed almost all documents of the project except the feasibility study report despite delay in the delivery time.
- Feasibility study and Environmental Impact assessment was carried out for the whole length of Ginir-Imi-Gode link which recommended DS4 or DS5 standard of road with DBST pavement type or gravel surface respectively based on two development scenarios. However, during procurement of the works contract, the pavement type was adopted to gravel road instead of the originally proposed DBST for the reason that high offer from contractors for DBST work.
- Consultants for consultancy service of the project work and the contractor for the works contract are selected by evaluating submitted proposals of the consultants and the contractor. The consultants are invited to submit proposals by short-listing with out requesting for expression of interest (EOI), where as open tendering procedure was adopted for procurement of works contract.
- Two stage evaluation of proposals of 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.
- The construction work of the project is currently under progress with slow rate as compared to the scheduled rate which is attributed to mainly poor mobilization of resources by the contractor. Late removal of Right-of-way obstructions and design change attributed for the delay of the construction work. Other than this, ERA is discharging his responsibility by properly managing the works and consultancy contracts for proper execution of the project work.
- The supervising consultant is reviewing design of the road and issue variation orders based on the result of the design review. The consultant is also handling requests and claims forwarded from the contractor due to various reasons. The employer is also providing approval for the consultant's recommendation for steady progress of the work. There are indications in the progress of the work that possibility of completing the construction work with in the budget is most likely where as the original work program would be extended significantly.

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- The following highlighted findings have been drawn by the assurance team members regarding procurement and execution of the project.
 - Yencomad Construction, contractor of the project signed a contract agreement after contract negotiation and the commencement date was fixed to be June 20, 2008. So far up to end of June 2010, 746 calendar days were elapsed which was 67.67% of the contract period. However, the actual accomplishment of the project was only 30.40% of the contract work which shows serious delay in the progress of the work. Late progress of the work was attributed to mainly poor resource mobilization of the contractor, late removal of obstructions, design review at the first 15km section of the road. In this respect both the contractors and the employer has contributed for delay of the work. However, as the project work is in progress, there is still a chance to complete the work in time by revising work program of the project and mobilizing resource accordingly but it needs close follow up of the consultant and the client.

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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. Ginir-Beredimtu road project is one of the projects eligible for this pilot program.

Ginir-Beredimtu (90km) road segment is part of the road link, Ginir-Imi-Gode road which connects Ginir and Gode towns in Oromia and Somali regional states passing through Imi town. 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. Feasibility study was conducted for the road project in a package with other road segments in 2003 to determine the standard of the road for upgrading.

Ethiopian Roads Authority (ERA), representing the Ethiopian government signed a contract agreement with Yencomad Inc. PLC on 22 May 2008 for the construction of Ginir-Beredimtu (90km) segment of the road for a contract amount of ETB 541,718,515.05, after design of the road had been completed by joint venture consultants of CORE and DANA in 2006. ERA further signed supervision contract agreement with a supervising consultant, HAMDIA Engineering consult Plc on the 2nd day of June 2008 for a contract amount of ETB 7,752,539.70 for the consultancy service of Construction Supervision of Ginir-Beredimtu road segment, Contract 1.

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, Ginir-Beredimtu

2.4.1 General

Ginir-Beredimtu road segment is part of Ginir-Imi-Gode Road (approximately 350km) is located in the southeast part of the country in Bale and Gode zones of Oromya and Somali regional states respectively. The existing road condition was so deteriorated and it was a challenge for motorized traffic. The first 150km length of the road was gravel surfaced road but the rest section of the road was simply earth road with out surfacing.

Understanding accessibility problem of the region, the government included upgrading of the road project in its road sector development program. Accordingly, feasibility study was conducted for the road by Sheladia Associates, Inc of USA and Pan Africa Consultants plc of Ethiopia in the year 2001 as a package with other 17 road projects. The feasibility study was completed by the year 2003. Based on the result and recommendation of the feasibility study, joint venture of CORE-DANA prepared detailed design and procurement documents of the project. Accordingly, upgrading of the road is scheduled to be carried out in different contract sections and Ginir-Beredimtu, designated to be the first contract

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section, Contract 1. This section of the road has a length of 90km starting from Ginir town and 16km short of Beredimtu town crossing the Wabe River.

For the implementation of the upgrading project, Ethiopian Roads Authority (ERA) signed a contract agreement with Yencomad Inc. PLC on 22 May 2008 for the construction of Ginir-Beredimtu (90km) segment of the road. ERA further signed supervision contract agreement with a supervising consultant, HAMDA Engineering consult Plc on the 2nd day of June 2008 for the consultancy service of Construction Supervision of Ginir-Beredimtu road segment, Contract 1.

Most of the road section passes through flat topography with an exceptional mountainous terrain at the outskirts of Ginir town. The flat terrain necessitated installment of more than 200 minor drainage structures like Reinforced Concrete pipes, Box and Slab Culverts and construction of three new bridges. The new road will have 7m width in rural section and 19m in town sections with 20cm gravel surfacing. The construction work consists of excavation and earth filling to widen the existing road bed. Construction of new drainage structures as discussed in the above is also included in the construction work to mitigate drainage problems of the road corridor.

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 22 May 2008 for a contract amount of ETB 541,718,515.05, and to complete the work in 1095 calendar days. So far, up to end of June 2010 a total of 741 calendar days are elapsed which is about 67.67% of the contract period since the commencement of the work. However, the actual accomplishment was estimated only 30.40% of the total contract work which shows that there is critical delay in the progress of the work due to several reasons, but poor mobilization of resources by the contractor takes the lion share. Variation orders are being issued to the contractor in the design and quality of the work by the consultant. The contractor is stating claim due to many reasons; the consultant is evaluating the claims and issue response to the contractor.

2.4.3 Supervision Contracts

HAMDA Consulting engineers entered into a contract agreement with ERA on June 02, 2008 for the provision of consulting services for the construction supervision of the project for a contract price of ETB 7,752,539.70. The contract is a time based contract and will last for a period of 1095 calendar days plus 365 calendar days. So far a total of 752 calendar days are elapsed since the commencement of the service and total of ETB 5,079,228.52 has been paid to the consultant. No changes have been made on the supervision agreement but it is inevitable that there will be extension of the service since there is serious delay in the progress of the work.

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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. 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 Ethiopian Roads Authority 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 with top ERA and CoST Ethiopia representatives it was possible to collect the following documents of the project all in hard copies.

For detail Design consultancy service (procurement ref. no. s/105/05)

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

For Supervision consultancy service (procurement ref. no. S/61/07)

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

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For Works Contract (procurement ref. no.w/59/08)

- (e) Post Qualification Evaluation report (re-tendered, April 2008)
- (f) Financial Bid Evaluation report (May 2008)
- (g) Financial Bid Evaluation report (procurement ref. no. w/03/07, February 2008)
- (h) Annual Progress Report, June 2010
- (i) Payment Certificate

It is observed from the above collected information of the project; the works contract is re-tendered again where two Bid evaluation reports are found. The reason for re-tendering of the procurement is discussed in the analysis section of the report.

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 for some project in the pilot. Ginir - Berdimtu is one of those projects in the list, but when we open the folder there was only EIA (Environmental Impact Assessment) report instead of full feasibility report.

In the design tender evaluation report it is mentioned that Sheladia Associates of USA and Pan African Consult of Ethiopian conducted the feasibility study in joint venture for Ginir-Imi-Gode (350km) project, where Ginir-Beredimtu is the first 90km section of the road. The feasibility study was conducted in a package with other 17 road projects. The study was completed and submitted to ERA in the year 2003. Nevertheless it is not possible to get the feasibility report despite repeated contacts with ERA representatives.

(b) Financing agreement

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

The assurance team could not collect correspondences of the following documents from ERA, but the information was provided in the annual progress report disclosed by ERA. The correspondence are then collected from the consultant later.

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

3.2 Summary of Collected Documents and delivery date

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Collected Document	Date requested	Delivery Date
For detail Design consultancy service (procurement ref. no. s/105/05)		
(a) Technical Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 16, 2010
(b) Combine Technical and Financial Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 16, 2010
For Supervision consultancy service (procurement ref. no. S/61/07)		
(c) Technical Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 09, 2010
(d) Combine Technical and Financial Evaluation Report for the selection of Consultants, one bounded hard copy.	July 30, 2010	August 09, 2010
For Works Contract (procurement ref. no.w/59/08)		
(e) Post Qualification Evaluation report (re-tendered, April 2008)	July 30, 2010	August 09, 2010
(f) Financial Bid Evaluation report (May 2008)	July 30, 2010	August 09, 2010
(g) Financial Bid Evaluation report (procurement ref. no. w/03/07, February 2008)	July 30, 2010	August 09, 2010
Contract Execution		
(h) Annual Progress Report, June 2010	July 30, 2010	July 28, 2010
(i) Payment Certificate, July 2010	July 30, 2010	August 24, 2010
(J) Variation order	July 30, 2010	August 24, 2010
(K) Claims	July 30, 2010	August 24, 2010
(L) Time Extension	July 30, 2010	August 24, 2010
(M) Works Contract Document	July 30, 2010	July 28, 2010
(N) Supervision Consultancy Agreement	July 30, 2010	August 02, 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 minimum requirement should be fulfilled at post qualification stage, or there should not be major material deviation from requirements in proposal 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

- The RFP has been addressed to the following consultants on march 17,2005 after short-listing based on their past performances in other ERA projects; UNICONE, CORE Consulting, Highway Engineers and Consultants, Yerer Engineering, GATMeTS International Plc.
- Pre-proposal meeting was held on April 11, 2005 at 2:30 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, May 10, 2005 at 2:30pm
- Out of the short-listed consultants, only two of them (HEC-UNICONE-HAMDA JV) and CORE-DANA JV submitted technical and financial proposals in separate envelops.
- 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.
- As per the result of the evaluation of the technical proposals, both consultants are reported to be responsive with points for CORE in JV with DANA-86.8% AND HEC-UNICONE-HAMDA –81.4%.
- 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 June 23, 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 2,432,422.50 ETB for CORE-DANA JV and ETB 5,272,290 for HEC-UNICONE-HAMDA JV.
- TAC has gone through the financial bid for any arithmetic correction and found that some key personnel are excluded from the financial offer of the least bidder; correction had been done on the financial offer to the requirement of the RFP. The financial offer of the least bidder was also compared to financial offer of recent offers and it was found out by the TAC that the offer of the least bidder is slightly smaller than the average and acceptable while offer of the other is much higher than the average. As a result of combined weighting (Technical and Financial), CORE-DANA JV scored 89.1, while HEC-UNICONE-HAMDA scored 74.3, hence TAC recommended contract award negotiations with CORE-DANA JV for a total contract amount of ETB 2,432,422.50. The recommendation was endorsed

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by CAC at the meeting held on July 07, 2005 and the same was approved by GM, ERA on July 16, 2005 for appointment of the consultant.

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.

4.3 Selection of Supervising Consultant

4.3.1 Selection Process

- The RFP has been addressed to the following six consultants on November 20, 2007 after short-listing based on their past performances in other ERA projects; Metaferia Consulting Engineers in JV with Omega Cons. Eng., SABA Engineering PLC, Compatran Engineering and planning Associates, Yerer Engineering, MH Engineering, HAMDA Engineering Consult Plc.
- Pre-proposal meeting was held on December 05, 2005 at 2:30pm at ERA conference room. The minutes of the pre-proposal meeting and Addendum No.1 were sent to all invited short-listed before the deadline of the submission, December 27, 2007 at 2:30pm
- Out of the short-listed consultants, only three of them (Metaferia Consulting Engineers in JV with Omega Cons. Eng., Yerer Engineering, HAMDA Engineering Consult Plc. submitted technical and financial proposals in separate envelops.
- 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.
- As per the result of the evaluation, the technical proposal from Yerer Engineering Plc has reportedly major deviation from the requirement of ITB 3.2 of the RFP (absence of past experience confirmation letter of proposed personnel from their CVs) and agreed by TAC to reject the proposal. The consultant failed to submit tax clearance certificate and renewed license. However the other two proposals are reported to be responsive with points for Metaferia Consulting Engineers in JV with Omega Cons. Eng., 88.5%, and for HAMDA Engineering Consult Plc-87.1%.
- 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 March 27, 2008 at 3:00pm.
- The financial proposals of the consultants are opened on the aforesaid date in the presence of representatives of TAC, CAC and the Consultants.

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Up on opening of the financial offer, the readout bid prices for each consultant were ETB 8,666,957.15 ETB for Metaferia-Omega JV and ETB 7,774,274.70 for HAMDA Engineering Consult Plc.

- TAC has gone through the financial bid for arithmetic correction or any other correction on the financial offers. Accordingly the financial offer of Metaferia-Omega JV consult had been corrected and increased to ETB 8,768,818.40 while the financial offer of Hamda slightly decreased to ETB 7,752,539.70.
- Finally, the combine (Financial and technical) score of the consultants reported to be 90.8% for HAMDA and 87.9% for Metaferia-Omega JV. As a result of this, TAC recommended conducting contract negotiation with HAMDA Engineering Consult Plc with contract amount of ETB 7,752,539.70 with a certain negotiating points.
- The recommendation was endorsed by CAC at the meeting held on April 11, 2008 and the same was approved by GM, ERA on April 29, 2008.

4.3.2 Appointment of the Consultant-HAMDA Engineering Consult Plc

- According to the recommendation of CAC, a contract negotiation had been conducted between ERA and Hamda in a meeting held on May 6, 2008 at 2:30pm. Both parties agreed on many points including the contract amount of the consultancy service to be ETB 7,752,539.70.
- Based on the contract negotiation conducted on May 6, 2008, ERA and HAMDA Engineering Consult Plc signed a contract agreement on June 02, 2008 for the constancy service of Construction supervision Ginir-Imi-Gode Road Project; Contract 1; Ginir-Beredimtu for a contract amount of ETB 7,752,539.70 including VAT.

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 June 17, 2008.
- Since the commencement of the service a total of 741 calendar days are elapsed which is 67.67% of the contract period, and the consultant is paid ETB 5,079,228.52 to-date (June 2010).

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.

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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 first published on the Ethiopian Herald on September 4 and 5, 2007. Then due to change in some of the project works an amendment to the earlier notice was posted again on September 23 and 24, 2007. However due to high bid offer from contractors, ERA has decided to change the scope of the work from DBST to gravel road which required re-tendering.
- Consequently, pursuant to notice for re-invitation of bid posted on the Ethiopian Herald news paper on March 14 and 15, 2008, eight applicants (Yencomad Inc.Plc, SABA Construction, GAD Construction, SATCON Construction PLC, Ahmet Aydeniz Construction Plc., Alemayehu Ketema General Contractor, DMC Construction Plc, and AKIR Construction Plc.) collect the bidding document and six of them submitted qualification application and financial offer in separate envelops before April 24, 2008 at 2:30 pm, deadline for submission of bids.
- Out of the total eight companies SATCON Construction PLc and GAD Construction failed to submit their qualification application and financial offer despite they collected bidding document.
- Pre-bid meeting was held on April 03, 2008 at 2:30 at ERA conference room. The minutes of the pre-proposal meeting and Addendum No.1,2,3 were sent to all perspective 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 (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 on the following, Alemayehu Ketema to be allowed for further evaluation unconditionally, three contractors, Ahmet Aydeniz, Yencomad and Akir are allowed for further evaluation conditionally, but two contractors, SABA and DMC are rejected from further evaluation.
- Following endorsement of post qualification evaluation result by the GM of ERA on April 29, 2008, the post qualified contractors had been notified to send their representative to open the financial bid on May 07, 2008 at 5:45.
- The financial offers of the contractors are 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 given below, Akir-565,899,367.72, Yencomad-541,718,515.05, Alemayehu Ketema-623,175,173.68, Ahmet Aydeniz-585,030,214.98.
- All the corrected financial offers of the contractors are compared to the Engineering estimate and the financial offer of the least bidder,

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Yencomad's is 2.9% less than engineer's estimate. As a result of this, TAC recommended conducting contract negotiation with Yencomad Inc plc for a contract amount of ETB 541,718,515.05. The recommendation was endorsed by CAC at the meeting held on May 08, 2008 and the same was approved by GM, ERA on the same date.

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 May 13, 2008. In the negotiation, both parties agreed the contract amount of the construction work to be ETB 541,718,515.05.
- Letter of acceptance for the construction of Ginir-Beredimtu road project is issued on May 15, 2008 to Yencomad Inc for the agreed contract amount in the above.
- Contract agreement is signed on May 22, 2008 between ERA and Yencomad Inc Plc for the construction of Ginir-Beredimtu road project, Contract 1 for a contract amount of ETB 541,718,515.05.

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 June 20, 2008 the site handover took place immediately.
- It has been elapsed a contract period of 741 calendar days since the commencement of the work which is almost 67.67% of the contract period, however the actual work accomplishment is estimated to be only 30.40% of the contract work which shows that there is serious delay in the execution of the contract. The main reasons for the delay of the construction work are reportedly mentioned in the annual work progress of the consultant as follows. Poor mobilization of the contractor, Delay in removal of physical obstructions, design discrepancies and time required to rectify it, shortage of water for construction etc.
- So far the contractor has been paid a total of ETB 242,475,902.20 in 18 payment certificates.

4.4.4 Variation orders

The following Variation orders are either issued to the contractor or proposed to be issued to the contractor.

Variation Order No.1: Design Change in the alignment and profile of the road at sta. 0+000-15+000 is issued by the Consultant in his letter of ref. no. HDM/GNR/123/09.

Effect on cost and work program: the Variation order has a cost saving of ETB 14,502,403.81 but nothing has been said about its effect in the work program.

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Variation Order No.2: Material Quality Variation in the Masonry Bridge Abutments to Class A instead of the Original Class B. The variation order is proposed by the consultant through his letter of ref. no. HMD/GNR/179/10 and dated on 31 may 2010. Nothing has been said about its effect in the cost and work program of the project.

4.4.5 Claims

The following claims are stated by the contractor

Claim No.1 : Time Extension claim (Reference number of letter yen/gb/1/235/08 and dated 08/08/08)

Reason for claim: Delay in the progress of the work due to Rainfall in August 2008 on the highlands of Bale Mountain and denial of access to the project.

Decision on the Claim: Rejected by the Consultant due to Clause 11.1(d) of the GCC

Claim No.2: Time Extension (120 days) and Additional Cost claim (Ref no. of letters yen/gbrp/782/09 and dated 09/05/09, yen/gbrp/704/09 and dated 14/04/09, and yen/gb1/880/09 and dated 19/08/09)

Reason for claim: Delay in the progress of the work due to Design Change of the first 15km (0+000-15+000) section of the road.

Decision on the Claim: The Financial Claim is rejected by the consultant but 45 calendar days extension of time is proposed by the consultant in his letter of ref. no. HMD/GNR/180/10 dated 18/06/2010 which is submitted to the client for approval.

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

- Feasibility study was conducted for Ginir-Imi-Gode (350km) Road project as a link to connect Bale zone of Oromia and Gode Zone of Somalia national regional states. The objective of the road construction is to provide the zones' resident access to social services, market, administration offices etc, and thereby fostering social and economic development of the region. The feasibility study of the project recommended two standards of the road by considering two development scenarios. If the project area is going to be fully developed the road standard should be DS4, while in case of partial development of the area the road standard should be DS5 with gravel surfacing.
- Design of the road and tender documents were prepared for both standards independently. As a result of the feasibility study the road was decided to be up graded to DS4 road standard initially with a width of 7m and pavement type of DBST assuming that the area will be developed fully in the near future. However, due to high offer from the contractors for DS4 standard and uncertain assumption made on the area development, the works contract was re-tendered for DS5 standard by assuming that it is unlikely the area will develop fully in the near future. Initially the project cost was estimated to be ETB 667,006,852.17 by the design consultant for DBST pavement while for DS5 standard of the road the project cost was estimated and reduced to be ETB 557,859,141.40.
- ERA awarded the works contract for the construction of the road in DS5 standard to the requirement of ERA design manual published in 2002. The road will have a width of 7m in rural section and 19m in town section to provided space for parking lane and sidewalk in towns. Pavement type of the road designated to be gravel road having a thickness of 20cm throughout the project length. The construction cost of the project was agreed to be ETB 541,718,515.05 which is slightly lower than the engineer's estimate.

5.2 Procurement procedures

- In the selection process of consultants, ERA adopts short-listing of consultants for the procurement of design and supervising consultancy service without requesting Expression of Interests (EOI). In standard procedure, the short-listing should be based on evaluation of Expression of Interests submitted by the consultants upon public invitation of ERA on newspapers. However, in our case, ERA short listed consultants without requesting expression of interests. The short-listing might be based on past performance of consultants in other ERA funded projects. However, ERA must have a provident system to evaluate performance of consultants from time to time to get a feedback for short-listing of competent consultants.

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5.3 Design Consultancy Contract

- Two consultants submitted proposal before the deadline of the submission and evaluation of the Technical proposal of the consultants was carried out by TAC of ERA. In the technical evaluation, the proposals found to be sound and responsive, except methodology of bridge foundation investigation proposed by both consultants was not found feasible for TAC. TAC recommended negotiation with the most responsive consultant to undertake simplified bridge foundation investigation which sounds reasonable instead of rejection.
- There is big difference in the financial proposal of the consultants ETB 2,432,422.50 for CORE-DANA JV and ETB 5,272,290 for HEC-UNICONE-HAMDA JV. The least bidder offered less than fifty percent of the highest bidder. In the combined evaluation of the consultants, the least bidder was the most responsive consultant. Seeing the wide gap in the financial offer, TAC compared the consultants offer against offer of recently awarded ERA projects. As a result of the comparison, the financial offer of CORE-DANA found to be close to the financial offer of recently awarded consulting contracts where as the financial offer of HEC-UNICONE-HAMDA JV found to be highly exaggerated. As a result of the comparison, TAC recommended contract negotiation and award of the consultancy service to CORE-DANA JV.
- The assurance team noted that the design consultancy service was not only for Ginir-Beredimtu (90km) but also for the whole route length of Ginir-Imi-Gode (350) project including construction supervision service.

5.4 Supervision Consultancy Contract

- Out of the short-listed six consultants, only three of them (Metaferia Consulting Engineers in JV with Omega Cons. Eng., Yerer Engineering, and HAMDA Engineering Consult Plc. submitted proposals before the dead line of the submission.
- Out of the three submitted proposals, Yerer Engineering was rejected at the technical evaluation stage since experience record of personnel was not attached with their CV, and the consultant failed to submit tax clearance certificate and renewed license. The assurance team found that the rejection is reasonable since it is based on the requirement of the bidding document.
- Financial offer of the two consultants who pass the technical evaluation was opened. The read out financial offer are corrected for arithmetic. The financial offers are very close to each other and a combine evaluation of the consultant was done to select one of them, and Hamda Engineering found to be the most responsive consultant and recommended for award by CAC. The assurance team believes that the evaluation addressed all issues adequately and the selection is to the standard.

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- The consultancy contract was award to Hamda Engineering for a contract amount of ETB 7,752,539.70 and for a contract period of 36 months plus 12 months of defects liability period.
- After the award of the consultancy contract to HAMDA Engineering, notice to commence the service was order by ERA almost 10 days ahead of commencement of the construction operation by the contractor which is reasonable time to monitor the construction operation of the contractor.
- Up to June 2010, 67.67% of the contract time was elapsed but no variation order is issue to the consultant. However, the consultant proposed a 45 days time extension to be granted for the contractor. If the time extension is approved by ERA then the contract period of the consultant will be extended in the respective time. So far the consultant has been paid a total of ETB 5,079228.52 which is 65.51% of the contract amount. The amount paid so far is proportional to the time elapsed and this shows that there is no over payment in the course of operation.
- In general, the consultant is discharging its responsibilities by assigning the required personnel except ERA commented performance of the consultant in most duties and responsibilities of the consultant in his letter of ref. no. mm3/155/1-1360 and dated 21/08/2009 (almost one year after commencement of the service). This shows that good capacity of ERA to evaluate performance of consultants for good implementation of the construction work.

5.5 Works contract

- Initially the tender document floated in September 2009 was for the procurement of DBST paved road. In this tender, a total of seven prospective contractors submitted qualification application. However, in the end of the evaluation, the least bidder found to be Aydeniz-KMC JV with an amount of ETB 664,885,280.74. The offered amount was compared with the engineering estimate and it is 0.06% less than the engineering estimate. However, rates of major pay items in the bill of quantity are much higher than the rates in the engineering estimate up to 171%. As it was stated in evaluation report of the latest bid floated on March 14 and 15, 2008, the previous tender was cancelled due to high offer from bidder. The assurance team convinced that the cancellation of the bid is reasonable since the least bidder offered higher rates for items susceptible to variations.
- When the works contract was re-tendered, scope of the work was reduced to gravel surfaced road instead of DBST paved road designated in the initial tender. The scope of the work was changed in the second tender as a result of change in the assumption of development scenario of the project area by ERA. ERA recently assumed that the project area will not develop fully in the near future and construction of DBST paved road will not be feasible. The assurance team believes that the decision might consider the

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latest development of the area and ERA assumed stage development of the road project.

- In the tender process, eight contractors collected bidding document and six contractors submitted their qualification application. In the post qualification evaluation, two of the six contractors SABA and DMC are rejected from further evaluation for the reason that SABA failed to meet specific construction experience stated in the criteria, and DMC failed to meet the minimum construction capacity stated in the criteria and poor performance of the contractor in other ERA project. The assurance team believes that the post qualification process is acceptable since rejection and acceptance of the contractors in the process was to the requirement of the bidding document.
- The financial proposals of the post qualified contractors were opened and evaluated for completeness of the financial offer. Arithmetic correction and amendments for discounts were made for the read out financial offers. The financial offers of the contractors are compared with the engineering estimate. The offer from the least bidder was well below the engineering estimate, the others are not. All rates of pay items in the bill of quantities of the financial offers are compared to rates of the same pay items in the engineering estimate. Actually there are some differences in few pay items but not in major pay items which affect value of the work. In the end multiple contract assessment was done for the financial evaluation as four contract sections are evaluated at the same time. In fact, the contractor offered prices for all four contract section and he is the least bidder in all sections but the contractor is eligible only for one contract. When multiple contract assessment was done, offer of Yencomad found to be acceptable for this contract section. The financial evaluation was carried out in an acceptable standard and all aspects of the financial issues had been dealt by the evaluators. The assurance team has not recorded any substandard procedures in the recommendation of CAC of ERA for the contract award to Yencomad with a contract amount of ETB 541,718,515.05
- After contract negotiation and letter of acceptance to the most competitive bidder, Yencomad, a contract agreement was signed and the commencement date was fixed to be June 20, 2008. So far up to end of June 2010, 746 calendar days were elapsed which was 67.67% of the contract period. However, the actual accomplishment of the project was only 30.40% of the contract work which shows serious delay in the progress of the work. Late progress of the work was attributed to mainly poor resource mobilization of the contractor, late removal of obstructions, design review at the first 15km section of the road. In this respect both the contractors and the employer has contributed for delay of the work. However, as the project work is in progress, there is still a chance to complete the work in time by revising work program of the project and mobilizing resource accordingly. In fact, the contractor was revising work program of the project from time to time up on request of the consultant but the actual progress of the work has wide gap with the work program. The contractor submitted, performance bond, advance payment guarantee,

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conditional for 70% of the advance payment and unconditional for 30% of the advance payment, and Contractor's all risk insurance policies.

- So far the contractor had been paid a net payment of ETB 248,816,570.49 up to end of June 2010 including advance payment, ETB 85,291,919.51 and price adjustment of ETB 12,429,765.83 and work executed in the bill of quantities ETB 161,894,957.93. Advance repayment and retentions are deducted from the contractor's payment certificate. The percentage of payment made for works executed in the bill of quantity is 29.57% of the contract amount which is equal to nearly the percentage of works executed to date 30.40% this shows that there is no over payment made to the contractor.
- The contractor had been issued so far two variation orders

Variation Order No.1: Design Change in the alignment and profile of the road at sta. 0+000-15+000 is issued by the Consultant in his letter of ref. no. HDM/GNR/123/09. The Variation order has a cost saving of ETB 14,502,403.81 but nothing has been said about its effect in the work program. However, the contractor's claim No.2 is associated partly with this design change and the consultant proposed a time extension of 45 calendar days due to delay imposed on the commencement of the earthwork (October 1, - November 15, 2008). As per clause 44 of the general condition of the contract, design change is one of the factors which entitled time extension for the contractor.

Variation Order No.2: Material Quality Variation in the Masonry Bridge Abutments to Class A instead of the Original Class B. The variation order is proposed by the consultant through his letter of ref. no. HMD/GNR/179/10 and dated on 31 may 2010. Nothing has been said about its effect in the cost and work program of the project. The contractor has been notified the consultant's intention to vary the quality of abutment masonry to Class A type instead of Class B type designated in the original design of the bridge. The consultant is evaluating impacts of variation order before it is instructed to the contractor.

- Claims of the contractor are analyzed as below

Claim No.1: Time Extension claim (Reference number of letter yen/gb/1/235/08 and dated 08/08/08)

Reason for claim: Delay in the progress of the work due to Rainfall in August 2008 on the highlands of Bale Mountain and denial of access to the project.

Decision on the Claim: Rejected by the Consultant due to Clause 11.1(d) of the GCC.

The decision of the consultant is reasonable based on clause 11.1 (d) of the GCC where the contractor should know about the site before submitting its proposal.

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Claim No.2: Time Extension (120 days) and Additional Cost claim (Ref no. of letters yen/gbrp/782/09 and dated 09/05/09, yen/gbrp/704/09 and dated 14/04/09, and yen/gb1/880/09 and dated 19/08/09)

Reason for claim: Delay in the progress of the work due to Design Change of the first 15km (0+000-15+000) section of the road and denial of access to a project section at sta. 22+500-31+000.

Decision on the Claim: The Financial Claim is rejected by the consultant but 45 calendar days extension of time is proposed by the consultant in his letter of ref. no. HMD/GNR/180/10 dated 18/06/2010 which is submitted to the client for approval. The time extension claim is proposed based on Clause 44 of the general condition of the contract and delay imposed on the progress of the work due to design change (October 1-November 15, 2008). The financial claim was rejected since there were no idle equipments.

5.6 Causes of Concern

The following highlighted findings have been drawn by the assurance team members regarding procurement and execution of the project.

- Yencomad construction, contractor of the project signed a contract agreement after contract negotiation and the commencement date was fixed to be June 20, 2008. So far up to end of June 2010, 746 calendar days were elapsed which was 67.67% of the contract period. However, the actual accomplishment of the project was only 30.40% of the contract work which shows serious delay in the progress of the work. Late progress of the work was attributed to mainly poor resource mobilization of the contractor, late removal of obstructions, design review at the first 15km section of the road. In this respect both the contractors and the employer has contributed for delay of the work. However, as the project work is in progress, there is still a chance to complete the work in time by revising work program of the project and mobilizing resource accordingly but it needs close follow up of the consultant and the client.

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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; Ginir-Imi-Gode Road Project, Contract 1; Ginir-Beredimtu
		Procuring Entity; Ethiopian Roads Authority
		Client (if different)
Project identification	Project purpose	Up grading of the road standard to DS5 according to ERA Standard, 2002.
	Location	Oromia Regional State, Bale Zone
	Intended Beneficiaries	Road users, Peoples living along the road corridor and the country as a whole
	Specification	Gravel wearing course surfacing, width of road, 7m in rural section and 19m in towns, 90km of length of the road
	Feasibility Report	Feasibility Study was conducted but Not made available
Funding	Budget	contract price (ETB 541,718,515.05)
	Engineer's estimate	ETB 557,859,141.40
Tender process (project supervision)	Tender procedure	Short listing, NCB, QCBS(Quality and Cost based Selection) in accordance with PPA procurement procedure, 2006
	Number expressing interest	not applicable
	Number short listed	six (SABA Engineering, Metaferia Consulting Engineers, Compatran Engineering Consultants and Planning associates, YERER Engineering, MH engineering, HAMDA Engineering Consultants.)
	Number submitting tender	three (Metaferia Consulting Engineers, YERER Engineering, HAMDA Engineering Consultants)
Tender process (main contract for works)	Tender procedure	Open Tender, NCB, Post Qualification Procedure, in accordance with PPA procurement procedure, 2006
	Number expressing interest	not applicable
	Number short listed	not applicable
	Number submitting tender	six (Alemayehu Ketema, SABA Construction PLC, DMC Construction, Yencomad INC PLC, Akir Construction PLC, Ahmet Aydeniz Construction.)
Contract award (project supervision)	Name of main consultant	HAMDA Engineering Consultant PLC
	Contract price	7,752,539.7 including 15% VAT
	Contract scope of work	Supervision of Construction works, Contract Administration and Design review
	Contract program	36 months + 12 months of defect liability period
Contract award	Name of main contractor	Yencomad Inc. PLC

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Report on Assurance Process for Ginir-Beredimtu Road Project

Stage of project cycle	List of MPI to be disclosed	Project name; Ginir-Imi-Gode Road Project, Contract 1; Ginir-Beredimtu
		Procuring Entity; Ethiopian Roads Authority
		Client (if different)
(main contract for works)	Contract price	ETB 541,718,515.05
	Contract scope of work	Construction of 90km length of gravel surfaced road with varying widths, 7m in rural and 19m in towns
	Contract program	36 months + 12 months of defect liability period
Contract Execution (project supervision)	Significant changes to contract price, program, scope with reasons	So far no significant changes, but there are indication that there will be extension of time.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	<p>_The project cost decrease by ETB 14,502,403.81 due to design revision at the first 15km section of the road. The change order is issued by the consultant upon approval by the Employer</p> <p>_The consultant reviewed design of major drainage structures and expressed its intention to issue a variation order to the contractor to change the masonry type to Class A type instead of originally stated Class B this would have effect of increasing the project cost if the variation is issued.</p>
	Individual significant changes to the contract which affect the program, with reasons	_A proposal was submitted to the employer by the consultant for approval, to entertain the contractor a time extension of 45 calendar days. This was due to claim stated by the contractor (120 calendar days) for the delay incurred by design revision in the first 15km length of the road.
	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	242,475,902.3 (June 2010)
	Actual contract scope of work	so far the same as to the original
	Actual contract program	Not yet known

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Appendix III: List of Documents disclosed

Document title	Subject of document
For detail Design consultancy service (procurement ref. no. s/105/05)	
(a) Technical Evaluation Report for Detail engineering design and Tender Document Preparation of Ginir-Imi-Gode Road Project, June 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 of Ginir-Imi-Gode Road Project, June 2005.	Combined Evaluation procedures for the selection of design consultant.
For Supervision consultancy service (procurement ref. no. S/61/07)	
(c) Technical Evaluation Report for consultancy services of Construction supervision for Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu, February 2008	Technical Evaluation for the selection of supervising consultants
(d) Financial Evaluation Report for consultancy services of Construction supervision for Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu, April 2008.	Financial and combined Evaluation for the selection of supervising consultants
For Works Contract (procurement ref. no.w/59/08)	
(e) Post Qualification Evaluation report for Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu (re-tendered, April 2008)	Post qualification evaluation details for the selection of the contractor after re-tendered
(f) Bid Evaluation report for Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu (May 2008)	Bid evaluation details for the selection of the contractor after re-tendered
(g) Financial Bid Evaluation report for Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu (procurement ref. no. w/03/07, February 2008)	Bid evaluation details for the selection of the contractor in the first tender invitation.
Contract Execution	
(h) Annual Progress Report No.2 for Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu, June 2010	Annual progress evaluation of the project execution. The report is prepared by the consultant and submitted to the employer
(i) Payment Certificate No. 20 , July 2010	Details of Payment effected to the contractor to-date and in the month of June 2010
(J1) Variation order No.1: Instruction for Variation, 25/12/08	Variation order, to undertake the road construction for the first 15km length as per the revised design.
(J2) Variation order No.2: Instruction for Variation, 12/06/10	Intention of Variation order to change bridge masonry to Class A

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Document title	Subject of document
	type instead of Class B type stated in the original design
(K1) Time extension claim by the contractor 08/08/08	Time extension claim due to interruption of works by Rainfall in August 2008.
(K2) financial and Time extension claim by the contractor 09/05/09	Time extension claim due to delay imposed in the progress of the work by design change.
(L) Time Extension Proposal 18/06/2010 addressed to ERA	Evaluation the contractor's time extension claim and proposal of the consultant to extend completion time by 45 calendar days
(M) Contract Document for the construction works of Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu, May 2008 (Volume I)	Contract agreement signed between the contractor, Yencomad and the employer, ERA and other referred contract documents.
(N) Contract Document for Consultancy service for the construction supervision of Ginir-Imi-gode Road Upgrading project: contract 1: Ginir-Beredimtu, May 2008 (Volume I)	Contract agreement signed between ERA and Hamda Engineering Consult Plc for the consultancy service of construction supervision of the project
(O) Work program of the contractor, 05/08/08	Detailed method statement and work program of the contractor to undertake the construction work.
(P) Letter of Acceptance to the contractor, Yencomad Inc PLC 19/05/2008	Award of the works contract

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