

# CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE ETHIOPIA (CoST-ETHIOPIA)



**Pilot Study by the Assurance Team for**

**St. Paul's Millennium Medical College Construction Project**

**FINAL REPORT**

**September, 2010**

**By Shemelis Mekonnen**

**eE**

**Table of Content**

<b>LIST OF ACRONYMS / ABBREVIATIONS.....</b>	<b>2</b>
<b>ORGANIZATION OF THE REPORTS.....</b>	<b>3</b>
<b>EXECUTIVE SUMMARY.....</b>	<b>4</b>
<b>BACKGROUND.....</b>	<b>4</b>
<i>Construction Sector Transparency Initiative (CoST).....</i>	<i>4</i>
<i>History of the project.....</i>	<i>5</i>
<b>1.1 BACKGROUND.....</b>	<b>8</b>
<b>1.2 OBJECTIVES OF THE STUDY.....</b>	<b>9</b>
<b>1.3 SCOPE OF WORK.....</b>	<b>9</b>
<b>1.4 SUMMARY OF THE SELECTED PROJECT.....</b>	<b>12</b>
<b>1.4.1 Selection of the Consultant for the engineering design.....</b>	<b>12</b>
<b>1.4.2 Works Contracts.....</b>	<b>13</b>
<b>COLLECTION OF DOCUMENTS.....</b>	<b>15</b>
<b>2.2 ASSESSMENT AND DOCUMENTATION.....</b>	<b>16</b>
<b>3. FINDINGS.....</b>	<b>17</b>
<b>3.1. GENERAL FINDINGS ON COMPLETENESS &amp; ACCURACY OF DOCUMENTS.....</b>	<b>17</b>
<i>Key notes on collected documents.....</i>	<i>17</i>
<b>3.2 PROJECT IDENTIFICATION.....</b>	<b>18</b>
<b>3.3 INTENDED BENEFICIARIES.....</b>	<b>19</b>
<b>3.4 PROJECT FUNDING.....</b>	<b>19</b>
<b>3.5 TENDER PROCESS.....</b>	<b>19</b>
<b>3.5.1 Procurement of Consultancy Services.....</b>	<b>19</b>
<b>3.5.2 Procurement of Works Contracts.....</b>	<b>21</b>
<b>3.6 MAIN WORKS CONTRACT.....</b>	<b>23</b>
<b>4. CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>24</b>
<b>4.1 CONCLUSION.....</b>	<b>24</b>
<b>5. ANNEX.....</b>	<b>25</b>

## **LIST OF ACRONYMS / ABBREVIATIONS**

AT	Assurance Team
BOQ	Bills of Quantity
CoST	Construction Sector Transparency Initiative
E. C.	Ethiopian Calendar
EH	Ethiopian Herald
EPE	Ethiopian Press Enterprise
FDRE	Federal Democratic Republic of Ethiopia
FMOH/MOH	Federal Ministry of Health/ Ministry of Health
GCC	General Conditions of Contract
NCB	National Competitive Bidding
LOA	Letter of Acceptance
MOI	Ministry of Infrastructure
NMSG	National Multi Stakeholder Group
PPRA	Public Procurement Authority
RE	Resident Engineer
RFP	Request for Proposals
TOR	Terms of Reference
VAT	Value Added Tax
VO	Variation Order

## **Acknowledgement**

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

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

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

## **Organization of the Reports**

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

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

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

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

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

As a result, CoST-Ethiopia engaged a team of consultants, Assurance Team (AT), to assess and confirm the correctness of the MPI and disclose to the public domain through National Multi-Sector Group. The selected project is subjected to service and cost overruns. In line with this requirement, among of other projects St. Paul's Millennium Medical College is selected for the study which is located in the capital Addis Ababa at St. Paul's General Hospital.

## History of the project

The project is intended to build a complex that constitutes supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound. The Client is The Federal Ministry of Health (FMOH) who entered a contract dated 9<sup>th</sup> June 2010 with a company Asmelash & Sons Construction Pvt. Ltd. at a contract Price of Eth. Birr. 73,705,033.57 including 15% VAT for a period of 820 calendar days.

ETG Designers and Consultants Plc. were awarded the consultancy services design phase a contract amount of Eth. Birr. 591,675.00 including 15% VAT for a period of 120 Calendar days. The Consultancy Contract agreement was signed between Federal Ministry of Health and ETG Designers and Consultants Plc. on 14<sup>th</sup> January 2008. According to the works contract, the project is expected to be started after 21 days of site handover on 15<sup>th</sup> June 2010, and was supposed to be completed in 820 calendar days. It is undergoing project which has an age of one month when this report is prepared.

## Key Findings

- (i) The PE has short listed 14 consultants for design study and prepared a letter of invitation to them dated on 25<sup>th</sup> July 2007. Nine consultants have showed their expression of interest to participate on the bid. The number of consultants for the PE to have enough competitors is appreciable. However, no evidence was disclosed to check whether all 14 invited bidders have collected the invitation letter from PE.
- (ii) The Client / PE short listed 14 consultants for design study and prepared a letter of invitation to them dated on 25<sup>th</sup> July 2007. Regarding the selection of bidders the law of the Government of Ethiopia PPA "Selection of bidders", has obliged

**eE** the PE to procure the service on open tender. Otherwise there must be a justification to use for short list bid. As per the correspondence letter evidence, it can be observed that the PE has chosen the method of selected bid for the service was to get the consultants which have an experience on low cost building design.

*As per the letter from PE to CoST-Ethiopia ref no MT1/24/25/48 dated on 24 Nov, 2010, it is stated that 'they just followed the instruction given by the council of Ministers and accordingly they made a call of assistance for the capacity Building Minister (CBM). In return the CBM has been provided them the list of all consultants trained and registered in specialised of cost efficient building design'. However, AT couldn't get justified document for the instruction given by the council of Ministers.*

- (iii) The contract document for consultancy service contract had not fully match with the RFP, it is stated the service required is only for design but on the contract agreement the supervision work is mentioned and signed.

*As per the letter from PE to CoST-Ethiopia ref no MT1/24/25/48 dated on 24 Nov, 2010, it is stated that 'FMOH didn't sign the contract agreement with the consultant for supervision but the supervision financial proposal was annexed with the contract document'. However, at the time of this report, the PE, /FMOH/ is doing the supervision and contract administration work by their own staff.*

- (iv) After selecting the consultant, the date of the signed agreement on the consultancy contract document is 14/01/2008 but PE has signed the document, dated 25/04/2008. which is contrary to the Regulation of PPA , article 32.3

(e)E The contract agreement was signed between contractor and PE is based on the obsolete Government law of condition of contract, '*The Standard Condition of Contract for civil Works 1994*'. However, for public procurement works contract the new Government law has replaced it with '*Standard Condition of Contract PPA, January, 2006*'.

### **Summary on findings**

The scope of this study is based on the collected documents and verbal information from PE and consultants. In spite of the fact that some relevant documents are not available, the documents that are obtained from the PE are accurate and adequate for the given assignment. The AT had made analysis based on the available documents and reached at satisfactory results. The AT believed that key findings stated above are main problems should be addressed to the public through NMSG. The overall study of the project is explained in each and every stage in the following section.

---

*St. Paul's Millenium Médical Collège Construction Project*

Team leader : Yaregal Ali \_\_\_\_\_ , Team membre : Shimelis Mekonnen \_\_\_\_\_



# 1eIINTRODUCTION

## 1.1 Background

CoST is a multi-stakeholder initiative designed to increase transparency and accountability in the construction sector. It is being piloted in seven countries, Ethiopia being one of them. The aim is to enhance the accountability of procuring bodies and construction companies for the cost and quality of public sector construction projects. It will do this by disclosing to the public key project information at all stages of the construction project cycle.

CoST Ethiopia has assigned AT to study ***St. Paul's Hospital College Construction project*** which is located in Addis Ababa. The selection of the project was done by CoST Ethiopia. The project is intended to construct a complex that constitutes supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound.

The Employer is Ministry of Health who entered to a contract with Company Asmelash & Sons Construction Pvt. Ltd. at a contract Price of Eth. Birr. 73,705,033.57 including 15% VAT for a period of 820 calendar days. ETG Designers and Consultants Plc. were awarded the consultancy services design phase a contract amount of Birr. 591,675.00 including 15% VAT for a period of 120 Calendar days.

Although it is intended that the initial focus of CoST is the period from the award of the main contract for construction until final build, on this specific project, it is important that information disclosed from the initial identification of the project to the start of construction work should be analyzed in detail. This is due to the current stage of the project is at the start of the construction stage and it is believed that the focus of the study on tendering process will minimize the future risk of cost and time overruns.

## eE

### 1.2 Objectives of the Study

The Assurance Team has the following core objectives:

1. To assist the NMSG to liaise with the Procuring Entities (PEs) of CoST projects to ensure the collection of the relevant Material Project Information (MPI)
2. To verify the accuracy and completeness of MPI disclosures on all or a subset of CoST projects, as required by the NMSG
3. To produce reports that are clearly intelligible to the non-specialist, outlining the extent and accuracy of information release on CoST projects In addition, the Assurance Team may be called upon:
4. To analyze disclosed and verified data on all or a subset of CoST projects in order to make informed judgments about the cost and quality of the built infrastructure
5. To produce reports that are clearly intelligible to the non-specialist, highlighting any cause for concern that analyzed information reveals

### 1.3 Scope of work

#### Project selection

- ❖ Before the Assurance Team was appointed the NMSG have decided the Procuring Entities (PEs) to be involved in CoST and secured their agreement.
- ❖ The NMSG also have defined the criteria to be used for the selection of projects, acquired a list of projects meeting the criteria from the selected PE, and selected projects. From the list St. Paul's Hospital College Construction project have been selected projects for the assignment.

#### Data collection

- ❖ Prior to the appointment of the Assurance Team, the cooperation of the PE should already have been secured and arrangements made for disclosing the required MPI.

- e❖ If this is not the case, a member of the AT may be required to help the NMSG to liaise with the PE to ensure publication on an on-going basis of the relevant project information on the project.
- ❖ Even when arrangements have been agreed for forwarding information from the PE to the NMSG, it may be that not all the information required will be forwarded in a timely manner. The AT may therefore be required to assist in obtaining the information. This will probably involve visiting the PE in person.
- ❖ On an ongoing basis, the AT should report in a manner clearly intelligible to the non-specialist the extent of information release on CoST projects, highlighting any lapses in the timely release of MPI.

#### Data verification

The NMSG will select all or a subset of CoST projects for further analysis to verify that the MPI is complete and correct. Differing degrees of verification may be required:

- ❖ Some of the information on the list in Annex A (e.g. feasibility studies, financing agreements etc.) commissioned by the PE and produced by others. In these cases the AT will be required simply to verify the source of the report, confirm that the information is complete and is the latest version available.
- ❖ Tender evaluation reports for the supervision and the works contracts, as well as the initial contract prices, scope and program, may require more careful scrutiny and/ may need to be checked and confirmed from other sources.
- ❖ The most rigorous verification may be required on the information concerning changes to the contracts (for supervision and for works) during implementation. The information to be released, on an on-going basis, during contract implementation includes
  - (i) individual significant changes to the contract which affect the price and reasons for those changes and
  - (ii) Individual changes to the contract which affect the programs and duration and reasons for those changes. To ensure accuracy and completeness, the

**eE** information released should include more detailed source documents, such as variation orders, claims and payment records. This information may also need to be checked and confirmed from other sources.

- ❖ The principal alternative sources against which MPI can be checked are the records of the consultant and the contractor.
- ❖ To produce a report that is clearly intelligible to the non-specialist outlining the completeness and accuracy of information release on CoST projects.

#### Data analysis and report writing

For all or a subset of CoST projects, the AT may be called upon to make elements of the MPI more easily understood by the general public. What the public is particularly concerned about (and the focus of CoST) is getting ‘value for money’ in publicly funded construction projects. This means that:

- AT will be expected to make informed judgments, from the MPI that is being released, on the cost and quality of the infrastructure under construction.
- AT will need to undertake a more detailed analysis of the released information, paying particular attention to variations and claims, application of price fluctuation clauses etc.
- It is necessary in order to assess whether the extensions of time and increases in cost are justified in the documentation.
- The AT may also be requested by the NMSG to check on the quality of the construction, for example by site visits at critical stages of the project. Some form of quality check may be necessary in order to assess whether or not the structure is being built to the given specification.
- AT will be expected to highlight for the public any ‘cause for concern’.

- eE** AT may simply report the facts that give cause for concern and leave it to the NMSG and/or the wider public to ask questions and raise challenges, which may include calls for further investigation.
- The AT will be expected to produce short reports on the above for dissemination to the NMSG and through them, as appropriate, to the public at large.

## **1.4 Summary of the Selected Project**

### **1.4.1 Selection of the Consultant for the engineering design**

The Federal Ministry of Health has a plan to construct an institution to solve the shortage of medical scholars in the country. St. Paul's Hospital is selected to construct Medical College under its administration. A TOR was developed by Ministry of Health in collaboration with St. Paul's Hospital at the time of 1999 E. C. The TOR was prepared for consultants to design a complex that constitutes supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound.

There is no tendering notice for the design work. A letter, is forwarded from Ministry of Capacity Building dated 18/10/1999 E.C, consists of list of companies which are able to apply cost efficient design. The numbers of the listed companies were fourteen but there is no evidence weather all short listed consultants received the invitation or not. As per the invitation nine of the consultants has shown expression of interest. The client invited the nine firms for the submission but three of them submitted the bid document. The three firms named:

1. BET consulting,
2. ETG Designers and Consultants,
3. Geretta Consult

One of them ETG Designers and Consultants is awarded for the consultancy that was evaluated by the aggregate sum of technical and financial proposals' points. A signed and sealed contract agreement for design was forwarded to the consultant on the date of 14th January 2008.

Even though the supervision work is not stated in the contract document, with no reason the price of supervision work is mentioned and signed. According to verbal information which is given by the PE the supervision work will take care of by the client. A summary of the consultant data is given in Table 1.

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

Contract Item	Description
Contract Name	Consultancy Services for design of St. Paul's Millennium Medical School and Maternity Buildings
Contract Number	
The Employer	Federal Ministry of Health
Financier	The Ethiopian Government (verbal information)
The Engineer / Consultant	ETG Designers and Consultants Plc.
Original Contract Price	Eth. Birr 591,675.00
Original Contract Period	120 Calendar days
Key Dates	Original Contract Signing: 14 <sup>th</sup> January 2008 Commencement Date: 21 <sup>st</sup> January 2008 Official Submission and approval: 15 <sup>th</sup> September 2009

#### 1.4.2 Works Contracts

Tendering notice for the works contract was advertised by The Ethiopian Herald Newspaper on the date 30th and 31st of January 2010. The deadline for submission of tenders was on 19th February 2010 at 2:00 pm, but on the minutes of meeting and technical evaluation report the submission date was 10<sup>th</sup> March 2010 at 2:30pm. The date was postponed by twenty days. Eight firms collected the bidding documents, but only six firms had submitted the tender document. Based on the technical and financial report the work contract for the project is awarded to Asmelash & Sons Construction Pvt. Ltd., for a contract period of 820 calendar days. A summary of the works contract data is given in Table 2

**Table 2: Contract Data for Works Contract**

Contract Item	Description
Contract Name	St. Paul's Millennium Medical College Construction
Contract Number	CN-006/2002
The Employer / Client	Federal Ministry of Health
Authority	Federal Ministry of Health
Financier	The Government of Ethiopia
The Engineer / Consultant for design	ETG designers and Consultants Plc.
Contractor	Asmelash & Sons Construction Pvt. Ltd. Company
Original Contract Price Amount	Birr 73,705,033.57 including 15% VAT
Original Contract Period (Time of completion)	820 calendar days
Maintenance Period	365 Calendar Days
Key Dates	Contract signing: 9 <sup>th</sup> June 2010 Site Hand over : 15 <sup>th</sup> June 2010 Commencement Date: 5 <sup>th</sup> July 2010 Completion Date: August 2012 Not approved by the client
Retention Amount	Five Percent (5%) of the certificate amount

**eE**



## 2.1 STUDY APPROACH

### Collection of Documents

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

The AT, having entered into a contract agreement with Construction Sector Transparency Initiative CoST Ethiopia, collection of documents have been performed from FMOH (the Client). Before the assignment of AT, CoST- Ethiopia has already signed memorandum of understanding outlining schedule of project information and documents to be disclosed by the procuring entity for the pilot programme on selected projects. Based on the memorandum of understanding the following documents relevant to the study were requested:

- (a) Feasibility Study Reports
- (b) Financing Agreement
- (c) Tender Evaluation Reports for Works and Consultancy Services
- (d) Contract Documents
- (e) Project Files
- (f) Variation Orders
- (g) Progress Reports
- (h) Extension of Time Correspondences
- (i) Payment Certificates
- (j) Audit Reports
- (k) Completion Report

Items (a) and (i) were not made available while item (b) was not relevant because the project was fully financed by the Government of Federal Republic of Ethiopia (FDRE).

Hence there was no financing agreement. Items from (f) to (k) are not yet to be prepared because the project is at the commencement of construction stage.

The Assurance Team (AT) obtained an introduction letter from The Federal Ethics and Anti-Corruption Commission to request documents from Ministry of Health (client).

The PE has appointed two appropriate focal persons whom are the chief staff of the office and directly concerned for the project run. Initially AT has contacted one of the focal person to supply copy of documents and provided some copies from the requested documents. For the remaining documents, AT with CoST Ethiopia has made an effort to collect on time. Finally the second focal person was informed to work with AT for the supply of documents. An improvement was seen and most of the documents have been collected. The PE has also informed Consultants and Contractors orally to cooperate AT for the collection of necessary documents from their office. The response from both Consultants and Contractors were appreciated. The documents necessary for the assignment are collected with a few exceptions. Almost 60% of the time was wasted for collecting the documents.

## **2.2 Assessment and Documentation**

The Assurance team has carried out a detailed study on the documents and supportive oral information obtained from PE, Contractor and Consultant. The study was done based on reviewing and understanding of PE program at the initial project identification during planning (feasibility) stage, compliance with procurement procedures stipulated during tendering phase. Documentation was then carried out to record, assess and report findings and recommendations obtained from the study.

## 3. FINDINGS

The findings are split into six main categories. The first group, on section 3.1, covers general findings on completeness & accuracy of documents while parts two, three and four, on section 3.2, 3.3 and 3.4, deal with findings on initial project identification stage, intended beneficiaries and project funding respectively. Findings on tender process for both consultancy services and work contract are summarized in part five on sections 3.5, and on contract works management are contained in part six on sections 3.6.

### 3.1. General Findings on completeness & accuracy of documents

The general findings cover aspects related to difficulty in acquiring documents, for this study, and completeness or adequacy of contract documents and consultancy services contract. Even second letter of disclosure is addressed on July 30, 2010 and the PE couldn't make it available all necessary MPI to the AT till August 19, 2010. It took about sixty (60%) percent of the study period to obtain most of the documents. In fact, some relevant documents have not been made available at all; the collected documents are shown on Annex 2.

#### Key notes on collected documents

- ❖ Copies of documents are collected from PE office directly from the focal persons
- ❖ Some of the documents have no sign and seal, specially the RFP of consultants
- ❖ The PE was expected to supply all documents to CoST Ethiopia with formal letter, however due to inefficiency of focal persons of PE and time constraint the AT has collected the documents informally from PE on different time. The PE was expected to inform formally to the consultant and contractor to disclose general activity of the project for the Assurance Team.

The Assurance Team (AT) in connection with CoST Ethiopia has made great effort to solve the problems. AT also visits consultant office for verification and completeness of

documents as necessary as possible. Visiting contractor office was not important as the construction work is at the commencement stage and even not started yet due to some problems. Nevertheless, the following documents couldn't be supplied by the procuring entity,

- ❖ Financial agreement
- ❖ Design report
- ❖ Payment certified to the consultant
- ❖ Letter of award for consultancy

Although the above documents are important for better quality of report, it can be considered that the information provided is accurate and believed to be adequate for the purpose of this study.

Lately, the PE has forwarded a letter to CoST-Ethiopia ref no MT1/24/25/48 dated on 24 Nov, 2010, and the following documents are available;

- Design report
- Payment certified to the consultant
- Letter of award for consultancy

### **3.2 Project identification**

The project was planned to be designed based on the program studied by FMOH in the absence of feasibility study. The feasibility study report was not made available; however, detail analysis is made based on the available program prepared by FMOH. The absence of proper feasibility study affected, in some extent, the performance of the project. Specifically, the following issues were noted:

1. The consultant was asked to improve the design during the comments of the client as explained on the letter dated on 14/05/08.

- e12. The project is delayed due to the immediate approval of Preliminary design the consultant submit on 28/10/08 but the client send the approval on 19/12/2008.

### 3.3 Intended beneficiaries

The St' Paul's Hospital is situated about 6km from the City Centre, and it is one of the referral hospital in the country. The Federal Ministry of Health has a plan to construct an institution to solve the shortage of medical scholars in the country. St. Paul's Hospital is selected to construct Medical College under its administration. A TOR was developed by Ministry of Health in collaboration with St. Paul's Hospital at the time of 1999 E. C. The TOR was prepared for consultants to design a complex that constitutes supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound.

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

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

### 3.4 Project Funding

With verbal information regarding to project funding, the Government of Ethiopia financed the project fully i.e. one hundred (100%) percent. Hence no financing agreement was entered into.

### 3.5 Tender Process

#### 3.5.1 Procurement of Consultancy Services

The procurement of consultancy services was carried out in accordance with the TOR document as published by the Ministry of Health and St. Paul's Hospital and invites the short listed consultant. 14 consultants have been invited and nine have submitted expression of interest. Out of nine only three Consultants were manage to submit the bid document on the deadline for submission September 17, 2007 at 2.00PM. The technical proposal is opened clearly by the selected committee from the client with the presence of the three bidders.

The evaluation report on technical proposals concluded that the three firms have fulfilled the requirements specified in the TOR and eventually the Tender committee approved the three firms named BET Consulting, ETG Designers and Consultants, and Geretta Consult. Next the financial evaluation is opened on November 21, 2007 at 2:00PM. The evaluation is analysed based on the given score of 80% and 20% technical and financial respectively.

Based on the combined technical and financial evaluation, ETG Designers and Consultants awarded of the contract for the amount of Eth. Birr 591,675.00 including 15% of VAT for a period of 120 Calendar days. The consultancy services contract was entered into between the Ministry of Health (MOH) and ETG Designers and Consultants on January 14, 2008.

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

- (i) The Client / PE short listed 14 consultants for design study and prepared a letter of invitation to them dated on 25<sup>th</sup> July 2007. Nine consultants have shown their expression of interest to participate on the bid. However, no evidence was disclosed to check whether all 14 invited bidders have collected the invitation letter from PE. Regarding the selection of bidders the PE should

- eE** make open bid by publishing a newspaper of wide circulation or other means of circulation instead of short listing according to the PPA "Selection of bidders" or has to justify the reason for choosing short listing method for the bid. For the justification of the bid to use short listed method, AT couldn't get documentary evidence from PE. However, list of consultants have been disclosed to the PE from Ministry of Capacity of Building.
- (ii) The contract document for consultancy service contract is not fully match with the RFP. it is stated the service required is only design but on the contract agreement the supervision work is mentioned and signed. Currently supervision work is doing by the PE/Client.
  - (iii) After selecting the consultant, the date of the signed agreement on the consultancy contract document is 14/01/2008 but PE has signed the document, dated 25/04/2008. This is contrary to the Regulation of PPA , article 32.3
  - (iv) The contract agreement was signed between contractor and PE is based on the previous 'The Standard Condition of Contract for civil Works 1994', it should have been replaced by 'Standard Condition of Contract PPA, January, 2006'.

### 3.5.2 Procurement of Works Contracts

The procurement of works contract was conducted in national level. The invitation bid was advertised on the "Ethiopian Herald" Newspaper on 30th January 2010. The deadline for submission was 19th of February 2010 at 2.00pm local time. A total of eight (8) bidders purchased the bidding documents and six have submitted before the deadline. The submission date was postponed to 10<sup>th</sup> of March 2010 at 12.00am local

time due to additional works to be included on the contract. The bid opening date was 10<sup>th</sup> of March 2010 at 2.30pm local time. All the contractors qualified for the technical evaluation and the financial bid opening was 30<sup>th</sup> of April 2010 at 10:00am. The results are as shown in Table 3.

**Table 3: Bid Opening Results**

No	Bidder Name	Financial Bid opening	Financial result after Arithmetic check
1	YOTEK Construction	100,108,506.70	100,437,572.42
2	GAD Construction Plc.	66,500,622.52	66,711,305.07
3	FLINTSTONE Engineering.	64,897,997.82	64,559,785.42
4	Eminete Endashaw General Contractor	74,645,388.69	75,333,232.40
5	Demera Engineering and Construction Plc.	84,603,657.82	86,045,801.82
6	Asmelash and Son's Plc.	57,480,352.80	64,091,333.54

Based on the technical and financial reports, the PE has awarded the works contract to the contractor 'Asmelash & Sons Construction Pvt. Ltd', as it was the least bidder, for a contract period of 820 calendar days.

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

- (i) The invitation for bids was advertised in "The Ethiopian Herald" Newspapers on 30<sup>th</sup> January 2010. The deadline for submission was on 19<sup>th</sup> Feb.2010 at 2:00 pm hours. The floating time for bid submission was 21 days which is contrary the Regulation of PPA, which specifies a minimum of 30 days. Due to additional works the client extended the time of submission on March 10, 2010.



**eE** *As per the letter from PE to CoST-Ethiopia ref no MT1/24/25/48 dated on 24 Nov, 2010, it is stated that the delay was happened due to the communication and being delay of the correspondence letter between FMOH and the Hospital. However PE have tried to manage this gap and extended the bid by two weeks time.*

(ii) The contract agreement was signed between contractor and PE is based on the previous *'The Standard Condition of Contract for civil Works 1994'*, it should have been replaced by *'Standard Condition of Contract PPA, January, 2006'*.

(iii) The PE has revised the 'Bill of Quantities (BOQ)' document for tendering works contract. As per the verbal explanation of PE, the reason for revising the BOQ is to identify and correct any error which could result in potential increment of budget and variations during implementation stage.

### **3.6 Main Works Contract**

The construction of the project is at the commencement stage. Formal construction site handover was taken on the presence of PE and Contractors representatives. The Contractor have submitted the master work schedule to the PE but not yet approved. *As per the letter from PE to CoST-Ethiopia ref no MT1/24/25/48 dated on 24 Nov, 2010, it is stated that the delay was due to delay of removal of the expired medicine found below the ground level & this had been clear out by the responsive body before the site handover. Therefore they have to stay until the removal of the expired medicine or revise the submitted schedule.* The supervision and contract administration consultation is carried out by the PE. The PE is expected to give the service of supervision and contract administration to the consultant or prepare qualified professions for the project.

## **4.1 CONCLUSIONS AND RECOMMENDATIONS**

### **4.1 Conclusion**

AT has performed a study on the analysis of MPI at all stages based the availability of documents. The documents supplied from PE are accurate and adequate for the assignment even though some important documents have not been supplied.

Due to the commencement stage of the project verification from Contractor is not done for the time being. Analysis on the variations of cost and time overruns is not applicable however the PE has to give attention on the immediate solution to any future problem to the project. The project was administered by FMOH on behalf of St. Paul Hospital. Clear cut assignments on both parties should be identified so that conflicts of responsibilities will be avoided.

## 5e ANNEX

### Template for collecting Material Project Information from PE

Procuring Entity:.....Federal Ministry of Health (FMOH)

Project: ..... St. Paul's Millennium Medical College/ School

Location:..... Addis Ababa, Ethiopia.

#### Annex -1

Stage of Project Cycle		List of MPI to be Disclosed	Disclosure Status
Prior disclosures in support of CoST	<b>Project identification</b>	<ul style="list-style-type: none"> <li>• <b>Project specification</b></li> <li>• <b>Purpose</b></li> <li>• <b>Location</b></li> <li>• <b>Intended beneficiaries</b></li> <li>• <b>Feasibility study</b></li> </ul>	<ul style="list-style-type: none"> <li>• Constructing supportive facilities; dormitory, administrative, cafeteria and demolishing existing structures and site work of the overall relationship of the compound.</li> <li>• Construction of Medical College building</li> <li>• ,St. Paul's Hospital, Addis Ababa</li> <li>• Medical Universities , General public</li> <li>• No feasibility study report</li> </ul>
	<b>Project funding</b>	<ul style="list-style-type: none"> <li>• <b>Financing agreement</b></li> <li>• <b>Budget</b></li> <li>• <b>Engineer's estimate</b></li> </ul>	<ul style="list-style-type: none"> <li>• Not disclosed</li> <li>• Not disclosed</li> <li>• Not disclosed</li> </ul>
	<b>Tender process for the contract for project design</b>	<ul style="list-style-type: none"> <li>• <b>Tender procedure</b></li> <li>• <b>Number of short listed consultant</b></li> <li>• <b>Number of expression of interest</b></li> <li>• <b>Number of collected bid</b></li> <li>• <b>Number of Submitted Bid</b></li> <li>• <b>Name of main consultant</b></li> </ul>	<ul style="list-style-type: none"> <li>• Short list and QCBS-Combined Tech/Financial Evaluation</li> <li>• 14</li> <li>• 9</li> <li>• 9</li> <li>• 3</li> <li>• ETG Designers and Consultants P.L.C</li> </ul>
	<b>Tender process for the contract for project supervision</b>	<ul style="list-style-type: none"> <li>• <b>Tender procedure</b></li> <li>• <b>Name of main consultant</b></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> <li>• Not applicable</li> </ul>
Stage of Project Cycle		List of MPI to be Disclosed	Disclosure Status

### *St. Paul's Millenium Médical Collège Construction Project*

Team leader : Yaregal Ali \_\_\_\_\_ , Team membre : Shimelis Mekonnen \_\_\_\_\_

	<b>Tender process for the main contract for works</b>	<ul style="list-style-type: none"> <li>• Tender procedure</li> <li>• Number of collecting bid</li> <li>• Number of Submitting Bid</li> <li>• Number of Qualified for Technical</li> <li>• Name of main Contractor</li> </ul>	<ul style="list-style-type: none"> <li>• Technical &gt; 70% /Financial Least Cost</li> <li>• 8</li> <li>• 6</li> <li>• 6</li> <li>• Asmelash &amp; Sons Construction Pvt. Ltd. Company</li> </ul>
	<b>Details of the contract for project design</b>	<ul style="list-style-type: none"> <li>• Contract price</li> <li>• Contract scope of work</li> <li>• Contract programme</li> </ul>	<ul style="list-style-type: none"> <li>• Birr 591,675.00 (inc. VAT)</li> <li>• Topographic survey, soil investigation, preliminary design, final design, engineering estimate, draft tender document, final document</li> <li>• 205 days</li> </ul>
	<b>Details of the contract for project supervision</b>	<ul style="list-style-type: none"> <li>• Contract price</li> <li>• Contract scope of work</li> <li>• Contract programme</li> </ul>	NOT YET ASSIGNED
<b>Core disclosures in support of CoST</b>	<b>Details of the main contract for works</b>	<ul style="list-style-type: none"> <li>• Contractor name</li> <li>• Contract price including 15% VAT</li> <li>• Contract scope of work</li> <li>• Contract programme</li> </ul>	<ul style="list-style-type: none"> <li>• Asmelash &amp; Sons Construction Pvt. Ltd. Company</li> <li>• Birr 73,705,033.57</li> <li>• Construction of G+4 Building</li> <li>• 820 Calendar days</li> </ul>

	<b>Execution of the contract for project supervision</b>	<ul style="list-style-type: none"> <li>• <b>Significant changes to contract price, programme, scope with reasons</b></li> </ul>	<ul style="list-style-type: none"> <li>• Not yet started</li> <li>• Not yet started</li> <li>• N/A</li> </ul>
	<b>Execution of the main contract for works</b>	<ul style="list-style-type: none"> <li>• <b>Individual changes to the contract which affect the price and reasons for those changes</b></li> <li>• <b>Individual changes to the contract which affect the programme and reasons for those changes</b></li> <li>• <b>Details of any re-award of main contract</b></li> </ul>	<ul style="list-style-type: none"> <li>• There is no any change to the contract time and cost so far as the project has started before two months ago</li> <li>• N/A</li> </ul>
	<b>Post contract completion details of the main contract for works</b>	<ul style="list-style-type: none"> <li>• <b>Actual contract price</b></li> <li>• <b>Payments made</b></li> <li>• <b>Actual contract scope of work</b></li> <li>• <b>Actual contract programme</b></li> <li>• <b>Project evaluation and audit reports</b></li> </ul>	<ul style="list-style-type: none"> <li>• Not yet Known</li> <li>• Advance payment</li> <li>• Not yet Known</li> <li>• Not yet Known</li> <li>• Not yet Known</li> </ul>

	<b>Document Disclosed</b>	<b>Disclosure Status</b>
	<b>Feasibility Study</b>	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
	<b>Financing agreement</b>	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
	<b>Tender evaluation report</b>	<ul style="list-style-type: none"> <li>• Disclosed</li> </ul>
	<b>Project evaluation reports</b>	<ul style="list-style-type: none"> <li>• Not yet complete</li> </ul>
	<b>TOR for design</b>	<ul style="list-style-type: none"> <li>• Not complete</li> </ul>



## Annex - 2

### Schedule of Documents Disclosed (for Consultancy Contract)

No	Document / Report	Date Requested	Date Supplied	Comment on encountered problems
1	Feasibility Study Reports	16/07/10		The PE couldn't submit the report
2	Professional support (Amahric letter) dated 24/05/09 E.C	16/07/10	30/07/2010	Submitted by PE
3	Requesting experienced low cost consultant that should be invited (Amahric letter) 06/10/99 E.C	16/07/10	30/07/2010	Submitted by PE
4	Selection of Short list consultant low cost (Amahric letter) dated 18/11/99 E.C	16/07/10	30/07/2010	Submitted by PE
5	Office Memorandum (Amahric letter) dated 27/10/99E.C	16/07/10	30/07/2010	Submitted by PE
6	Invitation for short listed bid to consultant dated July 25,2007	16/07/10	30/07/2010	Submitted by PE
7	Letter for the consultants who show their expression of interest (seven consultant)	16/07/10	30/07/2010	Submitted by PE
8	Letter for short list bid 28 August 2007	16/07/10	30/07/2010	Submitted by PE
9	Request for Proposal for consultancy service August 2007	16/07/10	19/08/2010	Submitted by PE
10	Minutes for bid opening 13/2000 E.C	16/07/10	30/07/2010	Submitted by PE

<b>eE</b> No	<b>Document / Report</b>	<b>Date Requested</b>	<b>Date Supplied</b>	<b>Comment on encountered problems</b>
11	Technical Evaluation Report dated Oct. 2007	16/07/10	30/07/2010	Submitted by PE
12	Financial Bid Evaluation Report dated May 2010	16/07/10	30/07/2010	Submitted by PE
13	Consultancy Agreement document dated 14/01/2008	16/07/10	30/07/2010	Submitted by PE
14	Notification signed and sealed agreement 25/03/2008	16/07/10	03/08/2010	Submitted by PE
15	TOR Amendment	16/07/10	18/08/2010	Submitted by PE
16	Revised work schedule by the consultant ETG dated 22/05/2008	16/07/10	19/08/2010	Submitted by PE
17	Deliance for the design 29/5/2001 E.C	16/07/10	19/08/2010	Submitted by PE
18	Deliance justification from the consultant (ETG) 6/06/01	16/07/10	19/08/2010	Submitted by PE
19	Submission of preliminary final design by the consultant ETG 27/08/08	16/07/10	19/08/2010	Submitted by PE
20	Submission of revised preliminary design by the consultant ETG 15/09/08	16/07/10	17/08/2010	Submitted by PE
21	Submission of revised preliminary design by the consultant ETG 29/10/08	16/07/10	17/08/2010	Submitted by PE
22	Submission of revised preliminary design by the consultant ETG 16/01/09	16/07/10	17/08/2010	Submitted by PE
23	Submission of revised preliminary design by the consultant ETG 23/01/09	16/07/10	17/08/2010	Submitted by PE
24	Comment on the design from MOH on			Submitted by PE



	eE dated 10/04/2001 E.C	16/07/10	17/08/2010	
25	Payment certificate requested by the Consultant ETG	16/07/10	19/08/10	PE's covering letter but the certificate no seal and sign for approval

### Annex - 3

#### Schedule of Documents Disclosed (for Works Contract)

No	Document / Report	Date Requested	Date Supplied	Comment on encountered problems
1	Invitation for bid to contractors copied from Newspaper; date – 16/05/2002 E.C	16/07/10	03/08/2010	Submitted by PE
2	Clarification and amendment letter dated 15/6/2002	16/07/10	03/08/2010	Submitted by PE
3	Minutes of meetings; total = 9 pages	16/07/10	03/08/2010	Submitted by PE
4	Minutes of meetings for bid opening;3 pages dated 6/07/02 E.C	16/07/10	03/08/2010	Submitted by PE
5	Technical Evaluation Reports for Works April 2010	16/07/10	03/08/2010	Submitted by PE
6	Letter for technical evaluation report 11/08/02 E.C	16/07/10	03/08/2010	Submitted by PE
7	Financial Evaluation Report May 2010	16/07/10	03/08/2010	Submitted by PE
8	Invitation of award letter 03/06/2010	16/07/10	19/08/10	Submitted by PE
9	BOQ Bid document	16/07/10	17/08/2010	Submitted by PE
10	Contract Documents	16/07/10	03/08/2010	Submitted by PE
11	Engineering Estimate	16/07/10	17/08/2010	Submitted by PE
12	Handing over the construction site June15 ,2010	16/07/10	17/08/2010	Submitted by PE
13	Advance payment dated 22/10/02 with Performance Bond and Payment certificate	16/07/10	19/08/10	Approved and certified by PE's
14	Master work schedule	16/07/10	17/08/2010	Submitted by PE