



Construction Sector Transparency Initiative – Ethiopia (CoST – Ethiopia)

Assurance Report on Disclosed Project and Contract Information of Gashena - Bilbila Road Project

May 2016

Addis Ababa, Ethiopia

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Abbreviations

AP	Assurance Professional
BOQ	Bill of Quantities
CoST	Construction Sector Transparency Initiative
CAC	Contract Award Committee
DBST	Double Bituminous Surface Treatment
DG	Director General
EC	Ethiopian Calendar
EFY/EBY	Ethiopian Fiscal Year/Ethiopian Budget Year [July – June]
EIA	Environmental Impact Assessment
ETB	Ethiopian Birr
EOI	Expression of Interest
ERA	Ethiopian Roads Authority
FDRE	Federal Democratic Republic of Ethiopia
GC	Gregorian Calendar
GoE	Government of Ethiopia
JV	Joint Venture
KM	Kilo Meter (1000 meters)
ICB	International Competitive Bidding
ITB	Instruction to Bidders
MoU	Memorandum of Understanding
MPI	Material Property Information
NCB	National Competitive Bidding
NMSG-EC	National Multi Stakeholder Groups – Executive Committee
PC	Payment Certificate
PE	Procuring Entity
PPA	Public Procurement and Property Administration Agency
PS	Provisional Sum

RAP	Resettlement Action Plan
RFP	Request for Proposal
RSDP	Road Sector Development Program
TAC	Tender Analysis Committee
TOR	Terms of Reference
USD	United States Dollar
VAT	Value Added Tax
VO	Variation Order

Preface

This Assurance Report has been written following the verification and analysis of the information provided by the Procuring Entity, Ethiopian Roads Authority [ERA]. The information has further been verified from the consultant and the contractor for completeness and accuracy in accordance with the construction sector transparency initiative guidelines.

The report consists of nine chapters and four appendices. After the executive summary and summary of key findings, the first chapter introduces the general role of construction sector and its vulnerability for mismanagement and corruption. The second chapter summarises the background of the project. The third chapter deals with the objective of the assignment followed by chapter four that narrates the data collection approach. The list of documents obtained from the Procuring Entity, consultant, and contractor are provided in this chapter. Chapter five provides the summary of disclosed information for the three contracts of the project; design service contract, supervision and contract administration service contract, and civil works construction contract. In this chapter, all the core information related to the procurement and implementation stages of the project are described. Chapter six and chapter seven deal respectively with the completeness and accuracy of the disclosed information. Chapter eight discusses the contract specific issues on the three contracts of the project and provides the observed shortcomings on the procurement and implementation phases of the project. The analysis has been made based on the verified information together with the standards and provisions of the procurement and contract agreement. Chapter nine provides recommendations based on the observed causes of concern as a way of addressing the problems and improving the performance of project procurement and implementation. The last chapter lists the annexes of the report for easy reference.

Abbreviations used throughout the study report have been shown in the next pages. Dates stated in the report are Gregorian Calendar (GC) except some dates that are explicitly provided in EC (Ethiopian Calendar).

Finally, the Assurance Professional would like to express its gratitude and acknowledgements for all participants that directly or indirectly contributed to this study.

Executive Summary

Gashena-Lalibela-Sekota Road Project is found in the northern part of the country in Amhara national Regional State (North Wollo Zone), starts at Gashena town (600km far from Addis Ababa along AA – Weldiya – Gashena road or at a junction on Weldiya-Woreta road) and ends at Sekota town. It has a length of 180 kilo meters. For construction purpose, it was divided into two contracts; Contract 1 – Gashena Bilbala road covering nearly 90km and the other one (Contract 2) – Bilbala Sekota road project.

The project under study is designed by Core Consulting Engineers PLC; it is being supervised by Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC (Sub consultant) and constructed by China Railway No. 3 Engineering Group Co. LTD.

The focus of this study includes review of the procurement procedures for design consultancy service, supervision and contract administration consultancy service, and works contract with further focus on the implementation of the project with respect to the works and supervision service contracts. The assigned Assurance Professional carries out the services of verifying the completeness and accuracy of the information disclosure by the Procuring Entity.

The service contract for engineering design of Gashena-Lalibela-Sekota Road project (180km) was undertaken by Core Consulting Engineers PLC whose contract has been signed on 12 August 2011 with a contract price of ETB 4,263,337.50 for twelve months of service period (five months for phase I and seven months for phase II).

The service contract for supervision and contract administration for Gashena-Lalibela-Sekota Road project-Contract 1: Gashena-Bilbala (89.23km) and Lalibela Bypass is being undertaken by Metaferia Consulting Engineers PLC in association with Spice Consulting Engineers PLC (sub consultant) whose contract has been signed on 28 January 2014 with a contract price of ETB 15,277,892.60 inclusive of all local taxes and 15% VAT for forty eight months of service period.

The contract agreement for the works contract has been signed on January 15, 2014 between Ethiopian Roads Authority (ERA) and China Railway No. 3 Engineering Group Co. Ltd. with a revised contract price of ETB 1,442,916,047.83 and with a revised completion period of 1278 calendar days.

From the findings of the study, the Procuring Entity needs to reduce longer procurement durations and number of amendments to the bidding documents; need to revise the short listing and qualification requirements of consultancy service contracts that will promote new incoming service providers. The project participants need to increase the progress of the works and handle the project slippage by solving the problems hindering the performance of the contractor.

Except for some documents, the disclosure of the information by the Procuring Entity has been verified from other sources of the consultant and the Assurance Professional believes that the disclosure is complete and accurate.

Summary of Key Findings

I. Engineering Design Service Contract

The commencement date of the service was on September 13, 2011 and the planned completion date of the service was on 14 September 2012. Unless there is a contract extension to the service duration that is not disclosed by the PE, the submission of final feasibility study and final engineering design reports has delayed by more than six months.

As part of the design consultant task for preparation of construction quantities and tender document preparation, the consultant is required to prepare a confidential cost estimate for the proposed construction and supervision works **that will help the Procuring Entity for budgeting and/or service as an aid when the tenders are evaluated and compared**. The engineering cost estimate prepared by the design consultant for the construction cost of Gashena Bilbala road project was ETB 1,793,027,967.13 with estimated price escalation of ETB 89,651,398.36.

However, during the tender evaluation of the works contract, TAC has carried out arithmetic correction and modification of the submitted Engineer's estimate that brought the cost estimate to be **ETB 2,007,482,187.76**. The reasons for the correction was indicated on the bid evaluation report (September 2013), Table 13, as quantity change, multiplication errors, rounding errors, and inclusion of additional items on structures work division.

The responsive least bidder's offer was **ETB 1,162,594,476.85** with 70% local currency and 30% foreign currency (1 USD = 18.7549 ETB) which is 80% of the Engineer's estimate. Also, TAC has computed the project cost on major items of works using unit rates of recently awarded similar projects namely Mega-Moyale, Jaragedo-Debreabor, and Zema River-Bahirdar road projects and found that 79% of the least bidders offer was comparably equivalent to 82% of the project cost computed using the recent unit rates.

II. Supervision and Contract Administration Service Contract

The supervision consultant has requested ERA to pay its tenth monthly payment for a sum of ETB 208,509.51 including 15% VAT on December 31, 2014. The consultant has mobilized required staffs as of February 2014 and has conducted design review activities and is supervising the project. The total amount of payments made to the supervision consultant was not disclosed by both the Procuring Entity and the supervision consultant.

A quarterly status report (October to December 2014) provided by ERA shows that the following outstanding issues need the supervision consultant's action: approval for geotechnical exploration delayed; design data for structure and road way is not given as per the contract time bar; work load and work location for existing bridge and gabion work is not given in line with the work program; and lack of permanent material engineer and intermittent structural engineer is listed as part of the consultant staffing problems. The PE has stated that these problems are being resolved without affecting the Contractor's performance and contractual milestones.

III. Civil Works (Construction) Contract

The contract agreement for the works contract has been signed on January 15, 2014 between Ethiopian Roads Authority (ERA) and China Railway No. 3 Engineering Group Co. Ltd. with a revised contract price of ETB 1,442,916,047.83 and with a revised completion period of 1278 calendar days.

The tender was amended to include the Lalibela Bypass through Addendum No 5 and during the pre-contract award discussion (contract negotiation) held on December 18, 2013, the Lalibela Bypass section that covers 15km realignment was omitted. The least bidder's offer was ETB 1,602,594,476.85 and it has been reduced to ETB 1,442,916,047.83 through revising the quantities associated with the omitted section and multiplying the unit price offered by the least bidder. The reduction in price amounts to ETB 159,678,429.02 which was 9.96% of the price of the least evaluated bidder of the original tender. The completion period was also reduced from 1460 calendar days to 1278 calendar days

and both parties agreed with the modification and signed the contract in accordance with the pre-contract award discussion. The currency payments agreed was 70% local currency and 30% foreign currency with 1 USD equivalent to 18.7548 ETB.

The minimum amount of interim payment certificates was ETB 5,000,000.00 which is less than 0.5% of the contract price. This will assist the contractor to get payments and maintain the cash flow required for smooth completion of the project. The total advance payment paid to the contractor was ETB 259,836,049.08 (ETB 181,885,234.32, 70% local currency and USD 4,156,290.61, 30% foreign currency) that was paid in four phases. The measured amount of works executed and included in the payment certificate number two (up to November 2014) was ETB 45,389,012.59 and the contractor has been paid a total payment of ETB 46,081,398.44.

The contractor planned to execute 3.35% but only executed 0.4% during the month of November 2014. Up to November 2014, the contractor's performance was 50% of the plan where there is a total lag of 4.67%. Having obtained a revised program and performance evaluation by the Engineer, the contractor planned to execute 2.12% and executed 2.22% during the month of May 2015. Based on this revised program, the total to date plan up to the month of May 2015 was 24.08% while the progress was 15.66%. Up to May 2015, the contractor's performance was 65% of the plan where there is a total lag of 8.48%.

By the time this report has been prepared, no variation orders have been issued; no payment for price escalation has been considered; and no formal claim has been submitted.

1. Introduction

The construction sector plays a vital role in supporting social and economic development of a country and makes a major contribution to the economic growth and poverty reduction of a nation. However, mismanagement and corruption during the planning and implementation of construction projects can undermine the expected social and economic benefits.

The Construction Sector Transparency Initiative (CoST) is a multi-stakeholder initiative designed to increase transparency and accountability in the construction sector. The aim of CoST is to enhance the transparency of the Procuring Entity (PEs) and construction companies by disclosing to the public information of the construction projects at all stages of the project cycle, from initial identification of the project to the final completion.

It is, however, recognized that the disclosure of this information on its own may not be sufficient to achieve greater accountability. This is because some of the information is likely to be complex and may not be intelligible to the general public. An independent Assurance Professional (AP) is therefore appointed by the National Multi Stakeholder Group Executive Committee (NMSG - EC) who will be responsible for assessing the adequacy and reliability of the disclosed project information and audit processes, highlighting any causes for concern that the information reveals. Through periodic reporting, the Assurance Professional will provide an interpretative role in helping to make data disclosures intelligible to the stakeholders.

A number of projects from the building, water, and road/transport sectors have been identified by the NMSG of CoST-Ethiopia from which this report is prepared for one of the road sector project, the **Gashena-Lalibela-Sekota Road Project, Contract-I: Gashena-Bilbala and Lalibela Bypass Road Project**, and it is prepared by the Assurance Professional, Kasiem Seid.

2. Background of the Project

Transport policy in Ethiopia is related predominantly to the road sector, considering the importance of this mode to the economy and to the mostly rural population. The Road Sector Development Program (RSDP) is the government strategy for achieving this policy objective in the road sector and it is the important component of the country to its five year development program objective.

Though the first phase of RSDP (1997-2002) and the second phase (2002-2007) have increased the road network of Ethiopia to 39,477 km (as reported in June 2006) with a road density of 35.9 km per 1000 sq.km, the classified road network is one of the least in Africa region of average 50km/1000 square km.

The third phase of RSDP is an integral part of the major program RSDP I & II, which was launched with a time frame work from 2007 to 2012 with a target of increasing the current road density of 35.9km/100km² to the African road density, 50 km/1000km². At the time this project was studied, the Country's road network comprises about 49,000km of classified roads including about 7,290 km of asphalt roads with a road density of about 38.6km/1000km² and a population of more than 82 million.

The current road Project (Gashena-Lalibela-Sekota Road Project) is one amongst the intended road projects under the phase of this program for upgrading and constructing of road projects in Ethiopia. The road project is found in the northern part of the country in Amhara National Regional State (North Wollo Zone), starts at Gashena town (600km far from Addis Ababa along AA – Weldiya – Gashena road or at a junction on Weldiya-Woreta road) and ends at Sekota town with a length of 180 kilo meters. For construction purpose, it was divided into two contracts; Contract 1 – Gashena Bilbala road covering nearly 90km and the other one (Contract 2) – Bilbala Sekota road project.

3. Objectives of the Assignment

As described in the introduction part of this report, the Procuring Entities (PEs) are required to release project information on the selected projects. In order to ensure that the information released by the Procuring Entities is both accurate and available in a form that can easily be understood by the stakeholders, it is required to be verified and analyzed by experts of Assurance Professionals (AP) who are appointed by the National Multi – Stakeholder Group Executive Committee (NMSG-EC).

The Assurance Professionals will carry out these activities and produce reports that will assist the NMSG-EC and other stakeholders to evaluate the level of transparency and governance of the relevant projects. The Assurance Professionals task has two phases; in the first phase, the AP collects information and verifies that the Material Project Information (MPI) is both complete and accurate and in the second phase, the AP analyzes the disclosed data and interprets it so that the report will be more easily understood by the general public.

In general, the AP has to verify the source of the reports and has to confirm that the information is complete, accurate, and it is the latest version available by the time the report has been prepared.

4. Data Collection

Having obtained assignment letter From CoST-Ethiopia to the Procuring Entity, the Assurance Professional has tried to collect the documents for the disclosure. The AP has contacted Ato Hulu Alemneh from ERA's procurement section for document disclosures on the procurement of engineering design constancy service contract; supervision and contract administration consultancy service contract, and works contract.

Then, for contract implementation documents disclosure, AP has been referred to the northern region directorate acting director, Ato Shimelis Degefaw, who has assigned the respective project engineer, W/rt Abeba Desta. Almost all available documents have been arranged by the PE's representatives in due time as listed below.

4.1 Available Documents

The following documents have been availed by the PE in phases that are categorized in their time of availability:

4.1.1 Easily Availed Documents

- Combined Evaluation Report (May 2011) for Consultancy Service for the Feasibility and EIA studies, Resettlement Action Plan (RAP), Detailed Engineering Design and Tender Document Preparation of Gashena-Lalibela-Sekota Road Project
- Revised Technical Evaluation Report (March 2011) for Consultancy Service for the Feasibility and EIA studies, Resettlement Action Plan (RAP), Detailed Engineering Design and Tender Document Preparation of Gashena-Lalibela-Sekota Road Project
- Combined Evaluation Report (November 2013) for Consultancy Supervision of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala and Lalibela Bypass Road project
- Technical Proposal Evaluation Report (October 2013) for Consultancy Supervision of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala and Lalibela Bypass Road project
- (Financial) Bid Evaluation Report (September 2013) for construction works of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala and Lalibela Bypass Road project
- Post Qualification Evaluation Report (July 2013) for construction works of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala and Lalibela Bypass Road project

- Contract Document (Employer – Consultant) for Consultancy Services for the Feasibility and EIA studies, Resettlement Action Plan (RAP), Detailed Engineering Design and Tender Document Preparation of Gashena-Lalibela-Sekota Road Project – August 2011
 - Contract Document (Employer – Consultant) for Consultancy Services for the Construction Supervision of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala – January 2011
 - Contract Document (Employer – Contractor) for Construction Works of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala Volume I including BOQ – January 2014
 - Monthly Payment Statement No 2 (October 01, 2014 to November 30, 2014)
 - Monthly Progress Report No 005; November, 2014, prepared by the Supervision Consultant
 - Quarterly Status Report (from October 2014 to December 2014)
 - Revised Master Work Program (June 2014)
 - Last Payment Invoice for Engineering Design Consultant and Supervision Consultant
- Soft copies from the PE*
- Final Feasibility Study Report, April 2013
 - Final Engineering Design Report, April 2013
 - Engineering Cost Estimate
 - Final ESIA Report, July 2012

4.1.2 Documents Obtained with Extra Effort

- Expression of Interest Assessment Report
- Supplementary agreement for design consultancy service contract
- Revised Post Qualification Evaluation report [for Defense Engineering bid evaluation complaint]

4.2 Unavailable Documents

- None

5. Summary of Disclosed Information

The project under study is designed by Core Consulting Engineers PLC; it is being supervised by Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC (Sub consultant) and constructed by China Railway No. 3 Engineering Group Co. LTD.

5.1 Contracts Included in the Disclosure

The three contracts included in this disclosure report include:

- A.** Engineering Design Consultancy Service Contract,
- B.** Supervision and Contract Administration Consultancy Service Contract, and
- C.** Civil Works Construction Contract

5.2 Disclosed Information by Project Phase

For the purpose of this disclosure report, the project phase includes procurement and contract implementation phases and as the project status is 15.66% at the end of May 2015 (by the time this report has been finalized), i.e. contract closing information is not covered in this report.

The procurement of Design Service Contract for Gashena-Lalibela-Sekota Road project (180km) and the Supervision and Contract Administration Service contract for Gashena-Lalibela-Sekota Road, Contract-I: Gashena-Bilbala and Lalibela Bypass project (90km) were procured based on short listing of those firms who submit their expression of interest (EOI). ERA used a request for proposal method of procurement and selection of the consultant was based on Quality and Cost Base Selection (QCBS).

The procurement of Civil Work Construction was a two stage process; the delivery method of the project is a design bid build; and the type of contract for civil works construction is a unit rate contract.

5.3 Disclosed Information on Procurement

5.3.1 Engineering Design Consultancy Service Contract

The service contract for engineering design of Gashena-Lalibela-Sekota Road project (180km) was undertaken by Core Consulting Engineers PLC whose contract has been signed on 12 August 2011 with a contract price of ETB 4,263,337.50 for twelve months of service period (five months for phase I and seven months for phase II).

The service under this procurement includes feasibility and environmental impact assessment (EIA) studies; detailed engineering design; resettlement action plan (RAP) and tender document preparation. The revised technical evaluation report (March 2011) indicates that advertisement for expression of interest (EOI) was made on the Ethiopian Herald newspaper on September 01, 2010 whose submission deadline was on September 17, 2010 (sixteen days after the date of advertisement).

Six (6) short listed firms were selected and selection was approved by the director general (DG) of ERA on December 24, 2010 and these firms were invited to submit their technical and financial proposals on December 28, 2010. The deadline for submission of the proposals was on February 12, 2011 and pre-proposal meeting was arranged on January 12, 2011 (42 days after the date of invitation), but “no issues was raised” on the meeting. The list of firms who were invited to submit their proposals is shown on Table 5.1 below.

Table 5.1 – Short Listed Firms for Engineering Design Consultancy Service

No	Name of Firm	Country
1	Core Consulting Engineer PLC	Ethiopia
2	Dana and Associates PLC in JV with Spice Engineering	Ethiopia/Ethiopia
3	Ethio Infra Engineering PLC in JV with IDCON Infrastructure Development PLC	Ethiopia/Ethiopia
4	Construction Design Share Company	Ethiopia
5	Engineer Zewdie Eskinder and Co. PLC	Ethiopia
6	MH Engineering PLC	Ethiopia

The Procuring Entity (PE), as a normal practice, forms a Tender Analysis Committee (TAC) of three members from its three different directorate offices: one member from Engineering Procurement Directorate, one member from South Region Directorate, and one member from Road Asset management and Contract Implementation Coordination Directorate offices. The analysis and recommendation of the TAC members will then be evaluated by the Contract Award Committee (CAC) and approved by the Director General of the PE.

For detailed examination of the submitted technical proposals, each of the three members of the TAC independently examined the technical proposal of each firm and rated in accordance with the predetermined evaluation criteria, allotted points, and incompliance with the evaluation procedures and practice of ERA for service contracts. Then, following discussion between the member’s findings, average points would be considered for final technical evaluation score of the firms.

A two – stage procedure was adopted for the selection of the service consultant, with the technical proposal evaluation first and the financial proposal evaluation of the technically responsive firms next. Financial evaluation will be carried out for the technically responsive firms with technical score at least 70% and after getting approval by CAC and DG of the PE on the technical evaluation report. The technical and financial scores weigh 80% and 20% of the total score respectively.

All the six firms have submitted their proposal and passed the preliminary examination of proposals. One of the firms (Construction Design Share Company, CDSCo) who scored 61.1% on the technical part, however, failed to satisfy the minimum technical score. The other five responsive firms score ranges between 83.4% and 93.2% as indicated on table 5.2 below.

Table 5.2 – Technical Scores for Engineering Design Consultancy Service

Item No	Name of Consulting Firm	Technical Proposal Score out of 100 as per main Criteria			Total (100%)
		Firms Experience (5%)	Adequacy of Work Plan & Methodology (35%)	Key Personnel (60%)	
1	Construction Design Share Company	4	24.6	32.4	61.1
2	Core Consulting Engineer PLC	5	29.6	54.8	89.3
3	Dana and Associates PLC in JV with Spice Engineering	4	26.7	52.7	83.4
4	Engineer Zewdie Eskinder and Co. PLC	5	28.2	60	93.2
5	Ethio Infra Engineering PLC in JV with IDCON Infrastructure Development PLC	5	23.9	56.7	85.5
6	MH Engineering PLC	4	26.1	53.8	83.9

Following the financial proposal opening, Core Consulting Engineer PLC has scored the highest combined score with a corrected contract price of ETB 4,263,337.50. The financial and combined scores are indicated on Table 5.3 below. The Contract Award Committee (CAC) has endorsed the award of the Engineering design Consultancy Service Contract to the successful bidder, Core Consulting Engineer PLC, with a ceiling amount of ETB 4,263,337.50 on June 07, 2011 and it was approved by the DG of ERA on June 11, 2011.

Table 5.3 – Combined Scores for Engineering Design Consultancy Service

Item No	Name of Consulting Firm	Corrected Price (ETB)	Technical Score out of 100	Financial Score out of 100	Combined Score out of 100	Rank (Combined Result)
1	Core Consulting Engineer PLC	4,263,337.5	89.3	100.0	91.4	1
2	Dana and Associates PLC in JV with Spice Engineering	5,738,481.6	83.4	74.3	81.6	5
3	Engineer Zewdie Eskinder and Co. PLC	7,626,104.2	93.2	55.9	85.8	2
4	Ethio Infra Engineering PLC in JV with IDCON Inf. Development PLC	5,338,875.0	85.5	79.9	84.4	3
5	MH Engineering PLC	5,498,566.8	83.9	77.5	82.6	4

5.3.2 Supervision and Contract Administration Consultancy Service Contract

The service contract for supervision and contract administration for Gashena-Lalibela-Sekota Road project-Contract 1: Gashena-Bilbala (89.23km) and Lalibela Bypass is being undertaken by Metaferia Consulting Engineers PLC in association with Spice Consulting Engineers PLC (sub consultant) whose contract has been signed on 28 January 2014 with a contract price of ETB 15,277,892.60 inclusive of all local taxes and 15% VAT for forty eight months of service period.

The technical evaluation report (October 2013) indicates that advertisement for expression of interest (EOI) was made on the Ethiopian Herald newspaper on July 28, 2012 whose submission deadline was on August 10, 2012 (thirteen days after the date of advertisement).

Five (5) short listed firms were selected and the selection was approved by the DG of ERA on September 21, 2012 and these firms were invited to submit their technical and financial proposals on February 28, 2012. The deadline for submission of the proposals was on April 16, 2013 (which was later amended to be on June 20, 2013 through subsequent Addenda. The list of firms who were invited to submit their proposals is shown on Table 5.4 below.

Similar to the engineering design service procurement, a two – stage procedure was adopted for the selection of the service consultant with technical score of at least 70%. The technical and financial scores weigh 80% and 20% of the total score respectively. The scope of the service initially was not including the Lalibela bypass which was revised and considered as Addendum No 5 during the tendering period.

Table 5.4 – Short Listed Firms for Supervision Consultancy Service

No	Name of Firm	Country
1	Beza Consulting Engineers PLC	Ethiopia
2	Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC (Sub consultant)	Ethiopia
3	Ethio Infra Engineering PLC	Ethiopia
4	Gondwana Engineering PLC	Ethiopia
5	MH Engineering PLC	Ethiopia

Four of the five short listed firms have submitted their proposals and passed the preliminary and detailed examination of the proposals with a technical score ranging between 85.4% and 89.2% as indicated on table 5.5 below.

Table 5.5 – Technical Scores for Supervision Consultancy Service

Item No	Name of Consulting Firm	Technical Proposal Score out of 100 as per main Criteria			
		Firms Experience (5%)	Key Personnel (60%)	Adequacy of Work Plan & Methodology (35%)	Total (100%)
1	Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC (Sub consultant)	5	59.8	24.4	89.2
2	Ethio Infra Engineering PLC	3	60	24.6	87.6
3	Gondwana Engineering PLC	3	60	22.4	85.4
4	MH Engineering PLC	3	59.8	22.7	85.5

Following the financial proposal opening Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC has scored the highest combined score with a corrected contract price of ETB 15,277,892.60. The financial and combined scores are indicated on Table 5.6 below.

The Contract Award Committee (CAC) has endorsed the award of the Supervision and Contract Administration Consultancy Service Contract to the successful bidder, Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC, with a ceiling amount of ETB 15,277,892.60 on December 19, 2013 and it was approved by the DG of ERA on December 31, 2013.

Table 5.6 – Combined Scores for Supervision Consultancy Service

Item No	Name of Consulting Firm	Corrected Price (ETB)	Technical Score out of 100	Financial Score out of 100	Combined Score out of 100	Rank
1	Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC (Sub consultant)	15,277,892.6	89.2	100.0	91.4	1
2	Ethio Infra Engineering PLC	28,783,350.0	87.6	53.1	80.7	4
3	Gondwana Engineering PLC	17,189,855.0	85.4	88.9	86.1	2
4	MH Engineering PLC	20,459,132.5	85.5	74.7	83.3	3

5.3.3 Civil Works Construction Contract

The works contract for Gashena-Lalibela-Sekota Road project-Contract 1: Gashena-Bilbala (89.23km) and Lalibela Bypass is being undertaken by China Railway No. 3 Engineering Group Co. LTD whose contract has been signed on January 15, 2014 with a contract price of ETB 1,442,916,047.83 for 1278 calendar days of construction period.

The post qualification evaluation report (July 2013) indicates that advertisement for invitation of bid was made on the Ethiopian Herald newspaper on February 12 & 13, 2013 whose submission deadline was on April 02, 2013 (forty eight days after the date of advertisement). Copy of advertisement for notice of invitation for bid has been annexed in the report.

Nineteen (19) applicants have collected the bidding documents and six of them have submitted their qualification applications and financial offers on/before the latest amended deadline for submission of bids, June 27, 2013. The lists of applicants who have collected the bidding documents and who have submitted their offers are indicated respectively on Table 5.7 and 5.8 below.

A two – stage procedure was adopted for the selection of the respondent contractor with post qualification evaluation first and financial evaluation next. The scope of the service initially was not including the Lalibela bypass which was revised and considered as Addendum No 5 during the tendering period.

Atayol Construction (from Turkey) was rejected during the preliminary examination of applications as its bid security was not counter guaranteed by a correspondent bank in the Employer's Country. The TAC of the procuring entity have evaluated other five bidders for responsiveness on the qualification requirement and found Defense Engineering not complying with performance of bidder on ongoing projects that the PE qualified the bidders to participate in new bids.

Table 5.7 –List of Firms who have bought the Bidding Documents

No	Name of Firm	Country of Registration
1	China Railway No. 3 Engineering Group Co. LTD	PRC
2	YENKOMAD Construction Pvt. Ltd. Co.	Ethiopia
3	YOTEK Construction Pvt. Ltd. Co.	Ethiopia
4	MAN General Contractor	Ethiopia
5	Yuksel INSAAT A.S.	Turkey
6	Enyi construction	Ethiopia
7	China First Highway Engineering Co. Ltd	PRC
8	Sur Construction PLC	Ethiopia
9	Aser Construction PLC	Ethiopia
10	Defense Construction Enterprise	Ethiopia
11	Ghulam Rasool & Company PLC	Pakistan
12	TCT Makine Ve Motor San.Tic.Ltd.Sti, TCT Group Construction Company	Turkey
13	China Tiesiju Civil Engineerig Group Co. LTD	PRC
14	Afro-Tsion Construction Plc	Ethiopia
15	Ethio-General Contractor	Ethiopia
16	Yemane Girmay GC	Ethiopia
17	Atayol Construction	Turkey
18	Kuanta Construction	Turkey
19	Vantan Enternayonal Group	Turkey

Table 5.8 –List of Firms who have submitted their Applications and Financial Bids

No	Name of Firm	Country of Registration
1	Atayol Asphalt Contracting Construction Liquid Energy Industry Trade Company Inc.	Turkey
2	China First Highway Engineering Co. Ltd	PRC
3	China Railway No. 3 Engineering Group Co. LTD	PRC
4	Defense Construction Enterprise	Ethiopia
5	Sur Construction PLC	Ethiopia
6	YENKOMAD Construction Pvt. Ltd. Co.	Ethiopia

Defense Construction Enterprise had three ongoing projects with ERA namely, Agulae Shaigube-Berahile (DB), Berahile-Dalol (DB), and Mekele-Seret Village Road projects whose aggregate performance was 55.9% against the expected (required) performance of 58.2%. This bidder was rejected from further evaluation based on the above ERA performance requirement and the CAC of ERA had agreed on the rejection of the bidder and endorsed the post qualification evaluation report on July 25, 2013 which was approved by the DG of ERA on July 30, 2013.

The other four bidders were recommended for financial opening and letter of invitation to these four bidders for financial opening was addressed on August 12, 2013. The financial bid opening was stated to be on August 20, 2013 in this

invitation letter. However, on August 30, 2013, re-invitation letter was addressed to five bidders (including Defense Construction Enterprise) stating that a complaint was received on the post qualification assessment result and opening of the financial offers was pending until the complaint was assessed. The revised financial offer opening was rescheduled to be on September 03, 2013 whose readout bid price and corrected/discounted price is shown on Table 5.9 below.

Table 5.9 – Read out and Corrected/Discounted Bid Prices

Item No	Post Qualified Bidders	Country	Read out Price (ETB)	Corrected / Discounted Price (ETB)	Remark
1	China First Highway Engineering Co. Ltd	PRC	1,780,111,887.75	1,856,481,131.28	-
2	China Railway No. 3 Engineering Group Co. LTD	PRC	1,602,594,476.85	1,602,594,476.85	-
3	Defense Construction Enterprise	Ethiopia	1,778,667,382.95	1,750,238,534.05	2.2% discount on read out
4	Sur Construction PLC	Ethiopia	1,918,625,178.48	1,918,625,215.63	-
5	YENKOMAD Construction Pvt. Ltd. Co.	Ethiopia	2,629,531,857.28	2,332,878,263.95	11.5% discount on readout except PS & Day work

Following the financial bid evaluation, the TAC has recommended China Railway No. 3 Engineering Group Co. LTD with original bid price of ETB 1,602,594,476.85 including contingencies, specified provisional sums and VAT with currency proportions of 70% local and 30% foreign for pre-contract discussion and eventual award for the construction works contract.

The Contract Award Committee (CAC) has endorsed the award of the construction works contract to the successful bidder on September 26, 2013 and it was approved by the DG of ERA on October 03, 2013.

5.4 Disclosed Information on Contract Implementation

5.4.1 Engineering Design Consultancy Service Contract

The design consultant study and report submissions are shown on table 5.10 below:

Table 5.10 – Engineering Design Report Submissions

No	Study Type	Submission Date
1	Final Environmental and Social Impact assessment (ESIA) Study Report	July 2012
2	Final Feasibility Study Report	April 2013
3	Final engineering Design Report	April 2013

The commencement date of the service was on September 13, 2011 and the planned completion date of the service was on 14 September 2012. The contract has been extended by six months and the submission of final feasibility study and final engineering design reports was within the extended period of performance.

As part of the design consultant task for preparation of construction quantities and tender document preparation, the consultant is required to prepare a confidential cost estimate for the proposed construction and supervision works **that will help the client (PE) for budgeting and/or service as an aid when the tenders are evaluated and compared.**

The engineering cost estimate prepared by the design consultant for the construction cost of Gashena Bilbala road project was ETB 1,793,027,967.13 with estimated price escalation of ETB 89,651,398.36.

However, during the tender evaluation of the works contract, TAC has carried out arithmetic correction and modification of the submitted Engineer's estimate that brought the cost estimate to be **ETB 2,007,482,187.76**. The reasons for the correction was indicated on the bid evaluation report (September 2013), Table 13, as quantity change, multiplication errors, rounding errors, and inclusion of additional items on structures work division.

The responsive least bidder's offer was **ETB 1,162,594,476.85** with 70% local currency and 30% foreign currency (1 USD = 18.7549 ETB) which is 80% of the Engineer's estimate. The Tender Analysis Committee has also computed the project cost on major items of works using unit rates of recently awarded similar projects namely Mega-Moyale, Jaragedo-Debreabor, and Zema River-Bahirdar road projects and found that **79% of the least bidder's offer was comparably equivalent to 82% of the project cost computed using the recent unit rates.**

The design consultancy service fee was amended by additional cost of ETB 483,899.30 (Addendum No 1) whose revised contract price was ETB 4,747,236.80. Also, the design consultant has requested ERA (PE) for 11.11% of the lump-sum amount (ETB 302,032.54, payment number 9) following the submission of the Final Consultancy Report under phase II on May 27, 2013. The invoice was certified by the Director of the Northern Region Directorate of ERA on June 12, 2013.

5.4.2 Supervision and Contract Administration Consultancy Service Contract

The supervision consultant has requested ERA (PE) to pay its tenth monthly payment for a sum of ETB 208,509.51 including 15% VAT on December 31, 2014. The consultant has mobilized required staffs as of February 2014 and has conducted design review activities and is supervising the project. A quarterly status report (October to December 2014) provided by ERA and a summary report prepared by the supervision consultant for the period of April to May 2015 shows the following outstanding issues:

- Lack of consultant staff such as permanent material engineer and intermittent structural engineer is affecting the works;
- Release of the foreign currency part of payment is required for the Contractor to fulfill the contract requirement without difficulty in cash flow;
- Possession of site is given by ERA for road section from 0+000 to 20+000, 35+000 to 54+000, 64+000 to 84+000 and the Contractor requested possession of site for remaining rural section from 20+000 to 35+000 and 84+000 to 90+000. The Engineer is of the opinion that timely follow up of ERA with the administrative office and identification of obstructions is required to finalize the assessment of the obstruction before the start of the rainy season;
- Design data for structure and road way is not given as per the requirement of the contract time bar; work load and work location for existing bridge and gabion work was not given in line with the Contractor's work program to commence prerequisite activities such as ordering of materials and subletting of specialized contractor for bridge maintenances as per the scope of maintenance needed for existing bridge. Also, recommended design for the slide material around 4+600RHS was not given to the Engineer in due time even though the geotechnical Engineer visited the site.

In the comment requested by CoST-Ethiopia over issues that the PE may raise in relation to this Assurance Report, the PE has responded that such outstanding issues could be raised during the construction period and the PE will resolve them without creating contractual and performance difficulty. The issues are reported to be on the resolution process without affecting the Contractor's performance and without creating contractual complications. At the time the PE

commented on the assurance report, it is stated that full payment has been released to the Contractor and possession of site has been resolved in line with the “relevant contractual requirement”

5.4.3 Civil Works Construction Contract

The contract agreement for the works contract has been signed on January 15, 2014 between Ethiopian Roads Authority (ERA) and China Railway No. 3 Engineering Group Co. Ltd. with a revised contract price of ETB 1,442,916,047.83 and a revised completion period of 1278 calendar days.

The tender was amended to include the Lalibela Bypass through Addendum No 5 where during the pre-contract award discussion (contract negotiation) held on December 18, 2013, the Lalibela Bypass section that covers 15km realignment was omitted. The least bidder’s offer was ETB 1,602,594,476.85 and it has been reduced to ETB 1,442,916,047.83 through revising the quantities associated with the omitted section and multiplying the unit price offered by the least bidder. The reduction in price amounts to ETB 159,678,429.02 which was 9.96% of the price of the least evaluated bidder of the original tender.

The completion period was also reduced from 1460 calendar days to 1278 calendar days and both parties agreed with the modification and signed the contract in accordance with the pre-contract award discussion. The currency payments agreed was 70% local currency and 30% foreign currency with 1 USD equivalent to 18.7548 ETB. The contractor is provided with twenty per cent advance payment against an equivalent amount of bank guarantee for foreign contractors and repayment of advance payment will start after certification of thirty per cent of the contract price that will be fully repaid when eighty per cent of the contract price has been certified for payment.

The minimum amount of interim payment certificates was ETB 5,000,000.00 which is less than 0.5% of the contract price. This will assist the contractor to get payments and maintain the cash flow required for smooth completion of the project.

For the settlement of disputes, the appointing authority was agreed to be the Chairman of the International Chamber of Commerce, Paris for foreign contractors and Addis Ababa Chamber of Commerce and Sectoral Associations Arbitration Institute (AACCSA AI) for local contractor.

The total advance payment paid to the contractor was ETB 259,836,049.08 (ETB 181,885,234.32, 70% local currency and USD 4,156,290.61, 30% foreign currency) that was paid in four phases as shown on table 5.11 below.

Table 5.11 – Advance Payments

No	Received Date	Amount in ETB	Amount in USD
1	22/04/2014	5,000,000.00	
2	13/06/2014	22,413,220.08	
3	07/07/2014	120,580,355.68	4,156,290.61
4	“ “	10,000,000.00	
Total paid		259,836,049.03	4,156,290.61

The contractor planned to execute 3.35% but only executed 0.4% during the month of November 2014. Up to November 2014, the contractor’s performance was 50% of the plan where there is a total lag of 4.67%. Having obtained a revised program and performance evaluation by the Engineer, the contractor planned to execute 2.12% and executed 2.22% during the month of May 2015. Based on this revised program, the total to date plan up to the month of May 2015 was 24.08% while the progress was 15.66%. Up to May 2015, the contractor’s performance was 65% of the plan where there is a total lag of 8.48%.

In the comment requested by CoST-Ethiopia over issues that the PE may raise in relation to this Assurance Report, the PE has responded that ERA has been advising the Contractor to improve the progress of the works and is closely following up both the Contractor and the Engineer to discharge the duties vested under the contract. Furthermore, the PE stated that such project delays could be encountered during construction and if the Contractor fails to complete the project within the stipulated completion date due to his able delay, the PE could take the required contractual measures. According to the consultant progress report number 5; the contractor has delayed its mobilization by two months which is taken as the major cause of delay in the project performance.

By the time this report has been prepared, no variation orders have been issued; no payment for price escalation has been considered; and no formal claim has been submitted. However, the contractor has requested the Engineer (supervision consultant) for record of contemporary records which is a notice to claim.

5.5 Disclosed Information on Contract Closing

As the project is at 15.66% of the work volume, no information disclosure on contract closing has been considered under this part.

6. Completeness of the Disclosed Information

In general, the procurement of the services and works has been made in accordance with the public procurement and property administration requirement. Except for some missing information, the disclosure on procurement of the services and works can be said as reasonably complete.

6.1 CoST – Ethiopia Disclosure Requirements

In general, the disclosure on engineering design consultancy service contract; supervision and contract administration service contract, and works contract has been disclosed in accordance with the CoST – Ethiopia disclosure requirement.

6.2 Completeness against PE's Disclosed Information through its Website

The PE has developed its website ([www. Era.gov.et](http://www.Era.gov.et)) and started disclosing part of the tender information and performance rating to the public. To date, there is no link on its disclosure of information starting from procurement of design service to the closing of construction works contract on project by project basis as CoST-Ethiopia is doing.

6.3 Completeness against the Disclosed Information of this Report

As far as the project procurement and implementation strategy is concerned, the disclosure of this report can reasonably be taken as complete. All general information required has been disclosed by the Procuring Entity within the framework of the study period with the exceptions provided in this report.

7. Accuracy of the Disclosed Information

In general, the disclosed information on the project is verified to be accurate. However, discrepancies or differing issues observed by the Assurance Professional are discussed as specific issues or causes of concern in the next section of this report. The Assurance Professional has verified the information provided by the Procuring Entity from other sources of the supervision service consultant and civil works contractor.

8. Project/Contract Specific Issues

The project for the purpose of this disclosure report includes the engineering design consultancy service contract, supervision and contract administration consultancy service contract, and the civil works construction contract. The

project information so far discussed in this report draws the following specific issues which are to be considered by the Procuring Entity to enhance the best use of public money.

8.1 Engineering Design Service Contract (Procurement and Contract Implementation)

The following causes for concern are considered from the assessment of the disclosures on the Engineering Design Service Contract:

The Procuring Entity has taken almost a year to select the design service consultant and to conclude the contract agreement (from September 01, 2010 to August 12, 2011). However, the PE only allocated a period of one year for design service that included a detailed study and design of 180km road (Gashena-Lalibela-Sekota) while the design period actually took one and half years. The PE is advised to cut the procurement duration in order to reduce the realization of projects in lesser time considering the time period required for the procurement of works contract to a responsive contractor and the time period required for the completion of the construction together with expected probable time over runs. Reorganizing procurement staffs in the office or outsourcing the procurement management and tender evaluation services could reduce the time required for technical and financial bid evaluations together with maximizing the efficiency of procurement process.

The PE has responded to this issue that the total duration of the procurement period should not include EOI floating and evaluation period and believe that the procurement period elapsed would be appropriate if it is considered starting from issuance of the Notice of Invitation to shortlisted firms. The PE tried to provide lots of reasons to support the above assertion and stated that ***“comparison of period of procurement of design service with the contract duration / period allocated for carrying out the actual service is inappropriate and unprofessional”***. The PE justified that the design consultancy service is carried out by a variety of specialist professionals and the design period is fixed considering the professionals input and the complexity of the services.

However, the AP's reflection is that procurement procedures and project implementations need be managed by proper planning starting from the inception period and the time of delivery of infrastructure projects is affected by the efficient and effective management of both procurement and implementation of the associated tasks. ***Ensuring timely delivery of projects is one way of keeping value for money spent on infrastructure projects where procurement of public projects is also carried out by professionals and the activities in the procurement process could be managed by proper planning to reduce the procurement period and the realization of road projects.***

Under the evaluation criteria for detailed engineering design, tender document preparation and RAP which has a total score of sixteen points (out of hundred points), tender document preparation, construction quantities and cost estimation has a weight of two points. ***As the preparation of tender documents and quantity/cost estimation has “lower attention by the consulting firms” as was observed for this and other road projects in bid document preparation and quantity estimation, ERA is experiencing cost variations and is advised to reconsider these effects for future projects that could be one of the many ways to solve such problems.***

The PE has responded to this issue that the technical points are based on and comparable to the level of effort, man month inputs, and quality of the required deliverables and weights given to tender document preparation and cost estimates are comparable to the level of effort required in these services. ***ERA further claimed that tender document and cost estimates are the last outputs of the service which are prepared based on other deliverables previously completed design activities.***

The AP's reflection is that the PE still underestimates the tender document preparation and cost (and quantity) estimation services as can be understood from the its response as explained above. For this specific project, the bid document prepared by the consultant was amended and the engineer's estimate which is the base for comparison of bid prices was varies indicating that either a lower attention is given by the consultant in bid (and finally contract) document preparation or capacity problem. ***As indicated in this report, the engineer's estimate prepared by the design consultant was ETB 1,793,027,967.13 and ERA has "carried out arithmetic correction or modification" to this figure and came up with ETB 2,007,482,187.76 increasing the Engineer's estimate by ETB 214,454,220.6 whose sum may build lots of schools and health facilities. Furthermore, the responsive least bidder's offer was ETB 1,602,594,476.85 which is even less than the Engineer's estimate.***

Among many other solutions to the confessed problem, one way of addressing such problems could be creating awareness and attitude change on the implications of such services and this can be achieved by managing the deliverables on such "final outputs of the design activity", giving attention to quality submission of bid document and cost estimate documents including the procurement officers, and revising the requirements and technical score points allocated for the services.

The criteria and sub criteria used by the Procuring Entity for evaluating the service proposals as compared to the PPA requirement is provided on tables 5.12 and 5.13 below. If it is assumed that the qualification assessment can guarantee quality submissions and efficient performance of the service contract, the evaluation criteria need to reflect these objectives, i.e. if the objectives are not meet while the selection of the most qualified and responsive price bidder is done in accordance with the criteria set in the RFP, the Procuring Entity could be required to revise the criteria as part of solving performance problems observed from the service providers.

The Ethiopian Roads Authority has allocated more weight (60 points) for assuring the qualifications and competence of key personnel for the assignment in the qualification criteria. While this is expected for such services where quality submissions depend on qualified professionals' output, an equivalent emphasis should be given to the tender document preparation, construction quantity estimation and reasonably accurate engineer's estimate preparation along with quality design out puts. From the evaluation of the technical proposal, most firms managed to score from 52.7 to 60.0 (out of 60 points) except a governmental owned consultant, Construction Design Share Company. As far as securing the required qualified personnel do not generally guarantee quality submissions on design and tender document preparation, revision to the evaluation criteria might be one correction to the problem.

The PE has responded to this issue that this may happen in some cases and a consultant scoring a highest technical point may not perform adequately and may not provide quality deliverables for several reasons such as poor management, control, professional ethics, etc and rather than relaxing the qualification weights of staffs, ***it would be more appropriate to strengthen the mechanism of contract administration, design review, follow up, staff replacement framework, submittal requirement, etc*** that the PE is currently undergoing under its Modernization Scheme.

The AP's reflection over the issue is that the PE need to reconsider the requirements of key personnel in order to address the problems that the PE itself noted in the response explained above. Poor management and professional ethics that are takes as performance problems by ERA deal with key personnel issues and technical scores and procurement prices in general need to be designed to solve such problems and help to select a best performing consulting firm which otherwise would be non fruitful exercise. ***Rather than working on staff replacement framework preparation for a key personnel whose curriculum vitae was accepted during procurement process as indicated in the PE's response, getting a professional that can work on***

the projects thereby ensuring smooth implementation of public projects is better.

From the principle of effective procurement, the PE need to ensure that competing firms during procurement are not proposing key professionals whose testimony can be eligible to the requirement for the purpose of winning a contract and working on staff replacement and contract administration after concluding a contract may not be in line with procurement principles.

The Procuring Entity need also give emphasis to the methodology part that addresses the possibility of firms coming with a different practical method of carrying out the services rather than the repetitive type of proposals. The technical evaluations made by TAC members indicate that “irrelevant comments, a methodology copy of the TOR on environment and transport survey, poor proposals on route surveying, etc” are commonly observed weaknesses on the methodological proposals.

Out of the six short listed firms, three of them (50%) didn’t have experience in feasibility study, RAP and EIA studies for road projects but, they managed to secure a competitive score on the technical approach and methodology for feasibility, RAP, and EIA studies as indicated on Table 5.14 below. ***This can be an indication for a possibility that local/domestic consulting firms could be capable to render such services and also the possibility to come up with a competitive proposal on the methodological approach if they are allowed to participate in bids.***

Finally, the Procuring Entity is advised to consider the following issues with respect to the procurement of engineering design services and the evaluation of the technical and financial proposals.

- ☞ Preliminary examination of proposals (page 12 of the revised technical evaluation report of March 2011) states that Engineer Zewde Eskinder & Co PLC has complied with all of the preliminary examination. However, Form II-B (preliminary Examination Sheet, signed by the three TAC members) indicates that the firm has not provided power of attorney for signatory of the proposal as per section 2: Bid Data Sheet ITB 17.2 of the RFP.
- ☞ Technical evaluation and scores for methodology part looks subjective in some parts of the report. As an example, evaluation by one TAC member shows that a firm who “discussed briefly” in the methodology part scored 1.2 points while another firm who “discussed satisfactorily” scored 1.5 points out of 2.0 points for the same sub criteria. However, for other sub criteria, the same firm who “discussed satisfactorily” scored 2.1 points while the other firm who “discussed in detail” scored 2.4 points out of 3.0 pints. Also, another TAC member gave 0.3 points out of 0.5 points for firms who do not comment (“no comment”) and who provided “irrelevant comments”.

This may call for the PE to reconsider the evaluations of such proposals especially on the methodology part assessment. In general, as the PE evaluates the scores using three TAC members formed from different sections under the approval of the CAC members, the implications of such relatively ‘subjective’ evaluations may not affect the general scores of the firms.

Table 5.12 – Technical Criteria and Scores provided by PPA (Article 5.7.6) and ERA

No	Technical Criteria	Scores Provided (%)		Remark
		PPA	ERA	
1	Specific Experience	5-10	5	Minimum of PPA
2	Methodology	20-50	35	Average of PPA
3	Key personnel	30-60	60	Maximum of PPA
4	Ability to transfer Knowledge	5-10	-	Not Applicable for NCB
5	Participation of Ethiopian Nationals	5-10	-	

8.2 Supervision and Contract Administration Service Contract

The following causes for concern are considered from the assessment of the disclosures on the Supervision and Contract Administration Service Contract:

Procurement

The Public Procurement and Property Administration Agency's (PPA) requirement allows the Procuring Entities (PEs) to shortlist three to seven firms based on expression of interest (EOI). ERA shortlisted five firms from those firms who submitted their documents based on the invitation for expression of interest and only four of them have submitted their proposals.

The PE could be advised to increase the shortlisted firms to the maximum seven in order to maintain higher technical and financial competition as some of the shortlisted firms may not submit their proposal and considering the probability of non responsiveness on the technical evaluation. ***This will increase the technical and financial competition between the firms as the pricing of the firms in the sector varies widely. For example, the shortlisted firms for this service offer a financial amount from ETB 15 million to ETB 28 million.***

The PE has responded to this issue that short listing depends on the number of applicants, the packaging of projects, the number of qualifying firms, the PE's capacity to evaluate proposals and keeping records, etc and noted that ***"the PE is undertaking procurement of lots of projects with limited human resource capacity experienced in the procurement activity"***. Furthermore, the PE stated that if seven firms were invited (even if it is not intended to do so), the firms would be invited for multiple projects at a time concurrently that could cause bidders to withdraw from one bid as more than one bid per bidder scenario is not allowed.

The Assurance Professional's reflection on the PE's response is that the problem as confessed by the PE should be resolved rather than giving so much of reasons or justifications by relaxing the requirement for short listing so that competent firms could be participating in the sector and by devising a mechanism for the limited human resource including outsourcing the procurement service as suggested in section 8.1 of this report. This will increase the level of participation in the procurement of consultancy services that could assure the value for money of the road sector projects in line with procurement principles.

One practice that ERA could learn from the water sector procuring entity is that reserve shortlisted firms could also be used even if the directive limits the number of shortlisted firm to a maximum seven with the objective of ***ensuring reasonable number of firms for financial and combined score competition*** as a solution for some of the following possibilities:

1. Some of the shortlisted firms may not submit proposals.
2. Some firms could fail during preliminary examination of proposals.
3. Some firms could fail not satisfying the minimum technical score requirement.

Three (75%) of the four firms that submit their proposals did not have experience in construction supervision of road projects of similar nature and complexity during the last five years. However, they managed to score a very competitive technical score from 85.4 to 89.2 points out of 100 points. The PE may learn that such domestic consulting firms could be capable of carrying out such services even if they do not have experience in the sector. The PE may assess to reconsider the criteria for reviewing in this respect may be required while reviewing and short listing of firms based on the EOI.

All of the four firms managed to score 59.8 to 60 points out of 60 for key personnel proposal while they didn't secure comparable score on the adequacy of work plan and methodology. They scored from 22.4 to 24.6 points out of 35 points. This may indicate a lower emphasis is given by these consultants for the methodology and planning of supervision and contract administration services similar to the design service consultants.

The PE has responded to this issue that ***the quality of approach and methodology has no relation to the qualification of the staff proposed by the consultant/s and claimed that this is a “trivial unprofessional comment and the generalizations isn't based on sufficient data”.***

The AP's reflection is that the finding from this project may indicate that a lower emphasis is given by these consultants for the methodology and planning part in their technical proposal that has 80 per cent weight in the selection of a best performing consulting firm. Why procurement is necessary then with 80 per cent weight given for a technical proposal and 20 per cent for a financial proposal?

Acquiring a testimony for a key professional proposal could be simpler for the consultants than proposing a good methodology that pushed the PE to develop a staff replacement frameworks and tightening the contract administration and design review by the PE staffs on the concluded contract.

This exercise by the PE is not in line with the principles of procurement while to many effort and time have been provided by the PE in the procurement of services and Works.

Contract Administration

The progress report prepared by the supervision consultant indicates that there is no claim for additional costs and extension of time submitted by the contractor up to the end of November 2014. However, correspondences from the contractor indicate that contemporary records for exceptional climatic conditions (rainy days) has been submitted for the Engineer's review and confirmation as a “true record”. This could be taken as a notice for consequent claims in addition to other notices given on right of way issues, removal of obstructions, and possession of site for quarry site, dumping site, etc. The Engineer need to assess the effects of the submitted claim notices and prevention of such claims timely to reduce the consequent effects on cost and time over runs.

The Procuring Entity (ERA) has a contractual responsibility for a timely arrangement of land acquisition for quarry sites; spoil pit sites; etc and handling right of way issues that could be reason of project delay and possible events for contractor's claim of additional cost and extension of time. Further to writing request correspondence letters to ERA for such arrangements, the Engineer need to notify ERA time by time on the consequences of such late arrangements over the project performance.

The contractor has requested the Employer's consent to sublet the general Sexually Transmitted Diseases (STD) and HIV/AIDS alleviation campaign service. The Engineer has evaluated the submittals and has given his recommendations to the PE. The Procuring Entity (ERA) and the Engineer need to act timely and the service shall be started as per the contractor's initiative since these services are not implemented in most road projects for late responses or actions by the PE and the Engineer. As far as the PE has allocated budget towards mitigating the road project's social impacts and transferred the responsibilities to the contractor and the Engineer through contract arrangement, all parties need to discharge their responsibilities as per the contract agreement.

Up to the end of May 2015, 438 calendar days has elapsed from which 120 calendar days were for mobilization period. Nearly 35% of the time has elapsed while only 15.66% of the work has been executed which is 65% of the revised plan scheduled by the contractor. Considering the mobilization period (120 calendar days) as prior

arrangement for execution of the works, the contractor has managed to execute 15.66% of the project while 25% of the working period has elapsed.

The consultant report of November 2014 indicate that the contractor has delayed mobilization by two months as compared to the scheduled mobilization time and explained that the late mobilization delayed the project performance and slippage from the approved schedule. Moreover, the report shows that mobilization has not been properly synchronized by the contractor in deploying the required equipments proportional to its engagement.

The Engineer and the PE need to pay attention and take required actions on the execution of the project as per the schedule from the commencement of the project in order to get the project completed within the contract completion period. Also, the Engineer & the PE should request the contractor to engage a minimum of two local sub contractors with a minimum of 10% of the contract price as provided in the contract.

Table 5.13 – Break Down of Technical Criteria

No	Technical Criteria	Allocated Points
1	Specific Experience of the Consulting firms related to the Assignment	5
2	Methodology (Adequacy of the proposed work plan and methodology)	35
	I- Firm's comment and suggestion and site visit – <u>3.0 points</u>	
	II- Technical Approach, Methodology, Work plan and Staffing in performing the services – <u>32 points</u>	
	▪ Phase I – Methodology for Feasibility, EIA studies, and preliminary Engineering design - 10 points	
	▪ Phase II - Methodology for Detailed Engineering design, Tender Document Preparation and RAP - 16 points	
	▪ Work plan, staffing and Reporting for both phase - 6 points	
3	Key personnel	60

Table 5.14 – Technical Approach and Methodology for Services under Phase I: Feasibility, EIA Studies, and Preliminary Engineering Design

No	Technical Criteria	Allocated Point	Scores (Firms with Experience on such services)				Scores (Firms with no Experience on such services)			
			Ethio Infra	Core	Eng. Zewde	Average	MH	CDSCo	Dana	Average
1	Route Survey	1.5	0.9	1.0	1.1	1.0	0.9	0.3	1.0	0.7
2	Traffic Study	1.5	0.9	1.2	1.1	1.07	1.1	1.0	1.1	1.07
3	Economic Evaluation	3.0	1.8	2.2	2.3	2.1	2.0	1.7	2.1	1.93
4	Environment Impact Assessment	1.4	1.4	1.4	1.4	1.4	1.4	1.2	1.4	1.33
5	Preliminary Engineering Design	2.0	1.4	1.6	1.6	1.49	1.3	1.5	1.6	1.47
	Total	10.0	6.4	7.4	7.5	<u>7.1</u>	6.7	5.7	5.8	<u>6.1</u>

8.3 Civil Works Construction Contract

The following causes for concern are considered from the assessment of the disclosures on the works Contract:

Determination of Scope of Works during Procurement

On the notice of advertisement, the Gashena-Lalibela-Sekota road was divided into two contracts, Contract 1 – Gashena Bilbala (89.23 km) and Contract 2 – Bilbala Sekota (98.71 km) with a period of completion of 1185 calendar days including 90 calendar days of mobilization period for each contract. However, the period of completion was stated as 1460 calendar days on the Bid and the mobilization period was 120 calendar days. The bids were tendered out separately but multiple contract award was possible for those which bid for both contracts. The PE has clarified over this issue that multiple contract assessment criteria was not employed as the second contract was suspended and tender was annulled due to budget problem.

During the procurement of the works contract, the fifth addendum was issued to incorporate the Lalibela Bypass realignment works into Contract 1 and the name of the project was changed into **Construction Works of Gashena-Lalibela-Sekota Road Project, Contract I: Gashena Bilbala and Lalibela Bypass Road Project** where the tender document issued to the bidders was changed and the bid submission date was extended.

However, during the pre contract award discussion (negotiation), the additional works added on the original tender document (Addendum No 5), the Lalibela Bypass section that covers 15km, was omitted by the Procuring Entity. The associated quantities were deducted from the least bidder tender document using the offered rates that resulted in the reduction of the least evaluated bid price (contract price) by ETB 159,678,429.02 or by 9.96% of the lowest evaluated bid price.

ERA has checked the limitation of the Federal Public Procurement Directive (Article 16.4.2-r) on the allowable decrease or increase of the quantity of goods or services up to 20% when awarding the contract without changing the unit prices offered by the bidder. After the pre contract award discussion over the matter, ERA has adjusted the following items and agreed by both parties prior to the signing of the contract:

- ☞ The offered price of ETB 1,602,594,476.85 was decreased to ETB 1,442,916,047.83 including 10% Contingency, provisional Sums and 15% VAT.
- ☞ The contract period of 1460 calendar days indicated on clause 43.1 of the Appendix to Bid was decreased to 1278 calendar days.

During the bid process, the bidders requested clarification on the completion period discrepancy observed on the bidding documents. They requested ERA to correct the quantity described for general item of the bill of quantity that was 1080 calendar days while the construction period was 1460 as provided in the appendix to tender. ERA has issued addendum number 7 together with clarification on seven queries and corrected the quantity for the general items as 45 months.

Procurement Complaint

During detailed examination of the applications, one of the criteria was “Performance of Bidders on ongoing Projects” that shows the historical “non-performance of bidders” to qualify for bidding on new road projects. The requirement states that “any contractor’s performance shall be evaluated based on ERA’s Contractor performance assessment framework and will be rated accordingly’. The performance of bidder for the end of May, 2013 on ongoing projects with ERA is indicated on Table 5.15 below.

Following the evaluation by TAC, Defense Engineering, whose actual aggregate performance was 55.9% found below the expected aggregate performance of 58.9%. For this reason, TAC has rejected the bidder and no further

assessment on other criteria was made and CAC agreed on the rejection of the bidder. However, after the notification of the post qualification result, a complaint was submitted by Defense Engineering where the Procuring Entity has revised its decision and invited five bidders for financial opening.

This bidder was evaluated for other successive criteria such as proposal for subcontracting; financial situation (annual turnover, cash flow, historical financial performance); technical capacity with respect to construction equipment, key personnel, work schedule proposal etc. The firm's financial offer was the second least evaluated bid offer with a difference of ETB 134,827,103.56 before consideration of the marginal preference and ETB 26,296,343.78 [or 16,184,311.01 if the 7.5% marginal preference of ETB 118,642,792.50 was deducted from Defense Engineering offer and compared to the least evaluated bid offer] after the 7.5% marginal preference was applied.

Subcontracting Proposal to Local Contractors

The bid document requires the bidders ***to propose a minimum of two local subcontractors of grade GC-5/RC-5 to GC-3/RC-3 inclusive with a minimum of 10% of the contract price for each subcontracting and to a maximum of 40% of the contract price for both/all subcontracting.*** The portion of subcontracting work shall be earth works and/or sub base, road base, and gravel wearing course and/or bituminous and road base.

The four technically qualified bidders comprise of two foreign contractors (Chinese) and two domestic GC/RC grade 1 contractors (Ethiopian) in a fifty – fifty competition. These domestic contractors have got enormous reduced technical requirement for competition with foreign contractors together with the 7.5% financial bid margin of preference as shown on Table 5.16 below.

While the Chinese bidders propose at least two subcontracting to local subcontractors as per the bidding requirement, the domestic/local/Ethiopian grade 1 contractors that comprise of 50% of the technically qualified bidders didn't propose the name of the subcontractor and the percentage of the subcontracting. These local contractor groups are called by ERA as “Domestic Preference Group” in the tender evaluation report, i.e. the groups have been given preferential margin both technically and financially.

The Procuring Entity's requirement was aimed to promote experience share on road projects, construction and management skill transfer, and the long term capacity building of the local contracting firms. However, these domestic contractors shouldn't be “non-responsive” in this regard while enjoying all the relaxed requirements and marginal preferences. The Tender Analysis Committee (TAC) proceeded with the next evaluation putting the below stated remark:

“The Bidder shall be requested to confirm that he will propose subcontractor at least to the minimum requirement of the bidding document during the pre contract award discussion, if found successful with the overall evaluation”

Timely Notice during Procurement Process

On August 12, 2013, ERA addressed a letter for the four post qualified bidders on the result of the post qualification evaluation and forwarded its invitation for financial opening to be held on August 20, 2013.

On August 30, 2013, ERA re-invited five bidders for financial bid opening justifying that a complaint was submitted by Defense Engineering and ERA has revised its previous recommendation on the selection of the post qualified bidders. The rescheduled financial bid opening date was on September 03, 2013.

However, the PE didn't disclose any information whether the four bidders were informed that the bid opening date was postponed before in first bid opening time, i.e. before August 20, 2013. The PE has responded to this issue that all responsive bidders was notified of the opening of financial bid through prompt telephone messages, following the submission of the complaint at latest time.

Table 5.15 – Performance of Contractors for the end of May 2013

No	Contractor	Scores Provided (%)		Remark
		Expected Aggregate Performance (%)	Actual Aggregate Performance (%)	
1	China Communication Construction Company (CCCC) on behalf of China First Highway Engineering Co. Ltd	47.7	58.2	Accepted
2	China Railway No. 3 Engineering Group Co. LTD	41.7	43.8	Accepted
3	Defense Construction Enterprise	58.2	55.9	Not Accepted
4	Sur Construction PLC	61.06	78.2	Accepted
5	YENKOMAD Construction Pvt. Ltd. Co.	85.5	90.1	Accepted
TAC has assessed the performance of China First Highway Engineering Co. Ltd, that didn't have any work relation with ERA, by requesting the Embassy of the FDRE in China (PRC). The Embassy confirmed that the company is registered under <i>China Communication Construction Company (CCCC)</i> that works with ERA having passed the monthly performance assessment.				

Procurement Period and Its Management

The Procuring Entity has issued seven addenda successively and bid submission date was amended five time from April 02, 2015 to April 15, 2013 (on March 14, 2013, Addendum No 1); to May 23, 2013 (on April 16, 2013, Addendum No 3); to June 10, 2013 (on May 15, 2013, Addendum No 4); to June 20, 2013 (on May 21, 2013, Addendum No 5).

The PE is advised to reduce the changes by properly planning the procurement process ahead of the invitation to bids as it may incur additional cost and time to the procurement staffs and on the participating bidders.

The Procuring Entity has taken almost a year (eleven months) to select a contractor and to conclude a contract agreement (from February 12, 2013 to January 15, 2014) which calls the PE to cut the procurement duration to reduce the realization of projects in time by devising appropriate mechanisms such as outsourcing such services.

Table 5.16– Technical Criteria for Local and Foreign Bidders

No	Technical requirement	Bid Requirement		Remark
		Local Bidders	Foreign Bidders	
1	Peak Annual Turn over	ETB 386 Million	USD 59.8 Million (ETB 1,121.5 Million)	Initial requirements before any amendment through addendum; 1 USD = 18.7549 ETB
2	Cash flow amount, credit facility	ETB 137 Million	USD 9.97 Million (ETB 186.99 Million)	
3	General Construction Experience, experience under construction contract	3 Years	5 years	
4	Specific Construction Experience (during the last 10 years) <ul style="list-style-type: none"> ▪ Gravel road Construction/upgrading (Number & Monetary Value) ▪ Construction/upgrading (Road type; Number; KM) 	<ul style="list-style-type: none"> ▪ #1; ETB 896,513,983.57 ▪ Gravel road; #1; 66.92 KM 	<ul style="list-style-type: none"> ▪ #1; USD 77.76 Million (ETB1,558,381,024) ▪ DBST road; #2; 89.23 KM each 	
5	Experience in key activities (execution of the following activities with their amounts during the last 10 years)			
	1. Earth work: cut and borrow to fill, cut to spoil (M3/Yr)	640,201.08	853,601.44	
	2. Sub-base (M3/Yr)	80,100	106,800	
	3. Crushed stone base (M3/Yr)	36,573.86	48,765.14	
	4. Bituminous pavement works; surface dressing or asphalt concrete (M2/Yr)	149,635.3	199,513.73	
	<p>✚ The requirement of bituminous pavement works for local contractors, however, doesn't go in line with the minimum requirement of gravel road experience. As far as those local contractors with only gravel road experience are accepted to bid for the proposed road construction project, the do not need to have bituminous pavement works experience.</p> <p>✚ For this bid, both local contractors have the required experience in the order: 1. Sur Construction=2,014,098 m2/year; 2. China First Highway Engineering Co. LTD=1,665,800.00 m2/year; 3. Yencomad Construction PLC= 400,000.00 m2 /year; and 4. China Railway No. 3 Engineering Group=326,850.00 m2/year</p>			
<p>Both local contractors submit insurance bid security with ETB 500,000 as they are allowed as domestic preference while the Chinese contractors submitted bank guarantee bid security. They also got 7.5% marginal preference in the financial bid evaluation.</p>				

9. Recommendations on Key Findings & Further Review

The Procuring Entity's works procurement practice is standardized and acceptable to the public procurement requirements. The technical bid evaluation will be assessed by the three TAC members and their assessment will be approved by the CAC members and the Director General of ERA. Then the financial bid will be evaluated in a similar way by comparing the financial offers (corrected arithmetically) with the engineering estimate (corrected as necessary) and finally by comparing the offer with recently awarded similar contracts.

However, the PE is recommended to reduce the addendum by properly planning the procurement process ahead of the invitation to bids as it may incur additional cost and time to the procurement staffs and on the participating bidders. The PE has taken almost a year to select the contractor and conclude a contract agreement (from February 12, 2013 to January 15, 2014) and the PE is advised to cut the procurement duration to reduce the realization of projects in time.

The Procuring Entity is recommended to increase the short listed firms to the maximum number (seven) as some of the shortlisted forms may decline to submit their proposals and some of those forms who submitted their proposal may fail to pass the technical evaluation. This will increase the technical and financial competition between the firms as the pricing of the firms in the sector varies widely. For example, there were only four successful shortlisted firms for supervision and contract administration service and their offer a financial amount ranges from ETB 15 million to ETB 28 million.

Up to the end of May 2015, 35% of the time has elapsed while only 15.66% of the work has been executed which is 65% of the revised plan scheduled by the contractor. Considering the mobilization period (120 calendar days) as prior arrangement for execution of the works, the contractor has managed to execute 15.66% of the project while 25% of the working period has elapsed. The consultant report indicates that the contractor has started his mobilization two months late behind the scheduled mobilization time and reasoned out that this late mobilization caused the delay of the project and slippage from the schedule.

The Procuring Entity and the Engineer are recommended to pay attention and take required actions on the scheduled execution of the project from the commencement of the project in order to get the project completed within the contract completion period. They should also request the contractor to engage a minimum of two local subcontractors with a minimum of 10% of the contract price as proposed on the bidding period.

The Procuring Entity and the Engineer are recommended to discharge their contractual responsibility with regard to social aspect of the project. The contractor has requested the Employer's consent to sublet the general Sexually Transmitted Diseases (STD) and HIV/AIDS alleviation complain service. The Engineer has evaluated the submittals and has passed his recommendations to the PE. The Procuring Entity (ERA) and the Engineer need to act timely and the service shall be started as per the contractor's initiative as such services are not implemented in most similar projects for late responses or actions by the PE and the Engineer. As far as the PE has allocated budget towards mitigating the road project's social impacts and transferred the responsibilities to the contractor and the Engineer through contract arrangement, all parties need to discharge their responsibilities accordingly.

10. Project Information and Annexes

10.1 Project and Contract Information Disclosure (MPI)

10.2 List of Addendums

10.3 Bid Prices and other Information on Works Contract

CoST ETHIOPIA

**GASHENA-LALIBELA-SEKOTA ROAD PROJECT:
Contract 1- GASHENA BILBALA ROAD PROJECT
AND CONTRACT INFORMATION DISCLOSURE**

MAY 2016

I. DISCLOSURE OF PROJECT INFORMATION

1. RELIMINARY PROJECT INFORMATION [18 ITEMS]	No	ITEM OF DISCLOSURE	PROJECT IN GENERAL
	1	Date of Disclosure	20 February 2014
	2	Project Owner	Ethiopian Roads Authority [ERA]
	3	Project Name	Gashena-Lalibela-Sekota Road project, Contract-I: Gashena Bilbala Road Project
	4	Sector, subsector	Road Sector
	5	Source for further Information	Ato Hulu (Procurement) Wrt Abeba Desta (Contract Implementation) http://www.era.gov.et
	6	Project Location	✓ Amhara Regional State; North Wollo Zone ✓ The project starts at Gashena junction (491592 E and 1291893N) and ends at Sekota town (503716 E and 1395500N)
	7	Purpose	✓ To improve the efficiency of transport operation through the reduction of road transport costs, the provision of accessibility to rural areas, & the development of institutional capacity of the road sub-sector at central and regional levels
	8	Project Description	✓ The road project has two phases; namely Gashena Bilbala and Bilbala-Sekota with length of 180km (89.23km for contract 1 and 98.71km for contract 2)
	9	Original Project Scope	✓ Construction of 90km DS4 road standard Double Bituminous Surface Treatment (DBST) and Asphalt Concrete (AC) in some sections of the road ✓ It has a cross section of 10m width (7m DBST and 1.5m each side shoulder) ✓ It also includes construction of structures on the road section
	10	Project Components	1. Engineering Design Consultancy Service Contract (including Feasibility Study, EIA, and Engineering Designs) 2. Supervision and Contract Administration Consultancy Service Contract 3. Works / Construction Contract
	11	Environmental Impact	Studied; No coverage in progress reports of the supervision consultant
	12	Land & Settlement Impact	Studied; No coverage in progress reports of the supervision consultant
	13	Estimated Budget of the project with Breakdown of Components	1. Engineering Design Contract – ETB 4,263,337.50 (ETB 483,899.30 - additional) 2. Supervision Contract – ETB 15, 277,892.60 3. Works / Construction Contract – ETB 1,442,916,047.83
14	Funding Sources	1. Design Review Contract – Government of Ethiopia (GoE)	

		2. Supervision Contract – GoE 3. Works / Construction Contract – GoE
15	Project Budget Approval Date	Not Disclosed
16	Project Start Date (planned, actual)	✓ Invitation for EOI submission was made on September 01, 2010 and ✓ Engineering Design Service Agreement signed on August 12, 2011
17	Planned/ Original Duration for Completing the Whole Project	1. Engineering Design Contract – 12 months 2. Supervision Contract – 48 months 3. Works / Construction Contract – 1278 calendar days
18	Planned / Original Cost of the Project	(sum cost components in item no 13) Total Estimated Budget – ETB 1,462,941,177.23
REMARK:		

II. DISCLOSURE OF PROCUREMENT INFORMATION

2. PROCUREMENT INFORMATION [30 ITEMS]	No	ITEM OF DISCLOSURE	DESIGN	SUPERVISION	CONSTRUCTION
	1	Date of Disclosure	20 February 2015	20 February 2015	20 February 2015
	2	Contract Title	Contract Agreement for Consultancy Services for the Feasibility and EIA studies, Resettlement Action Plan (RAP), Detailed Engineering Design and Tender Document Preparation of Gashena-Lalibela-Sekota Road Project	Contract Agreement for Consultancy Services for the Construction Supervision of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala Road Project	Contract Agreement for Construction Works of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala Road Project
	3	Location	Same location as stated in project information	Same location as stated in project information	Same location as stated in project information
	4	Procuring Entity	Ethiopian Roads Authority[ERA]	Ethiopian Roads Authority[ERA]	Ethiopian Roads Authority[ERA]
	5	Source for Further Information	Ato Hulu (Procurement) W/rt Abeba Desta (Contract Implementation) www.era.gov.et	Ato Hulu (Procurement) W/rt Abeba Desta (Contract Implementation) www.era.gov.et	Ato Hulu (Procurement) W/rt Abeba Desta (Contract Implementation) www.era.gov.et
	6	Date of Procurement Notice	September 01, 2010 (EOI)	July 28, 2012	February 12 & 13, 2013
	7	Floating Period of the Procurement Notice	16 days for EOI (September 17, 2010) 45 days for proposal submission	13 days for EOI (August 10, 2012) 47 days for proposal submission	✓ 47 days (April 02,2013) ✓ 103 days as per the revised submission date (June 27, 2013)
	8	Media used for Procurement Notice	Ethiopian Herald	Ethiopian Herald ERA website	Ethiopian Herald ERA website
	9	Method of Procurement	RFP	RFP	Open Bid
	10	Type of Procurement	Consulting service	Consulting service	Works
	11	Procurement Procedure	NCB /QCBS	NCB /QCBS	ICB/Two stage qualification application and least bid
	12	Evaluation Criteria	Least bidder for technically passed bidders	Least bidder for technically passed bidders	Least bidder for responsive or qualified bidders
13	Type of Contract & Project Delivery Method	Contract – Lump sum Delivery Method – Design Bid Build	Contract – Time Based Delivery Method – Design Bid Build	Contract – Unit Price Delivery Method – Design Bid Build	

14	Type & Amount of bid Security	ETB 10,000.00 (page 12 of Technical Evaluation)	Bid Security Declaration	ETB 500,000.00 (conditional allowed for local contractors)
15	Content of any Complaint lodged	NA	NA	✓ There was one complaint on performance requirement which was reconsidered by PE
16	Engineer's Estimate	NA	ETB 17,930,279.67	✓ ETB 1,793,027,967.13 ✓ Revised by PE ETB 2,007,482,187.76
17	Date of Bid Opening	May 21, 2011	November 21, 2013	June 27, 2013 / Sep 03, 2013 (ext)
18	Number of Bidders: Participated, Rejected and Declined to submit	<ul style="list-style-type: none"> ✓ EOI shortlisted # 6 ✓ Submitted # 6 ✓ Rejected # 1 ✓ Passed # 5 	<ul style="list-style-type: none"> ✓ EOI shortlisted # 5 ✓ Declined to submit # 1 ✓ Submitted # 4 ✓ Passed # 4 	<ul style="list-style-type: none"> ✓ Applicants # 19 ✓ Declined to submit # 13 ✓ Submitted # 6 ✓ Rejected # 1 ✓ Passed # 5 One with complaint
19	Awarded Firm/ Contracting Firm	Core Consulting Engineer PLC	Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC (Sub consultant)	China Railway No. 3 Engineering Group Co. LTD
20	Date of Contract Award	June 07, 2011	December 19, 2013	September 26, 2013
21	Award Price / Original Contract Price	ETB 4,263,337.50	ETB 15,277,892.60	ETB 1,442,916,047.83
22	Unit Contract Price (price/km, price/sq. meter)	ETB 23,685.21 per KM	ETB 171,219.24 per KM	ETB 16,170,750.28 per KM
23	Contract Security type and Amount	Professional Indemnity Insurance	Professional Indemnity Insurance	10% Performance Bond
24	Date of Contract Signing	August 12, 2011	January 28, 2014	January 15, 2014
25	Contract Scope	Rendering Engineering Design and Related Studies for Gashena-Lalibela-Sekota Road project	Rendering Supervision and Contract administration Services for Lalibela-Sekota Road project: Contract 1- Gashena Bilbala Road	Construction of Lalibela-Sekota Road project: Contract 1- Gashena Bilbala Road

26	Description of Contract & Contract Components	Consultancy Services for the Feasibility and EIA studies, Resettlement Action Plan (RAP), Detailed Engineering Design and Tender Document Preparation of Gashena-Lalibela-Sekota Road Project	Consultancy Services for the Construction Supervision of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala Road Project	Construction Works of Gashena-Lalibela-Sekota Road project, Contract-1: Gashena Bilbala Road Project
27	Contract Administration entity	PE (ERA)	PE (ERA)	Metaferia Consulting Engineers PLC in JV with Spice Engineers PLC (Sub consultant)
27	Contract Duration	12 months	48 months	1278 calendar days
29	Contract Start Date	September 13, 2011		February 12, 2014
30	Intended Completion Date	August 12, 2012		August 12, 2017
REMARK:				

III. CONTRACT IMPLEMENTATION INFORMATION

3. CONTRACT IMPLEMENTATION INFORMATION [30 ITEMS]	No	ITEM OF DISCLOSURE	DESIGN	SUPERVISION	CONSTRUCTION
	1	Contract Status (ongoing (% progress), terminated, completed)	Completed	Ongoing; 4.67%	Ongoing; 4.67%
	2	Completion Date (Revised, projected, Actual)	August 12, 2012	August 12, 2017	August 12, 2017
	3	Changes to Contract Duration with Reason	None	None	None
	4	Amount of Liquidated Damage if applied (Penalty for delay)	NA	NA	0.1% of the contract price per day or 0.1% of the value of the remaining works per day if sectional completed part was taken over
	5	Contract Price (Revised, projected, Actual)	Revised Contract Price – ETB 4,747,236.80	None	None
	6	Changes to Contract Price with reason	Not Disclosed	None	None
	7	Scope at Completion	NA	NA	NA
	8	Changes to Contract Scope with reason	NA	NA	NA
	9	Total Payment Effected	NO FULL INFORMATION DISCLOSED	NO FULL INFORMATION DISCLOSED	✓ Advance Payment ETB 259,836,049.03 ✓ Interim Payments (#2) – ETB 46,081,398.44 cumulative amount
	10	Warranty Type and Description			
	11	Details of Termination if applied	NA	NA	NA
	12	Safety Measures (accident & death)			
	13	Quality of Work			
	14	Disputed Issues & Award details	None	None	None
REMARK:					

IV.DISCLOSURE OF INFORMATION AT COMPLETION

4. PROJECT INFORMATION AT COMPLETION [8 ITEMS]	No	ITEM OF DISCLOSURE	PROJECT IN GENERAL
	1	Date of disclosure	NA
	2	Project owner	NA
	3	Project name	NA
	4	Sector, subsector	NA
	5	Source for further information	NA
	6	Project Location	NA
	7	Purpose	NA
	8	Project description	NA
<p>REMARK:</p> <p>THE PROJECT IS AT 15.66% COMPLETION.</p>			

Gashena Bilbala Road Project Assurance Report Annex 10.2

List of Addendum

Works Contract Procurement

No	Date	Reason of addendum	remark
1	March 14, 2013	Delete and replace quantities of temporary facility for the Engineer; amending Bid submission deadline and opening date to April 25, 2013; amending annual turnover requirement	
2	March 29, 2013	Adding weighting ranges for price escalation adjustment on series 7000 (Rigid pavement); amending quantity for provision of vehicle	
3	April 16, 2013	Extending the Bid submission deadline and opening date to May 23, 2013	
4	May 15, 2013	Extending the Bid submission deadline and opening date to June 10, 2013	
5	May 21, 2013	Amending the name and scope of the project; replacing the bid documents; extending the Bid submission deadline and opening date to June 20, 2013	
6	June 12, 2013	Extending the Bid submission deadline and opening date to June 27, 2013	
7	June 20, 2013	Further clarifications and quantity amendment	
Most Bid submission deadline event time and bid opening event time overlap unlike other situations that give at least 15 minutes between the two events.			

Information on Financial Bid Offer

I - Comparison of Bid Prices with Engineer's Estimate

No	Bidder	Corrected & Discounted Bid Price	Percentage of Bidder's Offer with EE
Engineer's estimate (EE) = ETB			2,007,482,187.76
1	China First Highway Engineering Co. Ltd	1,856,481,131.28	92%
2	China Railway No. 3 Engineering Group Co. LTD	1,602,594,476.85	80%
3	Defense Construction Enterprise	1,750,238,534.05	87%
4	Sur Construction PLC	1,918,625,215.63	96%
5	YENKOMAD Construction Pvt. Ltd. Co.	2,332,878,263.95	116%
The least bidder's offer is 20% lower than the Engineer's Estimate (EE).			

Gashena Bilbala Road Project Assurance Report Annex 10.3

Information on Financial Bid Offer

II - Application of Margin of Preference for Domestic Bidders (Calculated by adding 7.5% of the offer on the foreign bidders)

No	Bidder (a)	Corrected & Discounted Bid Price with Currency (USD 30% and ETB 70%) (b)		Domestic Preference Group	Total Evaluation Currency @ USD = ETB18.7549 (e)	Preference (7.5%) (f)=(7.5/100)x(e)	Total Comparison Price (g)=(e)+f)	Rank
		ETB	USD					
1	China First Highway Engineering Co. Ltd	ETB	1,174,517,992.64	No	1,677,882,846.63	125,841,213.50	1,803,724,060.13	3
		USD	26,839,111.59					
2	China Railway No. 3 Engineering Group Co. LTD	ETB	1,174,517,992.64	No	1,447,076,797.14	108,530,759.79	1,555,607,556.93	1
		USD	23,147,179.62					
3	Defense Construction Enterprise		1,750,238,534.05	Yes	1,581,903,900.70	-	1,581,903,900.70	2
4	Sur Construction PLC		1,918,625,215.63	Yes	1,734,377,468.76	-	1,734,377,468.76	4
5	YENKOMAD Construction Pvt. Ltd. Co.		2,332,878,263.95	Yes	2,110,778,845.94	-	2,110,778,845.94	5
The difference between the first least bidder's offer and the next least bidder's offer is ETB 26,296,343.77. However, the first least bidder's price was 30% USD currency, i.e. USD 23,147,179.62. The might offset the saving obtained from the two bidder's offer while considering the foreign currency lose.								

III - Application of Margin of Preference for Domestic Bidders (Calculated by subtracting 7.5% of the offer on the domestic bidders)

No	Bidder (a)	Corrected & Discounted Bid Price with Currency (USD 30% and ETB 70%) (b)		Domestic Preference Group	Total Evaluation Currency @ USD = ETB18.7549 (e)	Preference (7.5%) (f)=(7.5/100)x(e)	Total Comparison Price (g)=(e)-(f)	Rank
		ETB	USD					
1	China First Highway Engineering Co. Ltd	ETB	1,174,517,992.64	No	1,677,882,846.63	-	1,677,882,846.63	3
		USD	26,839,111.59					
2	China Railway No. 3 Engineering Group Co. LTD	ETB	1,174,517,992.64	No	1,447,076,797.14	-	1,447,076,797.14	1
		USD	23,147,179.62					
3	Defense Construction Enterprise		1,750,238,534.05	Yes	1,581,903,900.70	118,642,792.55	1,463,261,108.15	2
4	Sur Construction PLC		1,918,625,215.63	Yes	1,734,377,468.76	130,078,310.16	1,604,299,158.60	4
5	YENKOMAD Construction Pvt. Ltd. Co.		2,332,878,263.95	Yes	2,110,778,845.94	158,308,413.45	1,952,470,432.49	5
<p>Under this calculation, the difference between the first least bidder's offer and the next least bidder's offer is ETB 16,184,311.01. However, the first least bidder's price was 30% USD currency, i.e. USD 23,147,179.62. The might offset the saving obtained from the two bidder's offer while considering the foreign currency lose.</p>								