

ETHIOPIAN WATER RELATED WORKS CONSTRUCTION CONTRACTORS ASSOCIATION

1) History

- Established date-September 2016
- Legally registered at ministry of Industry (Trade & Industry)
- Number of founding members-32
- Current Number of members-101 organizations (400 organizations have took license from the ministry but not member of the association)

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2) Main Aim of the Association

- To solve any problem, to fulfill obligations and ask rights in the sector collectively based on the country's construction legal frame work.

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3) Partners of the Association

- Clients
- Funding agencies
- Consulting firms
- Ethiopian Electric Utility
- Pipes, fittings & Electro-mechanical Equipment Supplier
- Town water utility offices (Beneficiaries)

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4) Challenges and Problems repeatedly observed in the sector

4.1) From Contractors side

- Not armed with currently required construction machineries and equipment
- Utilizing construction materials with low quality (below specification or standard)
- Very low financial offer during bidding stage and terminate projects in the middle of construction

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- Do not complete projects within the agreed construction period
- Utilizing Advance payment for other personal purpose
- Offering price without adequate knowledge of a project (no site visit, no reading and understanding tender document)

4.2) From Consulting firms side

- Do not prepare clear and full tender document-leads to variation in cost and time)
- Put wrong quantity of work items in the BOQ intentionally or lack of knowledge
- Do not prepare consistence qualification criteria. Most of the time criteria are prepared for personal interest to privileged some targeted groups

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- Preparation of ambiguous technical specification
- Assigned supervisor lacks capacity and experience
- Limited capacity of contract administration
- Administering contract with partiality (most of the time side to the Client)
- Delaying of payments with unjustified reasons

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- Preparation of tender document by copy and past from previously prepared documents
- Delay in approval or giving order of new works
- Preparation of designs without appropriate site investigation
- Less or over estimation of project completion time

4.3) From the Client Side

- Receive and implement design document from consultant without proper review

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- Certification of competence is not based on strong criteria or rules and regulation like that of ministry of construction
- Exaggerated bid criteria which benefits foreign contractors & consultants.
- Do not have guideline or manual to take appropriate measures on the mistakes done by their employee or the consultant
- Long time is utilized for bid evaluation
- Do not give onetime solution for problems encountered
- To much delay of payment

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- Do not allow price escalation in contrary to FIDIC law
- When project is delayed due to price escalation happened in construction material by force majeure & devaluation of ETB
 - consultant-write warning letter
 - Employer-write termination letter
 - beneficiaries-Do not get the intended purpose
 - government-loss a big amount of finance
 - Contractor-without its fault entered in to
bankruptcy which makes thousands
jobless

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4.4) From the funding agency side

- put their own higher criteria that push out local contractors and privileges foreign contractors
- Due this foreign contractors win with a very expensive price which can be done with a fair price by local contractor
- Even some foreign contractors do not have the capacity to complete projects. Example :-15 towns WSSP

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4.5) From town water utility (Beneficiaries)

- Do not cooperate during site handover & right off way problems solving
- Do not have the capacity to administer the project including operating & maintenance problem of the project
- Not Willing to take over the project after successful completion by the contractor (during temporary & final acceptance)

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4.6) From Pipes, fittings & electro-mechanical equipment Suppliers

- Supply low quality items
- Do not supply on time as per the contract agreement
- Always forwards reason for the faults created by themselves

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4.7) From Electric Utility Side

- Extreme delay in power line installation and supply
- Frequent change of price after contract agreement is entered
- Most of the time there is shortage of required power supply equipment like transformer

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Recommendation

- Prepare national standard and manual to lead the sector
- Facilitate Credit facility or other means to equip contractors with modern machineries and equipment
- Improving contract administration performance by training stakeholders
- Take appropriate measure on project delay
- Make corrections on delivery of certificate of competence

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- Make strong follow up and check the authenticity of Bank letters, Bank guarantee and work experience to avoid fraudulent practices
- Sharing of information from federal offices to regions and vice versa should be strong
- Make regular stakeholders meeting which will enables to improve the sector
- Compensation mechanisms should be put in place during price escalation due to Devaluation of ETB and other force majeure

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I THANK YOU