

Auditor Says Parliament's IT Project Award Improper

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In a new revelation by investigative report of the Federal Auditor General, Global Computing Solutions (GCS) has won the close to one million Dollars parliamentary IT project not entirely by its own merit, but helped by the parliament's bid evaluation committee, chaired by Tamir Kebede.

According to the eight-page investigative report of the Auditor General, the bid committee has made a price adjustment on the financial offer of GCS that has ultimately enabled the company win the tender.

The government's legal tender procedures strictly forbid restrict price adjustment or rectify an incomplete tender, the Auditor's report stated.

The report stated that the bid committee reduced 109,571.31 Dollars from 934,250.15 Dollars originally offered by GCS claiming the price quotation was made out of the requested specification.

After the price adjustment, GCS' offer went down to 824,706.70 Dollars bringing up the rating points originally given to the company for its price quotation to 100pc from the previous 91.55pc. GCS scored 84.00pc on the technical evaluation, according to the Auditor's General report.

It was following the submission of this report

to the Office of Speaker Dawit Yohannes that the Speaker suspended the project two weeks ago on grounds of "unlawful procedures in the bid awarding process". The Speaker's office is now taking another week for a detailed review to reach a final decision on the future of this project: whether to retender it; amicably solve the issue with GCS or awarding it to the company second on the line, SbCnet.

The Auditor General's report reveals that SbCnet that had originally offered the least price quotation, 855,350.22 Dollars and given 100pc while getting 74.50pc for the technical evaluation, lost the project to GCS after the price adjustment pulled the company's points for its price quotation down to 96.42pc.

"We have scaled technically with GCS and were the lowest financial bidders," Sophia Bekele, SbCnet's major shareholder and managing director e-mailed to *Fortune* on vacation in California. "Irrespective of the red herring that was thrown at us, the rules of the game were changed midway making us the higher bidder. On this basis, SbCnet maintained its opinion that a contract has been wrongly awarded to GCS."

Sources close to the project are saying that GCS had been 30pc through the project and was close to completing the civil engineering work.



Sophia had been aggressively calling for an investigation after the parliament had awarded the tender to GCS in February 2001.

"SbCnet filed its written complaint based on wrongful contract award process and tender evaluation criteria that was not in accordance with government procurement



Speaker Dawit Yohannes, left top, Dr. Ahmed Kello of GCS, top right and Sophia Bekele of SbCnet.

guidelines," she said.

A letter written by the Vice Minister of Finance, Hailemелеkote Teklegiorgis, maintained that the award had not been given according to the rules in the bid document.

The vice minister, in his letter, said the bid committee should have officially told other participants of the bid the reason for their disqualification and the winner should have been the one that passed the technical evaluation and gave the lower price quotation.

Router Computer Engineering and Snap Trading were disqualified at the early stage of the process, while Excel IT and EMJ Data System Ltd & Dora Net scored below 70pc on the technical evaluation of the tender.

Sylvester Ogoblu, project manager and technical consultant to the parliament on the implementation of the Parliamentary Information Systems Project (PIS), remarked that the Speaker's decision to suspend the project is justified as it is based on the evidence contained on the Auditor General's report.

"The Speaker's decision is to ensure that the law of the country is not broken at least within his domain," said Sylvester.

"To give the benefit of the doubt, honest mistakes had been made," Sylvester said responding to *Fortune's* enquiry if the parties involved had indulged in corrupt practices.

Various options are now being considered to resolve the problem in a peaceful manner to ensure that the parliament will get the project rolling and at the same time upholding the rule of law through the process, said sources.

"The first step has been achieved towards sent the 50pc cheque to the former general manager of the agency Rechab Azmet, who

what SbCnet has been fighting for. The wrongful contract award will properly be redressed. We have suffered some wrong doing and have a right to compensation," said Sophia expressing her feelings on the Speaker's decision.

Sophia also said that her company expects to win the project back.

"We always felt that the project has been rightfully ours," she said.

Even though Ahmed Kello, managing director of GCS, had told *Fortune* last week that the project is close to be finalized and what was remaining was installation of the equipment, close sources say that more than 600,000 Dollars worth of equipment has arrived at the airport customs, waiting for clearance.

According to our sources, now that parliament has suspended the project, GCS finds itself in a difficult situation unable to pay its suppliers in the Netherlands, USA and South Africa as the equipment has been supplied on Cash Against Document (CAD) and was expecting to be paid by the parliament to settle the bill.

Ahmed has declined to make a statement on the Auditor's General report claiming that he has not so far been given access to look at it.

The project, which includes the supply, installation and configuration, testing and implementing a data network infrastructure within the parliamentary information system, is financed by the International Parliamentary Union (IPU) through the European Union.

(Yibekal Getahun, *Fortune's* Staff Writer, has contributed to this story.)

only issuing a temporary receipt.

The Tantalum...

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September 2001. Paradoxically, the Ethiopian Export Promotion Agency has been led to believe that this country has exported about 20 tons of tantalum worth more than 69 million Br.

"This export did not materialize at all," said a senior official at the EMD.

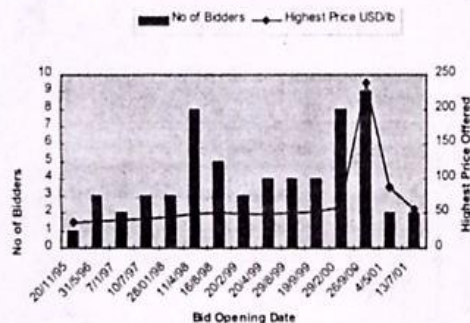
According to this official, who strongly insisted to remain anonymous, the claimed export failed to materialize after inspection has been conducted, export permit granted from Customs Authority, letters of credit opened and the tantalum transported to the head office of the company in Addis Ababa. "It still is in our compound," said the official.

In September 23, 2000, the company had opened a public tender to sell 20 tons of tantalum where nine international companies had participated. And this was the time where tantalum's price in the international market shot up registering the highest ever price of 365 Dollars per pound.

The exporting company here, accordingly, had awarded the bid to a company called A&M Minerals and Metals that had offered 237.50 Dollars per pound, while the second bidder was Trademet (offered 205.55 Dollars per pound) and third was Sogem Africa that had offered 202.00 Dollars per pound.

True to the global trend, data obtained by *Fortune* show that this offer was the highest offered to the company ever since it started exporting in 1995, when only one company, SOGEM AFRIMAT, had shown up for the tender announcement published on Mining Journal. This company, at that time, had purchased 154,029.08lb offering 36.33 Dollars per pound.

Tantalum Auction



As the demand for tantalum has significantly increased due to its importance in the telecommunications

"What is weird here was that EMD did not demand from participating companies to deposit bid bonds for their participation," said one observer. "This must be the only among state owned companies that does not ask such an important tender requirement."

The official at the mineral exporting company says they do not want to ask for bid bonds because they want to have as many participating companies as they could find.

"This is basically a type of trade where few companies could participate and we do not want to discourage them," said the official.

As a result of a sudden depression in the international market and an economic slowdown that has taken the wind out of the global electronics sector and a series of negative announcements by mobile phone and capacitor manufacturing industries, which are bulk purchasers of tantalum, not only was the company's effort to sell in September 2000 aborted, a second attempt to resell the mineral had failed due to a

international market had drifted down to 60.00 Dollars and 100.00 Dollars per pound," said another follower of the market who represents an international company that had participated in the previous two tenders.

The latest tender was held on July 13 with only two companies participating: Trademet has offered 56.50 Dollars per pound, while its rival NINGXIA Nonferrous Metals has offered 55.50 Dollars per pound.

According to reliable sources, the awarding of this tender is not yet disclosed, although the latest international market for one pound of tantalum is between 45 Dollars and 85 Dollars, when the June 2001 market is observed.

Even though realities on the ground appears to be this way - that the country has been unable to export an ounce of tantalum since September 2000 - officials at the Privatization Agency, Export Promotion Agency and Customs Authority seem to be in the dark, say sources close to the case.

technology, the highest price offered per bid increased by 299.5pc from 59.45 Dollar in February 2000 to 237.50 Dollar in September 2000. It declined then by 63.3pc to 87.00 Dollar in May 2001.