

CoST MALAWI ASSURANCE REPORT



OCTOBER 2016

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ACKNOWLEDGEMENTS

I wish to acknowledge the following people who made this paper possible: -

The Chairman of the Malawi Multi-stakeholder Construction Sector Transparency Initiative, Mr. Joe Ching'ani and his Board without whom this assignment would not have come to fruition; Mr. Lyford Gideon, the Coordinator CoST Malawi who prodded me along even when I had the writer's cramp, and The Chief Executive Officer for NCIC whose offices are at the heart of CoST Malawi.

The following Liaison Persons in the various PEs who worked tirelessly to provide data for this report deserve special mention:

Central Region Water Board:	Mr. J. Makwenda
Ministry of Education (EIMU):	Mr. E. Chikhawo
Roads Authority:	Mr. D. Matemba
Lilongwe Water Board	Mr. R. Gundantengo
Local Development Fund	Mr. K. Mame
Ministry of Health	Mr. A. Chiphiko
Ministry of Transport	Mr. Gondwe
Ministry of Agriculture Irrigation & Water Development	Mr. A .Mapsere

I am indebted to the above individuals in the various organizations who sacrificed their work load to attend to this study.

LIST OF ACRONYMS

ADB	African Development Bank
CRWB	Central Region Water Board
CoST	Construction Sector Transparency Initiative
EIMU	Education Infrastructure Management Unit
ESCOM	Electricity Supply Commission of Malawi
IDA	International Development Agency
IDS	Infrastructure Data Standards
IPC	Internal Procurement Committee
LDF	Local Development Fund
LWB	Lilongwe Water Board
MMSG	Malawi Multi Stakeholder Group
NCB	National Competitive Bidding
NCIC	National Construction Industry Council
ODPP	Office of the Director of Public Procurement
OFID	OPEC Fund for International Development
PEs	Procuring Entities
PIEQM	Project to improve Education Quality in Malawi
PPA	Public Procurement Act
UFW	Unaccounted for Water

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Executive Summary

This report covers disclosure of Infrastructure data standards for 26 projects under 10 Procuring Entities selected by the CoST Secretariat.

The study found that Lilongwe Water Board and Local Development Fund were tied on top spot for being very responsive in providing data to the study. Ministry of Education (Education Infrastructure Management Unit) came in second. In third place was Central Region Water Board. Ministry of Transport was fourth followed by Roads Authority in fifth place. The last two places were taken by Ministry of Health and Ministry of Agriculture respectively.

The key finding of the study revealed that almost all publicly funded projects and where donors were not responsible for direct disbursement of project funds, the projects suffered non-payment, delayed payments, and project cost overruns. The Assurance Consultant recommends that Government should consider alternative financing arrangements for funding such projects to avoid the aforementioned problems.

The study found that some institutions made errors in the administration of the projects at Tender Evaluation stage. The study recommends regular training for Procurement Officers.

Only two projects under this study were delivered within budget, on time, and in accordance with all the requirements and these were:

-  Extension of Treatment Works II – Lilongwe Water Board
-  Construction and Reticulation of Malomo Water Supply

Local Development Fund (LDF) and Lilongwe Water Board (LWB) were the two firms which were very responsive in providing data and the projects listed above were two best run projects by each PE. It is therefore the conclusion of this study that overall, LDF and LWB were the best performing PEs under this study.

The study also revealed that all institutions under this study have not embraced centralized electronic Data Management; hence some data may be available within the system but may be misplaced. Further, most email communication on projects was not filed in the registry of the institutions.

Although all PEs under this study were familiar with CoST, there is a need for further sensitization to actors in the PEs of its importance and intended outcomes.

1.0 The Construction Sector Transparency Initiative (CoST)

1.0 Introduction

Construction Sector Transparency Initiative (CoST) is a Multi-Stakeholder initiative designed to increase transparency and accountability in publicly financed infrastructure development projects. CoST aims to strengthen transparency in the construction sector in Malawi through enhanced disclosure of **Infrastructure Data Standards (IDS)** to the public, throughout the construction project life cycle. The process aims at providing sufficient information to enable stakeholders make informed judgments about the cost and quality of the infrastructure concerned and influence appropriate actions by implementers.

The Malawi Multi-Stakeholder Construction Sector Initiative is under the championship of Rt. Hon. Dr. Saulos Klaus Chilima, Vice President of the Republic of Malawi.

In its 6th year of operation in Malawi, the CoST programme initially conducted an Assurance and a baseline study in 2010. This was followed by an assurance consultancy for disclosure of Infrastructure Data Standards (IDS) on publicly funded projects in 2014. Hence this assurance study in 2016 is the third round to be conducted in Malawi.

1.1 Background

CoST is principally about increasing transparency through the release of project information into the public domain. But it is recognized that the disclosure of this information may not be sufficient on its own to achieve greater accountability. This is because some of the information is likely to be complex and not easily understandable to the general public.

1.2 Objectives of the Assignment

1.2.1 The objectives of the Assurance Study are:

1. To Collect, Verify and Analyze the IDS collected from selected projects under this study
2. To ensure that the information released by CoST is accurate and is available in a form that can easily be understood by the non-specialist.
3. To capture and disclose the individual significant changes which affect the price or programme of the selected contracts which affect the price or programme and reasons thereof.

1.2.2 The Scope of the Assurance Study

The Assurance Study covered the following core activities: -

- (a) Collection of Infrastructure Data Standards (IDS) from the selected Procuring Entities (PEs) and where it was necessary information was sought from consultants in order to collect complete data sets.
- (b) verified the accuracy and completeness of IDS disclosed on the selected projects and presented this report as required by the Malawi MSG.
- (c) Analyzed the disclosed and verified data on the selected projects in order to make informed judgments about the cost, time of delivery, and quality of the built infrastructure.
- (d) produce a report that is clearly intelligible to the non-specialist, highlighting any cause for concern the analyzed information reveals.
- (e) Present the findings to stakeholders and to the general public.

1.3 Approach and Methodology to the Study

In accordance with the Terms of Reference, the Assurance Consultant adopted the following approach in the data collection process:

1.3.1 Meeting CoST Secretariat on number of projects to be evaluated

An initial meeting was held at the CoST Secretariat to determine the number of institutions and projects to be reviewed under the Individual Assurance Consultancy. The MSG selected projects as listed in Table 1.3.1 below and as agreed in the negotiations Meeting held on 21st April 2015.

Table 1.3.1 List of Projects Selected by MSG

Ref.	Project Name	District	Sector	Client
1a	Chikwawa Teachers Training College	Chikwawa	Education	Min. Of Education
1b	Dedza Secondary School	Dedza	Education	Min. Of Education
1c	Machinga Secondary School	Machinga	Education	Min. Of Education
2a	Fuel Station Rehabilitation	Mchinji	Energy	Dept of Energy
2b	Civil works at Liwonde Barrage	Machinga	Energy	Dept of Energy
2c	Fuel Station Rehabilitation	Salima	Energy	Dept. of Energy
3a	Umoyo Staff houses	Chikwawa	Health	Housing
3b	Umoyo Kochilira staff Housing	Mchinji	Health	Housing
3c	Construction of Rural Hospital at Domasi	Zomba	Health	Housing
3d	Construction of High Court Commercial Court	Blantyre	Housing	Housing
3e	Construction of community hall, library and bus depot at Nambuma	Lilongwe Rural	Housing	Housing
3h	Construction of 212 beds Girls Hostel	Lilongwe	Education	Housing
3i	Construction of district sub- office	Ntchisi	Housing	Housing
4a	Rehabilitation of High Dependency unit - KCH	Lilongwe	Health	Health
4b	New National Pharmaceutical Warehouse at CMS	Lilongwe	Health	Health
5a	Upgrading of the Nsanje Bangula Road	Nsanje	Roads	Roads
5b	Western By Pass Road	Lilongwe	Roads	Roads
5c	Upgrading of Lilongwe – Kasiya Road	Lilongwe	Roads	Roads
5d	Rehabilitation of Old Chingale Road	Zomba	Roads	Roads
6	Improvement of Bangwe Water Supply	Blantyre	Water	Blantyre Water Board
7a	Extension of treatment works –LWB	Lilongwe	Water	Lilongwe Water Board
7b	Extension and upgrading of Chibungu Water Supply	Lilongwe	Water	Lilongwe Water Board
8a	Supply and installation and construction of rehabilitation Phase I	Kasungu	Water	Central Region Water Board
8b	Supply and installation and construction of rehabilitation Ph II	Kasungu	Water	Central Region Water Board
9	Malomo Water Supply	Ntchisi	Water	Local Development Fund
10	Chapananga Water Scheme - NWDP	Chikwawa	Water	Ministry of Agriculture Irrigation. & Water

1.3.1 Send introductory letters from the CoST Secretariat to PEs

The Assurance consultant requested for and was given an introductory letter from the Secretariat underscoring the importance of the initiative under the supervision of its Multi-stakeholder Group (MSG) and the leadership of its champion, **Rt. Hon. Dr. Saulos Klaus Chilima**, Vice President of Malawi and introducing the Assurance Consultant to be given access to information pertaining to Material Project Information (MPI) on various publicly funded infrastructure development projects undertaken by Procuring Entities.

The consultant sent these letters to participating PEs attaching lists of projects to be reviewed and requesting access to information.

1.3.2 Obtain a list of Liaison Persons from the CoST Secretariat

The Assurance Consultant next obtained a list from the CoST Secretariat of liaison persons from the participating Procuring Entities. This list was given to assist the Consultant in having a single contact within the PEs for ease of access. It should be noted that the list was requested and given to the consultant following unsuccessful attempts to gain access to most of the PEs. The introductory letters were sent to Permanent Secretaries and Chief Executive Officers of the various PEs. These introductory letters were acted upon immediately where the letters were addressed to Chief Executive Officers. Letters addressed to Ministries did not get immediate action. This led to delays in obtaining data. Upon the consultant requesting for and obtaining names of liaison officers from the various PEs where data collection was delayed, immediate contacts were made and data collection improved.

The study recommends that the list of Liaison Persons for PEs should be given at the very beginning of data collection.

1.3.3 Hold meetings with the liaison officers in the PEs for obtaining data

Delivery of introductory letters was followed by appointments with liaison officers in the participating PEs in order to brief them of the objectives of the study and to agree on dates when the Assurance Consultant was to commence the data collection exercise and to agree dates for site visits.

1.3.4 Receive requested data from the PEs

The consultant visited all institutions earmarked for data collection in order to collect MPI for the projects identified for the study.

1.3.5 Conduct Site Visits

Site visits were conducted to confirm that the project was built and to check quality of the structures.

2.0 Institutional Framework for the Study

In this report, data analysis and verification were guided by the provisions of the NCIC Act of 2009 and the Procurement Act No. 8 of 2003.

2.1 National Construction Industry Act

The construction industry in Malawi is primarily governed by the National Construction Industry Council (NCIC). The NCIC was established through an Act of Parliament in 1996 and was given the mandate to regulate the construction industry in Malawi and further, to promote and develop the construction industry in Malawi. In 2009, the NCIC instituted **CODE OF ETHICS** aimed at instilling and enhancing ethical conduct by the participants in the construction industry to promote best practices.

The core functions of the NCIC are to: -

- keep and maintain a register for each category of persons engaged in the construction industry;
- conduct training, within Malawi and co-ordinate the training conducted by others, of persons engaged in the construction industry;
- make available, from time to time, to persons engaged in the construction industry published information, advice and assistance in relation to the construction industry;
- publish, from time to time, such technical and commercial information as it deems necessary or expedient for the benefit of persons engaged in the construction industry;
- review, from time to time, the process of awarding contracts;
- monitor and evaluate, from time to time, the capacity and progress of persons engaged in the construction industry;
- Encourage competition in the professions or trades of persons engaged in the construction industry.
- regulate the activities of the construction industry in Malawi through the concerned Boards and Association;
- co-ordinate construction industry councils within or outside the region;
- standardize quality control, contract documentation, codes of practice, procurement processes, legal contractual procedures in liaison with other organizations;

2.2 Procurement Act No. 8 of 2003

The Public Procurement Act ((No. 8 of 2003) provides ***“...for the principles and procedures to be applied in, and to regulate, the public procurement of goods, works and services; to provide for the establishment of the office of Director of Public Procurement as the main authority responsible for the monitoring and oversight of public procurement activities, and for the development of the related regulatory and legal framework and professional capacity of public procurement; and to make provision for matters connected therewith or incidental thereto.”***

The Act further states that the Director of Public Procurement's office is responsible for the administration of the Act. The functions of the Office of the Director of Public Procurement (ODPP) are inter alia to: -

- (a) assist in developing and enhancing the efficiency and effectiveness of public procurement operations;
- (b) ensure the availability and the accessibility to public officials and the general public of this Act and regulations made hereunder;
- (c) develop, in consultation with concerned professional and official entities, for issuance by the relevant authorities for use throughout Malawi, standardized and unified procurement regulations, instructions, and bidding documents, which shall be binding on all Government Ministries, departments and parastatal organizations;
- (d) promote the development of a professional procurement workforce, including by organizing and conducting training programmes, and developing government-wide policies and programmes aimed at establishing procurement-related positions, career paths and performances incentives;
- (e) collect data on public procurement and monitor the performance of Government Ministries, departments and parastatal organizations, and persons conducting procurement proceedings so as to ascertain efficiency and compliance with applicable legislation, regulations and instructions;
- (f) collect data on the performance of procurement contracts in Malawi by suppliers, and to maintain and circulate lists of debarred bidders and suppliers;
- (g) provide, periodically, a quantitative and qualitative assessment of procurement activities in Malawi to the Minister, who shall lay the report before the National Assembly;
- (h) refer violations of this Act and the Regulations relating to public procurement to the relevant budgetary and law enforcement authorities;
- (i) propose improvements in public procurement procedures;
- (j) provide administrative review of bid protests in accordance with section 38;
- (k) carry out economic studies on procurement, comparisons, and future projections, so as to provide advice to the Government in respect of the mid-term policy it may formulate in public procurement matters; and
- (l) establish a data and information base concerning procurement terminology and legislation, and to set policy for, and promote the application of, modern information and communications technology to public procurement.

3 Data Analysis and Verification

The study reviewed projects in the Central and Southern Regions as follows: -

3.1 Central Region Water Board (CRWB)

The Assurance Consultant reviewed Phase I and Phase II of **Supply, Installation, and Construction of Rehabilitation and Expansion Works for Kasungu Water Supply Scheme**. During Phase I, the Contractor PME+WCC JV terminated the contract due to delays experienced as a result of late payment of Advance for Working Capital. Hence, the works were re-tendered and a new contract (Phase II) was awarded at a price 10% higher than the Phase I contract. If the payments made to the contractor in Phase I are factored in, the loss to Malawi Government is even higher than the 10%.

Table 3.1 Description of Projects

Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
Kasungu Water Supply Scheme – Phase I	Kasungu	Supply, Installation, and Construction of Rehabilitation and Expansion Works	To improve the existing infrastructure related to water provision in Kasungu which is too old to meet water demand to 2025	514,265,611.68	26,045,358.75 (Reflects value of payments made up to time when contract was terminated)
Kasungu Water Supply Scheme – Phase II	Kasungu	Supply, Installation, and Construction of Rehabilitation and Expansion Works	To improve the existing infrastructure related to water provision in Kasungu which is too old to meet water demand to 2025	566,542,969.29	MK 532,823,967.48

3.1.1 Civil Works Contract and Supervision Contracts – Phase I

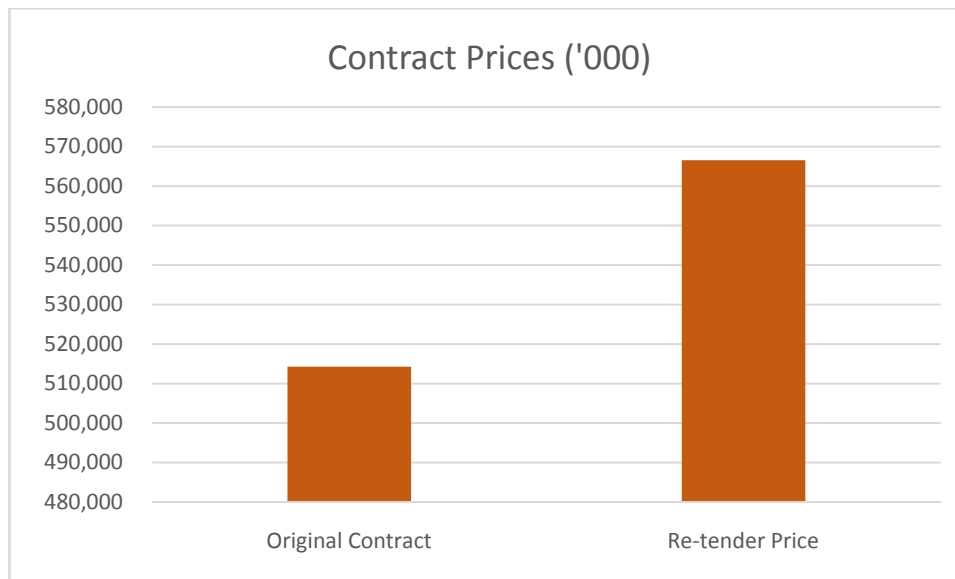
The Assurance Consultant collected data on Phase I of the above project and analysis of procurement procedures are highlighted in this section of the report.

a. Civil Works Contract - Kasungu Water Supply Scheme – Phase I

Disclosure information findings for civil works contract for Kasungu Zone are included in Annex 1, under Disclosure Report No. 1. Pertinent findings are summarized as follows: -

- Tender procedure was international bidding
- The project was initially financed by the OPEC Fund for International Development (OFID)
- Nine (9) firms expressed interest to tender for the works, but only three (3) submitted bids
- The CRWB generally followed procurement guidelines in the procurement and administration of the project. However, there were several administrative errors that were made as follows: -
 - i. There was a slight difference between the amount recommended in the Tender evaluation report and signed contract of MK 64,075.

- II. The Client accepted that commencement of the contract be 15 days following payment of the Advance by the client to cover mobilization expenses. This is not procedural as the aim of vetting the contractor's capacity is to ensure they are able to undertake the works without relying on payments from the project.
- III. The contractor delayed performance of the works citing he could not perform due to delays in receiving the Advance Payment
- IV. There were no significant changes in the contract price as the contract was terminated within a few months of commencement.
- V. This contract had a condition for payment that was unenforceable. In the minutes of contract discussions dated 5 November 2010, the client agreed to pay the contractor 90% in US Dollars and 10% in Malawi Kwacha; and this was included as a condition in the contract. At the time when this was agreed, it was against Reserve Bank of Malawi regulation to make payments to a locally registered contractor in foreign currency. The client wrote to the Attorney General regarding this issue but there is no correspondence in the files to indicate advice was given. It is the Assurance Consultant's opinion that a mutually agreeable solution including rectification of the clauses in question or voiding the contract completely should have been negotiated after discovery of the mistake in the contract.
- VI. The Tender evaluation report and the contract used slightly different exchange rates. Again this was an administrative error.
- VII. The client delayed in making the Advance Payment to the contractor which led to the contractor applying the appropriate clauses of the contract for termination of the contract. The client had no choice but to accept termination of the project. The study confirmed that procurement guidelines pertaining to termination were followed. Ministry of Finance acknowledges that Government ***"...had financial problems with settlement of arrears with OFID which led to temporary suspension of the credit facility...the Reserve Bank of Malawi did not have adequate foreign currency to service ... debt with the donor. The bank had only 1.5 months cover of forex which is.... critical..."*** This problem meant that OFID made a temporary suspension for payments under this contract and this led to the contract to be terminated by the contractor after suffering delayed payments.
- VIII. The project was re-awarded at MK 566,542,969.29; an increase of 10% (Phase II). The difference in price is graphically presented below:



b. Supervision Contract - Kasungu Water Supply Scheme – Phase I

Disclosure information findings for Supervision works contract are summarized in Annex 1, Disclosure Report No. 1. Pertinent findings are as follows: -

- Tender Procedure was Single Sourcing. This was justified by the fact that the Consultant Metaferia had earlier successfully completed design work. The client sought and obtained **“No Objection”** from the Donor and the consultant was engaged to provide supervision services for the project.
- There were no significant changes to the programme for the supervision contract works
- Procurement and management of the supervision works was done in accordance with guidelines from ODPP

3.1.1.1 Findings and Recommendations

1. The project was funded by OPEC Fund for International Development (OFID).
2. Generally, the study found that email records for this project are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
3. This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
4. This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
5. Administration of the project had the following problems

- ✓ Tender sum and signed contract were different
 - ✓ Commencement of the contract was 15 days following payment of Advance which is not procedural as the aim of vetting the contractor's capacity is to ensure they are able to undertake the works without relying on Advance Payment; best practice is for commencement to be within 2 weeks of signing the contract.
 - ✓ The contract had an unenforceable condition of contract for payment in foreign currency for a local contractor which was against Reserve bank of Malawi Regulations.
 - ✓ Tender evaluation report and contract used slightly different exchange rates
 - ✓ Client delayed payment of the Advance which led to the contractor terminating the contract.
6. The works contract was terminated due to delayed payment of advance.
7. The project was re-tendered and re-awarded to a different contractor at a price which was 10% more than the original contract. If the payments made to the contractor on the terminated project are taken into account, this loss is even higher.

3.1.2 Civil Works Contract and Supervision Contracts – Phase II

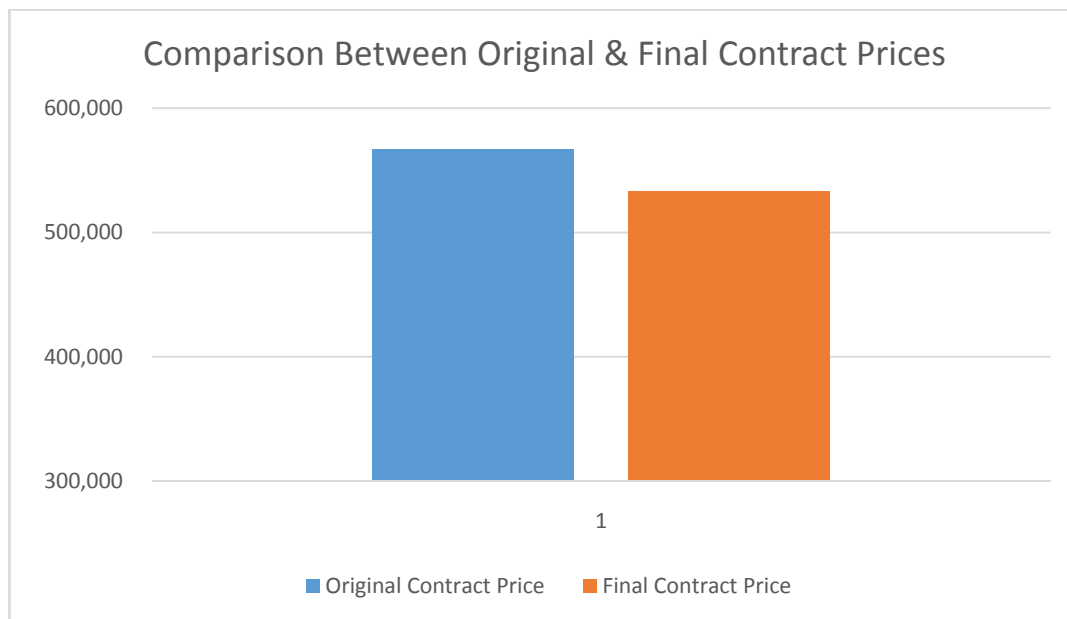
Infrastructure Data Standards were collected for Phase II of the above project and analysis and verification are highlighted in this section of the report. Funding of the project was by the International Development Agency (IDA)

a. Civil Works Contract - Kasungu Water Supply Scheme – Phase II

Disclosure Report No. 3.2 in Annex 1 records the findings for the disclosures made for Civil Works Contract, Phase II for Kasungu Water Supply Scheme. The IDS are summarized as follows:

- IDS for procurement procedure was not available from the client disclosures; hence the bidding procedure, number of contractors expressing interest, and bid evaluation information was not collected. Suffice to say that Unipumps (Nigeria) were awarded the contract for civil works, Phase II.
- Variation Orders were issued which adjusted the cost from **MK566, 542,969.29** to **MK 532,823,967.48**. Proper Justification was given for each variation. The comparison between the Original and Final Contract Prices is graphically presented below: -

Kasungu Water Supply Scheme – Phase II Project

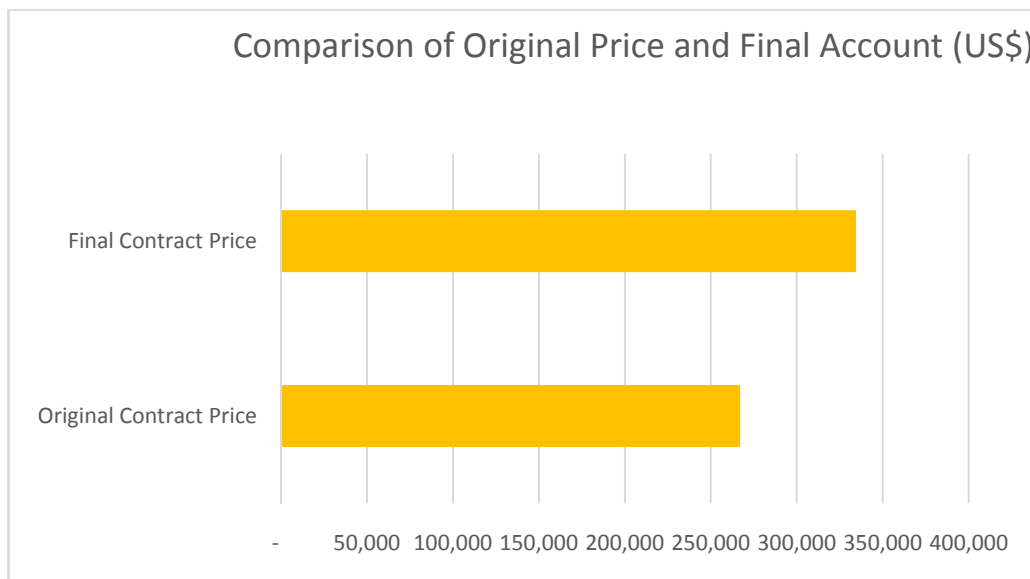


- The Consultant, Metaferia, made an error in the final account calculations as follows: -
 1. Calculation for Value Added Tax on value of works in the Final Account (at 16.5% should be MK64,839,201.15 and not K65,314,595.25) was erroneous. This error was carried forward in the consultant's Final Report and was brought to the attention of the PE by the Assurance Consultant but justification had not been given by CRWB by the time disclosures were finalized.

b. Supervision Contract - Kasungu Water Supply Scheme – Phase II

Supervision works continued from Phase I after termination of the first contract. Hence Metaferia supervised the works carried out by Unipumps (Nigeria) during Phase II of this project. Details of IDS are in Disclosure Report No. 1 in Annex 1: -

- ◆ There was no procurement of consultant as this was a continuation from Phase I
- ◆ There was material deviation in final cost increasing from US\$267,103.47 to US\$334,495.84 due to:
 - ◆ Additional Work carried out during termination of first contractor
 - ◆ Work carried out during re-tendering period
 - ◆ Work carried out outside the financing Agreement paid direct by Central Region Water Board.

Supervision Contract - Kasungu Water Supply Scheme – Phase II

- The consultant, Metaferia, prepared and submitted to CRWB a detailed engineering design report the basis of which the project was implemented. Some of the project indicators in the report included the following:
 - ◆ Increase the supply of water from 2750m³/day to 4,750m³/day; an increase of 72% to meet demand up to 2015.
 - ◆ Decrease unaccounted for water (UFW) from 30% in 2008; to 25% in 2010; and 16% between 2015 and 2020.
- 2. The Final report submitted by the consultant at the completion of the project does not address whether these deliverables were met and reasons thereof. The Assurance Consultant requested for actual project performance indicators from the CRWB measured after commissioning of the works so that a comparison should be made between projected and actual outcomes achieved to see whether the project was justified; justification had not been given by CRWB to the Assurance Consultant by the time disclosures were finalized.

C. Quality of the Works

The Assurance Consultant conducted a site visit to verify the construction works and to appreciate the quality of the structures. Three facilities were visited which were: -

- (a) T2 Pumping Station
- (b) Treatment Works
- (c) Nguluyanawambe Intake point

Pictures below show the infrastructure constructed under this project and the quality of the works is good and in working order.



T2 Pumping Station Stand-by Generator & Tank



T2 High Level Supply Tank



Water Treatment Plant



Pumps at Water Treatment Plant



Nguluyanawambe Intake Pump House



Nguluyanawambe Intake Structure

3.1.2.1 Findings and Recommendations

The following were the findings on this project: -

- ◆ Project was funded by the International Development Fund
- ◆ Final costs for the Works Contract were below the contract price; instructed variations adjusted the cost from MK 566,542,969.29 to MK 532,823,967.48
- ◆ The supervising consultant erred in calculating Value Added Tax.
- ◆ CRWB generally followed ODPP procurement guidelines in procurement and administration of the project.
- ◆ There was material deviation in final cost for the consultancy contract increasing from US\$267,103.47 to US\$334,495.84 due additional Work carried out during termination of first contractor; work carried out during re-tendering period; work carried out outside the financing Agreement paid direct by Central Region Water Board.
- ◆ The Final report submitted by the consultant at the completion of the project does not address whether project indicators identified at design stage were met and reasons thereof. The Assurance Consultant requested for actual project performance indicators from the CRWB measured after commissioning of the works so that a comparison should be made between projected and actual outcomes achieved, to determine whether the project was justified; justification had not been given by CRWB to the Assurance Consultant by the time disclosures were finalized.

3.2 Ministry of Education

The Assurance Consultant was given access for IDS disclosures for the following projects by the Education Infrastructure Management Unit (EIMU): -

Table 3.2 Description of Projects

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Value Contract (MK)	Works Contract Final Value (MK)
a.	Chikwawa Teachers Training College	Chikwawa			Project is not yet awarded	N/a
b.	Dedza Secondary School	Dedza	Rehabilitation of Administration Block, Science Laboratory, Kitchen, Dining Hall, and Viphya Hostel	To improve infrastructure at Dedza Secondary School for a better learning environment for students	MK 92,894,745.18	Final Value yet to be determined after resolution of claims for delayed payments and escalation due to late start. Estimate for Final Account is MK135,826,805.33.
c.	Machinga Secondary School	Machinga	Construction of Hall, Administration Block, Classrooms, Teachers Houses, Toilets, and Borehole	To enable students in and around Machinga District attain better tertiary education	MK 699,089,925.55	The final value has yet to be determined due to delays experienced in payments to contractor. Total Value Certified to Certificate No. 6 is MK 665,276,119.24

3.2.1 Chikwawa Teachers Training College

Disclosure for this project revealed that this project is not under construction as currently the project is under procurement process. The PE indicated that the project shall go to tender within a short time. The PE did not disclose the budget for the project.

3.2.1.1 Findings and Recommendations

The PE did not disclose any information on this project due to the fact that the project was under procurement process

3.2.2 Dedza Secondary School**i. Funding**

Funding for the project was by Malawi Government. The Engineer's Estimate and Budget for the project were not disclosed by the PE.

ii. Tender Process - Consultant

There was no Consultant for this project as it was internally supervised by the EIMU.

iii. Tender Process - Contractor

The PE did not disclose this information to the Assurance Consultant due to misplacement of Tender Report by the EIMU.

iv. Contract Award - Contractor

Pangano Building Contractors were awarded the contract at a cost of K92,894,745.18 for a duration of 18 months.

v. Contract Execution - Contractor

Significant changes to the Contract:

1. The project had a duration of 18 months but took 25 months to complete due to delayed payments. The Final Account has not been settled pending resolution of contractor's claims for escalation. However, project Cost Report No. 2 prepared by EIMU shows that the Final anticipated cost shall be Mk 135,826,805.33.
2. Late payments on the project have resulted in slow progress and requests of extensions of time on several occasions from the contractor. Additional works such as bunk beds and cupboard shelving have also contributed to change in the programme.
3. As a result of these coupled with National devaluation of the local currency that occurred during that period; the project has taken 2 years and 2 months to reach practical completion.
4. Hence the contractor is requesting an upward adjustment for measured works of 49%. This adjustment is deemed to be included in the above cost report No. 2.
5. The final hand over date is yet to be established when issues concerning the 49% price adjustment request have been concluded.

6. The client has taken partial possession of the individual buildings to allow students to use them whilst the issues of payment and completion of the contract are negotiated.

vi. Project Evaluation Report

The project Final Account has not been finalized due to cost escalation issues and therefore the Final Report has not been produced.

vii. Quality of the Works

The Assurance Consultant visited Dedza Secondary School and was shown works undertaken at Viphya hostel, Science Laboratories, Kitchen and Dining Hall and Staff Room. The works undertaken were fair in quality. Pictures below show the works.



Viphya Hostel Cubicle Rehabilitation



Kitchen Rehabilitation



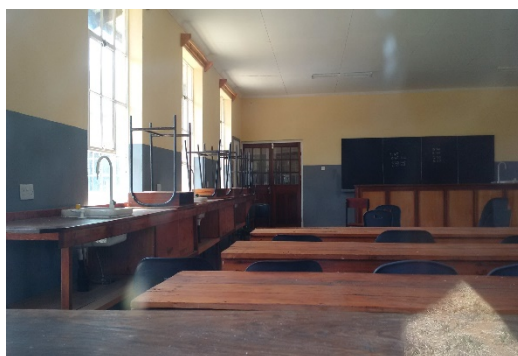
Dining Room – Rehabilitation



Administration Block – Rehabilitation



Staff Room – Rehabilitation



Science Laboratory - Rehabilitation

3.2.2.1 Findings and Recommendations

The following were the findings and recommendations for this project: -

- ◆ Generally, the study found that email records for this PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- ◆ This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
- ◆ This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- ◆ Funding for this project is by the Government of Malawi and was supervised by EIMU
- ◆ Delayed payments resulted in slow progress, requests for Extension of Time, escalation in costs and the project suffered devaluation of Malawi Kwacha. Consequently, contractor is claiming an upward adjustment for measured works of 49%
- ◆ The calculation for escalation of 49% has been reviewed by the Assurance Consultant and it does not conform to best industry practice. There is a need to use formulae recognised by the industry to calculate the escalation suffered by the contractor so that the claim can withstand scrutiny by stakeholders. The EIMU stated that the IPC is yet to review the formula used by the contractor; hence no decision has been made by the client.
- ◆ Quality of the works is not of a high standard although it is acceptable.

3.2.3 Machinga Secondary School

i. Funding

Part of the Funding for the project were proceeds from an equivalent of US\$ 50 million from the International Development Association (IDA) of the World Bank and US\$ 90 million from the Education for All – Fast Track Initiative towards the cost of the Project to improve Education Quality in Malawi (PIEQM) through budgetary support. The funds were therefore controlled by the Government in the implementation of the project.

ii. Tender Process - Consultant

The Assurance Consultant had no access to this information as it was not available at the time of data collection.

iii. Tender Process - Contractor

Seventeen (17 No.) contractors expressed interest and 15 submitted bids. Tendering was under National Competitive Bidding. After analysis of the bids, the Evaluation team recommended that the contract works be awarded to Einstein Construction Ltd. The budget for the works was MK800 Million.

iv. Contract Award - Consultant

The project was awarded to a consortium led by Tecknologa Consultants at a Contract Price of K33,754,666.60

v. Contract Award – Contractor

Messrs Einstein Construction Ltd were awarded the contract at K699, 089,925.55

vi. Contract execution – Consultant

The consultants were engaged for a period of 52 weeks on the project. The scope of works was to design the school infrastructure and prepare all necessary drawings; Procure the works of the main contractor through National Competitive Bidding; Prepare contract documents, supervise and manage the consultation contract up to and including the defects liability period and Provide as-built drawings and operating and maintenance manuals for equipment and other specialist services to be installed.

Not much information was available at EIMU as to how the supervision contract was managed. As on other projects in this study where a consultant was hired for supervision, the client did not have complete documents on file regarding supervision. Due to time constraints, the Assurance Consultant was unable to refer to the consultants to triangulate the information gathered from the PE. Hence there is no IDS on how the project was run.

vii. Contract Execution - Contractor

Significant changes to the Contract:

- i. The project had a duration of 52 weeks but completion was delayed due to inadequate and delayed payments. The Final Account has not been settled pending resolution of contractor's claims for escalation. Actual payments to June 2016 amount to MK 486,734,169.43

viii. Project Evaluation Report

The project Final Account has not been finalized and therefore the Final Report has not been produced.

ix. Quality of the Works

The Assurance Consultant made a site visit to Machinga Secondary School and found the incomplete site abandoned except for watchmen and clerical staff. All the buildings are far from completed and the basic structures are of sound quality.



Project Sign Board – Disclosure of Project to the Public



Machinga Secondary School – Incomplete and abandoned Administration Block



Machinga Secondary School – Incomplete Classrooms

3.2.3.1 Findings and Recommendations

1. Part of the Funding for the project were proceeds from an equivalent of US\$ 50 million from the International Development Association (IDA) of the World Bank and US\$ 90 million from the Education for All – Fast Track Initiative towards the cost of the Project to improve Education Quality in Malawi (PIEQM) through budgetary support. The funds were therefore controlled by the Government in the implementation of the project.
2. The client did not have complete documents on file regarding supervision of this contract as a consultant was hired to carry out supervision; due to time constraints, the Assurance consultant was unable to triangulate data from other sources to complete the picture.
3. Delayed payments have caused the contractor to suspend the works and there is an outstanding claim for escalation. These delays were caused by Government being unable to fund the project although some of the funding was from IDA through budgetary support. The study recommends that Government should seek alternative financing arrangements to avoid such outcomes. Further it is recommended that Government should consider rationalizing implementation of development projects taking into account available resources.
4. Quality of the works is good; based on the unfinished structures.

3.3 Roads Authority

The CoST Secretariat had a list of four (4 No.) projects for the Assurance Consultant to review under Roads Authority and these were:

1. Upgrading of Nsanje – Bangula Road to Class I Bitumen Standard
2. Multi Nacala Road Corridor Phase I – Construction of Lilongwe Western By-Pass Road
3. Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads
4. Rehabilitation of Old Chingale Road in Zomba, Machinga, and Blantyre Districts.

The fourth project, Rehabilitation of Old Chingale Road in Zomba, Machinga, and Blantyre Districts was a project which was suspended by the client. The consultant and contractor on this project

were awarded a different project under **Single Source** procurement as quid pro quo to avoid claims for breach of contract. Hence no data collection was undertaken for this project.

Furthermore, the Assurance Consultant observed that generally procurement information was not disclosed. The PE indicated that there has been a high turnover of staff in this department recently and apparently information was stored on laptop computers and it is no longer available. There is therefore a need for this PE to review storage of information.

Infrastructure Data Standards were disclosed for selected projects at Roads Authority as listed below:

Table 3.3.0 Description of Projects

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
a.	Upgrading of Nsanje – Bangula Road to Class I Bitumen Standard	Nsanje	Mass earthworks, pavement layers, surfacing, bridge and box culvert construction, and other drainage works	Improve transit time between Bangula and Nsanje therefore reducing vehicle operation costs and other exogenous costs thereby improving conveyance of goods and services	Original Contract: K 852,199,588.90 Revised Contract: K 7,415,365,707.56	Disclosed IDS not clear what the final account was.
b.	Multi Nacala Road Corridor Phase I – Construction of Lilongwe Western By Pass Road	Lilongwe	Construction of 7m wide carriageway with 2 m wide shoulders, construction of box culverts and 18 m double span bridge over Lilongwe River	Divert Through Traffic from Central Business District (CBD) of Lilongwe and therefore reduce transit time, vehicle operation costs and other exogenous costs thereby improving conveyance of goods and services in the	K 4,141,023,383.00	Disclosed IDS not clear what the final account was.

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
				Nacala Corridor and CBD of Lilongwe.		
c.	Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads	Lilongwe	Construction of 138 kms of Class 1 Bitumen Standard Road	Improve transit time between Lilongwe and Kasiya therefore reducing vehicle operation costs and other exogenous costs thereby improving conveyance of goods and services	MK 39,651,193,955.11	This is an on-going project
d.	Rehabilitation of Old Chingale Road in Zomba	Zomba	Data for this project not collected			

3.3.1 Upgrading of Nsanje – Bangula Road

i. Funding

Funding for the project was by Malawi Government. The Engineer's Estimate and Budget for the project were not disclosed by the PE.

ii. Tender Process - Consultant

The consultants on the project were Romana CNM – YBJ (JV) Consulting Engineers. The bidding procedure was not disclosed. The Assurance Consultant had difficulties sourcing bidding information. The procurement department has seen a high turnover of staff and information on projects done in the recent past was hard to find.

iii. Tender Process - Contractor

Four contractors expressed interest in tendering and all four submitted bids and these were: -

- a) Mkaka Construction/
- b) Fargo Ltd
- c) CMC
- d) Mota Engil

iv. Contract Award - Consultant

The contract was awarded to Romana CNM – YBJ (JV) Consulting Engineers at a price of K 108,801,817.50. The initial scope of the works was for design and supervision of the works. The civil works contract was revised upwards to cover 50 kilometers when originally the works were to cover only 5 kilometers; likewise, the supervision contract was therefore adjusted with respect to duration and the contract sum.

v. Contract Award - Contractor

Mota Engil Contractors were awarded the contract at a cost of K852,199,588.90 to construct 5 kilometers of road. Later, the client negotiated with the contractor to increase the scope from 5 to 50 kilometers at a revised Contract Sum of K7,415,365,707.56. This change in scope necessitated for the client to seek the approval of ODPP which was granted. The client justified single sourcing the civil works stating that this was “**...for consistency in the quality of the works if the same contractor continued with the work.**” Commencement of the contract was on 17 April 2008 and original completion was planned for 17 April 2010 but actual completion was 6 June 2011.

vi. Contract Execution - Contractor

This project was scheduled to take 24 months, but from the beginning of the project to its completion and hand over a number of occurrences influenced extension of time. In a letter dated 17th May, 2010, the contractor through the consultant requested an extension of time from the client of about 6.2 months. The contractor was later on given 4.33 months. The extension was granted till the 18th August 2010. The 2nd extension of time was from August to December 2010. Reasons for both Extensions of Time were as below:

- 1) Restricted access to the site due to delays in compensations. The works on site commenced on 17th April 2008 were supposed to end on the 17th of April 2010. However, compensations disputes forced rescheduling of the contractor’s activities on some locations meaning that they did not have full access to the site.
- 2) Shortage of Foreign Currency in the Country. This problem seriously undermined the contractor’s capacity to do machine repairs, maintenance, and procurement of materials for the works in time.
- 3) Diesel Shortages. The country was hit by fuel shortages from the period of October 2009 to 2010. This affected the contractor greatly reason being most of the equipment and machinery were diesel propelled.
- 4) Increased/ additional works

The 3rd extension of time was granted under addendum number 3 where the works ended in May 2011.

The project came to completion on 6th June 2011 when it was handed over to the clients.

The information disclosed is not clear in terms of the final cost of the project. The Assurance Consultant requested data from Romana Consulting Engineers to triangulate data sources but due to time constraints, the information was not disclosed.

vii. Contract Execution - Consultant

The consultancy contract scope was revised to take into account the change in scope of the civil contract from 5kilometers to 50 kilometers. Hence although the scope increased and duration of the contract was revised the revised contract decreased from K 83,250,480 to K 81,652,248 resulting from re-distribution of contract quantities which were over-estimated in the original contract. Hence a variation was issued to regularize these changes.

The information disclosed is not clear in terms of the final cost of the project. The Assurance Consultant requested data from Romana Consulting Engineers to triangulate data sources but due to time constraints, the information was not disclosed.

viii. Project Evaluation Report

The project Evaluation Report was not disclosed.

ix. Quality of the Works

The Assurance Consultant visited the Bangula Road and it is of excellent quality.



Section of Bangula – Nsanje Road



Section of Bangula – Nsanje Road at Bangula

3.3.1.1 Findings and Recommendations

1. Funding for this project was from Government of Malawi Development Fund.
2. Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this

study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.

3. The study failed to obtain Bid Evaluation report, Final cost of the project, Engineer's Estimate, and information for the consultants on the project.
4. This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
5. This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
6. The works contract was awarded at a cost of K852,199,588.90 to construct 5 kilometers of road. The scope was subsequently changed from 5 to 50 kilometers at a revised Contract Sum of K7,415,365,707.56. This change in scope necessitated for the client to seek the approval of ODPP for single-sourcing procurement of the contract; which was granted.
7. Execution of the project was delayed due to compensation disputes, Shortage of foreign currency in Malawi, Diesel shortages, and increased scope of works.

3.3.2 Multi Nacala Road Corridor Phase I – Construction of Lilongwe Western By-Pass Road

i. Funding

The Government of Malawi received a loan from the African Development Fund in various currencies towards the cost of Multinational Nacala Road Corridor Phase 1. Part of the proceeds of the loan was applied to eligible payments under the contract for the Construction of the 13.4 km Lilongwe City West Bypass.

ii. Tender Process - Consultant

Tender process information was not disclosed. The PE had difficulties sourcing bidding information for the Assurance Consultant. The procurement department has seen a high turnover of staff and information on projects done in the recent past was difficult to find.

iii. Tender Process - Contractor

Nineteen firms expressed interest in bidding for this project. Ten (10) contractors submitted bids and these were: -

1. Tenacraft Construction (Pvt) Ltd
2. China Geo-Engineering Corporation Ltd
3. China Road and Bridges Corporation Ltd
4. Mota-EngilEngenharia, CETA/CMC J.V.
5. CETA/CMC J.V.
6. Construcoes Gabriel A.S. Couto S.A.
7. Sinohydro Corporation Ltd
8. China Railway No.5 Engineering Group
9. Raubex Construction (Pvt) Ltd
10. Simplex Infrastructure Ltd

Preliminary Examination was carried and out of the ten bids received 5 did not pass the examination stage and were deemed to be non-responsive.

The other 5 on the other hand after following the examination for verification, eligibility, bid security, completeness and substantial responsiveness, the bids were perceived to be substantially responsive. These 5 were;

1. China Geo-Engineering Corporation
2. China Road and Bridges Corporation Ltd
3. Mota EngilEngenharia,
4. Sino hydro Corporation Ltd
5. China Railway No.5 Engineering Group Co. Ltd.

These tenders were subjected to further evaluation. The evaluation committee later recommended that Mota EngilEngenharia was the lowest evaluated responsive tender and proposed that the firm should be invited for negotiations at the corrected bid price of Mk 4,141,023,383.08.

iv. Contract Award - Consultant

Information concerning procurement of Consultant was not made available by the PE; suffice to say that following the tender process and negotiations with the Roads Authority, (RA), of Malawi the letter of Notification of Award of Contract covering consultancy services for design review, pre tender services and supervision of the construction of Lilongwe By Pass Road was issued on the 29th of October 2010 to H.P. Gauff Ingenieure GmbH in association with David Consulting Engineers for a Contract Price of €729,803 plus local currency component of MK57,778,127. The contract between RA and the Consultant team was signed on the 17th of November 2010. A kick off meeting was held on the 13th of December 2010, were the actual date of commencement of the consultancy services was agreed as on the 17th of December 2010.

The consultant assignment was to carry out consultancy services in phase 1 and in phase 2.

Phase 1: Design Review

- Thoroughly inspect the detailed design documents prepared by Henderson and Partners Consulting Engineers and any other deemed appropriate for the design review.
- Review construction drawings, technical specifications, design calculations, cost estimates and other documents and verify the sufficiency of the designed horizontal and vertical alignment, in view of all road safety considerations.
- Verify the sufficiency of the pavement design with respect to strength and economy accompanied by relevant test investigations and results.
- Verify and check all land acquisition requirements.

v. Contract Award - Contractor

Mota Engil Contractors were awarded the contract at a price of Mk 4,141,023,383.08. for the construction of 13.4kms Lilongwe City West By-pass Road.

vi. Contract Execution - Contractor

Various changes were authorised and revisions of the BOQS incorporated the following:

1. Hot mix asphalt on shoulders in lieu of chips sealing for better performance and durability.
2. Under estimates for compensation of relocation of services, mainly ESCOM.
3. Introduction of service ducts that were not foreseen in the first BOQ.
4. Increased quantities in sub grade and backfill.
5. Introduction of police blocks, shelters and parking lanes at Bunda turn off and road reserve marker posts.
6. Time related cost due to the extension of time were granted to the contractor.

The total contingency amount required for all these changes amounted to Mk 347,502,185.19 out of the contract contingency provision of Mk 376,465,671.19 leaving a balance amounting to Mk 28,954,486.1

vii. Contract Execution - Consultant

EMC Jatula Associates carried out initial designs for the Western By-Pass Road. Their investigations and report however did not include detailed designs for bridges. In 2009 when Henderson and Partners were engaged by the Bank in the appraisal of the project, they provided detailed designs of the road in terms of geometry but did not fully investigate bridge details. An investigation by Gauff Ingeniure noted that the TORs for the current design review failed to pick the additional geotechnical investigations; this was documented in their Inception Report on section 3.6, page 3-3.

The scope of works for the geotechnical investigations included drilling of 4 No boreholes, 2 on each side of the river bank and associated field and laboratory tests. It was decided that RA would engage Central Material Laboratory of the Ministry of Transport and Public Infrastructure, and would pay for their services of carrying out the geotechnical investigations under a contract.

Gauff Ingeniure would therefore supervise the field work and laboratory tests; and interpret the results and detailed design of the substructures. This was treated as an addendum to their contract because of the extra work. The additional cost of conducting the services was €9,882.75 and the revised cost on the design review amounted to € 155,447.75 giving the revised contract sum €885,250.75.

Addendum No 2 made on the 31st day of July 2014 between the client (RA) and the Consultant H.P. Gauff. The client requested that the period of execution of the supervision of services be extended to the end of September 2015 so as to correspond with the extended period of completion of the works contract including the defects liability period. The consultant having represented to the client that it had the required professional skills, personal and technical resources agreed to provide the services on the terms and conditions set forth in the contract. The additional cost for conducting the services amounted €51,618.76.

The information disclosed is not clear in terms of the final cost of the supervision. The Assurance Consultant requested data from David Consulting Engineers to triangulate data sources but was advised that all information is with Gauff in Nairobi, Kenya. Hence from the provided information it was not possible to ascertain the final cost of the supervision services.

viii. Project Evaluation Report

The project Evaluation Report was not disclosed.

ix. Quality of the Works

The Assurance Consultant visited the road and it is of good quality



Three Cell Box Culvert near Bunda Junction



Round-about Kaunda and Mchinji Roads

3.3.2.1 Findings and Recommendations

- a) The Government of Malawi received a loan from the African Development Fund towards the cost of construction of the Multinational Nakala Road Corridor Phase 1.
- b) Tender process information was not disclosed. The PE had difficulties sourcing bidding information for the Assurance Consultant. The procurement department has seen a high turnover of staff and information on projects done in the recent past was difficult to find.
- c) Final cost for the civil works and supervision were not disclosed as the information provided was not clear. The Assurance consultant requested data from the local partner of H.P. Gauff in order to triangulate sources but was advised that all information is with Gauff in Nairobi, Kenya.

3.3.3 Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads**i. Funding**

The Government of Malawi is funding the project

ii. Tender Process - Consultant

The Government of Malawi put on hold the construction of Lirangwe – Chingale – Machinga Road which was being constructed by Mota Engil and supervised by Royal Associates. In order to avoid claims for termination of contract, the Roads Authority sought and received Government's

approval to transfer the design review and supervision contract and award Royal Associates the supervision of the Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads as quid pro quo under similar terms and conditions.

iii. Tender Process - Contractor

Similarly, the contractor, Mota Engil, was awarded the contract for construction of the Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads under similar terms and conditions in order to avoid claims after the Government put on hold the construction of the Lirangwe – Chingale – Machinga Road which was being constructed by Mota Engil.

iv. Contract Award - Consultant

On 4th December 2014, Royal Associates were awarded the contract for Design Review and Construction Supervision of the Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads to undertake the works for a period of 48 months at a contract price of MK989,706,740.92.

v. Contract Award - Contractor

Mota Engil Contractors were awarded the contract at a price of Mk 39,651,193,955.11 for the Upgrading of the 138 kms Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads

vi. Contract Execution – Contractor

Delayed Payments

Since commencement of the contract, Mota Engil has not been paid. Total amount Certified to 30 June 2016 is MK7,032,067,247.49 and Interest Claim on unpaid certificates of MK1,271,760,579.51 or 18% of the value of works completed is also due. Hence a total of MK8,303,827,827 is unpaid on a MK 39,651,193,955.11 representing 21% of the contract value.

Effectively, the PE is under default for not paying the contractor. It was confirmed to the Assurance Consultant by the Consulting Engineers on the project that although the client is in default due to non-payment, the contractor considers the contractual remedies put in place for delayed payments are adequate for the time being.

The Assurance Consultant sees this as a potential problem for this contract and many other infrastructure projects funded 100% by Government as interest costs shall accrue together with escalation costs for delayed execution of the contract. The Government would have been better served if there was a mechanism under an Act of Parliament, to raise funds through a Road Bond for this project.

Sub-contracting the Works

Particular Conditions of Contract Clause 4.4. Explicitly requires that 10% of the total value of works, excluding escalation, contingency, Provisional Sums, and VAT be subcontracted to Malawian Small Scale Contractors. Non conformity to this condition may be sufficient grounds for cancellation of the contract upon random inspections confirming this breach. To date, the

contractor has not engaged local contractors citing that preparations are underway to engage Malawian contractors to carry out these works.

The Supervising Engineers on the project advised the Assurance Consultant that they will ensure that this particular provision is followed. It is necessary that this particular provision is followed up by the PE and Consulting Engineer on the project due to the importance this has on the development of Malawian Contractors.

Claims

The following issues shall require to be resolved as expeditiously as possible: -

- Claim for increased cost due to contractor working on two fronts rejected by client although during negotiations client indicated consideration would be made if such eventuality occurred. This is a potential dispute if not amicably resolved.
- The contractor has access only to the first 8 kilometres from Mchinji Junction and there were un-resolved compensation issues. If left unaddressed, there is a potential for claims by the contractor due to delays in giving possession to the site.

vii. Contract Execution - Consultant

A total of MK336,635,977.13 has been certified to 30 June 2016. A balance of MK213,667,704.32 remains unpaid on this contract.

As noted above regarding delayed payments, the PE is under default. A solution needs to be found for financing Government projects; perhaps through issuance of bonds to finance infrastructure projects. This shall ensure that payments are made in a timely manner resulting in reduced claims.

Again, it was confirmed to the Assurance Consultant by the Consulting Engineers on the project that although the client is in default due to non-payment, Royal Associates considers the contractual remedies put in place for delayed payments are adequate for the time being.

viii. Project Evaluation Report

This is an on-going project; hence no project evaluation report.

ix. Quality of the Works

A site visit was conducted by the Assurance Consultant to verify the project. Although the project is still under construction, about 8 kms of chip seal surfacing had been completed.



Project Sign Board – Public Disclosure of Project



Six Cell Box Culvert



Earthworks in Progress



Completed Section near Mchinji Road Junction

3.3.3.1 Findings and Recommendations

- a) The Government of Malawi is funding the project.
- b) The Government of Malawi put on hold the construction of Lirangwe – Chingale – Machinga Road which was being constructed by Mota Engil and supervised by Royal Associates. In order to avoid claims for termination of contract, the Roads Authority sought and received Government's approval to transfer the design review and supervision contract and the civil works contract and award Royal Associates the supervision and Mota Engil the construction of the Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads as quid pro quo under similar terms and conditions.
- c) Since commencement of the project, both the contractor and consultant have not been paid and are owed the following amounts:
 - ◆ Mota Engil: MK 7,032,067,247.49 in works and MK 1,271,760,579.51 in interest on unpaid certificates.
 - ◆ Royal Associates: MK 213,667,704.32 for works
- d) The Consultant, Royal Associates, stated that although the client is in default due to non-payment, both the contractor and consultants consider the contractual remedies put in place for delayed payments are adequate to safeguard their interests. The study recommends that Government should seek alternative financing arrangements to avoid interest and escalation payments. Further it is recommended that Government should consider rationalizing implementation of development projects taking into account available resources.
- e) The Assurance Consultant is of the opinion that the PE and therefore Government may lose leverage over the contractor if the payment situation is not rectified. Apart from interest on unpaid sums and escalation, the Government is likely to pay additional costs in delayed execution of the works through claims for extension of time with costs.
- f) The study noted that a key provision in the contract which if not satisfied may be sufficient grounds for termination is sub-contracting to local small-scale contractors. As at the end of data collection, this condition had not been met by the contractor. It is the view of the study that this particular provision should be followed up by the PE and consulting engineer due to the importance this has on the development of Malawian Contractors. Furthermore, it is within the mandate of the NCIC to safeguard that this provision is implemented.
- g) Claim for (a) increased cost due to contractor working on two fronts and (b) unresolved compensation issues should, in the view of the study, be resolved as expeditiously as possible to ensure there are no additional costs incurred on the contract.
- h) Quality of the works was good.

3.4 Lilongwe Water Board (LWB)

Lilongwe Water Board were very open regarding disclosure of IDS and very accommodating, second only to Central Region Water Board.

The Assurance Consultant was given access to the following projects undertaken by the LWB: -

Table 3.4.0 Description of Projects

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
a.	Extension and Upgrading of Chikungu Water Supply	Lilongwe	Construction and Rehabilitation of Steel Panel Tanks, Supply and Installation of Distribution Network, Construction of Plant Operators Office and Associated Works	To improve water supply in Kiosks built in Area 36 and Area 38 To extend water supply services to residential areas	Mk 950,309,156.24	MK 1,272,682,610.52
b.	Extension of Treatment Works II	Lilongwe	Construction of 33,000m ³ Reinforced Concrete Water Treatment Plant	To improve water supply to Lilongwe City Residents	US\$ 8,699,676.22	\$8,693,755.29

3.4.1 Extension and Upgrading of Chikungu Water Supply

i. Funding

Funding for the project was by Malawi Government using local funds. The Engineer's Estimate and Budget for the project were MK 941,920,353

ii. Tender Process - Consultant

There was no Consultant for this project as it was internally supervised by the Lilongwe Water Board.

iii. Tender Process - Contractor

The Tender Process was International Competitive Bidding.

Two issues worth mentioning happened during the tendering process: -

1. Aquabor International Ltd's Bid

The evaluation report shows that the awarded contractor's (Aquabor International Ltd) bid read out price was MWK 652,103,326.11. However, there was an error which made the actual evaluated bid price to be MK 950,309,156.24.

The IPC noted the Corrected Bid Price was higher than that on the bid submission. The bid security however was captured as a percentage of the offer in the bid submission form as stipulated in the ITB (Refer to issue 3.3.3 of the minutes of the IPC Meeting held on 12th May 2015 in Madzi House boardroom). The IPC therefore recommended that bid securities on subsequent projects should be a declared amount as opposed to a percentage of the proposed contract price as per ODPP Circular which came after this tender.

The ODPP confirmed that while reviewing the LWB's request for "No objection", for the Evaluation Report, they received an anonymous letter protesting the manner in which this procurement was conducted. The authors of the letter alleged that this was principally a "goods" procurement and yet it had been packaged as a "works" contract insinuating that had it been packaged differently, probably LWB might have achieved better value for money. ODPP saw no merit in the allegations and the procurement procedure was allowed to proceed and no further action was taken.

iv. Contract Award - Contractor

Twelve (12) firms expressed interest by collecting bidding documents. However, out of the twelve firms, only five (5) submitted bids:

1. China Jiangxi Corporation for International Economic and Technical Corporation;
2. Aquabor International Ltd
3. Paramount Holdings Ltd
4. Malbro International (Civils)
5. BMK PVT Ltd and Saifro Ltd (JV)

The contract was awarded to Aquabor International Ltd at a price of MK 941,920,353 after adjusting arithmetic errors on the read out sum of MK 652,103,326.11.

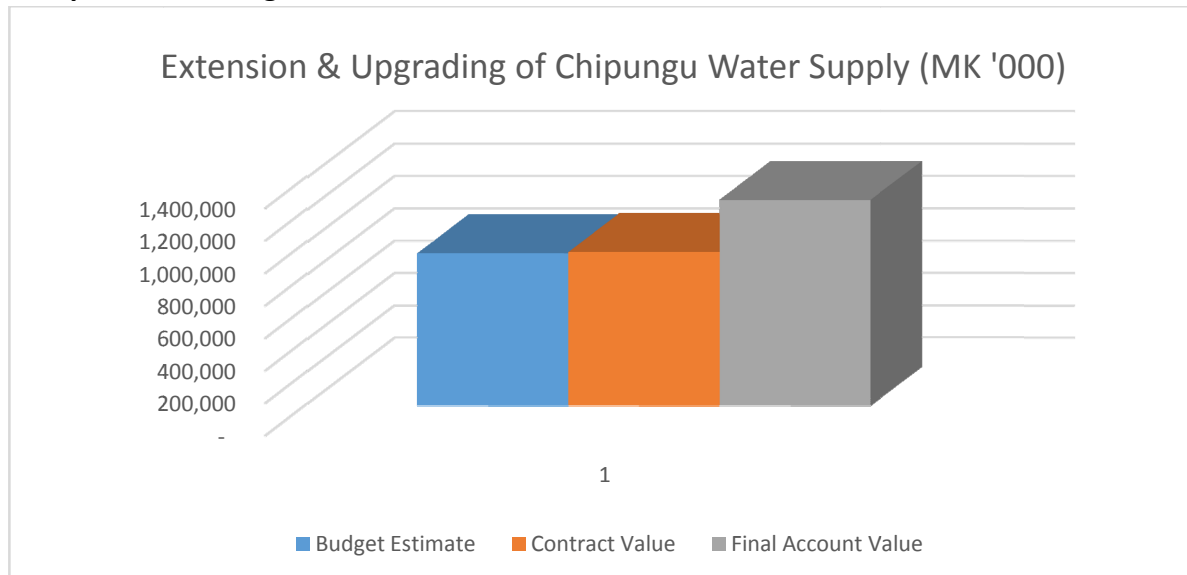
v. Contract Execution - Contractor**Significant changes to the Contract:**

The budget for the works was MK 941,920,353 against a the contract price of MK 950,309,156.24 and a final value of Mk 1,272,682,610.52. The final contract price increased due to re-measurement of works, Variations, and Fluctuations.

The Fluctuations arose due to the contractor offering to carry out the works with a currency split of 90/10 US\$/MK. The contractor fixed the US Dollar payment component in his offer at an exchange rate of Mk438.079; the value of the dollar was MK710.0025 when Certificate No. 2 was paid. This

offer by the contractor was somehow not addressed by the IPC and neither was it noted by the ODPP before contract award. However, the Board sought advise with ODPP on how to handle the split in consideration of inflation issues. ODPP advised to apply the currency split as per bid which the Board followed Hence the contract sum increased by 46% due to this inflation.

Comparison of Budget, Contract & Final Account Values



vi. Project Evaluation Report

The project evaluation report was not amongst documents disclosed.

Vii. Quality of the Works

A site visit was conducted by the Assurance Consultant to verify the work carried out on the project. The quality of the works was good. Below are pictures taken during the trip.



New Chipungu Water Tank



Valve Chamber at Area 24



Refurbished water tank at Ngwenya



Panels Replaced from Ngwenya tank at LWB Yard

3.4.1.1 Findings and Recommendations

- a) Funding of this project was by Malawi Government using local funds.
- b) The project was supervised by the Lilongwe Water Board using internal resources.
- c) After bid evaluation, the contract was awarded to Aquabor International Ltd at a price of MK 941,920,353 following the adjustment of arithmetic errors on the read out sum of MK 652,103,326.11. Although in the opinion of the Assurance Consultant this is a material deviation, the IPC was within its mandate and in accordance with procurement rules; hence the award to Aquabor was justified. In addition, because the bid security was a percentage of the contractor's offer, this means that a contractor seeking to minimize bid security costs can make a low offer through "**arithmetic errors.**" Subsequent to this, the ODPP sent a circular advising PEs for Public Works to request bidders for a declared amount as bid security.
- d) The final cost of the project increased from MK 941,920,353 to MK 1,272,682,610.52 due to re-measurement of works, variations, and fluctuations of material prices. Worth mentioning is the fact that the price increase due to fluctuations was by 46% of the original contract sum. The Fluctuations arose due to the contractor offering to carry out the works with a currency split of 90/10 US\$/MK. The contractor fixed the US Dollar payment component in his offer at an exchange rate of Mk438.079; the value of the dollar was MK710.0025 when Certificate No. 2 was paid. This offer by the contractor was somehow not addressed by the IPC and neither was it noted by the ODPP before contract award. However, the Board sought advise with ODPP on how to handle the split in consideration of inflation issues. ODPP advised to apply the currency split as per bid which the Board followed. Hence the contract sum increased by 46% due to this inflation.
- e) Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- f) This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.

- g) This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- h) Quality of the works is good.

3.4.2 Extension of Treatment Works II

i. Funding

Funding for the project was a combination of Credit and Grant from the World Bank International Development Agency (IDA).

ii. Tender Process - Consultant

The consultants selected to carry out supervision services on this project were H.P. Gauff Ingenieure GmbH. Three consultant had expressed interest and all three submitted bids as follows: -

- Metaferia Consulting Engineers
- IGIP Consulting Engineers
- H.P. Gauff Ingenieure GmbH

iii. Tender Process - Contractor

The Tender Process was International Competitive Bidding.

iv. Contract Award – Consultant

H.P. Gauff Ingenieure GmbH were evaluated as the lowest compliant bidder and were awarded the contract at \$231,985. Original budget for supervision consultancy was \$300,000.

v. Contract Award - Contractor

Thirteen (13) contractors expressed interest but only nine (9) submitted bids. After evaluation, Aquabor International Ltd were evaluated as the lowest compliant bidder and were awarded the contract at a price of US\$ 8,699,676.22 and were invited to enter into a contract for this amount upon successful negotiations.

vi. Contract Execution – Consultant

There were no changes to the contract sum and the scope remained the same for the consultancy on this project. Hence there were no issues on the supervision contract

vii. Contract Execution – Contractor

Although there were additional works instructed, the overall effect on the final Contract Sum was a saving with final account showing a saving of \$5,920.94. The contractor was granted an extension of time of 90 Days to 15 October 2015 with additional Preliminary & General Item Costs of \$26,486.68 under Addendum No. 1; the additional cost was however covered within the contract sum. Hence the Assurance Consultant found no issues arising on this contract.

viii. Project Evaluation Report

The project evaluation report was not amongst documents disclosed.

ix. **Quality of the Works**

The Assurance Consultant was taken on a site visit for these works and the infrastructure is currently in use and is of good quality.



Foundation Stone for the project laid by HE Professor AP Mutharika on 22 March 2016



The New Lilongwe Water Board Treatment Works II

3.4.2.1 Findings and Recommendations

- a) Funding for the project was a combination of Credit and Grant from the World Bank International Development Agency (IDA).
- b) Original budget for consultancy services were \$300,000 and the supervision consultancy was awarded at \$ 231,985. The cost of supervision at the end of the project remained the same as the contract sum.
- c) The works contract was awarded at \$8,699,676 and final account was closed at \$8,693,766.
- d) This project was one of two under this study which was delivered on time and within budget.

3.5 Local Development Fund (LDF)

Local Development Fund (LDF) was one of the PEs selected to provide IDS for one project undertaken by the institution. It should be noted that LDF and Henderson Partners (Consultants for the project) were very accommodating in providing data.

This project was implemented as intended with variations accounting for only 4.23% of the contract sum and were justified as most were to provide a bigger coverage area for access to water.

Table 3.5.0 Description of Projects

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
a.	Construction and Reticulation of Malomo Water Supply	Ntchisi	Construction of borehole and pump installation at intake, installation of high level tank, construction of transmission and distribution pipe network and ancillary works.	To provide potable water for Malomo Rural Growth Centre	Mk 176,925,403.36.	Mk 184,412,750.05

3.5.1 Construction and Reticulation of Malomo Water Supply

i. Funding

The Government of Malawi received a loan from the African Development Bank (ADB) in various currencies towards the Local Development Fund. Part of the proceeds of this loan/financing were applied for the Construction and Reticulation of Malomo Water Supply in Ntchisi District.

ii. Tender Process - Consultant

Procurement IDS for the consultant were not disclosed. Henderson Partners were the consultants on this project.

iii. Tender Process - Contractor

The Tender Process was National Competitive Bidding (NCB). Eleven bidders expressed interest in bidding and all submitted bids for this project:

1. Malbro International: Mk250,960,909.18
2. Dika Construction: Mk179,974,272.39
3. Paramount Holdings Ltd: Mk168,037,384.96
4. Victory Vision Construction: Mk257,374,647.46
5. Aquabor International: Mk391,368,869.87
6. FISC Construction: Mk 326,671,503.85
7. Mount Carmel Construction: Mk211,338,209.20
8. Sitbec Construction: Mk163,484,249.94
9. BMK Pvt Ltd: Mk252,736,651.59
10. Fargo Ltd: Mk204,512,968.21
11. Northwork Ltd: Mk202,402,241.22

iv. Contract Award – Consultant

Henderson Partners were awarded the supervision contract for this contract but the Assurance Consultant was not given access to award IDS.

v. Contract Award - Contractor

The IPC recommended that the project be awarded to Paramount Holding as the lowest evaluated bidder at a corrected bid sum of Mk 176,925,403.36.

vi. Contract Execution – Consultant

The Assurance Consultant did not get disclosure for the IDS of the supervision contract.

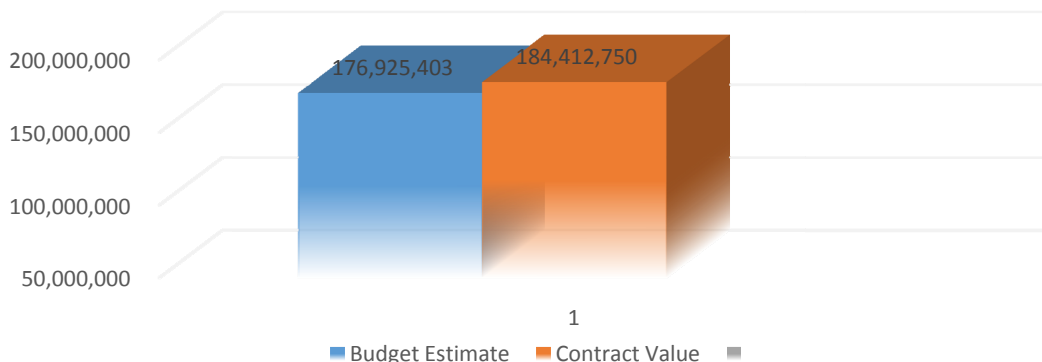
vii. Contract Execution – Contractor

The original contract price of this project was Mk176, 925,403.36; during the course of the project additional works in form of variations were issued these were instructed by the Supervising Engineer and approved by the Client. The additional works arose as a result of unforeseen circumstances and demands from the community which were not made available to the design team. These additional works comprised of the following:

1. Water connection at the laboratory, boys' hostel and girl's hostel.
2. Construction of 2 No Kiosks at Malomo for public use.
3. Extension of 1 km pipeline.
4. Construction of thrust blocks.
5. Minor variations

As a result of this, an addendum to the contract was signed between the contractor and the client on 12th May, 2014 revising the contract sum to Mk 184,412,750.05 so as to cater for all the additional works and variations representing 4.23% price variation. The additional project cost (Addendum amount) was Mk7, 487,346.69.

MALOMO WATER SUPPLY COMPARISON OF ORIGINAL & FINAL COSTS (MK)



ix. Quality of the Works

The Assurance Consultant conducted a site visit to Malomo to verify the works. The works are of very good quality. The scheme is beset with problems which if rectified, it would be self-sustaining: -

1. ESCOM power cuts

Power cuts have had a very big negative impact on the viability of the scheme. The intermittent power supply problem means that there is very little water supplied to the community at Malomo. The secondary effect is that the water scheme is unable to generate adequate income to be sustainable for meeting required repairs and salaries for the staff. This is very unfortunate because it is the considered opinion of the Assurance Consultant that the staff at the scheme are very dedicated and it would be a shame if the scheme was to collapse because of operational problems. The income generated by the scheme is used by the Water Users Association (WUA) to run its operations. At the moment, the income generated is not adequate for the foregoing reasons.

2. Pumping Capacity

ESCOM have not connected the second set of pumps because at completion, there was an issue of compensation and they had to wait for the affected residents to harvest their crops before proceeding with the connection. Up to now, the connection has not been made despite constant reminders but the community has reliably been informed that the connection is imminent.

This connection has the potential of doubling the water capacity but with the aforementioned problems of power cuts, the full impact of these pumps coming on line may not be fully realized.

3. Proposed Solution

The operator employed by WUA has a plan to install solar panels to augment the electricity driven pumps so that generation capacity is adequate to fulfil the demand. The African Development Project which funded this scheme, according to the operator, is coming to an end hence it is not

expected that funds shall be available to fund these plans. It is hoped that funding shall be made available to this scheme from other sources as the potential is there.

4. Pictures of the Visit

The pictures below show a record of the site visit. The works are of a very high quality and the operations have a very dedicated staff who are doing a very good job under difficult circumstances.



Malomo Water Supply - Pump Switch Room



High Level Distribution Tank



Dry Tap at Malomo

3.5.1.1 Findings and Recommendations

- a) Funding for this project was through a loan from the African Development Bank and part of the proceeds were applied for the Construction and Reticulation of Malomo Water Supply in Ntchisi District.
- b) This project was implemented as intended with variations accounting for only 4.23% of the contract sum and were justified as most were to provide a bigger coverage area for access to

water. Hence it is the Assurance Consultant's view that this project is one of the most successfully implemented projects in the study. Original contract sum was MK 176,925,403 and the Final Account was MK 184,412,750. The increased costs were due to:

- + Water connection at the laboratory, boys' hostel and girl's hostel.
- + Construction of 2 No Kiosks at Malomo for public use.
- + Extension of 1 km pipeline.
- + Construction of thrust blocks.
- + Minor variations

The additional project cost was Mk 7,487,346.69

- c) Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- d) This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
- e) This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- f) Site visit by the Assurance Consultant revealed operational problems: -
 - + ESCOM power cuts have negatively affected pumping resulting in very little water supplied to the Malomo community. The secondary effect is that the water scheme is unable to generate adequate income to be sustainable for meeting required repairs and salaries for the staff.
 - + ESCOM have not connected the second set of pumps because at completion, there was an issue of compensation and they had to wait for the affected residents to harvest their crops before proceeding with the connection.
- g) The study discovered that the WUA operator has plans to install solar driven pumps to augment ESCOM shortfalls but lacks funding to implement this programme.
- h) It is hoped that disclosure of this information by the Assurance study shall elicit proper responses from authorities to champion lasting solutions for the Malomo Water Supply Project. Although outside the Terms of Reference of this study, it is the opinion of the Assurance Consultant that the Malomo Rural Growth Centre project (the water supply project being a sub-component of the larger project) shall not be successful unless the water issues are resolved.

3.6 Ministry of Health

The Assurance Consultant had the following 4 projects to collect Infrastructure Data Standards from Ministry of Health as listed in the Table 3.6. However, access to information was given outside the data collection period allowed for in the Assurance Consultant's Agreement. Hence IDS were collected from only one project out of 4 allocated for this PE. It is noted by the Assurance Consultant that although this PEs was aware of the CoST programme, they delayed in providing a liaison officer to assist in providing IDS. Hence one of the challenges was that it took a very long time to have access for disclosure of data. Furthermore, the Assurance Consultant noted that the PE file information was incomplete especially where a consultant was engaged on the project. On a project where a consultant was part of the team, correspondence relating to the Consultant was mostly missing from the PEs files.

Table 3.6 Description of Projects

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Final (MK)	Contract Value
a.	New National Pharmaceutical Warehouse at Central Medical Stores	Lilongwe	Construction of Main Warehouse, Construction of Office Block, Construction of 2 no. Guard Houses, and associated external works	Increase storage capacity for drugs and medical supplies; hence improving the supply chain management of essential hospital supplies	K 602,365,496.90		K 828,096,428.01
b.	Umoyo Staff Houses in Chikwawa	Chikwawa	Data not collected				
c.	Umoyo Kochilira Staff Housing in Mchinji	Mchinji	Data not collected				
d.	Rehabilitation of High Dependency Unit at Kamuzu Central Hospital	Lilongwe	Data not collected				

3.6.1 New National Pharmaceutical Warehouse at Central Medical Stores in Lilongwe

i. Funding

Funding for the project was by Malawi Government and Global Fund.

ii. Tender Process - Consultant

The Assurance Consultant was not given access to Tender process information for procurement of consultants for the project. However, supervision of the project was awarded to Design Studio Architects (as architects and project managers). OJ Partners were the Quantity Surveyors on the project; RD Consultants were the Structural Engineers, whilst M&E Associates were the Service Engineers for the project. The Contract Price for the above services was not disclosed. The scope of the work was for supervision services for all aspects of the work. Since the Assurance Consultant was given access to the information late, it was not possible to triangulate data sources to fill the gaps in the information.

iii. Tender Process - Contractor

The PE did not disclose this information to the Assurance Consultant.

iv. Contract Award - Contractor

Fargo Ltd were the most responsive lowest evaluated bidder at a price of MK 841,693,244.45 for a period of 42 weeks. Combined available resources to undertake the project between Government of Malawi and Global Fund were MK602 Million. Consequently, Fargo could not be awarded the project at MK 841,693,244.45. For the 2010/11 fiscal year Government of Malawi had allocated MK100 million, for 2011/12 fiscal year the allocation was MK350 million whilst the pledge from Global Fund was MK152 Million. Hence Ministry of Health was tasked to review the offer by Fargo to reflect the project available resources. After consultative process with the Project Managers, Office of the Director of Buildings and the Ministry, the contract was revised to match the available funds. The client and Fargo Ltd therefore signed a contract of **MK 602,365,496.90**. The revised resource framework was arrived at through a reduction in the external works and concrete paving, omission of landscaping and extra gate house and also replacement of part of the section of the tarmac road with gravel. The information disclosed above highlight the difficulty Government had due to budgetary constraints in funding the project from its portion of the bilateral agreement with Global Fund.

v. Contract Execution - Contractor

Significant changes to the Contract:

The project had a duration of 42 months but took approximately 58 weeks to complete due to the following Addenda:

- Additional internal brick partitions and reinforced concrete beams in warehouse
- Increased cost of construction materials and market fluctuations
- Additional internal walls and concrete beams and filling to make platforms

These changes ironically increased the cost of the project back up to MK 828,096,428.01 (Fargo Ltd's original evaluated bid was MK 841,693,244.45). Further, the project was partially completed and had remaining works. The bulk of the remaining works was specialized in nature and was mainly installation of Cold Rooms, CCTV, Racking, Fire Fighting and other installation equipment. The Ministry of Health later on handed the project to Central Medical Stores Trust to complete the project since they were having difficulties in sourcing funds from Global Fund.

vi. Project Evaluation Report

The Assurance Consultant did not gain access to Project Evaluation Report

vii. Quality of the Works

The Assurance Consultant visited the site to verify the project. The Assurance Consultant was unable to take a photographic record of the facilities due to security concerns and also decision makers were not present.

However, the quality of the facilities is very high as seen from outside and the reception area.

3.6.1.1 Findings and Recommendations

- a) Funding for this project was by Government of Malawi and Global Fund.
- b) Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- c) This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
- d) This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- e) Tender evaluation reports for both contractor and consultant were not disclosed to the study.
- f) The funds pooled together by Government and Global Fund were inadequate to award the contract to Fargo Ltd at the evaluated price of MK 841,693,244.45. A review of Fargo's tender was done in line with available resources and the proposed contract sum was reduced to MK 602,365,496.90 by reducing scope of works.
- g) The project had a duration of 42 months but took 58 weeks to complete due to addenda which ironically increased the cost to MK 828,096,428.01; almost the same amount as the original evaluated tender sum.
- h) Although no procurement guidelines were flouted, the execution of the project was affected by Government's lack of adequate funding. This study therefore recommends that Government could consider alternative project financing arrangements and also rationalize the implementation of projects to be in line with available resources.
- i) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in the data being collected outside the period

allocated for data collection and only from one project out of four. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.

- j) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.

3.7 Ministry of Natural Resources, Energy & Mining

Three projects were identified under the above ministry for collection of IDS. The Assurance Consultant visited the Ministry many times in order to obtain the name of the CoST Liaison Officer. The Ministry responded after the Assurance project contract period expired advising that the projects for the rehabilitation of Fuel Station Rehabilitation projects in Salima and Mchinji were under Malawi Energy Regulatory Agency (MERA) whilst the Civil Works at Liwonde Barrage project was under Ministry of Water. MERA advised the Assurance Consultant that the PE for the two projects was National Oil Company of Malawi (NOCMA). NOCMA wrote back to the Assurance consultant that the PE for the two projects was MERA. When the Assurance Consultant returned to MERA he was promised that data would be retrieved. Therefore the Assurance Consultant failed to collect data on the Fuel Station Rehabilitation Projects.

Similarly, data was not collected from Department of Water for **Civil Works at Liwonde Barrage** as finally the Assurance Consultant traced the Liaison Person to be at the Shire River Basin Implementation Unit. By this time the consultant was time barred.

Due to these delays, the Assurance Consultant was unable to collect the data as time had expired.

As observed by the Assurance Consultant on Ministry of Health projects, although most PEs were aware of the CoST programme, a liaison officer was not identified to assist in providing IDS in good time. Therefore, it was not possible to collect data from this PE.

Table 3.7.0 below shows the status for data collection: -

Table 3.7.0 Description of Projects

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
a.	Fuel Station Rehabilitation at Mchinji	Mchinji	Data not collected			
b.	Civil Works at Liwonde Barrage	Machinga	Data not collected			
c.	Fuel Station Rehabilitation at Salima	Salima	Data not collected			

3.7.1.1 Findings and Recommendations

- a) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in the data not being collected. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- b) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.

3.8 Ministry of Transport & Public Works

Under this Ministry, five (5) projects were identified by the CoST Secretariat for data collection. Due to delays in gaining access to the data and as observed by the Assurance Consultant on Ministry of Health projects, this PE was aware of the CoST programme, however, a liaison officer was not identified to assist in providing IDS in good time. Therefore, it was not possible to collect all the data from this PE. Data was collected from three projects only. It was not collected for the fourth project due to time constraints and the PE did not know the fifth project. The PE proposed for the future that proper identification of projects be done by the secretariat including procurement Number to assist in identifying projects for the study.

Table 3.8.0 below shows the status for data collection: -

Table 3.8 Description of Projects

33	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
a.	Construction of Commercial Court at High Court	Blantyre	Construction of 5 Storey Building including All associated ancillary works	To Create office space for Blantyre Commercial Court	Mk 1,158,530,876.71	Not Established but it is envisaged that the final value shall be around MK2 Billion
b.	Construction of 212 Bed Girls Hostel at LUANAR	Lilongwe	Construction of Hostel Block	To increase hostel space for female students	\$2,423,507.87	Payments to 9 th June 2016 \$1,297,774.11 representing 54% Financial Progress
c.	Construction of Domasi Community Hospital in Zomba	Zomba	Construction of health centres into Hospitals, and construction of female and male wards, theatres, administration block and link.	Improve access to Health facilities in Domasi, Zomba District.	Mk 4,178,859,729.84	Works suspended due to non-payment and delayed payments
d.	Construction of Community		Data not collected			

	Hall, Library, and Bus Depot at Nambuma					
e.	Construction of District Sub-Office	Project not properly Identified for the Study, Data not Collected				

3.8.1 Construction of Commercial Court at High Court

i. Funding

Funding for the project was by Malawi Government.

ii. Tender Process – Consultant

Department of Buildings are the project managers of this project. They produced the design and contract documentation.

iii. Tender Process - Contractor

The PE did not disclose this information to the Assurance Consultant.

iv. Contract Award - Contractor

The contract was awarded to SR Nicholas. The Assurance Consultant did not have access to the award information.

v. Contract Execution - Contractor

Significant changes to the Contract:

The project was supposed to be complete in a period of two years by the 21st of September 2012, but the contractor has faced a lot of challenges including several demobilisations from site which not only have delayed the contract but also caused readjustment of the contract price. Below are some of the challenges that have delayed this project:

1. Late payments from the client.
2. Cement and fuel shortages.

The contractor recently mobilised back to site awaiting approval of an addendum to the contract, but it is yet to be established when the revised completion date will be.

The execution of this project has been affected by Government's lack of adequate funding. It is therefore recommended that in future, Government should look at the possibility of raising funds through Government or Sovereign Bonds.

vi. Project Evaluation Report

There is no project evaluation report.

vii. Quality of the Works

A site visit was conducted to verify the project. The site was on a slow down due to issues of non-payment; hence there was marginal work being undertaken. The quality of the infrastructure is excellent. The sign board was reported to have broken and has not been replaced.



Rear view of Commercial Court, Blantyre



Interior of Commercial Court

3.8.1.1 Findings and Recommendations

- a) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in delayed data collection. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- b) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.
- c) Funding was by Government of Malawi.
- d) Tender evaluation report was not provided to the study
- e) Planned completion for the project was delayed from 2012 and the building was far from complete when the Assurance Consultant visited the site in August 2016; a delay of over 4 years! The site was on go-slow during the site visit. The construction delays were caused by late payments, cement and fuel shortages including several demobilizations by the contractor. The execution of the project was delayed by Government's lack of adequate funding. This study therefore recommends that Government could consider alternative project financing arrangements and also rationalize the implementation of projects to be in line with available resources.
- f) Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- g) This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record

management systems, it would have been possible to obtain all the data required under this study from this PE.

- h) This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- i) The quality of the structures under construction are of excellent quality; although the works are incomplete.

3.8.2 Construction of 212 Beds Female Hostel Block at LUANAR – Bunda Campus, Lilongwe.

i. Funding

The project is funded by The Norwegian Government and does not attract payment in foreign currency. It is also a Duty free project. The budget for the project was Mk 1,090,000,000; this was however updated to the dollar value on the 19th of January, 2015 and the new estimate is Mk1, 220,000,000.

ii. Tender Process – Consultant

Department of Buildings are the project managers of this project responsible for the design and contract documentation.

iii. Tender Process – Contractor

Sixteen contractors expressed interest and out of these ten submitted bids.

iv. Contract Award - Contractor

The contract was awarded to Terrastone Ltd at a price of Mk 1,134,201,682.63 (US\$2,423,507.87)

v. Contract Execution – Contractor

Significant changes to the Contract:

Architects Instructions have been issued to vary the works. In addition, the contractor has experienced delays mainly caused by the contract manager and is likely to get an extension of time. The overall effect of these changes has not been assessed to determine if the Instructions are covered within the contingency sum and an extension of time due to the delays has not been assessed.

vi. Project Evaluation Report

There is no project evaluation report.

vii. Quality of the Works

The Assurance Consultant went on a site visit. The works are of very high quality and progress is good.

Below are pictures taken of the infrastructure being built: -



Project Sign Board – Public Disclosure of the project



Internal Finishes of the Works



External Front View of 212 Girls Hostel

3.8.2.1 Findings and Recommendations

- Funding of the project is by the Norwegian Government with an original budget of MK 1,090,000,000 which has since been revised upwards to MK 1,220,000,000 to the dollar value of 19th January 2015. The contract was awarded to Terrastone at a price of MK1,134,201,682.63.
- Architects instructions have been issued to vary the works; however, the overall effect of these changes have not been assessed to determine if additional funds shall be required or the variations are within the contingency sum in the contract. The Assurance Consultant envisages that the contract shall have no major issues up to completion.
- The project, in the view of the Assurance Consultant, has been well managed by the Department of Buildings which is supervising the project.
- The quality of the works is of very high standard

3.8.3 Construction of Domasi Community Hospital in Zomba

Data on this project was collected outside the Assurance performance period. Hence gaps in the data were not verified from other sources.

i. Funding

Funding was by Government of the Republic of Malawi

ii. Tender Process - Consultant

The project was supervised by Buildings Department of Ministry of Transport & Public Works.

iii. Tender Process - Contractor

Fifteen contractors submitted bids in an open tender procedure

iv. Contract Award - Contractor

Union-Maoni-Blithe Joint Venture were the most responsive lowest evaluated bidder at a price of Mk 4,178,859,729.84 for a period of 80 weeks.

v. Contract Execution - Contractor

Significant changes to the Contract:

The project had a duration of 80 weeks but as of now works on site have been suspended by the Contractor as a result of late payments and non-payment. The contractor submitted interest claims on late payments.

The works commenced on the 18th November 2013 and was projected for completion on the 25th of May, 2015. During the implementation of the project the contractor faced a lot of problems that delayed the programme, these are:

4. Cash flow problems caused by delayed payments and non-payment.
5. Land disputes, whereby the contractor faced resistance from the surrounding community at the start of the project.
6. Heavy rains during part of the rainy season that left works idle on site.

As a result of these, the contractor requested for an extension of time. The extension of time was granted and the contract period changed from 80 weeks to 132 weeks, with a revised completion date of 10th June 2016. The revised completion date has elapsed but the project is still not complete. Details of the next revised extension date will be furnished once the contractor re commences the works on site.

vi. Project Evaluation Report

The Assurance Consultant did not gain access to Project Evaluation Report

vii. Quality of the Works

The Assurance Consultant visited the site and found the site abandoned save for guards and clerical staff. The works thus far completed are of acceptable quality.



Project Sign Board – Disclosure of the project to the public



Domasi Rural Hospital Project – Abandoned incomplete Buildings

3.8.3.1 Findings and Recommendations

- a) Information on funding was not disclosed
- b) Tender assessment report was not disclosed
- c) The project faced delays caused by inter alia cash flow problems; land disputes, and heavy rains. The contractor requested for an extension due to the foregoing for a revised completion (start 18 November 2013) from the original completion of 25 May 2015 to 10 June 2016. As at the end of June 2016 when the Assurance Consultant visited the site, it was abandoned.
- d) Quality of the works thus far completed is acceptable.

3.9 Ministry of Agriculture, Irrigation and Water Development

3.9.1 Chapananga Piped Water Supply Scheme in Chikwawa District

This PE had only one project for which the Assurance Consultant collected IDS. The Assurance Consultant received inadequate information for the Rehabilitation and Expansion of **Chapananga Piped Water Supply Scheme in Chikwawa District** project and was therefore unable to make a complete assessment of this project. The file contained the contract document for Maoni Building & Civil Engineering Contractors and their certificate No. 2 and three Local Purchase Orders for subcontracts for local contractors who were engaged to lay pipes for distribution pipes. The subcontracts were as follows: -

- | | |
|-----------------------|--|
| 1. Contractor: | Pabe Civil Engineering Contractors |
| Description of Works: | Laying of distribution pipes Tombondera to Mandalade Tank & Mandalade Tank to Masamba Tank |
| Value of Works: | Mk 34,300,000 |
| 2. Contractor: | KC Construction |
| Description of Works: | Laying of distribution pipes Chimwala Tank – Supuni Tank and to Tarmac Road |
| Value of Works: | Mk 32,197,000 |
| 3. Contractor: | Multiworks Engineering Contractors |
| Description of Works: | Laying of distribution pipes Misomali Tank to Chimwala Tank |
| Value of Works: | Mk 26,260,000 |

Despite numerous contacts with procurement department, the consultant was unable to get bidding information for this project.

Below is a summary of IDS for the main contractor Maoni Building & Civil Engineering Contractors:

Table 3.10 Description of Projects

Ref.	Name of Project	District	Description of Scope of Works	Purpose of the Project	Works Contract Value (MK)	Works Contract Final Value (MK)
a.	Rehabilitation and Expansion of Chapananga Piped Water Supply Scheme in Chikwawa District	Chikwawa	Installation of water supply including intake structure, water supply distribution network, valves, fittings, meters and miscellaneous items for gravity fed piped water scheme	To provide piped water to Chapananga residents	US \$ 477,870.29	Not disclosed

There was no further information provided.

i. Quality of the Works

A site visit was conducted to verify the infrastructure on the ground. The system is not operating at the moment following the 2015 to 2016 floods in the area. The pipes were washed away at the intake and at the Mwanza to Chapananga Road crossing of the Mwanza River at Chapananga. These two cuts in the main pipe have rendered the consumers to go without tap water.

Further, in hind sight, the Water Department has identified a new route for the main pipe from the intake to follow an alignment east of Mwanza River. This alignment shall not require the main pipe to cross the Mwanza River thereby solving the problems at Chapananga crossing. This plan shall be implemented if funds shall be sourced.

Without access to full disclosure for this project, it is difficult to assess the design parameters that were considered. However, the new intake that was built under this project was silted, according to reports gathered on site. Information gathered on site (not verified) indicates that a decision was made to transfer the pipework back to the old intake point which does not silt up as much as the new intake.

Observation by the Assurance Consultant is that when the system is rebuilt, the choice of the alignment to follow the eastern bank of Mwanza as proposed by Department of Water, is sound. However, there is a need to bolt the pipes to the existing rocks in the river bed at the intake point by drilling to secure the pipes against future flooding.

The Water Users Association (WUA) still employs guards and artisans who, according to unverified field reports, have gone up to 8 months without payment of salaries. The system obviously is not generating income since all the taps are dry.

The investment already made is such that the only logical solution is to redesign the works taking into account what went wrong and making improvements so that when it is re-built, the pipes shall not be washed away and the silting at the intake point should be addressed.

The pictures below tell the story graphically: -



New Intake silted and abandoned



Old intake replaced the new intake



Abandoned pipe work at new intake



Sedimentation tank pipe washed away by storms



Main Pipe washed away at Chapananga



Main pipe washed away at Chapananga

3.9.1.1 Findings and Recommendations

- a) This PE did not provide adequate data and therefore the Assurance Consultant was unable to make a full assessment of the project
- b) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in delayed data collection. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- c) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.
- d) Tender evaluation report was not provided to the study
- e) Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- f) This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
- g) This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- h) The Assurance Consultant visited the site and found that the system is not operational following flooding that occurred during the 2015 to 2016 rainy season causing pipes to be washed away.
- i) The new intake built under this project was silted and without access to full disclosure the study is unable to assess the design parameters that were considered. Unverified reports suggest that a decision was made to transfer pipework back to the old intake point and it was reported that this intake point was working prior to the flooding.
- j) The Water Users Association still employs skeleton staff on the project. Unverified reports suggest that most have gone for over 8 months without payment.

- k) It is the view of the study that the Government could consider re-building the water supply system taking into account that the area is very arid and sources of water are far. In addition, the population served by the project was very big. The investment already made also justifies that the system should be re-constructed.
- l) The Assurance Consultant is optimistic that the disclosure of the operational problems being faced on this project shall elicit a response from stakeholders to take firm action in championing the reconstruction of this scheme.

Blantyre Water Board

This PE was contacted at the outset for data collection and were ready to provide it. However, the Assurance Consultant had planned one trip to Southern Region to collect data and conduct site visits. Due to delays by Ministry of Transport, Health, and Natural Resources, this trip was conducted outside the Contract period for the Assurance Consultant. Data was therefore not collected. The project under the Blantyre Water Board was the **“Improvement of Bangwe Water Scheme.”**

3.9.1 Findings and Recommendations

The study failed to collect data for this project due to delays caused by other PEs in Lilongwe.

4 Conclusions

This section addresses the findings of the study and makes recommendations for future studies and reform in the procurement and administration of public funded projects

4.9 Responsiveness to the Study by Procuring Entities

Procuring Entities responded to the study in differing ways. Some were very responsive and others were not as responsive. Table 4.9.1 below shows ranking by PE in responsiveness to the study. It is recommended by the Assurance Consultant that CoST Secretariat could hold a one-day seminar prior to the next study bringing together the Assurance Consultant and Liaison Persons in the selected PEs to sensitize all of the importance of the study and to ensure maximum compliance.

4.9.1 Methodology

The study identified 5 measurement tools to determine the responsiveness of a Procuring Entity. These are: -

1. Availability of Liaison Persons

This metric measures whether the PE contacted to provide IDS provided a resource person.
Scoring Criteria: 5 or 0

2. How soon did the PE provide the Liaison person?

This measures whether a PE, having identified the Liaison Person, treated the study seriously and gave it the importance it deserves.

Scoring Criteria: 5, 2.5, or 0 (Immediately, Late, Never) respectively.

3. Did the PE provide Tender Evaluation Reports?

This metric measures openness of the PE.

Scoring Criteria: 5 or 0

4. Did the PE provide information on Significant changes to contract price, programme, scope with reasons?

This measures the quality of the information disclosed.

Scoring Criteria: 5 or 0

5. Did the PE provide information on Post contract completion details?

This measures whether the contract under review was properly closed at completion.

Scoring Criteria: 5 or 0

Table 4.9.1 – Responsiveness of Procuring Entities – Summary of Scores

Ref.	Procuring Entity	Score	Ranking
1.	Central Region Water Board	4.5	3
2.	Ministry of Education	4.58	2
3.	Roads Authority	3.67	5
4.	Lilongwe Water Board	5	1
5.	Local Development Fund	5	1
6.	Ministry of Health	3.13	6
7.	Ministry of Natural Resources	N/a	N/a
8.	Ministry of Transport	3.96	4
9.	Ministry of Agriculture	1.5	7
10.	Blantyre Water Board	N/a	N/a

Scale: 5 = Very Good
1 = Poor

From the above Table 4.9.1, it is seen that Lilongwe Water Board and Local Development Fund were tied on top spot for being very responsive in providing data to the study. Ministry of Education (Education Infrastructure Management Unit) came in second. In third place was Central Region Water Board. Ministry of Transport was fourth followed by Roads Authority in fifth place. The last two places were taken by Ministry of Health and Ministry of Agriculture respectively.

The Tables in **Annex II** show how the scores were derived for each PE by the application of the 5 measurement criteria selected to objectively assess each institution. It is inferred from the above results that all PEs are aware of the Construction Sector Transparency Initiative (CoST). However, the study revealed that some PEs do not devote adequate time for the study once they are approached.

Some institutions provided the liaison person for data collection but lacked the data that was required; resulting in a low score.

4.10 Key Findings and Recommendations

It can be inferred from the data that:

4.10.1 Findings Common to all Institutions

- I. Email records are generally kept by individual officers and therefore are likely to be excluded from the archives and institutional memory. The study recommends that emails exchanged on a project should be stored as part of the PE Registry system.
- II. Although most PEs have centralized filing systems, data storage is still a challenge as some files are kept by individuals without a central registry system. None of the PEs visited, had institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. The advantage with centralised electronic storage systems is that data is available for access long after individuals are gone. There is a need for PEs to start migrating records to electronic format.
- III. The study found that a project is more likely to suffer non-payment, delayed payments, and project cost overruns if it is a publicly funded project or a project where donors were not responsible for direct disbursement of project funds.

4.10.2 Findings Particular to Individual Institutions and Projects

4.10.2.1 Central Region Water Board - Civil Works Contract - Kasungu Water Supply Scheme – Phase I

- a) Administration of the project had the following problems
 - ✓ Tender sum and signed contract were different
 - ✓ Commencement of the contract was 15 days following payment of Advance which is not procedural as the aim of vetting the contractor's capacity is to ensure they are able to undertake the works without relying on Advance Payment; best practice is for commencement to be within 2 weeks of signing the contract.
 - ✓ The contract had an unenforceable condition of contract for payment in foreign currency for a local contractor which was against Reserve bank of Malawi Regulations.
 - ✓ Tender evaluation report and contract used slightly different exchange rates
 - ✓ Client delayed payment of the Advance which led to the contractor terminating the contract.
- b) The project was re-tendered and re-awarded to a different contractor at a price which was 10% more than the original contract. If the payments made to the contractor on the terminated project are taken into account, this loss is even higher.

4.10.2.2 Central Region Water Board - Civil Works Contract - Kasungu Water Supply Scheme – Phase II

- a) Project was funded by the International Development Fund
- b) Final costs for the Works Contract were below the contract price; instructed variations adjusted the cost from MK 566,542,969.29 to MK 532,823,967.48
- c) The supervising consultant erred in calculating Value Added Tax.

- d) CRWB generally followed ODPP procurement guidelines in procurement and administration of the project.
- e) There was material deviation in final cost for the consultancy contract increasing from US\$267,103.47 to US\$334,495.84 due additional Work carried out during termination of first contractor; work carried out during re-tendering period; work carried out outside the financing Agreement paid direct by Central Region Water Board.
- f) The Final report submitted by the consultant at the completion of the project does not address whether project indicators identified at design stage were met and reasons thereof. The Assurance Consultant requested for actual project performance indicators from the CRWB measured after commissioning of the works so that a comparison should be made between projected and actual outcomes achieved, to determine whether the project was justified; justification had not been given by CRWB to the Assurance Consultant by the time disclosures were finalized.

4.10.2.3 Ministry of Education - Chikwawa Teachers Training College

- a) The PE did not disclose any information on this project due to the fact that the project was under procurement process

4.10.2.4 Ministry of Education - Dedza Secondary School

- a) Funding for this project is by the Government of Malawi and was supervised by EIMU
- b) Delayed payments resulted in slow progress, requests for Extension of Time, escalation in costs and the project suffered devaluation of Malawi Kwacha. Consequently, contractor is claiming an upward adjustment for measured works of 49%
- c) The calculation for escalation of 49% has been reviewed by the Assurance Consultant and it does not conform to best industry practice. There is a need to use formulae recognised by the industry to calculate the escalation suffered by the contractor so that the claim can withstand scrutiny by stakeholders. The EIMU stated that the IPC is yet to review the formula used by the contractor; hence no decision has been made by the client.
- d) Quality of the works is not of a high standard although it is acceptable.

4.10.2.5 Ministry of Education - Machinga Secondary School

- a) Part of the Funding for the project were proceeds from an equivalent of US\$ 50 million from the International Development Association (IDA) of the World Bank and US\$ 90 million from the Education for All – Fast Track Initiative towards the cost of the Project to improve Education Quality in Malawi (PIEQM) through budgetary support. The funds were therefore controlled by the Government in the implementation of the project.
- b) The client did not have complete documents on file regarding supervision of this contract as a consultant was hired to carry out supervision; due to time constraints, the Assurance consultant was unable to triangulate data from other sources to complete the picture.
- c) Delayed payments have caused the contractor to suspend the works and there is an outstanding claim for escalation. These delays were caused by Government being unable to fund the project although some of the funding was from IDA through budgetary support. The study recommends that Government should seek alternative financing arrangements to avoid such outcomes. Further it is recommended that Government should consider rationalizing implementation of development projects taking into account available resources.
- d) Quality of the works is good; based on the unfinished structures.

4.10.2.6 Roads Authority - Upgrading of Nsanje – Bangula Road

- a) Funding for this project was from Government of Malawi Development Fund.
- b) The study failed to obtain Bid Evaluation report, Final cost of the project, Engineer's Estimate, and information for the consultants on the project.
- c) The works contract was awarded at a cost of K852,199,588.90 to construct 5 kilometers of road. The scope was subsequently changed from 5 to 50 kilometers at a revised Contract Sum of K7,415,365,707.56. This change in scope necessitated for the client to seek the approval of ODPP for single-sourcing procurement of the contract; which was granted.
- d) Execution of the project was delayed due to compensation disputes, Shortage of foreign currency in Malawi, Diesel shortages, and increased scope of works.

4.10.2.7 Roads Authority - Multi Nacala Road Corridor Phase I – Construction of Lilongwe Western By-Pass Road

- a) The Government of Malawi received a loan from the African Development Fund towards the cost of construction of the Multinational Nakala Road Corridor Phase 1.
- b) Tender process information was not disclosed. The PE had difficulties sourcing bidding information for the Assurance Consultant. The procurement department has seen a high turnover of staff and information on projects done in the recent past was difficult to find.
- c) Final cost for the civil works and supervision were not disclosed as the information provided was not clear. The Assurance consultant requested data from the local partner of H.P. Gauff in order to triangulate sources but was advised that all information is with Gauff in Nairobi, Kenya.

4.10.2.8 Roads Authority - Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads

- a) The Government of Malawi is funding the project.
- b) The Government of Malawi put on hold the construction of Lirangwe – Chingale – Machinga Road which was being constructed by Mota Engil and supervised by Royal Associates. In order to avoid claims for termination of contract, the Roads Authority sought and received Government's approval to transfer the design review and supervision contract and the civil works contract and award Royal Associates the supervision and Mota Engil the construction of the Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads as quid pro quo under similar terms and conditions.
- c) Since commencement of the project, both the contractor and consultant have not been paid and are owed the following amounts:
 - ✚ Mota Engil: MK 7,032,067,247.49 in works and MK 1,271,760,579.51 in interest on unpaid certificates.
 - ✚ Royal Associates: MK 213,667,704.32 for works
- d) The Consultant, Royal Associates, stated that although the client is in default due to non-payment, both the contractor and consultants consider the contractual remedies put in place for delayed payments are adequate to safeguard their interests. The study recommends that Government should seek alternative financing arrangements to avoid interest and escalation payments. Further it is recommended that Government should consider rationalizing implementation of development projects taking into account available resources.
- e) The study noted that a key provision in the contract which if not satisfied may be sufficient grounds for termination is sub-contracting to local small-scale contractors. As at the end of data

collection, this condition had not been met by the contractor. It is the view of the study that this particular provision should be followed up by the PE and consulting engineer due to the importance this has on the development of Malawian Contractors. Furthermore, it is within the mandate of the NCIC to safeguard that this provision is implemented.

- f) Claim for (a) increased cost due to contractor working on two fronts and (b) unresolved compensation issues should, in the view of the study, be resolved as expeditiously as possible to ensure there are no additional costs incurred on the contract.
- g) Quality of the works was good.

4.10.2.9 Lilongwe Water Board (LWB) – Extension and Upgrading of Chikungu Water Supply

- a) Funding of this project was by Malawi Government using local funds.
- b) The project was supervised by the Lilongwe Water Board using internal resources.
- c) After bid evaluation, the contract was awarded to Aquabor International Ltd at a price of MK 941,920,353 following the adjustment of arithmetic errors on the read out sum of MK 652,103,326.11. Although in the opinion of the Assurance Consultant this is a material deviation, the IPC was within its mandate and in accordance with procurement rules; hence the award to Aquabor was justified. In addition, because the bid security was a percentage of the contractor's offer, this means that a contractor seeking to minimize bid security costs can make a low offer through "**arithmetic errors.**" Subsequent to this, the ODPP sent a circular advising PEs for Public Works to request bidders for a declared amount as bid security.
- d) The final cost of the project increased from MK 941,920,353 to MK 1,272,682,610.52 due to re-measurement of works, variations, and fluctuations of material prices. Worth mentioning is the fact that the price increase due to fluctuations was by 46% of the original contract sum. The Fluctuations arose due to the contractor offering to carry out the works with a currency split of 90/10 US\$/MK. The contractor fixed the US Dollar payment component in his offer at an exchange rate of Mk438.079; the value of the dollar was MK710.0025 when Certificate No. 2 was paid. This offer by the contractor was somehow not addressed by the IPC and neither was it noted by the ODPP before contract award. However, the Board sought advise with ODPP on how to handle the split in consideration of inflation issues. ODPP advised to apply the currency split as per bid which the Board followed. Hence the contract sum increased by 46% due to this inflation.
- e) Quality of the works is good.

4.10.2.10 Lilongwe Water Board (LWB) – Extension of Treatment Works II

- a) Funding for the project was a combination of Credit and Grant from the World Bank International Development Agency (IDA).
- b) Original budget for consultancy services were \$300,000 and the supervision consultancy was awarded at \$ 231,985. The cost of supervision at the end of the project remained the same as the contract sum.
- c) The works contract was awarded at \$8,699,676 and final account was closed at \$8,693,766.
- d) This project was one of two under this study which was delivered on time and within budget.

4.10.2.11 Local Development Fund (LDF) - Construction and Reticulation of Malomo Water Supply

- a) Funding for this project was through a loan from the African Development Bank and part of the proceeds were applied for the Construction and Reticulation of Malomo Water Supply in Ntchisi District.
- b) This project was implemented as intended with variations accounting for only 4.23% of the contract sum and were justified as most were to provide a bigger coverage area for access to water. Hence it is the Assurance Consultant's view that this project is one of the most successfully implemented projects in the study. Original contract sum was MK 176,925,403 and the Final Account was MK 184,412,750. The increased costs were due to:

- + Water connection at the laboratory, boys' hostel and girl's hostel.
- + Construction of 2 No Kiosks at Malomo for public use.
- + Extension of 1 km pipeline.
- + Construction of thrust blocks.
- + Minor variations

The additional project cost was Mk 7,487,346.69

- c) Site visit by the Assurance Consultant revealed operational problems: -
- + ESCOM power cuts have negatively affected pumping resulting in very little water supplied to the Malomo community. The secondary effect is that the water scheme is unable to generate adequate income to be sustainable for meeting required repairs and salaries for the staff.
 - + ESCOM have not connected the second set of pumps because at completion, there was an issue of compensation and they had to wait for the affected residents to harvest their crops before proceeding with the connection.
- d) The study discovered that the WUA operator has plans to install solar driven pumps to augment ESCOM shortfalls but lacks funding to implement this programme.
- e) It is hoped that disclosure of this information by the Assurance study shall elicit proper responses from authorities to champion lasting solutions for the Malomo Water Supply Project. Although outside the Terms of Reference of this study, it is the opinion of the Assurance Consultant that the Malomo Rural Growth Centre project (the water supply project being a sub-component of the larger project) shall not be successful unless the water issues are resolved.

4.10.2.12 Ministry of Health - New National Pharmaceutical Warehouse at Central Medical Stores in Lilongwe

- a) Funding for this project was by Government of Malawi and Global Fund.
- b) Tender evaluation reports for both contractor and consultant were not disclosed to the study.
- c) The funds pooled together by Government and Global Fund were inadequate to award the contract to Fargo Ltd at the evaluated price of MK 841,693,244.45. A review of Fargo's tender was done in line with available resources and the proposed contract sum was reduced to MK 602,365,496.90 by reducing scope of works.
- d) The project had a duration of 42 months but took 58 weeks to complete due to addenda which ironically increased the cost to MK 828,096,428.01; almost the same amount as the original evaluated tender sum.

- e) Although no procurement guidelines were flouted, the execution of the project was affected by Government's lack of adequate funding. This study therefore recommends that Government could consider alternative project financing arrangements and also rationalize the implementation of projects to be in line with available resources.
- f) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in the data being collected outside the period allocated for data collection and only from one project out of four. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- g) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.

4.10.2.13 Ministry of Natural Resources, Energy & Mining

- a) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in the data not being collected. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- b) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.

4.10.2.14 Ministry of Transport & Public Works - Construction of Commercial Court at High Court

- a) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in delayed data collection. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- b) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.
- c) Funding was by Government of Malawi.
- d) Tender evaluation report was not provided to the study
- e) Planned completion for the project was delayed from 2012 and the building was far from complete when the Assurance Consultant visited the site in August 2016; a delay of over 4 years! The site was on go-slow during the site visit. The construction delays were caused by late payments, cement and fuel shortages including several demobilizations by the contractor. The execution of the project was delayed by Government's lack of adequate funding. This study therefore recommends that Government could consider alternative project financing arrangements and also rationalize the implementation of projects to be in line with available resources.
- f) The quality of the structures under construction are of excellent quality; although the works are incomplete.

4.10.2.15 Ministry of Transport & Public Works - Construction of 212 Beds Female Hostel Block at LUANAR, Bunda Campus, Lilongwe.

- a) Funding of the project is by the Norwegian Government with an original budget of MK 1,090,000,000 which has since been revised upwards to MK 1,220,000,000 to the dollar value of 19th January 2015. The contract was awarded to Terrastone at a price of MK1,134,201,682.63.
- b) Architects instructions have been issued to vary the works; however, the overall effect of these changes have not been assessed to determine if additional funds shall be required or the variations are within the contingency sum in the contract. The Assurance Consultant envisages that the contract shall have no major issues up to completion.
- c) The project, in the view of the Assurance Consultant, has been well managed by the Department of Buildings which is supervising the project.
- d) The quality of the works is of very high standard

4.10.2.16 Ministry of Transport & Public Works - Construction of Domasi Community Hospital in Zomba

- a) Ministry of Agriculture, Irrigation and Water Development -
- b) This PE did not provide adequate data and therefore the Assurance Consultant was unable to make a full assessment of the project
- c) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in delayed data collection. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- d) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.
- e) Tender evaluation report was not provided to the study
- f) Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- g) This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
- h) This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- i) The Assurance Consultant visited the site and found that the system is not operational following flooding that occurred during the 2015 to 2016 rainy season causing pipes to be washed away.
- j) The new intake built under this project was silted and without access to full disclosure the study is unable to assess the design parameters that were considered. Unverified reports suggest that a

decision was made to transfer pipework back to the old intake point and it was reported that this intake point was working prior to the flooding.

- k) The Water Users Association still employs skeleton staff on the project. Unverified reports suggest that most have gone for over 8 months without payment.
- l) It is the view of the study that the Government could consider re-building the water supply system taking into account that the area is very arid and sources of water are far. In addition, the population served by the project was very big. The investment already made also justifies that the system should be re-constructed.
- m) The Assurance Consultant is optimistic that the disclosure of the operational problems being faced on this project shall elicit a response from stakeholders to take firm action in championing the reconstruction of this scheme.

4.10.2.17 Ministry of Agriculture, Irrigation and Water Development - Chapananga Piped Water Supply Scheme in Chikwawa District

- a) This PE did not provide adequate data and therefore the Assurance Consultant was unable to make a full assessment of the project
- b) Data collection was affected by delays in the PE directing the Assurance Consultant to the Liaison officer responsible for providing IDS; this resulted in delayed data collection. It is proposed by this study that Liaison Officers for PEs be identified by the CoST Secretariat prior to the engagement of the Assurance Consultant and they be introduced upon commencement of the assignment.
- c) The study found that this PE, although it was familiar with CoST, did not give priority to providing data. There is therefore a need for further sensitization of actors in the PEs about CoST Initiative in Malawi so that future studies elicit better quality data.
- d) Tender evaluation report was not provided to the study
- e) Generally, the study found that email records for PE are stored on individual's computer devices and it is possible that important information may not be stored as hard copies on files. It is this study's recommendation that the PE needs to review how email communication is stored as part of institutional memory.
- f) This PE had no institutional electronic data storage systems. It is important that as technology is changing, institutions should also embrace changes. There are such storage solutions as server storage, cloud storage and so forth. It is conceivable that if this PE had proper record management systems, it would have been possible to obtain all the data required under this study from this PE.
- g) This study recommends that the PE should take advantage of centralised storage systems so that data is available for access long after individuals are gone. There is a need for the institution to formulate IT Policy and procedures as a framework for efficient data storage.
- h) The Assurance Consultant visited the site and found that the system is not operational following flooding that occurred during the 2015 to 2016 rainy season causing pipes to be washed away.
- i) The new intake built under this project was silted and without access to full disclosure, the study is unable to assess the design parameters that were considered. Unverified reports suggest that a decision was made to transfer pipework back to the old intake point and it was reported that this intake point was working prior to the flooding.

- j) The Water Users Association still employs skeleton staff on the project. Unverified reports suggest that most have gone for over 8 months without payment.
- k) It is the view of the study that the Government could consider re-building the water supply system taking into account that the area is very arid and sources of water are far.
- l) In addition, the population served by the project was very big. The investment already made also justifies that the system should be re-constructed.
- m) The Assurance Consultant is optimistic that the disclosure of the operational problems being faced on this project shall elicit a response from stakeholders to take firm action in championing the reconstruction of this scheme.

4.10.2.18 Blantyre Water Board - Improvement of Bangwe Water Scheme

The study failed to collect data for this project due to delays caused by other PEs in Lilongwe.

ANNEX 1

DISCLOSURE REPORTS

Annex I – Disclosure Reports

DISCLOSURE REPORT No. 3.1.1

CENTRAL REGION WATER BOARD

DISCLOSURE REPORT FOR SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE 1)

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE 1) Project No. CRWB/W/01 Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	September 2010
Project identification	Project purpose	To improve the existing infrastructure related to water provision in Kasungu which is too old to meet water demand to 2025. This shall be achieved by rehabilitation, improvement, modification and expansion of the water supply system with the view to making the system economical to operate and meet the projected year 2025 water demand for Kasungu.
	Location	Kasungu
	Intended Beneficiaries	Residents of Kasungu Township and surrounding areas.
	Specification	Included in Contract documents
	Budget	Special Drawing Rights amounting to SDR60 Million for Second National Water Development Project amongst which the Kasungu Project was one sub-project under this Development Programme.
Funding	Financing agreement	OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID)
Tender process (contract for project supervision)	Engineer's estimate	Not Disclosed
	Tender procedure	SINGLE SOURCE: This was due to successful completion of design work by consultant.
	Number expressing interest	N/a
	Number shortlisted	One
	Number submitting tender	One
Tender process (main contract for)	Tender procedure	INTERNATIONAL COMPETITIVE BIDDING
	Number expressing	9 (NINE) FIRMS

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE 1) Project No. CRWB/W/01 Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	September 2010
works)	interest	
	Number shortlisted	N/A
	Number submitting tender	3 (THREE) FIRMS
	List of tenderers	1) Proprietary Manufacturing & Engineering (PME) Western Construction Company (WCC) JV; 2) Plem Construction –HE Jackson JV 3) Irrigwater/Dore Pitt JV
	Tender evaluation report	Tender evaluation report dated September 2010 recommended PME+WCC JV to be awarded contract at MK514,201,536.68. Signed contract shows MK514,265,611.68; a difference of MK 64,075.
Contract award (project supervision)	Name of main consultant	Metaferia
	Contract price	US\$ 306,789.24 (19 May 2008) for Design US\$ 267,103.47 (Start 12 April 2011) Supervision
	Contract scope of work	• Analyse the water supply system to identify areas to be improved • Carry out stakeholder consultation • Determine additional storage capacity; • Refurbish and expand pumping capacity • Refurbish water treatment works • Refurbish existing storage facilities • Prepare designs, cost • Screen Environmental impacts • Review and finalize cost recovery plan for Kasungu Water Supply Scheme • Supervision of Rehabilitation & Expansion Works

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE 1) Project No. CRWB/W/01 Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	September 2010
		Note: Supervision was not included in Phase 1. However a new contract was negotiated at successful completion of the Design Phase and through a No-Objection from World Bank received on 9 July 2010, the Construction Supervision Contract was commenced on 12 April 2011 for a period of 10 months.
	Contract programme	Provided
Contract award (main contract for works)	Name of main contractor	Proprietary Manufacturing & Engineering (PME) Western Construction Company (WCC) JV
	Contract price	MK 514,265,611.68 (90% IN US\$, 10% MK)
	Contract scope of work	1) Raw water intake & transmission from Nguluyanawambe dam to treatment plant 2) Water meter chamber, clarifiers, filter & pipe gallery 3) Clear water transmission pipe line to T2, Nguluya, Elevated & Chiwengo Junction 4) Reservoirs at T2, Nguluyanawambe & Elevated 5) Electromechanical works 6) Electrical cables, controls & equipment 7) Renew distribution network 8) Communal water points 9) Pump station & guard house buildings 10) Operators building 11) Laboratory building 12) Office Block Building 13) Power supply However, Communal water points, Operator building, Laboratory building, Office Block building were omitted to reduce the scope of works tendered for, due to budgetary reasons.
	Contract programme	10 MONTHS CONSTRUCTION PERIOD

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE 1) Project No. CRWB/W/01 Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	September 2010
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	The contractor delayed performance of the works alleging that Advance Payment was delayed. Hence payments were largely for Preliminary and General Items. Hence there were no significant changes in the contract price. The programme of the works was delayed due to the foregoing. The delay in making payment by the client led to the contractor applying the appropriate clauses of the contract for termination of the contract. The client had no choice but to accept termination of the project.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	• The Client accepted that commencement of the contract be 15 days following payment of the Advance by the client to cover mobilization expenses. This is not procedural as the aim of vetting the consultant's capacity is to ensure they have capacity. Commencement therefore should have been 15 days after signing the contract. (Refer to Issue 6 of Minutes of Negotiation Meeting dated 1st April 2008)
	Individual significant changes to the contract which affect the programme, with reasons	• The client defaulted by delaying payment of the Advance to Contractor. Hence Contractor terminated the contract. Minutes of internal meeting of 8 December 2011 show that the Ministry of Finance acknowledges that Government <i>"...had financial problems with settlement of arrears with OFID which led to temporary suspension of the credit facility...the Reserve Bank of Malawi did not have adequate foreign currency to service domestic debt with the donor. The bank had only 1.5 months cover of forex which iscritical..."</i> This problem meant that OFID made a temporary suspension for payments under this contract and this led to the contract to be terminated by the contractor after suffering delayed payments.

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE 1) Project No. CRWB/W/01 Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	September 2010
		This contract had a condition for payment that was unenforceable. In the minutes of contract discussions dated 5 November 2010, the client agreed to pay the contractor 90% in US Dollars and 10% in Malawi Kwacha. At the time when this was agreed, it was against regulation to make payments to a locally registered contractor in forex. Hence this contract should have been voided upon the parties realizing the mistake due to this unenforceable clause. The client wrote to the Attorney General regarding this issue but there is no correspondence in the files to indicate advice was given. The Tender evaluation report used an exchange rate of 151.56 for US dollar. However, the contract had a rate of 151.55. This difference in exchange rates should have resulted in a loss of \$201.51 on the contract sum and with variations, this loss would have been larger had the contract not been terminated.
	Details of any re-award of main contract	The contract was terminated by the contractor. Following which the tender was re-advertised and Unipumps Nigeria Ltd were awarded to continue the works. The project was re-awarded at MK 566,542,969.29; an increase of 10%
Post contract completion details (main contract for works)	Actual contract price	MK514,265,611.68
	Total payments made	MK 26,045,358.75

Documents disclosed	Disclosure status
Feasibility study	Works completed at termination were basically Preliminary and General Items amounting to MK 26,045,358.75 or US\$ 171,859.84; Advance Payment was returned by the Contractor on 19 July 2012.
Financing agreement	Provided by CRWB
Specification	DISCLOSED WITH CONTRACT DOCUMENTS
Tender evaluation report	Dated September 2010
Project evaluation reports	The consultant, Metaferia, prepared and submitted to CRWB a detailed engineering design report the basis of which the project was implemented. Some of the project indicators in the report included the following: • Increase the supply of water from 2750m³/day to 4,750m³/day; an increase of 72% to meet demand up to 2015. • Decrease unaccounted for water (UFW) from 30% in 2008; to 25% in 2010; and 16% between 2015 and 2020. It would appear that the Final report submitted by the consultant at the completion of the project does not address whether these deliverables were met and if not, what were the reasons. CRWB to provide current situation on the ground compared to the projections and justification.
Feasibility study	Disclosed
Financing agreement	Disclosed
Specification	Disclosed
Tender evaluation report	Disclosed
Project evaluation reports	Disclosed

DISCLOSURE REPORT No. 3.1.2
CENTRAL REGION WATER BOARD

**DISCLOSURE REPORT FOR SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND
EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE 1)**

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE II) Project No. CRWB/C/01 PHASE II Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	January 2011
Project identification	Project purpose	To improve the existing infrastructure related to water provision in Kasungu which is too old to meet water demand to 2025. This shall be achieved by rehabilitation, improvement, modification and expansion of the water supply system with the view to making the sytem economical to operate and meet the projected year 2025 water demand for Kasungu. Phase II Works involve the
	Location	Kasungu
	Intended Beneficiaries	Residents of Kasungu Township and surrounding areas.
	Specification	Included in Contract documents
	Budget	Special Drawing Rights amounting to SDR60 Million for Second National Water Development Project amongst which the Kasungu Project was one sub-project under this Development Programme.
Funding	Financing agreement	INTERNATIONAL DEVELOPMENT AGENCY
	Engineer's estimate	Not Disclosed
Tender process (contract for project supervision)	Tender procedure	SINGLE SOURCE: This was due to successful completion of design work by consultant.
	Number expressing interest	N/a
	Number shortlisted	One
	Number submitting tender	One

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE II) Project No. CRWB/C/01 PHASE II Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	January 2011
Tender process (main contract for works)	Tender procedure	SINGLE SOURCE
	Number expressing interest	Not Disclosed
	Number shortlisted	N/A
	Number submitting tender	Not Disclosed
	List of tenderers	Not Disclosed
	Tender evaluation report	Not Disclosed
Contract award (project supervision)	Name of main consultant	Metaferia
	Contract price	US\$267,103.47
	Contract scope of work	Construction Supervision for Rehabilitation and Expansion Works for Kasungu Water Supply Scheme
	Contract programme	Provided
Contract award (main contract for works)	Name of main contractor	Unipumps Nigeria Ltd
	Contract price	MK 566,542,969.29
	Contract scope of work	14) Raw water intake & transmission from Nguluyanawambe dam to treatment plant 15) Water meter chamber, clarifiers, filter & pipe gallery 16) Clear water transmission pipe line to T2, Nguluya, Elevated & Chiwengo Junction 17) Reservoirs at T2, Nguluyanawambe & Elevated 18) Electromechanical works 19) Electrical cables, controls & equipment 20) Renew distribution network 21) Communal water points 22) Pump station & guard house buildings

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE II) Project No. CRWB/C/01 PHASE II Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	January 2011
		23) Operators building 24) Laboratory building 25) Office Block Building 26) Power supply However, Communal water points, Operator building, Laboratory building, Office Block building were omitted to reduce the scope of works tendered for, due to budgetary reasons.
	Contract programme	Provided
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	Additional payments increased the contract from US\$267,103.47 to US\$334,495.84 due to: • Work carried out during termination of first contractor • Work carried out during re-tendering period • Work carried out outside the financing Agreement paid direct by Central Region Water Board.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	There were few instructions on this contract that increased the measured works value from MK 461,160,626.98 to MK 532,823,967.48. The following Variation Orders (VO) were instructed: VO No. 1 - MK 4,453,718.26 for Motor Control Panel at Water Treatment Plant & T2 Pump VO No. 2 - MK 32,991,464.64 for Supply & Installation of generator at Water Treatment Plant and T2 Pump. VO No. 3 - MK 37,099,333.88 for supply and installation of transformer including civil works at Water Treatment Plant and T2 Pump. Other variations arose as a consequence of remeasurement of the contracted works and supply to client of materials which remained on site valued at MK 3,186,560. The Value Added Tax on Sub-Total F

Stage of project cycle	List of IDS to be disclosed	Project name: SUPPLY, INSTALLATION, AND CONSTRUCTION OF REHABILITATION AND EXPANSION WORKS FOR KASUNGU WATER SUPPLY SCHEME (PHASE II) Project No. CRWB/C/01 PHASE II Procuring Entity: CENTRAL REGION WATER BOARD Client (if different)
	Date Tender Report	January 2011
		(MK392,964,855.45) in the Final Account at 16.5% should be MK64,839,201.15 and not K65,314,595.25. This is also reflected in the consultant's Final Report.
	Individual significant changes to the contract which affect the programme, with reasons	• There were no significant changes to the contract.
	Details of any re-award of main contract	NOT APPLICABLE
Post contract completion details (main contract for works)	Actual contract price	MK 532,823,967.48
	Total payments made	MK511,959,014.81 (Reduction due to claim for VAT made by Contractor)

Documents disclosed	Disclosure status
Feasibility study	Disclosed
Financing agreement	Disclosed
Specification	Disclosed
Tender evaluation report	Not made available
Project evaluation reports	Disclosed

DISCLOSURE REPORT No. 3.2.1
MINISTRY OF EDUCATION
DISCLOSURE REPORT FOR REHABILITATION OF DEDZA SECONDARY SCHOOL

Stage of project cycle	List of IDS to be disclosed	Project name: Rehabilitation of Dedza Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/007 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
Project identification	Project purpose	1. To improve Infrastructure at Dedza Secondary School
	Location	Dedza District
	Intended Beneficiaries	Students of Malawi
	Specification	Included in Contract documents
	Budget	Budget for this project was indicated in the tender evaluation report, but as a result of misplacement the report was not availed to the Assurance Consultant.
Funding	Financing agreement	Malawi Government
	Engineer's estimate	Estimate for this project was indicated in the tender evaluation report, but as a result of misplacement the report was not availed to the AT.
	Tender procedure	The project was supervised by Education Infrastructure Management Unit (EIMU) Ministry of Education Rainbow Paints Building Off Chilambula Road P/Bag 57 Lilongwe.
	Number expressing interest	N/A
Tender process (contract for project supervision)		

Stage of project cycle	List of IDS to be disclosed	Project name: Rehabilitation of Dedza Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/007 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
Tender process (main contract for works)	Number shortlisted	N/A
	Number submitting tender	N/A
	Tender procedure	National Competitive Bidding
	Number expressing interest	The number of firms that expressed interest is in the Tender Evaluation Report which was not availed to the Assurance Consultant as a result of misplacement at EIMU office.
	Number shortlisted	Stated as above
	Number submitting tender	Stated as above
	List of tenderers	Stated as above
	Tender evaluation report	Not Disclosed
Contract award (project supervision)	Name of main consultant	Education Infrastructure Management Unit (EIMU) Ministry of Education Rainbow Paints Building Off Chilambula Road P/Bag 57 Lilongwe.
	Contract price	N/A
	Contract scope of work	Supervision of Rehabilitation of Dedza Secondary School
	Contract programme	• 18 Weeks • Commencement date: 4th December 2013 • Completion date: 2nd April 2014

Stage of project cycle	List of IDS to be disclosed	Project name: Rehabilitation of Dedza Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/007 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
		- Defects liability period: 365 days (2nd April 2015) - Practical completion date: 12th February, 2016. - Revised completion date: To be advised at later stage pending acceptance of 49% price adjustment request.
Contract award (main contract for works)	Name of main contractor	Pangano Building Contractors P.O. Box 5927 Limbe Malawi.
	Contract price	MK 92,894,745.18
	Contract scope of work	The Works included rehabilitation of: - Administration block - Science laboratory - Kitchen - Dining - Viphya Hostel
	Contract programme	18 Weeks - Commencement date: 4th December 2013 - Completion date: 2nd April 2014 - Defects liability period: 365 days (2nd April 2015) - Practical completion date: 12th February, 2016. Revised completion date: To be advised at later stage pending acceptance of 49% price adjustment request.
Contract Execution (project	Significant changes to contract price, programme, scope	N/A

Stage of project cycle	List of IDS to be disclosed	Project name: Rehabilitation of Dedza Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/007 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
supervision)	with reasons	
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	Additional works through Architect Instructions, and devaluation of the local currency during the course of the project resulted in change of the contract sum. The contract had a price adjustment request of 49% due to delayed payments coupled with National devaluation of local currency (kwacha) (Refer to MEMO dated 16th June 2016 from CET 1 to The Deputy Director of EIMU). This request adjustment is still pending. The actual change in the contract sum will be established upon conclusion of the request of price adjustment from the contractor.
	Individual significant changes to the contract which affect the programme, with reasons	The initial programme for this project was 18 weeks. Commencing on 4th December 2013 and completion on 2nd April 2014. Late payments on the project have resulted in slow progress and requests of extensions of time on several occasions from the contractor. Additional works such as bunk beds and cupboard shelving have also contributed to change in the programme. As a result of these coupled with National devaluation of the local currency that occurred during that period; the project has taken 2 years and 2 months to reach practical completion. The final hand over date is yet to be established when issues concerning the 49% price adjustment request have been concluded.

Stage of project cycle	List of IDS to be disclosed	Project name: Rehabilitation of Dedza Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/007 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
	Details of any re-award of main contract	N/A
Post contract completion details (main contract for works)	Actual contract price	The supervision team in Cost Report No 2 calculated that the Final Anticipated Cost would be Mk 135,826,805.33. It is assumed that the 49% price adjustment request will fall in the final anticipated cost.
	Total payments made	6 certificates have been issued so far as follows: Advance payment: Mk 18,578,949.04 Payment 2: Mk 11,244,086.51 Payment 3: Mk 2,285,113.48 Payment 4: Mk 17,376,975.04 Payment 5: Mk 30,478,556.95 Payment 6: Mk 15,768,079.63 One more payment shall follow followed by the final account.
Documents disclosed	Disclosure status	
Feasibility study	Not Disclosed	
Financing agreement	Not Disclosed	
Specification	Disclosed	
Tender evaluation report	Not Disclosed	
Project evaluation reports	Not Disclosed	

DISCLOSURE REPORT No. 3.2.2
MINISTRY OF EDUCATION
DISCLOSURE REPORT FOR REHABILITATION OF MACHINGA SECONDARY SCHOOL

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
Project identification	Project purpose	1. To provide Machinga district with a boarding school since the district at the time did not have any boarding school. 2. To enable students in and around Machinga District attain better Secondary School Education.
	Location	Machinga District
	Intended Beneficiaries	Secondary School students of Machinga District.
	Specification	
	Budget	Mk 800 million
Funding	Financing agreement	The Government of Malawi through Ministry of Education Science and Technology (MoEST) received funds in the amount of US\$ 50 million equivalent from the International Development Association (IDA) of the World Bank and US\$ 90 million equivalent from the Education for All – Fast Track Initiative towards the cost of the Project to improve Education Quality in Malawi (PIEQM). Parts of these proceeds were for the implementation of this project.
	Engineer's estimate	Mk 800 million (March, 2012).
Tender process (contract for	Tender procedure	National Competitive Bidding.
	Number expressing	Information in regards to this item could not be

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
project supervision)	interest	traced as a result of misplacement of documentation.
	Number shortlisted	As Stated Above
	Number submitting tender	As Stated Above
Tender process (main contract for works)	Tender procedure	National Competitive Bidding
	Number expressing interest	17 Bidders
	Number shortlisted	N/A
	Number submitting tender	15 Bidders
	List of tenderers	1. Fargo Ltd: Mk 827,559,556.07 2. Paramount Holdings: Mk 904,730,081.28 3. Trinkon Ltd: Mk 623,589,631.40 4. BM Construction Ltd: Mk 803,135,400.65 5. Tapita Building Contractors: Mk 803,135,400.65 6. Stadal: Mk 823,777,065.79 7. J & J: Mk 876,754,349.09 8. DHB: Mk 587,354,854.41 9. Pangano/Malaya JV: Mk 747,345,854.41 10. Ital Business Ltd: Mk 851,369,327.62 11. Eistein Construction: Mk 699,089,925.55 12. Blamanco: Mk 990,883,170.90 13. Mpukuto Building Contractor: Mk 723,237,943.47

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
		14. Building Masters Building Contractors: Mk 855,206,909.78 15. Opco Ltd: Mk 589,543,014.54
	Tender evaluation report	EIMU office furnished the tender evaluation report to the Assurance Consultant.. National Competitive Bidding was used in selection of the Main Contractor. The tender adverts were made available in the News papers on 1st June, 2013 and the Public bidding opening was carried out on 2nd July 2013. After critical analysis of the bids, the Evaluation team recommended that the contract works be awarded to Einstein Construction Ltd at a contract sum of Mk 699,089,925.55
Contract award (project supervision)	Name of main consultant	Technologa, AEC & Design Chartered Architects & Project Managers Consultants P.O. Box 30980 Chichiri Blantyre. In conjunction with the following: F & W Partnership Chartered Quantity Surveyors, P.O. Box 2857, Blantyre. RD Consultants, Civil and Structural Engineers, P.O. Box 31305, Blantyre. M & E Associates & Mechanical Engineers

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
		P.O. Box 112 Blantyre.
	Contract price	Proposal Amount: Mk 33,754,666.60 equivalent of US\$ 119,697.40
	Contract scope of work	1. Carry out and complete the design of the school and prepare all necessary drawings. 2. Procure the works of the main contractor through National Competitive Bidding. 3. Prepare contract documents, supervise and manage the consultation contract up to and including the defects liability period. 4. Provide built drawings and operating and maintenance manuals for equipment and other specialist services to be installed.
	Contract programme	A period of 52 weeks
Contract award (main contract for works)	Name of main contractor	Einstein Construction Ltd P.O. Box 30582 Blantyre
	Contract price	Mk 699,089,925.55
	Contract scope of work	Construction of the following: 1. Classroom blocks 2. Laboratory blocks 3. Library block 4. Hall

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
	Contract programme	5. Abolition block 6. Staff houses 52 weeks Commencement date: 16th December 2013. Completion date: 16th December 2014. Revised Completion date: to be advised at a later date once agreed contract price adjustments of 75% has been finalised between the parties.
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	Not much information is available on whether the consultancy work had significant changes.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	The progress registered on site at the time being is about 85% completion of classrooms and teachers houses, 10% completion for the multipurpose hall. The major works remaining on this project are the electrical installation 2nd fix, plumbing, and external works. This project has faced a lot of challenges, mostly inadequate and delayed funding. For instance it had taken 3 months for payment of certificate number one which was worth Mk 139,817,985.11 (advance working capital), and even after payment there was a balance of Mk 70 million. Certificate number two also took another 5 months before payment was honoured. These have been the reasons that have caused this project to delay on the completion date.

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
		In the midst of all this the contractor at a certain time demobilised and left skeleton staff on site and later on remobilised. The contractor wrote the Ministry on 14th April, 2016 requesting for a price adjustment of 85% on the contract sum. In response to this, EIMU with the directive from the IPC met the contractor on the 17th of February 2016 to discuss the way forward. An agreement between the parties was reached that the contractor be given a contract price adjustment of 75%. However when this was presented to the IPC, they felt that 75% increase could not be justified despite the rising inflation, local currency devaluation and increase in the exchange rates. The IPC further stated that their reasons for the refusal of the 75% price increment request was that the contractor should have anticipated and factored some the changes since the contract was a fixed price contract. IPC as a way forward recommended that the contractor be re engaged in further negotiations. Under such circumstances EIMU suggested that the contractor has two choices; either to proceed with the works but claim interest on late payments or terminate the contract. As of to date

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
		the contractor only has skeleton staff on site awaiting finalisation of the negotiations. The Ministry also has two choices. First being; since the contract is a fixed contract which applies for all contracts with a maximum of 18 months construction period, the Ministry can only adjust the contract sum after the 18 months period have elapsed. As of 23rd July 2016, certificate number five shows that the contract total payments are Mk486,734,169.43 leaving a contract balance of about Mk212,355,756.12. the outcome of such would be that: 1. Original contract sum: Mk699,089,925.55 2. Total certified after 18months (from certificate number five): Mk486,734,169.43 3. Balance from original contract sum: Mk212,355,756.12 4. 75% on Mk212,355,756.12 adjustment as already agreed with the contractor: Mk159,266,817.09 (representing 22.8% increase on the overall original sum) 5. New contract sum: Mk858,356,742.64 6. Total certified to date (from cert 6): Mk665,276,119.24 7. New contract balance: Mk193,080,632.40 This has been submitted so that a way forward is

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Machinga Secondary School Project No. NCB/025/IPC/MOEST/JFA/CW/2013/008 Procuring Entity: Ministry of Education Science and Technology Private Bag 328 Capital Hill Lilongwe. Client (if different)
	Date Tender Report	
		concluded. The second choice the Ministry would have, failing to reach agreement with the contractor would be of terminating the contract based on reason of convenience. However before this can be done the contractor's works have to be valued and paid all outstanding dues. Then the works would be retendered.
	Individual significant changes to the contract which affect the programme, with reasons	The contract was to run from 16 th December, 2013 to 16 th December, 2014. However challenges such as late payments have caused delays in progress on the site. The revised completion date is yet to be established following negotiations.
	Details of any re-award of main contract	The main contract can only be re awarded once parties have failed to reach an agreement and the contract has been terminated.
Post contract completion details (main contract for works)	Actual contract price	Yet to be established.
	Total payments made	Mk486,734,169.43
Documents disclosed		Disclosure status
Feasibility study		Disclosed
Financing agreement		Disclosed
Specification		Disclosed
Tender evaluation report		Disclosed
Project evaluation reports		Project still in progress

DISCLOSURE REPORT No. 3.3.1

ROADS AUTHORITY

Upgrading of Nsanje – Bangula Road to Class I Bitumen Standard

Stage of project cycle	List of IDS to be disclosed	Project name: Upgrading of Nsanje – Bangula Road to Class I Bitumen Standard Project No. RA/DEV/07/05 Procuring Entity: ROADS AUTHORITY Client (if different)
Project identification	Project purpose	Upgrade the road to class I Bitumen Standard to improve accessibility for people of Nsanje and Chikwawa to Urtban Markets.
	Location	Nsanje District
	Intended Beneficiaries	Nsanje – Bangula
	Specification	Disclosed
	Budget	Not Disclosed
Funding	Financing agreement	Not Disclosed
Tender process (contract for project supervision)	Engineer's estimate	Not Disclosed
	Tender procedure	International Competitive Bidding (ICB)
	Number expressing interest	Information not available
	Number shortlisted	Information not available
	Number submitting tender	Information not available
Tender process (main contract for works)	Tender procedure	International Competitive Bidding (ICB)
	Number expressing interest	4 Contractors
	Number shortlisted	
	Number submitting tender	4 Contractors
	List of tenderers	Mkaka Construction Fargo Ltd CMC Mota Engil

	Tender evaluation report	Not Disclosed
Contract award (project supervision)	Name of main consultant	Romana CNM- YBJ (JV) Consulting Engineers
	Contract price	Mk 108,801,817.50
	Contract scope of work	The following is the scope of the consultant's Services • Reviewing the existing designs. • Reviewing the contract documentations. • Reviewing the Environmental Impact Assessment (EIA) report. • Construction supervision. • Handing over the project to the client.
	Contract programme	Commencement Date: 17 April 2008 Original Completion: 17 April 2010 Revised Completion: 06 June 2011
Contract award (main contract for works)	Name of main contractor	Mota Engil Engenharia & Construcao, SA
	Contract price	Mk7,415,365,707.56
	Contract scope of work	• Mass earthworks • Pavement of layers • Surfacing • Bridge and box culvert construction • Pipe culvert installation • Drainage • Embankment protection • Other activities as detailed in the Bills of Quantities
	Contract programme	<u>24 Months</u> Commencing date: 17th April 2008 Completion date: 17th April 2010 Revised Completion date: 6th June 2011
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	Supervision of the works changed from the initial 5 km road to 50 km. This had an effect of changing the contract sum and the duration. Variation order number 1 had the Nett effect of saving Mk 1,568,232 from the consultant's supervision contract and reduced the contract sum

		from Mk 83,250,480 to Mk 81,652,248. The order came about because of the redistribution of contract quantities which were over provided for in some cases and under provided for in other cases.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	Works contract scope also changed from the initial 5km to 50km. The contractor's contract sum changed from Mk 852,199,588.90 to Mk 7,415,365,707.56.
	Individual significant changes to the contract which affect the programme, with reasons	1. Restricted access to the site due to delays in compensations. The works on site commenced on 17th April 2008 were supposed to end on the 17th of April 2010. However compensations disputes forced rescheduling of the contractor's activities on some locations meaning that they did not have full access to the site. 2. Shortage of Foreign Currency in the Country. This problem seriously undermined the contractor's capacity to do machine repairs, maintenance, and procurement of materials for the works in time. 3. Diesel Shortages. The country was hit by fuel shortages from the period of October 2009 to 2010. This affected the contractor greatly reason being most of the equipment and machinery were diesel propelled. 4. Increased/ additional works
	Details of any re-award of main contract	N/a
Post contract completion details (main contract for works)	Actual contract price	Not Established from the information on file
	Total payments made	Not established from information on file

Documents disclosed	Disclosure status
Feasibility study	Not Disclosed
Financing agreement	Not Disclosed
Specification	Disclosed
Tender evaluation report	Not Disclosed
Project evaluation reports	Not Disclosed

DISCLOSURE REPORT No. 3.3.2

ROADS AUTHORITY

DISCLOSURE REPORT FOR MULTI NACALA ROAD CORRIDOR PHASE I – CONSTRUCTION OF LILONGWE WESTERN BY PASS ROAD

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Lilongwe Western By-Pass Project No. RA/DEV/11/01 Procuring Entity: ROADS AUTHORITY Client (if different)
Project identification	Project purpose	Divert through traffic from Central Business District (CBD) of Lilongwe and therefore reduce travel time, vehicle operation costs and other exogenous costs for road users. Make transportation of people and goods around CBD of Lilongwe more efficient.
	Location	LILONGWE CITY
	Intended Beneficiaries	NACALA CORRIDOR RESIDENTS (Malawi, Zambia, and Mozambique)
	Specification	Construction of 7m wide carriageway and 2 m shoulders in hot mix asphalt, construction of box culvert and 18m double span bridge and ancillary works.
	Budget	Not Disclosed
Funding	Financing agreement	Not Disclosed
Tender process (contract for project supervision)	Engineer's estimate	Not Disclosed
	Tender procedure	Not Disclosed
	Number expressing interest	Not Disclosed
	Number shortlisted	Not Disclosed
	Number submitting tender	Not Disclosed
Tender process (main contract for works)	Tender procedure	Not Disclosed
	Number expressing interest	Following the advertisement for bids which appeared on 30 th March 2012 in the United Nations Development Business online (UNDB online) , on the African Development Bank's Internet Website (www.afdb.org) and in Malawi newspapers on 4 th April 2012, Nineteen firms (19) purchased the Tender Documents .

	Number shortlisted	N/a
	Number submitting tender	Bids were received and opened from Ten Bidders (10) .
	List of tenderers	1. Tencraft Construction (Pvt) Ltd 2. China Geo Engineering Corporation Ltd 3. China Road and Bridges Corporation Ltd 4. Mota Engil Engenharia 5. CETA/CMC J.V. 6. Construcuoos Gabriel A.S. Couto S.A. 7. Sinohydro Corporation Ltd 8. China Railway No.5 Engineering Group 9. Raubex Construction (Pty) Ltd 10. Simplex Infrastructures Ltd.
	Tender evaluation report	Preliminary examination of the submitted bids eliminated 5 bidders deemed to be non-responsive. Substantially responsive bids were received from: • China Geo Engineering Corporation Ltd • China Road and Bridges Corporation Ltd • Mota Engil Engenharia • Sinohydro Corporation Ltd • China Railway No.5 Engineering Group The IPC recommended Mota Engil as the lowest evaluated responsive bidder at a price of K4,141,023,383.08 The IPC further recommended that should Mota Engil's current commitments were likely to jeopardise their ability to successfully execute the Lilongwe By Pass Project, consideration would be given to the second lowest evaluated bidder; China Railway No. 5 Engineering Group Ltd at a corrected price of K 4,403,196,635.86.
Contract award (project supervision)	Name of main consultant	HP GAUFFINGENIEURE GmbH & Co KG-JBG in association with David Consulting Engineers
	Contract price	€ 729,803 plus K 57,778,127
	Contract scope of work	Phase I - Design Review Phase II – Supervision of Works
	Contract programme	Commencement of services 17 December 2010 Original Completion Date: Not clear from documents on file, however completion was extended to 24 November 2014 to match with the Works Contract
Contract award (main contract for works)	Name of main contractor	Mota Engil Engenharia & Construção, SA
	Contract price	K 4,141,023,383.08

	Contract scope of work	• Construction of 7m wide carriageway with 2m wide shoulders • Construction of box culverts • Construction of 18m double span bridge over Lilongwe Bridge • Associated Drainage Works
	Contract programme	Commencement: 19 November 2012 Original Completion:
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	• The design works increased in scope due to additional works for geotechnical studies which were not done by the original design Engineers, EMC Jatula Associates. Hence additional costs associated with design review amounted to €155,447.75 raising contract sum from € 729,803 to €885,250.75 • Extension of time to end September 2015 was granted to correspond with the extended period for completion of civil works contract. Additional cost of supervision was included under Addendum 2 raised the cost of the services by €51,618.76 • Details of Variations and final cost not on file to provide
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	The client approved various changes to the contract measured against the contingency sum of MK376,465,671.19. The revised quantities amounted to MK347,502,185.19 for the following items: - • Hot mix asphalt on shoulders in lieu of chips sealing for better performance and durability. • Under estimates for compensation of relocation of services, mainly ESCOM. • Introduction of service ducts that were not foreseen in the first BOQ. • Increased quantities in sub grade and backfill. • Introduction of police blocks, shelters and parking lanes at Bunda turn off and road reserve marker posts. • Time related cost due to the extension of time granted to the contractor. Balance on contingencies was Mk28,954,486 after adjusting for the above additional works. Time related costs for Extension of Time amounted to MK31,110,180.50
	Individual significant changes to the contract which affect the programme, with reasons	The contractor submitted an extension of time claim for: • Increased scope of work • Delayed relocation of services • Disruption of works due to national elections The contract was extended to 10th October 2014 and later extended to 12 November 2014 but actual

		completion was achieved on 24 November 2014.
	Details of any re-award of main contract	Not Applicable
Post contract completion details (main contract for works)	Actual contract price	Not on file
	Total payments made	Not on file

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Documents disclosed	Disclosure status
Feasibility study	Not Disclosed
Financing agreement	Not Disclosed
Specification	Disclosed
Tender evaluation report	Not Disclosed
Project evaluation reports	Not Disclosed

DISCLOSURE REPORT No. 3.3.3

ROADS AUTHORITY

DISCLOSURE REPORT FOR UPGRADING OF THE OLD AIRPORT – KWANDAYA – SANTHE AND KASIYA SPUR (S117/T342) ROADS

Stage of project cycle	List of IDS to be disclosed	Project name: Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads Project No. RA/DEV/14/02 Procuring Entity: ROADS AUTHORITY Client (if different)
Project identification	Project purpose	To improve access for residents of rural areas in Kasiya, Kwandaya, and Santhe for them to gain access to income generating activities and social services by providing durable and reliable roads.
	Location	LILONGWE DISTRICT
	Intended Beneficiaries	LILONGWE RURAL RESIDENTS
	Specification	INCLUDED IN CONTRACT DOCUMENTS
	Budget	Not Disclosed
Funding	Financing agreement	Not Disclosed
	Engineer's estimate	Not Disclosed
	Tender process (contract for project supervision)	SINGLE SOURCE
	Number expressing interest	SINGLE SOURCE
	Number shortlisted	N/A
	Number submitting tender	SINGLE SOURCE
Tender process (main contract for works)	Tender procedure	SINGLE SOURCE
	Number expressing interest	N/A
	Number shortlisted	N/A
	Number submitting tender	SINGLE SOURCE
	List of tenderers	MOTA ENGIL
	Tender evaluation report	Not Disclosed
Contract award (project)	Name of main consultant	ROYAL ASOCIATES

Stage of project cycle	List of IDS to be disclosed	Project name: Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads Project No. RA/DEV/14/02 Procuring Entity: ROADS AUTHORITY Client (if different)
supervision)	Contract price	MK 989,706,740.92
	Contract scope of work	DESIGN REVIEW AND CONSTRUCTION SUPERVISION OF THE UPGRADING OF THE OLD AIRPORT - KWANYANDA – SANTHE AND KASIYA SPUR (S117/T342) ROADS TO CLASS 1 BITUMEN STANDARD
	Contract programme	48 MONTHS
Contract award (main contract for works)	Name of main contractor	MOTA ENGIL ENGENHARIA e CONSTRUCAO AFRICA SA
	Contract price	MK 39,651,193,955.11
	Contract scope of work	UPGRADING OF THE OLD AIRPORT - KWANYANDA – SANTHE AND KASIYA SPUR (S117/T342) ROADS TO CLASS 1 BITUMEN STANDARD
	Contract programme	48 MONTHS
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	• Consultant's Advance Payment Bond for MK 197,941,348.08 was issued by Prime Insurance Company which went under statutory administration (SA) by Reserve Bank of Malawi; SA temporarily reversed due to court order. Risk of default is very high by Prime Insurance. No deductions made to date for Advance. It is not known if the Advance Payment was made as this information is not on file. • Invoices for Consultant do not have Tender Quantity for control against cumulative progress. • A total of MK336,635,977.13 has been certified to 30 June 2016. A balance of MK213,667,704.32 remains unpaid on this contract. • The Road Fund Administration has indicated that there is no funding from Government to pay this amount as of now. • It was confirmed to the Assurance Consultant by the Consulting Engineers on the project that although the client is in default due to non-payment, the supervising consultant on the

Stage of project cycle	List of IDS to be disclosed	Project name: Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads Project No. RA/DEV/14/02 Procuring Entity: ROADS AUTHORITY Client (if different)
		project (Royal Associates) considers the contractual remedy put in place for delayed payments is adequate for the time being.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	• Total Certified to 30 June 2016: MK7,032,067,247.49 and Interest Claim on unpaid certificates of MK1,271,760,579.51 • Zero payments have been made to the contractor as at 30 June 2016 • It was confirmed to the Assurance Consultant by the Consulting Engineers on the project that although the client is in default due to non-payment, the contractor considers the contractual remedy put in place for delayed payments is adequate for the time being. • Particular Conditions of Contract Clause 4.4. Explicitly requires that 10% of the total value of works, excluding escalation, contingency, Provisional Sums, and VAT be subcontracted to Malawian Small Scale Contractors. Non conformity to this condition may be sufficient grounds for cancellation of the contract upon random inspections confirming this breach. To date, the contractor has not engaged local contractors citing that preparations are underway to engage Malawian contractors to carry out these works. • The Supervising Engineers on the project advised the Assurance Consultant that they will ensure that this particular provision is followed. • Claim for increased cost due to contractor working on two fronts rejected by client although during negotiations client indicated consideration would be made if such eventuality occurred. This is a potential dispute if not amicably resolved.

Stage of project cycle	List of IDS to be disclosed	Project name: Upgrading of the Old Airport – Kwandaya – Santhe and Kasiya Spur (S117/T342) Roads Project No. RA/DEV/14/02 Procuring Entity: ROADS AUTHORITY Client (if different)
	Individual significant changes to the contract which affect the programme, with reasons	No significant changes to the contract have been instructed to date
	Details of any re-award of main contract	N/a
Post contract completion details (main contract for works)	Actual contract price	On Going project
	Total payments made	No payments made to date

Documents disclosed	Disclosure status
Feasibility study	Not Disclosed
Financing agreement	Not Disclosed
Specification	Disclosed with Contract Documents
Tender evaluation report	Not Disclosed
Project evaluation reports	Not Disclosed

DISCLOSURE REPORT No. 3.4.1

LILONGWE WATER BOARD

DISCLOSURE REPORT FOR EXTENSION AND UPGRADING OF CHIPUNGU WATER SUPPLY

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION AND UPGRADING OF CHIKUNGU WATER SUPPLY Project No. LWB/03/15 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	28th April 2015
Project identification	Project purpose	- To improve water supply in Kiosks built in Area 36 and Area 38 - To extend water supply services to residential areas
	Location	Lilongwe
	Intended Beneficiaries	Residents of Area 36 and Area 38 and surrounding areas.
	Specification	Construction and Rehabilitation of Steel Panel Tanks, Supply and Installation of Distribution Network, Construction of Plant Operators Office and Associated Works
	Budget	MWK 941,920,353.00
Funding	Financing agreement	INTERNALLY FUNDED BY LWB
	Engineer's estimate	MWK 941,920,353.00
Tender process (contract for project supervision)	Tender procedure	The project was supervised by the LWB themselves
	Number expressing interest	N/A
	Number shortlisted	N/A
	Number submitting tender	N/A
Tender process (main contract for works)	Tender procedure	INTERNATIONAL COMPETITIVE BIDDING
	Number expressing interest	12 Firms
	Number shortlisted	N/A
	Number submitting tender	5 (FIVE) FIRMS
	List of tenderers	4) China Jiangxi Corporation for International

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION AND UPGRADING OF CHIKUNGU WATER SUPPLY Project No. LWB/03/15 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	28 th April 2015
		Economic and Technical Corporation; 5) Aquabor International Ltd 6) Paramount Holdings Ltd 7) Malbro International (Civils) 8) BMK PVT Ltd and Saifro Ltd (JV)
	Tender evaluation report	• Tender evaluation report dated 28th April 2015 recommended Aquabor International Ltd to be awarded contract at MK 950,309,156.24. Signed contract shows MK 950,309,156.24. • The ODPP confirmed that while they were reviewing the LWB's request for "No objection", for the Evaluation Report, they received an anonymous letter ostensibly from some members of LWB staff, protesting the manner in which this procurement was conducted. The authors of the letter alleged that this was principally a "goods" procurement and yet it had been packaged as a "works" contract. The insinuation is that had it been packaged differently, probably LWB might have achieved better value for money. (Refer to ODPP letter, Ref No.: ODPP/03/69 dated 8th July 2015). ODPP saw no merit in the allegations and the procurement procedure was allowed to proceed and no further action was taken. • The evaluation report shows that the awarded contractor's (Aquabor International Ltd) bid read out price was MWK 652,103,326.11. However, there was an error which made the actual evaluated bid price to be MK 950,309,156.24. • The IPC noted the Corrected Bid Price was higher than that on the bid submission. The bid security however was captured as a percentage of the offer in the bid submission form as stipulated in

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION AND UPGRADING OF CHIKUNGU WATER SUPPLY Project No. LWB/03/15 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	28 th April 2015
		the ITB (Refer to issue 3.3.3 of the minutes of the IPC Meeting held on 12 th May 2015 in Madzi House boardroom). The IPC therefore recommended that bid securities on following projects should be a declared amount as opposed to a percentage of the proposed contract price as per ODPP Circular which came after this tender.
Contract award (project supervision)	Name of main consultant	Lilongwe Water Board Supervised the Project
	Contract price	N/A
	Contract scope of work	Extension of pipelines and tank of Chikungu Water Supply.
	Contract programme	180 calendar days
Contract award (main contract for works)	Name of main contractor	Aquabor International Ltd
	Contract price	Mk 950,309,156.24
	Contract scope of work	Construction and Rehabilitation of Steel Panel Tanks, Supply and Installation of Distribution Network, Construction of Plant Operators Office and Associated Works
	Contract programme	180 Days
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	The contractor was granted an extension of time of 60days due to the delays in site hand over of the pipeline for extension of distribution network due to delays in the right of way processing. The contract price increased from the original MWK 941,920,353.00 to K1,272,682,610.52.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	Price of the contract changed due to: - • Additional Works MK 201,479,821.38 • Re-measured works MK 634,957,442.04 • Fluctuations MK 436,245,347.00 Revised Contract MK 1,272,682,610.52

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION AND UPGRADING OF CHIKUNGU WATER SUPPLY Project No. LWB/03/15 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	28th April 2015
		The Fluctuations arose due to the contractor offering to carry out the works with a currency split of 90/10 US\$/MK. The contractor fixed the US Dollar payment component in his offer at an exchange rate of Mk438.079; the value of the dollar was MK710.0025 when Certificate No. 2 was paid. This offer by the contractor was somehow not addressed by the IPC and neither was it noted by the ODPP before contract award. However, the Board sought advise with ODPP on how to handle the split in consideration of inflation issues. ODPP advised to apply the currency split as per bid which the Board followed Hence the contract sum increased by 46% due to this inflation.
	Individual significant changes to the contract which affect the programme, with reasons	Original contract commencement was 23 August 2015 with completion on 19 February 2016. However, the contractor was given an extension of time to 19 June 2016 due to delayed handover of pipeline sites while the Board was processing way – leaves with local leaders and the Lilongwe City Council
	Details of any re-award of main contract	N/A
Post contract completion details (main contract for works)	Actual contract price	MK1,272,682,610.52
	Total payments made	MK1,272,682,610.52

Documents disclosed	Disclosure status
Feasibility study	N/A
Financing agreement	N/A
Specification	Disclosed
Tender evaluation report	Disclosed
Project evaluation reports	Not Disclosed

DISCLOSURE REPORT No. 3.4.2

LILONGWE WATER BOARD

EXTENSION OF TREATMENT WORKS II

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION OF TREATMENT WORKS II Project No. LWB/W/03 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	May 2014
Project identification	Project purpose	To improve water supply in Lilongwe
	Location	Lilongwe
	Intended Beneficiaries	Residents of Lilongwe
	Specification	Included in Contract documents
	Budget	US\$8,699,676.22
Funding	Financing agreement	World Bank International Development Agency (IDA)
	Engineer's estimate	US\$300,000
Tender process (contract for project supervision)	Tender procedure	Consultant Qualification Criteria
	Number expressing interest	Three (3)
	Number shortlisted	N/A
	Number submitting tender	Three (3) (HP Gauff, IGIP Consulting Engineers and Metaferia Consulting Engineers)
Tender process (main contract for works)	Tender procedure	International Competitive Bidding
	Number expressing interest	13 Firms attended pre-bid meeting
	Number shortlisted	N/A
	Number submitting tender	9 (NINE) FIRMS
	List of tenderers	9) China Railway No. 5 Engineering Group Ltd 10) Proprietary Manufacturing and Engineering 11) Hualong Construction Pty Ltd

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION OF TREATMENT WORKS II Project No. LWB/W/03 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	May 2014
		12) China Gansu Engineering Corporation Ltd 13) Plem Construction/H.E. Construction JV 14) China Geo Engineering Corporation 15) BMK JV/UniPumps Nigeria Ltd 16) Mango Tree Construction Company Ltd 17) Aquabor International Ltd
	Tender evaluation report	Aquabor International submitted a bid which was read out at US\$ 8,519,240.19. They submitted the lowest evaluated bid at US\$ 8,699,676.22 and were invited to enter into a contract for this amount upon successful negotiations.
Contract award (project supervision)	Name of main consultant	H.P. Gauff Ingenieure GmbH
	Contract price	Euro 231,985
	Contract scope of work	Supervision of Extension of Treatment Works II
	Contract programme	365 calendar days
Contract award (main contract for works)	Name of main contractor	Aquabor International Ltd
	Contract price	US\$ 8,699, 531.72
	Contract scope of work	The Works included the following; (a)Construction of 33,000 m ³ reinforced concrete ¹ water treatment plant comprising of the following facilities; i) Modification at the existing raw water intake

¹ 30,000 m3 per day nominal capacity + 10% allowance for water treatment plant losses.

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION OF TREATMENT WORKS II Project No. LWB/W/03 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	May 2014
		ii)Raw water tank (1 No.) iii)Mixing Basin (2 No.) iv)Flocculation Basin (2 No.) v)Sedimentation Basin (2 No.) and vi)Rapid sand filters (4 No.) (b)Installation of pipe work and valves connecting the purification facility to the existing system. (c)Installation of chemical dosing pumps, flash mixers and electromagnetic flow meters. (d)Construction of auxiliary structures and building, complete with sanitary facilities, drainage, and access roads.
	Contract programme	The contract was for a period of 365 Days Contract Commencement Date: 1 st August 2014 Original Completion Date: 31 st July 2015
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	No Scope change
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	No price change
	Individual significant changes to the contract which affect the programme, with reasons	The contractor was granted an extension of time of 90 Days to 15 October 2015 with additional Preliminary & General Item Costs of \$26,486.68 under Addendum No. 1. Although there were additional works instructed,

Stage of project cycle	List of IDS to be disclosed	Project name: EXTENSION OF TREATMENT WORKS II Project No. LWB/W/03 Procuring Entity: LILONGWE WATER BOARD Client (if different)
	Date Tender Report	May 2014
		the overall effect on the final Contract Sum was a saving with final account showing a saving of \$5,920.94.
	Details of any re-award of main contract	N/A
Post contract completion details (main contract for works)	Actual contract price	\$8,693,755.29
	Total payments made	\$8,693,755.29
Documents disclosed		Disclosure status
Feasibility study		NA ²
Financing agreement		Additional Financing Agreement ³
Specification		Disclosed
Tender evaluation report		Disclosed
Project evaluation reports		Not available

² The Client combined the Feasibility Study and Detailed Design because of time limitations due to the closure of National Water Development Programme II

³ Additional Financing Agreement between Government of Malawi and World Bank through Ministry of Finance

DISCLOSURE REPORT No. 3.5.0
LOCAL DEVELOPMENT FUND
DISCLOSURE REPORT FOR CONSTRUCTION AND RETICULATION OF MALOMO WATER SUPPLY

Stage of project cycle	List of IDS to be disclosed	Project name: Construction and Reticulation of Malomo Water Supply Project No. LED/MALOMO/2W Procuring Entity: Local Development Fund Private Bag 352 Lilongwe 3 Malawi. Client (if different)
	Date Tender Report	
Project identification	Project purpose	Improve water reticulation in Malomo area.
	Location	Malomo, Ntchisi
	Intended Beneficiaries	Occupants of Malomo area.
	Specification	
	Budget	US\$335,902.00
Funding	Financing agreement	The Government of Malawi received a loan from the African Development Bank (ADF) in various currencies towards the Local Development Project. Part of the proceeds of this loan/financing would be applied at Ntchisi District. Financing Agreement: Project ID No: P-MWIE0-002 Loan No: 2100150017493
	Engineer's estimate	US\$335,902.00
Tender process (contract for project supervision)	Tender procedure	
	Number expressing interest	
	Number shortlisted	
	Number submitting tender	

Stage of project cycle	List of IDS to be disclosed	Project name: Construction and Reticulation of Malomo Water Supply Project No. LED/MALOMO/2W Procuring Entity: Local Development Fund Private Bag 352 Lilongwe 3 Malawi. Client (if different)
	Date Tender Report	
Tender process (main contract for works)	Tender procedure	National Competitive Bidding (NCB)
	Number expressing interest	11 Bidders
	Number shortlisted	N/A
	Number submitting tender	11 Bidders
	List of tenderers	12. Malbro International: Mk250,960,909.18 13. Dika Construction: Mk179,974,272.39 14. Paramount Holdings Ltd: Mk168,037,384.96 15. Victory Vision Construction: Mk257,374,647.46 16. Aquabor International: Mk391,368,869.87 17. Fisd Construction: Mk 326,671,503.85 18. Mount Carmel Construction: Mk211,338,209.20 19. Sitbec Construction: Mk163,484,249.94 20. BMK Pvt Ltd: Mk252,736,651.59 21. Fargo Ltd: Mk204,512,968.21 22. Northwork Ltd: Mk202,402,241.22
	Tender evaluation report	During the tender evaluation process, the following contractors therefore passed the preliminary examination and were recommended for checking of commercial responsiveness: 1. Malbro International Civils 2. Dika Construction 3. Paramount Holdings Ltd 4. Victory Vision International 5. Aquabor International Ltd 6. Mount Carmel Construction 7. Sitbec Construction 8. Fargo Ltd

Stage of project cycle	List of IDS to be disclosed	Project name: Construction and Reticulation of Malomo Water Supply Project No. LED/MALOMO/2W Procuring Entity: Local Development Fund Private Bag 352 Lilongwe 3 Malawi. Client (if different)
	Date Tender Report	
		It was later on recommended by the evaluation team that the project be awarded to Paramount Holding as the lowest evaluated bidder at a corrected bid sum of Mk 176,925,403.36.
Contract award (project supervision)	Name of main consultant	Henderson and Partners, P.O. Box X114, Crossroads, Lilongwe.
	Contract price	
	Contract scope of work	Design and supervision of the water supply works.
	Contract programme	
Contract award (main contract for works)	Name of main contractor	Paramount Holdings, P.O. Box 2736, Lilongwe, Malawi.
	Contract price	Mk176,925,403.36
	Contract scope of work	Construction and Reticulation of Malomo Water Supply.
	Contract programme	Site Handover: 22nd August, 2013. Commencement date: 9th September, 2013. Completion date: 4th April, 2014. Revised Completion date: 15th May, 2014.
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	
Contract Execution (Main)	Individual significant changes to the contract	The original contract price of this project was Mk176, 925,403.36; during the course of the project additional

Stage of project cycle	List of IDS to be disclosed	Project name: Construction and Reticulation of Malomo Water Supply Project No. LED/MALOMO/2W Procuring Entity: Local Development Fund Private Bag 352 Lilongwe 3 Malawi. Client (if different)
	Date Tender Report	
contract for works)	which affect the price with reasons	works in form of variations were issued these were instructed by the Supervising Engineer and approved by the Client. The additional works arose as a result of unforeseen circumstances and demands from the community which were not made available to the design team. These additional works comprised of the following: 6. Water connection at the laboratory, boys' hostel and girl's hostel. 7. Construction of 2 No Kiosks at Malomo for public use. 8. Extension of 1 km pipeline. 9. Construction of thrust blocks. 10. Other variation orders (see attached sheets) As a result of this, an addendum to the contract was signed between the contractor and the client on 12th May, 2014 revising the contract sum to Mk 184,412,750.05 so as to cater for all the additional works and variations representing 4.23% price variation. The additional project cost (Addendum amount) was about Mk7, 487,346.69.
	Individual significant changes to the contract which affect the programme, with reasons	The estimated programme of this project was to commence the works on 9th September 2013, and completion on 4th April, 2014. During the course of the works, the contractor requested for an extension of time. The contractor requested that the completion date be shifted from 8th April, 2014 to 7th May, 2014. Reasons behind this request were as follows: 1. Project activities were idle during the severe rainfall period amounting to 72 hours. 2. Additional works of: 2 no. pump houses, pipe line

Stage of project cycle	List of IDS to be disclosed	Project name: Construction and Reticulation of Malomo Water Supply Project No. LED/MALOMO/2W Procuring Entity: Local Development Fund Private Bag 352 Lilongwe 3 Malawi. Client (if different)
	Date Tender Report	
		works etc. 3. Change in the specifications and size of the pumps, from 70m to 100m overhead. Pump specifications were special and therefore not available locally. The contractor was granted an extension of time, and the project came to a completion on 12th April 2014, and taken into possession on 15th May, 2014.
	Details of any re-award of main contract	There was no re-award of this project.
Post contract completion details (main contract for works)	Actual contract price	Mk 184,412,750.05
	Total payments made	See Attached

Documents disclosed	Disclosure status
Feasibility study	Disclosed
Financing agreement	Disclosed
Specification	Disclosed
Tender evaluation report	Disclosed (For Civil Works Only)
Project evaluation reports	Not Disclosed

DISCLOSURE REPORT No. 3.6.1

MINISTRY OF HEALTH

**DISCLOSURE REPORT FOR CONSTRUCTION OF THE NATIONAL PHARMACEUTICAL WAREHOUSE AT
CENTRAL MEDICAL STORES**

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of the National Pharmaceutical Warehouse at Central Medical Stores Project No. 58/2010 Procuring Entity: The Secretary for Health Ministry of Health, Capital Hill, P.O. Box 30377, Lilongwe, Malawi Client (if different)
Project identification	Project purpose	Increasing drugs and other medical supplies storage capacity hence improving the supply chain management.
	Location	Lilongwe
	Intended Beneficiaries	The Malawian Population
	Specification	Disclosed
	Budget	Not Disclosed
Funding	Financing agreement	Not Disclosed
	Engineer's estimate	Not Disclosed
Tender process (contract for project supervision)	Tender procedure	Open tendering procedure contained in the Public Procurement Law and Regulations of the Government of Malawi and open to all bidders from eligible countries.
	Number expressing interest	Not Disclosed
	Number shortlisted	Not Disclosed
	Number submitting tender	Not Disclosed
Tender process (main contract for works)	Tender procedure	Open tendering procedure contained in the Public Procurement Law and Regulations of the Government of Malawi and open to all bidders from eligible countries
	Number expressing interest	8 Contractors

	Number shortlisted	N/a
	Number submitting tender	8 Contractors
	List of tenders	1. City Building Contractors 2. Wahkong 3. Manobec Ltd 4. Golden Star Construction 5. Plem Construction 6. Western Construction 7. Terrastone Ltd 8. Fargo Ltd
	Tender evaluation report	Not availed to AT
Contract award (project supervision)	Name of main consultant	1. <i>Design Studio Architects (Architects & Project Managers)</i> <i>Private Bag B440</i> <i>Capital City</i> <i>Lilongwe</i> 2. OJ Partners (Quantity Surveyors) 3. RD Consultants (Structural Engineers) 4. M & E Associates (Service Engineers)
	Contract price	Not Disclosed
	Contract scope of work	Not Disclosed
	Contract programme	Not Disclosed
Contract award (main contract for works)	Name of main contractor	<i>FARGO Building and Civil Engineering Contractor</i> <i>Private Bag 5122</i> <i>Limbe</i> <i>Malawi.</i>
	Contract price	1 st Scope of works Phase 1 : Mk841,693,244.45 Original Contract Price Phase1: Mk602,365,496.90 Addendum 1: Mk53, 342,382.26 (Additional internal brick partitions and reinforced concrete beams in the Warehouse and roof structure and cladding. Increased cost of construction

		materials and labour and provisional sums.) Addendum 2: Mk64, 370,120.00 (Additional internal walls and concrete beams and filling to make platforms).
	Contract scope of work	1. Construction of Main Warehouse 2. Construction of the Office Block 3. Construction of 2 no. Guard Houses 4. All associated external works
	Contract programme	Duration: 42 weeks Commencement Date: 19 th September 2011 Completion Date: 9 th July 2012 Revised Completion Date: November 2013
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	Not Disclosed
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	Fargo Building and Civil Engineering Contractors was the most responsive and lowest evaluated bidder. They were awarded the Construction of the New Pharmaceutical at an initial contract price of Mk841, 693,244.45 for a period of 42 weeks. The Ministry was tasked to review the contract to reflect the project available resources. After consultative process with the Project Managers, Office of the Director of Buildings and the Ministry, the contract was revised. The revised contract sum of K 602 million was composed of K 100 million from the current the then fiscal year provision, K 152 million from Global Fund Resources and K 350 million being a provision in the 2011/12 Fiscal year. These resources were adequate to complete the 1st phase of the project. The other phases which were basically expansions could be effected in the future based on the demand of further storage capacity. The revised resource framework was arrived at through a reduction in the external works and concrete paving, omission of landscaping and extra gate house and also placement of part of the section of the tarmac road with gravel.

The project was planned to start in September 2011 and be completed in July 2012 but as a result of financial constraints it stalled and the 1st phase of the project was completed in November 2013. During the course of the works the contract sum was adjusted from Mk 602,365,496.60 to Mk 828,096,428.01 as a result of the market fluctuation as caused by the devaluation of the kwacha, contract variations, and additional quantities which appeared in addendum 1 and addendum 2. The project was however partially completed and had remaining works. The bulk of the remaining works was specialized in nature and was mainly installation of Cold Rooms, CCTV, Racking, Fire Fighting and other installation equipment. The Ministry of Health later on handed the project to Central Medical Stores Trust to complete the project since they were having difficulties in sourcing funds from Global Fund.

The Global Fund Mission team acknowledged the partial completion of the project during their visit to Malawi from the 28th of October 2013 to 8th November 2013.

Later on Global Fund requested the Ministry to indicate exactly where the pledged money from the Fund would be utilized. The Ministry asked the Consultant to review the Bills of Quantities (BOQ) to determine the remaining works on the project and also to proceed with the identification of the sub contractor to finalise the works. In the interest of time the Ministry asked the consultant to shortlist 3 contractors, evaluate, select and submit the successful bidder to the Ministry for forwarding to Global fund. Out of the 3 contractors DSA recommended that Mayona Contracting Ltd be awarded the project at a total sum of Mk 340,049,784 to be completed in a period of 16 weeks. Fargo Ltd was to be retained as the main contractor for the civil works at a cost of Mk112, 962,650. The total cost therefore being Mk453, 012,430 about \$1,018,010.

In response to this Global Fund restated that it

was not in a position to approve the selection of Mayona Electrical as proposed by Ministry of Health because:

- MOH opted for a restricted consultation process despite the significant amount involved \$1.0 million versus the full competitive process recommended by the Global Fund.
- The procurement process was led by the consultant (DSA) with limited involvement and oversight of the process by the procurement unit of the MOH and Principle Recipient (NAC).
- The total additional funds of Mk400 million in the Bills of Quantities represent a significant increase of 77% compared to the original bills of quantities of Mk 602 million. This important increase required further detailed analyses and appropriate justification.
- The project quantity surveyor (OJ Partners) did not submit any evidence of an independent review of the value of these pending works. The additional funds included the outstanding works which were omitted in the initial stages of the project.

Global Fund recommended the proposal that the main contractor's (Fargo) contract be extended for phase 2 of the project. The recommendation also applied the consultant's contract (DSA).

Global Fund also gave a no objection to the proposal of repackaging the bills of quantities and the use of NAC's procurement procedures which are in line with the World Bank procurement guidelines. Global Fund said it would maintain and release its contribution for the completion of CMST warehouse as long as

		the procurement process would be well documented and compliant with the acceptable procurement regulations as stated.
	Individual significant changes to the contract which affect the programme, with reasons	The initial duration of this project as proposed by the contractor was to run for 42 weeks. During the course of the project a lot of activities happened that led to an extension of the completion date from 9th July 2012 to November 2013. Some of the reasons of this delay in the 1st phase of the project were: — Fuel Shortages — Inclement weather — Financial constraints — Additional Works (additional internal brick partitions and reinforced concrete beams in the Warehouse and roof structure and cladding)
	Details of any re-award of main contract	Phase 2 of the project was rewarded to the same Main Contractor and Consultants since it was completion of the works they had already begun in phase 1.
Post contract completion details (main contract for works)	Actual contract price	Mk 400 million
	Total payments made	Not Disclosed

Documents disclosed	Disclosure status
Feasibility study	Not Disclosed
Financing agreement	Not Disclosed
Specification	Disclosed
Tender evaluation report	Not Disclosed
Project evaluation reports	Not Disclosed

DISCLOSURE REPORT No. 3.6.2
MINISTRY OF HEALTH
CONSTRUCTION OF DOMASI COMMUNITY HOSPITAL IN ZOMBA

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Zomba Community Hospital in Zomba Project No.: 11/2013 Procuring Entity: The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3. Client: : Ministry of Health P.O. Box 30377 Lilongwe 3.
	Date Tender Report	
Project identification	Project purpose	Improve access to Health facilities in Domasi, Zomba District.
	Location	Domasi, Zomba District
	Intended Beneficiaries	Zomba district citizens
	Specification	Construction of health centres into Hospitals, and construction of female and male wards, theatres, administration block and link.
	Budget	Information in regards to this item could not be traced reason being the tender evaluation report was misplaced.
Funding	Financing agreement	As stated above.
	Engineer's estimate	MK 4,350,000,000
Tender process (contract for project supervision)	Tender procedure	National Competitive Bidding
	Number expressing interest	N/A
	Number shortlisted	N/A

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Zomba Community Hospital in Zomba Project No.: 11/2013 Procuring Entity: The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3. Client: : Ministry of Health P.O. Box 30377 Lilongwe 3.
	Date Tender Report	
	Number submitting tender	N/A
Tender process (main contract for works)	Tender procedure	National Competitive Bidding (NCB)
	Number expressing interest	Fifteen expressed interest and Twelve submitted bids
	Number shortlisted	As stated above
	Number submitting tender	As stated above
	List of tenderers	Chia Construction Golden Star Construction China Gansu Engineering Fargo Construction Project Building Contractors Dziko Building Contractors J&J Construction Plem Construction Built Environs /SR Nicholas Union Building Contractors China Jiangxi International Wahkong Construction
	Tender evaluation report	Disclosed

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Zomba Community Hospital in Zomba Project No.: 11/2013 Procuring Entity: The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3. Client: : Ministry of Health P.O. Box 30377 Lilongwe 3.
	Date Tender Report	
Contract award (project supervision)	Name of main consultant	The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3.
	Contract price	N/A
	Contract scope of work	Supervision of the works.
	Contract programme	
Contract award (main contract for works)	Name of main contractor	Union-Maoni-Blithe Joint Venture, P.O. Box 2433 Chichiri Blantyre
	Contract price	Mk 4,178,859,729.84
	Contract scope of work	Construction of: 1. Female and Male Wards. 2. Theatres. 3. Administration Block 4. Link Upgrading of: 5. Health Centre into Hospital
	Contract programme	80 weeks Commencement date: 18 th November, 2013. Original Completion date: 25 th May, 2015.

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Zomba Community Hospital in Zomba Project No.: 11/2013 Procuring Entity: The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3. Client: : Ministry of Health P.O. Box 30377 Lilongwe 3.
	Date Tender Report	
		Revised Completion date: To be advised Defects Liability: 365 days
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	At the moment no significant changes have occurred to the supervision contract price and scope of works; the contract programme on the other hand will be extended since the project came to a stop as a result of late and no payments. The original completion date has already elapsed.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	As of to date works on site have been suspended by the Contractor as a result of late payments and non payments. The contractor submitted interest claims on late payments. Since the contract was supposed to be complete within a period of 80 weeks, but this has failed; it is evident that prices of materials and labour have changed. The contractor will request revision of rates so as to cater for the increase of materials and labour prices.
	Individual significant changes to the contract which affect the programme, with	The estimated period of this project was 80 weeks, commencing on the 18 th November 2013 and completing on the 25 th of May, 2015. During the course of the beginning half of this project the contractor faced a lot of problems that delayed

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Zomba Community Hospital in Zomba Project No.: 11/2013 Procuring Entity: The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3. Client: : Ministry of Health P.O. Box 30377 Lilongwe 3.
	Date Tender Report	
	reasons	the programme, these problems are: f) Cash flow problems caused by delayed payments and non payments. g) Land disputes, whereby the contractor faced resistance from the surrounding community at the start of the project. h) Heavy rains during part of the rainy season that left works idle on site. As a result of these, the contractor requested for an extension of time. The extension of time was granted and the contract period changed from 80 weeks to 132 weeks, with a revised completion date of 10th June 2016. As of to date the contractor as result of non payments suspended the works on site. The revised completion date has elapsed but the project is still not complete. Details of the next revised extension date will be furnished once the contractor re commences the works on site.
	Details of any re-award of main contract	To be established later on only if the contract has been terminated or otherwise.
Post contract completion details (main contract for works)	Actual contract price	To be established when the project is nearing completion.
	Total payments made	

Documents disclosed	Disclosure status
Feasibility study	Not Disclosed
Financing agreement	Not Disclosed
Specification	Disclosed
Tender evaluation report	Not Disclosed
Project evaluation reports	Not Disclosed

DISCLOSURE REPORT No. 3.8.1

DEPARTMENT OF BUILDINGS

DISCLOSURE REPORT FOR CONSTRUCTION OF COMMERCIAL COURT, BLANTYRE

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of Commercial Court Blantyre Project No. 32/2010 Procuring Entity: The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3. Client: The Registrar of the High Court and Supreme Court of Malawi Principle Registry P.O. Box 30244 Blantyre 3 Malawi.
Project identification	Project purpose	Create office space for Blantyre Commercial Court
	Location	Blantyre City
	Intended Beneficiaries	Commercial Court of Blantyre
	Specification	
	Budget	
Funding	Financing agreement	The Government of Malawi
	Engineer's estimate	Around Mk 1 billion
Tender process (contract for project supervision)	Tender procedure	Department of Buildings are the project managers of this project. They produced the designing and contract documentations.
	Number expressing interest	N/A
	Number shortlisted	N/A
	Number submitting tender	N/A
Tender process (main contract for works)	Tender procedure	Open tendering, evaluation report not made available to AT
	Number expressing interest	Not Disclosed

Contract award (project supervision)	Number shortlisted	Not Disclosed
	Number submitting tender	Not Disclosed
	List of tenders	Not Disclosed
	Tender evaluation report	Not Disclosed
	Name of main consultant	The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3.
	Contract price	N/A
Contract award (main contract for works)	Contract scope of work	1. Production of designing and contract documentations. 2. Supervision of the project
	Contract programme	N/A
	Name of main contractor	SR Nicholas P.O. Box 454 Blantyre Malawi.
	Contract price Revised Contract Price	Mk 1,158,530,876.71 The revised contract price will be included in Addendum No 1 which is in progress. The revised contract amount according to Qs estimates from the DOB will be around Mk 2 billion.
Contract	Contract scope of work	Construction of: 1. 5 Storey Building 2. All associated Ancillary works
	Contract programme	Commencement date: 16 th August, 2010 Completion date: 21 st September, 2012. Defects liability: 20 th September, 2013 (365 days) Site Possession: 15 th July, 2010. Revised Completion Date: to be established soon
Contract	Significant changes	N/a

Execution (project supervision)	to contract price, programme, scope with reasons	
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	The contract price of this project is to be revised so as to cater for devaluation. Late payments on this project have resulted in the contractor demobilising and leaving the site on two separate occasions. During the course of this, prices of materials, fuels, and labour rates have increased to the extent that there is need for price adjustments so as to cater for all the contractor's claims and enable the contractor to complete the works comfortably. These adjustments and claims will be included in an addendum which the client, project managers, and contractor are in the course of agreeing on. The revised contract sum might be pegged around Mk 2 billion.
	Individual significant changes to the contract which affect the programme, with reasons	This project was supposed to be complete in a period of two years on the 21st of September 2012, but the contractor has faced a lot of challenges which not only have delayed the contract but also caused readjustment of the contract price. Below are some of the challenges that have delayed this project: 3. Late payments from the client. 4. Cement and fuel shortages. As of to date the contractor recently mobilised back to site awaiting approval of an addendum to the contract, but it is yet to be established when the revised completion date will be.
	Details of any re-award of main contract	To be established on completion of project
Post contract completion details (main contract for works)	Actual contract price	To be established on completion of project
	Total payments made	To be established on completion of project

Documents disclosed	Disclosure status
Feasibility study	NOT DISCLOSED
Financing agreement	NOT DISCLOSED
Specification	DISCLOSED
Tender evaluation report	NOT DISCLOSED
Project evaluation reports	NOT AVAILABLE

DISCLOSURE REPORT No. 3.8.2

DEPARTMENT OF BUILDINGS

DISCLOSURE REPORT FOR CONSTRUCTION OF 212 BEDS FEMALE HOSTEL BLOCK AT LUANAR – BUNDA CAMPUS, LILONGWE

Stage of project cycle	List of IDS to be disclosed	Project name: Construction of 212 Beds Female Hostel Block at LUANAR – Bunda Campus, Lilongwe. Project No. 36/2014 Procuring Entity: The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3. Client: The Registrar, Lilongwe University of Agriculture and Natural Resources (LUANAR) P.O. Box 219 Lilongwe.
Project identification	Project purpose	To assist in meeting the huge demand of female student accommodation on campus.
	Location	Lilongwe, Bunda Campus
	Intended Beneficiaries	Bunda Campus Students
	Specification	
	Budget	The budget was done in April 2014 and it was estimated at Mk 1,090,000,000.00 at and exchange rate of U\$D 400. This estimate when updated to the dollar value on the 19 th of January, 2015 amounts to Mk1, 220,000,000.00.
Funding	Financing agreement	The project is funded by The Norwegian Government and does not attract payment in foreign currency. It is also a Duty free project.
	Engineer's estimate	Mk 1,090,000,000.00
Tender process (contract for project supervision)	Tender procedure	Department of Buildings are the project managers of this project. They produced the designing and contract documentations.
	Number expressing interest	N/A
	Number shortlisted	N/A
	Number submitting tender	N/A

Tender process (main contract for works)	Tender procedure	The method of procurement used was open bidding procurement.
	Number expressing interest	A total 16 Contractors purchased the bidding document.
	Number shortlisted	N/A
	Number submitting tender	Out of the 16 contractors that expressed interest, 10 managed to successfully submit their bids.
	List of tenders	The list is as follows: 1. China Jiangxi International 2. Terrastone Construction 3. Union/Maoni/ Blithe Joint Venture 4. Plem Construction Ltd 5. Sogeco 6. Delta Construction Ltd 7. Fargo Ltd 8. J & J Construction 9. Shire Construction Ltd 10. Einstein Construction 11. Western Construction 12. Hualong Construction 13. Built Environs/ City Joint Venture 14. Dumisani Building Contractors 15. Golden Star Construction 16. Mkatha Construction
	Tender evaluation report	The tender evaluation report was made available.
Contract award (project supervision)	Name of main consultant	The Chief Quantity Surveyor and Contracts Officer Buildings Department Private Bag B365 Lilongwe 3.
	Contract price	N/A
	Contract scope of work	3. Production of designing and contract documentations. 4. Supervision of the project

	Contract programme	
Contract award (main contract for works)	Name of main contractor	Terrastone Ltd P.O. Box 995, Lilongwe, Malawi.
	Contract price	Mk 1,134,201,682.63 (USD2,423,507.87)
	Contract scope of work	Construction of: 3. 212 Beds Two Storey Hostel Block 4. Kitchen 5. External works
	Contract programme	Commencement date: 11 th May, 2015. Completion date: 30 th September, 2016. Defects liability: 29 th September, 2017.
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	Not Applicable
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	An Architect's Instruction in the form of a contract amendment was issued to change from aluminium to steel windows. It is yet to be established whether this change will affect the contract price since the project is still ongoing. Below is a list of Architect's Instructions issued, that may affect the contract price, but it is yet to be established if they fall in the provided contingency sum: 1. Supply and fix concrete breeze blocks in lieu of burnt bricks on service duct exterior wall as per issued architect drawings. 2. Add store room under the stairs with door No GF84 on ground floor as per issued architect drawings. 3. Supply and fix service doors in service cabinets and ducts as per issued architect drawings.
	Individual significant changes to the contract which affect	The contractor on site is behind schedule cause of the following reasons: 1. Late delivery of drawings with proper

	the programme, with reasons	dimensions. - Waiting for containers to be removed from site. - Waiting for dimensions due to wrong dimensions shown on the site plan for setting out. - Confirmation of final ground levels – cut and filling from the engineer. - Blackouts affecting crane operations. - Late information on lounge section and eaves beams. The contractor has not been given an Extension of Time on this project.
	Details of any re-award of main contract	Not Applicable
Post contract completion details (main contract for works)	Actual contract price	Yet to be established
	Total payments made	Payments to June 2016 total US\$1,297,774.11
Documents disclosed		Disclosure status
Feasibility study		NOT DISCLOSED
Financing agreement		NOT DISCLOSED
Specification		DISCLOSED
Tender evaluation report		DISCLOSED
Project evaluation reports		NOT DISCLOSED

DISCLOSURE REPORT No. 3.9.0

MINISTRY OF AGRICULTURE, IRRIGATION AND WATER DEVELOPMENT

DISCLOSURE REPORT FOR REHABILITATION AND EXPANSION OF CHAPANANGA PIPED WATER SUPPLY

SCHEME IN CHIKWAWA DISTRICT

Stage of project cycle	List of IDS to be disclosed	Project name: Rehabilitation and Expansion of Chapananga Piped Water Supply Scheme in Chikwawa District Project No. RWS/W/06 Procuring Entity: Ministry of Water Development & Irrigation, P/Bag 390, Lilongwe 3.
Project identification	Project purpose	To provide piped water to Chapananga residents
	Location	Chapananga, Chikwawa
	Intended Beneficiaries	Residents of Chapananga
	Specification	Disclosed
	Budget	Not Disclosed
Funding	Financing agreement	Not Disclosed; Contract document shows funding was by World Bank International Development Agency (IDA)
	Engineer's estimate	Not Disclosed
Tender process (contract for project supervision)	Tender procedure	Not Disclosed
	Number expressing interest	Not Disclosed
	Number shortlisted	Not Disclosed
	Number submitting tender	Not Disclosed
Tender process (main contract for works)	Tender procedure	Not Disclosed
	Number expressing interest	Not Disclosed
	Number shortlisted	Not Disclosed
	Number submitting tender	Not Disclosed
	List of tenders	Not Disclosed
	Tender evaluation report	Not Disclosed

Contract award (project supervision)	Name of main consultant	Internally supervised by Department of Water
	Contract price	N/A
	Contract scope of work	Supervision of the project
	Contract programme	180 Calendar Days
Contract award (main contract for works)	Name of main contractor	Maoni Building & Civil Engineering Contractors
	Contract price	US\$477.870.29
	Contract scope of work	Installation of water supply including intake structure, water supply distribution network, valves, fittings, meters and miscellaneous items for gravity fed piped water scheme
	Contract programme	Commencement date: 16 April 2013 Completion date: 16 October 2013 Defects liability: 365 Days
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	Not Applicable
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	Not Disclosed
	Individual significant changes to the contract which affect the programme, with reasons	Not Disclosed
	Details of any re-award of main contract	Not Applicable
Post contract completion details (main contract for works)	Actual contract price	Not Disclosed
	Total payments made	Not Disclosed. Certificate No. 2 dated 15 October 2013 shows payment value of \$216,735.04 or 48% progress. There was no further information disclosed.

Documents disclosed	Disclosure status
Feasibility study	NOT DISCLOSED
Financing agreement	NOT DISCLOSED
Specification	DISCLOSED
Tender evaluation report	DISCLOSED
Project evaluation reports	NOT DISCLOSED

ANNEX II

Derivation of PE Scores

Annex II – Derivation of PE Scores

Table 4.9.2.1 - Central Region Water Board

	Availability of Liaison Person	How soon did the PE provide the Liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information on Post contract completion details?	Score
Kasungu Water Supply Phase 1	5	5	5	5	5	5
Kasungu Water Supply Phase II	5	5	0	5	5	4
	Average Score					4.5

Table 4.9.2.2 – Ministry of Education

	Availability of Liaison Person	How soon did the PE provide the Liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information on Post contract completion details?	Score
Chikwawa Teachers Training College	5	5	N/a	N/a	N/a	5
Dedza Secondary School	5	5	0	5	N/a	3.75
Machinga Secondary School	5	5	5	5	N/a	5
	Average Score					4.58

Table 4.9.2.3 – Roads Authority

	Availability of Liaison Person	How soon did the PE provide the liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information on Post contract completion details?	Score
Nsanje Bangula Road	5	5	0	5	0	3
Multi-Nacala Road Phase 1 – Lilongwe Western By Pass Road	5	5	0	5	0	3
Old Airport – Kwandaya – Santhe Road	5	5	N/a	5	N/a	5
Average Score						3.67

This PE scored high in all areas except for provision of Tender Evaluation Reports

Table 4.9.2.4 – Lilongwe Water Board

	Availability of Liaison Person	How soon did the PE provide the Liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information on Post contract completion details?	Score
Extension & Upgrading of Chipungu Water Supply	5	5	5	5	5	5
Extension of Treatment Plant II	5	5	5	5	5	5
Average Score						5

Table 4.9.2.5 – Local Development Fund

	Availability of Liaison Person	How soon did the PE provide the Liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information on Post contract completion details?	Score
Construction & Reticulation of Malomo Water Supply	55	5	5	5	5	5
Average Score						5

Table 4.9.2.6 – Ministry of Health

	Availability of Liaison Person	How soon did the PE provide the Liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information on Post contract completion details?	Score
Construction of National Pharmaceutical Warehouse	5	2.5	0	5	N/a	3.13
Average Score						3.13

Table 4.9.2.7 – Ministry of Natural Resources Energy & Mining

	Availability of Liaison Person	How soon did the PE provide the Liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information on Post contract completion details?	Score
Fuel Station Rehabilitation at Mchinji	N/a	N/a	N/a	N/a	N/a	N/a
Civil Works at Liwonde Barrage	N/a	N/a	N/a	N/a	N/a	N/a
Fuel Station Rehabilitation at Salima	N/a	N/a	N/a	N/a	N/a	N/a
Average Score						N/a

Note: Data not collected from this PE

Table 4.9.2.8 – Ministry of Transport & Public Works

	Availability of Liaison Person	How soon did the PE provide the liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information On Post contract completion details?	Score
Construction of Commercial Court in Blantyre	5	2.5	0	5	N/a	3.13
Construction of 212 Beds Female Hostel Block at LUANAR, Bunda Campus, Lilongwe.	5	2.5	5	5	N/a	4.38
Construction of Domasi Community Hospital in Zomba	5	2.5	5	5	N/a	4.38
Average Score						3.96

Table 4.9.2.9 – Ministry of Agriculture, Irrigation & Water Development

	Availability of Liaison Person	How soon did the PE provide the liaison person?	Did the PE provide Tender Evaluation Reports?	Did the PE provide information on Significant changes to contract price, programme, scope with reasons?	Did the PE provide information On Post contract completion details?	Score
Rehabilitation & Expansion of Chapananga Piped Water Supply Scheme in Chikwawa District	5	2.5	0	0	0	1.5
Average Score						1.5

