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LIST OF ACRONYMS

AT	Assurance Team
CoST	Construction Sector Transparency Initiative
DFID	Department for International Development
MDF	Malawi Defence Forces
MHC	Malawi Housing Corporation
MMSG	Malawi Multi Stakeholder Group
MPI	Material Project Information
NCIC	National Construction Industry Council
NRWB	Northern Region Water Board
ODPP	Office of the Director of Public Procurement
OFID	Opec Fund for International Development
PEs	procurement Entities
RA	Roads Authority

Template for collecting Material Project Information from procuring entities

This template has been developed to assist Multi-stakeholder Groups in collecting Material Project Information from procuring entities on projects that are included in the on-going disclosure process. The template could be available on line and the procuring entity be asked to update it on a regular basis.

Stage of project cycle	List of MPI to be disclosed	Project name: Retainer Pothole Patching and Other Routine Maintenance Works on M001, M012 and M018 in Kasungu, Dowa, Mchinji and Ntchisi District Contract No. 3T/RM/CR/KU/DA/MC/NS/09 Procuring Entity: Roads Authority Client (if different)	Key Findings by Assurance Team
Project identification	Project purpose	To improve the service of transportation by reducing travel time improving on comfort and reduction of wear and tear in vehicles.	
	Location	Central Region	
	Intended Beneficiaries	The residents of the Central Region and Malawi Nation and the International transporters to Tanzania, Mozambique, Zambia and further countries	
	Specification	Malawi Standards and	

		SATCC	
	Feasibility study	Not done	
Funding	Financing agreement	Roads Authority and Road Fund Administration	
	Budget	Annual Road project budget agreed with Road Fund administration.	
	Engineer's estimate	13,233,437.50	
Tender process (contract for project supervision)	Tender procedure	National Competitive Bidding; Open tender; Least Cost Based Selection	
	Number expressing interest	N/A	
	Number short listed	N/A	
	Number submitting tender	7	
Tender process (main contract for works)	Tender procedure	National Competitive Bidding; Open Tendering	
	Number expressing interest	7	
	Number shortlisted	N/A	
	Number submitting tender	6	
	List of tenderers	1 Fa-sta Civil Engineering,	

		<p>2 Samamwa Civil Engineering,</p> <p>3. Misar Civil Engineering,</p> <p>4.Chico Civil Engineering,</p> <p>5. Dika Construction</p> <p>6. Sale Civil Engineering</p>	
	Tender evaluation report	Available; disclosed	
Contract award (project supervision)	Name of main consultant	Chapita Consultants	
	Contract price	MK60,018,750.00	
	Contract scope of work	Supervision of Pothole patching and Routine Maintenance a total of about 600 km of M1, M12 and M18	
	Contract programme	365 Days	
Contract award (main contract for works)	Name of main contractor	Sale Civil Engineering	
	Contract price	13,380,754.76	
	Contract scope of work	Pothole patching and Routine Maintenance a total of about 600 km of M1, M12 and M18	
	Contract programme	365 days	
Contract Execution (project)	Significant changes to contract price,	None	<ul style="list-style-type: none"> Noted that Contractor took initiative to inform

supervision)	programme, scope with reasons		<p>Consultant that instructed works were complete.</p> <ul style="list-style-type: none"> • On 19 October 2009 SOS wrote that instructed works would be concluded on 21 October 2009. • Addendum issued on 30 November 2009.
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	<p>The Contractor completed the work items in the contract in 90 days</p> <p>Addendum No.1 (15% Contract price)</p> <p>Additional quantities of patching work</p>	<ul style="list-style-type: none"> • There were no significant changes to the works; • The contractor completed the initial contract works within time and an Addendum for extra patching works valued at 15% of the contract sum was approved amounting to MK2,007,113.21. • The extra works together with the original works were completed within 92% of the time.
	Individual significant changes to the contract which affect the programme, with reasons	<p>Delay in issue of Addendum No.1 of 30 days</p> <p>Change of scope Addendum No.1 (15% Contract price) to cater for Additional quantities of patching work</p>	
	Details of any re-award of main contract	N/A	
Post contract	Actual contract price	15,387,867.97	

completion details (main contract for works)	Total payments made	14,486,072.13	
	Actual contract scope of work	Addendum approved Exceeded by 15%	
	Actual contract programme	All Work including the 15% addendum Completed in 11 months (92% of Time)	
	Project evaluation reports (on completion and on-going)	1 Monthly progress Reports available 2 Records of Progress Monthly Progress Site Meeting for November available. Others to be furnished. 3 Substantial Completion Certificates not issued 4 The works are in Defects Liability Period.	5

Documents disclosed	Disclosure status
Feasibility study	N/A
Financing agreement	The Roads Authority has an Annual Plan that is agreed with the Road Fund Administration.
Specification	Included in Contract Document
Tender evaluation report	Available
Project evaluation reports	Final Report not yet submitted Monthly progress Reports available From records Contractor's performance rated as good

EXECUTIVE SUMMARY

This report summarises the initial findings by EMC Jatula Associates; who were selected as the Assurance Team (AT) to collect data from participating procurement entities (PEs) in the CoST Initiative. Three institutions namely Malawi Housing Corporation, Northern Region Water Board and the Roads Authority participated in the study whose aim is to increase transparency and accountability in the Malawi construction sector.

Roads Authority Projects

Generally, the AT observed that the RA has a policy for maintenance contracts for variations not to exceed 15% of the original contract sum, unless there are extenuating circumstances to warrant increases above this percentage. On all RA projects studied under the CoST Initiative, therefore, increases to the contracts were within this threshold. Mostly, Extensions of Time were awarded without cost to allow contractors to complete the works. Individual project observations are summarised under each project report.

Retainer Pothole Patching and Other Routine Maintenance Works on M001, M012 and M018 in Kasungu, Dowa, Mchinji and Ntchisi District

Contract No. 3T/RM/CR/KU/DA/MC/NS/09

Contractor: Sale Civil Engineering

Consultant: Chapita Consultants

It is noted that the Chapita Consultants' supervision contract includes a considerable number of other works contracts within the project location or zone. Hence, the contract sum is not for the supervision of only one pothole patching project in Central region. Rather, the consultant was covering other works projects under the same contract which are not the subject of this Assurance Consultancy.

The scope of the contract is Pothole Patching and Routine Maintenance for a total of about 600 km of M1, M12 and M18 roads in Central region of Malawi.

The works were scheduled to be completed within 365 days with 12 months Defects Liability period for rectification of any defects that may arise within this period of guarantee.

The AT collected adequate data on this project, apart from that compiled on the MPI, which is supported by detailed source documents. In this respect, Addenda, variation Orders, Bills of Quantities, payment records, specifications, and other pertinent documentation were collected and verified through the consultant and/or the contractor. The information thus collected on this project is therefore complete and accurate.

The AT made the following observations during the study:

- There were no significant changes to the works;

- The contractor completed the initial contract works within time and an Addendum for extra patching works valued at 15% of the contract sum was approved amounting to MK2,007,113.21.
- The extra works together with the original works were completed within 92% of the time.

The AT was given access to the Roads Authority and found no difficulties in obtaining the data. Record keeping at this institution is good.

1.0 INTRODUCTION AND STUDY BACKGROUND

This report covers the work carried out by EMC Jatula associates as the selected Assurance Team to collect Material Project Information (MPI) from selected Procurement Entities (PEs). It highlights all the activities carried out by the Assurance Team during the period under review and includes both achievements and constraints.

The Construction Sector Transparency (CoST) Initiative is an international multi-stakeholder programme which is designed to increase transparency and accountability in the construction sector. The programme is supported by the UK Department for International Development (DFID) and the World Bank.

Malawi was selected to undertake a pilot for this programme as one of seven countries in the world. The programme is being administered by the National Construction Industry Council (NCIC) on behalf of the Construction Sector Transparency Initiative (CoST) Malawi Multi Stakeholder Group (MMSG).

The programme aims at enhancing the accountability of Procuring Entities (PEs) and construction companies for the cost and quality of public sector construction projects. Each PE selected to provide data will do this by disclosing to the public 'Material Project Information' (MPI) at all stages of the construction project cycle, from the initial identification of the project to the final completion.

The main aim for CoST is about increasing transparency through the release of project information into the public domain. It is however recognised that the disclosure of this information may not be sufficient on its own to achieve greater accountability as some of the information is most likely to be complex and not easily understandable to the general public.

EMC Jatula Associates Consulting Engineers were therefore selected to undertake this study to ensure that the information that is released is both accurate and available in a form that can easily be understood by stakeholders. Part of our brief is to ensure that the disclosed information must be verified, analysed and interpreted by experts as an 'Assurance Team' appointed specifically for this purpose. The major role to be played by EMC Jatula Associates as the consultant on this pilot project is to act as an interpreter at all the assurance processes to help make raw data disclosures more understandable to all stakeholders.

Hence the objectives of the pilot programme to be achieved by EMC Jatula Associates are as follows: -

- To assist the MMSG to liaise with the Procuring Entities (PEs) of projects involved in the CoST initiative to ensure the publication of the relevant Material Project Information (MPI);

- To verify the accuracy and completeness of MPI disclosures on all or a subset of projects involved in the CoST initiative, as required by the MMSG;
- To analyse the disclosed and verified data on all or a subset of projects involved in the CoST initiative in order to make informed judgements about the cost and quality of the built infrastructure;
- To produce reports that are clearly understandable to the non-specialist, outlining the extent and accuracy of information released on projects involved in the CoST initiative and highlighting any causes for concern that the analysed information reveals.

2.0 METHODOLOGY

2.1 Selection of Projects

The Malawi MSG selected 3 (three) institutions which are participating as PEs to provide MPI under the CoST Initiative. The following are the institutions together with a list of the respective projects for which information has been released:

Malawi Housing Corporation (MHC):

1. MHC/01/09 - Chilumba
2. MHC/2008/03/Lilongwe

Northern Region Waterboard (NRWB)

1. NRW/W/01
2. NRW/W/01B

Malawi Roads Authority (RA):

1. 4T/PP/NR/RU/KA/09
2. 3T/RM/CR/KU/DA/MC/NS/09
3. 4T/PP/SR/BLK,MH,MHG,ZA/09
4. 102U/REHAB/SR/BTC/08 LOT 2
5. 121U/REH/CR/LLC/08 LOT 3

2.2 Data Collection

Malawi Roads Authority (RA):

The AT conducted a visit to the he Central Region Roads Authority Regional office to collect data for project No. 3T/RM/CR/KU/DA/MC/NS/09; Retainer Pothole Patching and Other Routine Maintenance Works on M001, M012 and M018 in Kasungu, Dowa, Mchinji and Ntchisi District constructed by Sale Civil Engineering.

EMC Jatula Associates were given the responsibility to collect data and verify that the MPI is both complete and accurate. The AT therefore collected as much information as possible from the three participating institutions. This report however covers one project from the Roads Authority.

Retainer Pothole Patching and Other Routine Maintenance Works on M001, M012 and M018 in Kasungu, Dowa, Mchinji and Ntchisi District

Contract No. 3T/RM/CR/KU/DA/MC/NS/09

Contractor: Sale Civil Engineering

Project Details

The purpose of the project is to improve the service of transportation by reducing travel time, improving on comfort and reduction of wear and tear in vehicle maintenance.

Funding

The Roads Authority (RA) and Road Fund Administration (RFA) have a financing agreement for the RFA to fund RA annual programmes.

Generally these types of maintenance programmes do not require feasibility studies to be conducted. However, the client institutes engineer's estimates for planning purposes. This project was estimated to cost MK13,233,437.50.

Tender procedure for Works Contract

The tender procedure used in procurement of the main contract works was the National Competitive Bidding and Open Tender.

This means that any eligible locally registered entity can obtain tender documents and participate in the process without any hindrance. Seven firms obtained the bid documents and only six companies submitted bids as follows:

- Fa-sta Civil Engineering,
- Samamwa Civil Engineering,
- Misar Civil Engineering,
- Chico Civil Engineering,
- Dika Construction
- Sale Civil Engineering

The works were awarded to Sale Civil Engineering at MK13,380,754.76

Works Contract Scope of Works

The scope of the contract is Pothole Patching and Routine Maintenance for a total of about 600 km of M1, M12 and M18 roads in Central region of Malawi.

Works Contract programme

The works were scheduled to be completed within 365 days with 12 months Defects Liability period for rectification of any defects that may arise within this period of guarantee.

Significant Changes to Works Contract price and Programme

There were no significant changes to the works; suffice to say that the contractor completed the initial contract works within time and an Addendum for extra patching works valued at 15% of the contract sum was approved. The extra works together with the original works were completed within 92% of the time.

	Amount (MK)	
Original Contract Sum	13,380,754.76	
Addendum	2,007,113.21	
Revised Contract Sum	15,387,867.97	
Total Certified to Date	14,999,530.91	Balance between total certified and revised contract sum is for slight savings and for release of retention to be paid to contractor after Defects liability period

Supervision Contract

The RA advertised for supervision of the works using National Competitive Bidding, open tender and Least Cost Based Selection procedure. Only seven firms submitted tenders and Chapita Consulting Engineers were successful and were awarded the supervision contract at a contract price of MK60,018,750.00. The duration of the contract was 12 months with a Defects Liability period of 12 months. There were no significant changes to this contract as the supervision works were carried out within time. This contract sum is for supervision of a considerable number of projects apart from this project which is the subject of our study.

Disclosures

The RA have made all the required disclosures including Feasibility study, Financing Agreement, Specifications, and Tender Evaluation Report.

Site Visit

There was no site visit conducted since the works were already completed when the AT was assigned to carry out a review of this project.

3.0 CONCLUSIONS

The client's policy of limiting variations ensures that costs are controlled. Consequently, there were no significant changes to the contract in terms of extension of time or variations.

The contractor completed the works in a very short period.

The project therefore did not have significant issues that are noteworthy.