

TABLE OF CONTENTS

LIST OF ACRONYMS.....	2
Template for collecting Material Project Information from procuring entities.....	3
EXECUTIVE SUMMARY	8
1.0 INTRODUCTION AND STUDY BACKGROUND.....	10
2.0 METHODOLOGY	12
2.1 Selection of Projects	12
2.2 Data Collection	12
2.3 Data Verification	12
2.4 Data Analysis	13
3.0 CONCLUSIONS	16

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: Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area) Contract No: 102U/REH/SR/BTC/08 – LOT 2 Procuring Entity: Roads Authority Client (if different)	Key Findings by the Assurance Team
Project identification	Project purpose	To Improve mobility within the City of Blantyre	
	Location	Blantyre City, Southern Malawi	
	Intended Beneficiaries	Local businesses, commuters, farmers, and the general public	
	Specification	Malawi Standards and SATTCC	
	Feasibility study	Not Applicable For This Project	
Funding	Financing agreement	Roads Authority and Road Fund Administration	
	Budget	N/a	
	Engineer's estimate	1,157,320,280.96	
Tender process (contract for project supervision)	Tender procedure	Least Cost Based Selection	
	Number expressing interest	N/A	
	Number shortlisted	N/A	
	Number submitting	6	

Stage of project cycle	List of MPI to be disclosed	Project name: Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area) Contract No: 102U/REH/SR/BTC/08 – LOT 2 Procuring Entity: Roads Authority Client (if different)	Key Findings by the Assurance Team
	tender		
Tender process (main contract for works)	Tender procedure	National Competitive Bidding, Open Tendering	
	Number expressing interest	4	
	Number shortlisted	NA	
	Number submitting tender	4	
	List of tenderers	FARGO Ltd MOTA ENGIL MKAKA CONSTRUCTION OMNIA	
	Tender evaluation report	Disclosed	
Contract award (project supervision)	Name of main consultant	Mphizi Consulting Engineers	
	Contract price	MK76,894,400.00	
	Contract scope of work	Supervision of Rehabilitation of selected paved roads in Blantyre City. Work includes milling of existing surface, re-compaction, resealing with Asphalt Pre-mix, patching and Drainage Works	

Stage of project cycle	List of MPI to be disclosed	Project name: Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area) Contract No: 102U/REH/SR/BTC/08 – LOT 2 Procuring Entity: Roads Authority Client (if different)	Key Findings by the Assurance Team
	Contract programme	15 months works; 12 months defects Liability period. Start: 16 June 2009; Completion: 16 September 2010	
Contract award (main contract for works)	Name of main contractor	Mota Engil	
	Contract price	MK1,312,841,868.71	
	Contract scope of work	Rehabilitation of selected paved roads in Blantyre City. Work includes milling of existing surface, re-compaction, resealing with Asphalt Pre-mix, patching and Drainage Works	
	Contract programme	15 Months	(Tender duration was 18 months – It was agreed in the Tender negotiation meeting that the period had been reduced to 15 months) Commencement 16/6/09 Completion: 16/9/10 After commencement of the contract, the duration has since been reverted to 18 months
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	NO CHANGES	

Stage of project cycle	List of MPI to be disclosed	Project name: Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area) Contract No: 102U/REH/SR/BTC/08 – LOT 2 Procuring Entity: Roads Authority Client (if different)	Key Findings by the Assurance Team
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	No significant changes	MK201,231,027.10 was Advance payment made. However, the correct sum should have been MK199,671,767.10. This anomaly was noted by Road Fund Administration which proceeded to make payment and confirmed same to Roads Authority. Difference was MK1,559,260. Although having no impact on contract sum (as this is repayable) it was an error.
	Individual significant changes to the contract which affect the programme, with reasons	No significant changes	At time of reporting, there was no claim for extension of time on file. The original completion period was therefore still applicable.
	Details of any re-award of main contract	N/A	
Post contract completion details (main contract for works)	Actual contract price	Not yet completed	
	Total payments made	MK571,199,621.80 to end of May 2010 (Inclusive of Advance Payment and Repayment)	
	Actual contract scope of work		
	Actual contract programme	Commencement 16/6/09 Completion:	

Stage of project cycle	List of MPI to be disclosed	Project name: Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area) Contract No: 102U/REH/SR/BTC/08 – LOT 2 Procuring Entity: Roads Authority Client (if different)	Key Findings by the Assurance Team
		16/9/10 As per Original programme - FIXED PERIOD	
	Project evaluation reports (on completion and on-going)	Not yet done.	
Documents disclosed	Disclosure status		
Feasibility study	NOT APPLICABLE		
Financing agreement	Disclosed. The Roads Authority has an Annual Plan that is agreed with the Road Fund Administration.		
Specification	Disclosed		
Tender evaluation report	Disclosed. Lowest evaluated bidder was Fargo Ltd. The tender Evaluation Report recommended that the contract be awarded to Fargo Ltd. However, the project was awarded to Mota Engil (Second Lowest Evaluated Bidder). Fargo had already been awarded 2 contracts under the same programme and therefore the client wanted to reduce risk and exposure by awarding this contract to another contractor and selection was made of 2nd lowest evaluated bidder. The client's IPC made this decision which was also supported by ODPP.		
Project evaluation reports	Not yet completed		

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 within each project report.

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.

Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area)

Contract No: 102U/REH/SR/BTC/08 – LOT 2

Contractor: Mota Engil

Consultants: Mphizi Consulting engineers

It is noted that this supervision contract includes a considerable number of other Works Contracts within Blantyre City constructed by several contractors. Hence, the contract sum is not for the supervision of only one project in Blantyre City. Rather, the consultant was simultaneously covering other works projects which are not the subject of this Assurance Consultancy.

The AT made the following observations on this project:

- The project was estimated to cost MK1,157,320,280.96. The lowest evaluated bidder was Fargo Ltd. The tender Evaluation Report recommended that the contract be awarded to Fargo Ltd. However, the project was awarded to Mota Engil (Second Lowest Evaluated Bidder). Fargo had already been awarded 2 contracts under the same programme and therefore the client wanted to reduce risk and exposure by awarding this contract to another contractor and selection was made of 2nd lowest evaluated bidder. The client's IPC made this decision which was also supported by ODPP. Mota Engil's bid was MK1,312,841,868.71.

- The RA authorised payment of MK201,231,027.10 as Advance Payment when the actual sum should have been MK199,671,767.10. The difference was MK1,559,260. Although having no impact on contract sum (as the Advance is repayable) it was an error. The Road Fund Administration noted the error prior to making payment but decided to proceed with the payment.
- At the time of the research there were no significant changes to the contract in terms of extension of time or variations.

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

The AT visited the Regional Office of the RA in Blantyre to collect data on the project for Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area) being constructed by **Mota Engil**. Thereafter, a Site visit was conducted to verify whether the project was being constructed following appropriate standards.

2.3 Data Verification

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 highlights the findings of the above project No. 102U/REHAB/SR/BTC/08 LOT 2 in Blantyre City.

The AT were given access to all required documentation by the RA. Where there was a need to cross-check the information, the AT were able to ascertain the information from consultants.

2.4 Data Analysis

Rehabilitation of Selected Paved Roads in Blantyre City (Chichiri Area)

Contract No: 102U/REH/SR/BTC/08 – LOT 2

Contractor: Mota Engil

Project Details

The purpose of the project is to improve mobility within the City of Blantyre, specifically in the Industrial Area of Chichiri in Blantyre and it is intended to benefit businesses of this area, banks, shopping centres, the community, and the general public.

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 MK1,157,320,280.96.

Tender procedure

Following the initial estimates, the client floated tenders and the procedure was National Competitive Bidding and Open Tendering. This means that any eligible qualifying entity can obtain tender documents and participate in the process without any hindrance. Four firms obtained the tender documents and submitted bids:

- Fargo Ltd
- Mota Engil
- Mkaka Construction
- Omnia

Works Contract Scope of Works

The scope of the works is Rehabilitation of selected paved roads in Blantyre City. Work includes milling of existing surface, re-compaction, resealing with Asphalt Pre-mix, patching and Drainage Works.

Works Contract programme

The works contract commenced on 16 June 2009 and is planned for completion on 16 September 2010.

At the time of the study in July 2010, ten months out of 12 had elapsed.

Significant Changes to Works Contract price and Programme

At the time of the study, there were no significant changes to the price and programme of the works

The AT noted that the lowest evaluated bidder was Fargo Ltd. In this respect, the tender Evaluation Report recommended that the contract be awarded to Fargo Ltd. However, the project was awarded to Mota Engil (Second Lowest Evaluated Bidder). Fargo had already been awarded 2 contracts under the same programme and therefore the client wanted to reduce risk and exposure by awarding this contract to another contractor and selection was made of 2nd lowest evaluated bidder. The client's IPC made this decision which was also supported by ODPP.

Supervision Contract

The RA advertised for supervision of the works using National Competitive Bidding, open tender and Least Cost Based Selection procedure. Only four firms submitted tenders and Mphizi Consulting Engineers were successful and were awarded the supervision contract.

The tender evaluation report recommended Mphizi Consulting Engineers to be awarded this contract and was awarded at a price of MK76,894,400.

The duration of the contract was 12 months with a Defects Liability period of 12 months. To date, there have not been any significant changes to the supervision contract as it is tied to the works contract and the works are within the original duration.

Disclosures

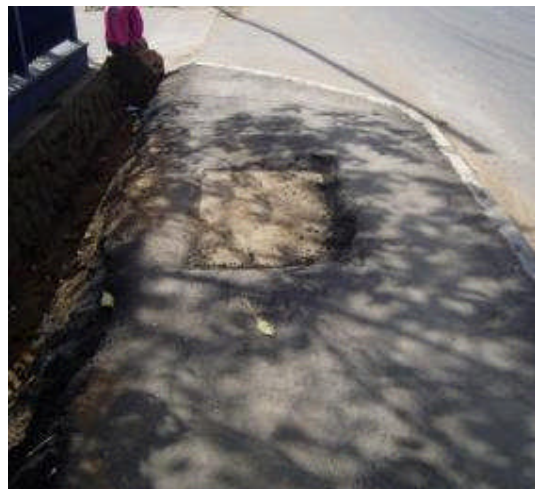
The RA have made all the required disclosures including Feasibility study, Financing Agreement, Specifications, and Tender Evaluation Report.

Site Visit

The consultants conducted a site visit and noted that the works were being constructed in accordance with stipulated contract specifications. Photo below shows newly completed road works near National Bank on Ali Hassan Mwinyi Road in Chichiri.



However, the AT noted a few defects which at the time of the visit, had not been rectified. As this was work in progress, the AT were advised that the defects would be taken care of prior to hand-over of the project. The following photos show the incompleting works pending rectification of the defects on Ali Hassan Mwinyi Road, Chichiri:



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 project therefore did not have significant issues that are noteworthy.