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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: Pothole patching, Slurry sealing and drainage works between Mzuzu city- Rumpi spur- Karonga-Songwe (M1&M24) and Mwesia - N. Rukuru bridge (M26) in Mzimba, Rumpi and Karonga Districts.  Contract No. 4T/PP/NR/RU/KA/09  Procuring Entity: Roads Authority  Client	Key Findings by the 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	Northern Region	
	Intended Beneficiaries	The residents of the Northern Region and Malawi Nation and the International transporters to Tanzania, Mozambique, Zambia and further countries	
	Specification	Malawi Standards and SATTCC	

	Feasibility study	Not applicable to rehabilitation projects	
Funding	Financing agreement	Roads Authority and Road Fund Administration	
	Budget	N/A	
	Engineer's estimate	MK21,245,876.40	
Tender process (contract for project supervision)	Tender procedure	National Competitive Bidding; Open tender; Least Cost Based Selection	
	Number expressing interest	N/A	
	Number shortlisted	N/A	
	Number submitting tender	4	
Tender process (main contract for works)	Tender procedure	National Competitive Bidding and Open Tendering	
	Number expressing interest	3	
	Number shortlisted	NA	
	Number submitting tender	3	
	List of tenderers	1 Tahit Networks, 2 SOS and 3 Northworks	
	Tender evaluation report	AVAILABLE, disclosed report	

Contract award (project supervision)	Name of main consultant	Mphizi Consulting Engineers.	
	Contract price	MK96,959,335.00.	The Tender evaluation report recommended that GK Works be awarded the contract. However, the same was awarded to the second least cost bidder; Mphizi Consulting Engineers.
	Contract scope of work	Supervision of pothole patching, slurry seal, and drainage Works between Mzuzu City – Rumphu Spur – Songwe (M1 & M24) in Mzimba, Rumphu, and Karonga Districts.	
	Contract programme	365 Days	
Contract award (main contract for works)	Name of main contractor	S.O.S. Construction	
	Contract price	22,568,228.57	
	Contract scope of work	Patching, Slurry sealing and Drainage Works between Mzuzu City-Rumphu Spur-Karonga-Songwe (M1 &M24)and Mwesia-rukuru Bridge (M26) approximately 326km	
	Contract programme	365 Days	
Contract Execution (project supervision)	Significant changes to contract price, programme, scope with reasons	Appointment of Consultant was done late on September 2, 2009. Work Order No.1 issued September,24,	

		2009	
Contract Execution (Main contract for works)	Individual significant changes to the contract which affect the price with reasons	Addendum No.1 representing 15% of Contract Sum was approved on 6 <sup>th</sup> January 2010.	The additional works were instructed due to development of potholes (and areas with extensive damage which were not there at time of contract award) during the 2009/2010 rainy season. The total sum approved was MK3,385,234.29.
	Individual significant changes to the contract which affect the programme, with reasons	There were no significant changes to the contract	<p>1 Monthly progress Reports available</p> <p>2 Appointment of Consultant was on September 2, 2009 . Work Order No.1 issued September, 24, 2009</p> <p>3 Addendum No.1 for 15% of Contract Sum. This was issued December 16, 2009 and approved on 6<sup>th</sup> January 2010. The addendum did not attract an extension of time and contractor was instructed to carry out the works within the original contract period.</p>
	Details of any re-award of main contract	None	
Post contract completion details (main contract for works)	Actual contract price	25,953,462.86	
	Total payments made	MK 23,358,116.57	
	Actual contract scope of work	MK25,265,119.20 Final Value of Works	

	Actual contract programme	Contractor completed the works before time	Contractor worked diligently and initial contract quantities executed in 180 days.  Addendum 15% of scope of original contract issued in December 2009 and completed before the completion date.
	Project evaluation reports (on completion and on-going)	Final Report not available	1 Monthly progress Reports available  2 No Records of Progress Monthly Progress Site Meeting available.  3 Substantial Completion Certificates not issued  4 The works are in Defects Liability Period.

Documents disclosed	Disclosure status
Feasibility study	NA
Financing agreement	Roads Authority and Road Fund Administration have an annual Agreement
Specification	Included With Contract Document; disclosed.
Tender evaluation report	Disclosed
Project evaluation reports	Final Report not yet completed  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.

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.

### **Pothole patching, Slurry sealing and drainage works between Mzuzu city-Rumphu spur-Karonga-Songwe (M1&M24) and Mwesia-N.Rukuru Bridge (M26) in Mzimba, Rumphu and Karonga Districts.**

**Contract No. 4T/PP/NR/RU/KA/09      Contractor: SOS**

**Consultant:    Mphizi Consulting Engineers**

It is noted that the Mphizi Consulting Engineers' 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 Northern region. Rather, the consultant was covering other works projects under the same contract which are not the subject of this Assurance Consultancy.

### **Works Contract**

This project was estimated to cost MK21,245,876.40. The Scope of Works is Patching, Slurry sealing and Drainage Works between Mzuzu City-Rumphu Spur-Karonga- Songwe (M1 &M24)and Mwesia-Rukuru Bridge (M26) approximately 326km.

The AT made the following observations about this contract:



The contractor was given additional patching works to complete through Addendum No. 1 which represented 15% of the contract sum. The original works were completed within 180 days on a contract of 365 days. The additional works were also executed before the completion date. These works were instructed due to development of potholes and areas of extensive damage due to the 2009/2010 rainy season and were not in the tender. There were no other significant changes to the contract.

### **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 at a contract price of MK96,959,335. This contract sum is for the supervision of a number of projects within the same zone.

The tender evaluation report recommended GK Works to be awarded this contract. However, the contract was awarded to Mphizi Consulting Engineers who were the second evaluated bidder.

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.

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 visited the Regional Office of the RA in Mzuzu to collect data on the project for Pothole patching, Slurry sealing and drainage works between Mzuzu city-Rumphu spur-Karonga-Songwe (M1&M24) and Mwesia-N.Rukuru bridge(M26) in Mzimba, Rumphu and Karonga Districts.

### 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. **4T/PP/SR/BLK** in Southern Region of Malawi.

## 2.4 Data Analysis

**Pothole patching, Slurry sealing and drainage works between Mzuzu city-Rumphu spur-Karonga-Songwe (M1&M24) and Mwesia-N.Rukuru bridge(M26) in Mzimba, Rumphu and Karonga Districts.**

**Contract No. 4T/PP/NR/RU/KA/09**

**Contractor: SOS**

### **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. It is intended to benefit the residents of the Northern Region and Malawi Nation and the International transporters to Tanzania, Mozambique, Zambia and further countries.

### **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 MK21,245,876.40.

### **Tender procedure**

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

- 1 Tahit Networks,
- 2 SOS and
- 3 Northworks.

### **Contract Scope of Works**

Patching, Slurry sealing and Drainage Works between Mzuzu City-Rumphu Spur-Karonga-Songwe (M1 &M24)and Mwesia-Rukuru Bridge (M26) approximately 326km.

### **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**

The contractor was given additional patching works to complete through Addendum No. 1 which represented 15% of the contract sum. The original works were completed within 180 days on a contract of 365 days. The additional works were also executed before the completion date. These works were instructed due to development of potholes and areas of extensive damage due to the 2009/2010 rainy season and were not in the tender. The increase in value (15%) did not affect the contract duration.

### **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 at a contract price of MK96,959,335.

The tender evaluation report recommended GK Works to be awarded this contract. However, the contract was awarded to Mphizi Consulting Engineers who were the second least cost bidder.

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.

### **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 AT notes that this contract was administered and constructed as per the contractual provisions. The contractor worked very efficiently and thus there are no significant issues that are noteworthy.