



# ASSURANCE STUDY REPORT FOR CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE (CoST) PROJECTS

with support from the African Development Bank



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## **Acknowledgements**

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## Executive Summary

This document is a report on Assurance study for the Construction Sector Transparency Initiative (CoST) in Malawi. The purpose of the Assurance Study was to verify information which is currently being disclosed to the public since the inception of CoST in Malawi. CoST is a multi-stakeholder initiative designed to increase transparency and accountability in publicly financed infrastructure development projects. CoST is about disclosing to the public material project information (MPI) throughout the construction project life cycle. It aims at providing sufficient information to enable stakeholders to make informed judgements about the cost and quality of the infrastructure concerned. It is expected that greater transparency, through greater disclosure of project information, will yield benefits to government, industry, civil society, and ordinary citizens.

Eleven Procuring Entities (PEs) were requested by the Multi-Stakeholder Group to participate in the study. Only five accepted to participate in the study, resulting into reduced number of projects for the study from fifty to twenty eight projects. The Assurance Team comprised three specialists in construction, Dr Patsani G Kumambala, Mr Joshua Kungwezo and Mr G Mangulenje, working together to obtain, verify and assess material project information and provide a comprehensive report. This report has been prepared by the Assurance Team in accordance with the Terms of Reference and gives the activities undertaken and the material project information (MPI) released by the procuring entity on the selected projects.

Northern Region Water Board (NRWB), Southern Region Water Board (SRWB), Roads Authority (RA) and Department of Energy (DE) generally follows the Public Procurement Act in the award of contracts for consultants and contractors except where funding is provided by a Cooperating Partner or Multilateral lending institution which requires adherence to its procurement procedures such as the World Bank, African Development Bank and the European Union. Further, NRW, SRWB, RA and DE operates procedures for contract management to ensure cost quality of work and time are in accordance with the contract.

NRWB and SRWB made full and accurate disclosure of documents showing the procedures which were used for the award of the contracts as opposed to RA and Malawi Housing Cooperation (MHC)

where information is not well organised. Information is not readily available on Chinese funded projects. RA and MHC are the only PEs, which had that experience with Chinese funded projects.

The study has revealed that information on scope of works, consultant, contractor, programme and financier is always available to the public from project signboard and public disclosure notice in the public press. However, crucial information such as changes in the contract price, changes in the scope and changes in the programme is not available to the public. Generally, the study has revealed that delayed funding for infrastructure projects has great impact on the cost of projects. RA had cost overruns on all the projects as opposed to NRWB, DE and SRWB projects.

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## List of Acronyms and Abbreviations

ADFD	Abu Dhabi Fund for Development
BADEA	Arab Bank for Economic Development
CoST	Construction Sector Transparency Initiative
DC	Design Contract
DE	Department of Energy
GoM	Government of Malawi
ICB	International Competitive Bidding
IPC	Internal Procurement Committee
JICA	Japan International Cooperation Agency
KFAED	Kuwait Fund for Arab Economic Development
MAREP	Malawi Rural Electrification Programme
MHC	Malawi Housing Corporation
MPI	Material Project Information
MSG	Multi-Stakeholder Group
NCB	National Competitive Bidding
NCIC	National Construction Industry Council
NRWB	Northern Region Water Board
ODPP	Office of the Director of Public Procurement
OPEC	Organisation of the Petroleum Exporting Countries
PE	Procuring Entities
QCBS	Quality Cost Based Selection
RA	Roads Authority
SC	Supervision Contract
SRWB	Southern Region Water Board
WC	Works Contract

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## **CHAPTER 1 Introduction**

### **1.1 Background**

The Construction Sector Transparency Initiative (CoST) is a multistakeholder initiative aimed at increasing transparency and accountability in the construction sector. CoST intends to ensure that national governments, affected stakeholders, and the wider public get what they pay for in public construction projects, by increasing transparency in the construction sector. It is expected that greater transparency, through greater disclosure of project information, will yield benefits to government, industry, civil society, and ordinary citizens.

CoST seeks to complement rather than replace a country's supervision, audit, regulatory, investigative, and judicial functions. The complexity of the construction sector presents a major challenge to improving transparency. CoST uses the disclosure of key information from publicly funded construction projects and a multi-stakeholder approach to address this challenge. The relevance and local importance of the infrastructure helps to generate public demand for better management and delivery. CoST relies on existing oversight bodies to use the information generated. CoST's Multi-Stakeholder Groups are essential in enabling this process, using their influence to demand greater transparency.

In each country, CoST provides for disclosure of information on public construction projects to the public. Among others, CoST provides for disclosure of information such as project identification, funding, tender process for design, supervision and main contract for works, execution of main contract of works and post contract completion details.

CoST is about disclosing to the public material project information (MPI) throughout the construction project life cycle. The CoST process aims at providing sufficient information to enable stakeholders to make informed judgments about the cost and quality of the infrastructure concerned. It is, however, 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 intelligible to the general public. For example, there are many reasons for time and cost overruns on construction projects that may be quite legitimate and not necessarily an indication of poor governance of the procurement process.

CoST was initiated by the United Kingdom's Department for International Development in 2007. Drawing on the experience of the Extractive Industries Transparency Initiative (EITI), a conceptual design for CoST was prepared and a pilot exercise was launched in April 2008 with technical support from the World Bank. CoST was piloted in eight countries over a period of 3 years; Ethiopia, Guatemala, Malawi, Tanzania, United Kingdom, Philippines, Vietnam, and Zambia. Since the launch of the new CoST Global Programme in October 2012, CoST has expanded to 12 countries. In Malawi a baseline study was conducted in 2010 followed by an Assurance Study in which three procuring entities participated in the disclosure process – Northern Region Water Board, Roads Authority and Malawi Housing. In December 2012, the Multi-Sakeholder Group, through the National Construction Industry Council secured funding from the African Development Bank to continue with the activities of the CoST initiative under a project called '**Strengthening Transparency in the Construction Sector in Malawi**'. In 2014, the National Construction Industry Council (NCIC), on behalf of the Construction Sector Transparency Initiative (CoST) Malawi Multi Stakeholder Group (MSG) contracted an Assurance Team, to undertake Assurance study on selected public construction projects ranging from roads to water and housing infrastructure to ensure that the information released is both accurate and in a form that can easily be understood by stakeholders.

## **1.2 Core objective of CoST**

CoST seeks to help participating countries improve the value for money spent on the construction of public infrastructure. This goal is to achieve the delivery of good quality infrastructure projects at lower cost, with increased predictability of outcomes. The processes which CoST goes through involves appointment of a CoST champion, formulation and adoption of constitution of MSG, development of country work plan and budget, design of monitoring and evaluation system, preparation of baseline study, establishment of project thresholds, appointment of assurance team, assessment of report by MSG and public disclosure of CoST reports.

## **1.3 Core principles of CoST**

CoST's underlying principles reflect stakeholders' shared commitment to transparency and accountability. It should be noted that CoST is a voluntary initiative which is relevant to any country and any government department or agency with responsibility for public-sector construction projects. CoST's principles reflect a shared stakeholder commitment to transparency and accountability:

- (a) Governments are responsible for providing reliable, safe infrastructure. Public sector infrastructure should support sustainable economic growth and development. Mismanagement or corruption in construction undermines social and economic benefits.
- (b) Governments should be accountable. Citizens have a right to know that their money is being used wisely. Public construction projects should be sufficiently transparent for governments to be held accountable.
- (c) Transparency improves governance; therefore public disclosure of information during the project cycle can provide an effective way to improve value for money in construction by reducing opportunities for corruption and increasing scrutiny.
- (d) Transparency promotes investor confidence; therefore, transparency in the management of construction projects is likely to increase domestic and foreign direct investment.
- (e) Multi-stakeholder cooperation reflects shared interest and responsibility; therefore, multi-stakeholder working between the public and private sectors and civil society improves transparency and builds confidence.

#### **1.4 Objectives of the current study**

The main purpose of the study was to verify information which is currently being disclosed to the public since the inception of CoST in Malawi. The CoST Material Project Information disclosure study aimed at achieving the following five specific objectives:

- 1) Assist the MSG to liaise with the PEs of CoST projects to ensure the publication of the relevant Material Project Information MPI as outlined in the Disclosure Tables in Annex A.
- 2) Verify the accuracy and completeness of MPI disclosed on all or a subset of CoST projects, as required by the MSG.
- 3) Produce reports that are clearly intelligible to the non-specialist, outlining the extent and accuracy of information released on CoST projects.
- 4) Analyze disclosed and verified data on all or a subset of CoST projects in order to make informed judgments about the cost and quality of the built infrastructure.
- 5) Produce reports that highlight any cause for concern that analyzed information reveals.

## 1.5 TECHNICAL APPROACH AND METHODOLOGY

### 1.5.1 General Approach

The general approach that was adopted by the Assurance Team involved the following:

- (a) Identifying Procuring Entities to participate in the study in liason with CoST National Coordinator
- (b) Holding an initial meeting with the participating procuring entities to introduce the objectives of the study and submit the list of information (MPI) the entity was expected to disclose;
- (c) Agree and identify the contact person on behalf of the procuring entity to provide the MPI and the timeframe for providing the information;
- (d) Receive and analyse the initial information disclosed;
- (e) Seek clarifications and further information where this was deemed necessary; and
- (f) Undertake a site visit to get an appreciation of the project and obtain clarifications, confirmations etc from the contractor and/or supervisor on issues not clear to the Team.

### 1.5.2 Identifying Procuring Entities

Eleven Procuring Entities (PEs) were requested by the Multi-Stakeholder Group to participate in the study (Table 1-1). Only five PEs accepted to participate in the study, resulting into reduced number of projects for the study from an initial estimate of fifty projects to twenty eight projects (Table 1-1 and Table 1-2).

**Table 1-1 Procuring Entities requested to participate in the study.**

NO.	NAME OF PROCURING ENTITY	PE's Willingness to participate in the study
1	Northern Region Water Board	Yes
2	Roads Authority	Yes
3	Southern Region Water Board	Yes
4	Malawi Housing Corporation	Yes
5	Ministry of Economic Planning and Development – Department of Energy	Yes
6	Blantyre City Assembly	No

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7	Electricity Supply Commission of Malawi (ESCOM)	No
8	Education Infrastructure Management Unit	No
9	Central Region Water Board	No
10	Lilongwe Water Board	No
11	Lilongwe City Assembly	No

Table 1-2 PEs and Projects participating in the study

Procuring Entity		Name of Project	Sector
<b>Roads Authority</b>	1	Liwonde-Naminga Road	<b>Road</b>
	2	Zomba-Jali-Kamwendo-Phalombe-Chitakale Road	
	3	Thyolo-Thekerani-Muona-Bangula Road	
	4	Zomba-Blantyre (Rehabilitation) Road	
	5	Mzimba-Mzalangwe Road	
	6	Lilongwe City West Bypass (Bunda-Chinsapo-Kaunda Road)	
	7	Lumbadzi -Dowa-Chezi road	
	8	Chiringa-Chiradzulu road + Mogowi	
	9	Msulira-Nkhota-kota Game reserve	
	10	Lilongwe Nsipe Road	
	11	Karonga - Chitipa Road	
	12	South Rukuru River Bailey Bridge	
	13	Jenda – Edingeni Road	
<b>Malawi Housing Corporation</b>	1	Gouji Dream Town - MHC/HENAN Development Company Ltd- Area 49	<b>Housing</b>
	2	Ngumbe Housing Project	
<b>Northern Region Water Board</b>	1	Distribution pipelines for Mzuzu water supply system	<b>Water</b>
	2	Intake Weir and related works for Mzimba water supply system	
	3	Songwe Water Supply	
<b>Southern Region Water Board</b>	1	Zomba - Mangochi Water supply project	<b>Water</b>
	2	Upgrading, rehabilitation and extension of Nsanje Water Supply Project	
	3	Upgrading, rehabilitation and extension of Balaka Water Supply Project	
	4	Construction of Neno Water Supply	
<b>Department of Energy through Ministry of Economic Planning</b>	1	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Country wide (One contract per District)	<b>Energy</b>
	2	Construction of Overhead Power Lines, Substations and Service Connections – Chitipa , Karonga, Rumphi and Mzimba ( under MAREP)	
	3	Construction of Overhead Power Lines, Substations and Service Connections – Dowa, Lilongwe, Mchinji and Dedza	
	4	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Chikhwawa, Nsanje, Blantyre and NENO	
	5	Compact Fluorescent Lamps.	
	6	Wind Mapping in Malawi	

### 1.5.3 Initial Meetings

#### 1.5.3.1 Meeting with CoST National Coordinator

The Assurance Team (AT) had a meeting with CoST National Coordinator to:

- a) Finalise the list of selected PEs and respective projects in Table 1-2
- b) Obtain letters of introduction to facilitate cooperation of PEs;
- c) Obtain relevant CoST documents and records for the study;
- d) Get assistance in booking appointments with PEs where necessary;
- e) Get names and contact details of *selected PEs*; and
- f) Facilitation of quick disbursement of financial resources for the study.

Following the initial meeting with the CoST National Coordinator the PEs listed in Table 1-2 were identified as potential PEs for the study and visited by the Assurance Team and the CoST Coordinator at an initial phase in identifying projects to participate in the study: Roads Authority, Northern Region Water Board, Southern Region Water Board, Malawi Housing Corporation and Ministry of Economic Planning and Development. Detailed list of projects that were subjected to the Assurance study are listed in Table 1-2.

#### 1.5.3.2 Meeting with contact persons for the PEs

The Assurance Team and National CoST Coordinator had a meeting with the contact persons of the PEs regarding the Assurance Study to introduce the Assurance Team and inform them the kind of Material Project Information that shall be needed to be disclosed. The next phase was for the Assurance Team to:

- a) Hold a meeting with the procuring entities to introduce the objectives of the study and submit the list of information (MPI) the entity is expected to disclose;
- b) Agree and identify the contact person on behalf of the procuring entity to provide the MPI and the time frame for providing the information;
- c) Advise the PEs that the Assurance Team will undertake a site visit to get an appreciation of the project and obtain clarifications, confirmations etc from the contractor and/or supervisors on issues not clear to the Team.

### 1.5.4 Data Collection

Detailed meetings were held with the contact persons in PEs in order to provide the Team with Material

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Project Information and documentation in whatever form available. A template of the Material Project Information was provided to each PE to assist in data collection.

### **1.5.5 Site Visit**

After the initial set of information was released by PEs, the study Team undertook a site visit to get an appreciation of the project. The site visits were aimed at verifying the existence of the projects and making a qualitative assessment of the state of completed projects or progress at the time of the site visit. The assessment was based on visual inspections, verbal and written documentation on the project. Information on site visits is available in Annex B of this report.

## **1.6 Study Challenges**

Hard copy documents were not readily available from Malawi Housing Corporation (MHC) and Department of Energy (DE). Staff at DE and RA depends much on electronic data. RA and DE data is not available from one office as opposed to NRWB and SRWB where project information is housed under one office.

The study team failed to access information from RA procurement office despite repeated calls to secure project information especially on procurement. Basic procurement information on RA projects was sourced from the planning office.

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## CHAPTER 2 Procurement and Construction Contract Management

### 2.1 Public Procuring Entities in Malawi

"Procurement entity" is a term used to define all government bodies involved in public procurement. Procurement entities are responsible for managing their own procurement activities, in accordance with the Public Procurement Act and the other applicable laws.

Public PEs in Malawi comprises of all government ministries, government departments, district and city councils, statutory corporations, and academic institutions, among others. Some of these operate entirely on funds from the national budget or donor funds. Other PEs receive subvention from the government but also raise funds from levies, revenues and charges on services provided. A few PEs are commercial parastatals though they get government support on large development projects.

### 2.2 Laws and regulations on procurement in Malawi

#### 2.2.1 Public Procurement Act

The Public Procurement Act (No. 8 of 2003), which came into force on 21st August 2003, provides the legal basis of the Government of Malawi's public procurement system. The Public Procurement Act provides principles and procedures to be applied in the procurement of goods, works and services in the public sector to ensure transparency, fairness and competitiveness of the procurement process. The Act has brought a fundamental shift from centralised procurement with a network of government stores towards external procurement.

The Act advocates open tendering process in procurement of public goods and services with exceptions subject to provisions in the Act. There are other alternative methods that PEs may use with strict conditions provided in the Act. It is the requirement of the Act that PEs seek approval from the Office of the Director of Public Procurement (ODPP) to use any of the alternative methods and provide justification for the option.

The Public Procurement Regulations, which were issued in 2004, provide a more detailed framework of rules to implement the objectives of the Public Procurement Act and govern all public procurement. In the

event of any conflict, the Act prevails over the Regulations at all times.

There are also Desk Instructions that assist to implement the principles and rules in the Act and Regulations by providing systematic procedures for all aspects of the procurement cycle. Also in the event of any conflict, the Act and Regulations prevail over the Desk Instructions at all times.

The Director of Public Procurement issues standard bidding documents and forms, to provide working documents for the implementation of public procurement activities. The use of the standard documents is mandatory for all procuring entities.

### **2.2.2 Office of the Director of Public Procurement (ODPP)**

The Public Procurement Act led to the establishment of the Office of the Director of Public Procurement (ODPP) whose main function is to monitor and to provide oversight to all public procurement in the country through the implementation of the Public Procurement Act.

ODPP is a regulatory and monitoring body and it's not involved in conducting procurement activities or approving procurement decisions but requires each public institution to establish an Internal Procurement Committee (IPC) and Specialized Procurement Units (SPUs) with specific membership sizes and compositions to handle procurement. ODPP advises the Government on procurement policy, recommends any desirable changes to the public procurement system, and establishes review committees to conduct administrative reviews and issues standard documents and lists of bidders barred from public procurement.

## **2.3 Procurement procedures**

### **2.3.1 General Procurement Process**

Every organization that purchases goods or services has standard procurement procedures, normally referred to as methods they use to acquire those things. These procedures cover all aspects of the procurement cycle, including the identification and selection of the supplier, contract negotiations, order placement and payment. All procuring entities have a procurement manual that outlines the procurement procedures, and they are used to control spending activity, ensure appropriate approvals are in place and reduce the risk of overpayment. Procurement or purchasing activity encompasses all spending

activity, excluding payroll, and often represents more than 50 percent of all expenditures.

The primary driving force for the development of procurement procedures is to control all spending. An appropriate approval process usually involves a separation of tasks and the involvement of senior managers for transactions that will cost more than a specific price. Another standard procurement procedure is to limit access to the purchase order forms and require signed authorization from a manager other than the person using the goods. This separation of the goods recipient and the approval is designed to ensure that a senior staff member is aware of the order, can confirm that the materials are required, and will be used for the proper purpose.

Individual procurement processes will differ slightly, depending on the method of procurement and the type of procurement ie goods, works, services. However, despite these differences, all public procurement follows the same basic process, which can be broken down into six key stages:

- a) Initiate and Plan procurement
- b) Identify sources and draft invitation documents
- c) Manage the bidding process
- d) Evaluate the offers
- e) Award contract and
- f) Administer the contract

All Procuring Entities have an established Internal Procurement Committee (IPC), which is chaired by the Controlling Officer. The IPC ensures that the Procuring Entity's procurement is compliant with the Public Procurement Act, through approval of key recommendations and documents. All procuring entities have a Procurement Unit comprising of procurement professionals, which are responsible for conducting procurement activities, in consultation with end users and subject to IPC approval of key stages in the process.

Open tendering is ODPP's default procurement procedure and all PEs are expected to conduct all procurement through this process. Even where the PE wishes to request for quotation for small works, ODPP requires that such be obtained from the pre-qualified list of contractors or suppliers. ODPP circulates procurement thresholds annually to guide PEs on choice of method of procurement based on the value.

### 2.3.2 Open Tendering

The Public Procurement Act advocates open tendering in sourcing goods and services for public works. In open tendering PEs publicly announce (by way of notice in the Press) that they are open to receive tenders. The notice contains brief but adequate description of the proposed works and their location, so that contractors can judge whether they are interested in tendering. It is usual to state that no expenses incurred in tendering will be reimbursed, and that the employer does not bind himself to accept the lowest, or any tender. The common forms of open tendering used in the construction industry are derived from World Bank and other development partners' guidelines for procurement of services.

#### Examples of open tendering in Malawi

##### a) International Competitive Bidding

The objective of International Competitive Bidding (ICB) is to provide all eligible prospective bidders with timely and adequate notification of a PE's requirements and an equal opportunity to bid for the required goods and works. ICB form of tendering is open to both local and international firms in the country.

##### b) National Competitive Bidding

National Competitive Bidding (NCB) is the competitive bidding procedure normally used for public procurement in the country allowing only firms registered in the country to compete. NCB may be the most appropriate way of procuring goods or works which, by their nature or scope, are unlikely to attract foreign competition. NCB may be the most appropriate method of procurement where foreign bidders are not expected to be interested because; the contract values are small, works are scattered geographically or spread over time, works are labour intensive, or the goods or works are available locally at prices below the international market.

### 2.3.3 Selective tendering

An alternative procedure to public advertisement of tenders is to invite certain contractors only to submit tenders. Probably the best way to do this is to advertise that contractors may, if send in their qualification and experience; apply to be placed on a list of 'selected tenderers'. This method is called pre-qualification, and it saves time for both contractor and the engineer and employer. Prequalification is usually necessary for large or complex works, or in any other circumstances in which the high costs of

preparing detailed bids could discourage competition. This also ensures that invitations to bids are extended only to those who have adequate capabilities and resources.

Sometimes the PE may draw up a list of selected tenderers in consultation with the supervising engineer, without resorting to public advertisement. This may not be fair to certain contractors, who may be excluded from the list simply because the engineer does not happen to know of their existence or their capacity. Prequalification is based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account;

- (i) The firm's financial standing and record
- (ii) The firm's recent experience of completing similar works within the specified period
- (iii) The structure of the firm: technical and managerial staff, workforce and backup facilities.
- (iv) The firm's capability of accepting the work at the required time.

### **Examples of selective tendering in Malawi**

#### **a) Limited International Competitive Bidding**

Limited International Bidding (LIB) is essentially ICB by direct invitation without open advertisement. It may be an appropriate method of procurement where there are only a limited number of suppliers. Under LIB, the promoter seek bids from a list of potential suppliers broad enough to assure competitive prices, such list to include all suppliers when there are only a limited number. Domestic preferences are not applicable in the evaluation of bids under LIB.

#### **b) Direct Contracting**

Direct contracting is contracting without competition (single source) and may be an appropriate method under the following circumstances:

- (i) An existing contract for goods or works may be extended for additional goods or works of a similar nature.
- (ii) Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier.
- (iii) The required equipment is proprietary and obtainable only from one source.
- (iv) The Contractor responsible for a process design requires the purchase of critical items from a particular Supplier as a condition of a performance guarantee.

- (v) In exceptional cases, such as in response to natural disasters

### **2.3.4 Quality Cost Based Selection**

QCBS is selection process of a consulting firm which uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost is determined for each case depending on the nature of the assignment. Invitation for bids under QCBS can fall in any of the categories described section 2.3.2 and 2.3.3.

## **2.4 Construction industry in Malawi**

The construction sector in Malawi is categorised into five main sub-sectors namely water, energy, housing, roads and irrigation. Consultants and contractors are key private players in the construction industry.

It is accorded in the construction sector that governments are major clients in the construction industry in the developing countries like Malawi. The Government of Malawi (GoM) through various ministries and departments outsources services of project managers, consultants, contractors and material manufacturers/suppliers to construct public infrastructure. GoM plays an important role in the management of construction contracts in Malawi through a department which is responsible for Building Infrastructure in the Ministry of Lands and Housing. The core function of the department is to provide quality, safe and sustainable built environment in an efficient, economical and transparent manner as accorded in the Ministry of Lands and Housing.

Considering that government ministries and public insitutions have their own core duties relating to their various ministries and that these ministries also need their own infrastructures despite having no technical expertise to carry out construction activities, there is need to benefit from the technical expertise of project managers, construction consultants, contractors and material suppliers from the private sector. The roles of construction consultants are to provide technical advice on the feasibility of construction projects; to design infrastructure; to select contractors; to supervise and inspect construction works; to value works and assess contractor's claims and to review construction projects.

All firms (Contractors, Consultants, and Material Manufacturers) in the construction industry are required to register with the National Construction Industry Council (NCIC) for them to qualify to work on government jobs.

## **2.5 The National Construction Industry Council (NCIC)**

The National Construction Industry Council (NCIC) was established by an Act of Parliament in 1996 with the mandate to Regulate, Develop and Promote the Construction Industry in Malawi. The role of NCIC is to create an enabling environment that will provide the drive and the organizational structure to raise quality levels across the industry among local and foreign players; thereby enhancing wider appreciation of the interests of the construction industry by all stakeholders.

NCIC ensures that all Contractors, Consultants, Material Manufacturers and Suppliers and all stakeholders in the Construction Industry are operating within the governing rules as stipulated in the National Construction Industry Act (NCI Act) as well as Codes of Ethics (2009). NCIC Codes of Ethics (2009) advocates for registration of firms with the council and commitment to Professionalism and ethical conduct by stakeholders.

In order to develop and promote the Construction Industry, NCIC undertakes various activities that include but are not limited to the following: advising Government on policy formulation related to the industry that will facilitate growth and enhance professionalism, standardization of construction contracts and procedures, training man power both at the skilled and contract management level, grading and monitoring of construction entities, creating an environment that ensures quality of operations for all Malawian contractors and interaction and networking with local and international organizations to promote research and information sharing on technologies and best practices.

## **2.6 Management of construction contracts**

Contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It is important to follow life cycle of contract when managing contracts because it is efficient and effective to identify challenges during implementation of contracts. Therefore, activities to be considered in the life cycle of a contract are contract formation, implementation, and practical hand over, final completion of construction works or

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contract termination or expiration and contract archiving. It is through activities of contract management that challenges do occur hence paying careful attention to life cycle can bring successful management of contracts.

Contract management involves building good working relationship between customers (clients) and providers (contractors). This relationship between parties needs to be considered throughout the contract and requires proactive management in order to anticipate future needs as well as reacting to situations that arise.

In construction contracts, it is difficult to realize a perfection level as is expected in other industries like manufacturing especially because the choice of contract depends on the basis of pricing and contract strategy that best meets the project objective. Various types of contracts offer different ways of handling pricing, risk transfer, responsibility for performance, cost certainty, and complexity.

Therefore the concept of contract management is to obtain services as agreed in the contract and achieve value for money. However, management of contracts requires optimizing efficiency, effectiveness and economy of the services or relationship described in the contract, balancing costs against risks and actively managing the customer – provider relationship. It also aims at continuous improvement in performance over the life of the contract.

In Malawi the most commonly used approach in the construction industry is the traditional construction contract in which contractors are the ones who construct infrastructure. While in the modern construction contracts contractors are engaged in the design and build for infrastructure. Material manufacturers and suppliers are the ones who manufacture and supply construction materials. In traditional contracts, clients select consultants who normally perform the role of project manager, and construction consultants also select contractors and suppliers to execute construction works.

## CHAPTER 3 Findings and Discussions

### 3.1 Data Analysis and Verification

#### 3.1.1 Project identification

All the projects under the study were identified and budgeted for under the respective PE Work plan except for Gouji Dream Town project under Malawi Housing Corporation. An estimated budget for MHC/Henan-Gouji Dream town project was not disclosed to the study team since financial matters are administered by Henan in China. A brief description of the various projects including the scope of work has been presented in Table 3-1. The works under the study covered rehabilitation of existing roads, construction of new roads and upgrading of earth roads to class 1 and class 2 bitumen standard by Roads Authority; rehabilitation and extension of water supply projects by NRW and SRWB; construction of modern town houses by MHC; rural electrification and wind energy mapping by the Department of Energy. Projects under the study covered all the regions of the country and detailed status of each project is available in Annex C.

**Table 3-1 Brief description of the projects under the study**

Procuring Entity		Name of Project	Location	Project Scope of work	Intended Beneficiaries
Roads Authority	1	Liwonde-Naminga Road	Machinga and Mangochi district	Upgrading of 25 km earth road to bitumen class 1 standard. Construction of bridges and associated works	Local Community and the Nation as a whole
	2	Zomba-Jali-Kamwendo-Phalombe-Chitakale Road	Zomba, Chiradzulu, Phalombe and Mulanje	Upgrading of 102 km earth road to bitumen class 1 standard. Construction of bridges and associated works	Local Community and the Nation as a whole - National/International Road link
	3	Thyolo-Thekerani-Muona-Bangula Road	Thyolo, Chikhwawa and Nsanje	Upgrading of 82 km earth road to bitumen class 1 standard. Construction of bridges and associated works	Local Community and the Nation as a whole - National/International Road link
	4	Zomba-Blantyre (Rehabilitation) Road	Zomba, Chiradzulu and Blantyre	Rehabilitation of 60 km existing road to bitumen class 1 including new bridges and drainage facilities	National/International Road link
	5	Mzimba-Mzalongwe Road	Mzimba	Upgrading of existing 32 km earth road to bitumen class 1 & 2 and	Local Community and the Nation as a whole
	6	Lilongwe City West Bypass (Bunda-Chinsapo-Kaunda	Lilongwe City	Construction of 13 km bitumen class 1 standard	The nation as a whole

**Table 3-1 Brief description of the projects under the study**

Procuring Entity		Name of Project	Location	Project Scope of work	Intended Beneficiaries
		Road)		new road and associated works	
	7	Lumbadzi -Dowa-Chezi road	Dowa	Upgrading of 39 km of earth road to bitumen class 1 standard including bridges and associated works	Local Community and the Nation as a whole
	8	Chiringa-Chiradzulu road + Mogowi	Chiradzulu and Phalombe	upgrading of 80 km earth road to class1 and class2 bitumen standard including construction of new bridges and associated works	Local Community and the Nation as a whole
	9	Msulira-Nkhota-kota Game reserve	Nkhotakota	Rehabilitation of 33 km of failed section of Nkhotakota Kasungu road in Nkhotakota game reserve	Local Community and the Nation as a whole
	10	Lilongwe Nsipe Road	Lilongwe, Dedza and Ntcheu	Rehabilitation of M1 road from Lilongwe to Nsipe to bitumen class 1 standard	National/International Road link
	11	Karonga - Chitipa Road	Karonga and Chitipa	Upgrading of 101 km earth road to bitumen class 1 standard including construction of bridges and associated works	National/International Road link
	12	South Rukuru River Bailey Bridge	Rumphi	Construction of a prestressed concrete bridge over South Rukuru river	National/International Road link
	13	Jenda – Edingeni Road	Mzimba	Upgrading of 52 km earth road to bitumen class 1 standard including construction of bridges and associated works. The first phase is 15 km stretch from Jenda to Chinjoka	National/International Road link
<b>Malawi Housing Corporation</b>	1	Gouiji Dream Town - MHC/HENAN Development Company Ltd- Area 49	Lilongwe City	Construction of 700No houses in Area 49 in Lilongwe	The urban population of Lilongwe
	2	Ngumbe Housing Project	Blantyre City	Construction of 10 No houses in Ngumbe	The urban population of Blantyre
<b>Northern Region Water Board</b>	1	Distribution pipelines for Mzuzu water supply system	Mzuzu City	Supply and Installation of 90 km long pipeline with diameters ranging from90 mm to 400mm	Safe drinking water for Mzuzu urban dwellers and its peri-urban area
	2	Intake Weir and related works for Mzimba water supply system	Mzimba District Head Quarters	Construction of reinforced concrete intake weir and supply and installation of 315 mm diameter uPVC and DI pipes covering 12 km	Safe drinking water for Mzimba township and its peri-urban population
	3	Songwe Water Supply	Songwe border Town	Supply of materials and construction of dosing	Safe drinking water for Songwe border

**Table 3-1 Brief description of the projects under the study**

Procuring Entity		Name of Project	Location	Project Scope of work	Intended Beneficiaries
				building, 16.4km pipeline with diameters ranging from 50mm to 200mm, 500m <sup>3</sup> pressed steel tank, water connection materials for 350 connections, 7No communal water points, 4No borehole and pumps and pipework and other related works.	township and its surrounding population
<b>Southern Region Water Board</b>	1	Zomba - Mangochi Water supply project		Zomba - Construction of 8.5km Songani gavity line and replacement of 34.275km minor distribution lines and 4.8km major supply line to booster station. Mangochi - upgrading of intake works, construction of 4 elevated steel tanks, laying of major(28km) and minor distribution lines (25.506km)	Safe drinking water for Songani township in Zomba and its surrounding population Safe drinking water for Mangochi township and its surrounding population
	2	Upgrading, rehabilitation and extension of Nsanje Water Supply Project	Nsanje Township	Siting and drilling of 6 No boreholes, concrete reservoirs of 450m <sup>3</sup> and 250m <sup>3</sup> , 1.944km transmission network, distribution line of 32.42km and administration block	
	3	Upgrading, rehabilitation and extension of Balaka Water Supply Project	Balaka Township	Sitting and drilling 6 No boreholes, Transmission line 3.8km, reinforced concrete tank 1500 m <sup>3</sup> and distribution network 23km, 2 No pressure filters and auxiliary buildings	Safe drinking water for Balaka township and its surrounding population
	4	Construction of Neno Water Supply	Neno Township	Siting and drilling of 4No boreholes, transmission main 110mm diameter and distribution line 10.632km and an elevated steel tank (300m <sup>3</sup> ) and auxiliary building.	Safe drinking water for Neno township and its surrounding population
<b>Department of Energy through Ministry of Economic Planning</b>	1	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Country wide (One contract per District)	Rural areas of Malawi	Construction of Overhead Power Lines, Substations and Service Connections	Improved electricity access to the rural areas in the target districts
	2	Construction of Overhead Power Lines, Substations and Service Connections – Chitipa , Karonga, Rumphu and Mzimba ( under	Rural areas of the target districts	Construction of Overhead Power Lines, Substations and Service Connections	Improved electricity access to the rural areas in the target districts

**Table 3-1 Brief description of the projects under the study**

Procuring Entity		Name of Project	Location	Project Scope of work	Intended Beneficiaries
		MAREP)			
	3	Construction of Overhead Power Lines, Substations and Service Connections – Dowa, Lilongwe, Mchinji and Dedza	Rural areas of the target districts	Construction of Overhead Power Lines, Substations and Service Connections	Improved electricity access to the rural areas in the target districts
	4	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Chikhwawa, Nsanje, Blantyre and NENO	Rural areas of the target districts	Construction of Overhead Power Lines, Substations and Service Connections	Improved electricity access to the rural areas in the target districts
	5	Compact Fluorescent Lamps.	Lilongwe	Supply of Compact Fluorescent Lamps	Improved access to energy saver lamps to all Malawians
	6	Wind Mapping in Malawi	Country wide	Wind Mapping in Malawi for the purpose of energy generation from wind	Alternative source of energy for The Nation as a whole

### 3.1.2 Procurement Procedure

#### 3.1.2.1 Design and Supervision

From the documents disclosed it is clear that the procurement for consultancy services for design and construction supervision were based on Quality and Cost Based Selection (QBCS) under National Competitive Bidding (NCB) or International Competitive Bidding (ICB) (Figure 3.1 and Figure 3.2). The numbers of bidders per respective project are detailed in the disclosure report for each project in Annex A. NRWB, SRWB, RA and DE followed the normal approved procedure for procurement of designer, and supervising consultant for their respective projects. In the case of MHC it was noted that all the works were done internally starting from design to construction.

The study team was denied access to tender evaluation reports and contract award disclosure reports by RA. Basic information on procurement on RA projects was obtained from RA planning office. Hence, information on number of bidders per project is not available on RA projects in the Disclosure reports in Annex A.

Limited International Competitive bidding was noted on isolated cases especially with Roads Authority on donor-funded projects where by the financier limits competition among companies from her own country (Figure 3.1 to 3.3). This was noted to be the case with projects like Liwonde-Naminga road, Zomba-Jali-

Phalombe-Chitakale road and Thyolo-Thekerani-Muona road being funded by KFAED, BADEA and SAUD FUND; Karonga-Chitipa road funded by Chinese Government; and South Rukuru Bridge funded by JICA. Tender processes for design, supervision and construction works for these contracts were done in the respective donor countrys and RA has no information on the procurement process of these projects.

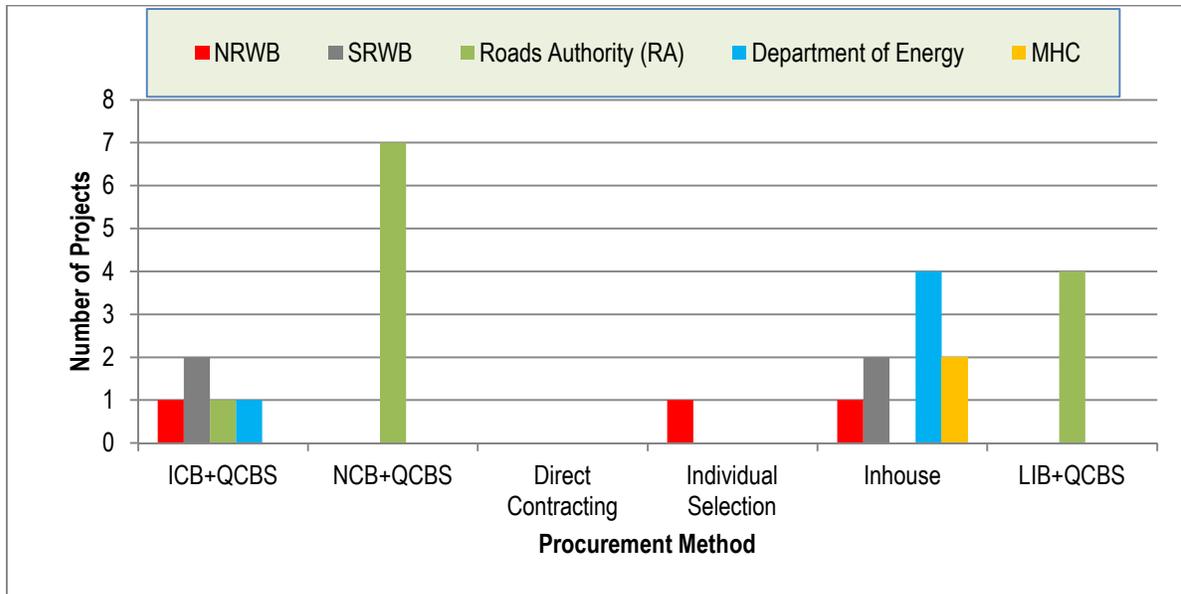


Figure 3-1 Number of projects on different tender process for design

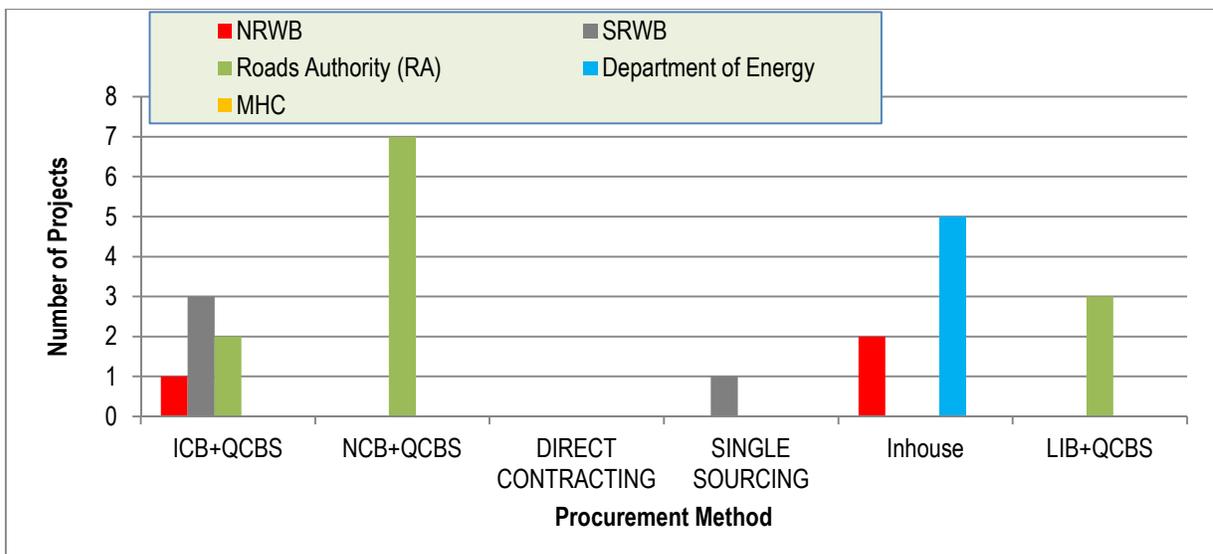
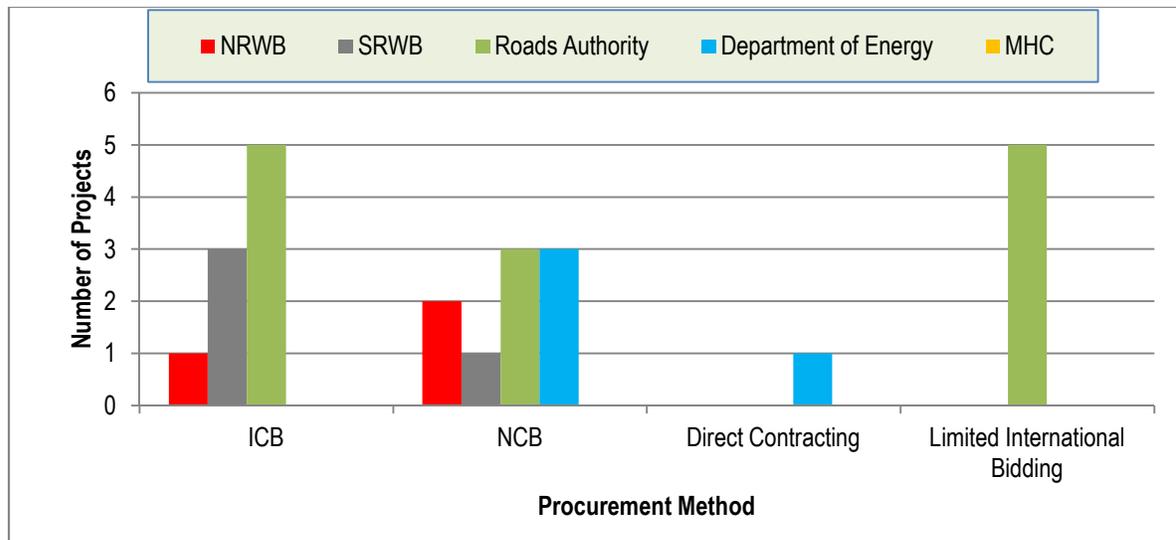


Figure 3-2 Number of projects on different tender process for supervision

Inhouse design services was also noted among SRWB (two projects), NRWB (one project), DE (four projects) and MHC (two projects) (Figure 3-1). Roads Authority is the only PE, which had no project where by the design and construction supervision was done by its own staff (Figure 3-1 and Figure 3-2).

### 3.1.2.2 Works Contract

Procurement for construction services were based on either National Competitive Bidding (NCB) or International Competitive Bidding (ICB) or Limited International Competitive Bidding (Figure 3.3). The number of bidders per respective project are detailed in disclosure report for each project in Annex A. NRWB, SRWB, DE and RA followed the required procedure for procurement of works contractor. In the case of MHC it was noted that all the works were done internally starting from design to construction and the documents which were disclosed to the study team on Gouji Dream Town project were in Chinese language and the study team could not extract any information from the documents.



**Figure 3-3 Number of projects on different tender process for works contract**

As stated earlier on in section 3.1.2.1 Limited International Competitive bidding was noted especially with Roads Authority on donor-funded projects where by the financier limits competition among companies from her own country (Figure 3-3). The trend for works contract is the same as that for design and supervision contract as stated in section 3.1.2.1.

### **3.1.3 Project Execution**

#### **3.1.3.1 Project Design and Supervision**

Consultant for respective projects carried out the design and supervision as per contract. In all selected projects the Consultant carried out supervision and held meetings as required by the contract. Consultant were also responsible for management of project documentation, including tests results adequately. In isolated cases where the PE was responsible for design and supervision, the above stated responsibilities were handled by the PE. In the case of NRWB, consultants for all respective projects managed to perform their contracts without termination.

A case of re-award was recorded on Zomba-Mangochi Water Supply project under Southern Region Water Board. Initial design contract with Stewart Scott International was terminated due to failure of the consultant to provide adequate staffing for the assignment. Poor working relationship between the consultant and the contractor was another reason for termination of the contract.

Another case of re-award for design was recorded on Liwonde-Naminga Road project under Roads Authority. The initial design design by Unitech proved to be expensive, hence suspension of works pending design review by Gibb Africa.

#### **3.1.3.2 Works**

Contractors for respective projects carried out construction works as per contract. In all selected projects the contractor carried out construction works under the direction of the supervising team. Projects under NRWB, SRWB and DE were finished within the estimated contract period time. Estimated project period and budget for MHC projects was not available.

Cases of delays and suspension of works and reaward were recorded on Roads Authority projects. Notable case is Msulira-Nkhotakota road which was abandoned by Shire Limited due to none payment from the client and the contract was re awarded to China Railway No 5. At the time of site visit China Railway No 5 had also left the site due to none payment.

Works on Zomba-Jali-Phalombe road were also suspended for over one year due to non payment from the funding agent. A similar case was observed on Lumbadzi Dowa Chezi road where Cilcon Limited had suspended works due to none payment from the client.

Table 3-2 Source of funding for various projects under the study

Procuring Entity		Name of Project	Funding
Roads Authority	1	Liwonde-Naminga Road	KFAED, OPEC Fund, BADEA and GoM
	2	Zomba-Jali-Kamwendo-Phalombe-Chitakale Road	KFAED, OPEC Fund, BADEA and GoM
	3	Thyolo-Thekerani-Muona-Bangula Road	KFAED, OPEC Fund, BADEA and GoM
	4	Zomba-Blantyre (Rehabilitation) Road	AfDB and GoM
	5	Mzimba-Mzalongwe Road	Government of Malawi
	6	Lilongwe City West Bypass (Bunda-Chinsapo-Kaunda Road)	AfDB and GoM
	7	Lumbadzi -Dowa-Chezi road	Government of Malawi
	8	Chiringa-Chiradzulu road + Mogowi	Government of Malawi
	9	Msulira-Nkhota-kota Game reserve	Government of Malawi
	10	Lilongwe Nsipe Road	European Union
	11	Karonga - Chitipa Road	Chinese Government
	12	South Rukuru River Bailey Bridge	JICA
	13	Jenda – Edingeni Road	ADFD and GoM
Malawi Housing Corporation	1	Gouiji Dream Town - MHC/HENAN Development Company Ltd- Area 49	Henan Gouiji of China
	2	Ngumbe Housing Project	Malawi Housing
Northern Region Water Board	1	Distribution pipelines for Mzuzu water supply system	World Bank
	2	Intake Weir and related works for Mzimba water supply system	World Bank
	3	Songwe Water Supply	World Bank
Southern Region Water Board	1	Zomba - Mangochi Water supply project	World Bank
	2	Upgrading, rehabilitation and extension of Nsanje Water Supply Project	World Bank
	3	Upgrading, rehabilitation and extension of Balaka Water Supply Project	World Bank
	4	Construction of Neno Water Supply	World Bank
Department of Energy through Ministry of Economic Planning	1	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Country wide (One contract per District)	GoM
	2	Construction of Overhead Power Lines, Substations and Service Connections – Chitipa , Karonga, Rumphi and Mzimba ( under MAREP)	GoM
	3	Construction of Overhead Power Lines, Substations and Service Connections – Dowa, Lilongwe, Mchinji and Dedza	GoM
	4	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Chikhwawa, Nsanje, Blantyre and NENO	GoM
	5	Compact Fluorescent Lamps.	World Bank
	6	Wind Mapping in Malawi	World Bank

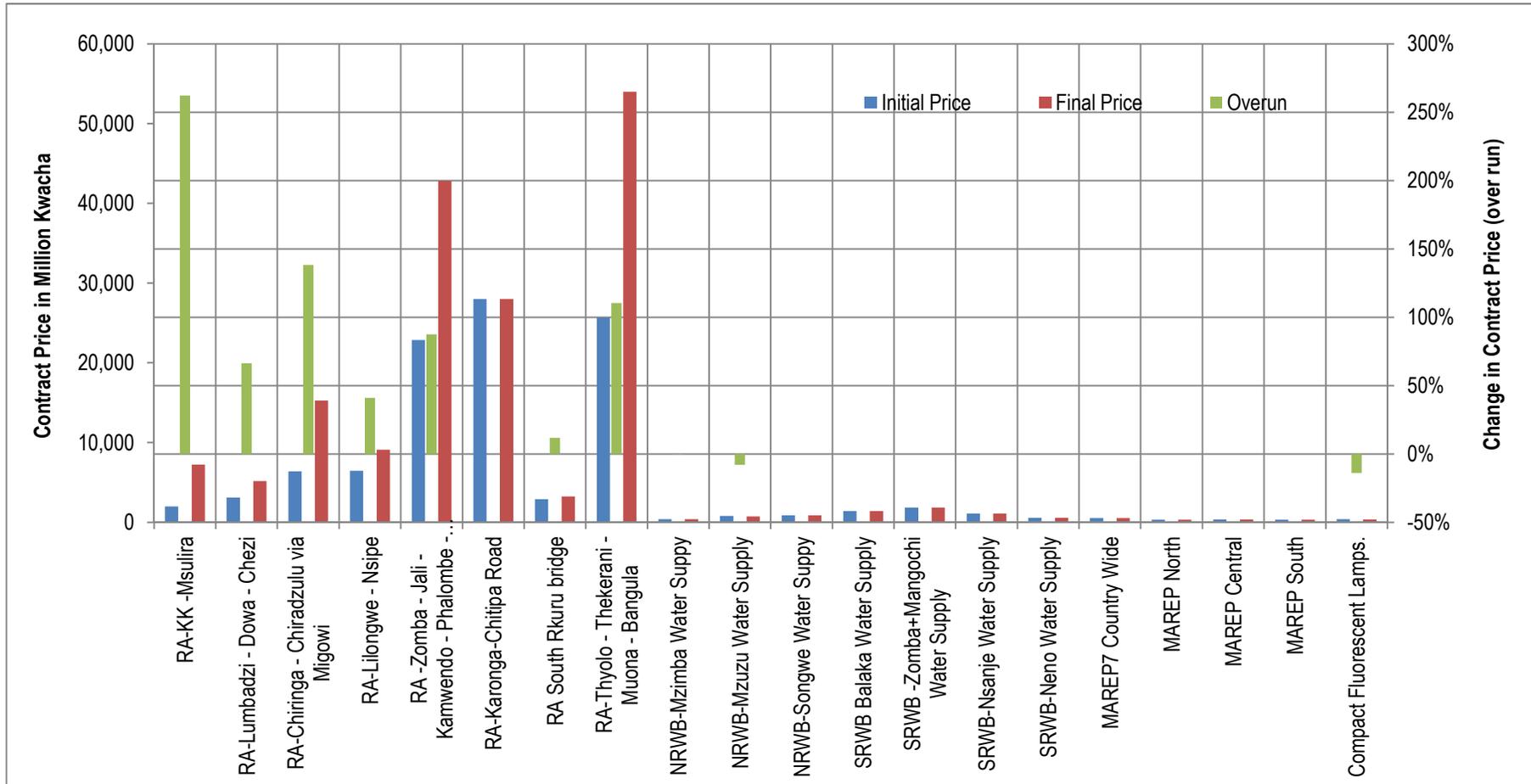


Figure 3-4 Detailed comparison of works contract prices

### 3.2 Analysis of issues of Concern

#### 3.2.1 Delayed funding and suspension of works

Delayed and poor funding to various projects is costing the government a lot of funds. This was especially noted with RA projects where initial estimated costs of various projects under its administration were far much lower than the actual cost of the projects (Figure 3-4). Major claims from contractors on RA projects were due to delayed payments and devaluation of the Kwacha. Cost overruns were very high for most of RA projects as shown in Figure 3-4. For example Roads Authority Nkhotakota Msulira Road has an estimated cost overrun of 262%. It was also noted that projects funded by the government, KFAED, ADFD and BADEA had higher cost overruns than those funded by the World Bank and European Union (Table 3-2, Figure 3-4 and Figure 3-5). The worst case is government funded projects.

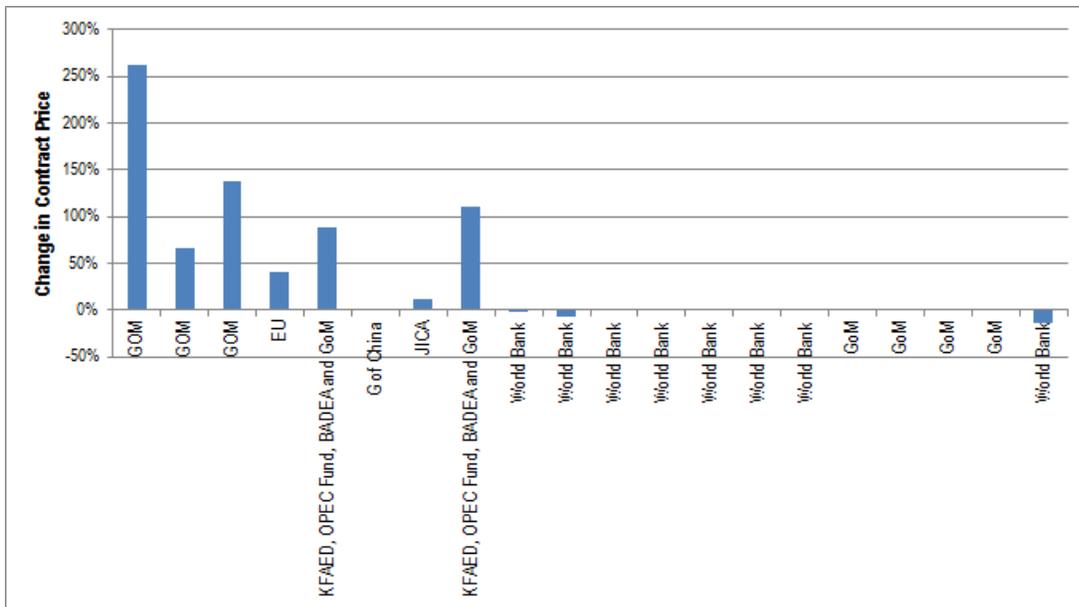


Figure 3-5 Project cost overrun against funding agent

It should also be pointed out from Figure 3-4 that project cost overrun is a function of contract value. Large construction contracts such as those of Roads Authority are experiencing higher cost overruns as opposed to contracts handled by NRWB and SRWB.

Suspension of construction works is a major contributing factor to project cost overrun. For example

Nkhotakota Msulira road works were suspended a year ago after the first contractor Shire Limited had worked on the sub base and base (Figure 3-6). The major works remaining just before suspension of works were priming and bitumen surfacing. Currently erosion has already affected the base and the new contractor China Railway No 5 will have to rework on the base before bitumen surfacing, hence an increase in the cost of the works. Similar case was observed on a number of suspended works such as Zomba-Jali road and Lumbadzi-Dowa-Chezi road.



**Figure 3-6 Typical example of the effect of suspension of works**

All projects under DE, NRWB and SRWB were covered within the estimated period of time and the cost did not exceed the initial estimated cost other than being lower than the initial estimated price.

MHC/Henan Gouji contract is governed by the laws of the Republic of China while the works are being executed in Malawi. One notable concern on this project is that the contract documents and other relevant documents are in Chinese language and the study team could not extract information from the document.

### 3.3 Compliance of PEs to Assurance Study

The following documents were requested from the PEs for extracting information for the study; Bid documents, agreement, bid evaluation report, progress report, award disclosure report and budget document. Document disclosure by NRWB, SRWB and DE was rated high compared with the other participating PEs as detailed in Figure 3-7. NRWB willingly disclosed both hard copies and electronic copies while SRWB relied much on electronic information since they had just moved offices and they

hard not yet reorganised their files. DE also relied much on electronic files since the hard copies had been misplaced. Out of the seven documents requested by the study team, RA only disclosed three documents representing a 43% disclosure rate while MHC had a 0% disclosure rate (Figure 3-7). Few documents disclosed by RA are listed in Table 3-3. The rate of document disclosure could also be used as a measure of compliance of the participating PEs. This shows that NRWB, SRWB, and DE are more willing to participate in Assurance studies than RA and MHC.

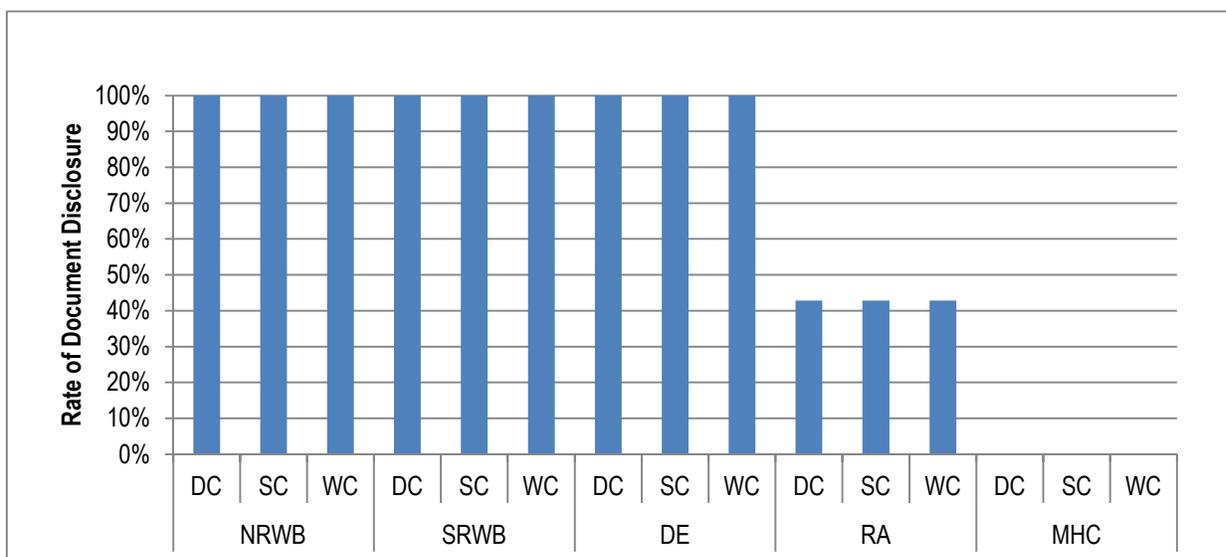


Figure 3-7 Rate of document disclosure by participating PEs

Table 3-3 Documents disclosed by Road Authority

Document	Design Contract	Supervision Contract	Works Contract
Bidding documents	No	No	No
Contract agreement	No	No	No
Bid evaluation report	No	No	No
Progress Report	Yes	Yes	Yes
Award Disclosure Report	No	No	No
Payment Schedule	Yes	Yes	Yes
Budget document	Yes	Yes	Yes

### 3.4 Material Information Disclosure to the Public

Information made available to the public by PEs is detailed in Table 3.9. It was noted that information on scope of works, consultant, contractor, programme and financier is always available from project signboard and public disclosure notice in the public press. A typical example of project signboard is

shown in Figure 3-8. However, crucial information such as changes in the contract price, changes in the scope and changes in the programme is not available to the public.



Figure 3-8 Typical example of project sign board providing information to the public

Table 3-4 Material Information Disclosure to the Public

Project Information		NRWB	SRWB	RA	DE	MHC
Project Identification	Project specification	Yes	Yes	Yes	Yes	Yes
	Purpose	Yes	Yes	Yes	Yes	Yes
	Location	Yes	Yes	Yes	Yes	Yes
	Intended beneficiaries	Yes	Yes	Yes	Yes	Yes
	Feasibility study	No	No	No	No	No
Project Funding	Financing Agreement	Yes	Yes	Yes	Yes	No
	Budget	No	No	No	No	No
	Project cost estimate	No	No	No	No	No
Tender process for the contract for project design	Tender procedure	Yes	Yes	No	Yes	Yes
	Name of main consultant	Yes	Yes	No	Yes	Yes
Tender process for the contract for project supervision	Tender procedure	Yes	Yes	No	Yes	Yes
	Name of main consultant	Yes	Yes	No	Yes	Yes
Tender process for the main contract for works	Tender procedure	Yes	Yes	No	Yes	Yes
	List of tenderers	Yes	Yes	No	Yes	Yes

Project Information		NRWB	SRWB	RA	DE	MHC
	Tender evaluation report	No	No	No	No	No
Details of the contract for project supervision	Contract price	No	No	No	No	No
	Contract scope of work	Yes	Yes	Yes	Yes	Yes
	Contract programme	Yes	Yes	Yes	Yes	Yes
Details of the main contract for works	Contractor name	Yes	Yes	Yes	Yes	Yes
	Contract price	Yes	Yes	Yes	Yes	Yes
	Contract scope of work	Yes	Yes	Yes	Yes	Yes
	Contract programme	Yes	Yes	Yes	Yes	Yes
Execution of the contract for project supervision	Significant changes to contract price, programme, scope with reasons	No	No	No	No	No
Execution of the main contract for works	Individual changes to the contract which affect the price and reasons for those changes	No	No	No	No	No
	Individual changes to the contract which affect the programme and reasons for those changes	No	No	No	No	No
	Details of any re-award of main contract	Yes	Yes	Yes	Yes	No
Post contract completion	Actual contract price	No	No	No	No	No

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<b>Project Information</b>		<b>NRWB</b>	<b>SRWB</b>	<b>RA</b>	<b>DE</b>	<b>MHC</b>
details of the main contract for works	Total payments made	No	No	No	No	No
	Actual contract scope of work	No	No	No	No	No
	Actual contract programme	No	No	No	No	No
	Project evaluation and audit reports	No	No	No	No	No

## CHAPTER 4 Conclusion and Recommendations

### 4.1 Conclusion

The following conclusion can be made following the study by the Assurance Team.

- (a) Public procurement is guided by the Public Procurement Act. PEs generally follows the Public Procurement Act, in the award of contracts for consultants and contractors except where funding is provided by a Cooperating Partner or Multilateral lending institution which requires adherence to its procurement procedures such as the World Bank, African Development Bank and the European Union.
- (b) Further, PEs, operates procedures for contract management to ensure cost quality of work and time are in accordance with the contract. NRWB and SRWB has made full and accurate disclosure of documents showing the procedures it used for the award of the contracts for project as opposed to RA and MHC. Information on procurement is not readily available on Chinese, KFAED, BADEA and ADFD funded projects. Roads Authority and MHC are the only PEs, which had that experience with Chinese, KFAED, BADEA, and ADFD funded projects.
- (c) The study has revealed that delayed funding for infrastructure projects has great impact on the cost of projects. Roads Authority had cost overruns on all the projects as opposed to DE, NRWB and SRWB projects who managed to finish the works within the specified period. NRWB, DE and SRWB had no cost overruns on all their projects.
- (d) The study has also noted that information on scope of works, consultant, contractor, programme and financier is always available to the public from project signboard and public disclosure notice in the public press. However, crucial information such as changes in the contract price, changes in the scope of work, changes in the programme, tender evaluation report, and project evaluation and audit reports is not available to the public. Similar studies in 2010 revealed the same status in terms of disclosure of information to the public indicating that there is no improvement among PEs on disclosure of information to the public.

## **4.2 Recommendations**

The recommendations below are based on the key findings outlined in section 4.1

- (a) There is need to revise the public procurement act to empower PEs to disclose crucial information such as changes in the contract price, changes in the scope of work to the public. The revision of the Act should also empower PEs to follow the public procurement regardless of source of funding for the project.
- (b) The Government should ensure that funding for infrastructure projects is available on time to avoid cost overrun as evidenced on Nkhotakota-Msulira road and Lumbadzi-Dowa-Chezi road.
- (c) Based on the study findings there is great need for a comprehensive study on limited number of projects from different PEs on the impact of the project information released to the public. The study should aim at establishing whether the public is aware and understands the information released into the public domain regarding construction projects.

**Annex A: Disclosure Reports**

**Annex A1: NRWB – Mzimba Water Supply, Mzuzu water Supply and Songwe Water Supply**

Procuring Entity:	Northern Region Water Board		
Project:	Mzimba Water Supply	Mzuzu Water Supply	Songwe Water Supply
<b>For the Contract for Project Design:</b>			
Number of companies expressing interest:	In house Design	20	No Eol
Number of companies short listed:	N/A	6	N/A
Number of companies bidding:	N/A	4	5
Winning bidder:	N/A	Metaferia	Eng J Chagunda
Tender process ICB or NCB and QCBS:	N/A	QCBS	QCBS for Individuals
Estimated length of project <i>in months</i> .	N/A	9	15
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes	Yes	Yes
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	N/A	9	15
Major Challenges	None	None	None
Design Status	Complete	Complete	Complete
Initial Estimated price	N/A	\$275,465.63	\$98,845.00
Price at contract completion	N/A	\$275,465.63	\$68,712.62
Instances of re-award for design	None	None	None
<b>For the Contract for Project Supervision:</b>			
Number of companies expressing interest:	In house Supervision	26	In house Supervision
Number of companies short listed:	N/A	6	N/A
Number of companies bidding:	N/A	4	N/A
Winning bidder:	N/A	Metaferia	N/A
Tender process ICB or NCB and QCBS:	N/A	QCBS	N/A
Estimated length of project <i>in months</i> .	N/A	18	N/A
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	N/A	18	N/A
Major Challenges	None	None	None
Status	Complete	Complete	60 % Complete
Initial Estimated price	None	\$642,250.00	None
Price at contract completion	None	\$615,938.00	None
Instances of re-award for design	None	None	None
<b>For the Contract of Works:</b>			
Number of companies expressing interest:	No Eol	No Eol	No Eol

Procuring Entity:	Northern Region Water Board		
Project:	Mzimba Water Supply	Mzuzu Water Supply	Songwe Water Supply
Number of companies short listed:	N/A	N/A	N/A
Number of companies bidding:	8	7	6
Winning bidder:	PLEM	PLEM	PLEM
Tender process ICB or NCB and QCBS:	NCB	ICB	NCB
Estimated length of project <i>in months</i> .	12	18	12
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	8	18	12
Major Challenges	None	None	None
Status	Complete	Complete	60 % Complete
Initial Estimated price	MWK 394,305,923.67	MWK 788,317,944.30	MWK 851,290,810.00
Price at contract completion	MWK 393,547,604.55	MWK 725,598,611.26	MWK 851,290,810.00
Instances of re-award for design	None	None	None
<b>Formal instructions to remedy defective works:</b>			
Number of those issued	None	None	None
Value of those issued	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>			
Initial scope of project:	Construction of reinforced concrete intake weir and supply and installation of 315 mm diameter uPVC and DI pipes covering 12 km	Supply and Installation of 90 km long pipeline with diameters ranging from 90 mm to 400mm	Supply of materials and construction of dosing building, 16.4km pipeline with diameters ranging from 50mm to 200mm, 500m <sup>3</sup> pressed steel tank, water connection materials for 350 connections, 7No communal water points, 4No borehole and pumps and pipework and other related works.
Final scope of project and reasons for changes:	No Change	No Change	5 No borehole instead of 4 No boreholes. An additional bore was required since the 4 boreholes could not meet the required volume of water expected for the scheme
<b>Comments (including explanation of missing data):</b>			
NRWB granted the study team full access to all project documents ranging from project proposal, tender evaluation reports, payment certificates, contract documents and public disclosure reports. The information was both in electronic and hard copy format.			

**Annex A2: SRWB – Balaka Water Supply, Zomba & Mangochi Water Supply, Nsanje Water Supply and Neno Water Supply**

Procuring Entity:	Southern Region Water Board			
Project:	Balaka Water Supply	Zomba+Mangochi Water Supply	Nsanje Water Supply	Neno Water Supply
<b>For the Contract for Project Design:</b>				
Number of companies expressing interest:	In house Design	10	13	In house Design
Number of companies short listed:	N/A	6	6	N/A
Number of companies bidding:	N/A	6	4	N/A
Winning bidder:	N/A	Stewart Scott International	IGIP and TCP	N/A
Tender process ICB or NCB and QCBS:	N/A	QCBS	QCBS	N/A
Estimated length of project <i>in months</i> .	N/A	12	12	N/A
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes	Yes	Yes	Yes
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	N/A	21	18	N/A
Major Challenges	None	In adequate staffing from consultant	Consultant delayed in submitting final report	None
Design Status	Complete	Complete	Complete	Complete
Initial Estimated price		MWK 122,476,309.09	\$198,283.00	
Price at contract completion		MWK 122,476,309.09	\$198,283.00	
Instances of re-award for design	None	None	None	None
<b>For the Contract for Project Supervision:</b>				
Number of companies expressing interest:	18	No Eol	18	No Eol
Number of companies short listed:	6	N/A	6	N/A
Number of companies bidding:	5	Direct Contracting of the designer	6	7
Winning bidder:	CEC in Association with Ruo	SSI and Willy & Partners	IGIP and TCP	Eng J Chagunda
Tender process ICB or NCB and QCBS:	QCBS	Direct Contracting of the designer	QCBS	QCBS
Estimated length of project <i>in months</i> .	12	12	12	12
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	12	9	12	12
Major Challenges	None	Delay of consultant in issuing instructions to contractor and poor working relationship between contractor and	None	None

Procuring Entity:	Southern Region Water Board			
Project:	Balaka Water Supply	Zomba+Mangochi Water Supply	Nsanje Water Supply	Neno Water Supply
		consultant		
Status	90% Complete	70% Complete	Completed	70% Complete
Initial Estimated price	\$194,591.00		\$276,076.00	\$97,625.00
Price at contract completion	\$194,591.00		\$276,076.00	\$97,625.00
Instances of re-award for design	None	Yes, contract was terminated and awarded to IGIP at the cost of EURO131,260.00 and contract period of 7 months up to July 2014	None	None
<b>For the Contract of Works:</b>				
Number of companies expressing interest:	No Eol	No Eol	No Eol	No Eol
Number of companies short listed:	N/A	N/A	N/A	N/A
Number of companies bidding:	3	9	3	7
Winning bidder:	Aquabor International	Offshore Infrastructure	Aquabor International Ltd	Malbro International
Tender process ICB or NCB and QCBS:	ICB	ICB	ICB	NCB
Estimated length of project <i>in months</i> .	12	12	12	12
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	12	15	12	12
Major Challenges	None	Lack of proper equipment from the contractor resulting in extension without cost	None	None
Status	90% Complete	70% Complete	Complete	70% Complete
Initial Estimated price	MWK 1,400,788,391.09	MWK 1,864,279,849.17	MWK 1,100,684,047.00	MWK 558,076,567.00
Price at contract completion	MWK 1,400,788,391.09	MWK 1,864,279,849.17	MWK 1,100,684,047.00	MWK 558,076,567.00
Instances of re-award for design	None	None	None	None
<b>Formal instructions to remedy defective works:</b>				
Number of those issued	None	None	None	None
Value of those issued	N/A	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A	N/A

Procuring Entity:	Southern Region Water Board			
Project:	Balaka Water Supply	Zomba+Mangochi Water Supply	Nsanje Water Supply	Neno Water Supply
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>				
Initial scope of project:	Sitting and drilling 6 No boreholes, Transmission line 3.8km, reinforced concrete tank 1500 m <sup>3</sup> and distribution network 23km, 2 No pressure filters and auxiliary buildings	Zomba - Construction of 8.5km Songani gavity line and replacement of 34.275km minor distribution lines and 4.8km major supply line to booster station. Mangochi - upgrading of intake works, construction of 4 elevated steel tanks, laying of major(28km) and minor distribution lines (25.506km)	Siting and drilling of 6 No boreholes, concrete reservoirs of 450m <sup>3</sup> and 250m <sup>3</sup> , 1.944km transmission network, distribution line of 32.42km and administration block	Siting and drilling of 4No boreholes, transmission main 110 mm diameter and distribution line 10.632km and an elevated steel tank (300m <sup>3</sup> ) and auxiliary building.
Final scope of project and reasons for changes:	No Change	No Change	No Change	No Change
<b>Comments (including explanation of missing data):</b>				
SRWB granted the study team full access to all project documents ranging from project proposal, tender evaluation reports, payment certificates, contract documents and public disclosure reports. The information was in electronic format				

**Annex A3: MHC – Ngumbe Housing and Guoji Dream Town**

Procuring Entity:	Malawi Housing Corporation	
Project:	Ngumbe Housing Project	Gujoi Dream Town
<b>For the Contract for Project Design:</b>		
Number of companies expressing interest:	In house Design	In house Design
Number of companies short listed:	N/A	N/A
Number of companies bidding:	N/A	N/A
Winning bidder:	N/A	N/A
Tender process ICB or NCB and QCBS:	N/A	N/A
Estimated length of project <i>in months</i> .	N/A	N/A
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)		
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.		
Major Challenges		
Design Status		
Initial Estimated price		
Price at contract completion		
Instances of re-award for design		
<b>For the Contract for Project Supervision:</b>		
Number of companies expressing interest:	In house Design	In house Design
Number of companies short listed:	N/A	N/A
Number of companies bidding:	N/A	N/A
Winning bidder:	N/A	N/A
Tender process ICB or NCB and QCBS:	N/A	N/A
Estimated length of project <i>in months</i> .	N/A	N/A
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.		
Major Challenges		
Status		
Initial Estimated price		
Price at contract completion		
Instances of re-award for design		
<b>For the Contract of Works:</b>		
Number of companies expressing interest:	In house Design	In house Design
Number of companies short listed:	N/A	N/A

Procuring Entity:	Malawi Housing Corporation	
Project:	Ngumbe Housing Project	Guoji Dream Town
Number of companies bidding:	N/A	N/A
Winning bidder:	N/A	N/A
Tender process ICB or NCB and QCBS:	N/A	N/A
Estimated length of project <i>in months</i> :	N/A	N/A
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project:		
Major Challenges		
Status	Complete	
Initial Estimated price	MWK 179,938,000.00	
Price at contract completion		
Instances of re-award for design		
<b>Formal instructions to remedy defective works:</b>		
Number of those issued	None	None
Value of those issued	N/A	N/A
Number of those implemented	N/A	N/A
Value of those implemented	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A
<b>Changes to the scope of the project:</b>		
Initial scope of project:	Construction of 10 No houses in Ngumbe	Construction of 700No houses in Area 49 in Lilongwe
Final scope of project and reasons for changes:		
<b>Comments (including explanation of missing data):</b>		
	Project documents were not readily available	Documents disclosed were in Chinese language and the study team could not extract any information from the documents

## Annex A4: Department of Energy – Construction of Overhead Power Lines

Procuring Entity:	Department of Energy		
Project:	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Country wide (One contract per District)	Construction of Overhead Power Lines, Substations and Service Connections – Chitipa , Karonga, Rumphi and Mzimba ( under MAREP)	Construction of Overhead Power Lines, Substations and Service Connections – Dowa, Lilongwe, Mchinji and Dedza
<b>For the Contract for Project Design:</b>			
Number of companies expressing interest:	In house Design	In house Design	In house Design
Number of companies short listed:	N/A	N/A	N/A
Number of companies bidding:	N/A	N/A	N/A
Winning bidder:	N/A	N/A	N/A
Tender process ICB or NCB and QCBS:	N/A	N/A	N/A
Estimated length of project <i>in months</i> .	N/A	N/A	N/A
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes	Yes	Yes
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	N/A	N/A	N/A
Major Challenges	None	None	None
Design Status	Complete	Complete	Complete
Initial Estimated price	N/A	N/A	N/A
Price at contract completion	N/A	N/A	N/A
Instances of re-award for design	N/A	N/A	N/A
<b>For the Contract for Project Supervision:</b>			
Number of companies expressing interest:	In house Supervision	In house Supervision	In house Supervision
Number of companies short listed:	N/A	N/A	N/A
Number of companies bidding:	N/A	N/A	N/A
Winning bidder:	N/A	N/A	N/A
Tender process ICB or NCB and QCBS:	N/A	N/A	N/A
Estimated length of project <i>in months</i> .	N/A	N/A	N/A
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	N/A	N/A	N/A
Major Challenges	None	None	None
Status	On going	On going	On going
Initial Estimated price			

Procuring Entity:	Department of Energy		
Project:	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Country wide (One contract per District)	Construction of Overhead Power Lines, Substations and Service Connections – Chitipa , Karonga, Rumphi and Mzimba ( under MAREP)	Construction of Overhead Power Lines, Substations and Service Connections – Dowa, Lilongwe, Mchinji and Dedza
Price at contract completion			
Instances of re-award for design	None	None	None
<b>For the Contract of Works:</b>			
Number of companies expressing interest:	No Eol	No Eol	No Eol
Number of companies short listed:	N/A	N/A	N/A
Number of companies bidding:	1	4	4
Winning bidder:	ESCOM	Musawanika	Su-Kam
Tender process ICB or NCB and QCBS:	Single Sourcing	NCB	NCB
Estimated length of project <i>in months</i> .	7	11	11
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	11	On going	on going
Major Challenges	None	None	None
Status	85%	Complete	Complete
Initial Estimated price	MWK 533,455,621.00	MK317,437,224.83	MWK 350,000,000.00
Price at contract completion	No chnges expected	MK317,437,224.83	MWK 350,000,000.00
Instances of re-award for design	None	None	None
<b>Formal instructions to remedy defective works:</b>			
Number of those issued	None	None	None
Value of those issued	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>			
Initial scope of project:	Construction of Overhead Power Lines, Substations and Service Connections	Construction of Overhead Power Lines, Substations and Service Connections	Construction of Overhead Power Lines, Substations and Service Connections
Final scope of project and reasons for changes:	None	None	None
<b>Comments (including explanation of missing data):</b>			

Procuring Entity:	Department of Energy		
Project:	Construction of Overhead Power Lines, Substations and Service Connections under MAREP - Country wide (One contract per District)	Construction of Overhead Power Lines, Substations and Service Connections – Chitipa , Karonga, Rumphi and Mzimba ( under MAREP)	Construction of Overhead Power Lines, Substations and Service Connections – Dowa, Lilongwe, Mchinji and Dedza
Most of the information (Actual hard copies) have been misplaced by the PE and the custodians rely much on Electronic Copies or solicit information that was sent to other organisations such as ODPP.			

**Annex A5: Department of Energy – Construction of Overhead Power Lines, Supply of Compact Fluorescent Lamps and Wind Mapping**

Procuring Entity:	Department of Energy		
Project:	Construction of Overhead Power Lines, Substations and Service Connections under MAREP 7-Chikhwawa, Nsanje, Blantyre and NENO	Compact Fluorescent Lamps.	Wind Mapping in Malawi
<b>For the Contract for Project Design:</b>			
Number of companies expressing interest:	In house Design	Supply contract no need for design	31
Number of companies short listed:	N/A		6
Number of companies bidding:	N/A		6
Winning bidder:	N/A		Grontmij A/S
Tender process ICB or NCB and QCBS:	N/A		ICB
Estimated length of project <i>in months</i> .	N/A		30
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes		None
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	N/A		Ongoing
Major Challenges	None		None
Design Status	Complete		70%
Initial Estimated price	N/A		
Price at contract completion	N/A		EURO 787, 909.53
Instances of re-award for design	None		
<b>For the Contract for Project Supervision:</b>			
Number of companies expressing interest:	In house Supervision	In house Supervision	N/A
Number of companies short listed:	N/A	N/A	N/A
Number of companies bidding:	N/A	N/A	N/A
Winning bidder:	N/A	N/A	N/A
Tender process ICB or NCB and QCBS:	N/A	N/A	N/A
Estimated length of project <i>in months</i> .	N/A	N/A	N/A
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	N/A	N/A	N/A
Major Challenges	None	None	N/A
Status	Complete	Complete	
Initial Estimated price			N/A

Procuring Entity:	Department of Energy		
Project:	Construction of Overhead Power Lines, Substations and Service Connections under MAREP 7-Chikhwawa, Nsanje, Blantyre and NENO	Compact Fluorescent Lamps.	Wind Mapping in Malawi
Price at contract completion	N/A	N/A	N/A
Instances of re-award for design	N/A	N/A	N/A
<b>For the Contract of Works:</b>			
Number of companies expressing interest:	No Eol	35	N/A
Number of companies short listed:	N/A	8	N/A
Number of companies bidding:	3	4	N/A
Winning bidder:	GIC Engineering	Phillips SA	N/A
Tender process ICB or NCB and QCBS:	NCB	ICB	N/A
Estimated length of project <i>in months</i> .	11	6 weeks	N/A
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	11	6 Weeks	N/A
Major Challenges	None	None	N/A
Status	Complete	Complete	N/A
Initial Estimated price	MK329,850,297.00	MK400,000,000.00	N/A
Price at contract completion		Mk 344,065,182.97	N/A
Instances of re-award for design	None	None	N/A
<b>Formal instructions to remedy defective works:</b>			
Number of those issued	N/A	None	N/A
Value of those issued	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>			
Initial scope of project:	Construction of Overhead Power Lines, Substations and Service Connections	Supply of Compact Fluorescent Lamps.	Wind Mapping in Malawi
Final scope of project and reasons for changes:	No Change	No Change	No Change
<b>Comments (including explanation of missing data):</b>			
Most of the information (Actual hard copies) have been misplaced by the PE and the custodians rely much on Electronic Copies or solicit information that was sent to other organisations such as ODPP.			

### Annex A6: Roads Authority – Karonga Chitipa Road, South Rukuru Bridge and Jenda-Edingeni Road

Procuring Entity:	Roads Authority		
Project:	Karonga - Chitipa Road	South Rukuru river Bailey bridge	Jenda - Edingeni Road
<b>For the Contract for Project Design:</b>			
Number of companies expressing interest:	Bidding was done in donor country	Bidding was done in donor country	
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:	CCCC Highway Company		David Consulting Engineer
Tender process ICB or NCB and QCBS:			QCBS
Estimated length of project <i>in months</i> .			12
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes		Yes
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.			
Major Challenges			
Design Status			
Initial Estimated price			
Price at contract completion			
Instances of re-award for design	None	None	None
<b>For the Contract for Project Supervision:</b>			
Number of companies expressing interest:	Bidding was done in donor country	Bidding was done in donor country	
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:	Shemyang North East Build	Central consultant inc.	Pamodzi and Group
Tender process ICB or NCB and QCBS:			
Estimated length of project <i>in months</i> .	48	22	24
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	50	27	
Major Challenges		None	None
Status	In defects liability	Complete	Ongoing
Initial Estimated price		¥110,210,000.00	\$1,187,707.50
Price at contract completion		¥132,000,000.00	Expected to extend due to delayed payments
Instances of re-award for design	None	None	None
<b>For the Contract of Works:</b>			
Number of companies expressing interest:	Bidding was done in donor country	Bidding was done in donor country	10
Number of companies short listed:			5
Number of companies bidding:			4
Winning bidder:	China Road and Bridge CORPORATION	Dai Nippon	China Railway no 5

Procuring Entity:	Roads Authority		
Project:	Karonga - Chitipa Road	South Rukuru river Bailey bridge	Jenda - Edingeni Road
Tender process ICB or NCB and QCBS:			
Estimated length of project <i>in months</i> .	50	22	12
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.		27	Expected to extend due to delayed payments
Major Challenges	Delayed payments	None	
Status	Complete	Complete	Ongoing
Initial Estimated price	\$70,000,000.00	¥741,620,000.00	MKW2,357,231,749.65
Price at contract completion	\$70,000,000.00	¥829,620,000.00	Expected to extend due to delayed payments
Instances of re-award for design	None	None	None
<b>Formal instructions to remedy defective works:</b>			
Number of those issued	None	None	None
Value of those issued	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>			
Initial scope of project:	Upgrading of 101 km earth road to bitumen class 1 standard including construction of bridges and associated works	Construction of a prestressed concrete bridge over south rukuru river	Upgrading of 52 km earth road to bitumen class 1 standard including construction of bridges and associated works. The first phase is 15 km stretch from Jenda to Chinjoka
Final scope of project and reasons for changes:			
<b>Comments (including explanation of missing data):</b>			
Tender evaluation reports were not accessed by the study team; hence information on procurement such as number of bidders is missing. The information provided in this disclosure report was accessed from RA planning office through progress reports.			

## Annex A7: Roads Authority – Msulira Road

Procuring Entity:	Roads Authority	
Project:	Msulira - Nkhotakota Game Reserve (Shire Contract)	Msulira - Nkhotakota Game Reserve (China Railway Contract)
<b>For the Contract for Project Design:</b>		
Number of companies expressing interest:	Rehabilitation works hence works were based on existing road alignment. No need for design	Rehabilitation works hence works were based on existing road alignment. No need for design
Number of companies short listed:		
Number of companies bidding:		
Winning bidder:		
Tender process ICB or NCB and QCBS:		
Estimated length of project <i>in months</i> :		
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)		
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.		
Major Challenges		
Design Status		
Initial Estimated price		
Price at contract completion		
Instances of re-award for design		
<b>For the Contract for Project Supervision:</b>		
Number of companies expressing interest:	No Eol	No Eol
Number of companies short listed:	N/A	N/A
Number of companies bidding:	5	5
Winning bidder:	Bua	Bua
Tender process ICB or NCB and QCBS:	QCBS	QCBS
Estimated length of project <i>in months</i> :	24	12
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	Expected to exceed 40 months due to delayed payment	Expected to exceed 12 months due to delayed payment
Major Challenges	Delayed payments from financier	Delayed payments from financier
Status	Suspended	Works have been suspended due to lack of funding from government
Initial Estimated price	MWK 159,361,785.71	MWK 106,833,988.80
Price at contract completion	Expected to exceed original sum due to delayed payments resulting in timre ralated charges and interest	Expected to exceed original sum due to delayed payments resulting in timre ralated charges and interest
Instances of re-award for design	None	None
<b>For the Contract of Works:</b>		
Number of companies expressing interest:	No Eol	No Eol
Number of companies short listed:	N/A	N/A
Number of companies bidding:		2
Winning bidder:	Shire	China Railway 5
Tender process ICB or NCB and QCBS:		NCB
Estimated length of project <i>in months</i> :	24	12

Procuring Entity:	Roads Authority	
Project:	Msulira - Nkhotakota Game Reserve (Shire Contract)	Msulira - Nkhotakota Game Reserve (China Railway Contract)
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.		
Major Challenges	Delayed payments	Delayed payments
Status	Contract has been terminated due to non payments and extensive delays. Final sum almost twice initial sum due to changes in the price of materials	Suspended
Initial Estimated price	MWK 2,000,000.00	MWK 3,160,317,395.99
Price at contract completion	MWK 4,085,292,483.62	Expected to exceed original sum due to delayed payments resulting in time related charges and interest
Instances of re-award for design	Contract has been awarded to China Railway	None
<b>Formal instructions to remedy defective works:</b>		
Number of those issued	None	None
Value of those issued	N/A	N/A
Number of those implemented	N/A	N/A
Value of those implemented	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A
<b>Changes to the scope of the project:</b>		
Initial scope of project:	Rehabilitation of 33 km of failed section of Nkhotakota Kasungu road in Nkhotakota game reserve	Rehabilitation of 33 km of failed section of Nkhotakota Kasungu road in Nkhotakota game reserve
Final scope of project and reasons for changes:		
<b>Comments (including explanation of missing data):</b>		
Tender evaluation reports were not accessed by the study team; hence information on procurement such as number of bidders is missing. The information provided in this disclosure report was accessed from RA planning office through progress reports.		

**Annex A8: Roads Authority – Lumbadzi Dowa Chezi Road, Chiringa Chiradzulu Road, Lilongwe Nsipe M1 Road**

Procuring Entity:	Roads Authority		
Project:	Lumbadzi - Dowa – Chezi	Chiringa - Chiradzulu via Migowi	Lilongwe - Nsipe
<b>For the Contract for Project Design:</b>			
Number of companies expressing interest:			Rehabilitation works hence works was based on existing road alignment. No need for design
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:	Mphinzi	EMC Jatula & Connex	
Tender process ICB or NCB and QCBS:	NCB+QCBS	NCB+QCBS	
Estimated length of project <i>in months</i> .			
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes	Yes	
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	12 Months	6 Months	
Major Challenges	None	None	
Design Status			
Initial Estimated price			
Price at contract completion			
Instances of re-award for design	None	None	
<b>For the Contract for Project Supervision:</b>			
Number of companies expressing interest:	No EoI		
Number of companies short listed:	N/A		
Number of companies bidding:	6		
Winning bidder:	Royal Associates	EMC Jatula/ Connex	Gauff
Tender process ICB or NCB and QCBS:	NCB+QCBS	NCB+QCBS	ICB+QCBS
Estimated length of project <i>in months</i> .	36	40	50
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	Expected to exceed 60 months due to delayed payment	Expected to exceed 60 months due to delayed payment	54
Major Challenges	Delayed payments	Delayed payments	Delayed payments from financier
Status	Ongoing	Ongoing	Complete
Initial Estimated price	MWK 144,326,952.00	MWK 188,000,000.00	MWK 422,137,102.20
Price at contract completion	MWK 332,972,854.00	MWK 862,063,235.43	MWK 422,137,102.20

Procuring Entity:	Roads Authority		
Project:	Lumbadzi - Dowa – Chezi	Chiringa - Chiradzulu via Migowi	Lilongwe - Nsipe
Instances of re-award for design	None	None	None
<b>For the Contract of Works:</b>			
Number of companies expressing interest:		No EoI	
Number of companies short listed:		N/A	
Number of companies bidding:		4	
Winning bidder:	Cilcon	Mota Engil	Mota Engil
Tender process ICB or NCB and QCBS:	NCB	ICB	ICB
Estimated length of project <i>in months</i> .	36	40	50
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	Expected to exceed 60 months due to delayed payment	Expected to exceed 60 months due to delayed payment	54
Major Challenges	Delayed payments	Delayed payments	Devaluation of the kwacha and changes in the cost of materials as well as delayed payments and fuel shortage
Status	Ongoing	Ongoing	Complete
Initial Estimated price	MWK 3,100,000,000.00	MWK 6,400,000,000.00	MWK 6,448,184,776.80
Price at contract completion	MWK 5,156,693,977.46	MWK 15,251,618,125.32	MWK 9,090,000,000.00
Instances of re-award for design	None	None	None
<b>Formal instructions to remedy defective works:</b>			
Number of those issued	None	None	None
Value of those issued	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>			
Initial scope of project:	Upgrading of 39 km of earth road to bitumen class 1 standard including bridges and associated works	upgrading of 80 km earth road to class1 and class2 bitumen standard including construction of new bridges and associated works	Rehabilitation of M1 road from Lilongwe to Nsipe to bitumen class 1 standard
Final scope of project and reasons for changes:			

Procuring Entity:	Roads Authority		
Project:	Lumbadzi - Dowa – Chezi	Chiringa - Chiradzulu via Migowi	Lilongwe - Nsipe
<b>Comments (including explanation of missing data):</b>			
Tender evaluation reports were not accessed by the study team; hence information on procurement such as number of bidders is missing. The information provided in this disclosure report was accessed from RA planning office through progress reports.			

**Annex A9: Roads Authority – Zomba- Blantyre Road, Lilongwe City West Bypass and Mzimba-Mzlangwe Road**

Procuring Entity:	Roads Authority		
Project:	Zomba - Blantyre Road	Lilongwe City West Bypass	Mzimba – Mzlangwe
<b>For the Contract for Project Design:</b>			
Number of companies expressing interest:			
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:	David Consulting Engineer	EMC Jatula	Connex
Tender process ICB or NCB and QCBS:	NCB+ QCBS	NCB+QCBS	NCB+QCBS
Estimated length of project <i>in months</i> .	12	12	12
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes	Yes	Yes
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.			
Major Challenges			
Design Status	Complete	Complete	Complete
Initial Estimated price	\$1,078,000.00		
Price at contract completion			
Instances of re-award for design	None	None	None
<b>For the Contract for Project Supervision:</b>			
Number of companies expressing interest:			
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:	David Consulting Engineer	Gauff	Bua
Tender process ICB or NCB and QCBS:	QCBS	QCBS	QCBS
Estimated length of project <i>in months</i> .	24	12	36
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	28	Expected to change due delayed payments	Expected to exceed 60 Months

Procuring Entity:	Roads Authority		
Project:	Zomba - Blantyre Road	Lilongwe City West Bypass	Mzimba – Mzlangwe
Major Challenges	Delayed payments from financier especially government	Delayed payments from financier especially government component	Delayed payments resulting in extended period of project
Status	Ongoing	Ongoing	Ongoing
Initial Estimated price		MWK 255,431,074.50	MWK 184,829,800.00
Price at contract completion	Expected to change due delayed payments resulting in accumulated interest and time related changes	Expected to change due delayed payments resulting in accumulated interest and time related changes	Expected to change due delayed payments resulting in accumulated interest and time related changes
Instances of re-award for design	None	None	None
<b>For the Contract of Works:</b>			
Number of companies expressing interest:	No Eol	No Eol	No Eol
Number of companies short listed:	N/A	N/A	N/A
Number of companies bidding:	5	10	
Winning bidder:	Mota Engil	Mota Engil	Fargo
Tender process ICB or NCB and QCBS:	ICB	ICB	NCB
Estimated length of project <i>in months</i> .	24	18	36
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.	28	Expected to extend	60
Major Challenges	Delayed payments from Financier especially Malawi government Component	Delayed payments from financier especially Malawi government component	Delayed payments resulting in extended period of project
Status	Ongoing	Ongoing	Ongoing
Initial Estimated price	MWK 5,444,901,295.90	MWK 4,141,000,000.00	MWK 7,126,974,102.55
Price at contract completion	Slight Change is Expected	Expected to change due delayed payments resulting in accumulated interest and time related changes	Expected to change due delayed payments resulting in accumulated interest and time related changes
Instances of re-award for design	None	None	None
<b>Formal instructions to remedy defective works:</b>			
Number of those issued	None	None	None
Value of those issued	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A

Procuring Entity:	Roads Authority		
<b>Project:</b>	<b>Zomba - Blantyre Road</b>	<b>Lilongwe City West Bypass</b>	<b>Mzimba – Mzlangwe</b>
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>			
Initial scope of project:	Rehabilitastion of 60 km existing road to bitumen class 1 including new bridges and drainage facilities	Construction of 13 km bitumen class 1 standard new road and associated works	Upgrading of existing 32 km earth road to bitumen class 1 & 2 and associated works
Final scope of project and reasons for changes:	No change to initial scope	No change to initial scope	No change to initial scope
<b>Comments (including explanation of missing data):</b>			
Tender evaluation reports were not accessed by the study team; hence information on procurement such as number of bidders is missing. The information provided in this disclosure report was accessed from RA planning office through progress reports.			

### Annex A10: Roads Authority – Liwonde-Naminga Road, Zomba-Jali and Thyolo-Bangula road

Procuring Entity:	Roads Authority		
<b>Project:</b>	Liwonde - Naminga Road	Zomba - Jali - Kamwendo - Phalombe - Chitakale Road	Thyolo - Thekerani - Muona – Bangula
<b>For the Contract for Project Design:</b>			
Number of companies expressing interest:			
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:	Gibb Africa	Unitech	David Consulting Engineers
Tender process ICB or NCB and QCBS:	QCBS	QCBS	
Estimated length of project <i>in months</i> .	12	12	12
Environmental Impact and Resettlement covered under design phase(Yes/No and Reason)	Yes	Yes	Yes
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.			
Major Challenges	Original design by Unitech was expensive for the client	Delayed payments from financier	Delayed payments from financier
Design Status	Ongoing	Complete	Complete
Initial Estimated price	\$1,108,368.55		\$2,166,500.00
Price at contract completion	\$1,108,368.55		\$2,166,500.00
Instances of re-award for design	Project is under design review by Gibb Africa to come up with a less costly design as opposed to the original design by Unitech	None	None
<b>For the Contract for Project Supervision:</b>			
Number of companies expressing interest:			
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:		SMDEC & Romana	David
Tender process ICB or NCB and QCBS:			
Estimated length of project <i>in months</i> .		24	36
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.		Yes	

Procuring Entity:	Roads Authority		
Project:	Liwonde - Naminga Road	Zomba - Jali - Kamwendo - Phalombe - Chitakale Road	Thyolo - Thekerani - Muona – Bangula
Major Challenges		Delayed payments	Delayed payments
Status	Works were suspended pending design review by Gibb Africa since the original design done by Unitech has proved to be expensive	Ongoing	Ongoing
Initial Estimated price		MWK 102,300,656.25	\$2,166,500.00
Price at contract completion		Expected to change due delayed payments resulting in accumulated interest and time related changes	Expected to change due delayed payments resulting in accumulated interest and time related changes
Instances of re-award for design		None	None
<b>For the Contract of Works:</b>			
Number of companies expressing interest:			
Number of companies short listed:			
Number of companies bidding:			
Winning bidder:	MA Kharafi	MA Kharafi	MA Kharafi
Tender process ICB or NCB and QCBS:	LIB	LIB	LIB
Estimated length of project <i>in months</i> .		36	36
Actual length of project (commencement date to completion date) <i>in months</i> at completion of project.		60	Expected to change
Major Challenges	Non payment	Delayed payments	Deficit in funding because available funds are USD 57.25 million against estimated of USD 135 million. Loan still not yet approved by Malawi Parliament.
Status	Works were suspended pending design review by Gibb Africa since the original design done by Unitech has proved to be expensive	75% was completed before suspension but deterioration has occurred. Reworking on 22 Km subgrade and subbase pavement layers, rework 61 km base course and surface 88.5 km carriageway	Ongoing
Initial Estimated price	\$22,680,000.00	\$57,100,000.00	\$64,145,514.57
Price at contract completion	Expected to change due to lapse of time	\$107,000,000.00	\$135,000,000.00
Instances of re-award for design	None	None	None
<b>Formal instructions to remedy defective works:</b>			

<b>Procuring Entity:</b>	<b>Roads Authority</b>		
<b>Project:</b>	Liwonde - Naminga Road	Zomba - Jali - Kamwendo - Phalombe - Chitakale Road	Thyolo - Thekerani - Muona – Bangula
Number of those issued	N/A	N/A	N/A
Value of those issued	N/A	N/A	N/A
Number of those implemented	N/A	N/A	N/A
Value of those implemented	N/A	N/A	N/A
Any other recorded indication of the contractor failing to meet the specification, listing the source of the information and a brief comment on the nature and severity of the failure:	N/A	N/A	N/A
<b>Changes to the scope of the project:</b>			
Initial scope of project:	Upgrading of 25 km earth road to bitumen class 1 standard. Construction of bridges and associated works	Upgrading of 102 km earth road to bitumen class 1 standard. Construction of bridges and associated works	Upgrading of 82 km earth road to bitumen class 1 standard. Construction of bridges and associated works
Final scope of project and reasons for changes:	Initial design by Unitech was costly and now the design is still under review. Focus on the review is to reduce cuts but cost is likely to remain same or go higher due to time lapse and increasing material costs.	No Change	No Change
<b>Comments (including explanation of missing data):</b>			
Tender evaluation reports were not accessed by the study team; hence information on procurement such as number of bidders is missing. The information provided in this disclosure report was accessed from RA planning office through progress reports			

**Annex B: Photo Gallery**

**Annex B1: NRWB – Mzimba Water Supply, Mzuzu water Supply and Songwe Water Supply**



315 mm diameter pipeline across Lunyangwa under NRWB - Mzuzu Water Supply Project



Inlet chamber for 315 mm diameter supply line for NRWB - Mzimba Water Supply Project



500m<sup>3</sup> pressed steel tank for NRWB Songwe Water Project



Chlorine dosing house for NRWB – Songwe Water Supply Project



Covered bore waiting to be connected to a pump for NRWB – Songwe Water Supply Project



Pump house for NRWB – Songwe Water Supply Project

## Annex B2: SRWB – Balaka Water Supply, Zomba & Mangochi Water Supply, Nsanje Water Supply and Neno Water Supply



1500 m<sup>3</sup> reinforced concrete tank for SRWB – Balaka Water Supply



Platform for pressurized filters under construction SRWB – Balaka Water Supply



Elevated steel tanks at the treatment plant – SRWB Mangochi Water Supply



Erection of an elevated steel tank without the use of proper construction equipment. Plates and other units being hoisted manually – SRWB Mangochi Water Supply



These plates for an elevated tank at Mangochi Water Supply were being hoisted manually.



Offices for Mangochi Water Supply under Construction



Rehabilitation of intake facilities for Mangochi Water Supply



Inspection Chamber on Songani Water Pipeline in Zomba waiting for concrete cover



Concrete reservoirs for Nsanje Water Supply



Pump house for SRWB – Nsanje Water Supply Project

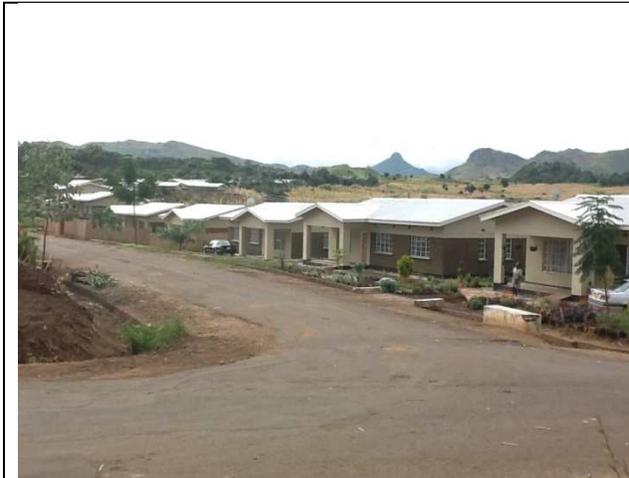


Elevated steel tank and offices for SRWB Neno water supply project



Staff houses for SRWB Neno water supply project

**Annex B3: MHC – Ngumbe Housing and Guoji Dream Town**



Ngumbe housing project in Blantyre under MHC



Gouji Dream Town in Area 49 Lilongwe under MHC

**Annex B4: Roads Authority – Karonga Chitipa Road, South Rukuru Bridge and Jenda-Endingeni Road**



Karonga Chitipa Road under Roads Authority



Breeding problem on Karonga Chitipa Road



South Rukuru Bridge under Roads Authority



Construction of camp site for Jenda Edingeni Road under Roads Authority



Entry into Nkhotakota game reserve from Kasungu on Nkhotakota Msulira Road.



Erosion affecting well-constructed base on Nkhotakota Msulira Road.

**Annex B5: Roads Authority – Lumbadzi Dowa Chezi Road, Chringa Chiradzulu Road, Lilongwe Nsipe M1 Road**



Completed section of Lumbadzi-Dowa-Chezi Road

Primed section of Lumbadzi-Dowa-Chezi Road one year after suspension of works

Unprimed section of Lumbadzi-Dowa-Chezi Road one year after suspension of works

Ungraded section of Lumbadzi-Dowa-Chezi Road one year after suspension of works



Completed section of Chiringa-Chiradzulu Road under Roads Authority



Completed base section of Chiringa Chiradzulu Road



Construction of a bridge on Chiringa-Chiradzulu Road soon after Misewu 4 roundabout



Sub-base formation on Chiringa-Chiradzulu road



Rehabilitated Lilongwe Nsipe Road at Nsipe



Lilongwe Nsipe Road after rehabilitation

**Annex B6: Roads Authority – Zomba- Blantyre Road, Lilongwe City West Bypass and Mzimba-Mzlangwe Road**



Construction of sub base on Zomba-Blantyre Road under Roads Authority



Completed base section of Zomba-Blantyre Road under Roads Authority



Partially Completed section of Zomba-Blantyre Road under Roads Authority



Construction of a roundabout on Lilongwe City West By pass road



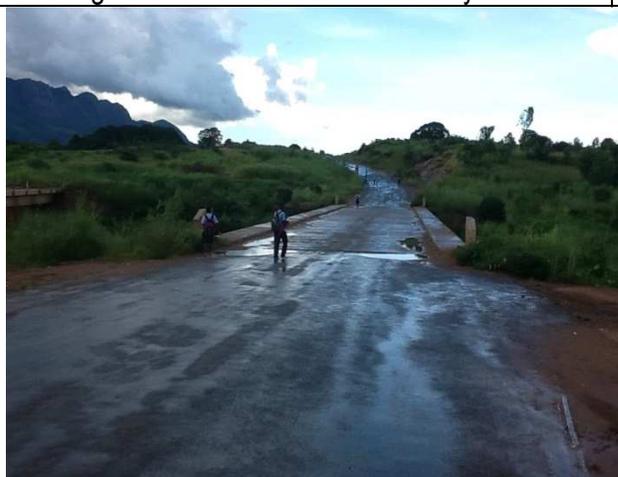
Primed section of on Lilongwe City West By pass road



Partially Completed section of Mzimba-Mzalongwe Road under Roads Authority



Construction of Mzimba Bridge on Mzimba-Mzalongwe Road under Roads Authority



Partially Completed section of Zomba-Jali-Phalombe-Chitakale Road with a bridge without guard rails under Roads Authority



Partially Completed section of Zomba-Jali-Phalombe-Chitakale Road without road markings under Roads Authority



Partially Completed section of Zomba-Jali-Phalombe-Chitakale Road with defects one year after suspension of works due to delayed funding



Primed section of Zomba-Jali-Phalombe-Chitakale Road one year after suspension of works due to delayed funding

**Annex A11: Roads Authority – Zomba-Jali-Phalombe-Chitakale and Thyolo-Bangula road**

	
<p>Un primed base section of Zomba-Jali-Phalombe-Chitakale Road one year after suspension of works due to delayed funding</p>	<p>Incomplete bridge on Zomba-Jali-Phalombe-Chitakale Road one year after suspension of works due to delayed funding. All bridges on Phalombe Chitakale section are in this status</p>
	
<p>Site establishment on Thyolo - Thekerani - Muona - Bangula Road</p>	<p>Construction of sub-base on Thyolo - Thekerani - Muona - Bangula Road</p>

