



Lilongwe University of Agriculture and Natural Resources

INFRASTRUCTURE DEVELOPMENT PROGRAMME (IDP)

PROGRESS REPORT FOR NOVEMBER 2014 – JUNE 2015

Submitted by

Lilongwe University of Agriculture and Natural Resources (LUANAR)

Bunda Campus

P.O. Box 219

Lilongwe

Malawi

Email: vcbunda@luanar.mw

pco@bunda.luanar.mw

to the

Royal Norwegian Embassy

Lilongwe, Malawi.

July 2015

TABLE OF CONTENTS

Acronyms and abbreviations.....	ii
Acknowledgments	iii
Executive Summary.....	iv
1.0 Introduction: LUANAR Infrastructure Programme	1
1.1 Background	1
1.2 Year One Expected Outputs	1
2.0 Achievements for November 2014 to June 2015	3
2.1 Female Students’ hostel.....	3
2.1.1 Preliminary works.....	3
2.1.2 Tender Actions.....	3
2.1.3 Award of Contract	4
2.1.4 Commencement of works.....	4
2.2 Teaching and Learning complex	5
2.3 Improvement of water supply system	5
2.4 Sewage system.....	5
2.5 Rehabilitation of existing teaching and learning facilities.....	6
2.6 Monitoring and Evaluation	6
2.7 Environment Impact Assessment.....	6
3.0 Financial report.....	7
4.0 Work plans and budget for Year 2 (July 2015 to June 2016).....	8
4.1 Approved and Suggested Budgets for Year 2 (July 2015-June 2016) and Programme (2014-2017)	8
5.0 Request for approvals	14
6.0 Conclusion	15
Annexes	16
Annex 1: Bidders and bid value for the female students’ hostel	16
Annex 2 List of contractors and bid value for the Water System Component	17
Annex 3 Detailed Expenditure against budget as at June 2015.....	18

LIST OF TABLES

Table 1: Infrastructure Expenditure between July 2014 to June 2015.....	7
Table 2: Approved and Suggested Budget lines for Year 2 and the programme	9

LIST OF FIGURES

Figure 1: 3D overview of the female students’ hostel	3
Figure 2: Site for the female students’ hostel cleared.....	4

Acronyms and abbreviations

BOQs	Bills of Quantities
CRWB	Central Region Water Board
DOB	Buildings Department
EOI	Expression of Interest
IAC	Infrastructure Advisory Committee
IDP	Infrastructure Development Programme
IPC	Internal Procurement Committee
LCA	Lilongwe City Assembly
LUANAR	Lilongwe University of Agriculture and Natural Resources
MoLHUD	Ministry of Lands, Housing and Urban Development
ODPP	Office of the Director of Public Procurement
PD	Programme Document
RFP	Request for Proposals

Acknowledgments

Lilongwe University of Agriculture and Natural Resources (LUANAR) is very grateful to the Government of the Royal Kingdom of Norway for the contribution to infrastructure development at LUANAR. This support will allow LUANAR to achieve several outcomes including improved accommodation for female students and learning environment for the students' population. The University further acknowledges the continued technical and procedural guidance provided by the Director of Buildings and the technical teams in the Buildings Department. The University would like to thank Central Region Water Board and Lilongwe City Assembly who are supervising and managing the water and sewage components of the programme respectively.

Executive Summary

The Government of the Royal Kingdom of Norway, through the government of Malawi, has provided funding to the Lilongwe University of Agriculture and Natural Resources (LUANAR) for two programmes that are interlinked. The **Capacity Building for Managing Climate Change (CABMACC) in Malawi Programme**, aims to improve livelihoods and food security through innovative responses and enhanced capacity for adaptation to climate change in Malawi.

The **Infrastructure Development Programme (IDP)** is supporting infrastructure developments at Bunda Campus of LUANAR and aims at widening access to university education and improving teaching and learning environment. The IDP has five main components including (i) Construction of a 212 bed female students' hostel (ii) construction of teaching and learning complex comprising laboratories, lecture rooms and offices (iii) rehabilitation of existing teaching and learning facilities including lecture theatres, classrooms and laboratories (iv) improving the existing water supply which includes construction of tank, drilling of boreholes and laying water pipes and (v) rehabilitating the sewage system by connecting the proposed new infrastructures to fit in the existing sewer line, replacing old pipes, and upgrading of sewerage oxidation of ponds.

The Agreement between the two governments on the IDP was signed in November 2014. As per the agreement, LUANAR is supposed to provide the annual progress report that highlights the progress of the programme implementation and associated financial and income statements. In addition, the annual report provides the next annual programme work plans and budgets for approval by the Royal Norwegian Embassy. In the reporting period (July 2014-May 2015), the IDP has achieved several outputs as per the work plans summarised below.

212 Bed Female students' Hostel: This component is being managed by the Buildings Department. In collaboration with the university's Internal Procurement Committee (IPC) and upon receiving the No Objection from the ODPP, the contract was awarded to Terrastone Limited at a negotiated contract value of USD\$ 2.423 million (MK 1.134 billion)

Teaching and Learning Complex B: The component is managed by the Buildings Department (DoB) who, in the reporting period, produced the Expression of Interest (EoI) for the recruitment of a Consultant. The consultant will be responsible for day-

to-day supervision of the project. This was followed by the short listing of consultants, who have collected the Request for Proposals (RFPs).

Improving Water Supply: The Managers, Central Region Water Board (CRWB), have finalized the tendering process based on the ODPP procurement procedures. The contract has been awarded to AQUABOR Limited at a negotiated contract value of Mk 350 million (US\$747,863).

Rehabilitation of Sewage System: The tender documents have been finalised by the Lilongwe City Assembly, who are coordinating this component. Advertisements for contractors to collect bid document was in local papers.

Rehabilitation of existing teaching and learning facilities: The University has finished assessing the facilities. The IPC was finalising the procurement processes of the materials and several departments were providing their requirements especially for the laboratory equipment. In terms of finances, the annual budget allocation was NOK 36,468,593 (US\$6,078,099) of which NOK1, 878, 042 (US\$313,007) has been spent representing a 5% of the funds allocated and 31% of the funds received (NOK 6.0 million, US\$857,571.64). As at May 2015 the total balance available for the 2014/2015 financial year is NOK 3,299,820 (US\$549,970).

It can be concluded that the programme is on track with respect the planned activities in the first year especially for the female students' hostel and improvement of water supply. There have been notable delays in some components especially the teaching and learning complex, due to change of contract management and scope of work.

The involvement of key stakeholders such as DoB, CRWB and LCC has allowed the university to achieve most of its planned interventions. The involvement of other government ministries and departments has also been vital for the Programme. However, the key challenge has been the difference between the approved and agreed budget and the actual bid value from the bidders.

1.0 Introduction: LUANAR Infrastructure Programme

1.1 Background

The Lilongwe University of Agriculture and Natural Resources (LUANAR) Infrastructure Development Programme (IDP) is a three year programme (November 2014 to December 2017) worth NOK 60 Million (US\$10 million). The overall goal of the programme is to widen access to higher education in agriculture, natural resource management and rural development. Specifically, the programme aims to improve teaching and learning infrastructure and improved living conditions of female undergraduate students.

It is expected that the programme will achieve five outcomes: (i) a 212-bed female students hostel completed; (ii) One (1) teaching and learning complex facility constructed; (iii) existing teaching and learning facilities including laboratories rehabilitated; (iv) the sewage system rehabilitated; and (v) water supply for the Bunda campus improved.

The agreement for the IDP between the Government of Malawi and the Royal Kingdom of Norway was officially signed by the two governments in November 2014 after addressing the issues raised by the appraisal team from Norway and Malawi. The programme is being advised by the Infrastructure Advisory Committee (IAC) comprising members from government, parastatals and the University. The IAC is chaired by the Director of Buildings, in the Ministry of Land, Housing and Urban Planning (MoLHUP).

1.2 Year One Expected Outputs

The expected outputs from the programme are mainly on construction and rehabilitation. In the first component (construction of a 212-bed female students' hostel) the programme was expected to finalise Tender documentation, complete detailed architectural designs and Bills of Quantities, and finalize Expression of Interest (EoI) for project consultant. In addition the component was supposed to evaluate bids, identify a contractor and award a contract. It was further expected that the contractor would mobilize resources to the site, lay the foundation and complete the ground floor.

The second component (Teaching and learning facility) was expected to finalize the tender documentation, complete detailed architectural designs and Bills of Quantities, evaluate Expression of Interest (EOI) for the consultant, evaluate bids and award the contract. The contractor was expected to mobilize resources to the site, complete a substructure and commence the main construction.

For the Laboratory equipment and rehabilitation, the programme was expected to release an international expression of interest and receive bids before evaluation. The successful supplier was supposed to be identified and awarded the contract.

By the end of year one, the programme is also expected to rehabilitate the existing teaching and learning infrastructure. The following are key activities that were planned for the reporting period: Completion of architectural designs and Bills of Quantities (BoQs), EoI, evaluation of bids and identification of the successful contractor. Similar activities were also planned for the water supply and sewage system components.

The main aim of this report is to provide a detailed progress of the programme between November 2014 and May 2015 based on the expected outputs as outlined in the Programme Agreement. In addition, the report highlights expenses in the reporting period and provides the work plans and budgets for the second year (July 2015 to June 2016).

2.0 Achievements for November 2014 to June 2015

Most of the activities under this programme involve construction works which are normally done through the management of procurement processes. All the procurement processes involved in this programme are guided by procurement procedures as outlined in the Public Procurement Act of the Government of Malawi under the oversight of the Office of the Director of Public Procurement(ODPP).

2.1 Female Students' hostel

In the programme document (PD), this component was supposed to follow all the procurement processes required in the construction industry. However, the consultations with the Director of Buildings (DoB) observed that it would be cost effective and faster if the project management role was delegated to the Director of Buildings (DoB) of the Ministry of Lands, Housing and Urban Planning (MoLHUP), Malawi government. Consequently, all preliminary works were undertaken by the officers from DoB. The achievements for the component are detailed in the next sub-sections.

2.1.1 Preliminary works

After a site analysis, DoB proceeded to develop sketch plans and organized subsequent briefing sessions with the university. In the reporting period the DoB has produced (i) architectural drawings and specifications, (ii) structural engineering drawings and specification, (iii) mechanical and electrical drawings and specifications, and (iv) bills of quantities. The 3D overview of the hostel is presented in Figure 1.



Figure 1: 3D overview of the female students' hostel

2.1.2 Tender Actions

The method of procurement was through open tendering and the advert seeking for the contractors appeared in all the local papers in December 2014 with a deadline for bid document submission of 29 January 2015. There was a pre-bid meeting before submission of the tenders and this was conducted on 13

January 2015 at Bunda Campus followed by a visit to the site. After thorough consultations the tender opening day was extended to 12th February 2015. The public opening of the bids was coordinated by the Director of Buildings and in total, 13 bids were read out. The highest read out bid value was MK 2,293,861,289.58 and the lowest bid was for MK931,192,282.30. Annex 1 provides information of the bidders and the bid value for each bidder.

The evaluation process was undertaken by the DoB in collaboration with technical and management team from LUANAR in February 2015 following procedures from ODPP. This was eventually approved by ODPP after going through internal procurement processes by the Internal Procurement Committee (IPC).

2.1.3 Award of Contract

The ODPP gave a “No Objection” to the award of contract to **Terrastone Limited** at the negotiated contract value of MK 1,134,201,682.62¹ (equivalent US\$ 2,423,507.87). This was a after a bill of reduction was drafted against the bid sum of MK 1,404,341,944.74 considering that the budget for the female students’ hostel was USD 2,486, 712.00 (MK 1,163,781,216).

2.1.4 Commencement of works

Works on the female students’ hostel commenced on 11 May 2015 after a series of meetings. The first meeting was between LUANAR and DoB to identify areas that can be reduced from the scope of work. This resulted in the production of bills of reduction by the DoB. The second meeting was a pre-contract among the DoB, LUANAR and the contractor. In this meeting the contractor was informed of the need to reduce the scope of work and negotiations were also conducted to cover the contract value. After these meetings, the contractor commenced the work on May 11, 2015. Figure 2 has the site for the hostel.



Figure 2: Site for the female students’ hostel cleared

¹This was at an agreed fixed rate of US\$ 1 to Mk 468 for the female students’ hostel component

2.2 Teaching and Learning complex

The preliminary works including site assessment, and production of sketch drawings and specifications for this component were produced by MOD Architect with funding from the University amount to MK22million (US\$47,000). These were the drawings that were submitted to the RNE and were scrutinised by Scanteam Consultants from Norway. Following this, the DoB produced RFPs. After the advert for the EOI was released, total of 13 consultants applied and at a meeting held on 13 May, 2015 six (6) consultants were short listed: Zingano & Associates, MOD, Designs Studio Arch, Form D Graphics, Norman & Dawbarn and MD Initiative Ltd. The six (6) consultants will be issued with Request for Proposals (RFPs) for submission of technical and financial proposals in respect of detailed designs and construction management.

It was anticipated the consultants would facilitate the identification of contractors. Having assessed the cost of the would be consultants and the budget that was available for the complex, management decided to shelve the idea of recruiting a consultant and opted to use officers from DOB to perform the rest of the preparatory work including supervision once works commence.

2.3 Improvement of water supply system

In this component, the project managers are Central Region Water Board (CRWB). In the reporting period, the CRWB completed preparation of bid documents and identification of contractor through the public open tender process. In total, seven(7) contractors submitted their bids and the highest read out bid value was MK 521, 835,268.15 whilst the lowest value was MK 254,868,371.00. Annex 3 has the details of the bidders.

The bid evaluation process involved CRWB, DoB and LUANAR using the cost and quality based selection procedures. This process resulted in the identification of AQUABOR at a negotiated sum of K350, 000,000.00 against the read out bid value of Mk415 million after reducing a few scopes of works. The budgeted value for this assignment was MK143, 910,000.00 according to the Programme Document. The works had commenced and progressed according to plan.

2.4 Sewage system

The Project Managers for this component, Lilongwe City Assembly (LCA) produced tender documents after a thorough analysis of the situation at the Bunda Campus. An advertisement was floated in the local papers and several films

submitted proposals. The contract was awarded to Shireco Civil Engineering at a negotiated contract sum of USD 182,301.

2.5 Rehabilitation of existing teaching and learning facilities

The component is being managed by LUANAR Estates and Infrastructure Development Office. During the reporting period, the department was procuring materials after finalising documentation of a list of requirements. In addition to this, the programme has now received requests from various departments to procure laboratory chemicals, equipment and rehabilitation scope of works for some of the laboratories. During the reporting period, the Procurement Officer finalised the procurement documents for the IPC approval.

2.6 Monitoring and Evaluation

The main monitoring approach to be used during the different phases of the project will be site visits, which will be coupled by reports from the contractors, consultants, project managers (DoB, CRWB, LCA and the EDO). Targets to be achieved with the programme life span have been set in consultation with all relevant stakeholders. The programme will also use the implementation plan and budgets to monitor physical and financial progress and performance. These will be key to the Infrastructure Advisory Committee (IAC) and management in following up the progress.

2.7 Environment Impact Assessment

The programme through the IPC advertised for individual or firm consulting agencies to undertake the EIA. The IPC with technical advice from EAD and ESM have identified the consultant. This intervention has now commenced.

3.0 Financial report

In terms of finances, the Infrastructure Development Programme planned to spend NOK36, 468,593 (US\$6,078,099) for the period July 2014 to June 2015 according to programme document. In December 2014, the programme received NOK 6.0 million (US\$857,571.64) as outlined in the contract agreement. Of this, the programme has spent NOK1,984,692 (US\$330,782) representing a 5% of the funds allocated and 38.5% of received money for the year respectively. As at June 2015, the total balance available for the 2014/2015 financial year is NOK3,198,792 (US\$533,132). The low expenditure has resulted mostly due to procurement processes that require following the guidelines as provided in the Procurement Act. The summary of expenditure is provided in Table 1 below and the detailed expenditure is in Annex 3.

Table 1: Infrastructure Expenditure between July 2014 to June 2015²

BUNDA INFRASTRUCTURE DEVELOPMENT PROGRAMME INCOME AND EXPENDITURE FOR JULY 2014 TO JUNE 2015				
INCOME	MK	MK	USD \$	USD \$
Grant from Norwegian Government	401,343,528		857,572	
Interest Receivable	1,001,592		2,140	
Other Income	1,966,650		4,202	
Total Income		404,265,219		863,914
EXPENDITURE				
Preliminary Works	22,069,615		47,157	
Construction of 212 Bed Female Students' Hostel	113,407,015		242,323	
Construction of Teaching & Learning Facilities	-		-	
Rehabilitation of Existing of Infrastructure	4,842,174		10,347	
Procurement of Equipment & Materials for Laboratories	-		-	
Project Management & Coordination	14,466,633		30,956	
Total Expenditure		154,785,437		330,782
Unspent funds for the period		249,479,782		533,132

²This table will be updated after June 2015

Represented By:				
Local Bank Account		7,430,926		15,878
Forex Bank Account		242,048,856		517,254
		249,479,782		533,132

Note: The average conversional rate of Mk468/US\$1 has been used to convert Malawi Kwacha expenditures to US\$ expenditures for July 2014 to June 2015

The summary shows that more expenditure has been on the 212-bed female students' hostel, followed by preliminary works and project management and coordination. Other income was realised from sale of tenders documents for hostel construction, upgrading of water systems and EIA assessment. The results also show that there are unspent funds that are being carried forward to year two upon getting approval from the Annual Meeting.

4.0 Work plans and budget for Year 2 (July 2015 to June 2016)

The work plans for all the component have been provided for in detail in the IDP Action Plan for 2015 to 2016. The work plans include those on Female Students Hostel, Teaching Components, Water Improvement, Sewerage Improvement and rehabilitation of existing teaching facilities.

4.1 Approved and Suggested Budgets for Year 2 (July 2015-June 2016) and Programme (2014-2017)

Table 3 provides information on approved and suggested Year 2 budgets and programme budgets. It has been noted that the programme budget had shortfalls on consultant, water improvement and bank charges. However, consultations have shown that the programme has more funds allocated on teaching and learning facilities necessitating the programme to re-allocate funds to other components as outlined in section 6.0 below. These will need approvals from the Annual Meeting.

Table 2: Approved and Suggested Budget lines for Year 2 and the programme

		TOTAL APPROVED BUDGET	TOTAL REVISED BUDGET	Year 1 APPROVED BUDGET	Year 1 REVISED BUDGET	Year 2 APPROVED BUDGET	Year 2 REVISED BUDGET	Year 3 APPROVED BUDGET	Year 3 REVISED BUDGET	TOTAL APPROVED BUDGET	TOTAL REVISED BUDGET	TOTAL APPROVED BUDGET	TOTAL REVISED BUDGET	
	Sub- Activity	US\$		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	NOK	NOK	
Output 1. Preliminary Works														
1.1	Produce revised Bills of Quantities (BoQs) for Hostel & Teaching complex	Engage Quantity Surveyor to produce Bills of Quantities	70,160	185,000	70,160	70,160	0	114,840	0	-	70,160	185,000	420,960	1,480,000
1.2	Conduct Environmental Impact Assessment at construction sites	Engage EIA Consultant at Hostel & Teaching complex sites	18,000	40,000	18,000	18,000	-	22,000	-		18,000	40,000	108,000	320,000
1.3	Engage an Architect for supervision of construction	Advertise for Architectural services	3,000	3,000	3,000	3,000	0	0	0		3,000	3,000	18,000	24,000
1.4	Tender for contractors	Advertise for tender for construction of buildings	3,000	3,000	3,000	3,000	0	0	0		3,000	3,000	18,000	24,000
Subtotal			94,160	231,000	94,160	94,160	0	136,840	0		94,160	231,000	564,960	1,848,000
Output 2 Female Hostel Completed														
2.1	Engage contractor to construct 208 bed female hostel	Settle invoices for completion certificates	2,486,712	2,486,712	1,492,027	379,605	621,678.00	1,511,011	373,007	596,096	2,486,712	2,486,711	14,920,272	19,893,691

2.2 Furnish Girls Hostel and Kitchen	Engage Suppliers to supply mattresses, pillows, curtains and kitchen equipment	263,868	263,868	0	0	0	0	263,868	263,868	263,868	263,868	1,583,208	2,110,944.00
Subtotal		2,750,580	2,750,580	1,492,027	379,605	621,678	1,511,011	636,875	859,964	2,750,580	2,750,579	16,503,480	22,004,635
Output 3 Teaching & Learning Facilities completed													
3.1 Engage quantity surveyor to review bills of quantities	See 1.1	0		0		0		0		-	-	-	
3.2 Produce revised Bills of Quantities (BoQs)	See 1.1	0		0		0		0		-	-	-	
3.3 Tender for contractors	See 1.4	0		0		0		0		-	-	-	
3.4 Engage contractor to construct the Teaching complex	Settle invoices for completion certificates	6,280,580	5,510,000	3,768,348	3,306,000	1,507,339	1,322,400	1,004,893	881,600	6,280,580	5,510,000	37,683,477	44,080,000
3.5 Procure Furniture and Equipment for teaching complex	Engage Suppliers to supply desks, chairs, tables, book shelves, Genset, televisions etc	230,930	230,930	0	0	0	0	230,930	230,930	230,930	230,930	1,385,580	1,847,440
Subtotal		6,511,510	5,740,930	3,768,348	3,306,000	1,507,339	1,322,400	1,235,823	1,112,530	6,511,510	5,740,930	39,069,057	45,927,440
Output 4: Rehabilitation of Existing of Infrastructure completed													
4.1 Tender for contractors	Advertise for tender for rehabilitation works	3,000	3000	3000	3000	0		0		3,000	3,000	18,000	24,000
4.2 Engage contractor to upgrade water supply facilities at LUANAR	Drill, equip and put on line two boreholes to augment water supply	82,300	362,407	82,300	-	0	362,407	0		82,300	362,407	493,800	2,899,256

	Control Building for housing the power control unit and disinfection equipment.	5,000	-	5,000	-	0	0	0	5,000	-	30,000	-
	Supply and installation of 100 m ³ elevated water storage tank along the Bunda – Mitundu Road high ground	127,500	280,344	127,500	-	0	280,344	0	127,500	280,344	765,000	2,242,752
	Supply and install transmission mains to connect the proposed facilities from boreholes to the storage tank and from tank to the campus	5,000	88,941	5,000	-	0	88,941	0	5,000	88,941	30,000	711,528
	Power Supply to control building and boreholes	100,000	73,169	100,000	-	-	73,169	0	100,000	73,169	600,000	585,352
4.3 Engage contractor to upgrade Sewerage system at LUANAR	Trench excavation 7,128m	8,910	56,716	8,910	-	0	56,716	0	8,910	56,716	53,460	453,728
	Earth bed and surround 713m	17,051	40,511	17,051	-	0	40,511	0	17,051	40,511	102,306	324,088
	Man holes and fittings (200mm pipes) 4,752m	53,226	46,588	53,226	-	-	46,588	0	53,226	46,588	319,356	372,704
	Rehabilitating set of existing oxidation ponds 11,000m	75,020	38,486	75,020	-	-	38,486	0	75,020	38,486	450,120	307,888
	New filter bed 2,500	-	-	-	-	-	-	0	-	-	-	-
	Contractor and other costs	-	-	-	-	-	-	0	-	-	-	-

4.4 Engage LUANAR Maintenance section to rehabilitate 2 Lecture theatres and 4 classrooms at LUANAR	Source quotations	41,421	41,421	41,421	41,421	-	41,421	41,421	248,526	331,368			
4.5 Engage suppliers and contractor to rehabilitate existing laboratories at \$140,636 LUANAR	Engage suppliers and contractor to supply and fit lab equipment	140,636	140,636	140,636	140,636	0	140,636	140,636	843,816	1,125,088			
Subtotal		659,064	1,172,220	659,064	185,057	-	987,162	-	659,064	1,172,219	3,954,384	9,377,752	
Output 5. Equipment & Materials for Laboratories procured													
5.1 Prioritize Equipment for laboratories	Conduct meeting to prioritize equipment needs	30,000	20,000	0	30,000	20,000	0	30,000	20,000	180,000	160,000		
5.2 Procure teaching complex lab equipment	Engage suppliers to supply lab equipment	576,519	576,519	0	576,519	-	0	576,519	576,519	576,519	3,459,114	4,612,152	
Subtotal		606,519	596,519	0	0	606,519	20,000	0	576,519	606,519	596,519	3,639,114	4,772,152
Project Coordination & Management													
Conduct Programme Annual & Site Meetings	Conduct annual and site meetings	28,500	28,500	9,500	9,500	9,500	9,500	9,500	9,500	28,500	28,500	171,000	228,000
Facilitate DOB and Ministry of Education for supervision of Hostel and Teaching Complex Construction	Monthly sites visits by DOB and MoEST	106,000	198,000	46,000	46,000	30,000	79,000	30,000	73,000	106,000	198,000	636,000	1,584,000

Facilitate Lilongwe Council Supervision Sewerage Improvement	City for Monthly sites visits by Lilongwe City Council	0	15,000		0		15,000		0		15,000	-	120,000
Facilitate Central Region Water Board supervision of water supply upgrading and maintenance	Monthly sites visits by Central Region Water Board3	0	15,000		0		15,000		0		15,000	-	120,000
Audit Fee	Conduct Annual Programme Audit	27,000	27,000	9,000	9,000	9,000	9,000	9,000	9,000	27,000	27,000	162,000	216,000
Bank Charges & Sundries	Pay bank charges and sundries	0	10,000	0	4,000	0	4,000	0	2,000	-	10,000	-	80,000
Programme Mid and End Evaluation	Conduct project evaluation	50,000	50,000	0		20,000	20,000	30,000	30,000	50,000	50,000	300,000	400,000
Subtotal		211,500	343,500	64,500	68,500	68,500	151,500	78,500	123,500	211,500	343,500	1,269,000	2,748,000
GRAND TOTAL		10,833,333	10,834,749	6,078,099	4,033,322	2,804,036	4,128,913	1,951,198	2,672,513	10,833,333	10,834,747	64,999,995	86,677,979

5.0 Request for approvals

Based on Year 1 progress report and expected interventions in Year 2, there is need for the programme to seek some approvals to ensure smooth implementation of the programme. It should be noted that due to appreciation of NOK to USD (from NOK6 in 2014 to NOK8 in 2015 against US\$), financially, there is change in total programme budget from NOK 65, 000, 000 to NOK 86, 700, 000 . This appreciation of NOK against USD has brought changes in the total budget estimated costs resulting to a shortfall of NOK21,700, 000.00 (USD 2,712,500.00). In addition, it should be noted that there is re-arrangement of the programme budgets line.

Within the implementation period, management seeks the approvals and authorisation from the Embassy to achieve its target as follows:

(a) Hostel	USD 2,486,712
(b) Sewerage improvement	USD 182,301
(c) Water improvement	USD 804,861
(d) Rehabilitation of existing teaching facilities	USD 41,421
(e) Rehabilitation of laboratories	USD 140, 636
(f) Payment for production of Drawings and BoQs	USD 185,000
(g) Teaching and complex	USD 5,510,000
(h) Administration and Management	USD 343,500
(i) New lab equipment	USD 576,519
(j) Furnishing of hostel and kitchen	USD 263, 868
(k) Furnishing of offices and classrooms	USD 230,930
(l) EIA	USD 40,000.00
(m) Consideration of additional funding to cushion the exchange and tax losses for smooth implementation of the programme.	

The appreciation of NOK against USD from NOK 6 per US\$1 to NOK8 per US\$1 will affect all the budget lines since the budgets were pegged to the USD. There is hence a need to cushion these differences as they would affect the smooth implementation of the programme. Secondly, the inclusion of taxes which were earlier not considered when the budgets were being prepared has also affected the actual expenditures. Consequently the original total budget has shortfall of NOK21.7million (US\$2.7125million) at a prevailing exchange rate. This is being

presented to the Embassy for consideration of additional funding to cushion the exchange and tax losses for smooth implementation of the programme.

6.0 Conclusion

In conclusion the Infrastructure Development Programme is on track albeit a few challenges. The female students' hostel and water improvement components have progressed well by managing to award contracts to the successful bidders. LUANAR has ensured that all the relevant procurement processes have been followed using government procedures. The involvement of relevant government departments has been vital in ensuring that the required processes are completed using relevant tools and within the requisite Acts.

The key challenge in this programme is the variation between the agreed financial limits and the actual bid value provided by the contractors. Almost in all components, the bid values have been high necessitating the reduction of scope of work. This has resulted in the need to re-allocate funds to accommodate smooth implementation of some components. Having done all the preliminary works for most components in year one, it is expected that most activities will be achieved on time in Year 2.

Annexes

Annex 1: Bidders and bid value for the female students' hostel

No.	Name of the Contractor	Amount in Malawi Kwacha	Period (in weeks)
1	China Jiangxi	931, 192,282.30	70
2	Terrastone Limited	1,404,341,944.74	70
3	Union/Maoni/Blithe Joint Venture	1,449,322,581.77	70
4	Plem Construction	1,449,420,024.19	70
5	SOGECO	1,506,172,354.82	70
6	Delta Construction	1,571, 169,670.25	70
7	Fargo	1,605,811,207.20	70
8	J & J Constructions	1,891,217,344.19	70
9	Shire Construction	2,097,019,258.35	70
10	Einstein	2,293,861,289.58	70
11	Hualong	Late submission	
12	Western Construction	No Bid	
13	City/Built Environs Joint Venture	No Bid	
14	Dumisani	No Bid	
15	Golden Star	No Bid	
16	Mkatha Construction	No Bid	

Annex 2 List of contractors and bid value for the Water System Component

No.	Name of the Contractor	Amount in Malawi Kwacha	Bid Security in Malawi Kwacha
1	Paramount Holdings Ltd	254,868,374.00	5,5million
2	BMK Private Limited	328,150,242.20	7.5 million
3	FISD Limited Company	354,023,213.50	7.2million
4	Malbro Inter Civils	375,095,902.50	11million
5	Aquabor International Limited	412,831,680.53	10million
6	Tropical Drilling Co. Ltd	443,245,145.00	10million
7	China Gansu Corporation	521,835,268.15	10.5million

Annex 3 Detailed Expenditure against budget as at June 2015

	BUDGET	EXPENDITURE	EXPENDITURE	BALANCE	VARIANCE
	US\$	MK	US\$	US\$	
Preliminary Works					
Produce revised Bills of Quantities (BoQs) for Hostel & Teaching complex	70,160	18,378,546	39,270	30,890	56
Conduct Environmental Impact Assessment at construction sites	18,000	847,100	1,810	16,190	10
Advertise for Architect for supervision of Teaching complex construction	3,000	1,325,920	2,833	167	94
Advertise for tender for construction of Teaching Complex	3,000	1,518,050	3,244	-244	108
Subtotal	94,160	22,069,615	47,157	47,003	50
Construction of 212 Bed Female Students' Hostel					
Engage contractor to construct 208 bed female students' hostel	1,492,027	113,407,015	242,323	1,249,704	16
Furnishing of Female Students' Hostel and Kitchen	0		-	0	-
Subtotal	1,492,027	113,407,015	242,323	1,249,704	16

Construction of Teaching & Learning Facilities					
Engage quantity surveyor to review bills of quantities	0		-	0	-
Produce revised Bills of Quantities (BoQs)	0		-	0	-
Tender for contractors	0		-	0	-
Engage contractor to construct the Teaching complex	3,768,348		-	3,768,348	-
Procurement of Furniture and Equipment for teaching complex	0		-	0	-
Subtotal	3,768,348	-	-	3,768,348	
Rehabilitation of Existing of Infrastructure					
Advertise for Tender for contractors	3,000	641,597	1,371	1,629	46
Engage contractor to upgrade water supply facilities at LUANAR	319,800		-	319,800	-
Engage contractor to upgrade Sewerage system at LUANAR	154,207		-	154,207	-
Engage LUANAR Maintenance section to rehabilitate 2 Lecture theatres and 4 classrooms at LUANAR	41,421	741,565	1,585	39,836	4
Engage suppliers and contractor to rehabilitate existing laboratories at \$150,000 LUANAR	140,636	3,459,011	7,391	133,2450	5
Subtotal	659,064	4,842,174	10,347	648,717	2

Procurement of Equipment & Materials for Laboratories					
Prioritize Equipment needs for laboratories	-		-	0	-
Procure teaching complex lab equipment	0		-	0	-
Subtotal	0	0	0	0	-
Project Management & Coordination					
Conduct Programme Annual & Site Meetings	9,500	476,625	1,018	8,482	11
Facilitate DOB Supervision	46,000	13,885,140	29,669	16,331	64
Audit	9,000		-	9,000	-
Bank Charges	0	104,868	224	-224	-
Subtotal	64,500	14,466,633	30,912	33,588	
GRAND TOTAL	6,078,099	154,785,437	330,738	5,747,367	5

The average conversional rate of Mk468/US\$1 has been used to convert Malawi Kwacha expenditures to US\$ expenditures for July 2014 to June 2015

NOTES

1. Grant of NOK6million has been received from Norwegian Government since the signing of the Agreement between the two governments
2. Other Income is the income from sale of tender documents for hostel construction, upgrading of water systems, upgrading of Sewerline and EIA assessment.
3. Most of the first year budgets have not been spent since engagement of contractors for various assignments were done midway the year and the programme funds were received in November 2014. The unspent funds are being carried forward to year two since some contractors have been identified and have started their work such as construction of female hostel and upgrading of water system.
4. Construction of Teaching complex has not yet been commenced since the Buildings Department is finalizing the documents for tendering to identify the contractors and it is at advanced stage.