



OFFICE OF THE PRESIDENT AND CABINET  
GOVERNMENT CONTRACTS UNIT

**STRATEGIC PLAN**

**2019 – 2024**



*Maximising Value from Government Contracts, Concessions and  
Development Agreements*

## FOREWORD

*Build Public Trust and Good Governance.*

Government of Malawi created through the Constitution of the Republic of Malawi in Chapter VIII Clause 92 (4) the office of the Secretary to the President and Cabinet to oversee the administration of the Public Service. Among other oversight functions, the Office of the President and Cabinet (OPC) has special interest in the effective and efficient management of contracts. Under this mandate, the OPC created an office, Government Contracts Unit (GCU), in 2012 to ensure that Ministries, Departments and Agencies (MDAs) manage public contracts, concessions and development agreements in an accountable and transparent manner for the benefits of the people of Malawi.

GCU was created based on **Fundamental Principles** under Clause 13(0) of Chapter III of the Republican Constitution with a view to build **Public Trust and Good Governance** in planning and implementation of contracts, concessions and development agreements being managed by MDAs. MDAs are required to ensure and adhere to transparent, moral and honest financial principles whenever such contracts, concessions and development agreements are being planned and implemented.

In order to achieve the objective of improving contracts management, GCU developed a Strategic Plan (2012 – 2016) and associated range of Guidelines for its operations. Following the expiry of the first Strategic Plan (SP I) in 2016, the GCU has developed the second Strategic Plan (SP II). This SP II has been prepared in accordance with the lessons learnt from SP I, the OPC's Strategic Planning period of 5 years running from 2019 to 2024 and it has been aligned to the period for the Malawi Growth and Development Strategy III (MGDS III).

I believe that the SP II (2019 – 2024) will assist GCU to carry out its activities in accordance with its mandate of vetting, reviewing, negotiating and considering contracts, concessions and development agreements submitted to GCU by various stakeholders. The stakeholders should support GCU to carry out its mandate accordance with the Strategic Plan, Guidelines, GCU's Customer Service Charter and other important guidelines to be issued by the GCU from time to time.

It is my expectation that MDAs shall continue to provide support to GCU by ensuring compliance with Public Sector Contracting requirements as shall be guided by all relevant policies and legislative framework.

Lloyd Muhara  
**Chief Secretary to the Government**

## PREFACE

*Enhance improved contracts management practices in the Public Service.*

Government Contracts Unit (GCU) is mandated to vet, review, negotiate and consider contracts, concessions and development agreements being planned and implemented by Ministries, Departments and Agencies (MDAs) so as to ensure that **Fundamental Principles** as laid down in Chapter III of the Constitution of Malawi are observed accordingly. GCU was created as a Unit under the Office of the President and Cabinet reporting directly to the Chief Secretary to the Government.

My office with guidance from the Chief Secretary to the Government has produced this second Strategic Plan (SP II) following the expiry of its predecessor, the SP I, in 2016. SP II has been developed in accordance with various Government policies and pieces of legislation. These, among many include Public Finance Management Act, Public Procurement and Disposal Assets Act, Public Audit Act, and Corrupt Practices Act. SP II will therefore ensure that there is an improvement in the management of contracts, concessions and development agreements in the MDAs. Consequently, there shall be efficient and effective utilization of the scarce resources which will in turn ensure rapid economic growth as aspired in the Malawi Growth Development Strategy III (MGDS III) which is running from 2017 to 2022.

I wish to thank all Specialists in GCU who worked tirelessly to ensure successful implementation of SP I. SP II builds on SP I in guiding the operations of GCU. SP II shall also be useful to GCU and other stakeholders in ensuring improved management of contracts.

I also wish to thank GIZ for providing financial and technical support in the review of SP I and the development of SP II. Without GIZ's support, it would have been very difficult to successfully complete the review and the development of the new strategic plan. The Malawi Government is thus highly indebted to GIZ for this timely support. I further wish to thank other oversight institutions in public procurement and contract management cycle for their cooperation in the development of this plan. The Public Procurement and Disposal of Assets Authority; Ministry of Justice and Constitutional Affairs; National Audit Office; Ministry of Finance, Planning and Economic Development; the Directorate of Central Internal Audit; Roads Authority; Public Private Partnership Commission and Department of Buildings are important partners in the public sector contracting and management processes. These offices played a critical role in the implementation of SP I and development of SP II and their support is highly acknowledged.

My office is pleased with the formulation of this SP II and does not take for granted the assistance it received from the OPC. The financial and technical support from the Chief Secretary and all the senior staff in the OPC is highly valued. I take this opportunity to thank all MDAs who complied with the dictates of the SP I and GCU still needs your hand to ensure that the SP II is successfully implemented.

Dr. Janet Banda, SC  
Secretary for Government Contracts

## **ACRONYMS**

GCU	Government Contracts Unit
GoM	Government of Malawi
IFMIS	Integrated Financial Management Information System
IPCs	Internal Procurement Committees
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MG	Malawi Government
MGDS	Malawi Growth Development Strategy
MIS	Management Information System
MK	Malawi Kwacha
OPC	Office of the President and Cabinet
PPDA	Public Procurement and Disposal of Assets Authority
PPPC	Public Private Partnership Commission
SP	Strategic Plan

# CONTENTS

<b>FORWARD</b> .....	i
<b>ACRONYMS</b> .....	iii
<b>EXECUTIVE SUMMARY</b> .....	v
<b>1. INTRODUCTION</b> .....	1
<b>1.1. Situation Analysis</b> .....	1
<b>1.2. Establishment of Government Contracts Unit (GCU)</b> .....	2
<b>1.3. Purpose of Strategy</b> .....	3
<b>2. STRATEGIC PLANNING PROCESS</b> .....	4
<b>2.1. Background</b> .....	4
<b>2.2. Rationale</b> .....	4
<b>2.3. Approach</b> .....	5
<b>3. VISION, MISSION AND CORE VALUES</b> .....	5
<b>3.1. Vision</b> .....	5
<b>3.2. Mission</b> .....	5
<b>3.3. Core Values</b> .....	6
<b>3.4. Guiding Principles</b> .....	7
<b>3.5. Functions of GCU</b> .....	8
<b>3.6. SWOT Analysis</b> .....	8
<b>4. STRATEGIC GOALS, OBJECTIVES, ACTIVITIES AND TARGETS</b> .....	10
<b>4.1. Pillars, Strategic Goals and Objectives</b> .....	10
<b>4.2. Activities and Targets</b> .....	12
<b>5. RESOURCE MOBILISATION</b> .....	18
<b>6. IMPLEMENTATION, MONITORING AND EVALUATION</b> .....	18
<b>6.1. Implementation</b> .....	19
<b>6.2. Monitoring and Evaluation</b> .....	20
<b>6.2.1. Logical Framework</b> .....	20
<b>6.2.2. Annual Work-Plan</b> .....	21
<b>6.2.3. Reporting</b> .....	21
<b>6.2.4. Evaluation</b> .....	21
<b>7. EXPECTED IMPACT OF THE STRATEGIC PLAN</b> .....	22
<b>8. APPENDICES</b> .....	23

# **EXECUTIVE SUMMARY**

## **1.0. Introduction**

The Government of Malawi (GoM) established the Government Contracts Unit (GCU) in the Office of the President and Cabinet (OPC) to review, consider, vet, negotiate and pass contractual proposals before they are concluded on behalf of the Malawi Government.

The GCU was established in July 2012 in order to close gaps existing in the development, implementation, management and monitoring of government contracts, concessions and development agreements by various Ministries, Departments and Agencies (MDAs). This was in response to the concerns from the public expressed through various communication channels on how government contracts, concessions, projects and programmes are awarded, negotiated, and implemented by the MDAs. Issues such as inadequate or lack of scrutiny in procurement of contracts, unfavourable provisions and conditions in contracts, concession and development agreements, and lack of implementation-monitoring systems has made the Government to lose its scarce financial resource and fail to maximize value on contracts, concessions and development agreements resulting in underperformance, cost overruns and claims.

GCU is therefore providing checks and balances by ensuring that government policies, laws, rules, guidelines, procedures and standards are dutifully followed in the development, negotiation, implementation, management and monitoring of government contracts, concession and development agreements. This ensures that Government is only committed to financing and implementing contracts and other agreements which are being thoroughly scrutinized, vetted, certified as reasonable and advantageous and that there is value for money.

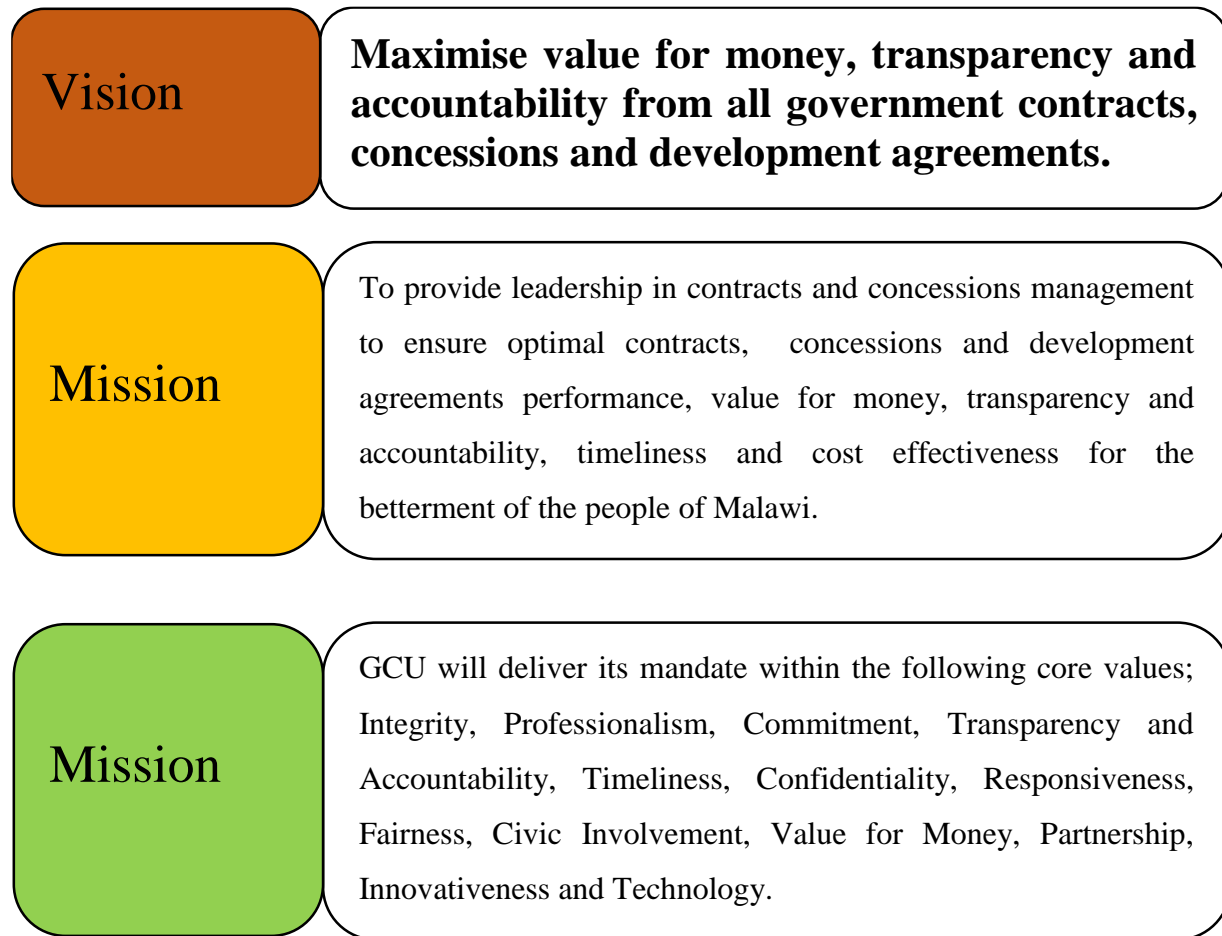
Accordingly, all the MDAs are required to engage GCU whenever they intend to enter into contracts, concessions, development agreements and any other major agreements with other parties local or foreign. GCU shall render support in the development and negotiation of contracts, concession and development agreements by reviewing, assessing, vetting and advising before being signed. GCU will also monitor and evaluate implementation of contracts, concessions and development agreements by conducting technical audits in collaboration with procuring and implementing entities.

In order to adequately and consistently deliver its mandate, GCU has developed the second Strategic Plan (SP II) following the expiry of its predecessor, the SP I (2012 – 2016). SP II has laid down creative and innovative strategies to assist the operations of GCU in the dynamic and changing environment of the public service. It is envisaged that SP II will enable GCU manage critical issues in achieving its vision and that in the process play a significant contribution to the attainment of Malawi Growth Development Strategy (MGDS) III and the Sustainable Development Goals (SDGs) for economic growth and prosperity of the country.

## **2.0. Review of SP I and Development of SP II Process**

This is the second Strategic Plan to be developed for GCU since it was established in July 2012. The SP II has been developed within the framework of MGDS III (2017 – 2022). The development of the plan involved consultations with key stakeholders and analysis of relevant policies and pieces of legislation related to public sector contracting and management. In addition, special consideration was made to key documents such as the OPC Strategic Plan, Circulars on public finance management issued by Treasury and a Circular for the establishment of GCU. It also involved staff brainstorming sessions based on the experience that GCU has gained in the process of vetting contracts, concessions and development agreements within the framework of SPI (2012 – 2016).

### 3.0. Vision, Mission and Core Values



### 4.0. GCU Capabilities

GCU recognizes that the ability to deliver its mandate and achieve the goals and objectives is subjected to many factors that require a thorough analysis to determine the effect levels. SWOT analysis tool was used to analyse various factors during the development of SP I. It was noted that there was strong political will and leadership commitment on the establishment and existence of GCU. The results also indicated that with the political will, there was going to be high acceptance by stakeholders, which would strengthen commitment of the highly experienced, professional and knowledgeable officers in GCU to deliver effectively and efficiently.

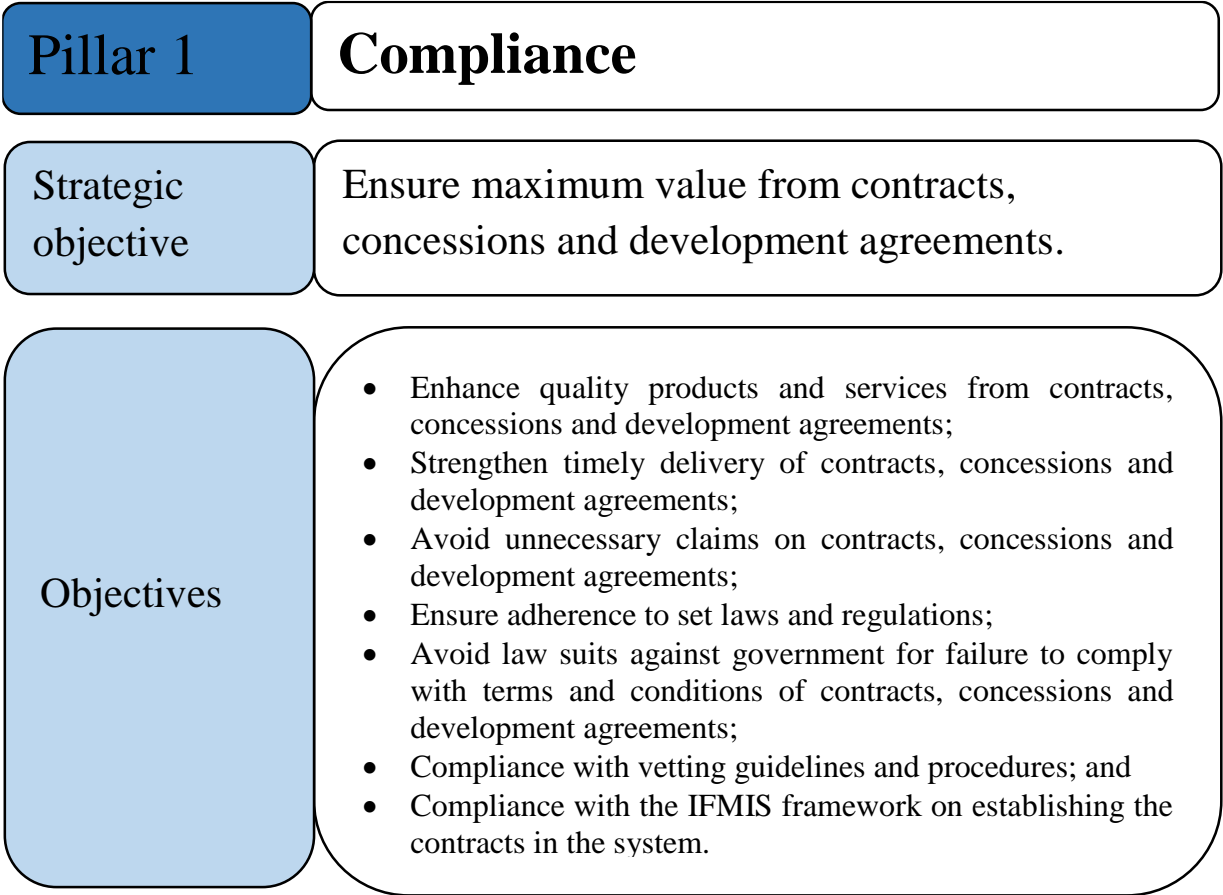
However, evidence from the implementation of SP I has shown that some MDAs bypass GCU and this has posed a challenge to GCU to discharge its mandate effectively. Therefore, GCU requires adequate human and financial resources, appropriate systems, and policy and legislative



frameworks to support effective delivery of its mandate and to provide a strong basis for decision making in the vetting and management process of contracts, concessions, and development agreements.

**5.0. Strategic Goals, Objectives and Activities**

GCU identified four pillars (compliance, transparency and accountability, capacity building and integrity) that have been used to build up the strategic goals and objectives. The strategic goals and objectives developed are summarized as below;



## Pillar 2

# Transparency and accountability

Strategic objective

To improve on transparency and accountability in public contract management

Objectives

- Strengthen the transparency and accountability of MDAs in public contract management;
- Ensure up to date database on public contracts, procedures and policies;
- Ensure easy and timely access to information on public contracts;
- Ensure contractual documentation for easy of reference; and
- Ensure consistent submission of progress report.

## Pillar 3

# Capacity building

Strategic objective

Improve performance in contract vetting and management processes.

Objectives

- Have adequate, trained, competent and motivated staff at GCU;
- Strengthen capacity of MDAs to effectively and efficiently manage the contracts
- Ensure adequate equipment and transport for GCU;
- Develop and maintain a robust monitoring and evaluation system;
- Secure adequate funding for GCU;
- Build IT infrastructure and vetting systems; and
- Interfacing vetting system with IFMIS.

<b>Pillar 4</b>	<b>Integrity</b>
<b>Strategic objective</b>	Build public confidence of government in the management of public contracts, concessions and development agreements
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Preserve professionalism and ethical conduct;</li> <li>• Eradicate fraud and corrupt practices in contracts</li> </ul>

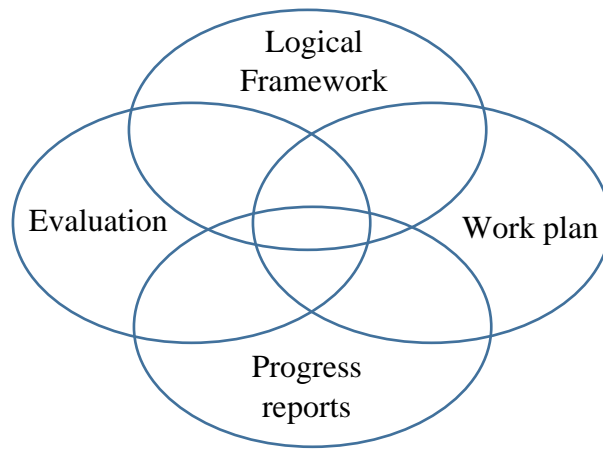
## 6.0 Resource Mobilization

GCU will require adequate resources to operate effectively and efficiently. GCU will therefore carry out the following strategies for resource mobilization:

- a) Lobby for more financial resource allocation from the OPC and Treasury by demonstrating the cost savings on Government contracts being achieved through the GCU;
- b) Lobby OPC for ICT specialist, Economist, and additional technical staff to support specialists;
- c) Ensure that the established positions are filled; and
- d) Work with development partners for support in specific activities.

## 7.0 Monitoring, Evaluation and Control

The Strategic Plan has included Monitoring and Evaluation (M&E) framework as a strategy in measuring success as the plan is being implemented. The M&E system developed will be carried out at various stages of implementation and will provide a broad continuity on the monitoring requirements. It is a simplified M&E framework that will enable easy assessment of results and impacts. The strategies and their corresponding activities will be evaluated monthly, quarterly and annually. The monthly and quarterly aggregation of outputs, results and impacts will constitute the annual progress and achievements respectively. The M&E framework will have four integrated components of logical framework, work-plan, progress reports and evaluation as summarized in the figure below.



**(a) Logical framework:** will correlate the strategic goals, strategic objectives and activities with the targeted outputs. In each year of implementation, the targeted outputs will be monitored based on the achievement as value and percentage (%).

**(b) Annual work-plan:** will extract activities intended for implementation in a fiscal year with an indication of delivery period and financial resources for each activity.

**(c) Progress reports:** will consolidate the achieved outputs and challenges for review. The reports will be on standard format correlating to the annual work-plan and logical framework. Reporting on the achievements will be done quarterly and annually.

**(d) Evaluation:** to assess the extent to which the Strategic Plan is achieving the desired outcomes and impacts. Implementation activities will be evaluated annually at both internal level and external level after two years of implementation. At internal evaluation, GCU Management will be able based on the results to review its operations and implementation style of the strategies and corresponding activities if the results indicate key gaps, challenges and bottlenecks. External evaluation will involve external experts to undertake an assessment verifying if the strategies and the activities are achieving the intended strategic goals and measure extent that the strategies and the activities are impacting the government operations and the public.

## **8.0 Expected Impact of the Strategic Plan**

Once the strategic plan is implemented as planned, it is anticipated that there will be more benefits. These will include cost savings on government contracts; optimized government revenues from concessions; increased public confidence and increased provision of quality social services. There shall also be increased capacity of the Unit in terms of human resources, systems and equipment in the business of reviewing and vetting of contracts, concessions and development agreements; and contract management skills of MDAs strengthened

# **1. INTRODUCTION**

## **1.1. Situation Analysis**

The Government of Malawi in delivering public services, implements development programmes and projects through Ministries, Departments and Agencies (MDAs). The programmes and projects are implemented through contracts, concessions and development agreements. As Government provides a range of public services, it enters into a variety of contracts ranging significantly in value, duration and complexity.

The general public have in most instances queried through various communication channels on how the government contracts, concessions, and development agreements have been awarded and implemented. In most cases, the issues raised by the public are related to inadequate or lack of scrutiny in procurement of contracts for various projects and programmes. Other issues are unfavourable provisions and conditions in the contract and concession agreements; inadequate and lack of implementation monitoring on contracts, projects and programmes, which usually result in under performance, loss of benefits, cost overruns and loss of funds by the Government. The complaints are a clear indication of serious lapses in the effective management of contracts, concessions and development agreements.

The Government therefore established Government Contracts Unit (GCU) in 2012 to provide the quality assurance services on government contracts and agreements by ensuring that the laid down Government policies, rules, guidelines, procedures and standards are dutifully followed in order to achieve the intended purpose. The task of GCU is not easy because of the complexity. Notwithstanding this, GCU ensures that Government is committed to financing and implementing contracts and other agreements which are being thoroughly scrutinized, vetted and certified as reasonable and advantageous and that there is value for money. GCU also monitors and evaluates implementation of contracts, concession and development agreements for projects and programmes ensuring that deliverables are done in time with the desired quality and with reduced contractual disputes and claims.

## **1.2. Establishment of Government Contracts Unit (GCU)**

The Government Contracts Unit (GCU) was established in the Office of the President and Cabinet (OPC) in 2012 with the mandate to review, consider, vet, negotiate and pass contractual proposals before they are concluded on behalf of the Malawi Government. The mandate of GCU includes vetting all contracts in construction, provision and supply of goods and services, concessions and all agreements that place an obligation and commitment on the Malawi Government or have an impact on the resources, interests and endowment of Malawi.

GCU is currently governed through the oversight powers of the OPC under the Chief Secretary to the Government who is responsible for the management and administration of the Public Service and supervision of the operations of all MDAs.

All Government Ministries, Departments and Agencies (MDAs) were informed of the establishment of the GCU through Government Circular number CS/S/001 issued on July 19, 2012 signed by the Chief Secretary to the Government (refer to **Appendix 1** for the Circular CS/S/001).

All MDAs and other State bodies are required to engage the GCU whenever they intend to enter into contract, concession agreement and any other major procurement agreements with other parties whether local or foreign entities. The Government stand on this was emphasized on circular CS/001 issued on February 15, 2017 (refer to **Appendix 2**) signed by the Chief Secretary to the Government. The engagement is through involving the GCU in the development of contracts and concession agreement documents, negotiation of contracts and concession agreements, and submission of contracts and concession agreements for reviewing, assessing, vetting and advising before being signed.

Government contracts are of varying types, complexity, and risks. Management of such Contracts therefore requires specialized technical skills in different areas if the contracts are to be negotiated and executed to the advantage of Government. It is for this reason that Government assembled a team of experts in the GCU from a number of relevant disciplines. These disciplines include Finance, Engineering, Quantity Surveying, Architecture, Procurement, Legal and Economics. Accordingly, the GCU has the following established positions; the Principal Secretary, seven Specialists (at Director level) in the following professions of finance, engineering, procurement,

architecture, quantity surveying, law and economics (monitoring and evaluation); and support staff in the administration and finance for office administration and operation of GCU (refer to **Appendix 3** for the GCU organization chart).

### **1.3. Purpose of Strategy**

GCU requires a proper plan and focus in order to deliver its mandate of reviewing, assessing and vetting contracts and agreements, monitoring and evaluating contracts and agreements implemented by Government Ministries, Departments and Agencies (MDAs). To guide its operations, GCU developed the first strategic plan in 2012 (SP 2012 – 2016) whose mandate expired in 2016. This is the second strategic plan that will guide GCU operations for the next five years (2019 – 2024). The aim of this strategic plan document is to put down creative and innovative strategies that will enable GCU to successfully operate in a dynamic and changing environment of the public service.

The strategies have been developed within a cohesive arrangement that recognizes and capitalizes on the distinctive strengths and contributions of all existing legal frameworks enacted through Parliament and circulars issued on Cabinet decisions in the areas of contract agreements and public procurements. It is envisaged that the strategic plan will enable GCU manage the issues that are critical to achieving the vision and that through the process play a major role in achieving the goals of the Malawi Growth Development Strategy III (MGDS III) and the Sustainable Development Goals (SDGs) for the economic growth of the country.

Implementation of the strategies assumes the availability of resources for timely, effective and efficient delivery of the operations. Among the strategies, resource mobilization has also been included to ensure that resources are made available. Timely availability of adequate resources will avoid delays in the operations of GCU activities, which will in the end affect the envisaged quick reviewing, assessment and vetting, and implementation monitoring of the contract agreements on various government projects and programmes.



## **2. STRATEGIC PLANNING PROCESS**

### **2.1. Background**

This is the second Strategic Plan (SP) for GCU since its establishment in July 2012 following the expiry of its predecessor (SP 2012 – 2016). The aim of designing and developing this strategic plan is to guide the Unit in defining and attaining the mandate of the establishment, which will ensure that the Government attains and secures value for money on contracts, concessions and agreements.

The Government is implementing the MGDS III (2017 – 2022), the overarching operational medium-term strategy whose objective is to build a productive, competitive and resilient nation. The Government through the MGDS III envisage to continue with efforts to spearhead the nation to be more “productive and competes on the global scene while ensuring that the nation builds systems that can best deal with natural shocks and disasters”. Considering the volatile economic environment the MGDS III is operating, there is need for prudence in resource mobilization and utilization. The resources need to be effectively and efficiently used in meeting the aspirations of Malawians. The SP II is thus, one important tool of ensuring that government resources are efficiently and effectively used with minimal or no abuse from MDAs and the public. Thus, the SP II will help the Government to reduce and eliminate any forms of organised theft, looting and corruption, emanating, mostly from poor administration of public works contracts.

### **2.2. Rationale**

The SP II for GCU is an important mechanism of addressing the weaknesses in the existing legislation and policies relevant to public sector contracting and finding measures to strengthen the legal frameworks. The under delivery of government projects largely attributed to weak contract supervision and administration has made it necessary to establish and develop measures that will ensure that maximum benefits are obtained from government contracts, agreements and commitments.

The general constraints on government resources in the face of the rising demand for public services have put pressure on the Government to be more transparent and accountable. Therefore,

there is critical need for the GCU to ensure that government resources are used in an economic, effective and efficient manner in order to bring positive changes to the lives of Malawians.

### **2.3. Approach**

The development of the SP II involved a review of SP I, study tours in South Africa and Rwanda, and consultation of key stakeholders and relevant documents. A reference was made to a number of documents that included the MGDS III, the Circular for the establishment of GCU, Circulars on Public Finance Management, OPC Strategic Plan, Public Finance Management Act, Public Procurement Act, Public Audit Act and Corrupt Practices Act. The second Strategic Plan has drawn recommendations of staff brainstorming sessions and discussions.

In addition to the consultation with various stakeholders, SP II was also developed based on the experiences that GCU gained in vetting contracts, agreements and concessions guided by the SP I. During implementation of SPI GCU interacted with a number of stakeholders and drew lessons that have helped GCU to fine tune the SP II. These interactions will continue to influence the strategies and the approaches for the attainment of value for money in Government contracts. In addition, the review of Government policies and the aspirations of the development agendas such as MGDS III and the global Sustainable Development Goals (SDGs) have contributed to the SP II.

## **3. VISION, MISSION AND CORE VALUES**

### **3.1. Vision**

Maximise value for money and transparency and accountability from all government contracts and concessions.

### **3.2. Mission**

To provide leadership in contracts, concessions and development agreements to ensure optimal performance, value for money, competitiveness, equitable, timeliness, cost effectiveness, transparency and accountability for the betterment of the people of Malawi.

### **3.3. Core Values**

These are fundamental principles or beliefs that GCU views as being of central importance to achieve the goals.

#### **a) Integrity**

GCU shall put the interest of the general public above its own and shall conduct itself in the manner that is above reproach.

#### **b) Timeliness**

GCU shall ensure timely execution of activities to the satisfaction of both the clients and the public.

#### **c) Professionalism**

GCU shall discharge its duties with high degree of expertise, skill and competence while maintaining high ethical conduct and standards.

#### **d) Commitment**

GCU shall work to the best of its ability and within the available resources.

#### **e) Transparency and accountability**

GCU shall discharge its duties and responsibilities openly and shall be responsible and accountable for its decisions and actions to the public.

#### **f) Confidentiality**

GCU shall observe stakeholders' confidentiality and legal rights.

#### **g) Responsiveness**

GCU shall listen to suggestions and respond to changes in the processes and delivery of its services according to the laws of Malawi.

#### **h) Fairness**

GCU shall be fair and just in its decisions without exercising discrimination based on practice, culture, region, race, creed, colour, gender, sexual orientation, religious beliefs, political affiliation, social and health status.

#### **i) Civic Involvement**

GCU shall at all times, where practical, sensitize all stakeholders and the general public to strictly adhere to laid down legal and administrative procedures in execution of contractual and concessional matters.

#### **j) Value for Money**

GCU shall be responsible for its existence to preserve value for money in its execution of day to day activities and in dealing with its stakeholders and the general public.

#### **k) Partnership**

GCU shall take a collaborative and multi-disciplinary team approach in carrying out its duties. GCU believes that the capacity and comparative strength of partnership is essential for its success.

#### **l) Innovativeness and Technology**

GCU shall use technologies that are appropriate relevant and cost effective and GCU shall always seek knowledge and best practices in order to continuously improve its service delivery.

### **3.4. Guiding Principles**

GCU is to satisfy the following:

- a) Safe-guard public resources through enhanced Contract Management measures;
- b) Ensure value for money for all public contracts;
- c) Improve service delivery through quality and timely deliverables of contracts;

- d) Minimize the risk of litigation and financial losses by GoM through contract mismanagement.

### **3.5. Functions of GCU**

GCU is mandated to perform the following functions:

- a) Review, negotiate and vet government contracts, concessions and development agreements with a view of minimizing implementation cost over runs;
- b) Monitor and evaluate the implementation of government contracts, concessions and development agreements;
- c) Provide professional legal advice on all contracts, concessions and development agreements relating to Government development projects and programmes;
- d) Provide professional advice on architectural matters relating to all contracts, concessions and development agreements of Government infrastructure development projects and programmes;
- e) Provide professional advisory role on pertaining to civil, mechanical and electrical engineering in regard to contracts, concessions and development agreements of Government infrastructure development projects and programmes;
- f) Provide professional advice on quantity surveying matters relating to all contracts concessions and development agreements of Government infrastructure development projects and programmes;
- g) Offer financial, business and management counsel on matters relating to contracts, a concessions and development agreements of Government infrastructure development projects and programmes; and
- h) Provide professional advice on all procurement issues as regards to contracts, concessions and development agreements of Government infrastructure development projects and other projects.

### **3.6. SWOT Analysis**

The capacity of GCU was assessed using the SWOT analysis tool and the results are provided in Table 1. Generally, the analysis confirmed the strong political will and leadership commitment in

the establishment of GCU. There is high acceptance by the stakeholders. This provides an opportunity for GCU to engage the leadership and stakeholders involved in management of contracts, concessions and development agreements.

Nevertheless, GCU will need resources and systems to support the delivery of the services. In addition, GCU will develop a learning culture in order to achieve a critical experience in doing the business of vetting contracts and concessions.

**Table 1: SWOT Analysis**

<b>Strengths and Weaknesses</b>	
<b>Strengths (Internal to GCU)</b>	<b>Weakness (Internal to GCU)</b>
<ul style="list-style-type: none"> <li>• There is a strong political will.</li> <li>• There is vast knowledge and experience among the specialists.</li> <li>• GCU has drawn support from Chief Secretary, OPC leadership and Treasury. There is strong commitment to deliver by officers.</li> </ul>	<ul style="list-style-type: none"> <li>• GCU lacks adequate transport facilities;</li> <li>• The specialists lack international exposure in management of contracts concessions and development agreements;</li> <li>• GCU is not adequately staffed;</li> <li>• GCU needs policy, legal framework;</li> <li>• GCU is not adequately funded;</li> </ul>
<b>Opportunities and Threats</b>	
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• GCU has been accepted by some stakeholders.</li> <li>• GCU has received support by Development Partners.</li> <li>• There are gaps in the existing policies and laws.</li> </ul>	<ul style="list-style-type: none"> <li>• There is resistance by some stakeholders.</li> <li>• GCU lacks policy and legal framework.</li> <li>• There are high risks of political interference;</li> <li>• Some MDAs contracts, concessions and development agreements without being vetted by GCU in issuing and negotiations of contracts, concessions and development agreements.</li> <li>• There is rampant corruption in the government system.</li> </ul>

## **4. STRATEGIC GOALS, OBJECTIVES, ACTIVITIES AND TARGETS**

### **4.1. Pillars, Strategic Goals and Objectives**

After the review of the first SP and the assessment of the internal and external capacities and analysis of the operating environment, GCU identified four pillars that were used to build the goals and the objectives that will ensure that value for money is attained. These pillars include: 1) Compliance, 2) Transparency and Accountability, 3) Capacity Building, and 4) Integrity.

#### **Strategic Pillar 1: Compliance**

Under this pillar, GCU plans to achieve the following strategic goal and objectives:

**Strategic Goal:** Ensure maximum value from contracts, concessions and development agreements.

#### **Objectives**

- a) Enhance quality products and services from contracts, concessions and development agreements;
- b) Strengthen timely delivery of contracts, concessions and development agreements;
- c) Avoid unnecessary claims on contracts, concessions and development agreements;
- d) Ensure adherence to set laws and regulations in implementation of contracts, concessions and development agreements;
- e) Avoid law suits against government for failure to comply with terms and conditions of contracts, concessions and development agreements;
- f) Compliance with vetting guidelines and procedures; and
- g) Compliance with the IFMIS framework on establishing the contracts in the system.

#### **Strategic Pillar 2: Transparency and Accountability**

Under this pillar, GCU plans to achieve the following strategic goal and objectives:

**Strategic Goal:** To improve on transparency and accountability in management of public contracts, concessions and development agreements

## **Objectives**

- a) Strengthen the transparency and accountability of MDAs in public contract management and development agreements;
- b) Ensure up to date database on public contracts, procedures and policies;
- c) Ensure easy and timely access to information on public contracts and development agreements;
- d) Ensure contractual documentation for easy of reference; and
- e) Ensure consistent submission of progress report.

## **Strategic Pillar 3: Capacity Building**

Under this pillar, GCU plans to achieve the following strategic goal and objectives:

**Strategic Goal:** Improve performance of GCU and Stakeholders in contract vetting and management processes.

## **Objectives**

- a) Have adequate, trained, competent and motivated staff at GCU;
- b) Strengthen capacity of MDAs to effectively and efficiently manage the contracts
- c) Ensure adequate equipment and transport for GCU;
- d) Develop and maintain a robust monitoring and evaluation system;
- e) Secure adequate funding for GCU;
- f) Build IT infrastructure and vetting systems; and
- g) Interfacing vetting system with IFMIS.

## **Strategic Pillar 4: Integrity**

Under this pillar, GCU plans to achieve the following strategic goal and objectives:

**Strategic Goal:** Build public confidence of government in management of contracts, concessions and development agreements

## **Objectives**



- a) Preserve professionalism and ethical conduct; and
- b) Eradicate fraud and corrupt practices in public contracts, concessions and development agreements.

#### **4.2. Activities and Targets**

The GCU has developed specific activities that need to be implemented in order to move towards the attainment of the goals and objectives. These activities are summarized in the matrix in Table 2 along the pillars, strategic goals and objectives for clarity.

**Table 2: Summary Matrix of Strategic Goals, Objectives, Activities and Targets**

Strategic Goal	Strategic Objectives	Activities	Targeted Outputs (KPI)
<b>Pillar 1: Compliance</b>			
<b>1. Maximize value from contracts, concessions and development agreements</b>	1.1. Enhance quality products and services from contracts, concessions, and development agreements	1.1.1. Review, vet and negotiate contracts, concessions and development agreements.	<ul style="list-style-type: none"> <li>No. of contracts, concessions and development agreements negotiated and vetted.</li> </ul>
		1.1.2. Monitor contracts implementation on standards and specifications.	<ul style="list-style-type: none"> <li>No. of contracts monitored on standards and specifications.</li> </ul>
		1.1.3. Engage sector ministries in reviewing performance of existing concessions, and development agreements.	<ul style="list-style-type: none"> <li>No. of improved concessions and development agreements reviewed.</li> </ul>
		1.1.4. Engage sector ministries to standardize and harmonize concession provisions and terms.	<ul style="list-style-type: none"> <li>No. of concession agreements and contracts with standard provisions.</li> <li></li> </ul>
	1.2. Strengthen timely delivery of contracts, concessions and development agreements.	1.2.1. Conduct post award contract review and monitoring.	<ul style="list-style-type: none"> <li>No. of contracts reviewed and monitored.</li> <li>No. of improved contracts and concessions.</li> </ul>
		1.2.2. Engage Buildings Department, Roads Authority and other stakeholders in reviewing supervision and administration system of infrastructure projects.	<ul style="list-style-type: none"> <li>Supervision and administration manuals developed.</li> </ul>
		1.2.3. Engage MDAs in reviewing stalled contracts, concession and development agreements.	<ul style="list-style-type: none"> <li>No. of improved stalled contracts, concession and development agreements.</li> </ul>
		1.2.4. Engage PPDA to encourage MDAs to produce annual procurement plans.	<ul style="list-style-type: none"> <li>No. of MDAs with approved procurement plans.</li> </ul>
		1.2.5. Receive and review implementation reports from concessions and PPP monitoring committees.	<ul style="list-style-type: none"> <li>No. of progress reports reviewed.</li> </ul>
	1.3. Avoid unnecessary claims on contracts, concessions and development agreements.	1.3.1. Sensitize MDAs to ensure that only vetted contracts are implemented	<ul style="list-style-type: none"> <li>No. of sensitization meetings conducted.</li> <li>No. of vetted contracts.</li> <li>No. of contracts with less claims.</li> </ul>
		1.3.2. Ensure that there is effective supervision and administration of contracts by MDAs.	<ul style="list-style-type: none"> <li>No. of contracts with less claims</li> </ul>

Strategic Goal	Strategic Objectives	Activities	Targeted Outputs (KPI)
	1.4. Ensure adherence to set rules and regulations in implementation of contracts, concessions and development agreements.	1.4.1. Engage MDAs to comply with set rules and regulations in the implementation of contracts, concessions and development agreements.	<ul style="list-style-type: none"> <li>No. of contracts, concessions and development agreements vetted.</li> </ul>
	1.5. Avoid law suits against government for failure to comply with terms and conditions of contracts, concessions and development agreements	1.5.1.	<ul style="list-style-type: none"> <li></li> </ul>
	1.6. Compliance with vetting guidelines and procedures	1.6.1.	<ul style="list-style-type: none"> <li></li> </ul>
	1.7. Compliance with the IFMIS framework on establishing the contracts in the system	1.7.1.	<ul style="list-style-type: none"> <li></li> </ul>
<b>Pillar 2: Transparency and Accountability</b>			
<b>2. Improve on transparency and accountability in management of public contract, concessions and development agreements</b>	2.1. Ensure MDAs are transparent and accountable systems in management of public contracts, concessions and development agreements	2.1.1. Engage MDAs to establish independent specifications, evaluation and adjudication committees at the procurement entity (PE) level.	<ul style="list-style-type: none"> <li>Specifications and Adjudication committees established in MDAs</li> <li>No. of MDAs utilizing specifications and adjudication committees.</li> <li>No. of Contracts gone through specification and adjudication committees.</li> </ul>
		2.1.2. Develop and distribute guidelines and procedures for vetting of contracts, concessions, and development agreements.	<ul style="list-style-type: none"> <li>Guidelines and procedures developed and distributed.</li> </ul>
		2.1.3. Liaise with PPDA, MoJCA and MoFEPD to pre-award contracts vetting checklists	<ul style="list-style-type: none"> <li>Checklists shared with MDAs.</li> </ul>
		2.1.4. Engage MDAs to establish contract implementation and monitoring committees	<ul style="list-style-type: none"> <li>No. of implementation and monitoring committees established at Central, District and Committee level.</li> </ul>
			<ul style="list-style-type: none"> <li>No. of contract implementation and monitoring submitted and reviewed.</li> </ul>

Strategic Goal	Strategic Objectives	Activities	Targeted Outputs (KPI)
	2.2. Ensure up to date database on public contracts, concessions and development developments	2.2.1. To establish an ICT section	<ul style="list-style-type: none"> <li>• GCU website established</li> </ul>
		2.2.2. Establish an online information on completed and ongoing public contracts, concessions and development agreements.	<ul style="list-style-type: none"> <li>• Management Information System (MIS) established.</li> </ul>
	2.3. Ensure easy and timely access to information on public contracts	2.3.1. Integrate public contract database with other public financial and auditing systems	<ul style="list-style-type: none"> <li>• No. of MDAs procurement plans linked to IFMIS and e-procurement platforms</li> </ul>
	2.4. Ensure contractual documentation for easy of reference	2.4.1.	<ul style="list-style-type: none"> <li>•</li> </ul>
	2.5. Ensure consistent submission of progress report	2.5.1.	<ul style="list-style-type: none"> <li>•</li> </ul>
<b>Pillar 3: Capacity Building</b>			
<b>3. Improve performance in management of public contracts, concessions and development.</b>	3.1. Have adequate, trained, competent and motivated GCU staff	3.1.1. Engage Human Resource Department to provide additional staff in the establishment (ICT, M&E, Specialists-Economist, ICT, and Assistant Specialists).	<ul style="list-style-type: none"> <li>• No. of staff in post.</li> <li>• No. of established posts increased.</li> </ul>
		3.1.2. Induct and train GCU staff.	<ul style="list-style-type: none"> <li>• No. of training sessions conducted,</li> <li>• No. of training reports produced and submitted.</li> </ul>
		3.1.3. Conduct study tours.	<ul style="list-style-type: none"> <li>• No. of study tours conducted;</li> <li>• No. of study tour reports produced and submitted.</li> </ul>
		3.1.4. Conduct staff performance appraisals.	<ul style="list-style-type: none"> <li>• No. of staff appraised and motivated</li> </ul>
	3.2. Ensure adequate equipment and, transport to enable GCU meet its operations	3.2.1. Purchase additional vehicles, computers and other office equipment.	<ul style="list-style-type: none"> <li>• No. of additional vehicles and office equipment purchased.</li> </ul>
		3.2.2.	<ul style="list-style-type: none"> <li>•</li> </ul>
	3.3. Develop and maintain a robust monitoring and evaluation system on GCU Operations	3.3.1. Develop and maintain Management Information System (MIS).	<ul style="list-style-type: none"> <li>• MIS developed and operationalized.</li> </ul>
		3.3.2. Record and track profile of vetted contracts, concession, and development agreements in the database.	<ul style="list-style-type: none"> <li>• Updated database.</li> </ul>

Strategic Goal	Strategic Objectives	Activities	Targeted Outputs (KPI)	
		3.3.3. Compile and submit quarterly progress and financial report.	<ul style="list-style-type: none"> <li>No. of quarterly and financial reports submitted in time.</li> </ul>	
		3.3.4. Review and evaluate the strategic plan, annual work plans and budgets, M&E framework.	<ul style="list-style-type: none"> <li>Independent evaluations carried out..</li> </ul>	
		3.3.5. Establish contracts document centre.	<ul style="list-style-type: none"> <li>Documentation center established.</li> </ul>	
		3.3.6. Conduct management meetings.	<ul style="list-style-type: none"> <li>Minutes for management meetings available.</li> </ul>	
		3.3.7. Initiate the development of contracts policy and enactment of Law on Contract Management.	<ul style="list-style-type: none"> <li>Public contracts policy developed and the Law enacted.</li> </ul>	
		3.3.8. Provide administrative and logistical services	<ul style="list-style-type: none"> <li>GCU activities and operations effectively and timely implemented.</li> </ul>	
	3.4. Strengthen capacity of MDAs to effectively and efficiently manage the contracts.	3.4.1. Understand and discuss gaps and overlaps on policies and roles of MDAs.	<ul style="list-style-type: none"> <li>Gaps and overlaps harmonized.</li> </ul>	
		3.4.2. Liaise with MDAs to harmonize the vetting process.	<ul style="list-style-type: none"> <li>Vetting process harmonized.</li> </ul>	
	3.5. Develop linkages with development partners for technical and financial support.	3.5.1. Engage and sensitize development partners on GCU operations and activities.	<ul style="list-style-type: none"> <li>Partnership agreements developed and signed,</li> </ul>	
		3.5.2. Develop term of references on areas that need technical support.	<ul style="list-style-type: none"> <li>TOR developed.</li> </ul>	
		3.5.3. Manage resources from development partners compliance with the agreed operational plans.	<ul style="list-style-type: none"> <li>Resources effectively and efficiently utilized</li> <li>Operational costs included in GCU budget.</li> </ul>	
		3.6. Interfacing vetting system with IFMIS	3.6.1.	<ul style="list-style-type: none"> <li></li> </ul>
	<b>Pillar 4: Integrity</b>			
<b>4. Build public confidence of government in the</b>	4.1. Preserve professionalism and ethical conduct.	4.1.1. Engage and sensitive MDAs to work in accordance with set rules and regulations in	<ul style="list-style-type: none"> <li>Reduced queries and complaints</li> </ul>	

Strategic Goal	Strategic Objectives	Activities	Targeted Outputs (KPI)
management of public contracts, concessions and development agreements		the management of public contracts, concessions and development agreement.	
	4.2. Eradicate fraud and corrupt practices in public contracts, concessions and development agreements	4.2.1. Engage ACB, PPDA, FIA, MoJCA, NAO in sensitizing Stakeholders on potential areas that can lead to fraud and corruption practices	<ul style="list-style-type: none"> <li>• Reduced court cases arising from contract mismanagement.</li> </ul>
		4.2.2. Engage professional bodies in sensitizing their members on potential areas that can lead to fraud and corruption practices.	<ul style="list-style-type: none"> <li>• Good products delivered</li> <li>• Value for money achieved</li> </ul>

## 5. RESOURCE MOBILISATION

In order to implement this strategic plan, GCU will require substantial amount of financial resources in building internal capacities, development of robust systems, and building relationship with MDAs. Therefore, GCU intends to carry out the following strategies:

- a) Lobby for more allocation of resources from OPC and Treasury by demonstrating the cost savings that can be achieved through effective systems of contract management;
- b) Work with MDAs in ensuring that contracts, concessions and development agreements are implemented effectively and efficiently. ;
- c) Work with Development Partners for support in specific activities.

## 6. IMPLEMENTATION, MONITORING AND EVALUATION

In any programme, project or operation, Monitoring and Evaluation (M&E) are fundamental tools for measuring success. Monitoring is the process of maintaining close observation and follow-up over the implementation of activities in the Strategic Plan. This requires systematic collection of data according to the targets and activities defined in annual work plans and budgets, derived from the Strategic Plan. This Strategic Plan therefore, provides a guide on how the priority activities could be costed to determine the overall resource envelop for GCU.

The Strategic Plan has included M&E framework for the strategies that will be done systematically to ensure that the information reported correlates at all levels. The M&E framework comprises of four integrated components;

- a) **Logical framework** that will correlate the strategic goals, strategic objectives, activities with the targeted outputs;
- b) **Annual work-plan** that will extract activities intended for implementation in a fiscal year with an indication of delivery period for each activity;
- c) **Progress reports** that will consolidate the achieved outputs and challenges for review and improvement; and
- d) **Evaluation** of the results that will assess the extent to which the Strategic Plan is achieving the desired outcomes and impacts.

For the M&E system to work perfectly, it requires defining baseline indicators at the start of the implementation period that will enable to assess the changes in situation from the beginning and form the basis for the measure of achievements of the strategic goals, objectives and the corresponding activities. This being strategic operational plan for a new department in the OPC, there is need to conduct baseline assessment as benchmark for performance of the Strategic plan.

## **6.1. Implementation**

Successful implementation of the Strategic Plan will require taking some measures which will include the following;

- a) Full development of each strategy into comprehensive and well costed activities based on the log-frame model;
- b) Mobilization of funding for implementation of the strategies and the activities from national budget and development partners;
- c) Getting relevant key stakeholders involved in the implementation strategies. Efforts will be taken to ensure that the strategic plan is well understood by the stakeholders..
- d) Each strategy and its activities will be assigned to responsible officer(s) who will ensure that set targets are met in time as planned;
- e) Steps will be taken to ensure that assigned officers develop detailed plan of activities;
- f) Consolidating activities into annual work plans and budgets for implementation; (**refer to Section 6.2.2**);
- g) The activities' s targets will be disaggregated into specific individual targets based on the current Performance Management System (PMS) of the Government of Malawi which will be re-engineered in order to cope with the implementation and monitoring needs of the GCU activities under the Strategic Plan;
- h) Management to act as a steering committee for overseeing and coordinating the implementation of the Strategic Plan;



- i) Implement the monitoring and evaluation mechanisms proposed in this chapter in order to assist in assessing successes and failures of implementation on quarterly and annual basis, and taking remedial measures;
- j) Include monitoring and evaluation framework in the design of Management Information System (MIS);
- k) GCU should ensure that data on achievements and failures is recorded in systematic manner for ease of reference, reporting, monitoring and evaluation;
- l) Ensuring that GCU has adequate financial and human, resources including equipment;
- m) Ensuring that all staff members are engaged in the assigned activities;
- n) Ensuring that an approved annual budget is available and timely shared for monitoring and evaluation of the Strategic Plan;

## **6.2. Monitoring and Evaluation**

The M&E system developed will be carried out at various stages of implementation and will provide a broad continuity on the monitoring requirements. It is a simplified M&E framework to enable GCU assess results and impacts of the strategies. The strategies and their corresponding activities will be evaluated monthly, quarterly and annually. The monthly and quarterly aggregation of outputs, results and impacts will constitute annual progress and achievements, respectively. The M&E framework will have four integrated components, viz, logical framework, work-plan, progress reports and evaluation.

### **6.2.1. Logical Framework**

The logical framework correlates the strategic goals, strategic objectives and activities with set targeted outputs spread through the five years of the Strategic Plan implementation period. In each year of implementation, the targeted outputs are monitored based on the achievements as a value and percentage (%). The data will be captured from quarterly and annual progress reports in the format correlating to the logical framework. The Logical Framework is included in **Appendix 4**.

### **6.2.2. Annual Work-Plan**

The annual work-plan provides extracted activities planned for implementation within the delivery period of one fiscal year. Each activity will have to be allocated required resources to have it successfully implemented. The format or template for the Annual Work-Plan is as shown below and it is included in **Appendix 5** and the sample (extract) is also provided in the next page.

### **6.2.3. Reporting**

The achievements of the targeted outputs will be reported in the standard format correlating to the annual work-plan and the logical framework. The use of structured report format will make the process of monitoring and evaluation easy as the results will be put in the similar format and layout of the corresponding M&E tools i.e. the logic framework and annual work-plan. Reporting on the progress achieved on the strategies and their related activities will be done quarterly and annually. The reports will be submitted to the Chief Secretary to the Government and other line Ministries, Departments and Agencies. The report formats are included in **Appendix 6** and samples (extracts) are provided below.

### **6.2.4. Evaluation**

The implementation of the Strategic Plan and the achievements will be evaluated annually at internal level, and at external level as mid-term review and at the end of the implementation period. The evaluation will aim to assess as to how the resources were used; assess the achievements and failures of the Strategic Plan as a whole and annual work-plans; to see whether adequate resources are being mobilized to implement the plan; and assess the impact of the Strategic Plan and the strategies.

GCU management will internally analyse and evaluate the implementation, achievements and challenges of the strategies and activities against the targeted outputs and the allocated resources. At this level, GCU management will be able to review its operations and implementation style of the strategies and corresponding activities if the results indicate key gaps and challenges. The Management Information System (MIS) will be an integral part of the M&E framework that ensure the data is captured and retrieved systematically.

External evaluation of the Strategic Plan will be done twice over the five years of implementation. Mid-term evaluation will be done after three years at the end of the period. This will include the assessment of the implementation of the strategies, and their activities as well as; outcomes and impacts. External evaluations will involve external experts to undertake an independent assessment verifying if the strategies and their activities are achieving the intended strategic goals; and measure the extent to which the strategies and their activities are impacting government operations and the general public. The external evaluation will also act as an audit to the implementation of the Strategic Plan by GCU and the relevant stakeholders.

GCU will prepare terms of reference for the external evaluation through user satisfaction surveys to assess impact of the Strategic Plan based on the guidelines of the Government Public Procurement Procedures.

#### **Sample of Annual Work-Plan Template**

#### **Sample of Quarterly Progress Report Template**

#### **Sample of Annual Progress Report Template**

### **7. EXPECTED IMPACT OF THE STRATEGIC PLAN**

It is anticipate that once the strategic plan is implemented, GCU will register significant impact in the following manner:

- a) Increased capacity of GCU in terms of human resources, systems and equipment to effectively to review and vet contracts concessions and development agreements to achieve value for money;
- b) Improved cost savings and reduced risks on government contracts;
- c) Optimized government revenues from concessions and development agreements;
- d) Increase public confidence;
- e) Increased provision of quality social services by government;
- f) Improved visibility of GCU in the management of contracts, concessions and development agreements and

- g) Enhanced capacity in MDAs to negotiate better terms and to effectively implement, concessions and development agreements to achieve value for money.

## **8. APPENDICES**

**Appendix 1: Government Circular No: CS/S/001**

**Appendix 2: Government Circular No: CS/S/001**

**Appendix 3: Organogram**

**Appendix 4: Logical Framework**

**Appendix 5: Annual Work-Plan Format**

**Appendix 6: Reporting Formats**

**APPENDIX 1: Government Circular No.: CS/S/001**

Ref. No. CS/S/001

19<sup>th</sup> July, 2011

DPB

FROM : THE CHIEF SECRETARY TO THE GOVERNMENT,  
OFFICE OF THE PRESIDENT AND CABINET,  
P/BAG 301, LILONGWE 3.

TO : ALL MINISTERS AND DEPUTY MINISTERS  
: ALL PRINCIPAL SECRETARIES AND HEADS OF  
DEPARTMENT  
: ALL CHIEF EXECUTIVE OFFICERS OF  
PARASTATAL ORGANIZATIONS

**ESTABLISHMENT OF THE GOVERNMENT CONTRACTS  
NEGOTIATION UNIT**

I am pleased to inform you that Government has established a Government Contracts Negotiation Unit in the Office of the President and Cabinet with immediate effect.

The Government Contracts Negotiation Unit constitutes of a multi-disciplinary team of experts in the fields of engineering, economics, law, and accounting. The Unit is responsible for reviewing, considering, vetting, negotiating, and passing contractual proposals before they are concluded and agreed between the Malawi Government and other parties and stakeholders. The mandate of the Government Contract Negotiation Unit (GCNU) shall include all contracts including construction, provision or supply of goods and services, concessions, and all such agreements that place an obligation on the Malawi Government or have an impact on the resources and endowment of Malawi.

Accordingly, Ministries, Departments, parastatals and other State bodies are required to engage the Government Contracts Negotiation Unit whenever they intend to enter into a contract, concession, agreement and any major procurement arrangements with other parties, whether local or foreign entities. This requirement is intended to ensure value for money for the contracts and procurements, and that such arrangements are in the interest of the Malawi Government and benefit the people of Malawi.

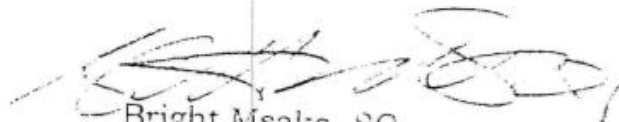
The contract proposals should be submitted to the following address:

The Director,  
Government Contracts Negotiation Unit,  
Office of the President and Cabinet,  
Private Bag 301,  
Lilongwe 3.

Government shall only commit itself to financing and implementing contracts and other procurement agreements upon such contracts and agreements being thoroughly vetted, scrutinized and certified as reasonable, advantageous and having value for money, by the Government Contracts Negotiating Unit.

The establishment of the GCNU does not obviate the need to secure the endorsement of contracts by the Treasury and the Ministry of Justice, whose roles remain absolutely necessary.

I would, therefore, be most grateful if the contents of this circular letter are strictly adhered to by all the addressees.



Bright Msaka, SC

**CHIEF SECRETARY TO THE GOVERNMENT**

**APPENDIX 2: Government Circular No.: CS/S/001**

**Ref. No. CS/S/001**

**7<sup>th</sup> November, 2014**

- FROM : THE CHIEF SECRETARY TO THE GOVERNMENT,  
OFFICE OF THE PRESIDENT AND CABINET,  
PRIVATE BAG 301, LILONGWE 3.
- TO : ALL CONTROLLING OFFICERS AND HEADS OF  
DEPARTMENT
- : THE CLERK OF PARLIAMENT, LILONGWE.
- : ALL CHIEF EXECUTIVE OFFICERS OF  
PARASTATALS AND HEADS OF SUB-VENTED  
ORGANIZATIONS.
- : ALL CHIEF EXECUTIVE OFFICERS, MAYORS  
AND CHAIRPERSONS OF CITY, MUNICIPAL,  
TOWN AND DISTRICT COUNCILS.

**ROLE OF GOVERNMENT CONTRACTS UNIT**

The Office of the President and Cabinet has noted with grave concern the conduct of some Government Ministries, Departments and Agencies (MDAs) in by-passing the Government Contracts Unit in the processing of contracts, concessions and other such agreements or arrangements which commit government resources.

The Government Contracts Unit was established as a Unit under the Office of the President and Cabinet in July 2012 by way of Circular Ref. No. CS/S/001 of 19<sup>th</sup> July, 2012 from the Chief Secretary which was addressed to all Government Ministries and Agencies. A copy of this circular is attached for ease of reference.



All controlling officers, Chief Executive Officers, and Heads of these institutions are once again reminded and strongly urged to adhere to the requirement of sending their contracts, concessions, and any other such agreements to the Government Contracts Unit for vetting, reviewing, consideration or negotiation before they are concluded, agreed and signed.

To ensure compliance with this requirement, the Secretary to the Treasury is advised not to honor any request for payment from any institution on contracts and concessions which have not been vetted, reviewed, considered or negotiated by the Government Contracts Unit.

Ministries, Departments and Agencies which are implementing projects or contracts whereby they issue their own payments or payments which are directly sourced from external sources are advised that the requirement to send their projects or contracts to GCU applies.

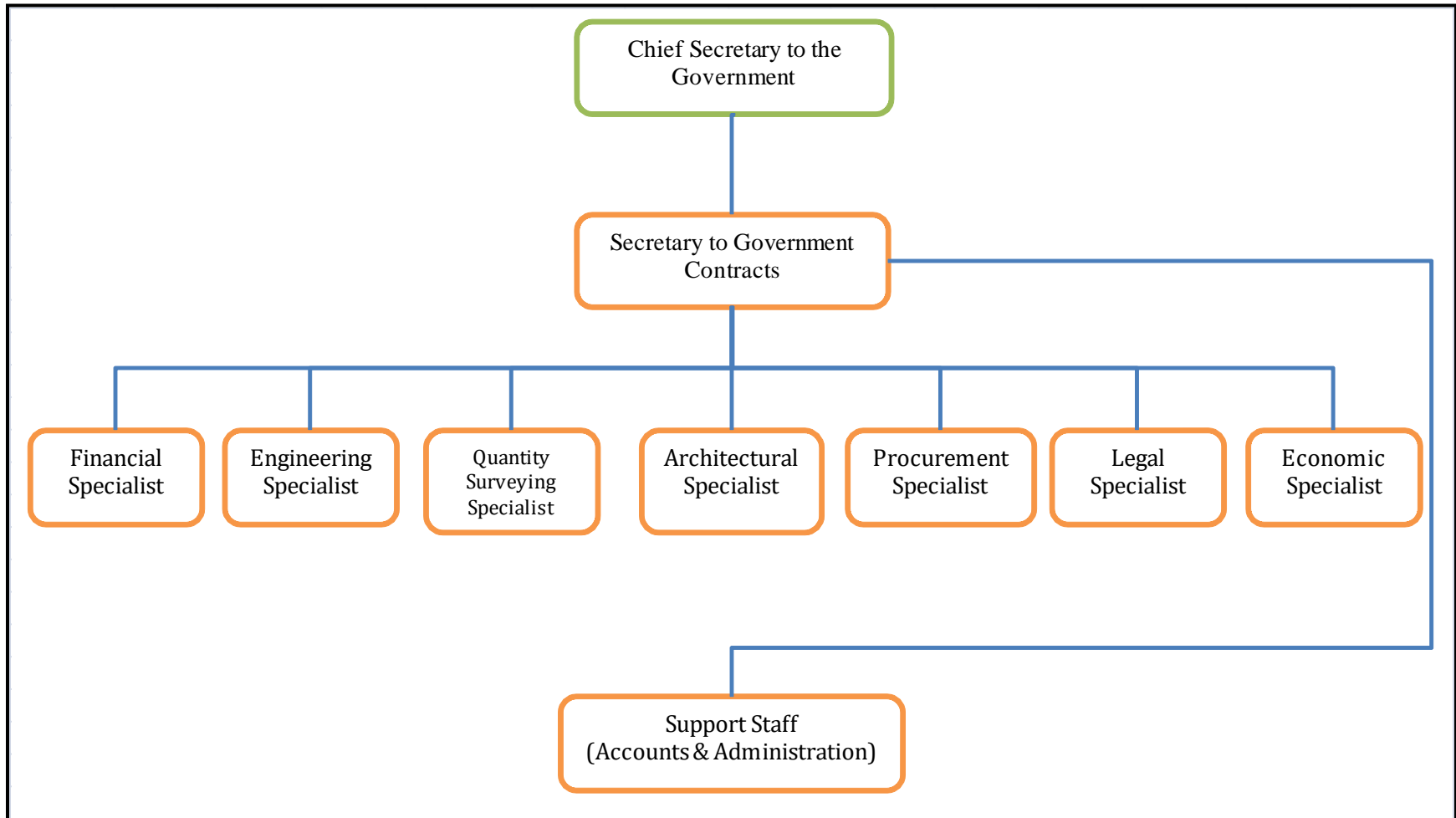
The Office of the President and Cabinet expects the usual cooperation from all Controlling Officers, Chief Executives and Heads of all concerned institutions.

  
George Mkondiwa

**CHIEF SECRETARY TO THE GOVERNMENT**



### APPENDIX 3: GCU Organogram



## APPENDIX 4: Logical Framework

Strategic Goal	Strategic Objective	Strategies	Targeted Outputs by 2016		Delivery Period on Targets and Resources												Assumptions	Lead/Responsible Person				
					2012/2013			2013/2014			2014/2015			2015/2016								
					Tragets	Financial Resource	Achieved Value   (%)	Tragets	Financial Resource	Achieved Value   (%)	Tragets	Financial Resource	Achieved Value   (%)	Tragets	Financial Resource	Achieved Value   (%)						
Description	No.																					
<b>Pillar 1: Compliance</b>																						
1.0 Maximize benefits from contracts and concessions	1.1 Enhance quality products and services from contracts and concessions	1.1.1 Review, negotiate and vet concessions and PPP agreements.	- No. of concessions and PPP agreements reviewed, negotiated and vetted.	24						8						8				. Resources available and MDAs willing to cooperate submit contracts agreement.	GCU Specialists, PS	
		1.1.2 Review and vet bids, contracts and agreements.	- No. of contracts and agreements reviewed, and vetted.	864						288							288				. Resources available and MDAs willing to cooperate submit contracts agreement.	GCU Specialists, PS
		1.1.3 Engage sector ministries and departments to include implementation monitoring committees are included in the concessions.	- No. of review committees established.	30						10							10				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS
		1.1.4 Engage sector ministries to review performance of existing concessions and PPP agreements.	- No. of concession agreements reviewed.	24						8							8				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS
		1.1.5 Engage sector ministries to standardize and harmonize concession provisions and terms.	- No. of concession agreements and contracts with standard provisions.	18						6							6				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS
	1.2 Strengthen timely delivery of contracts and concessions	1.2.1 Conduct post award contracts review and monitoring.	- No. of post award contracts reviewed and monitored.	36						12							12				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS
		1.2.2 Engage Buildings Department, Roads Authority and other stakeholders in the review of supervision system of infrastructure projects.	- Supervision system/manual developed and or reviewed	12						4							4				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS
		1.2.3 Engage ministries to review stalled contracts and concession agreements.	- No. of stalled contracts and concession agreements reviewed.	36						12							12				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS
		1.2.4 Engage ODPPP to encourage ministries, departments and agencies to produce annual procurement plans.	- No. of procurement plans developed or no. of ministries with procurement plans.	3						1							1				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS
		1.2.5 Receive and review implementation reports submitted by concessions and PPP monitoring committees.	- No. of progress reports produced on concession and PPP agreements received and reviewed.	18						6							6				. Resources available and MDAs willing to cooperate and submit the reports.	GCU Specialists, PS
1.3 Avoid unnecessary claims on contracts and concessions.	1.3.1 Sensitize stakeholders to ensure that contracts are adequate and complete.	- No. of sensitization meetings conducted and reports submitted.	30						10							10				. Resources available and MDAs willing to attend sensitization meetings.	GCU Specialists, PS	
		- No. of certified complete contracts and concessions and no. of final completion reports	0																			
	1.3.2 Ensure that there is close supervision for contracts and concessions.	- No. of supervision and technical audit reports submitted and acted upon.	180						60							60				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS	
1.4 Ensure adherence to set rules and regulation for contracts and concessions.	1.4.1 Engage MDAs on what should be done in developing and implementing contracts and concessions.	- No. of contracts and concession agreements approved.	600						200							200				. Resources available and MDAs willing to cooperate.	GCU Specialists, PS	

Strategic Goal	Strategic Objective	Strategies	Targeted Outputs by 2016		Delivery Period on Targets and Resources												Assumptions	Lead/Responsible Person	
					2012/2013			2013/2014			2014/2015			2015/2016					
			Description	No.	Tragets	Financial Resource	Achieved Value   (%)	Tragets	Financial Resource	Achieved Value   (%)	Tragets	Financial Resource	Achieved Value   (%)	Tragets	Financial Resource	Achieved Value   (%)			
<b>Pillar 2: Capacity Building</b>																			
2.0 Improve current performance	2.1 Have adequate, trained, competent and motivated staff	2.1.1 Engage Human Resource Department to provide additional staff.	- No. of staff in post.	3				1								. Resources available and HRMD Office supportive.	PS, HRO		
		2.1.2 Induct and train staff	- No. of staff inducted and trained.	27				9								. Resources available and staff willing to attend training.	PS, HRO		
			- No. of training reports produced and submitted.	27				9											
		2.1.3 Conduct study tours	- No. of study tours reports produced and submitted.	3				1								. Resources available.	PS, PAO, HRO		
		- No. of staff appraised.	36				12								. Resources available.	PS, HRO			
	2.2 Provide adequate equipment, transport and office space	2.2.1 Purchase vehicles, computers and other office equipments.	- No. of vehicles, computers, printers, cell-phones, desks and other communication facilities purchased.	34				32							2		. Resources available.	PS	
		2.2.2 Secure a conducive working office space.	- Office space secured and occupied.	3				1							1		. Resources available and space available.	PS	
	2.3 Develop and maintain robust systems, procedures and policies.	2.3.1 Develop and distribute guidelines and procedures for vetting of contracts and concessions.	- Guidelines and procedures developed and distributed.	3				1							1		. Resources available.	GCU Specialists, PS	
		2.3.2 Develop and maintain Management Information System (MIS).	- MIS developed and operational.	3				1							1		. Resources available.	GCU Specialists, PS	
		2.3.3 Record, enter and track profile of vetted contracts and concession agreements in the database.	- Database updated.	3				1							1		. Resources available and support staff recruited to enter and manage database.	GCU Specialists, PS	
		2.3.4 Compile and submit quarterly progress and financial reports.	- No. of quarterly and financial reports submitted in time.	12				4							4		. Resources available.	GCU Specialists, PS	
		2.3.5 Develop strategic plan, annual work plans and budgets, M&E framework.	- Strategic plan, annual work plan, budgets and M&E frame work developed.	12				4							4		. Resources available.	GCU Specialists, PS	
		2.3.6 Establish library of key policy documents, laws and reports.	- Library established.	3				1								1		. Resources available.	GCU Specialists, PS
			- No. of documents stocked.	60				20								20			
		2.3.7 Conduct management meetings	- No. of minutes for management meetings conducted.	36				12								12		. Resources available.	PS, GCU Specialists, PAO, HRO
		2.3.8 Initiate the development of contracts policy and enactment.	- Contracts policy and Act developed.	6				2								2		. Resources available and Government supportive.	PS, GCU Specialists,
		2.3.9 Provide administrative and logistic services.	- GCU activities and operations effectively and timely implemented.	3				1								1		. Resources and support staff available.	PS, PAO, HRO
	2.4 Develop linkages with key stakeholders on operational harmonization.	2.4.1 Understand policies and roles of the key stakeholders	- Gaps harmonized.	3				1							1		. Resources available and stakeholders cooperative.	PS, GCU Specialists	
		2.4.2 Conduct meetings with stakeholders.	- No. of meetings held.	15				5							5		. Resources available and stakeholders willing to attend meetings.	PS, GCU Specialists	
	2.5 Develop linkages with development partners for technical support.	2.5.1 Engage and sensitize development partners on GCU activities.	- Partnership developed, MOUs signed and minutes of stakeholder meetings conducted.	15				5							5		. Resources available and development partners cooperative.	PS, GCU Specialists	
		2.5.2 Develop term of references on areas that need technical support.	- Terms of reference developed and approved.	15				5							5		. Resources available and development partners cooperative.	PS, GCU Specialists	
		2.5.3 Manage resources from development partners.	- Development partner conditions met.	3				1							1		. Right skills available and development partner cooperative.	PS, GCU Specialists, PAO	
	2.6 Inform stakeholders on activities and operations of GCU.	2.6.1 Conduct sensitisation meetings with stakeholder on GCU activities and operations.	- No. of sensitisation meetings held.	10				5							0		. Resources available and stakeholders willing to attend meetings.	PS, GCU Specialists	
	2.7 Strengthen the capacity of the MDAs in effective management of contracts.	2.7.1 Develop an assessment framework for MDAs in contracts management.	- Contracts management assessment framework developed and in use.	3				1							1		. Resources available and MDAs cooperative.	PS, GCU Specialists	
		2.7.2 Evaluate the capacity of MDA on the adequacy of contracts management and related systems.	- Evaluation reports submitted and capacity gaps in contracts management identified.	3				1							1		. Resources available and MDAs cooperative.	PS, GCU Specialists	
		2.7.3 Train and orient MDAs in effective contracts management and administration.	- Training and orientation reports submitted.	25				5							10		. Resources available and MDAs cooperative.	PS, GCU Specialists	
		- Improved contract management and administration among the MDAs.	3				1							1					

Strategic Goal	Strategic Objective	Strategies	Targeted Outputs by 2016		Delivery Period on Targets and Resources												Assumptions	Lead/Responsible Person	
					2012/2013			2013/2014			2014/2015			2015/2016					
			Description	No.	Tragets	Financial Resource	Achieved Value (%)	Tragets	Financial Resource	Achieved Value (%)	Tragets	Financial Resource	Achieved Value (%)	Tragets	Financial Resource	Achieved Value (%)			
<b>Pillar 2: Integrity</b>																			
3.0 Build public confidence	3.1 Preserve professionalism and	3.1.1 Work in accordance with set rules and regulations.	· Reduced queries and complaints	3					1					1				· Resources available and MDAs cooperative.	PS, GCU Specialists
	3.2 Promote transparency and accountability.	3.2.1 Develop Information Communication Technology (ICT) strategy for dissemination of reviewed and vetted contracts and concessions.	· ICT strategy developed and implemented.	3					1					1				Resources available.	PS, GCU Specialists

## APPENDIX 5: Annual Work-Plan Template

<b>ANNUAL WORKPLAN TEMPLATE</b>																	
Strategy Description	SN	Description	Targets	Budget MK('000)	Time Frame												Lead/Responsible Party
					Quarter 1			Quarter 2			Quarter 3			Quarter 4			
					J	A	S	O	N	D	J	F	M	A	M	J	
Strategic Pillar	1	Compliance															
Strategic Goal	1	Maximize benefits from contracts and concessions															
Strategic Objectives and Activities	1.1	Enhance quality products and services from contracts and concessions															
	1.1.1	Review, negotiate and vet concessions and PPP agreements.	8	4,320												GCU Specialists	
	1.1.2																
	1.2	Strengthen timely delivery of contracts and concessions															
	1.2.1	Conduct post award contracts review and monitoring.	12	5,508												GCU Specialists	
	1.2.2																

## APPENDIX 6: Reporting Format

<b>ANNUAL PROGRESS REPORT TEMPLATE</b>							
<b>Strategic Objectives</b>	<b>Activities Planned for the Year</b>		<b>Targets Assigned</b>	<b>Budget Amount (MK'000)</b>	<b>Targets Achieved</b>	<b>Actual Spent (MK'000)</b>	<b>Remarks-explain any variance between expected and actual situation and make recommendations to address key gaps, bottlenecks, challenges</b>
<b>1 Maximize benefits from contracts and concessions</b>							
<b>1.1 Enhance quality products and services from contracts and concessions</b>	1.1.1	Review, negotiate and vet concessions and PPP agreements.	8	4,320	10	4,300	More concession and PPP agreements submitted by MDAs for review and vetting. Half of the concession/PPP agreements required less resources than anticipated. Realistic estimates required based on this results.
	1.1.2						
<b>1.2 Strengthen timely delivery of contracts and concessions</b>	1.2.1	Conduct post award contracts review and monitoring.	12	5,508	11	5,500	Resources underestimated and could not cover all the targeted outputs. Accommodation and fuel continued increasing over the year due to continued depreciation of the national currency.
	1.2.2						

## COMMENTS PAGE