



OFFICE OF THE DIRECTOR OF PUBLIC PROCUREMENT

**ANNUAL REPORT
2005/2006 FINANCIAL YEAR**

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2nd May 2007

His Excellency Dr Bingu wa Mutharika
President of the Republic of Malawi and
Minister Responsible for Public Procurement
State House

LILONGWE

Your Excellency,

ANNUAL REPORT FOR THE 2005/2006 FINANCIAL YEAR

In accordance with Section 41 of the Public Procurement Act (2003), I hereby submit my Annual Report for 2005/2006 financial year.

I am

Your Excellency's Obedient Servant,

Bright S.M. Mangulama
DIRECTOR
OFFICE OF PUBLIC PROCUREMENT

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FOREWORD

In our maiden 2004/05 Annual Report we dwelt much on the important historical aspects of the Procurement Reform Programme and the origins of ODPP. This report seeks to highlight progress so far made as the Office continues with the implementation of the reforms.

Just like other countries in the Common Market for Eastern and Southern Africa (COMESA) grouping, Malawi is striving to make public procurement system as transparent, efficient, accountable and corrupt-free as possible. To ensure that this is properly done, the public procurement reforms are taken with the seriousness they deserve by exploiting all possible avenues that would enhance their implementation.

As was reported in the previous report, ODPP has during this period continued to implement the *Public Procurement Act* - the legislation that forms the solid basis of such reforms, through different initiatives.

We realise that the success of the current reforms hinges on the concerted effort of all stakeholders. As such, ODPP has committed itself to address the needs of stakeholders through the pivotal guidance of a three-year Strategic Plan that runs until December 2008. Through this Plan, we strive to ensure sustainability, coherence and effectiveness of the monitoring, oversight and regulatory operations carried out through different activities highlighted in this report. Central in the implementation of the Plan is the fulfilment of the needs and expectations of our stakeholders in tandem with the provisions of the existing legal instruments.

As would be noticed in this report, ODPP has taken serious steps to address personnel constraints both at the Office as well as in the PEs. At PE level, my Office has intensified training programmes to ensure that those involved in Procurement are well versed with their roles and the dictates of different public procurement documents to efficiently, effectively and responsibly carry out their duties.

It is our hope that such training programmes will help PEs to, among other things improve the quality of their submissions for prior reviews. Once quality in relation to submissions is achieved, pressure on my office will be eased and cases of delays minimised. Like I indicated in the previous report, it is ODPP's intention to ensure that once sufficient capacity in PEs is built, prior reviews are reduced to procurements of very high values only as set by the Director. This development would allow my office to concentrate on post reviews and other functions.

It is my hope that the contents of this report will be informative to the public and that it will provide sufficient evidence that procurement reforms are indeed bearing the desired fruits. I would like to appeal to the authorities and the general public to render support to these procurement reforms if fraud and corruption in public procurement are to be minimised.

Bright S M. Mangulama
DIRECTOR
OFFICE OF THE DIRECTOR OF PUBLIC PROCUREMENT

LIST OF ACCRONYMS

ACB	Anti-Corruption Bureau
AD	Assistant Director
ADB	African Development Bank
ADMARC	Agricultural Development and Marketing Corporation
CG	Central Government
CGS	Central Government Stores
CIPS	Chartered Institute of Purchasing and Supply
COMESA	Common Market for East and Southern Africa
CPR	Country Performance Review
CTB	Central Tender Board
DD	Deputy Director
DA	Decentralised Assemblies
Dir.	Director
DFID	Department for International Development
DHRMD Development	Department of Human Resources Management and
DOB	Director of Buildings
EU	European Union
GP	Government Press
ICT	Information Communications Technology
IMF	International Monetary Fund
IPC	Internal Procurement Committee
IT	Information Technology
MCA	Millennium Challenge Account
MK	Malawi Kwacha
NAO	National Audit Office
ODPP	Office of the Director of Public Procurement
OPC	Office of the President and Cabinet
ORT	Other Recurrent Transactions
PE	Procuring Entity
PPA	Public Procurement Act
PU	Procurement Unit
PVHO	Plant and Vehicle Hire Organization
SA	Semi-Autonomous
SBD	Standard Bidding Document
SEDOM	Small Enterprises Development Organization of Malawi
SPU	Specialised Procurement Unit
TEVET	Technical and Vocational Education Training
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Program
USAID	United States Agency for International Development

MISSION STATEMENT

Vision

To put in place a Public Procurement System that is transparent, efficient, and corrupt free.

Mission

To provide a professional, efficient and effective regulatory, monitoring and oversight function on all public procurement matters, including contracting-out non-core services by formulating, implementing and reviewing public procurement policies in order to ensure transparency, accountability and value for money in all procurement activities.

Core Values

The Office of Public Procurement's core values are:

1. Efficiency, Effectiveness and Economy
 - ODPP shall discharge its duties in a cost effective and expeditious manner
2. Impartiality
 - ODPP shall exercise fairness and justice in discharging its duties
3. Professionalism
 - ODPP shall discharge its duties with high sense of responsibility
4. Transparency and Accountability
 - ODPP shall discharge its duties in an open manner while remaining responsible for its action.
5. Integrity
 - ODPP shall exercise a high sense of firmness, honesty and trustworthiness in discharging its duties.

Client Charter

The Office of Public Procurement is accessible by and supports all public institutions in Malawi in their efforts to improve public procurement activities that are guided by the Public Procurement Act.

CHAPTER 1

PROGRESS REPORT ON IMPLEMENTATION OF THE PUBLIC PROCUREMENT ACT

1.0 Introduction

The Office of the Director of Public Procurement continued to carry out a number of activities during the 2005/06 Financial Year in its effort to implement the current public procurement reforms and the Public Procurement Act (PPA). Its major role was to satisfy the requirements of the provisions of the Act.

1.1 Major Provisions of the Act

The operations of the Office of the Director of Public Procurement strive to fulfil the following major provisions of the Act:

- i) Regulation, monitoring and oversight of public procurement in Malawi;
- ii) Decentralisation of procurement responsibility to procuring entities;
- iii) Establishment of Internal Procurement Committees (IPCs) in all procuring entities, as the bodies responsible for controlling and approving procurement activities within the procuring entities;

- iv) Establishment of a cadre of procurement professionals, to conduct procurement activities within the procurement units;
- iv) Ensuring that public procurement is realised through open tender and the definition of five alternative methods of procurement, with strict conditions for their use; and
- v) Designing a framework of procurement rules to achieve fairness, transparency and value for money in public procurement.

1.2 Functions of ODPP

Since the operationalisation of the activities of ODPP, the past year saw the Office advancing the requirements of the Act through an effective decentralisation of procurement activities to the procuring entities. This strategically left the Office to play an oversight, regulatory and monitoring role. The functions of the Office as clearly indicated in Part II Section 4 of the Act include the following:-

- i) Assisting in the development and enhancement of efficient, and effective public procurement operations;
- ii) Ensuring the availability and accessibility to public officials and the general public of this Act and the accompanying regulations;
- iii) Developing, in consultation with concerned professional and official entities, for issuance by the relevant authorities for use

throughout Malawi, standardised procurement documents which shall be binding to all public institutions;

- iv) Promoting the development of a professional workforce by organising and conducting training programmes and developing government-wide policies and programmes aimed at establishing procurement related positions, career paths and performance incentives;
- v) Monitoring the performance of public institutions in the way they conduct procurement proceedings in order to determine whether or not this is done efficiently and in accordance with the existing legislation;
- vi) Collecting data on procurement contracts in Malawi by suppliers and maintaining a list of debarred bidders and suppliers;
- vii) Referring any violations of this Act to the relevant budgetary and law enforcement authorities;
- viii) Proposing improvements in public procurement procedures;
- ix) Providing administrative review of bid protests;
- x) Carrying-out economic studies on procurement, comparisons and future projections so as to provide advice to Government in respect of mid-term and long-term policy it may formulate in respect of public procurement matters;

- xi) Establishing a data and information base concerning procurement terminology and legislation and to set policy for and promote the application of modern information and communications technology to public procurement; and
- xii) Providing, periodically, a qualitative and quantitative assessment of procurement activities in Malawi to the Minister who shall lay the report before the National Assembly.

Within the provisions of its mandate, some of the major activities carried out during the year included:

1.3 Making the Act, Regulations and other Documents Accessible to all Public Institutions

Compliance with the provisions of the Public Procurement Act required making the Act accessible to all Public Institutions. Through Government Printer, ODPP availed copies of the Act to all Public Institutions and all involved in procurement functions. The Public Procurement Regulations and Desk Instructions for Public Procurement were also made available. It is pleasing that all public institutions now have copies of these documents to govern the conduct of their procurement undertakings. As the custodian of the procurement law, it is the wish of ODPP that Government Printer stocks copies of the Act and other publications at all times.

With financial assistance from the British Department for International Development (DFID), ODPP further produced the Standard Bidding Documents (SBDs) to guide Procuring Entities and suppliers into acceptable procurement approaches and standards. Prospective

users of the SBDs underwent training prior to circulation of the documents.

1.4 Training of IPCs on the Provisions of the PPA, Subsidiary Regulations and Documents

Following the limited capacity in PEs to carry out proper public procurement transactions, ODPP undertook the responsibility to train existing staff as members of IPCs and Procuring Units (PUs) so that they can understand the Act and the subsidiary legislation. The training was conducted for more than 50 Procuring Entities covering 200 public officials. Further training for PEs was conducted in all the three regions on the understanding of the SBDs.

1.5 Correction of Errors in the Public Procurement Act

As a custodian of the Public Procurement law, ODPP took the initiative to identify areas of the Act that needed to be amended. The proposed changes in the Act were made and forwarded to the Ministry of Justice for consideration and subsequent printing of a revised version.

1.6 Production of Guidelines for the Standard Review Committees

Pursuant to Section 38 (6) of the Act, the Director is mandated to establish a Standing Review Committee for the purposes of hearing and reviewing claims from bidders of any suffering, loss or injury due to a breach of duty imposed by the Procuring Entity.

To facilitate the establishment of this committee, ODPP has during this reporting year developed guidelines for the Standing Review Committee which presently awaits the endorsement of the Ministry of

Justice. Once this is done the Office would make the necessary appointments of those who would be sitting in the committee.

1.7 Development of Code of Ethics

To ensure that there is adherence to acceptable morals in the manner public procurement is handled ODPP, during the year drafted the public procurement Code of Ethics which is currently under consideration.

CHAPTER 2

MAJOR ACTIVITIES UNDERTAKEN DURING THE YEAR

2.0 Introduction

During the 2005/06 year, ODPP carried out a number of activities as part of its regulatory, monitoring and oversight functions. Some of the major activities centred on:

- a) Budget Preparation
- b) Staffing/Recruitment
- c) Training and Capacity Building
- d) ICT Development
- e) Sensitisation and Awareness
- f) Development of the Strategic Plan

2.1 Budget Preparation

As is expected of government establishments, ODPP prepared and submitted its budget through the Ministry of Finance for the consideration and approval of the National Assembly. During the 2005/06 year ODPP had a total Recurrent Budget provision of MK 44.3 million. Actual expenditure in the year was MK50.4 million. This represented a budget overrun of MK6.1 million. This overrun was mainly attributed to fast track recruitment which was experienced in the year. About MK3.7 million was received from DFID on the development account.

2.2 Staffing/Recruitment

The implementation of the PPA has, since 2004, been going on quite well due to the existing political will and the vast donor support. From only the Director in 2004, the Office now boasts of 42 members of staff. 29 of these members have been recruited during this reporting year. This figure is however less than 50 percent of the total required establishment. Further recruitments are being undertaken to ensure that the Office has the required workforce to carry out its mandate.

2.3 Training and Capacity Building

As indicated in 1.4 earlier, ODPP intensified its training programmes during the year in order to improve the capacity and ability of government establishments to carry out proper and systematic public procurement. A number of IPCs and PUs across the country were trained and drilled.

Following the completion of the consultative drafting of the SBDs in 2004/05 Financial year, the Office proceeded to have the SBDs printed this reporting year. The copies were distributed to all PEs. Thereafter, three regional sensitisation workshops were conducted in Blantyre, Lilongwe and Mzuzu mid May 2006 with funding from DFID.

At ODPP, nine newly recruited graduates who entered at professional level have, at the time of reporting, have been sent for postgraduate studies in procurement related programmes in the United Kingdom. This has been possible with financial assistance from FIMTAP and USAID.

2.4 Information Technology (IT) Development

To enhance the capacity of ODPP to effectively regulate, monitor and oversee public procurement activities, and to ensure that there is increased transparency through improved public procurement practices and a provision of public access to procurement data, ODPP was during the reporting year financially and technically supported by UNDP in a project on *Building National Procurement Capacity to Implement the Public Procurement Act*, by a provision of a wide range of IT equipment and public procurement training material. ODPP has therefore been supported through:

- i) Improving the Office IT infrastructure and capacity,
- ii) Building a database and computer system to manage procurement-related data,
- iii) Developing procurement training modules and conducting public procurement training of trainers courses,
- iv) Development of management information system on procurement in the public sector, and
- v) Producing electronic information on commonly procured goods.

Through this support ODPP now has:

- i) A wide range of computers and accessories;
- ii) A computer network connectivity;
- iii) Public website containing procurement data; and
- iv) Public website for procurement training literature.

2.5 Sensitisation and Awareness

Under the provisions of the PPA, public procurement is essentially meant to provide quality services to the public. There is, therefore, a need for the public to know and have unlimited access to ODPP and a wide range of public procurement information.

To ensure that this is effectively done, ODPP formulated a Communication Strategy in tandem with its Strategic Plan to champion the Office information dissemination initiatives. The Communication Strategy aims at:

- a) Ensuring that ODPP establishes and maintains its position as a regulatory and monitoring authority in procurement of goods, services and works in all public procuring entities;
- b) Growing and sustaining ODPP's relationships with procuring entities, other stakeholders and the general public; and
- c) Developing a positive culture within and outside the organisation based on the understanding of ODPP's activities.

With the Communication Strategy in place ODPP made initiatives to explore a number of avenues that have put the operations of the Office in the limelight. The activities included:

- a) Running weekly columns on public procurement in the country's daily papers,
- b) Developing radio and television procurement programmes
- c) Conducting public debate on public procurement;

- d) Producing a quarterly magazine and a number of publications, and
- e) Training media practitioners across the country on public procurement reporting.

Through the established website which was officially launched in September 2006, the public is able to access a wide range of ODPP publications, and contact the Office on any procurement related issues.

2.6 Development of the Strategic Plan

ODPP has positioned itself to meet the needs and aspirations of its stakeholders in accordance with the prevailing Public Sector Reforms through the development and operationalisation of its three-year Strategic Plan. It runs from January 2006 to 2008 and provides direction and focus to ODPP by ensuring that all public procurement programmes are developed and implemented in a coherent manner and in line with the national aspirations and priorities as contained in the Malawi Growth and Development Strategy (MGDS).

A steering committee to oversee the implementation of the Strategic Plan has already started rolling out its activities. Just like the website, the Strategic Plan was also launched in September 2006.

CHAPTER 3

PROCUREMENT ACTIVITIES UNDERTAKEN BY VARIOUS PROCURING ENTITIES DURING THE YEAR

3.0 Introduction

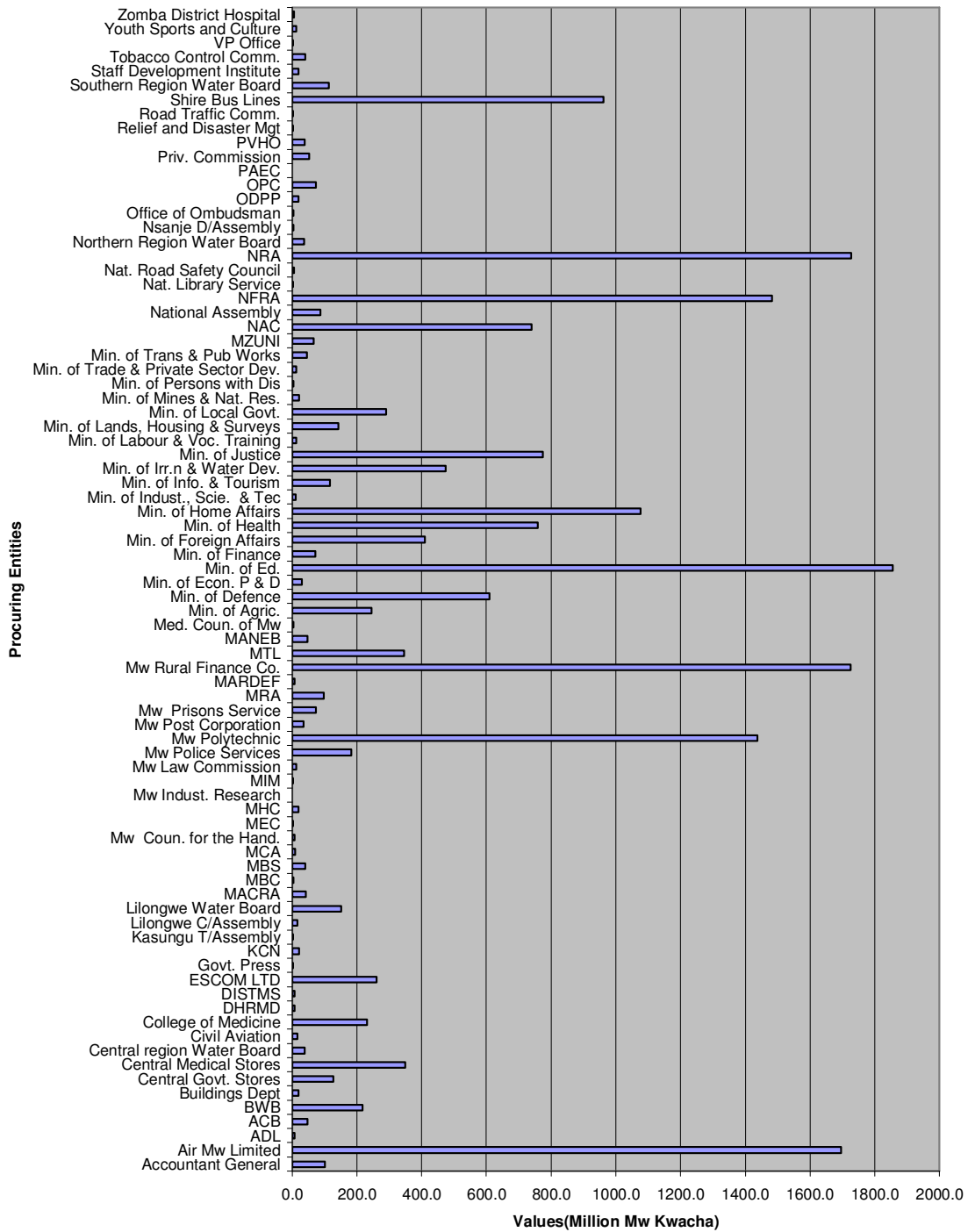
The Public Procurement Act decentralised procurement to PEs. The Act establishes IPCs and SPUs in all PEs. IPCs are committees set up by the Head of PEs. They are responsible for all procurement decisions. SPUs are the organs of public institutions that manage the day-to-day procurement activities.

3.1 ODPP continued to conduct review for all procurements above set thresholds undertaken by all the PEs in order to ensure that procurement is being undertaken according to the laid down procedures that are aimed at promoting efficiency, transparency and accountability in all public procurement. Some PEs have made positive steps in setting up PUs and it is hoped that once these have become adequately staffed and operating professionally, thresholds will be raised after a thorough assessment by ODPP. The threshold levels will vary from institution to institution depending on capacity to handle procurement efficiently and effectively.

3.2 Appendix 1 gives a record of procurement processed by all public institutions during the year under review. It highlights the names of institutions and the total value of their processed procurements. The total figures for each PE include procurements undertaken within and beyond their thresholds. These are the figures for which No Objections from ODPP were sought and required before award of contracts.

3.3 Appendices 2 and 3 give purchasing limits for the Central Government and other public institutions. These limits will be reviewed periodically, depending on prevailing economic conditions and how adherent PEs become to laid down public procurement procedures.

Figure 1: Total Procurement Values



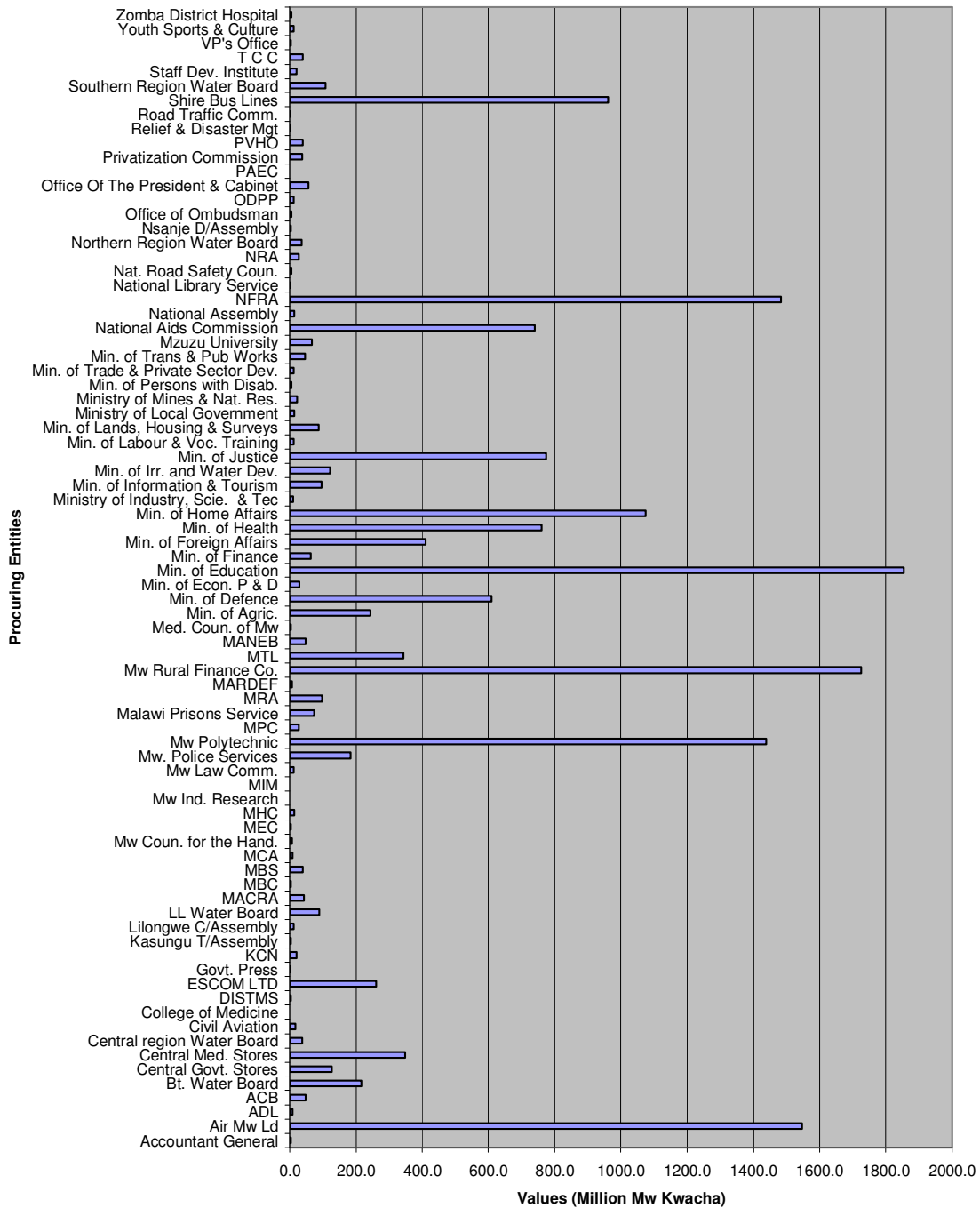
3.4 Figure 1 above shows total value of procurement of goods, works and services for 84 Procuring Entities that submitted their quarterly reports and procurements submitted to ODPP for prior review. During the year,

procurement valued at MK19, 868,716,363.77 (Nineteen billion eight hundred sixty eight million seven hundred sixteen thousand three hundred and sixty three kwacha seventy-seven tambala) was undertaken by various public institutions. This figure has doubled from the previous year's.

- 3.5** The number of PEs submitting their reports has also almost doubled. It is pleasing that the quality of submitted reports has also greatly improved. Although this is a positive development ODPP believes this figure could have further improved in view of the various training and sensitization programmes that were carried out since the last review.

Procurement of goods continued to be the biggest with a total of K16.7 billion, followed by works at K2.8 billion and lastly services at around MK300 million.

Figure 2: Procurement Values for Goods



3.6 Above figure shows the procurement values for goods. From the total number of Institutions that submitted their reports, goods worth K16, 744,393,090.43 (Sixteen billion seven hundred forty four million three hundred ninety three thousand ninety Kwacha and forty three

tambala) were procured. As in the previous year, there was more procurement in this category than in the other two.

Figure 3: Procurement Values for Services

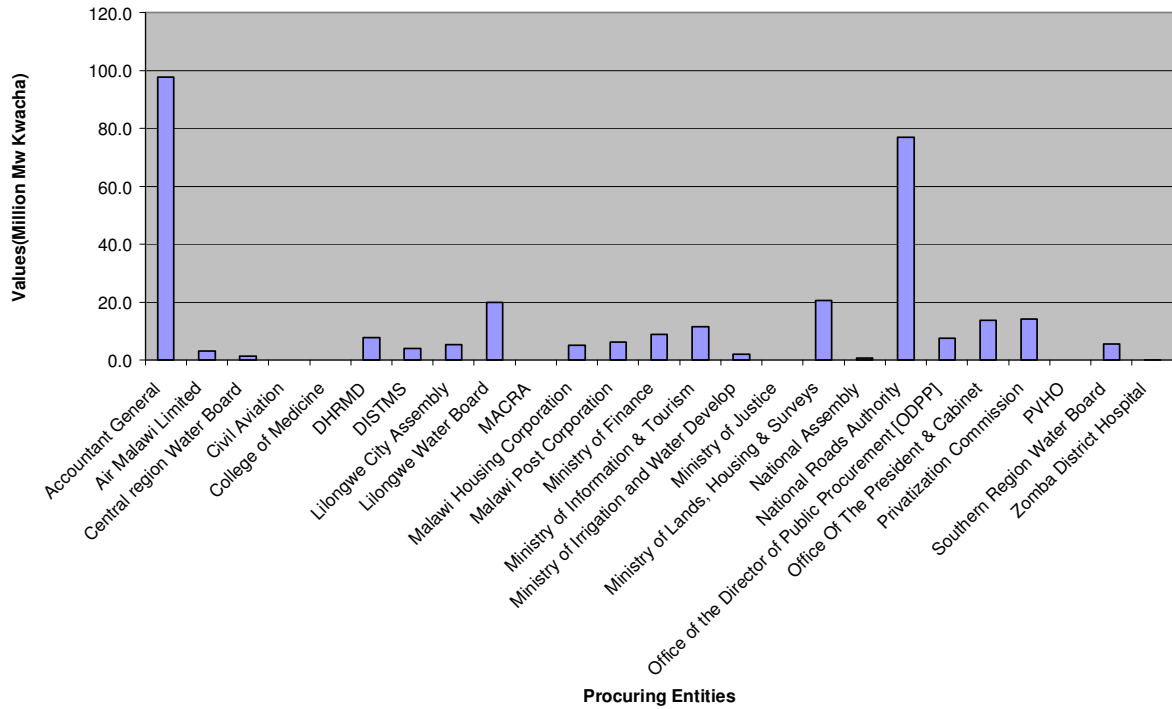


Figure 3 above shows procurement values for services. Services valued at MK305, 561,221.51 (Three hundred and five million, five hundred and sixty-one thousand two hundred and twenty-one kwacha fifty-one tambala) were procured during the year under review. There is a big drop from the last year's figure of about K870 million.

Figure 4: Procurement Values for Works

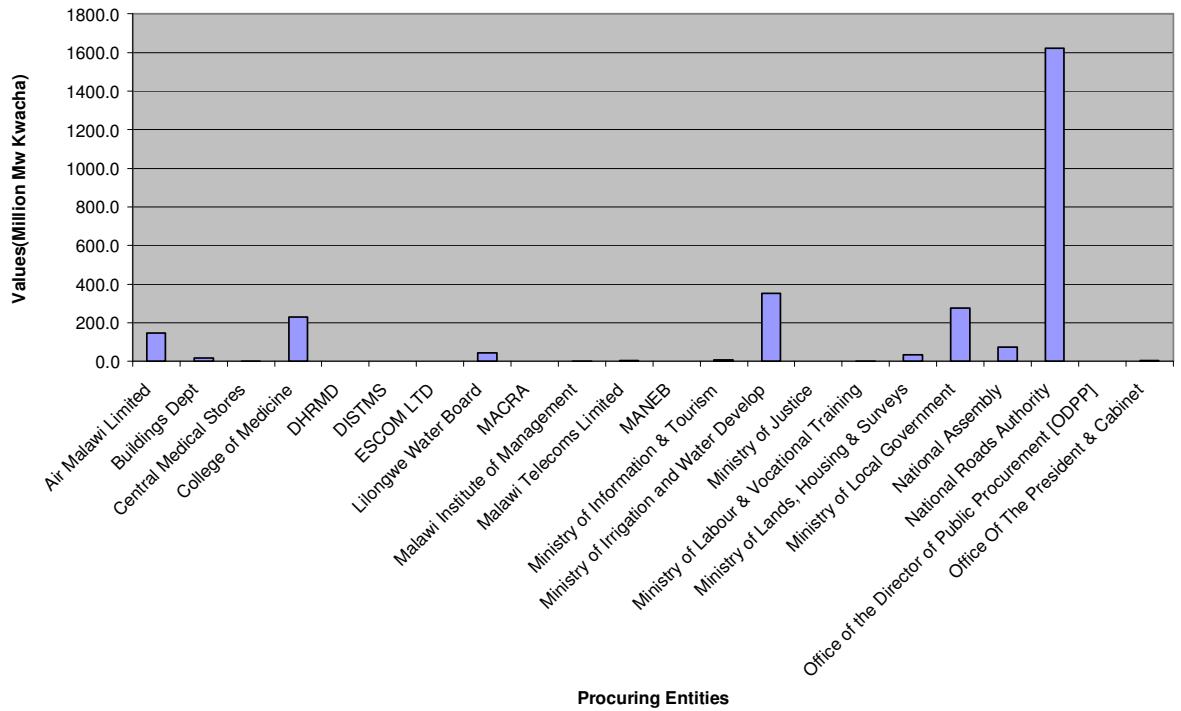


Figure 4 above shows procurement values for works. Works valued at MK2, 587,420,220.42 (Two billion, five hundred and eighty-seven million, four hundred and twenty thousand two hundred and twenty kwacha forty-two tambala) were procured during the year under review. Compared to last year's figure, there is 30 percent drop from K3.6 billion.

CHAPTER 4

PROCUREMENT MONITORING UNDERTAKEN DURING THE YEAR

4.0 Introduction

The purpose of the monitoring department is to monitor the procurement system, the procurement activities of procuring entities and bidders and suppliers to assess their performance so that ODPP can regulate the procurement environment within which these operate. The main monitoring activities of the department concentrate on public procuring entities and fall under two broad categories:

4.1 Institutional Compliance

This is aimed at ensuring that the basic institutions (IPCs and Pus) have been created correctly, properly constituted, are operational and perform the functions delegated to them.

4.2 Procurement Assessments/Audits

This is aimed at ensuring that the procurement processes are performed as detailed in procedures, in a transparent and fair manner while ensuring that an audit trail exists to substantiate and justify each decision and event.

During the year under review, the department concentrated more on institutional compliance assessment. This is because of the fact that an institutional set-up which is in tandem with the procurement law is a

prerequisite for an open, transparent, accountable, efficient and effective public procurement system. The Office therefore, visited 44 public entities throughout the country and conducted institutional compliance assessment exercises. Attached to this report is the list of entities visited during institutional compliance exercises. It is expected that the Monitoring Department will concentrate on Procurement Audits in the forthcoming year. A number of very pertinent issues came out during the institution compliance assessment exercises conducted in the year under review:

4.3 Staffing of Procurement Units

Most PEs do not have formally established SPUs. In most cases, their procurement is done by officers in the stores units. This contravenes the requirement that procurement functions should be separate from stores functions. There is need for the Department of Human Resource Management and Department to take the lead to ensure that there are SPUs in all government ministries and departments that are formally established and that they are properly staffed with procurement professionals.

4.4 Disclosure of Information

The Public Procurement Act stipulates use of the government gazette in making information on procurement available to the general public. The gazette is, however, not widely circulated in the country and is released less frequently by the Government Press rendering it invalid in as far as disclosure of information is concerned. With the development of the ODPP website, procurement entities are being encouraged to

make use of it in their disclosure of information on procurement.

4.5 Other Recurrent Transactions (ORT)

Most entities have complained that funding from Treasury under ORT is inadequate and extremely unpredictable. This affects procurement planning and implementation. Procurement plans will never be a standard feature in public procurement without a reliable and predictable source of funding. Yet procurement plans are an important part of a good procurement system.

4.6 Poor Procurement Record Keeping.

Management of record of procurement transactions in most entities visited is very poor. The situation is, however, a lot better in statutory corporations. Because of poor recording management, it becomes very difficult to undertake procurement audits. The Professional Development Department which is responsible for the development of capacity in public procurement will include a module in their training programs in order to rectify this problem.

4.6 Standard Bidding Documents

Despite the sensitization workshops that conducted by ODPP, there is still a visible lack of capacity in their optimal utilization in the entities. These SBDs have been distributed in both soft and hard copies to almost all PEs in the country but their use is still very minimal. PEs were sensitised regarding the importance and requirement of using these SBDs.

4.8 Procurement in Local Assemblies

Most local assemblies follow procurement procedures as stipulated in the Financial Management and Accounting Procedures for District Assemblies issued by the Decentralization Secretariat. We have consistently informed all assemblies covered in the Central Region that the local assembly procedures have since been superseded by the Public Procurement Act. Hence, ODPP in liaison with the Ministry of Local Government intends to develop public procurement guidelines which are in line with the procurement law in order to suit procurements for the local assemblies.

4.9 Pre-qualification and SME's

There is a general complaint that pre-qualification requirements do not encourage the participation of small and medium enterprises in the public procurement process. ODPP, in liaison with the Ministry of Trade and Private Sector Development will be developing a policy which is expected to assist promotion of SME's in public procurement process.

APPENDIX 1

SUMMARY OF DETAILS OF PROCUREMENT UNDERTAKEN DURING THE YEAR

PROCUREMENT ENTITY	Goods	Services	Works	Totals (MK)
Accountant General	2,561,915.00	97,872,604.24		100,434,519.24
Air Malawi Limited	1,547,272,693.87	3,158,400.00	145,877,706.31	1,696,308,800.18
Airport Development Ltd	7,787,425.00			7,787,425.00
Anti-Corruption Bureau (ACB)	47,313,796.68			47,313,796.68
Blantyre Water Board	217,322,715.20			217,322,715.20
Buildings Dept	-		18,821,671.02	18,821,671.02
Central Government Stores	127,183,748.40			127,183,748.40
Central Medical Stores	348,461,635.50		1,895,297.50	350,356,933.00
Central region Water Board	37,643,902.80	1,386,090.95		39,029,993.75
Civil Aviation	15,896,452.52			15,896,452.52
College of Medicine			231,341,831.41	231,341,831.41
DHRMD	-	7,800,000.00		7,800,000.00
DISTMS	3,155,527.00	3,976,406.25		7,131,933.25
ESCOM LTD	259,692,230.17		539,220.00	260,231,450.17
Government Press	1,733,000.00			1,733,000.00
Kamuzu College of Nursing	21,338,226.71			21,338,226.71
Kasungu Town Assembly	2,900,000.00			2,900,000.00
Lilongwe City Assembly	11,433,484.00	5,279,170.90		16,712,654.90
Lilongwe Water Board	89,087,489.00	19,992,457.13	42,641,406.06	151,721,352.19
MACRA	42,125,070.15			42,125,070.15
Malawi Broadcasting Corporations	3,584,654.24			3,584,654.24
Malawi Bureau Of Standards	39,672,987.00			39,672,987.00
Malawi College of Accountancy	9,214,891.31			9,214,891.31
Malawi Council for the Handicap	6,281,969.69			6,281,969.69
Malawi Electoral Commission[MEC]	2,833,345.00			2,833,345.00
Malawi Housing Corporation	13,883,988.00	5,146,500.00		19,030,488.00
Malawi Industrial Research	550,000.00			550,000.00
Malawi Institute of Management	828,000.00		1,108,025.04	1,936,025.04
Malawi Law Commission	12,416,133.50			12,416,133.50
Malawi Police Services	183,092,143.37			183,092,143.37
Malawi Polytechnic	1,438,085,491.25			1,438,085,491.25
Malawi Post Corporation	28,375,498.04	6,192,986.08		34,568,484.12
Malawi Prisons Service	73,389,350.00			73,389,350.00

Malawi Revenue Authority [MRA]	96,996,466.69			96,996,466.69
Malawi Rural Development Fund	7,379,497.73			7,379,497.73
Malawi Rural Finance Company	1,725,931,344.70			1,725,931,344.70
Malawi Telecoms Limited	342,553,210.98		3,892,120.00	346,445,330.98
MANEB	47,134,147.10			47,134,147.10
Medical Council of Malawi	3,694,957.00			3,694,957.00
Ministry of Agriculture	244,405,738.99			244,405,738.99
Ministry of Defence	609,431,256.19			609,431,256.19
Ministry of Econ. P & D	28,769,081.59			28,769,081.59
Ministry of Education	1,854,994,932.71			1,854,994,932.71
Ministry of Finance	62,492,158.65	8,941,462.00		71,433,620.65
Ministry of Foreign Affairs	409,500,000.00			409,500,000.00
Ministry of Health	759,691,550.00			759,691,550.00
Ministry of Home Affairs	3,195,972,365.58			3,195,972,365.58
Ministry of Industry, Scie. & Tec	9,976,633.35			9,976,633.35
Ministry of Information & Tourism	95,660,226.81	11,528,225.90	9,313,681.84	116,502,134.55
Ministry of Irrigation and Water Develop	121,126,625.47	2,131,800.00	351,497,428.44	474,755,853.91
Ministry of Justice	774,519,593.25			774,519,593.25
Ministry of Labour & Vocational Training	11,433,488.00		1,805,218.04	13,238,706.04
Ministry of Lands, Housing & Surveys	87,699,593.97	20,551,361.95	34,280,419.52	142,531,375.44
Ministry of Local Government	13,562,001.65		277,083,143.80	290,645,145.45
Ministry of Mines & Nat. Res.	21,799,830.06			21,799,830.06
Ministry of Persons with Disability	4,529,664.00			4,529,664.00
Ministry of Trade & Private Sector Development	12,787,851.00			12,787,851.00
Ministry of Trans & Pub Works	45,591,438.17			45,591,438.17
Mzuzu University	66,196,997.44			66,196,997.44
National Aids Commission	739,590,930.00			739,590,930.00
National Assembly	14,127,551.95	700,000.00	72,707,679.21	87,535,231.16
National Food Reserve Agency	1,482,849,001.25			1,482,849,001.25
National Library Service	1,638,840.00			1,638,840.00
National Road Safety Council	5,124,874.00			5,124,874.00
National Roads Authority	27,736,492.52	77,014,840.31	1,622,391,268.64	1,727,142,601.47
Northern Region Water	36,102,856.06			36,102,856.06

Board				
Nsanje District Assembly	3,315,897.00			3,315,897.00
Office of Ombudsman	4,284,919.00			4,284,919.00
Office of the Director of Public Procurement (ODPP)	11,973,085.52	7,657,954.74	72,461.00	19,703,501.00
Office Of The President & Cabinet	57,036,119.80	13,799,017.75	3,565,935.00	74,401,072.55
PAEC	91,600.00			91,600.00
Privatization Commission	37,692,135.50	14,307,650.00		51,999,785.50
PVHO	39,526,202.59			39,526,202.59
Relief and Disaster Mgt	2,010,066.38			2,010,066.38
Road Traffic Directorate	2,271,506.00			2,271,506.00
Shire Bus Lines	961,457,596.66			961,457,596.66
Southern Region Water Board	108,206,959.15	5,652,998.05		113,859,957.20
Staff Development Institute	20,140,048.43			20,140,048.43
Tobacco Control Commission	40,006,476.97			40,006,476.97
Vice President's Office	2,932,676.04			2,932,676.04
Ministry of Youth, Sports and Culture	12,268,674.00			12,268,674.00
Zomba District Hospital	5,758,125.52	129,250.00		5,887,375.52
Grand Total	18,865,091,048.82	305,561,221.51	2,818,762,051.83	21,989,414,322.16

APPENDIX 2

LIST OF PROCURING ENTITIES MONITORED DURING THE YEAR

The following is the list of Procuring Entities monitored by the Monitoring and Enforcement Department in the 2005/06 financial year

1. Ministry Agriculture
2. Ministry Education
3. Ministry Irrigation and Water Development
4. Ministry Statutory Corporations
5. Ministry Transport and Public Works
6. Ministry Gender and Child Development
7. Ministry Natural Resources
8. Ministry of Labour
9. Ministry of Health
10. Central Region Water Board
11. Tobacco Control Commission
12. Lilongwe Water Board
13. Malawi Institute of Management
14. Mzuzu University
15. Northern Region Water Board
16. Mzuzu ADD
17. Department of Mines
18. Education Division North
19. Malawi Telecommunications Ltd
20. Malawi Broadcasting Corporation
21. Electricity Supply Corporation of Malawi
22. Malawi Housing Corporation
23. Air Malawi
24. Petroleum Control Commission
25. Blantyre Water Board
26. Malawi Revenue Authority
27. Agricultural Development and Marketing Corporation
28. Southern Region Water BOARD
29. University of Malawi
30. National Herbarium and Botanical Gardens
31. Chitedze Research Station
32. Bunda College of Agriculture
33. National Roads Authority
34. Lilongwe ADD
35. Phalombe District Assembly
36. The Polytechnic
37. Chancellor College
38. National Statistical Office
49. The Privatisation Commission

40. Malawi College of Medicine
41. Blantyre ADD
42. Malawi College of Accountancy
43. Lilongwe District Assembly

APPENDIX 3

PURCHASING LIMITS FOR CENTRAL GOVERNMENT INSTITUTIONS

ORGANISATION	CATEGORY	LIMIT (MK)
Medical Buying Committee	Goods	K4, 000,000.00 per item
Central Medical Stores	Goods	K800, 000.00 per item
Central Government Stores	Goods	K1, 500,000.00 per item
Central Government Stores	Vehicles	K5, 000,000.00 per item
P.V.H.O.	Repairs	K800, 000.00 per item
P.V.H.O.	Spares	K800, 000.00 per item
Viphya Plantation	Spares	K300, 000.00 per item
Government Press	Materials	K300, 000.00 per item
Other Ministries/Departments	Goods	K300, 000.00 per order
Ministries/Departments	Civil Works	Up to K450, 000.00
Ministries/Departments (with involvement of DOB only)	Civil Works	Above K450, 000.00 to K800, 000.00 per contract
Ministries/Departments (with involvement of DOB and ODPP)	Civil Works	K800, 000.00 to K8, 000,000.00 per contract
Ministries/Departments (by Tender)	Civil Works	Above K8, 000, 000.00 per contract
Ministries/Departments (without involvement of PVHO)	Repairs of vehicles	K30,000.00 per contract
Ministries/Departments (with involvement of PVHO)	Repairs of vehicles	K30, 000.00 to K800, 000.00 per contract
Ministries/Departments (with involvement of PVHO & ODPP)	Repairs of vehicles	Above K800, 000.00 per contract

APPENDIX 4

PURCHASING LIMITS FOR OTHER PUBLIC INSTITUTIONS

Statutory Corporation	Goods (MK)	Works (MK)
1. Airport Development Limited	300,000.00	1,000,000.00
2. Malawi Telecommunications Limited	1,000,000.00	2,000,000.00
3. SEDOM	300,000.00	800,000.00
4. Tobacco Control Commission	300,000.00	800,000.00
5. Malawi Institute of Education	300,000.00	800,000.00
6. Medical Council of Malawi	300,000.00	800,000.00
7. Malawi Accountants Board	300,000.00	800,000.00
8. Malawi Entrepreneur Development Institute	300,000.00	800,000.00
9. Petroleum Control Commission	300,000.00	800,000.00
10. Malawi College of Accountancy	300,000.00	800,000.00
11. Malawi Bureau of Standards	500,000.00	800,000.00
12. National Road Safety Council	300,000.00	800,000.00
13. Central Region Water Board	1,000,000.00	2,000,000.00
14. Malawi National Examination Board	300,000.00	800,000.00
15. National Library Services	300,000.00	800,000.00
16. National Food Reserve Agency	500,000.00	1,000,000.00
17. Northern Region Water Board	1,000,000.00	2,000,000.00
18. Lilongwe Water Board	1,000,000.00	2,000,000.00
19. Malawi Council for the Handicapped	300,000.00	800,000.00
20. Malawi Ind. Research Tech.Dev. Centre	300,000.00	800,000.00
21. Malawi National Com. for UNESCO	300,000.00	800,000.00
22. National Roads Authority	500,000.00	1,000,000.00
23. Electricity Supply Commission of Malawi	1,000,000.00	2,000,000.00
24. Malawi Communication Regulatory Authority	300,000.00	800,000.00
25. National Electricity Council	300,000.00	800,000.00
26. Southern Region Water Board	1,000,000.00	2,000,000.00
27. Privatization Commission	300,000.00	800,000.00
28. Malawi Revenue Authority	500,000.00	2,000,000.00
29. TEVET	300,000.00	800,000.00
30. Copyright Society of Malawi	300,000.00	800,000.00
31. University of Malawi	500,000.00	800,000.00
32. ADMARC	1,000,000.00	2,000,000.00
33. Censorship Board	300,000.00	800,000.00
34. National Youth Council	300,000.00	800,000.00
35. Television Malawi	500,000.00	1000,000.00
36. Malawi Investment Promotion Agency	300,000.00	800,000.00
37. National Herbarium & Botanic Gardens	300,000.00	800,000.00
38. National Sports Council	300,000.00	800,000.00
39. Phar, Medicines and Poisons Board	300,000.00	800,000.00
40. Malawi Broadcasting Corporation	500,000.00	1,000,000.00
41. Malawi Export Promotion Council	300,000.00	800,000.00
42. Malawi Development Corporation	500,000.00	2,000,000.00

43. Air Malawi Limited	500,000.00	1,000,000.00
44. Malawi Housing Corporation	1,000,000.00	2,000,000.00
45. Blantyre Water Board	1,000,000.00	2,000,000.00
46. Nurses and Midwives Council	300,000.00	800,000.00
47. Mzuzu University	300,000.00	800,000.00
48. Development of Malawi Traders Trust	300,000.00	1,000,000.00
49. Malawi College of Health Sciences	300,000.00	800,000.00
50. Malawi Institute of Management	500,000.00	800,000.00
51. Malawi Posts Corporation	500,000.00	1,000,000.00
52. Public Accountants Examination Board	300,000.00	800,000.00
53. Lotteries Board	300,000.00	800,000.00

APPENDIX 5

LIST OF NON-COMPLYING INSTITUTIONS

GOVERNMENT MINISTRIES

1. Ministry of Youth Sports and Culture
2. Ministry of Gender
3. Ministry of Lands, Housing and Surveys
4. Ministry of Labour and Vocational Training
5. Ministry of Statutory Corporations, Gemini House
6. Malawi Defence Force
7. Malawi Police Service

GOVERNMENT DEPARTMENTS

8. Forestry Department
9. National Research Council
10. National Audit Office
11. Director of Internal Audit Services, Finance
12. Civil Service Commission
13. State Residences
14. Health Service Commission
15. Immigration Department
16. National Local Government Finance Committee
17. Fisheries Department
18. Department of Energy
19. National Public Events
20. Teaching Service Commission

STATUTORY CORPORATIONS

21. Agriculture and Extension Trust (ARET)
22. Development of Malawian Enterprises Trust (DEMAT)
23. Copyright Society of Malawi
24. National Construction Industry Council
25. Malawi Broadcasting Corporation (MBC)
26. Malawi Human Rights Commission
27. Television Malawi, (TVM)
28. Agriculture Development and Marketing (ADMARC)
29. Technical and Vocational Education Training (TEVET)
30. Smallholder Farmers' Fertilizer Revolving Fund of Malawi
31. Censorship Board
32. Malawi Communications Regulatory Authority
33. Malawi Entrepreneurs Development Institute
34. National Sports Council of Malawi
35. Petroleum Control Commission

36. Small Enterprises Development Organization of Malawi
37. Malawi Gaming Board
38. Malawi Electoral Commission
39. University of Malawi, University Office, Zomba
40. Chancellor College
41. Bunda College of Agriculture
42. Malawi Institute of Education, Domasi
43. Electricity Council of Malawi, Blantyre
44. Pharmacy and Poisons Board, Lilongwe
45. Copyright Society of Malawi, Lilongwe
46. FIMTAP

DECENTRALISED ASSEMBLIES

47. Mzuzu City Assembly
48. Blantyre City Assembly.
49. Municipality of Zomba.
50. Salima Town Council
51. Balaka Town Council
52. Mangochi Town Council
53. Karonga Town Council
54. Luchenza Town Council
55. Chitipa District Assembly
56. Karonga District Assembly
57. Rumphi District Assembly
58. Mzimba District Assembly
59. Nhhata-Bay District Assembly
60. Likoma and Chizumulu District Assembly
61. Nkhota-Kota District Assembly
62. Kasungu District Assembly
63. Mchinji District Assembly
64. Lilongwe District Assembly
65. Salima District Assembly
66. Dowa District Assembly
67. Ntchisi District Assembly
68. Dedza District Assembly
69. Ntcheu District Assembly
70. Balaka District Assembly
71. Mangochi District Assembly
72. Machinga District Assembly
73. Mwanz District Assembly
74. Neno District Assembly
75. Blantyre District Assembly
76. Zomba District Assembly
77. Thyolo District Assembly

78. Phalombe District Assembly
79. Mulanje District Assembly
80. Chikwawa District Assembly

APPENDIX 6

CIRCULARS ISSUED DURING THE YEAR

Ref. No. ODPP/01/22

15th February, 2006

FROM: THE DIRECTOR, OFFICE OF PUBLIC PROCUREMENT,
P/BAG 383, LILONGWE 3.

TO : ALL PRINCIPAL SECRETARIES, HEADS OF DEPARTMENTS
AND HEADS OF ALL OTHER PUBLIC INSTITUTIONS

CC : The Chief Secretary of the Public Service, Office of the
President and Cabinet, P/Bag 301, Lilongwe 3.

CHECKLIST FOR SUBMISSIONS TO ODPP FOR PRIOR REVIEW

You will recall that it is now a requirement that all submissions above certain set thresholds are to be cleared by this office before any procurement activity can take place.

I would like to acknowledge that most of your organizations are now fully aware of this and are compliant. However, I still note that a number of submissions are not up to the required standard and this has, in most cases, resulted in delays in clearing submissions as more information has to be requested from the Procuring Entities.

You will appreciate that your office does all procurement activities and our only role is to ensure that the procurement process was done according to the requirements of the Public Procurement Act 2003 and its accompanying Regulations and also to ensure that there was transparency and fairness in the bidding process.

In order to do this, we need to review your work thoroughly and your organizations must always submit the following information/documents:

1. Evidence of availability of funds and the source of such funds;
2. For Request for Quotations (RFQs):
 - a. Copies of letters of solicitation complete with specifications that were sent to suppliers – please note that these can not be discussed with suppliers on the phone or over the counter; and
 - b. Actual Quotations from suppliers.
3. For Tenders:
 - a. Newspaper cuttings of the first advertisements made;
 - b. Copies of original Tender Documents; and

- c. Completed Tender Documents from Suppliers.
- 4. For donor funded projects, copies of donor's 'No Objections'.
- 5. For all Government or donor funded RFQs and Tenders:
 - a. Signed Evaluation Reports;
 - b. Signed Minutes of RFQ/Tender Opening;
 - c. Covering or forwarding letter by the Controlling Officer or his/her representative;
 - d. Minutes of the IPC meeting that decided the award of the contract duly signed by all the members present.

It will be greatly appreciated if your organization can submit all the said documents as this will drastically reduce time for processing your submissions which should in turn result in smooth implementation of your programs.

The purpose of this circular letter is to request all addressees that they should ensure that their Internal Procurement Committees (IPCs) adhere to this requirement for all future submissions for prior review to this office.

F.B. Mzoma
FOR: DIRECTOR
OFFICE OF PUBLIC PROCUREMENT