H.E. Dr. Bingu wa Mutharika
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October, 2011

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

Your Excellency,

REPORT FOR THE 2009/2010 FINANCIAL YEAR

In accordance with Section 41 of the Public Procurement Act (2003), I hereby submit my Annual Report for 2009/2010 financial year.

I am

Your Excellency’s Obedient Servant,

Bright S.M. Mangulama
DIRECTOR OF PUBLIC PROCUREMENT


**Vision, Mission and Core Values**

**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 by formulating, implementing and reviewing public procurement policies in order to ensure transparency, accountability and value for money in all procurement activities.

**Core Values**

**Efficiency, effectiveness and economy**
ODPP shall discharge its duties in a cost effective and expeditious manner

**Impartiality**
ODPP shall exercise fairness and justice in discharging its duties

**Professionalism**
ODPP shall discharge its duties with high sense of responsibility

**Transparency and accountability**
ODPP shall discharge its duties in an open manner and shall be responsible and accountable for its actions

**Integrity**
ODPP shall be firm, and shall exercise honesty and trustworthiness in discharging its duties.

**Client Charter**
ODPP shall support all public institutions in Malawi and be accessible to assist them improve procurement activities that are guided by the Public Procurement Act.
MESSAGE FROM THE DIRECTOR

For almost six years now, the Office of the Director of Public Procurement (ODPP) has been in operation delivering on its mandate as an oversight institution for public procurement in accordance with the Public Procurement Act (2003). As stipulated in the act, ODPP has a responsibility to report on how the country has performed in terms of public procurement. This calls for a close look at how public procurement has been conducted in each year with a view to establishing shortfalls and challenges that need to form the focus for improvement on the one hand and areas of significant improvement or success that should be sustained on the other hand. This report covers a period of one year, the 2009/2010 financial year.

In the under review, the ODPP continued to implement various initiatives that form part of the Public Procurement Reform agenda. Unlike other activities of similar nature in the past, ODPP’s focus started changing. For instance, most of the past initiatives concentrated on introducing policy directions such as bidding documents, setting up and operationalizing Internal Procurement Committees (IPCs), setting up and operationalizing Procurement Units (PUs), setting up systems and procedures, setting standards and practices etc. Focus in the year under review began to shift to that of cementing the established systems and structures. In this vein, the office implemented various programmes within its monitoring and enforcement, regulatory and capacity building realms.

With respect to monitoring and enforcement activities, ODPP has been deploying its monitoring officers throughout the country to conduct procurement post reviews (PPRs). On the positive perspective, the reviews have by and large highlighted tremendous improvement in the way PEs are complying with the principles of public procurement as enshrined in the PPA particularly in such areas as IPC operations, PU operations, use of standard bidding documents, and general compliance with established procurement thresholds. However, on a
negative note, the reviews have established that shortfalls still exist in such areas as selection of procurement methods, procurement planning, procurement reporting, suppression of PUs, manipulation of specifications particularly for vehicles to favour management preferences, contract management, records management, and supplier complaint management. In some cases, officers were deployed to investigate reported procurement malpractices and the same shortcomings stated above have always dominated the findings. In our planning, these issues have always been used as baselines for further procurement guidance and training of PEs.

On the part of the regulatory and review operations of the office, the main activities that were done included management of the suppliers register, collecting data on areas for the impending review of the PPA due as from 2010, collecting data on various petitions for supplier debarment filed by PEs. With regard to the latter, it has been established that while many suppliers of goods, works and services commit so many misconducts that can result in debarment, PEs do not report to ODPP for the debarment to process to be conducted. The failure to report is apparently due to the fact that in most reported cases, it is usually the PEs that have committed more wrongs hence, they choose to remain silent. This has enabled us to embark on sensitization activities so that both the suppliers and the PEs are aware of the debarment process provided for in the PPA. In so doing, we hope we can upscale supplier compliance with contractual obligations and procurement ethics.

In the area of capacity building, the year under review saw various training programmes being implemented. In direct response to the foregoing problems, ODPP conducted several training programmes covering such areas as procurement planning, specifying requirements, procurement methods, understanding standard bidding documents, bid evaluation, records management, ethical standards and contract administration among others. An outstanding programme worth mentioning is training in Procurement Reviews/Audits which was conducted for purposes of developing the
procurement reviewing /investigating capacity of the PEs’ audit staff, the National Audit Office, Central Internal Audit Unit and other oversight institutions such as ACB. Apart from developing the capacity of PEs to effectively manage public procurement, the office also continued to build its own capacity as an oversight institution by exposing its officers to local and international forums through, international conferences, workshops, and training programmes. Much as these were distributed to all the functional areas of the office, deliberate effort was directed to technical staff members by way of sending them to attend specialised procurement courses both locally and internationally so that the office’s procurement oversight capacity is enhanced.

Apart from the operational aspects stated above, the year under review registered one important policy issue, the ‘Buy Malawian’ directive. In operationalizing the directive, ODPP became a key member of the task force overseeing its implementation. In keeping with the dictates of the directive, we have made a very significant contribution by issuing a procurement policy direction to PEs guiding them on how they should implement it. Among other things, the policy provides guidance on use of domestic preference, timely payment of suppliers and deliberate targeting of local manufactured goods. To date, we continue to contribute effectively in such areas as promoting local pharmaceutical manufacturers and encouraging other pharmaceutical manufacturers to invest in the industry. To this effect, we have participated fully in effecting the introduction of a syringe manufacturing local company in Blantyre namely, Victoria Pharmaceutical Industries which is geared to commence its production activities soon. Apart from this policy area, ODPP is also participating fully in the development of guidelines for management of Public Private Partnership in the country, an activity which is being led by the Privatization Commission.

It is also pleasing to note that in the year under review, ODPP has continued to enjoy cordial working relationship with Development Partners particularly the UNDP, the World Bank, the African Development Bank (AfDB) and the
Millennium Challenge Account. They continued to render advice, material and financial support for our programmes particularly in capacity building.

As we move on, our eyes will continue to focus on how we are going to improve on the systems and procedures that we have so far established and trained PEs on. In doing so, we are fully aware of the challenges that still exist such as lack of PUs in local councils, unfilled vacancies in many PEs, enforcement of ethical standards in suppliers and procurement staff, inadequate resources for ongoing capacity building programmes for both PEs and ODPP, unfair treatment of suppliers by PEs just to mention but a few. In order to get around these challenges, we will continue to bank on support from cooperating partners both materially and financially.

It is my hope that the contents of this report will not only be useful and informative to the public but that it will also provide sufficient evidence of the fruits of the long journey of procurement reforms we embarked on almost a decade ago. I would like to appeal to authorities in Government, Development Partners and the general public to continue supporting us as we continue to genuinely propagate the principles of public procurement so as to ensure that fraud, abuse and corruption in public procurement are not only minimized but eliminated.

Bright S.M. Mangulama
DIRECTOR OF PUBLIC PROCUREMENT
CHAPTER ONE

1.0 THE OFFICE OF THE DIRECTOR OF PUBLIC PROCUREMENT – AN OVERVIEW

1.1 Introduction

The Office of the Director of Public Procurement (ODPP) is established under Section 4 of the Public Procurement Act (The Act) of 2003. The Act established the ODPP to oversee, monitor and regulate all public procurement in Malawi. The Office is the custodian of the Public Procurement law, which became operational in February 2004, with the appointment the Director of Public Procurement.

Prior to the enactment of the Act and subsequent establishment of the ODPP, public procurement was being conducted by a Central Buying Organization, the Central Government Stores and in smaller amounts by the Government Agencies themselves. Procurement was basically decentralised and the Government agencies were buying in any amounts without regard to planning and effective decision making. There was little consideration for prudence, accountability, transparency or economy in the use of public funds. There were no systematic procedures or measures to ensure that government received good value for money in its expenditure through procurement of goods, works and services. There was rampant abuse, fraud and corruption in the acquisition of goods, works, and services for the running of the public sector.

There were several high profile misprocurement cases that characterized this abuse, fraud and corruption. The Government of Malawi lost a lot of resources and the beneficiaries who are members of the public and taxpayers did not benefit from the resources or resultant infrastructure which they were entitled to.

However, since the establishment of the ODPP in 2004, there has been remarkable and visible improvement in the conduct of procurement in the country resulting in better value derived from its resources and improved discipline in the
use of public resources. Implementation of the reforms as provided for in the Act has contributed to the improvement of the economy by securing public funds which would otherwise have been lost through misprocurements. The country has saved its precious and limited financial resources simply by ensuring that there is an effective legal framework governing the conduct of procurement in all public entities. Such resources are now made available for allocation to various Government programs that contribute to the Malawi Growth and Development Strategy (MGDS).

1.2 Functions

In discharging its regulatory, oversight and monitoring functions, the ODPP exercises the following functions as provided for in Section 4 of the Act:

i) Assisting in the development and enhancement of efficient and effective public procurement operations;

ii) Ensuring the availability and accessibility of the Public Procurement Act and the accompanying regulations to public officials and the general public;

iii) Developing standardized procurement documents in consultation with concerned professional and official entities and making these available to public officials for mandatory use by all public institutions;

iv) Promoting the development of a professional workforce by organizing 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 this is done efficiently and in accordance with the existing legislation;

vi) Collecting data on procurement contracts in Malawi 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 for mid-term and long-term policy formulation 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 communication technology to public procurement;

xii) Regularly providing qualitative and quantitative assessments of procurement activities in Malawi to the Minister who is required to lay the reports before the National Assembly.

1.3 Institutional Structure

To fulfil the above functions, ODPP has three technical departments which manage the day to day operations of the Office. The technical departments are:

1. The Professional Development
2. The Monitoring and Enforcement; and
3. The Regulatory, Advisory and Review.
Each of these departments is headed by an Assistant Director who reports to the Deputy Director. The three technical departments draw their support from Finance and Administration Department which oversees finance, office services, procurement and human resources.

1.4 Achievements and value adding to the Procurement System since the Act of 2003

In 2004, the ODPP was established and immediately after its establishment, the ODPP started putting in place internationally accepted public procurement procedures which are now being used by all public institutions. Since these procedures were new, the Office has undertaken training since that time to ensure all officers involved in public procurement are competent in managing their tasks.

The office distributed the Public Procurement Act to each and every PE, developed and distributed the Public Procurement Regulations (PPRs), the Public Procurement Desk Instructions (PPDIs) and the Standard Bidding Documents (SBDs). These are supplemented by various circulars issued by the Director from time to time to clarify and give direction on the application of Act.

The results have been that high value contracts like the procurement of fertilizer for the Fertilizer Subsidy Program, the National Water Development Project, the Borehole Drilling Program, the construction of the National Assembly and various road construction projects are being undertaken with minimum disruption and at acceptable costs. This shows that the public procurement process is adding value to the development of the country.

The implementation of the public procurement reforms has a positive impact on the improvement in the performance of the economy considering that up to 70% of recurrent expenditure by public institutions is through procurement. Prudence and economic gains in the conduct of procurement as a result of implementation
of the Public Procurement Act translates to huge savings for the country and a significant contribution to the economy.

In order to ensure that contracts are properly awarded and executed, the ODPP monitors all the public institutions by regular review of procurement reports, requiring procuring entities to demonstrate compliance with the legal framework and by regularly sending monitoring teams to verify the processes and contract implementation. This ensures that the processes comply with the legal framework and that the suppliers fulfil their obligations. Where there are deficiencies, the institutions are required to explain or justify. Where explanation or justification is unsatisfactory, enforcement measures including referral to other oversight bodies are implemented.

Contracts are now largely awarded on merit through a process that demonstrates transparency, fairness, and accountability. This has instilled the much needed confidence in the system and in Government operations, with those operating businesses assured that no supplier or contractor is excluded from participating in Government contracts as long as they are competitive and capable of providing the required goods, services or works.
CHAPTER TWO

2.0 PUBLIC PROCUREMENT ACT AND ITS IMPLEMENTATION

The ODPP through the Public Procurement Act is mandated to regulate, monitor and oversee the public procurement activities. These activities are carried out through the Directorate’s three technical departments, whose detailed operations are discussed below. The ODPP activities are guided by a Strategic Plan that is developed in line with government policy. The Strategic Plan not only provides the operational direction but also the basis for performance measurement.

2.1 PROFESSIONAL DEVELOPMENT DEPARTMENT

In pursuit of its mandate of promoting the development of a professional procurement workforce, the ODPP implemented various training and development programmes in the period under review. These programmes were both scheduled and interventionist in nature. They aimed at achieving training and development needs of both short term and long term perspectives as follows:

2.2.1 Short Term Training Programmes for PEs

The following programmes were implemented with a view to achieving objectives in the short term:

i. Public Procurement Workshops

There were fifteen (15) workshops planned and conducted in the year. Of these, five (5) were conducted using government resources while 10… were done using UNDP and Millennium Challenge Account resources.
By the end of the year, a total of two workshops on Procurement Planning were conducted in the Central and Southern Regions and Seventy (70) IPC members and Procurement Personnel benefited. Five workshops on Sensitisation of Procuring Entities on Bidding Document for Routine Services were also conducted in the Central (2), Northern, Southern and Eastern Regions and these workshops benefited a total of one hundred and thirty eight officers.

Apart from these programmes initiated by the office, during the year under review, a number of ministries and public institutions financed similar workshops for the benefit of their own members of staff. The workshops were facilitated by staff from the ODPP. These institutions included National College of Information Technology (NACIT), Zomba Mental Hospital, Malawi Posts Corporation, SOS, Ministry of Tourism, Ministry of Agriculture and Food Security, Ministry of Education, Lilongwe City Council, Salima District Council and ESCOM just to mention but a few. In all these workshops, IPC members were trained in all aspects of public procurement that included:

- The Public Procurement Legal Framework
- The Public Procurement Process (Cycle)
- Specifying Requirements
- Procurement Methods
- Understanding Standard Bidding Documents (SBDs)
- Procurement Planning
- Bid Opening and Evaluation
- Contract Administration
- Ethical Standards

The programmes registered tremendous success in entrenching public procurement principles in PE’s operational frameworks as articulated in the PPA. Specifically, the major successes were among others things as follows:

- IPC members and Procurement personnel were sensitised on the provisions of the PPA and how they affect procurement decisions
• IPC members and Procurement personnel were sensitised on the main principles of public procurement
• Participants were trained in how to draw effective Specifications
• IPC members and Procurement Officers were trained in how to choose appropriate Procurement methods and use of applicable SBDs
• PE’s were sensitised on the importance of Procurement Planning and effective management of the resultant contracts
• Participants were trained in how to effectively receive, open and evaluate tenders
• Participants were trained in how to manage complaints from bidders
• Participants were advised on how promote SMEs through public procurement proceedings
• Participants were trained in how to implement the Buy Malawian Directive and the benefits of the initiative to the country
• Participants were sensitised on ethical standards in public procurement and the effects of non-compliance with standards

ii. Capacity Building and Sensitisation Programs for Stakeholders

In the pursuit of its efforts to ensure effective stakeholder participation and contribution to achieve a worthwhile public procurement system, the office planned to implement three (3) (i.e. one per region) sensitisation workshops for the private sector (suppliers, contractors, service providers and consultants). The principal objective of the workshops was to help them understand public procurement principles enshrined in the PPA so as to be able to prepare responsive bids. With assistance from Millennium Challenge Corporation (MCC) and UNDP, all the three planned workshops were conducted and a total of two hundred and two (202) participants benefited from the workshops.

Apart from the private sector workshops, the office, with assistance from the same Development Partners stated above planned and conducted three (3) workshops (one per region) for Civil Society and Media personnel. The workshops aimed at building their capacity to play an effect role as watchdogs in
the public procurement systems. A total of two hundred and twenty seven (227) participants benefited from the workshops.

Among others, these workshops made strides in building capacity to complement ODPP to ably monitor public procurement systems. In addition, on the part of the private sector, participants understood the basic requirements they are supposed to satisfy for them to win tenders and most importantly, the procedures that they may follow in the event that they have been unfairly treated by PEs.

iii. Capacity Building for other relevant Oversight Institutions

In the year under review, the office planned and conducted under the auspices of MCA and UNDP three workshops for audit and investigative staff for such institutions as the National Audit Office, the Central Internal Audit Unit, the Malawian Police Service, the Anti Corruption Bureau and internal audit staff for parastatal organizations, city and municipal councils and district councils. A total of 105 officers were trained and the training aimed at equipping them with the requisite knowledge, skills and techniques of auditing procurement transactions. This has enhanced the PE’s capacity in conducting effective procurement audits or investigations.

2.2.2 Long term programmes for PEs

In continuation of its effort to build capacity in the PEs, the ODPP implemented the following long term perspective programmes:

i. Undergraduate Bachelors Degree Programme

The Office continued to support students to pursue a Bachelors Degree in Procurement and Logistics Management the Malawi Polytechnic, a constituent College of the University of Malawi. In the year under review, the office planned
to sponsor through UNDP a total of twenty (20) students but after selection, only nine (9) were admitted by the university and they are the ones that were sponsored.

These students are due to graduate later this year (2011).

ii. Support for Procurement Professional Body

In 2007, the ODPP facilitated the establishment of an independent procurement and supplies professional body called Malawi Institute of Procurement and Supply (MIPS). The body regulates and promotes the interests of the procurement profession in Malawi. In order to ensure its sustenance at the time of its infancy, the ODPP sourced funds from government and UNDP to support its operations of registering and promoting the interests of the procurement and supply professionals. This is assisting in developing a culture of professionalism in the procurement and supply fraternity which is in keeping with the objectives the ODPP wanted to achieve in forming the body.

2.2.3 Capacity Building Programmes for ODPP staff

Considering the importance of having well trained staff to ably play the regulatory, advisory, monitoring, enforcement and capacity development roles in public procurement, the office planned and trained a total of sixteen (16) officers in various relevant areas of their core duties. With both government and UNDP resources, the officers attended various 3 to 4 week specialised courses offered by ESAMI, SETYM, ITC/ILO and RIPA International. These courses included Project Procurement, Works Procurement and Selection of Consultants, Public Procurement Management and Best Practices, Public Procurement Processes and Management, Training and Development Interventions and Strategies and Procurement Management in the Public Sector. Apart from the foregoing, the office using government resources also co-sponsored a total of three (3) officers
to attend long term training at the Malawi Institute of Management (MIM). The course, Master of Science in Supply Chain Management, is offered by Bolton University in conjunction with MIM and was introduced in the country by the ODPP in 2007. It is helping in breeding procurement and supplies officers of strategic calibre locally.

2.2 MONITORING AND ENFORCEMENT DEPARTMENT

1.0 Procurement Review/Audit follow-up

Readers will recall that in 2008, the ODPP with the assistance of the World Bank conducted the first nationwide procurement review/audit for financial years (FYs) 2005/06 and 2006/07.

In line with action plans provided in audit report, a follow-up of audit findings was done in various Government ministries and Departments, decentralised assemblies and parastatal organizations.

1.1 Scope of the audit follow-up

Although the procurement reviews were done in thirty PEs, ODPP decided to follow up on the findings on a sampled few entities.

Readers may, therefore, wish to note that follow-up activities were done only at Television Malawi, Blantyre City Council, Agricultural Development and Marketing Board (ADMARC), Malawi Broadcasting Corporation (MBC), Immigration Headquarters, Electricity Supply Corporation of Malawi (ESCOM), Southern Region Water Board, Malawi Examinations Board (MANEB), Lilongwe Water Board, Central Region Water Board, Airport Development Limited, Ministry of Education, Science and Technology, Malawi Police Services, Ministry of
Agriculture and Food Security, Roads Authority, Northern Region Water Board, and Mzuzu City Assembly.

1.2 General Findings of the review/audit follow-up

By the time of the follow up exercise, a number of PERs had started taking action on recommendations of the report. It was noted in the reports that TVM, NRWB, ADMARC, MBC, and Roads Authority have either taken full corrective action or are in the process of correcting what was identified as a risk.

It was noted however that in all these PEs, except for Roads Authority, all the PEs were still failing to correct records management. Records were still missing or inadequate for audit trail.

The other PEs, unfortunately, showed no signs of improvement or taking action to improve on the audit recommendations. Further still, we noted that the commonest challenge among these PEs was missing procurement documents.

The review teams concluded that the best way to tackle these challenges is by building capacity in PEs both at personnel and institution levels. There is need for Government to take a deliberate stand to ensure that all major PEs, or PEs above a certain budget threshold, have fully established PUs.

2.0 Procurement Post Review (PPRs)

The mandate of the ODPP is to regulate, monitor and oversee public procurement activities in Malawi. In monitoring the PEs, the ODPP has several tools which it uses, one of which is Procurement Post Reviews (PPRs). Although done after an activity has been accomplished, PPRs are essential in determining how PEs are performing in an ongoing improvement strategy. During the year under review, ODPP carried out PPRs at the following entities:
2.1 Government Ministries

PPRs were conducted at the Ministries of Health, Defence, Foreign Affairs and International Relations, Agriculture and Food Security, and Local Government and Rural Development.

2.2 Government Departments

The ODPP conducted PPRs at the Road Traffic Directorate Headquarters and the National Auditor Office.

2.3 Decentralised Authorities (Assemblies)

ODPP believes that local authorities are an integral part of the whole public service, and, therefore, decided to conduct PPRs at Machinga, Balaka, Mulanje, Thyolo, Phalombe, Nkhotakota, Rumphi, Salima, Nkhotakota, Dowa, Mchinji, Kasungu, Chitipa, and M’mbelwa.

2.4 Statutory Corporations

During the year under review, the ODPP also conducted PPRs at the Roads Authority, Electricity Supply Corporation of Malawi (ESCOM), and Blantyre Water Board.

2.5 Other Government Institutions

Apart from Government Ministries, Departments, parastatal organizations and decentralised assemblies, ODPP also conducted PPRs at the Zomba Mental and Mzuzu Central Hospitals.
2.6 Outcomes of the PPRs

In all the PEs that ODPP conducted the PPRs, the results were quite similar and these ranged from lack or poor procurement planning, wrong evaluation process, very poor record keeping, lack of interest in managing the procurement function except for procuring goods, works, and services.

Apart from the Ministries of Health and Agriculture, the parastatal organizations, and the Central hospitals, the rest of the PEs under review have not established the PUs. Yet they are busy procuring and in most cases wrongly and putting pressure on the public purse.

It is the conclusion of the review teams that many Controlling Officers have not taken keen interest in what is happening in their PUs, yet it is the same Controlling Officers who go before the Public Appointments Committee of Parliament to answer cases of misprocurements. Controlling Officers should not expect improvements in their various PUs if they continue to use non procurement staff in the conduct of public procurement. We strongly believe that such Controlling Officers are putting a blind eye to the status quo in order to personally benefit by using these non qualified people in procurement activities.

3. Compliance Assessment

The other tool that ODPP uses in monitoring procurement activities in the public sector is through compliance assessment. This exercise mainly examines PEs compliance to the basic public procurement legal framework.

During the year under review, it was planned that compliance monitoring be conducted at various Educational Divisions nationwide and some of the Education Divisions that were compliance checked were as follows:
3.1 Northern Region Education Division

Compliance to the legal framework was also tested at the Northern Education Division Manager, Mzuzu Government Secondary School, Chilumba Secondary School, Bandawe Secondary, Mzenga Secondary School, Rumphi Secondary School, Katoto Secondary School, and Bolero Secondary School.

3.2 South West Education Division

In the South-West Education Division, compliance to the legal framework was done at the Education Division Manager, Chikwawa Secondary School, Mwanza Secondary School, Lunzu Secondary School, Chichiri Secondary School, Soche Hill Secondary School, Njamba Secondary School and Zingwangwa Secondary Schools.

3.3 Common Findings from compliance monitoring

During the compliance assessments, it was observed that all the PE assessed have well established and functional IPCs. However, the common problems noted were that the bursars were involved in both the procurement and storage of goods procured as well as payment for same.

When we observed this situation in some Educational Divisions, we recommended that procurement, storage and payment activities should at as much as possible be separated. For the sake of transparency and accountability, and because of the existing situation in the secondary schools, these functions must be split among dedicated public officers.
4. **Investigations**

As part of its monitoring functions, the ODPP also conducts investigations into alleged cases of fraud and misprocurement. Investigations into procurement malpractice are integral part of monitoring in public procurement and can also be done at PE level. The public is another eye for the ODPP and in the event that it sees that a public official or officials are involved in any form of misprocurement, members of the public inform the ODPP on what is happening. Investigations were carried out at the Zomba City Council, National Audit Office.

5. **Stakeholder’ Consultative Meetings**

As a regulatory body, the ODPP interacts with all PEs and while some understand the role of the Office, others do not. It was, therefore, decided that ODPP should regularly meet the PEs as our stakeholders so as to build mutual trust and strong business relationships with them.

Consultative meetings cover a whole range of issues from concerns by the ODPP to request for clarifications from the stakeholders on such issues as Procurement Planning, Use of other methods of procurement, Registration with regulatory bodies and the application of Section 14 of the PPA, Procurement Thresholds, Review Procedures, Disclosure of Interests, among others.

During the year under review, consultative meetings with stakeholders were held in June 2009 in Blantyre, Lilongwe and Mzuzu. During these meetings, nineteen representatives attended the meeting in Southern Region, twenty-nine attended in Lilongwe and twenty-two attended the meeting in Mzuzu. This brought the total number of officers attending the stakeholders’ meetings nationwide to seventy.

For ODPP, this was very important step in consensus building with the PEs because they went on to suggest a number of improvements to the way public procurement should be conducted.
2.3 REGULATORY, REVIEW AND ADVISORY DEPARTMENT

The purpose of the Regulatory, Review and Advisory Department is to regulate the procurement environment within which procuring entities operate so as to improve transparency, efficiency and value for money while providing a central advisory point of contact for procuring entities. The Department has three sections, namely Regulatory, Review and Advisory.

2.3.1 Regulatory Section

The Regulatory Section is responsible for the formulation, development, maintenance and amendments of public procurement legislation and all related documents and providing advice on the interpretation of the same. This section performed a number of functions in the reporting period under review, some of which are as follows:-

i External Members of IPC

The Public Procurement Act, 2003 (PPA) Section 9 (1) (c) empowers the Director of Office of the Director of Public Procurement (ODPP) to nominate external Internal Procurement Committee members in a case a procurement has exceeded a threshold prescribed by him or her. It has been a tradition that such members are nominated for one year. The services of these members are terminated in accordance with the Public Procurement Regulations (PPR), 2004 Regulation 17(7). The Regulation states that external IPC member services can be terminated based on: incapacity or inability, abuse of office, corruption or fraudulent practices and end of term.
The term of office for external IPC member expired and it was necessary that new members be nominated and oriented on their roles and functions. Fifty new members were appointed for one year duration by the Director after consultations. Two orientation workshops were conducted in Blantyre for members from the Southern and Eastern Region, and another workshop in Lilongwe for members from Central and Northern Region respectively.

The workshops covered the following topics were;

a. Public Procurement Legal Framework

b. Procurement Methods

c. Public Procurement Process

d. Overview of SBDs

e. Bid Evaluation

f. Ethical Standards for Public Officials Involved in Public Procurement

ii Debarment of Suppliers

a) Debarment Research

The Office of the Director of Public Procurement is mandated under s. 20 of the Public Procurement Act, 2003 to debar or exclude from public procurement a bidder or supplier who has committed a misconduct prescribed in regulation 191 of the Public Procurement Regulations. Procuring entities have an obligation to report to the ODDP all misconducts by bidders-suppliers. Unreported misconducts by bidders-suppliers don’t face statutory consequences, thereby threatening the integrity of public procurement system.
A study was conducted to determine the reasons why PEs do not report misconducts; challenges of the current reporting system and suggestions on improving the system. The findings confirmed that there was limited knowledge on the existence of the debarment process; grounds for debarment; obligation to report and reporting procedure. The following were some of the recommendations:

i. Sensitization of PEs and suppliers on debarment.

ii. Intensify monitoring visits to PE's

iii. Develop ICT material on the debarment process i.e. brochure

iv. Develop simplified form for reporting

v. Review the law to provide for mandatory reporting of misconducts and sanctions for non reporting

**b) Debarment Sensitization**

Following the recommendations of the study, debarment sensitization workshops were conducted from 13th September in Lilongwe at Capital Hotel for PEs within Lilongwe. In Blantyre the workshop were conducted from 15-17th December at Victoria Hotel for PEs and Suppliers from Blantyre. In Mzuzu the workshop was conducted from 20-22nd December at Mzuzu Hotel for PEs and Suppliers from Mzuzu.

Due to shortage of funds the workshops for PEs from outside the three cities will be conducted in 2011.

A PE misconduct Reporting Form was developed to simplify the process of reporting by PEs of misconduct by suppliers. The Directorate noted that some PE were failing to report due to lack of a format of what
information is required or should be contained in a report to ODPP. Therefore the Form aims at providing the standard information that required for ODPP to expediently determine whether the report has merit or not.

The Directorate has also developed a brochure on debarment to aid in sensitizing PEs and suppliers on the debarment, grounds, procedure and sanctions. The Directorate acknowledges that one off sensitization workshops may not reach all stakeholders, while a simplified brochure may go a long way in sensitizing those that may not have the opportunity to attend the workshops.

c) **Debarment Hearings**

The Office of the Director of Public Procurement is mandated under s. 20 of the Public Procurement Act, 2003 to debar or exclude from public procurement a bidder or supplier who has committed a misconduct prescribed in regulation 191 of the Public Procurement Regulations.

In 2010 the Directorate intensified its efforts to investigate cases of misconducts committed by suppliers. A few PE reported misconducts by suppliers. Over 10 cases of misconducts were handled by the ODPP these resulted in suspension, debarment and others are pending hearing.

d) **Suspension of Supplier**

The Directorate under the powers conferred by Regulation 192 (5) of the Public Procurement Regulations, 2004 suspended Chilongozi Building Contractors of P.O Box 258, Mzuzu from participating in public procurement from the 12th of November, 2010 up to 12th February, 2010.
The suspension was to pave way for investigation into serious allegations of misconduct in the implementation of construction of contracted public works. During this PEs could not accept proposals, bids and quotations from the Contractor. The Contractor was also not eligible to be awarded public procurement contracts until the suspension was lifted.

**e) Exclusion of Suppliers**

The Directorate conducted it first debarment hearing on 22\textsuperscript{nd} November, 2010 at Crossroads Hotel in Lilongwe. The hearing involved complaint The Public Universities Students Loan Trust procurement no. PUSLT/VEH1/2010 awarded a contract to provide two 4 x 4 double cabin pickups at a total sum of K18,666,438.98 to Mike Appeal and Gatto. The allegations of misconduct were:

a) failure by the supplier to deliver the vehicles within the agreed period. This constitute a serious breach of the procurement contract and therefore a misconduct under regulation 191 (1) (e) of the Public Procurement Regulations,

b) failure to furnish performance security in accordance with the terms of the bidding documents

After the hearing the Committee decided that the supplier should be debarred for a period of six months from the date of signing of the decision.

The Directorate has already set four cases for hearing before the Committee from 20\textsuperscript{th} to 21\textsuperscript{st} January, 2010.
iii Development of Ethical Standards for Suppliers

The Directorate noted that there was a gap in the regulatory framework as though there were ethical standards for Procurement Personnel there were no corresponding standard for suppliers. In view of this the Directorate embarked on an exercise to develop a booklet of Ethical Standards for Suppliers after consultations with suppliers from all the three regions.

The booklet was issued by the Director of Public Procurement under the Public Procurement Act, 2003 and the Public Procurement Regulations, 2004. It compiled in a simplified form the principles as contained in the Act and the Regulations. The booklet will be amended accordingly whenever there are changes to the Public Procurement Act and Procurement Regulations.

vi Registration of Suppliers

The ODPP, just like in the previous years, embarked on the registration exercise of suppliers of both goods and services. The registration was for two financial years as opposed to the usual registration for a single financial year. The registration was for the financial years 2009/10 and 2010/2011. In addition, the list of registered suppliers was circulated to all Government Ministries, Departments, statutory corporations, ODPP website, and other organs of public administration.

vii Simplified Bidding Document for Local Assemblies

There is an outcry mainly from the Local Assemblies that the existing legislation, including the Standard Bidding Documents developed by the ODPP, are not suitable for procurement at local assembly level because they are too detailed. As a result of this, the ODPP and the Ministry of Local Government and Rural Development embarked on consultations with Local Assemblies to establish if there was need for the Office to develop specific regulations for Local
Assemblies or to make changes to the existing ones to address the procurement related problems that the assemblies were facing. After assessing the opinions of the stakeholders, the ODPP concluded that what was needed for the Local Assemblies was not a separate set of regulations, but rather a simplified version of the SBDs that are already in circulation. A team was instituted to come up with this simplified SBD for Local Assembly procurements. The team completed the production of simplified SBD’s for use at Local Assembly level and it is expected that consultations will be done with stakeholders in the first quarter of 2011 to gather their input. It is envisaged that the SBD will be ready for the use of Local Assembly within the second quarter of 2011.

2.3.2 Advisory Section

This section is responsible for providing advice to procuring entities on issues of procurement. During the year under review, the ODPP continued to give advice to procuring entities on the public procurement framework. The issues that are frequently coming up include methods of procurement, bid and performance bonds, bidding periods, and the evaluation process.

2.3.3 Review Section

This section provides secretarial services to the Standing Review Committee that handles complaints brought to the Director of Public Procurement. The Committee handled one complaint during the period under review. The Complaint was lodged by Victoria Hotel against The Malawi Polytechnic in the procurement of catering services. The Committee faulted both parties on their conduct in the negotiations and also determined that due to this no contract was entered into. Therefore no remedies were provided for by the Committee.
The membership of the Committee was reduced as some members have joined politics and others had left the country this necessitated that new members should be appointed. The 12 members of the Review Committee were nominated and are pending appointment. An orientation workshop will be conducted next year for the new members.
 CHAPTER THREE

3.0 FINANCE, ADMINISTRATION AND HUMAN RESOURCE SECTION

The Finance, Administration and Human Resource Section of the ODPP supports the three technical sections of the Office. The efficiency and effectiveness of the core sections are very much dependent on these support section. Outlined below are the various roles the department and its various sections play.

3.1 Finance and Administration

This section ensures that all financial and administrative issues are handled promptly. In this regard, it provides financial and administrative advice to the whole ODPP and ensures that the required resources are made available to facilitate smooth operation of the ODPP. This includes coordinating the financial budgeting process and other planning processes.

3.1.1 Budget Preparation

The section was able to prepare timely and realistic budgets for personal emoluments as well as other expenditure during the 2009/10 financial years. This enabled the ODPP to pay employees without problems despite salary revisions. The ODPP was also able to operate within the budget throughout the period.

3.1.2 Records Management

Records management has improved tremendously as a result of short term training in records management which employees (HOW MANY) attended during the period under review. This enables management to make timely decisions because the right information is readily available.
3.2 Human Resource and Recruitment

During the 2009/10 financial year, the Department continued to provide effective human resource support services to the organisation. The following were some of the functions performed in this period:

3.2.1 Recruitment

In an effort to have a fully fledged staff contingent, ODPP has intensified the recruitment of personnel. In addition to filling positions through promotions of existing employees, new personnel were recruited from suitably qualified candidates from the general public. Gender mainstreaming took centre stage so much so that ODPP has an increased number of female employees compared to the past financial years. The challenge to retain staff which existed in the 2008/09 financial year has been eradicated through revision of the terms and conditions of service of ODPP.

3.2.2 HIV & AIDS Mainstreaming

HIV & AIDS mainstreaming in the ODPP was taken to a high level by the launch of the HIV & AIDS work policy. The launch of the policy signifies the commitment which ODPP management has in the welfare of its employees.
3.3 Information Technology

There have been a number of major activities in the development and use of information and communication technology in this office in the past financial year.

It has been a year of successful technical hardware and software support, ensuring that all computers accessories are operating on current version of Windows XP Professional SP3 operating system and application software. Troubleshooting and maintenance of Local Area Network and sustenance of the email system has been part of the many activities for the ICT Section. Cleaning of viruses has also been a major activity that has ensured a virus free network through the use of an up-to-date Anti-virus software and other malware removal tools.

A lot of procurement data has been captured from the many submissions that ODPP has reviewed and from the quarterly reports submitted by the various procurement entities.

The website has also continued providing the office of Public Procurement and other government ministries and departments with a medium for publishing various documents and adverts to the general public in its bid of promoting transparency and accountability.
CHAPTER FOUR

4.0 PROCUREMENTS RECORDED OVER THE REPORTING PERIOD

The public procurement legal framework in Malawi has decentralised procurement activities to the procuring entities. The PEs are now mandated by law to conduct procurement activities through their respective Internal Procurement Committees (IPCs). Since the IPCs are administrative in nature, they have to depend on the professional skills of the PUs.

PUs are established under Section 10 of the PPA and, unlike IPCS, are part and parcel of any administrative arm of PE. Officers are recruited into this unit and are on payroll. They manage the day to day activities of the PE including provision of daily procurement statistics. The statistics or data that you will be reading about in this section was provided by the PU of various entities. The data is transmitted to the ODPP in form of Quarterly Reports.

4.1 Number of Procuring Entities and Value of Procurements

The number of reporting entities which submitted Quarterly Reports for the 2009-2010 Financial year was eighty-three (83). This is lower compared to the number of PEs that submitted reports during the 2007-2008 and 2008-2009 which was at 112. The ODPP is looking at the causes of such low report submission and, therefore, not complying with the legal requirement. It is believed that a solution will be found for our future reporting. A list of compliant entities is provided in Appendix 2.

It has been observed that the decrease in quantities in the 2009-10 reporting period was largely contributed due to non compliance and under reporting by the PEs.
4.2 Comparative data for the past three reporting periods

Although it has been explained that reported figures for 2009-10 are lower than in the previous years, it has been noted further that the current figures are the lowest in the past three years. What we see in figure 1 below shows that something is very wrong about our administration of public procurement. Controlling Officers have seem to have lost touch with what their PUs are doing and PUs have become intransigent.

It is the duty of Controlling Officers to ensure that their PU report procurement data to ODPP so that in line with Section 41 of the PPA, it is compiled and reported to the Minister and then National Assembly.

The ODPP can only remind the PEs but the onus is on the Controlling Officers to ensure that PUs do not only ‘buy’ but also the data they come up with at the end of the day is reported to the ODPP. With 170 PEs reporting in 2006-07, then 112 in 2007-08 and 2008-09 and then only 83 in 2009-10 shows a declining trend which can only be arrested by Controlling Officers. They should take upon themselves to strongly advise the PUs that procurement management is not only about procuring, but also planning, managing data and contract management.
Figure 1: Comparative view of three-yearly values

4.3 Analysis of 2009-10 data

An analysis of the procurement figures reported for 2009-10 period reveal that out of 83 PEs, only nine of them account for 71% of the reported procurement value. These are the Ministry of Agriculture and Food Security, Roads Authority, Malawi Housing Corporation, National Food Reserve Agency, Ministry of Foreign Affairs, Ministry of Health, Electricity Supply Corporation of Malawi, National Assembly and Queen Elizabeth Central Hospital (See Appendix 1 for details).
Figure 2: Procurement Value by PE

4.4 Procurement by Category

During the year under review, the reported values reveal that 43% of the procurements in Malawi were Goods while 18% and 8% were Works and Services respectively.

Records further show that only one percent of the procurements were for consultancy services while 30 percent of the procurements were not reported by the PEs signifying the lack of procurement knowledge by many PEs. These figures are supported by figure 3 of this section.
4.4 **Procurement Methods**

Section 30 of the Public Procurement Act 2003 provides for various methods of procurement that can be used by any PE in a particular situation. These methods of procurement are provided as a guide and it is up to PEs to decide when to use each method provide, Section 30 (11) is complied with. However, the Act provides that the default method of procurement is open tendering but in a situation where this would not be possible, the Controlling Officer of that PE shall seek approval from the Director of Public Procurement for use of any other method.

During the year under review various procurement methods outlined in the Act were used as can be seen in figure 4 of this section.

![Procurement by Category](image)
The data in figure 4 indicate that 56% of the procurements were done using Open Tender method, while 14% done using Request for Quotation (RFQ) method and sadly, a further 24% of procurements was unreported as shown in table 4.

Overall, the data analysis revealed serious flaws in the way the data is being reported. Most of the PEs are under reporting and some not even reporting the procurement activities. As an office, ODPP has taken this with seriousness, and has employed a full time Data Manager who is charged with responsibility on making sure that all the data issues are handled with vigilance and we hope that there will be an improvement in the future reports.
CHAPTER FIVE

5.0 CHALLENGES AND WAY FORWARD

The ODPP continues to face some challenges in its attempt to fulfil its mandate. These challenges exist both within the ODPP and in the procuring entities themselves. Some of the key challenges are as follows.

5.1 Capacity Constraints

During the year under review, ODPP is still understaffed. Out of its current establishment of 71 slightly over half of them are filled. Staff retention also has become a problem for the office that has seen some of its key staff leaving for greener pastures.

As for PEs, the ideal professional public procurement set up is well known amongst the public institutions. Most of them also have at least procurement individuals in place as part of the SPUs. These institutions have Internal Procurement Committees. However, there are some challenges some of which relate to the quality of personnel who are in place and responsible in some SPUs and IPCs. Key problems include resistance to change by some management, inadequate training, lack of interest in documenting and reporting on procurement activities. Other constraints include inadequate equipment (i.e. computers) as well as lack of knowledge in use of computers resulting in submissions that are hand written or figures that are not correctly added up and not correctly categorised. Some procuring entities use sub-IPCs who fail to report to the main IPC, resulting in failure to submit accurate reports to the ODPP.

Procurement is generally a new profession in the country. The required technical expertise in public procurement is very scarce with some personnel learning on the job and executing their jobs by trial and error. This results in non-adherence to the technical standards and ethics required in the profession. The ODPP has
been in the forefront, conducting training and civic education on proper conduct of procurement activities.

The ODPP, therefore, has a two-pronged strategy by ensuring that its staff levels are adequate and at the same time ethical issues are observed. One strategy looks at the internal capacity and enforcing discipline of existing personnel, whilst the other is to make sure that capacity building in public procuring entities is enhanced.

5.2 Sources of funds and sustainability

Although the ODPP has enjoyed reasonable support from the government and donors (e.g. World Bank, FIMTAP, UNDP among others) the available financial resources are inadequate to address all the needs and enhance its operations. It is hoped that such support should not only continue but the magnitude should also increase. In the absence of financial support from government and donors, the existence of procurement reforms in the country is under threat.

5.3 Non-Compliance by PEs

The Procurement Act 2003 requires that the ODPP shall regularly collect data from public procuring entities. With this data the ODPP submits annual reports to the Minister responsible for public procurement. However, it has been always difficult to get procurement reports from the PEs. The reasons for late, inadequate and in some cases lack of submission of reports, apart from the insufficient staff capacity discussed above could also be nonavailability of equipment to document and produce reports.

Whilst the ODPP continues to train officer in public institutions on the importance of records management and submitting the reports, it may be prudent as an enforcement mechanism to introduce some punitive measures for the institutions that consistently do not provide the reports. Introduction of the electronic data
capturing and the Procurement Reporting Systems at the ODPP may also help to ease problems currently encountered in updating reports and following up on non-submitting procuring entities. ODPP is serously looking into the issue of information management system for the public procurement.

5.4 Suppliers' malpractices

During the year under review, it was noted that suppliers and contractors have in some cases engaged in a wide range of malpractices. Some suppliers have inflated prices for goods and services when dealing with public institutions, thereby seriously affecting the cash flow for public institutions. Some private traders and contractors have gone to the extent of bribing public procurement officers to buy from them. In some cases the inflated prices are the result of the conduct of public procurement officers who demand rewards for buying items from the particular suppliers. Suppliers in this case deliberately increase the prices so that their profit margins are not affected by the rewards given to the procurement officers. On the other hand suppliers inflate the prices to cushion themselves against the delayed payments from the public institutions.

These malpractices by suppliers can be minimised if the Act is adhered to. It advocates for transparency and equal opportunity for all suppliers. The Act provides that open tender is the default method of procuring goods, works and/or services. Since the open tenders allow for wide supplier opportunity, the suppliers can not over price their quotations.

The Act also provides for the use of IPCs in the institutions. These are a deterrent against malpractices that may take place if only individuals are involved in the process. At the same time specifications of the items sought are well analysed when the IPCs are used in the procuring process. Procuring goods or services through Request for Quotations (RFQs) is risky, as such the ODPP has been advising procuring entities against it frequent use. To mitigate against the risks
associated with the RFQ method of procurement, ODPP has maintained K3Million as the threshold after which PEs must use open tendering.
6.0 CONCLUSION

Since the establishment of the ODPP a lot of milestones have been achieved and huge sums of public funds have been saved. ODPP continues to work hard and close the loop holes which still exist by continued training and capacity building activities and raising public awareness in the area of public procurement in Malawi. Both medium and long term measures especially in capacity building have been put in place to ensure professionalism in procurement. The measures are to ensure practitioners have adequate qualifications to meet the requirements of the job. The ODPP is making more effort to ensure funding is made available to sustain its operations. Some of the office’s core functions such as publishing the lists of approved suppliers and ensuring that entities adhere to the reporting requirements are in the interest of transparency but have not been consistently accomplished due to insufficient funding.
7.0 APPENDICES

**Appendix 1: Procurement Values reported by compliant PEs**

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<th>No</th>
<th>PE</th>
<th>Procurement Value</th>
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<td>Salima ADD</td>
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<td><strong>42,027,143,315.43</strong></td>
</tr>
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</table>


Appendix 2: Circulars issued during the reporting period

Circular 1: Policy direction on Buy Malawian policy directive

Ref. No. ODPP/O3/6 17th December 2009

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

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

cc: The Chief Secretary, Office of the President and Cabinet, Private Bag 301, Lilongwe 3.

: The Solicitor General and Secretary for Justice, Private Bag 333, Lilongwe 3.

: The Secretary for Industry, Trade and Private Sector Development, P.O. Box 30366, Lilongwe 3.

: The Secretary to the Treasury, P.O. Box 30049, Lilongwe 3.

: The Auditor General, P.O. Box 30045, Lilongwe 3.

: The Comptroller of Statutory Corporations, P.O Box 30061, Lilongwe 3.

: The Controller of Procurement and Supply, P.O. Box 128, Lilongwe.
POLICY DIRECTION ON THE IMPLEMENTATION OF THE PRESIDENTIAL “BUY MALAWIAN” DIRECTIVE IN PUBLIC PROCUREMENT

You will all recall that the State President, His Excellency Ngwazi Dr. Bingu wa Mutharika directed at the opening of this year’s Agricultural Fair in August in Blantyre that there should be a shift from the current practice of procuring and consuming imported goods and services to predominantly procuring and consuming locally produced goods and services. In implementing the directive, the Minister of Industry and Trade formed a Task Force which is now charged with the responsibility of implementing the directive. As a regulator and overseer of the public procurement system through which most goods, works and services are acquired and consumed, my office is a key member of that Task Force.

Through a series of consultative meetings, the Task Force observed that public procurement is a key result area for the successful achievement of the objectives of the directive. It was therefore agreed that there is need for redefining a number of areas within the Public Procurement Legal Framework in order to create a favourable environment for the successful implementation of the directive in the public sector. Coincidentally, the areas identified happen to be the ones that the general public constantly expresses a lot of concern about in all our public sensitization forums. My office was therefore tasked to look into these areas and take necessary action.

In accordance with the powers vested in me under Section 5 of the Public Procurement Act (2003), I hereby inform you that in order to effectively create a conducive environment for the procurement and consumption of locally produced goods, works and services in all government entities, the following are the policies that shall be strictly complied with by all the government entities with immediate effect:

1. **Raising the Domestic Preference Margin**

   As provided for in the Procurement Regulations, the Domestic Preference margin for locally produced goods is currently pegged at 10%. I have proposed to government to raise it to 20% in order to allow more goods to qualify for the preferential
treatment. Meanwhile, as we await government’s clearance, all Procuring Entities (PEs) shall continue to use the 10% Domestic Preference percentage as provided for in the Procurement Regulations until such a time that the clearance for the 20% is finally obtained. Procurement Units (PUs) and Internal Procurement Committees (IPC) shall always use this provision as one of the PE’s priorities when drafting, processing or approving any procurement.

2. Another Acceptable form of Bid Security in NCB Tenders

The current practice is that bidders are requested to submit together with their bids, security guarantees for their bids usually in form of Bank Certified Cheque or Bank Guarantee. Due to the magnitude of financial resources involved in securing these securities with banks, many potential local bidders are not able to participate in the tenders and yet they are usually the ones who deal in locally produced products. In order to encourage them and indeed many Small and Medium-sized Enterprises (SMEs) to participate in tenders and thus offer locally produced products, in addition to the money-related bid bonds currently used, another acceptable security mechanism in form of a “Bid Securing Declaration” has been included. PEs must therefore ask for and accept it if presented by any bidder who chooses to use it. The declaration shall be reinforced with a debarment penalty of at least 2 years by my office in the event that a bidder breaches the bond conditions. This policy direction is only applicable to all procurements of goods, works and routine services of value up to threshold applicable for National Competitive Bidding (NCB) where bid bonds may be required. While the form is to be used with immediate effect, my office will be making the necessary amendments to the affected Standard Bidding Documents to accommodate the inclusion of the form and this will be communicated to all PEs when the amendments are completed.
3. **Procurement of locally manufactured goods in RFQ procurement method and NCB Tender Proceedings**

All PEs shall target locally produced goods every time quotations are solicited either through the Request for Quotations (RFQ) method or in National Competitive Bidding (NCB) tender proceedings. In order to accommodate locally produced products, PEs shall use specifications that match locally produced goods. Additionally, the evaluation criteria shall include additional qualification points/criteria for the locally produced goods and the appropriate Domestic Preference margin shall apply.

4. **Promoting SMEs**

In keeping with the Buy “Malawian” initiative, ODPP believes that promotion of SMEs shall also be an avenue for promoting locally produced products and services because it is mostly these SMEs that produce a lot of goods on the local scene. While the substantive policies to promote the SMEs are currently being finalized by the Ministry of Industry and Trade, PEs are meanwhile encouraged to support the SMEs by giving them more business opportunities. In this regard, PEs shall ensure that the SMEs are always **promptly paid for their successfully completed contracts**. This will economically empower them thereby enabling them to venture into production so that they can satisfy volume requirements of the PEs which will in turn help in limiting their desire to import.

5. **De-stigmatizing locally produced goods**

It is generally observed that in most cases, many PEs avoid procuring locally produced goods due to mere stigma. In order to get around this problem, Controlling Officers, Chief Executives, Board Members, Management and Staff of PEs are hereby advised to desist from luxurious and unjustified affluence and attitude for imported products at the expense of locally manufactured products. In order to ensure compliance with this policy, PEs and their IPCs shall be required to seek **“No Objection”** from my office whenever they need to buy imported products where locally produced ones are available.
The “No Objection” shall never be granted without convincing justification.

6. Influencing local manufacturers to raise quality standards

My office is aware that some local manufacturers do not produce goods of acceptable quality standards. While we intend to run a series of sensitization campaigns to call upon the local manufacturers to boost their standards and volumes to ensure satisfaction of the PEs, the PEs themselves shall take all initiatives to provide useful feedback information to the manufacturers whose quality standards are unsatisfactory so that they may improve. Where genuinely unacceptable standards persist, PEs shall always inform my office for further action.

7. Compliance Monitoring

For purposes of monitoring compliance of PEs in the implementation of these procurement policy directions with respect to the Presidential “Buy Malawian” directive, all Controlling Officers and their IPC Chairpersons shall be held responsible for ensuring total compliance by their respective PEs. Therefore, as they submit their quarterly procurement reports, they shall include in the report a paragraph or an attached report indicating percentage of locally produced goods (with their verifiable suppliers) they have procured in that quarter.

This circular supersedes all other preceding circulars, regulations or any other correspondences on the subject areas affected.

B.S.M. Mangulama
DIRECTOR OF PUBLIC PROCUREMENT
Circular 2: Raising of Domestic Preference

Ref. No. ODPP/03/291 23rd February 2010

FROM: THE DIRECTOR OF PUBLIC PROCUREMENT, P/BAG 383, CAPITAL CITY, LILONGWE

TO: ALL PRINCIPAL SECRETARIES, CHIEF EXECUTIVES OF PARASTATAL ORGANISATIONS, HEADS OF DEPARTMENTS AND HEADS OF ALL OTHER PUBLIC INSTITUTIONS.

cc: The Chief Secretary, Office of the President and Cabinet, Private Bag 301, Lilongwe 3

: The Secretary to the Treasury, P.O. Box 30049, Lilongwe 3

: The Auditor General, P.O. Box 30045, Lilongwe 3

RAISING OF DOMESTIC PREFERENCE MARGIN FOR LOCALLY MANUFACTURED GOODS

In pursuit of the “Buy Malawian” directive by the Head of State and as a follow up to my earlier circular dated 17th December 2009, I hereby wish to inform you that the Domestic Preference Margin for locally produced products has now been fixed at 20% with immediate effect. All the conditions needed to be satisfied by the locally produced products in order to qualify for the preferential treatment remain unchanged.

Furthermore, while Procuring Entities (PEs) previously had freedom of applying a lower percentage margin or even none at all, in accordance with the “Buy Malawian” directive, use of the Domestic Preference is now MANDATORY in all forms of procurement with the 20% as a fixed margin.
As stated in the earlier circular letter, let me remind all PEs to ensure that they furnish my office with quarterly reports on the value of locally produced products they have procured in that quarter. I expect the reports by every second week into each new quarter and the first reports should be submitted by the second week of April, 2010.

This circular supersedes all other preceding circulars, regulations or any other correspondences on the subject matter herein and is subject to amendment at any time whenever necessary.

B.S.M. Mangulama
DIRECTOR OF PUBLIC PROCUREMENT
Circular 3: Fees for Bidding Documents

Ref. No. ODPP/01/22 3rd September, 2009

FROM: THE DIRECTOR OF PUBLIC PROCUREMENT, PRIVATE BAG 383, LILONGWE 3.

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

FEES FOR BIDDING DOCUMENTS FOR LOCAL SUPPLIERS

The Public Procurement Act 2003 Section 31(4) requires procuring entities to charge for bidding documents that they produce for the prospective service providers, but that the charge should be set at a level that reflects the realistic cost of printing and distributing them. Some procuring entities have set the price for bidding documents at unrealistic levels which have effectively excluded potential bidders due to high cost, while accumulating extra revenue which is used for other purposes unrelated to the printing and distribution of bidding documents.

In order to correct this situation, my office has done some research to determine the realistic costs of producing and distributing standard bidding documents for supply of goods, works and services. From the research, my office has set the following limits of prices or fees payable to procurement entities for their bidding documents:
<table>
<thead>
<tr>
<th>Item</th>
<th>Subject of Procurement</th>
<th>Max. Fees (Kwacha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Goods, Equipment etc</td>
<td>3,500.00</td>
</tr>
<tr>
<td>2.</td>
<td>Vehicles, Plant, Machinery</td>
<td>3,500.00</td>
</tr>
<tr>
<td>3.</td>
<td>Minor Civil and Building Works (≤K10m)</td>
<td>5,000.00</td>
</tr>
<tr>
<td>4.</td>
<td>Major Civil and Building Works (&gt;K10m)</td>
<td>15,000.00</td>
</tr>
<tr>
<td>5.</td>
<td>Consultancy</td>
<td>5,000.00</td>
</tr>
<tr>
<td>6.</td>
<td>Non Consultancy Services</td>
<td>3,500.00</td>
</tr>
<tr>
<td>7.</td>
<td>Food Stuffs</td>
<td>3,500.00</td>
</tr>
</tbody>
</table>

Procuring Entities are encouraged to offer bidding documents free of charge (especially for foodstuffs) to encourage wide participation in the bidding process, provided they can absorb the cost of printing and distribution. Procuring Entities are at liberty to charge less than the prescribed limit for their bidding documents.

Controlling Officers are required to ensure that their procuring units adhere to the limits set in this circular.

B. S. M. Mangulama

DIRECTOR OF PUBLIC PROCUREMENT
Circular 4: Standard Bidding Document for Non-Consultancy Services

Ref. No. ODPP/01/22 24th February, 2010


TO : ALL PRINCIPAL SECRETARIES, CHIEF EXECUTIVES OF PARASTATAL ORGANISATIONS, HEADS OF DEPARTMENT DEPARTMENTS AND HEADS OF ALL OTHER PUBLIC INSTITUTIONS.

cc : The Chief Secretary, Office of the President and Cabinet, Private Bag 301, Lilongwe 3.

: The Auditor General, National Audit Office, P.O. Box 30045, Lilongwe 3.

: The Secretary for Statutory Corporations, P.O. Box 30061, Lilongwe 3.

STANDARD BIDDING DOCUMENT FOR NON CONSULTANCY SERVICES

The Public Procurement Act (2003) mandates my office to develop and issue Standard Bidding Documents (SBDs) for use in the Public Sector in all procurement activities.

You will recall that in January 2006, my Office issued SBDs for the procurement of goods, works and consultancy services. The SBD for services other than consultancy was not included among the documents issued at the time. This led to Procuring Entities (PEs) modifying the existing SBDs to produce bidding documents for the procurement of non-consultancy services. Most of the PEs, however, could not produce coherent bidding documents using this approach
and procurement of non-consultancy services has not been systematic. It is in this connection that my Office, with financial assistance from the United Nations Development Programme (UNDP), and after consulting a wide range of stakeholders, developed the SBD for the procurement of non-consultancy services.

I am now pleased to inform you that the document is now ready for use in the public sector. I have enclosed a CD-ROM containing the document which must be forwarded to your Specialised Procurement Unit (SPU) for use. You are being advised that with immediate effect, the use of this SBD for all procurement of non-consultancy services is mandatory in order to comply with the Public Procurement Act (2003). For guidance purposes, non-consultancy services are those which are routine and require minimal intellectual input; such as cleaning, security, insurance, freight forwarding, transport, etc. Just like procurement of goods, works and consultancy, procurement of non consultancy services shall be realized through open tender.

My office has planned a series of sensitization workshops on the use of these documents for stakeholders in both the public and private sectors. It will be in your interest to attend these workshops once you receive your invitation.

Please bring the contents of this circular and the SBD enclosed to the attention of all officers involved in public procurement in your organizations.

B.S.M. Mangulama
DIRECTOR OF PUBLIC PROCUREMENT
Circular 5: Threshold for Public Notices of Procurement Awards

Ref. No. ODPP/01/22

FROM : THE DIRECTOR OF PUBLIC PROCUREMENT, PRIVATE BAG 383, LILONGWE

TO : ALL PRINCIPAL SECRETARIES, HEADS OF DEPARTMENTS, CHIEF EXECUTIVES OF PARASTATAL ORGANIZATIONS AND HEADS OF ALL OTHER PUBLIC INSTITUTIONS

cc : The Chief Secretary, Office of the President and Cabinet, Private Bag 301, Lilongwe 3.

: The Secretary to the Treasury, P.O. Box 30049, Lilongwe 3.

: The Auditor General, P.O. Box 30045, Lilongwe 3.

THRESHOLD FOR PUBLICATION OF PROCUREMENT CONTRACT AWARD NOTICES IN WIDELY CIRCULATED PAPERS AND WEBSITES

In accordance with Section 26 of the Public Procurement Act of 2003 and Regulation 173 (1) of the Public Procurement Regulations and following observations of laxity on part of Procuring Entities, it has become necessary for me to issue threshold for publication of contract award notice in widely circulated daily papers and the ODPP website.

In this connection, all Controlling Officers, Heads of Departments, Chief Executives of public institutions, and heads of all other public institutions are hereby advised that with immediate effect, all contract award notices of values equal to or more than MK45 Million MUST be published in widely circulated daily papers.
and the ODPP website. This requirement has been in existence since 2003 when the public procurement legal framework was established and must strictly be adhered to. Publication of procurement award notices will always ensure that principles of fairness, transparency, accountability are strengthened.

May I also take this opportunity to remind all procuring entities to take preparation of procurement plans seriously as the approved procurement plans will be linked to the budget and will form the basis for Treasury to release funds for any procurement activity.

I look forward to your full cooperation on the above matter

B.S.M. Mangulama

DIRECTOR OF PUBLIC PROCUREMENT
Circular 6: Procurement Thresholds

Ref. No. ODPP/01/22 21\textsuperscript{th} July, 2009

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

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

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

: The Secretary to the Treasury, P.O. Box 30049, Lilongwe 3

: The Auditor General, P.O. Box 30045, Lilongwe 3

PROCUREMENT THRESHOLDS FOR 2009-2010

In accordance with powers conferred upon me by Section 9 (1) (c) of the Public Procurement Act of 2003 and Regulation 10 (2) of the Procurement Regulations (2004), I have once again revised the procurement thresholds (purchasing limits) following review of procurements submitted by various Procuring Entities (PEs) during the previous financial year.

Controlling Officers, Heads of Departments and Chief Executives of public institutions are hereby advised that with immediate effect, procurement thresholds for Ministries, Departments and other public institutions will be as detailed in the attached tables (Tables 1, 2, 3, 4 and 5). These thresholds supersede those contained in my circular letter Ref. No. ODPP/01/22 of 29\textsuperscript{th} July, 2008.

My office continued to assess the performance of various PEs and as a result, the thresholds that have been allocated are not
uniform but depend largely on a particular institution’s levels of compliance with the established legal framework and general competence in handling procurement processes. Some PEs have migrated into higher threshold groups while others, and for the first time, have moved into lower thresholds.

While Tables 1 to 3 detail thresholds that your IPCs will use to approve procurement decisions without requesting for ‘No Objection’ from my office, Table 4 is for thresholds for all PEs requesting for External Members from my office to sit on the IPCs when deliberating on high value procurements in line with Section 9 (1) (c) of the Public Procurement Act.

We have maintained the categorization of Procuring Entities (PEs) in Tables 1 and 2 into four groups namely, A, B, C, and D. In table 1, PEs in group A will not be required to seek ‘No Objection’ from my office for procurement of works, goods and services but will have to submit their Annual Procurement Plans and Quarterly Procurement Reports for our monitoring purposes only. For PEs in groups B, C, and D, the only change is the increase in threshold for Routine Services from K2Million last year to K3Million this year. Similarly, for Table 2, the only change in thresholds is the increase in threshold for Routine Services from K2Million last year to K3Million this year. PEs in Table 1 Group A, however, will still be required to seek ‘No Objection’ from my office for procurement of works above K10Million.

In Table 3, some PEs have their thresholds increased while others have theirs reduced, depending on their performance during the previous year. Where no thresholds have been indicated in this table, those listed in Table 5 for Procurement Methods shall apply. Table 4 details the thresholds for all categories of procurement where PEs shall invite External Members of the IPCs from my office. Controlling Officers shall ensure that requests for the External Members are received by my office at least 14 days before the date of the IPC Meeting. Finally, Table 5 details thresholds for Procurement Methods. In order to support local industry, the threshold bands for both Goods and Services for national competitive bidding (NCB), have been increased to K100Million and K50Million.
respectively. However, for Works with an NCB threshold band of K5Million to K1Billion, there is no change. Similarly, the threshold for use of open tendering method for goods and services remains at K3 Million.

I would be grateful if the contents of this circular are brought to the attention of Chairpersons and Secretaries of the Internal Procurement Committees (IPCs), the procurement staff and all IPC members in your organization.

B.S.M. Mangulama

DIRECTOR OF PUBLIC PROCUREMENT
## 2009-2010 PRIOR REVIEW THRESHOLDS

### Table 1: Central and Local Governments and Government Projects

<table>
<thead>
<tr>
<th>Group A</th>
<th>Group B</th>
<th>Group C</th>
<th>Group D</th>
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<tbody>
<tr>
<td>No Prior Review (PEs will be requested to submit their procurement plans only)</td>
<td>Goods – 10 million Works – 10 million Routine Services – 3m Consultancy Services -3m</td>
<td>Goods – 5 million Works – 5 million Routine Services – 3m Consultancy Services – 3m</td>
<td>Goods – 3 million Works – 5 million Routine Service – 3m Consultancy Service – 3m</td>
</tr>
<tr>
<td>All Malawi Government donor-funded projects using donor procurement guidelines</td>
<td>Office of the President and Cabinet Ministry of Finance Department of Human Resources Management and Development Accountant General National Audit Office Mzuzu Central Hospital Queen Elizabeth Cent. Hos Kamuzu Central Hospital</td>
<td>Office of the Vice President Ministry of Justice and Constitutional Affairs Ministry of Economic Planning &amp;Development The Judiciary Ministry of National Defence Ministry of Transport and Public works Ministry of Industry and Trade Ministry of Local Government Ministry of Foreign Affairs Ministry of Persons with Disabilities and the Elderly Ministry of Women and Child Development Ministry of Lands and Natural Resources Ministry of Home Affairs and Internal Security Ministry of Energy and Mines Forestry Department State Residences Department of Disaster Preparedness Relief and Rehabilitation Parliament Lilongwe District Assembly Department of Information Systems and Technology Management Services M’mbelwa District Assembly Ntchisi District Assembly Lilongwe City Assembly Zomba City Assembly Phalombe District Assembly</td>
<td>Ministry of Youth Development and Sports Ministry of Labour Department of Statutory Corporations One Village One Product Rumphi District Assembly Plant and Vehicle Hire Organization Dowa District Assembly Neno District Assembly Balaka District Assembly Nasawa Technical College Salima tech College Livingstonia Technical College Soche Technical College Lilongwe Technical College Staff Development Institute Karonga Town Assembly Kasungu Town Assembly Luchenza Town Assembly Mangochi Town Assembly Liwonde Town Assembly Salima Town Assembly Ntcheu District Assembly Nsanje District Assembly Dedza District Assembly Kasungu District Assembly Machinga District Assembly Malawi Defence Forces Malawi Police Service</td>
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<td>Chiradzulu District Assembly</td>
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<td>Zomba Central Hospital</td>
<td>Likoma District Assembly</td>
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<td>Immigration Department</td>
<td>Geological Survey Department</td>
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<td>Mangochi District Assembly</td>
<td>Surveyor General’s Office</td>
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<td>Blantyre District Assembly</td>
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<td>No Prior Review for goods and services (PEs will be required to submit their procurement plans only)</td>
<td>No Prior Review for goods and services (PEs will be required to submit their procurement plans only)</td>
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<tr>
<td>Consultancy Services - 3m</td>
<td>Consultancy Services - 3m</td>
<td>Consultancy Services - 3m</td>
<td>Consultancy Service – 3m</td>
</tr>
</tbody>
</table>

**Table 2: Parastatal and other public Organizations**

<table>
<thead>
<tr>
<th>Group A</th>
<th>Group B</th>
<th>Group C</th>
<th>Group D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-Corruption Bureau (ACB)</td>
<td>Tobacco Control Commission,</td>
<td>ADMARC</td>
<td>NCIC</td>
</tr>
<tr>
<td>Northern Region Water Board</td>
<td>Malawi Communications Regulatory Authority (MACRA)</td>
<td>Malawi Law Commission</td>
<td>TREVETA</td>
</tr>
<tr>
<td></td>
<td>Blantyre Water Board</td>
<td>Malawi Human Rights Commission,</td>
<td>Malawi Broadcasting Corporation</td>
</tr>
<tr>
<td></td>
<td>Southern Region Water Board</td>
<td>Air Malawi</td>
<td>Medical Council of Malawi</td>
</tr>
<tr>
<td></td>
<td>Airports Development Limited (ADL)</td>
<td>Ombudsman</td>
<td>Malawi College of Accountancy</td>
</tr>
<tr>
<td></td>
<td>Smallholder Farmers Fertilizer Revolving Fund of Malawi</td>
<td>National Food Reserve Agency</td>
<td>MIRFTDC</td>
</tr>
<tr>
<td></td>
<td>Malawi National Examinations Board (MANEB)</td>
<td>Pharmacy Medicines and Poisons Board</td>
<td>Malawi National Commission for UNESCO</td>
</tr>
<tr>
<td></td>
<td>Chancellor College</td>
<td>Malawi Institute of Management</td>
<td>Copyright Society of Malawi</td>
</tr>
<tr>
<td></td>
<td>College of Medicine</td>
<td>Malawi College of Health Sciences</td>
<td>TVM</td>
</tr>
<tr>
<td></td>
<td>Mzuzu University</td>
<td>Malawi Energy Regulatory Authority</td>
<td>Malawi Gaming Board</td>
</tr>
<tr>
<td></td>
<td>Lilongwe Water Board</td>
<td>Malawi Bureau of Standards</td>
<td>Censorship Board</td>
</tr>
<tr>
<td></td>
<td>University of Malawi</td>
<td>Malawi Revenue Authority</td>
<td>National Youth Council</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Malawi Posts Corporation</td>
<td>PAEC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nurses and Midwives Council of Malawi</td>
<td>Malawi Export Promotion Council</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Central Region Water Board</td>
<td>Malawi Accountants Board</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bunda College of Agriculture</td>
<td>MEDI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Roads Fund Administration</td>
<td>Science &amp; Technology Commission</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kamuzu College of Nursing</td>
<td>National Lotteries Board</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Malawi Institute of Education</td>
<td>National Herbarium and Botanical Gardens</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Malawi Polytechnic</td>
<td>Development of Malawi Traders Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>National Library Service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Malawi National Council of Sports</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Public Universities Loan Trust</td>
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<td></td>
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<td></td>
<td>SEDOM</td>
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<td></td>
<td></td>
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<td>LUSTECH</td>
</tr>
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<td></td>
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<td>MIPA</td>
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</table>
Table 3: Thresholds for PEs with large expenditure/ adequate capacity

<table>
<thead>
<tr>
<th>PROCURING ENTITY</th>
<th>GOODS (K)</th>
<th>WORKS (K)</th>
<th>SERVICES (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ministry of Education</td>
<td>10 Million</td>
<td>5 Million</td>
<td>10 Million</td>
</tr>
<tr>
<td>2. Ministry of Agriculture</td>
<td>10 Million</td>
<td>5 Million</td>
<td>10 Million</td>
</tr>
<tr>
<td>3. Ministry of Health</td>
<td>10 Million</td>
<td>5 Million</td>
<td>20 Million</td>
</tr>
<tr>
<td>4. Medical Buying Committee</td>
<td>30 Million</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Central Medical Stores</td>
<td>20 Million</td>
<td>5 Million</td>
<td>-</td>
</tr>
<tr>
<td>6. Central Government Stores</td>
<td>20 Million</td>
<td>5 Million</td>
<td>-</td>
</tr>
<tr>
<td>7. ESCOM</td>
<td>20 Million</td>
<td>15 Million</td>
<td>-</td>
</tr>
<tr>
<td>8. Roads Authority</td>
<td>10 Million</td>
<td>50 Million</td>
<td>20 Million</td>
</tr>
<tr>
<td>9. Buildings</td>
<td>10 Million</td>
<td>50 Million</td>
<td>10 Million</td>
</tr>
<tr>
<td>10. Ministry of Irrigation and Water</td>
<td>10 Million</td>
<td>10 Million</td>
<td>10 Million</td>
</tr>
<tr>
<td>11. Malawi Housing Corporation</td>
<td>10 Million</td>
<td>50 Million</td>
<td>10 Million</td>
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</tbody>
</table>

Table 4: Thresholds for External Members to the IPCs

<table>
<thead>
<tr>
<th>Category</th>
<th>Value (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods</td>
<td>20 Million</td>
</tr>
<tr>
<td>2. Works</td>
<td>30 Million</td>
</tr>
<tr>
<td>3. Consulting Services</td>
<td>10 Million</td>
</tr>
<tr>
<td>4. Routine Services</td>
<td>15 Million</td>
</tr>
<tr>
<td>CATEGORY</td>
<td>PROCUREMENT VALUE (MK)</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>GOODS</td>
<td>Up to 3,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;3,000,000.00 – 100,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;100,000,000</td>
</tr>
<tr>
<td>WORKS</td>
<td>Up to 5,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;5,000,000 – 1,000,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;1,000,000,000</td>
</tr>
<tr>
<td>SERVICES:</td>
<td></td>
</tr>
<tr>
<td>Routine</td>
<td>Up to K3,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;3,000,000 – 50,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;50,000,000</td>
</tr>
<tr>
<td>Vehicle Repair</td>
<td>Up to 300,000</td>
</tr>
<tr>
<td></td>
<td>&gt;300,000-500,000</td>
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<tr>
<td></td>
<td>&gt;500,000.00 – 2,000,000</td>
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<tr>
<td></td>
<td>&gt;2,000,000</td>
</tr>
<tr>
<td>Printing</td>
<td>Up to 3,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;3,000,000 – 50,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;50,000,000</td>
</tr>
<tr>
<td>Consultancy</td>
<td>Up to 3,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;3,000,000 – 50,000,000</td>
</tr>
<tr>
<td></td>
<td>&gt;50,000,000</td>
</tr>
</tbody>
</table>