

Public Procurement and Disposal of Assets Authority

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FROM: The Director General, Public Procurement and Disposal of Assets Authority, Private Bag 383, Lilongwe 3

TO: All Principal Secretaries, Chief Executives of Parastatal Organisations, District Commissioners, Heads of Department and Heads of All Other Public Institutions

CC: The Secretary to the President and Cabinet, Office of President and Cabinet, Private Bag 301, Lilongwe 3

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

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

The Attorney General, Private Bag 333, Lilongwe 3

PROCUREMENT THRESHOLDS EFFECTIVE 1ST JULY 2023

Pursuant to Section 6 (1) of the Public Procurement and Disposal of Public Assets Act, the Authority has revised the thresholds for procurement of goods, works and services. The revision has been necessitated by the prevailing economic environment and the need to increase the operationalisation of the decentralized management of public procurement. The new thresholds are attached and will be effective from 1st July 2023.

Procuring and Disposing Entities (PDEs) have been categorised based on assessed capacity to manage procurements of particular thresholds. The Authority has noted that there is better management of procurement in PDEs with staff qualified in procurement in their Procurement and Disposal Units (PDUs). Such staff are better placed to provide professional and technical guidance on matters relating to public procurement and disposal of public assets in PDEs.

The Authority will continually review the capacity of PDUs in PDEs and will use such information to revise the relevant thresholds for PDEs to reflect the capacity. I therefore encourage all heads of PDEs to enhance the capacity of their PDUs in terms of staff qualifications, experience, grading and numbers so that the Government may quickly realise a fully decentralised Public Procurement System.

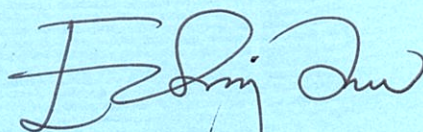
Thresholds for the use of various procurement methods as well as those for IPDC approvals have also been raised significantly. PDEs are encouraged to ensure that procurements using RFQ are to a large extent, reserved for Micro, Small and Medium Enterprises (MSMEs) pursuant to Section 36 of the Public Procurement and Disposal of Assets Act and in adherence to the Public Procurement and Disposal of Public Assets (Participation by Micro, Small and Medium Enterprises) Order, 2020.

Heads of PDEs are reminded to keep record of all procurements and disposals undertaken in line with section 32 of the PPD Act. The Authority shall at any time revise downwards the threshold for any PDE determined to be highly risky owing to inadequate staffing of the PDU and frequent non-compliant submissions. On the other hand, PDEs that would be found to be consistently compliant and with adequate capacity in their PDUs shall have their thresholds reviewed upwards.

Notwithstanding the upward revision of thresholds, Open Tender remains the default method of procurement in line with Section 37(10) of the PPD Act. The use of a procurement method other than Open Tender, or in the case of consultancy services, a method other than Request for Proposal (RFP), is subject to prior approval by the Director General.

The Authority further wishes to guide that for Framework Agreements, PDEs should proceed with contracting formalities if the estimated value based on estimated annual quantities, falls within the threshold of a PDE. The Authority will subject such framework agreements to procurement audit/post review. However, prior approval of the Authority shall be required where the estimated value of the proposed framework agreement is higher than a PDE's procurement threshold.

I shall be grateful if the contents of this Circular are brought to the attention of all staff involved in public procurement and disposal activities in your institution.



Dr Edington Chilapondwa
DIRECTOR GENERAL

Table 1. Thresholds for Procurement Methods.

The table provides the general thresholds for use of various Procurement Methods as stipulated by the Public Procurement and Disposal of Public Assets Act . These thresholds define values for use of each procurement method.

CATEGORY	PROCUREMENT VALUE (MK)	PROCUREMENT METHOD
GOODS	Up to MK100 Million	Request for Quotations (RFQ) – Use PPDA Registered Suppliers, final approval IPDC.
	MK100 Million – MK5Billion	National Competitive Bidding (NCB)
	Above MK5 Billion	International Competitive Bidding (ICB)
WORKS	Up to MK150 Million	RFQ – Use NCIC List, final approval IPDC
	MK150 Million – MK500 Million	NCB using Minor Works Standard Bidding Document
	MK500 Million – MK10 Billion	NCB using Works Standard Bidding Document
	Above MK10 Billion	ICB using Works Standard Bidding Document
Consultancy Services	Up to MK50 Million (Individual)	Shortlisting – final approval IPDC
	Above MK50 Million (Individual)	Open Expression of Interest (EOI)
	Up to MK100 Million (Firm)	Shortlisting – final approval IPDC
	MK100 Million – MK1Billion (Firm)	Request for Proposals (RFP) (may begin with Open EOI) – Local consultants only
	Above MK1Billion	RFP starting with international advertising of EOI). EOI process subject prior review by PPDA.
Non consultancy (Routine) Services	Up to MK100 Million	RFQ – final approval IPDC
	MK100 Million – MK1Billion	NCB
	Above MK1Billion	ICB

Table 2: Intention to Award Notice and Contract Award Notice

Table 2. Provides the thresholds for publication of an “Intention to Award Notice” in at least two widely circulated newspapers and on the Authority’s, website as provided in section 48 of the Public Procurement and Disposal of Public Assets Act (No. 27 of 2017). The Authority encourages PDEs to publish the same on their websites.

Publication Description	Procurement Value (MK)
Publication of Intention to Award Notice	Above MK250Million
Publication of Actual Contract Award	Above 250Million on PDE's, Government, PPDA websites, and newspapers of wide circulation within seven days of contract signing.
Publication of Actual Contract Award	All other contracts should be published on PDE's, Government and PPDA websites at least once a quarter

Table 3: Central and Local Government, and Government Projects Procuring and Disposing Entities (PDEs)

Group A	Group B
Goods – MK1BN Works – MK2.5BN Routine Services – MK750M Consultancy Services – MK750M	Goods – MK1BN Works – MK2BN Routine Service – MK500Million Consultancy Services – MK500Million
Ministry of Agriculture Ministry of Education Ministry of Health Ministry of Lands and Housing Ministry of Transport and Public Works Government Projects	Accountant General's Department Baka Research Station Balaka District Council Blantyre ADD Blantyre City Council Blantyre District Council Blantyre TTC Bvumbwe Research Station Central East Education Division Department of Procurement and Supply Central Internal Audit Unit Central West Education Division Chikwawa District Council Chiradzulu District Council Chitala Research Station Chitedze Research Station Chitipa District Council Civil Service Commission

Group A	Group B
Goods – MK1BN Works – MK2.5BN Routine Services – MK750M Consultancy Services – MK750M	Goods – MK1BN Works – MK2BN Routine Service – MK500Million Consultancy Services – MK500Million
	Dedza District Council Department of Animal Health Department of Buildings Department of Civil Aviation Department of Disaster Management Affairs (DODMA) Department of E-Government Department of HIV/AIDS Department of Human Resource Management & Development (DHRMD) Department of Immigration Department of Irrigatipon & Water Development Department of Statutory Corporation Domasi College of Education Dowa District Council Financial Intelligence Authority Fisheries Department Forestry Department Geological Survey Department Government Press Health Services Commission Kamuzu Central Hospital Karonga ADD Karonga District Council Karonga Town Council Karonga TTC Kasinthula Research Station Kasungu ADD

Group A	Group B
Goods – MK1BN Works – MK2.5BN Routine Services – MK750M Consultancy Services – MK750M	Goods – MK1BN Works – MK2BN Routine Service – MK500Million Consultancy Services – MK500Million
	Kasungu District Council Kasungu Municipal Council Kasungu TTC Likoma District Council Lilongwe ADD Lilongwe City Council Lilongwe District Council Lilongwe Technical College Lilongwe TTC Livingstonia Technical College Liwonde ADD Luchenza Municipal Council Lunyangwa Research Station Machinga District Council Machinga TTC Magomero Community Development Centre Makoka Research Station Malawi Defence Force Malaw Police Service Malawi Prison Service Mangochi District Council Mangochi Town Council Marine Services Department Mbawa Research Station Machinga ADD Mchinji District Council Meteorological Services Department

Group A	Group B
Goods – MK1BN Works – MK2.5BN Routine Services – MK750M Consultancy Services – MK750M	Goods – MK1BN Works – MK2BN Routine Service – MK500Million Consultancy Services – MK500Million
	<p>Department of Climate Change and Metrological Services</p> <p>Ministry of Defence</p> <p>Ministry of Energy</p> <p>Ministry of Finance, Economic Planning and Development</p> <p>Ministry of Foreign Affairs</p> <p>Ministry of Gender, Children and Social Welfare</p> <p>Ministry of Homeland Security</p> <p>Ministry of Information, Communication & Technology</p> <p>Ministry of Civic Education</p> <p>Ministry of Justice and Constitutional Affairs</p> <p>Ministry of Labour</p> <p>Ministry of Local Government</p> <p>Ministry of Mining</p> <p>Ministry of Forestry and Natural Resources</p> <p>Ministry of Persons with Disabilities and the Elderly</p> <p>Ministry of Sports and Youth Development</p> <p>Ministry of Tourism</p> <p>Ministry of Trade and Industry</p> <p>M'mbelwa District Council</p> <p>Mulanje District Council</p> <p>Mwanza District Council</p> <p>Mzuzu ADD</p> <p>Mzuzu Central Hospital</p>

Group A	Group B
Goods – MK1BN Works – MK2.5BN Routine Services – MK750M Consultancy Services – MK750M	Goods – MK1BN Works – MK2BN Routine Service – MK500Million Consultancy Services – MK500Million
	Mzuzu City Council Mzuzu Technical College Namitete Technical College Nasawa Technical College National Public Events National Audit Office National Intelligence Services National Local Government Finance Committee (NLGFC) National Registration Bureau National Statistics Office Neno District Council Nkhata-Bay District Council Nkhotakota District Council Northern Education Division Nsanje District Council Ntcheu District Council Ntchisi District Council Nutrition HIV/AIDS Department Office of the Director of Public Officers' Declarations (ODPOD) Office of the President and Cabinet (OPC) Office of the Vice President (OVP) Phalombe District Council Plant and Vehicle Hire & Engineering Services Queen Elizabeth Central Hospital Registrar General's Department

Group A	Group B
Goods – MK1BN Works – MK2.5BN Routine Services – MK750M Consultancy Services – MK750M	Goods – MK1BN Works – MK2BN Routine Service – MK500Million Consultancy Services – MK500Million
	Road Traffic and Safety Services Directorate Rumphi District Council Salima ADD Salima District Council Salima Technical College Shire Highlands Education Division Shire Valley ADD Soche Technical College Southwest Education Division Staff Development Institute State Residences Surveyor General's Department Thyolo District Council Zomba Central Hospital Zomba City Council Zomba District Council Zomba Mental Hospital

Note:

*PDEs without Procurement and Disposal Units **shall** seek guidance from the Authority on how to execute their procurement and disposal activities in line with Section 27(6) of the PPD Act 2017.*

*All PDEs without technical capacity in any specialized procurement **must** seek assistance from a relevant Ministry or Government Department or Agency with the required technical capacity.*

Procurement of local food stuffs and local materials such as sand, timber, bricks and firewood are not subject to prior review. They will be the subject of procurement post review or audit.

Table 4: Parastatals and Other Public Organizations

Group A	Group B
Goods – MK1BN Works – MK3BN Routine Services – MK1BN Consultancy Services –MK1BN	Goods – MK1BN Works – MK2.5BN Routine Services – MK750Million Consultancy Services – MK750Million
Roads Authority (RA)	Airports Development Limited
Electricity Supply Corporation of Malawi (ESCOM)	Anti-Corruption Bureau
Electricity Generation Company (Malawi) Limited (EGENCO)	Malawi Investment and Trade Centre
Central Medical Stores Trust (CMST)	Air Cargo Malawi Limited
Blantyre Water Board (BWB)	Censorship Board
Lilongwe Water Board (LWB)	Competition and Fair-Trading Commission
Malawi Revenue Authority (MRA)	Copyright Society of Malawi
Malawi Communications Regulatory Authority (MACRA)	Export Development Limited
Central Region Water Board (CRWB)	Health Services Commission
Southern Region Water Board (SRWB)	High Court and Supreme Court of Malawi
Greenbelt Authority (GA)	Higher Education Loans & Grants Board (HELGB)
Malawi Electoral Commission (MEC)	Institute of Chartered Accountants in Malawi (ICAM)
Malawi Institute of Education	Lilongwe Handling Company Limited
Reserve Bank of Malawi (RBM)	Malawi Accountants Board
University of Malawi (UNIMA)	Malawi Broadcasting Corporation (MBC)
Kamuzu University of Health Sciences (KUHeS)	Malawi Catering Services Limited
LUANAR	Malawi College of Accountancy
Malawi University of Science & Technology	Malawi College of Distance Education
Mzuzu University	Malawi College of Health Sciences
National Oil Company of Malawi (NOCMA)	Malawi Council for the Handicapped (MACOHA)
Northern Region Water Board (NRWB)	Malawi Environmental Protection Authority (MEPA)
Malawi University of Business and Applied Sciences (MUBAS)	Malawi Gaming Board
	Malawi Housing Corporation
	Malawi Human Rights Commission

Group A	Group B
Goods – MK1BN Works – MK3BN Routine Services – MK1BN Consultancy Services –MK1BN	Goods – MK1BN Works – MK2.5BN Routine Services – MK750Million Consultancy Services – MK750Million
<p>Malawi Energy Regulatory Authority (MERA)</p> <p>Technical, Entrepreneurial and Vocational Education Training Authority (TEVETA)</p> <p>Malawi National Examinations Board (MANEB)</p> <p>National Aids Commission (NAC)</p>	<p>Malawi Investment Trade Centre</p> <p>Malawi Industrial Research and Technology Development Centre</p> <p>Malawi Institute of Management</p> <p>Malawi Law Commission</p> <p>Malawi National Council of Sports</p> <p>Malawi Posts Corporation</p> <p>Medical Council of Malawi</p> <p>Malawi Bureau of Standards (MBS)</p> <p>Agricultural Development and Marketing Corporation (ADMARC)</p> <p>Montfort Special Needs Education College</p> <p>Smallholder Farmers Fertilizer Revolving Fund of Malawi (SFFRFM)</p> <p>National College of Information Technology (NACIT)</p> <p>National Commission for Science and Technology</p> <p>National Construction Industry Council (NCIC)</p> <p>National Council for Higher Education (NCHE)</p> <p>National Economic Empowerment Fund (NEEF)</p> <p>National Food Reserve Agency (NFRA)</p> <p>National Herbarium and Botanical Gardens</p> <p>National Library Service</p> <p>National Youth Council</p> <p>Nurses and Midwives Council of Malawi</p>

Group A	Group B
Goods – MK1BN Works – MK3BN Routine Services – MK1BN Consultancy Services –MK1BN	Goods – MK1BN Works – MK2.5BN Routine Services – MK750Million Consultancy Services – MK750Million
	Ombudsman Parliament of Malawi Pesticides Control Board (PCB) Pharmacy and Medicines Regulatory Authority Power Market Limited Roads Fund Administration St Joseph Teachers Training College Teaching Service Commission Tobacco Commission Cannabis Regulatory Authority (CRA) National Water Resources Authority (NWRA)

Table 5: High Value Procurements for Prior Review by the Authority and Vetting by Anti-Corruption Bureau

No.	Type of Procurement	Thresholds
1	Goods	Above MK1.5 billion
2	Works	Above MK3.5 billion
3	Services	Above MK1.5 billion