

MINISTRY OF FINANCE & ECONOMIC EMPOWERMENT
PROCUREMENT POLICY OFFICE

Circular No. 19 of 2008

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From: Director, Procurement Policy Office

To : Heads of Public Bodies

Margin of Preference to Domestic Enterprises

Public Bodies are hereby informed that necessary amendment has been brought to the Public Procurement Act 2006 to allow for the application of the margin of preference to domestic enterprises, as announced in the last budget speech.

2. For international bidding, the preference margin shall apply to domestic enterprises and for national bidding it shall apply to domestic small and medium enterprises having an annual turnover not exceeding Rs. 50 Million.

3. The margin of preference applicable shall be as follows:

(a) for international bidding -

- (i) 15 % for goods manufactured by domestic enterprises where the value of the local inputs in respect of labour and/or materials account for at least 30%; and
- (ii) 10 % to domestic contractors, subject to performance by the foreign subcontractors or, in case of joint venture, performance by the foreign partner not exceeding 50 % of the works.

Note: The preference to domestic enterprises shall remain in force until December 2010, after which it will be applicable to small and medium enterprises only.

(b) for national bidding -

- (i) 10 % for goods manufactured by small and medium enterprises, where the value of the local inputs in respect of labour and/or materials account for at least 30%; and
- (ii) 7.5 % to small and medium contractors, subject to performance by the foreign subcontractors or, in case of joint venture, performance by the foreign partner not exceeding 50 % of the works.

4. The “Instructions to Bidders” and the “Bidding Data Sheets” of the following bidding documents have accordingly been amended:

- SBDs for Works, Goods, Large or Complex Works and Prequalification for Large or Complex Works.
- RFQ as well as Restricted Bidding for Works and Goods

5. The updated version of the above documents are available on the web site of the Procurement Policy Office <http://ppo.gov.mu> for download.

6. Mr. P. Goburdhun, Technical Adviser at this Office may be contacted (phone: no. 201-3787 or email pgoburdhun@mail.gov.mu) for any clarification in the application of the margin of preference.

**Procurement Policy Office
07 November 2008**

