

**MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT**

**PROCUREMENT POLICY OFFICE**

**Circular No. 6 of 2008**

**Ref : F/PPO/4/1**

**From: Director, Procurement Policy Office**

**To : Head of Public Bodies**

**Subject: Amendments to Public Procurement Regulations 2008**

You are hereby informed that the Public Procurement Regulations 2008 have been amended as follows through the Public Procurement (Amendment) Regulations 2008 (GN 71 of 2008 – copy attached):

**(i) Regulation 8**

Negotiations are henceforth allowed where the lowest evaluated bid is substantially above the updated cost estimates and a re-bid exercise is not considered practical.

**(ii) Regulation 10**

The establishment of a Committee of Needs is no longer mandatory, and a Public Body may appoint such a committee for planning of individual procurements.

A Public Body is required to submit an annual procurement plan to the Policy Office for major contracts and to publish it on its website.

**(iii) Regulation 26**

Where, in respect of procurement through open advertised bidding, submission of bids are to be made solely by facsimile, e-mail or by any other electronic means, the deadline for submission of bids may be set at less than 30 days.

**(iv) Regulation 35**

A domestic preference margin may be allowed and shall be in accordance with directives issued by the Policy office.

(v) **Regulation 38**

A Public Body is required to notify a bidder of the proposed award of a contract within 5 days from the date of receipt of the approval of the Central Procurement Board.

(vi) **Regulation 44**

The thresholds for direct procurement under section 25(2)(a) have been reviewed as follows:

- (a) Rs 500,000 (instead of Rs 300,000) in case of procurement of goods, provided the total cost per item does not exceed 100,000 rupees;
- (b) Rs 500,000 (instead of Rs 50,000) in case of procurement of works, consultancy services and other services.

(vii) **Regulation 47**

The prescribed threshold of 5 million rupees has been reviewed to 10 million rupees in respect of procurement of consultancy services where it is required, under section 24(2)(a) of the Act, to draw up a short list of consultants by seeking expressions of interest through a notice in a national newspaper of wide circulation.

2. Relevant instructions in respect of regulations 8, 26 and 35 will be issued shortly by this Office.

**Procurement Policy Office**  
**20 May 2008**

***Government Notices 2008***

*Government Notice No. 71 of 2008*

**THE PUBLIC PROCUREMENT ACT 2006  
Regulations made by the Minister under section 61 of the  
Public Procurement Act 2006**

1. These regulations may be cited as the Public Procurement (Amendment) Regulations 2008.

2. In these regulations –

"principal regulations" means the Public Procurement Regulations 2008.

3. Regulation 8 of the principal regulations is revoked and replaced by the following regulation –

**8. Special circumstances for negotiation**

Negotiations may be carried out with a bidder or supplier where –

- (a) the lowest evaluated substantially responsive bid is substantially above the updated estimated costs and a re-bid exercise is considered not practical;
- (b) direct procurement from a single source under section 25(2)(b) of the Act is resorted to; or
- (c) emergency procurement under section 21 of the Act is resorted to.

4. Regulation 10 of the principal regulations is revoked and replaced by the following regulation –

**10. Procurement planning**

(1) A public body shall engage in procurement planning in order to ensure that procurement is carried out within financial estimates allocated to it.

(2) A public body shall, in respect of every investment project, prepare a master procurement plan to cover the entire life of the project.

(3) A public body shall, at the beginning of every financial year, prepare an annual procurement plan which shall include –

- (a) the type and quantity of the goods, works or services to be procured;
- (b) the timing and implementation of the procurement;
- (c) an indication of possible packages of procurement, and their value;
- (d) an indication of possible pre-qualification proceedings and procurement methods to be used;
- (e) such other information as may be required in accordance with instructions issued by the Policy Office.

(4) A public body shall publish on its website an annual procurement plan and periodically update and revise it.

(5) In planning procurement for a major contract, a public body shall take into account the following –

- (a) identification and assessment of the need for the procurement;
- (b) designation of procurement planning team;
- (c) conducting market research in order to identify various technical solutions, in particular in the commercial market, to identify the range of available suppliers, and to determine the most favourable contractual and guarantee terms available in the commercial market that would be suitable for procurement;
- (d) identification of the amount and sources of financing;
- (e) studying acquisition history for similar goods, works or services;
- (f) defining and describing the procurement requirements;
- (g) estimate of the cost of a proposed procurement;
- (h) possible aggregation of procurement requirements, taking into account factors such as achieving economies of scale in purchasing, optimising use of procurement and contract administration resources;

- (i) possible slicing of the procurement into lots, provided that such slicing is not done to avoid thresholds beyond which more competitive procurement methods may be used, and where such slicing is indicated by factors such as whether an approach would provide the best overall value for the public body, possibility of technical compatibility regarding items purchased in separate lots, the possibility of allowing bidders to bid for individual lots or for the entire package, and measures to promote participation by small enterprises;
- (j) the availability of any procedures for procurement of common-use items;
- (k) selection of contracting approach and structure, including verification of possible availability of framework or indefinite quantity contract arrangements for the item in question;
- (l) selection of appropriate procurement method in accordance with sections 15 to 25 of the Act, and the reasons for use of a procurement method other than open bidding, and any possible combination and package of task or contract; and
- (m) determination and identification of required contract administration resources and responsibility.

(6) A public body may establish a Committee of Needs in accordance with instructions issued by the Policy Office, to plan any individual procurement identified in its annual procurement plan.

**5. Regulation 26 of the principal regulations is amended –**

- (a) in paragraph (2), by adding immediately after the word “method” the words “except in the case of submission of bids made solely by facsimile, e-mail or by any other electronic means”;

(b) by deleting paragraph (6) and replacing it by the following paragraph –

(6) A bidding document may provide for submission of quotations by facsimile, e-mail or by any other electronic means in accordance with such instructions as may be issued by the Policy Office.

6. Regulation 35 of the principal regulations is amended by deleting paragraph (2) and replacing it by the following paragraph –

(2) Any applicable preference shall be stated in the bidding document and shall be in accordance with directives issued by the Policy Office.

7. Regulation 38 of the principal regulations is amended –

(a) in paragraph (1)(a), by adding immediately after the word “contract” the words “within 5 days from the date of receipt of approval from the Central Procurement Board”;

(b) in paragraph (1)(b), by deleting the words “in case of award of major contracts, ”.

8. Regulation 44 of the principal regulations is amended –

(a) in paragraph (1)(a), by deleting the words “300,000 rupees” and “50,000 rupees” and replacing them by the words “500,000 rupees” and “100,000 rupees” respectively;

(b) in paragraph (1)(b) by deleting the words “50,000 rupees” and replacing them by the words “500,000 rupees”.

**9.** Regulation 47 of the principal regulations is amended in paragraph (1), by deleting the words “5 million rupees” and replacing them by the words “10 million rupees”.

Made by the Minister, on the recommendation of the Policy Office, on 28 April  
2008