

PROCUREMENT POLICY OFFICE

Directive No 18 (issued pursuant to section 7(b) of the Public Procurement Act)

Explanatory Note to Directive No 3

1. Paragraph 5 (iv), sub-section (k) of the guidelines in Directive No 3 issued on 30 April 2010 states that “failure to submit major supporting documents required by the bidding documents to determine substantial responsiveness of a bid [e.g.: (i) evidence of authorization for the signatory to sign the bid on behalf of the company, where applicable; (ii) evidence of adequacy of cash flow if so required in the bidding document; (iii) proposals for sub-contracting more than a set percentage of the Contract Price etc (*amended as per Directive 16 of 24 April 2014*)”] are justifiable grounds for rejection of bids.
2. Thus [if so required in the bidding document] one of the requirements that a bidder has to fulfill at the time of bid submission is to submit a document to establish the adequacy of his financial capability to execute the contract.
3. The concept of **net** in “Liquid assets and/or credit facilities, **net** of other contractual commitments” is an accountancy terminology introduced in SBDs as a standard measure for assessing the adequacy of the bidder’s cash flow to execute the specific contract as certified by his banker.
4. The banker’s certificate establishing the bidder’s cash flow adequacy is a major document for the purposes of Directive No 3.
5. No shortcoming in that major document from his banker with regards to the bidder’s adequacy of financial capability may be cured at the time of bid evaluation for works/services as this is not a document of a factual nature or of public knowledge. This inadequacy is considered as a material deviation to that measure which limits in a substantial way the bidder’s obligation under the proposed contract.
6. To note, there are other obligating rules of disclosure requirements from bidders of their net liquid assets with respect to SBDs for high value works of up to Rs 400M and for large and complex works which are mandatory.


MINISTRY OF FINANCE & E.O.
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22 October 2014


Note: When undertaking a procurement exercise, please make sure you are using the latest version of the appropriate Standard Bidding Document available on the website of the Procurement Policy Office (<http://ppo.gov.mu>). You may also consult on the site the updated version of the Public Procurement Act and the Regulations made thereunder, as well as circulars issued by the Office.