

# PROCUREMENT POLICY OFFICE

## Directive No. 67B (Issued pursuant to section 7 of the Public Procurement Act)

### Margin of Preference for Procurement of Works

1. The purpose of this Directive is to give effect to budgetary measures in respect of the applicable margins of preference to works contracts and it supersedes Directive No. 67 and 67A.
2. A bidder registered as a Small and Medium Enterprise (SME) with SME Mauritius or a joint venture consisting of local SMEs having an aggregate annual turnover not exceeding Rs 100M shall benefit from a margin of preference of 30% in bidding exercises for works contracts above 30 million rupees.
3. Margin of Preference for employment of local manpower.
  - a) A bidder other than an SME, incorporated in the Republic of Mauritius and employing a minimum of 80% or more of local manpower of the total man-days deployed for the execution of a Works contract, shall be eligible for a preference of 15 % for International Bidding and 10% for National Bidding.
  - b) Preference Security.
    - (i) For contracts above Rs 100M, the selected bidder having benefitted from the application of the Margin of Preference for employment of local manpower shall submit a preference security in the form of a bank guarantee from a local bank.
    - (ii) For contracts up to Rs 100M, the public body shall, at the selected bidder's option, either retain money from progressive payments to constitute the preference security or request a security in the form of a bank guarantee.
    - (iii) The preference security shall serve as a guarantee for the contractor to fulfill its obligation to employ a minimum of 80% or more of local manpower of the total man-days deployed for the execution of the works.
    - (iv) The amount for the preference security shall be the difference between the price quoted by the selected bidder and that of the lowest evaluated bid which would have been selected for award of contract if the said Margin of Preference was not applicable.
    - (v) The preference security shall be forfeited by the public body in case of failure on the part of the Contractor to employ at least 80 % of the local manpower in

the execution of the works. The defaulting contractor may also be liable to debarment or disqualification under the Public Procurement Act 2006.

#### **4. Contractor's monitoring for employment of local manpower**

The contractor, having benefitted from the Margin of Preference, shall from time to time, as may reasonably be requested by the public body, submit reports on the status of employment of local manpower.

At the time of works completion, as defined in the bidding document, the contractor shall submit a certified audit report to the public body to substantiate the actual percentage of local manpower employed throughout the execution of the works.

#### **5. Margin of Preference for Rodrigues in respect of procurement for Works contract values up to Rs 5 million**

(i) The object of the Margin of Preference for Rodrigues is to further develop the Construction sector in Rodrigues and create employment for Rodriguans through public procurement.

(ii) A bidder shall be eligible for a Margin of Preference of 15% during bid evaluation stage subject to the following conditions:

- (a) he is already registered under the Business Registration Act in Rodrigues at the time of submission of bids;
- (b) he possesses a valid trade license issued by the Rodrigues Regional Assembly; and
- (c) he undertakes to employ Rodriguan workers for 80% or more of the total man-days that would be deployed for the execution of a works contract.

(iii) In the case of a joint venture, the requirement regarding the percentage of mandays for workers domiciled in Rodrigues should likewise be observed. Each member of the joint venture should satisfy the conditions set out in paragraphs (a), (b) and (c).

(iv) Any contractor who is awarded a contract as a beneficiary of the Margin of Preference but fails to fulfill his obligations under (ii)(c), may be liable to debarment or disqualification.

#### **6. This Directive takes effect as from 1 June 2024 and shall not apply to Framework Agreements.**

**Procurement Policy Office**

**24 May 2024**