



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Procurement Policy Office

Level 8, Emmanuel Anquetil Building,
Port Louis, Mauritius

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Circular No 13 of 2012

From: Officer-in-Charge, Procurement Policy Office

To : Heads of Public Bodies

Revised Margin of Preference for Procurement of Works

Public bodies are hereby informed that the policy in respect of Margin of Preference for procurement of Works has been revised as per Directive No 12 of 2012.

2. The implementation of the new scheme for Works contracts requires the following:
 - (a) a monitoring of employment of local manpower throughout the construction period by the public body,
 - (b) a certified audit report from the contractor on actual man-days deployed on the site at works completion, and
 - (c) a preference security in the form of a bank guarantee for contracts above Rs 100M or money retained from progressive payments in the case of national bidding to constitute the preference security, where the contractor has benefitted from a Margin of Preference.
3. The amended Standard Bidding Documents for Works to accommodate the new scheme are available on PPO's web site.
4. There is no change in the application of Margin of Preference to local Small and Medium enterprises for procurement of goods manufactured locally. For ease of reference, the procedures to implement the present policy for Margin of Preference in respect of procurement of Goods as well as that for Works are given in annex.
5. This circular supersedes circulars No 19 of 2008, No 14 of 2009 and No 11 of 2010.

**Procurement Policy Office
26 December 2012**

PROCUREMENT POLICY OFFICE

Margin of Preference

A. Margin of Preference for Procurement of Works

1.0 A Margin of Preference for employment of local manpower shall be applicable as follows:

1.1 For International Bidding

A bidder, incorporated in the Republic of Mauritius and employing local manpower for 80 % or more of the total man-days deployed for the execution of a Works contract, shall be eligible for a preference of 15 %.

1.2 For National Bidding

(a) A local Small and Medium Enterprise, having an annual turnover not exceeding Rs 50million or a joint venture consisting of local Small and Medium Enterprises having an aggregate annual turnover not exceeding Rs50 million and employing local manpower for 80 % or more of the total man-days deployed for the execution of a Works contract, shall be eligible for a Margin of Preference of 20 %.

(b) Any bidder incorporated in the Republic of Mauritius not satisfying the conditions mentioned in (a) above but employing local manpower for 80 % or more of the total man-days deployed for the execution of a Works contract, shall be eligible for a Margin of Preference of 10 %.

Note: Local manpower shall mean employees on the payroll of the contractor as well as those for subcontractors executing works on the site.

2. Documents to be submitted by bidders applying for Margin of Preference

(a) Bidders applying for the Margin of Preference in Open Advertised Bidding method shall submit, as part of their bids, evidence of:

- (i) their incorporation in the Republic of Mauritius;
- (ii) their Joint Venture Agreement or intention to legally enter into a Joint Venture Agreement to be incorporated in the Republic of Mauritius, where applicable;
- (iii) the percentage of the total man-days to be deployed by local manpower with break-down indicating type of works to be entrusted to local manpower;
- (iv) A financial statement signed by a certified Accountant vouching that the annual turnover of the local Small and Medium Enterprise (where applicable) does not exceed Rs 50M

(b) In the case of bidders applying for Margin of Preference for procurement up to Rs 5M through Restricted Bidding and Request for Sealed Quotations, the procuring entity shall, during evaluation of bids, request for documentary evidences from the bidder having submitted the lowest evaluated bid, to determine its eligibility for the Margin of Preference.

3. Preference Security

- (a) 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.
- (b) For contracts up to Rs 100m, the public body shall retain money from progressive payments to constitute the preference security.
- (c) The preference security shall serve as a guarantee for the contractor to fulfill its obligation to employ local manpower for 80 % or more of the total man-days deployed for the execution of the works.
- (d) 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.
- (e) 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.

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, 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.

B. Margin of Preference for Procurement of Goods

1.0 A Margin of Preference for procurement of goods shall apply to local Small and Medium Enterprises as follows:

1.1 For International Bidding

A local Small and Medium Enterprise with an annual turn-over not exceeding Rs 50M shall be eligible for a preference of 15 % for goods manufactured locally, where the value of local inputs in terms of labour and/or materials account for at least 30 %.

1.2 For National Bidding

A local Small and Medium Enterprise with an annual turn-over not exceeding Rs 50M shall be eligible for a preference of 10 % for goods manufactured locally, where the value of local inputs in terms of labour and/or materials account for at least 30 %.

2. Documents to be submitted by local Small and Medium Enterprises applying for Margin of Preference

(a) Bidders applying for Margin of Preference in Open Advertised Bidding method shall submit along with their bids:

(i) A cost structure for the goods item manufactured locally as per the format contained in the bidding document;

- (ii) A financial statement signed by a certified Accountant vouching that the annual turn-over of the local Small and Medium Enterprise does not exceed Rs 50M, and
 - (iii) details of registration as an enterprise.
- (b) In the case of bidders applying for Margin of Preference for procurement up to Rs 5M through Restricted bidding and Request for Sealed Quotations, the procuring entity shall, during evaluation of bids, request for documentary evidences from the bidder having submitted the lowest evaluated bid, to determine its eligibility for the Margin of Preference.

C. Methodology for applying the Margin of Preference

The following procedure shall be used to apply the Margin of Preference:

- (a) responsive bids shall be classified into the following groups:
 - Group A: bids offered by bidders meeting the conditions satisfying eligibility for a Margin of Preference, and
 - Group B: all other bids;
- (b) If the lowest evaluated bid is from Group A, it shall be selected for award of contract without having recourse to Margin of Preference.
- (c) If the lowest evaluated bid is from group B then for the purpose of further evaluation and comparison of bids only, all bids classified in Group B shall be increased by the percentage(s) of preference allocated to those in group A, to determine the lowest evaluated bid after application of the Margin of Preference.