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PUBLIC NOTICE

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OFFERING OF DISCOUNTS AS PART OF THE BIDDING PROCESS

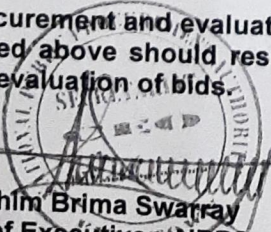
As a follow up to Policy Circular 11 which provided guidelines on steps to enhancing transparency in the bidding process, the regulatory authority now provides this additional guideline on the offering of discounts.

It is an acceptable procurement practice that bidders can give discounts in their bid submissions in order to further increase competition. However, when such discounts are not announced at bids opening and are only "discovered" as part of the evaluation of bids process, and also when the lump sum discount exceeds a certain threshold, they become very concerning as the bidder could simply have applied the discount up-front by discounting it in its stated bid price rather than as a percentage to be deducted by the procuring entity.

Regulation 74 of the Public Procurement Regulations of 2020 provides guidelines on the application of discounts. Therefore, in furtherance to the offering of discounts, the Authority mandates that:

1. Discounts can only be taken into consideration when announced during the opening of bids. Any discount not seen and announced at the bids opening should not be taken into account during the evaluation process. It therefore becomes incumbent on bidders to ensure that any discount contained in their bid is stated clearly in the bid form as well as glaringly in the price schedule and that it is announced during the bids opening process.
2. Discounts given must not exceed fifteen (15%) of the total bid price. Otherwise, bidders wanting to give offers higher than 15% must factor it in their bid prices rather than as a discount.

Procurement and evaluation committees must ensure that any deviation from that stated above should result in that discount not taken into consideration during the evaluation of bids.


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Chief Executive, NPPA