

PPADB CIRCULAR NO: 3 OF 2021
(Made in terms of section 28 of the PPAD Act)

Ref: PPADB 3/1/1 I

31st March 2021

The Permanent Secretary to the President
All Permanent Secretaries
Director, Directorate of Public Service Management
The Commander, Botswana Defence Force
The Commissioner, Botswana Police Service
The Attorney General
The Auditor General
The Accountant General
The Registrar of the High Court of Botswana
The Registrar, Industrial Court
The Director General, Directorate on Intelligence and Security
The Director General, National Strategy Office
The Director General, Directorate on Corruption and Economic Crime
The Director General, Ethics and Integrity Directorate
The Director General, Counter Terrorism and Fusion Agency
The Ombudsman
Clerk of the National Assembly
The Secretary, Independent Electoral Commission
All District Commissioners
All Chairpersons, Ministerial Tender Committees
All Chief Executive Officers, Parastatals

Dear Sir/ Madam,

**RELEASE OF THE 2021/2022 PRICE REFERENCE GUIDE FOR
COMMON USE ITEMS**

1. The above subject matter refers.
2. Section 26 of the PPAD Act mandates the Public Procurement and Asset Disposal Board (PPADB) to uphold principles of transparency; accountability; competition;

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value for money; fairness and public confidence in the procurement and asset disposal system.

3. In this regard, the PPADB annually compiles the Price Guides/Catalogues. This is a presentation of indicative unit prices for goods, services, and works; their specifications as well as units of measure for commonly procured goods and services. The Price Guides/Catalogues are used as a reference point by Procuring Entities and Procurement Units, as well as by Bidders, in preparing their bids; throughout the procurement cycle.
4. The main goal of compiling the Price Guides/Catalogues is to strengthen the public procurement system in order to achieve high levels of rationality, to establish and assess the reasonableness of quoted prices. Procuring Entities and Procurement Units are therefore encouraged and advised to make use of the Price Guides/Catalogues when developing Procurement Plans as well as when determining the rationality of cited prices.
5. In using the Price Guides/Catalogues; the following steps are to be followed:
 - 5.1 Identify the price of interest from the bidders who have passed the technical and financial assessments (depending on the method of evaluation employed, for instance the lowest price when using the least cost- based method);
 - 5.2 Compare the price of interest identified in 5.1 above, with the Reference Price (as reflected in the Price Guides/Catalogues); for the specific item/ service and locality. In instances where the location is not determined, the price of the nearest locality indicated in the Guide should be used;
 - 5.3 Calculate the deviation of the price from the Reference Price using the limit of + (plus) or - (minus) 15% from the Reference Price. Prices that fall within the margin of deviation are considered as reasonable;
 - 5.4 Should the bidder's price fall outside the specified range (as stipulated in the Price Guides/Catalogues), **without any justifiable cause**, irrespective of the extent of derogation, the bid should be disqualified from further evaluation, and the next lowest price thus considered. This process should be followed until a suitable bidder that falls within the margin is identified.

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6. It is imperative to highlight that though careful consideration has been made to ensure that the Price Guides/Catalogues are up to date; there may be instances where Reference Prices are exceptionally low or high, due to various (justifiable) reasons such as discounts and exchange rate fluctuations. In the event that such occurrences exist, they ought to be interrogated further; with Procurement Officers carrying out due diligence and taking into cognizance market dynamics. Upon embarking on such, and noting the discrepancies, the Procuring Entities and Procurement Units are to duly notify the Board on these. ***This feedback/update to the Board should be made after completion of the procurement process.***

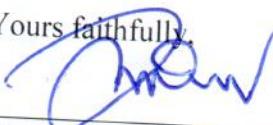
7. The following Price Guides/Catalogues have therefore been published for the 2021/22 financial year:

SUPPLIES	SERVICES	WORKS
Building materials	Accounting, Assurance and Tax Professional Fees	Professional Fees
Car Batteries	Advertising Services	
Computers and Accessories	Hotel and Conferencing Services	
Domestic Supplies	Legal Services	
Food Rations	Office Contract Cleaning Services	
Office Furniture	Security Services	
Protective Clothing		
Stationery		
Toners		
Tyres		
Vehicles		
Vehicle Spare Parts		

8. Please note that the Price Guides/Catalogues as well as the applicable Instructions on the use of the Price Guides/Catalogues are readily available and accessible from the PPADB website: www.ppadb.co.bw and also attached to the Circular.

Thank you.

Yours faithfully,



Kgakgamalo K. Ketshajwang
Acting Executive Chairperson
Rev. No: 00

	DIVISION: STRATEGY RESEARCH AND POLICY (SRP) TITLE: INSTRUCTIONS ON THE USE OF THE PRICE GUIDE		
	DOCUMENT NO: GPG-WI-01	REVISION NO: 03	EFFECTIVE DATE: 01.04.2021

ANNEXURE 1: INSTRUCTIONS ON THE USE OF THE PRICE GUIDE

1.0 INTRODUCTION

In line with section 26 of the PPAD Act, the Public Procurement and Asset Disposal Board compiles on an annual basis, the Price Catalogues/Guides. The goal of developing the Catalogues/Guides is to strengthen the public procurement system in order to achieve high levels of rationality, reasonableness of the cost, transparency and integrity and enhance value for money in public procurement. Procuring Entities are therefore required to use the Catalogues/Guides to develop Procurement Plans; assess reasonableness of prices during evaluation; come up with cost estimates; and as a reference point or benchmark for contractors.

2.0 HOW TO USE THE PRICE GUIDE

- 2.1 Identify the price of interest from the bidders who have passed the technical and financial assessments (depending on the method of evaluation employed, for instance, the lowest price when using the least cost-based method);
- 2.2 Compare the price of interest identified in 2.1 above, with the Reference Price (the average price, as reflected in the Catalogue/Guide); for the specific item/ service and locality. In instances where the exact location is not determined, the price of the nearest locality indicated in the Catalogue/Guide should be used;
- 2.3 Calculate the deviation of the price from the Reference Price using the limit of + (plus) or – (minus) 15% as illustrated in Table 1.1 below. Prices that fall within the margin of deviation are considered reasonable.
- 2.4 Should the bid price fall outside the +/- 15% bracket of the reference price, without any justification for this discrepancy, the bidder is disqualified, irrespective of the extent of derogation from the 15%; and the next lowest price is considered. This process should be followed until a suitable Contractor that falls within the margin is identified.

Note 1: It is imperative to highlight that though careful consideration has been made to ensure that the Catalogue/Guide is up to date; there may be instances where Reference Prices are exceptionally low or high, due to various (justifiable) reasons such as discounts and exchange rate fluctuations. In the event that such occurrences exist, they ought to be interrogated further; with PEs carrying out due diligence and taking into cognizance market dynamics. Upon embarking on such; and noting the discrepancies, the PEs are to duly notify the Board on these.

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This feedback/update to the Board should be made after completion of the procurement process.

Note 2: In some instances, the price list includes brand names for the respective items, these would solely be mentioned to emphasize the specificity of the item. Therefore, the stated brand names are not an exclusive recommendation or prescription by PPADB, but merely mentioned for the purpose of information.

Note 3: The use of the Catalogues/Guides in assessing reasonableness is not applicable to Works Construction projects, unless where there is procurement of items that constitute building materials (as per the specific Catalogue/Guide), which would in such instances be a supplies function. Furthermore, the specified +/- 15% deviation threshold, indicated above, is not to be confused with the Engineers' estimate, which the Board has abolished.

Note 4: Determination of the indicative prices requires a minimum of four (4) Contractors/Suppliers and four (4) Procuring Entities (PEs) to provide comparable prices. From these, a simple arithmetic mean is calculated to arrive at the Reference Price. There can be instances where Reference Prices calculated are either too low or too high when compared across localities. The disparities are usually attributed to several factors that may influence the market prices. Such factors include: (i) peculiarities of local market forces in a respective locality, such as, a locality may have many suppliers and thus have products/ services competitively priced and vice versa; (ii) costs incurred by suppliers in sourcing the product, such as distance between origin of product and locality supplied, thus affecting transportation costs; (iii) demand and supply of certain commodities differ across localities, either driving down or increasing prices; and (iv) seasonal commodities and government policies such as local empowerment dispensations.

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Table 1.1 Illustration: Use of the Limit of Deviation

No.	Item Code	Item Name	Specification	Unit	Reference Price (BWP)	15%	Indicative Price Range (+/-15%)
						-15%	+15%
BMW							
1	VL00101	BMW	320d, DIESEL	Each	621,131.35	93,169.70	527,961.65
2	VL00102	BMW	330i, AUTO, PETROL	Each	683,582.43	102,537.36	581,045.06
3	VL00103	BMW	520d, DIESEL	Each	779,790.33	116,968.55	662,821.78
4	VL00104	BMW	520i	Each	759,536.03	113,930.40	645,605.63
5	VL00105	BMW	523i, PETROL	Each	800,044.62	120,006.69	680,037.93
							920,051.31

Therefore, in evaluating the price of a **BMW 320d, Diesel model type vehicle** in the above instance, any price quoted by the bidder that ranges between P527,961.65 and P714,301.05 is considered reasonable. However, should the bidder's price fall outside the specified range, **without any justifiable cause**, irrespective of the extent to which it varies, the bid should be disqualified from further evaluation.