CENTRAL PROCUREMENT BOARD

My Ref : CPB/ADM/CPB/CIRCU/12/08

From : Chairman, Central Procurement Board

To : All Supervising Officers in Charge of Ministries/Departments and Chief Executive Officers of Public Bodies

CPB Circular No. 1/2009 – Estimated Cost of Project – Section 12(e) of the Public Procurement Act 2006

Chief Executives of Public Bodies are requested to submit detailed estimated costs of their projects and the name of the Schedule/Project Officer working on the project when submitting their Bidding Documents for vetting by the Central Procurement Board.

The need for an accurate and detailed estimated cost of the project is important for both the CPB to establish the reasonableness and value-for-money of bids received, and at the same time for the Public Bodies to upfront appropriate budget earmarking so that the right level of funds is made available for the project implementation.

The detailed estimated cost of the project to be submitted by the Public Bodies should include, inter alia, the following information (where and as applicable):

- VAT amount (15%)
- Basis of exchange rate (e.g. based on 1 US$ = Rs 34.50, bank selling rate)
- Basis of capacity (e.g. 1600 cc motor engine size, 12MW generator size, where the specifications call for a range of capacity and sizes)
- Equipment installation and commissioning cost
- Training cost
- License cost (e.g. for computer software for so many users)
- Maintenance costs (e.g. maintenance period defining the number of years of maintenance after warranty for IT, medical equipment and any specialized equipment)
- Any special items to allow for (e.g. radiation protection screening against X-ray, tools and other accessories)
- Preliminary and General cost
• Contingency amount
• Any options (e.g. spares, extended guarantee and other optional items or services)
• Any other project related cost (e.g. syndic charges and parking fees in case of renting of buildings)
• Provisional sums
• Detailed Bill of Quantities
• Details of breakdown of cost for lump sum contract.
• Details of estimated cost lotwise/zonewise
• All elements of costs as required in the bidding documents.

A detailed estimated cost that contains the maximum of information and elements of cost will, for sure, help the CPB to understand and pinpoint any large deviation in costs between the Public Bodies estimates and bid prices received, and thus avoid any unnecessary delays and further procedures in the processing of approval of awards of contracts.

Furthermore, of extreme importance, the detailed estimated cost of a project must be an updated one with respect to the date of deposit of the bid.

Thanking you for your understanding and co-operation.

Central Procurement Board
1st Floor, Social Security House,
Julius Nyerere Avenue,
Rose Hill

29 April 2009