



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**

"Procurement That Delivers"

PPDA/RGF/005

3rd September 2024

To all Accounting Officers
Central and Local Government Entities

**RE: CIRCULAR ON THE PROVISION OF THE PRICE ADJUSTMENT
CLAUSE IN FRAMEWORK CONTRACTS - CIRCULAR NO.3 OF 2024**

The Public Procurement and Disposal of Public Assets Authority has noted a growing practice of Procuring and Disposing Entities not making provision for price adjustment in contracts.

Whereas Regulation 38(1) of the PPDA (Contracts) Regulations, 2023 provides that a Procuring and Disposing Entity shall place a contract based on fixed prices, for a procurement requirement that is to be within eighteen months from the placement of the contract, Regulation 38(2) of the PPDA (Contracts) Regulations, 2023 provides that a contract for a requirement to be completed within eighteen months shall provide for price adjustment in the case of rapidly rising prices or significant price fluctuations in case of imported goods due to the changes in foreign currency.

Additionally, Regulations 38(4) of the PPDA (Contracts) Regulations, 2023 provides that a Procuring and Disposing Entity shall place a contract with price adjustment provisions for a procurement requirement that will not be completed within eighteen months from the placement of a contract.

Price adjustment is applicable in framework contracts in accordance with Regulation 17(6) of the PPDA (Contracts) Regulations, 2023 which provides that a framework contract shall include fixed prices or price adjustment.

Where a contract is for a requirement that is to be executed beyond eighteen months, a price adjustment clause should be included in such contract in accordance with Regulation 39 of the PPDA (Contracts) Regulations 2023.

Where a contract is signed without the price adjustment clause but during execution it becomes apparent that prices are significantly fluctuating, such a contract may be amended to include the price adjustment clause.

You are requested to bring the contents of this circular to the attention of the Procurement and Disposal Unit and Contracts Committee.

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