



Third Annual Stakeholders' Forum

The Procurement Policy Office is organising its third Annual Stakeholders' Forum on Thursday 21 October 2010 at Hotel La Plantation, BalACLava on the theme "Procuring a better future".

The primary aim of the Forum is to solicit the views of the supply chain partners on the effectiveness of our procurement system, and measures for its improvements. The Vice Prime Minister, Minister of Finance and Economic Development, Mr. Pravind Kumar Jugnauth, will officially launch the Forum.

The Forum will serve as a platform to give stakeholders the opportunity to identify the strengths and weaknesses of the current system, express their views openly and formulate appropriate proposals for further improvement and innovations.

Mrs Caroline Nicholas, Senior Legal Officer from the United Nations Commission on International Trade Law, will deliver a keynote address on '*Innovative Practices in Public Procurement*'.

Some 100 persons comprising high public officials, senior procurement officers, suppliers, contractors and consultants will be invited to participate.



Participants at the 2009 Stakeholders' Forum

The Procurement Policy Office invites readers to submit comments or suggestions on the Procurement System for further improvements.

E-mail: mof-pposecretariat@mail.gov.mu

CPPP Exams results

The results of the Certification Programme in Public Procurement (CPPP) examinations for the April 2010 intake will be available in early October. The results will be accessible online on the website of the Procurement Policy Office at: <http://ppo.gov.mu>

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Training programme in Public Procurement Administration and Procurement Information System – COMESA

The International Law Institute – African Centre for Legal Excellence in conjunction with the Common Market for Eastern and Southern Africa and the Procurement Policy Office conducted a training programme on Public Procurement Administration and Procurement Information System from 13 to 17 September 2010.

The participants who attended and successfully completed the training seminar have obtained their certificates during an award ceremony.

Foreign Expertise and Technical Assistance

In the context of promoting the development of a modern and efficient public procurement system for Mauritius based on international best practices, the Procurement Policy Office invited Mr. Stephen Mc Dermott, Deputy Director, Buying Solutions, UK to share foreign expertise and provide technical assistance for the implementation of Framework Agreement.

In this respect the PPO organised a series of meetings and introductory sessions from 31 August to 03 September 2010 to sensitise stakeholders on this issue. Public officials directly involved in procurement of goods, works and services in various public bodies, suppliers, works contractors and service providers were invited to attend.

Mr. Stephen Mc Dermott will submit a report in due course.



Decisions of the Independent Review Panel (IRP)

Decision No. 9 of 2010

Securiclean Ltd

v/s

Municipal Council of Beau Bassin-Rose Hill

The background of the procurement exercise

In January 2010 the Municipal Council of Beau Bassin-Rose Hill, using the open advertised bidding method invited bids for street cleaning, refuse collection and disposal including carting away of post cyclonic waste related to commercial areas and town centre.

Two companies, **Maxi Clean Co. Ltd** and **Securiclean Ltd**, submitted their bids and the evaluation was done at the Central Procurement Board (CPB). The latter approved the award to Maxi Clean Co. Ltd for a contract price of Rs 12,787,500 inclusive of VAT.

Securiclean Ltd challenged the decision of public body and still dissatisfied with the public body's reply, it submitted a request for a review to the Independent Review Panel (IRP).

The grounds for the review

As per Securiclean Ltd, it had provided enough information regarding the list of human resources, logistic support as well as the qualifications and experiences of supervisory personnel proposed. It also claimed that it has more than 20 years of experience over the island and it has been providing the same service to the public body under similar conditions for the last three years. Moreover its price was cheaper by Rs 794, 286 as compared to that of Maxi Clean Co. Ltd.

Submissions and Findings

According to the CPB, Securiclean Ltd had not provided any information regarding methodology of recruitment of labour force and supervisory staff to cater with contingencies so it earned zero mark for this criterion, while Maxi Clean Co. Ltd scored 5 marks. The IRP compared the two bidders approach regarding methodology of recruitment of labour force and supervisory staff to cater with contingencies. It was noted that Securiclean Ltd had mentioned that it always has in reserve a stand-by team (cleaners & drivers) to respond to special needs. On the other hand Maxi Clean Co. Ltd



had stated that it would maintain an updated database of all persons interested to work with the company after the passage of a cyclone. **The Panel considered that it would be most unfair to penalise a bidder because it did have to recruit extra labour.**

The IRP also considered the conditional recommendation given by the Bid Evaluation Committee, whereby it was stated that the award should be made subject to Maxi Clean Co. Ltd. confirming from its bank the amount of necessary working capital representing 20% of the annual contract amount. The panel was of opinion that such a shortcoming cannot be cured at award stage because certain specific requirements should be satisfied at bidding stage itself. Requirement as per the bidding document was that: the minimum amount of liquid assets and/or credit facilities net of other contractual commitments of the successful bidder shall be 20%.and Maxi Clean Co. Ltd had submitted a bank testimonial without any guarantee or responsibility on the part of the bank.

The IRP held that the failure to submit evidence of adequacy of working capital as required is a justifiable grounds for rejection of a bid. It was concluded that the bank testimonial submitted by Maxi Clean Co. Ltd represented an absolute non-compliance of the requirements. **Thus, the Panel considered that there was merit in the application and recommended the annulment of the decision to award the contract to Maxi Clean Co. Ltd.**

Lessons learned

The Securiclean case contains useful guidance for public bodies especially at evaluation stage. A key factor in the decision of the IRP was the interpretation of certain clauses of the Standard Bidding Documents (SBDs) relating to the responsiveness of bids when establishing material deviation, reservation, or omission in the bid document. A misinterpretation of certain terminologies may result into a situation where non-responsive bids are made responsive through clarifications, whilst competitive bids are rejected due to non-material deviation, reservation, or omission. Determination of responsiveness of bids has been clearly explained in PPO's Circular No. 4 of 2010.



Request for Advice

Format of Performance Security

A Public Body launched a bidding exercise for Cleaning Services. After the evaluation, the contract was awarded to XYZ Company. The successful bidder was notified by the Public Body to submit its Performance Security as prescribed by Section 40 (5) (6) of the Public Procurement Act.

However, the successful bidder submitted a Performance Security which was issued by Insurance Company. according to the normal course of business, a Performance Security has to be in the form a Bank Guarantee.

Question

Should the Public Body accept the Performance Security provided by XYZ Company?

Answer

The Public Body is advised not to consider the Performance Security issued by the Insurance Company. Only a Performance Security in the format attached in the Standard Bidding Document should be considered.





Reverse Auction

Definition

A reverse auction is an electronic auction where suppliers bid online against each other for contracts against a published specification.

Similar terms

- e-auctions
- online auctions
- e-bidding
- dutch auctions

Why should I use a reverse auction?

Business benefits

- elimination of paper and streamlined processes
- short negotiation cycle
- better value for money procurement
- increased transparency of the contract award process

Negotiation of contracts with your suppliers can be a lengthy process that is costly for both the buyer and the supplier. In addition, negotiating with suppliers individually will not always achieve the best deal.

By conducting contract negotiations on-line, the process is much quicker than the normal

negotiation process, and as a result the overall procurement cycle is significantly reduced.

Vendors report up to 30% savings in time and therefore cost of process.

Reverse auctions create an environment where suppliers bid against each other for a contract. This environment encourages competition with the result that goods and services are offered at their current market value. Vendors report price savings ranging between 5% and 20% on non-reverse auction derived pricing.

Reduced paperwork, short procurement cycle and increased transparency of competing bids are clear benefits for suppliers.





How are reverse auctions used?

Reverse auctions tend to be used either as hosted services or in house applications.

The main effort involved in carrying out each online reverse auction is usually focused on the set up activities.

The key steps involved in using reverse auction technology are as follows:

1. Prepare detailed electronic product specification. It is important to produce a clear requirements specification as it will help suppliers in bidding and also make the post-auction evaluation more straightforward.
2. Recruit suppliers.
3. Train suppliers to use the software/website – reverse auction service providers can help with this as well.
4. Train purchasing staff in using the software/website.

5. Publish product specifications in advance of event and invite suppliers to the reverse auction event.

6. Start reverse auction event. Buyer and suppliers access the event via the web. They can log in and out of the event to view and place bids. The event can last from two hours (most common in the UK) to a few days. Suppliers bid anonymously against each other. Suppliers are able to see the bids on their personal screens. There is no limit to the number of individual bids.

7. Reverse auction closes. The bids are analysed using preset criteria. Some reverse auction systems provide bid evaluation tools and assessment engines, which automate the evaluation process.

8. Award contract.

9. In case of integrated reverse auction systems, the awarded contract automatically becomes a commitment in the accounting system.

Effort and Cost

The main effort involved in carrying out each online reverse auction is usually focused on the set up activities:

- preparing detailed product specification – it is very important to produce a clear product or service specification as it

will help suppliers in bidding and also make the post-auction evaluation more straightforward.

- recruiting suppliers – Some suppliers are not experienced in taking part in electronic reverse auctions and therefore





may not be immediately willing to join in. Reverse auction service providers may be able to help with supplier recruitment.

- training suppliers in using the software/website – reverse auction service providers will provide training assistance. This may be included in the price.

There are a number of cost options available:

- software license purchase - the auction software is bought and installed on the council's server. The council can then use the software and organise an unlimited number of events at no extra cost. The additional cost involves consulting services required to set up and manage the first auctions and train users to be able to manage auctions independently in future.
- pay as you go – the buyer can purchase individual events from a third party

auction provider. The price will depend on the number of suppliers taking part in the auction.

- multibuy – the buying organisation can purchase a number of auctions as a package for a set price. The package usually includes support and training for both users and suppliers.
- commission on the realised savings, where the vendor takes a percentage of the savings realised by the buyer on the agreed contract.
- supplier pays – in some cases, the suppliers of the product or service to be auctioned pay to be able to take part in the auction on a “no win, no fee” basis.

(Source: Local Government Improvement and Development, UK)

This article can be accessed online in its integrity at:

<http://www.idea.gov.uk/idk/aio/70963>

PPO Newsletter

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