



Review of the Country Procurement Systems

On the request of the Ministry of Finance and Economic Empowerment, the World Bank will be carrying out a review of our procurement systems. A first mission by the World Bank officials will be effected from 30 November to 4 December 2009. The Officials will have working sessions with the Procurement Policy Office, the Central Procurement Board, the Road Development Authority and another public body.

The review exercise aims at assessing our procurement system using the OECD Baseline Indicators Tool and standards with a view to determine whether our procurement system meets internationally recognized standards enabling greater effectiveness in the use of funds to meet country obligations. The assessment provides a basis upon which a country can formulate a capacity development plan to improve its procurement system. Similarly, donors can use the common assessment to develop strategies for assisting the capacity development plan and to mitigate risks in the individual operations that they decide to fund.

Once our system is found to meet the required standards, we may be exempted from using donors' procurement rules for projects they would be funding.

Code of Conduct for Procurement Officials

In order to promote integrity in procurement proceedings, a Code of Conduct has been developed for procurement officials by ICAC in collaboration with the PPO. The Official Launching of the Code of Conduct will be held on 08 December 2009.

The procurement spend in the public sector in Mauritius exceeds 15 % of GDP. Public Procurement Officials as the stewards of public resources are expected to observe the highest standards of honesty and fairness and conduct their duties in a way that ensures full accountability. The Code aims at inculcating the culture of integrity among procurement officials.

The Public Procurement Act 2006 which is based on UNCITRAL Model Law on Procurement is instrumental in promoting best procurement practices. The objectives of the Model Law (and therefore the PPA 2006) include maximizing competition, according fair treatment to suppliers and enhancing transparency and objectivity. These are essential to foster economy and efficiency in public procurement and for curbing corrupt practices.

The 2009 Transparency International Corruption Perception Index released by Transparency International rank Mauritius 42nd (with a score of 5.4) worldwide out of 180 countries in terms of public sector transparency. The results may be considered as encouraging for Mauritius. However, compared to the first ranked country (New Zealand) with a score of 9.4, more improvements are required.

Procurement Policy Office

The Procurement Policy Office (PPO), set up under Section 4 of the Public Procurement Act 2006, became operational on 5 November 2007. It has a crucial role to play in ensuring compliance with the Act and in further improvement of the Public Procurement System in Mauritius. The PPO is headed by a Director assisted by two Members. Furthermore, it comprises of 8 technical staff and 7 administrative staff. The main tasks carried out are: Advisory, Compliance Monitoring, Training and Capacity Building.

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

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SECOND STAKEHOLDERS FORUM ON PUBLIC PROCUREMENT

The Procurement Policy Office organized its second annual stakeholders' forum on 05 November 2009 at Swami Vivekananda International Convention, Pailles. About 70 participants representing procurement officials, suppliers of works and services and consultancy firms attended the Forum.



Dr Sithanen at the opening ceremony

VICE PRIME MINISTER'S SPEECH

The Vice Prime Minister, Minister of Finance and Economic Empowerment, Dr Hon Rama Sithanen, delivering the key-note speech, commended the initiatives of PPO to improve the procurement system. However, he observed that delays in contracts continue to impede implementation and expressed his wish that the Forum should offer concrete proposals to resolve these.

The Vice Prime Minister highlighted government's commitment on sustainable development. In its support to the SMEs, the government has introduced a scheme of preference in public contracting. He added that large contractors should encourage the participation of SMEs in contracts by creating a conducive environment. The government also introduced schemes to protect domestic

enterprises and also those which make use of local labour

DIRECTOR'S SPEECH

The Director, Procurement Policy Office, Mr P Beeharry in his welcoming speech highlighted that the key objective of the Forum is to provide an opportunity to all stakeholders to make a critical appraisal of the current procurement system and discuss the measures for improvements. He enumerated the major changes brought recently in the system, namely, decentralization of the procurement process; incentives to SMEs in government contracting, and simplified SBDs that are more business friendly.

The Director gave an overview of forthcoming projects initiated by PPO, namely, eProcurement; Sustainable Procurement and Framework Agreement

PRESENTATION BY MR MUTHYALA

The Special Guest, Mr V Muthyala, Project Manager, ICT Department, Government of Andhra Pradesh, India made a presentation on the Andhra Pradesh experience on eProcurement in the public sector. The adventure started in early 2000., GoAP set up an E-Procurement Marketplace, linking government departments, agencies and local bodies with their suppliers. GoAP eProcurement is considered as a reference in the world.





PANEL DISCUSSION ON ePROCUREMENT

The following issues were raised during the panel discussion:

- In order to effectively manage contract administration more resources are required. The significant increase in financial threshold has contributed to a larger number of contracts being awarded within a short time frame.
- Submission of false information by bidders may lead to suspension and/or debarment.
- Human intervention will still be required in an eProcurement environment.
- The eProcurement application automatically carries out the evaluation exercise but this is based on the parameters identified by the procuring entity and the input of bidders.

ACHIEVING EFFICIENCY IN PUBLIC PROCUREMENT

The group discussions revealed to be very enriching. The main suggestions were:

- Introducing Vendor Management System
- Capacity Building for suppliers and procurement officials
- A simplified set of SBDs that is business-friendly.
- Annual Plan to be published in order to promote transparency.
- Collaboration with all stakeholders; Supplier Relationship Management
- Use of Life cycle costing for procurement of capital goods.
- Competitive Dialogue

- Framework Agreement.
- Proper Contract Management
- Measuring Performance
- Purchase of equipment that can be upgradable

OPEN DISCUSSION

Participants made valuable suggestions and pertinent questions were raised:

- Evaluation Report should be submitted by CPB to Public Bodies.
- IRP decisions are time consuming. This should be addressed.
- For major contracts, CPB should be involved in case of Review
- Legal support must be provided to public bodies when they have to defend their case before IRP
- It is unfair to suppliers when the duration of work is, for instance three months, and performance security is requested for a period of one year.
- The fact that bids are evaluated net of VAT causes some inconsistencies. This need to be clarified.
- The procurement cycle is too lengthy. This is adversely reflected in bid submission,
- A central body for registration of all suppliers

The Director, PPO clarified many points raised by the participants. He concluded that the issues raised will be taken due consideration.

The Forum ended at 1630 hours.



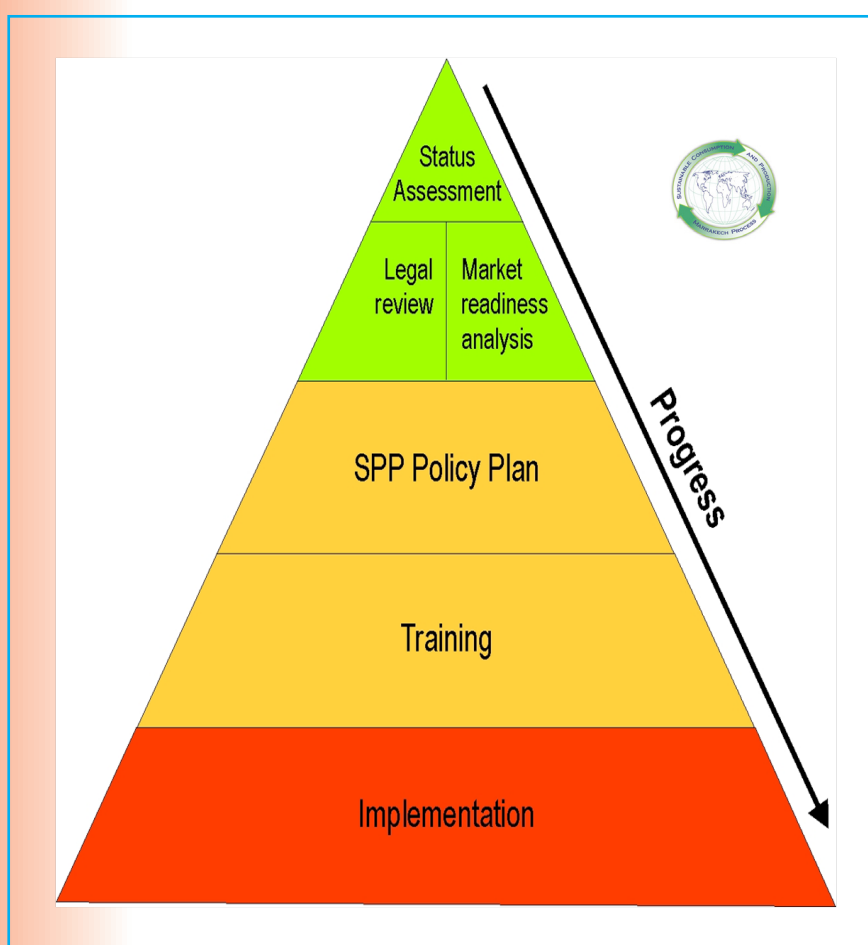
Sustainable Public Procurement

Mauritius has been chosen as one of the pilot countries by the United Nations Environment Programme (UNEP) for the implementation of the Sustainable Public Procurement (SPP).

In the first place the country will have to assess its procurement status; identify the legal framework and understand the legal possibilities to integrate SPP policies, and carry out a market readiness analysis.

After successful completion of the first phase, the country then will have to develop a country based SPP policy and sets up training programme for procurement officers. UNEP experts will assist the implementation of the SPP policy during one year.

Country Implementation





PROCUREMENT
POLICY OFFICE

CapaCity BuiLding

Certification Programme in Public Procurement (CPPP)

The CPPP is organized by the University Technology of Mauritius in collaboration with the Procurement Policy Office. It is expected to train some 600 procurement officials by 2011.

For the October 2009 intake, forty nine students from the government sectors and the parastatals bodies have been selected to follow the Programme. The course which has been started on 27th October 2009 is being conducted at the University Technology of Mauritius on three days per week including Saturdays for a period of four months and will end on 28th January 2010. The examinations will take place in mid February 2010.

Elearning platform

The Procurement Policy Office has embarked on a distance learning programme through an e-learning platform in collaboration with the University Technology of Mauritius.

For the next Certification Programme in Public

Procurement which has been scheduled for March 2010, public bodies have been requested to nominate, by 24 December 2009 at latest, officers who are fully involved in public procurement to follow the course. However it has been proposed to conduct one batch of 50 students through traditional classroom lecture and the other batch through distance learning supported by an eLearning platform.

The objective of introducing this mode of learning is to train a maximum number of procurement officials who need not be released during working hours to follow the course. All the necessary support would be provided to the students to ensure the effectiveness of the programme.

COMESA Training On
Public Procurement
Administration
17 - 21 August 2009





No.	Public Body	Procurement Ref. No.	Brief description of Project/ Procurement	Closing Date for Submission of Bids
1.	Grand-Port Savanne District Council	(i) GPS/AOB/WKS/005 (ii) GPS/AOB/WKS/006 (iii) GPS/AOB/WKS/007 (iv) GPS/AOB/WKS/008 (v) GPS/AOB/WKS/009	Construction of new roads Construction of drains and gutters Reconstruction of Village Hall-Old Grand Port Reconstruction of Village Hall-Old Camp Diabie Construction of Village Hall – Petit Bel Air	08/12/09
2.	Ministry of Health and Quality of Life	MHPQ/NMED/2009/Q70	Construction of Boundary Wall at Jawaharlal Nehru Hospital	09/12/09
3.	National Transport Corporation	NTC/09/28	Supply, Installation Commission and Maintenance of an Automated Fare Collection System based on 100 latest version electronic ticketing machine with options	11.12.09
4.	Ministry of Education, Culture and Human Resources	MOECHR/Works/OAB/80/2009	Complete Electrical Re-wiring of Old Buildings at Rajcoomar Gajadhur SSS - Flacq	15/12/09
5.	University Technology, Mauritius	(i) UTM/PU/11/102 (ii) UTM/PU/11/103 (iii) UTM/PU/11/104	Security Services Cleaning and Maintenance of Yard Services Cleaning Services	16/12/09
6.	Rodrigues Regional Assembly	SOC 4	Provision of Security Services for shelter for Children and Women at Oyster Bay, Rodrigues.	16/12/09
7.	Ministry of Social Security, National Solidarity and Senior Citizens Welfare & Reform Institutions	MSST 11/2009	Renting of Building at Bambous	16/12/09
8.	Ministry of Health and Quality of Life	MHPQ/N MED/2009/Q66	Renting of Office of about 1200 sq ft to accommodate a Community Health Centre within the catchment area of Baie du Tombeau	16/12/09
9.	Ministry of Health and Quality of Life	MHPQ/N MED/2009/Q60	Consultancy Services for Independent Programme Management for the Implementation of the National e-Health Strategy Framework	16/12/09
10.	Ministry of Health and Quality of Life	MHPQ/N MED/2009/Q76	Cleaning Services (Toilets, Bathrooms, Sluices and Urinals) for 8 hospitals from 01 February to 31 December 2010	16/12/09
11.	Ministry of Health and Quality of Life	MHPQ/EQUIP/JUL 09 – DEC 09/Q550OAB3	Supply, installation and commissioning of direct digital mammography for Dr. A.G. Jeetoo, Victoria, SSRN, Flacq and J. Nehru Hospitals	16/12/09



4th Commonwealth Public Procurement Network Technical Conference

The fourth Commonwealth Public Procurement Network (CPPN) Technical Conference was held in Gaborone, Botswana from 9 to 11 November 2009 on the theme 'Leadership and Innovation in Public Procurement. Delegates from Africa states, including Mauritius, and the Caribbean attended the conference.

Delegates reaffirmed their commitment to The Accra and the Freetown Statements and noted that networking and sharing of country experiences will have a significant positive impact on country procurement reforms. The importance of expanding the network to other regions of the Commonwealth was also stressed.

During presentation of country reports, delegates shared country innovations introduced since the 2008 Freetown Conference and welcomed the progress that has been made in member countries. It was also noted that country reforms will continue to benefit from shared commonalities and differences in procurement reforms. In this context, the delegates stressed the significance of peer-learning and reaffirmed their commitment to future peer reviews.

There were also guest speakers from Mauritius, Canada, Nigeria and the UNDP who made presentations on public private partnership, procurement risk management and leadership among others. Mr. Premcoomar Beeharry, Director, Procurement Policy Office and Chairman, Public Private Partnership Committee was the guest speaker from Mauritius and he presented an overview of the Mauritian Experience.

The delegate from Mauritius presented the experience of Mauritius on the theme of Leadership and Innovation in Public Procurement and highlighted the initiatives taken to achieve greater efficiency and also in respect of making procurement an effective tool to achieve economic, social and environmental goals. Delegates were thus briefed on our ongoing and forthcoming projects which include E-Procurement, sustainable procurement, aggregation of demand and framework arrangements, protection to SMEs, protection of local labour and ensuring contractors' compliance with labour laws, among others.

Delegates also stressed on the importance of information sharing as well as linking country websites to facilitate learning, research, information dissemination and experience sharing. Member countries were called to nominate a coordinator by end of February 2010, to facilitate effective networking and to take forward the CPPN Statements. Moreover, they called on the Commonwealth Secretariat to explore opportunities that may lead to development and delivery of sustainable online training programmes in procurement by 2011. They welcomed the initiative of structuring the CPPN as a professional body within the Commonwealth.



Decision of the Independent Review Panel

The Independent Review Panel (IRP) issued its decision on 21 August 2009 on the application filed by Softpro Network and Packages Ltd to review a proposed award of contract to Data Communications Ltd by the Ministry of Social Security, National Solidarity and Senior Citizens Welfare and Reform Institutions (Ministry) following approval of award by the Central Procurement Board (CPB). The IRP found merit in the application, which should serve as lesson learnt to public bodies to prevent recurrence. It highlights the importance of strict compliance with the conditions spelt out in the bidding documents.

The grounds for review as mentioned in the application

"1. The Ministry/Central Procurement Board (CPB) was wrong not to have accepted the offer of Softpro in as much as the bid submitted by the latter.

- a) was the lowest evaluated bid;*
 - b) complied with the qualification criteria specified in the bidding document; and*
 - c) was responsive.*
- 2. The Ministry/CPB was wrong to have awarded the bid to Data Communications Ltd. inasmuch as the latter's bid was not the lowest evaluated bid.*
- 3. The Ministry/CPB was wrong to have rejected the bid of Softpro on the premise that it has not provided information for evaluation of the training, data migration and "Other Requirements" and was wrong to have concluded that such was a major deviation to the requirements inasmuch as the bid of Softpro did address these issues.*
- 4. The Ministry/CPB was wrong to have reached the conclusion that the bid of softpro was not responsive on the premise that Softpro had not quoted in respect of (i) Front End/Back End Modules (ii) "other Requirements" in as much as upon a correct interpretation of the bid, Softpro undertook to perform these tasks at no additional costs."*

During submission, it was stated by the representative of the Ministry that as per bidding requirements, a demonstration of solution proposed should have been carried out by the bidder. In fact, the relevant section in the bidding documents contained the following:

"The Bidder should be able to set up a presentation, at a suitable premises in Mauritius and at its own cost, within 4 weeks after the

closing date of the tender. The overall system will have to be presented, supported by appropriate demonstration of the proposed solution".

Although on 19 January 2009, the Ministry made a request to the CPB to allow its representatives to attend the demo session being given that they were fully knowledgeable of the requirements and the latter had agreed to the proposal in a reply dated 27 February 2009, no such session had been as at 20 May 2009, date when the Ministry informed Data Communications Ltd. that it has been selected for the award of the contract.

The main issue which the Panel had to determine was to what extent the absence of demonstration affected the bid proceedings. For the public body, it was an important step for users of the materials supplied to attend the presentation made by the suppliers. However, this seemed not to be the view taken by Central Procurement Board. Though initially it approved such requirements in the bidding documents and had accepted in principle the holding of the demonstration, nevertheless it ignored this exercise and approved the award of the contract based solely on the recommendation of the Bid Evaluation Committee.

The IRP concluded that the demonstration constituted a mandatory step of the bidding process and as such it should have been carried out. The Panel thus found that *"the absence of demonstration amounts to a material defect in the bidding process which can only be cured by a fresh bid. At this stage, having reached that conclusion on the issue of demonstration, we feel that there is no need to consider the grounds raised by the applicant.*

For the reasons highlighted above, the Panel recommends the annulment in whole of the decision of the Public Body."



E-Procurement in Government of Andhra Pradesh, India

(Excerpts from A Case Study submitted to the World Bank)

The Government of Andhra Pradesh (GoAP) has implemented many statewide e-Government applications since the year 2000, when the Central Government of India enacted the IT Act of 2000 to provide legal recognition to electronic transactions. As a part of these initiatives, GoAP has set up an E-Procurement Marketplace, linking government departments, agencies and local bodies with their vendors.

Application context

The GoAP procures goods, services, works and turnkey contracts worth \$2.0 billion every year. This procurement is done centrally through a single unit, as well through individual Government agencies who manage their own procurement needs. Procurement processes are governed by the guidelines of the GoAP and sometimes of external agencies like the World Bank, which may be funding a project.

Prior to the introduction of an e-Procurement platform, procurement in Government departments was carried out through a **manual tendering process**. The complete process required a long chain of internal authorizations and scrutiny (at times involving several departments), several visits by suppliers to departments, and the generation of reams of paper-based statements and evaluations. The manual tender system was suffering from the following deficiencies:

- i. **Discrimination and delay in issue of tender schedules to suppliers**
- ii. **Cartel formation to suppress competition**
- iii. **Physical threats to bidders.**
- iv. **Tender Boxes at Multiple locations**
- v. **Tampering of tender files**
- vi. **Delays in finalization of tenders**
- vii. **Human interface at every stage**
- viii. **Lack of Transparency**

A New Approach

The severe shortcomings in the manual tender system had an adverse effect on the reputation of Government departments. Delays in the finalisation of suppliers for materials and services for government projects had crippling impacts on the completion of projects and delivery of services to the citizens. A cabinet sub-committee on tender reforms instituted by GoAP in the year 2000 recommended the creation of an e-Procurement market place. This would facilitate online tendering based on Internet technology to provide 'any where any time' access to the bidders for participating in tendering.

Automation of the procurement transactions reduces human error, enhances the integrity of the data, brings in transparency to the Government procurements and facilitates standardisation of processes.

The entire e-Procurement process was designed to avoid human interface.

To bring in transparency in e-Procurement, tender documents containing all details are hosted on the web site.

At the outset, **an effort was made to standardize the procurement processes and forms** followed by various departments especially for public works tenders. Today, all the departments follow common tendering process and forms for works tenders.

Implementation Challenges

- **The first challenge was to arrive at a sustainable business model** with proper implementation strategy:.
- **The second challenge was to ensure interdepartmental coordination**
- **The third challenge was Change Management**
- **The Fourth challenge was resolving the security and authentication issues of the platform.**

Benefits

- **Reduction in tender cycle time**
- **Reduction in opportunities for corrupt practices:** the e-Procurement system allows 'any where' and 'any time' access for bidders and suppliers from the Internet.
- **Cost Savings:** Tenders processed through the e-Procurement platform in the pilot phase during 2003-04, the first year of the initiative, *yielded a reduction of 16% in the quotations in comparison to the previous years when the procurement was manual.*
- **The project encourages bidders to participate in government tenders.** *Supplier participation has increased from an average of 3 per tender in conventional mode to 4.5 in e-Procurement mode.*
- **There is also a substantial reduction in the advertisement costs in the press media,** as e-Procurement tender notices were shortened to contain only basic information on the name of work, estimated costs and the URL of the e-Procurement site. *There has been a 25% saving in the column space used, resulting in savings of approximately \$0.56 million in a year.*
- **Transparency in the bidding process and in the system of automated tender evaluation** through smart forms with parameterized qualification criteria has reduced subjectivity in the tender award process and reduced corruption.

Key Lessons

- **The support of political leadership and the formation of a high-powered steering committee** (project implementation committee) with a mandate to take decisions on all issues were important factors for successful implementation of the e-Procurement project.
- Insistence on a **single mode of bid submission through the e-Procurement platform** was a decisive factor in the adoption of the system by suppliers.
- A **participative design process** that involved workshops attended by department users, suppliers/contractors was used to draw user

requirements. Subsequent training of users was a major factor in developing the application to the satisfaction of users.

- The pool of CIO's from various government departments trained at IIM-A, acted as **change agents in implementing e-Procurement.**
- Implementation needed **enormous efforts in change management.** The users were slow to adapt to the changes in initial period but the project ramped up once the users became comfortable with the new system.
- The selected Application Service Provider (ASP) **business model under Public Private Partnership** was helpful in scaling up the transactions during roll out, as the private partner has resources to meet the challenge.
- A **rational and affordable Pricing model** based on value and number of bids per tender is also very important for sustaining the e-Procurement initiative. Cost to government with 'No Cost' to supplier in the Pilot phase, and Cost to supplier with 'No Cost' to government departments in the roll out phase, facilitated easy acceptance from suppliers in the early stages and speedy roll outs to government departments in the later stages.
- **Committed project teams from both the service provider and the Government,** 24X7 help desk, strong security features, deployment architecture and MIS have contributed to the overall success of the e-Procurement platform in AP.

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