



PROCUREMENT POLICY OFFICE
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E-NEWSLETTER

SPECIAL ISSUE

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SPECIAL EDITION - STAKEHOLDERS' FORUM 2010

World Bank Mission November 2010

The Ministry of Finance and Economic Development invited the World Bank to carry out a comprehensive analysis of our procurement system. 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 recognised 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 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.

A first mission by the World Bank officials was effected from 30 November to 4 December 2009. The Officials had working sessions with the Procurement Policy Office, the Central Procurement Board, the Road Development Authority and other major stakeholders. The World Bank has already submitted an interim report a few months back.

A team of the Bank will be visiting Mauritius from 1st to 11th November 2010 to validate the report.

This edition is a special issue which coincides with the Third Annual Stakeholders' Forum organised by PPO on Thursday 21 October 2010.

Readers are reminded that the eNewsletter is available at <http://ppo.gov.mu>.

Interested parties who wish to receive a copy of the eNewsletter may contact the PPO to add them in the mailing list. The Procurement Policy Office also invites readers to submit comments or suggestions on the Procurement System for further improvements. The address is:

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e-Procurement: Experience from the Government of Andhra Pradesh, India

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.

The main objectives of the e-Procurement initiative are to: *reduce* the time and cost of doing business for both vendors and government; *realise* better value for money spent through increased competition and the prevention of cartel formation; *standardise* the procurement processes across government departments/agencies; *increase* buying power through demand aggregation; *provide* a single-stop shop for all procurements; *allow* equal opportunity to all vendors; *bring* transparency and ultimately reduce corruption.

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. Many different mechanisms are used for procurement such as tenders (open, limited, single), rate contracts and catalogue purchases. 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. Tenders are announced in newspapers through paid advertisements, and suppliers were expected to buy tender documents at a price of \$ 250.

Prior to the introduction of an e-Procurement platform, procurement in Government departments was carried out through a **manual tendering process**. This process involved obtaining internal approval of the project, publishing a Notice Inviting Tenders (NIT) in several media outlets, bid submissions (voluminous sheaths of paper) by suppliers, bid evaluations by buyers, and finally, the awarding of the procurement order and signing of agreements. The complete process required a long chain of internal authorisations 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:

- Discrimination and delay in issue of tender schedules to suppliers
- Cartel formation to suppress competition
- Physical threats to bidders
- Tender Boxes at Multiple locations



- Tampering of tender files
- Delays in finalisation of tenders
- Human interface at every stage
- 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. This would also eliminate the non value adding activities like manual sale of tender documents, manual opening and reading of bids, preparation of comparative statements (as they are automatically available), audit/cross check of comparative statements, time spent in movement of files from one person to another, manual creation of purchase order and delivery schedule etc. **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 i.e., supplier and buyer interaction during pre bidding and post bidding stages. The application ensures total anonymity of the participating suppliers, even to the buyers, until the bids are opened on the platform. The e-Procurement application provides automatic bid evaluation based on the evaluation parameters given to the system. These improved processes have eliminated subjectivity in receipt and evaluation of bids and has reduced corruption to a significant extent.

To bring in transparency in e-Procurement, tender documents containing all details are hosted on the web site. The documents can be downloaded by the interested suppliers free of cost, from the day of publication of a tender. Suppliers are no more dependent on the officials for various details. At any time in the procurement cycle, any person associated with the transaction can check and know the status of the transaction. This saves time and effort involved in finding out the status of a purchase order, besides enabling better planning of inventory.

At the outset, an effort was made to standardise 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. These processes have been re-engineered to further improve the efficiency and curtail subjectivity in tender evaluation on the part of the department users. A similar exercise is underway for products as well.



Implementation Challenges

- The first challenge was to arrive at a sustainable business model
- The second challenge was to ensure interdepartmental coordination
- The third challenge was Change Management
- The Fourth challenge was resolving the security and authentication

Activity Level on the eProcurement Platform

The GoAP's annual expenditure on procurement through normal programs is to the tune of \$2 billion a year. This figure has now risen, as the GoAP is investing around \$10 billion over a five year period in creating irrigation sources through a special program named as 'Maha Jala Yagnam'. The following table shows that nearly 90% of all procurement worth \$4 billion was carried out on the eProcurement platform in 2005-6.

Benefits and Costs

The initiative has transformed the procurement process in government departments. The automated processes and work flows have **improved internal efficiency within the departments; shortened tender cycle times, eliminated subjectivity in the evaluation of tenders with system based auto bid evaluations**, and have reduced corruption.

- Reduction in tender cycle time
- Reduction in opportunities for corrupt practices
- Cost Savings
- Costs of implementing the system

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Framework Agreements

What is a framework agreement?

A framework agreement is an 'umbrella agreement' that sets out the terms (particularly relating to price, quality and quantity) under which individual contracts (call-offs) can be made throughout the period of the agreement (normally a maximum of 4 years).

What is commonly procured using framework agreements?

Framework agreements are typically used where the authority knows they are likely to have a need for particular products or services, but are unsure of the extent or schedule. So framework agreements are commonly set up to cover things like office supplies, IT equipment, consultancy services, repair and maintenance services etc.

How are call-offs awarded under a framework agreement?

If the framework agreement is awarded to one provider, then the purchasing authority can simply call-off the requirement from the successful supplier as and when it is needed. Where the framework is awarded to several suppliers, there are two ways in which call-offs might be made:

- 1) Where the terms laid out in the framework agreement are detailed enough for the purchasing authority to be able to identify the best supplier for that particular requirement, then the authority can award the contract without re-opening competition.
- 2) If the terms laid out in the framework agreement are not specific enough for the purchasing authority to be able to identify which supplier could offer them best value for money for that particular requirement, a further mini-competition would be held between all the suppliers on the framework agreement who are capable of meeting the need.

What are the advantages of framework agreements?

The main advantage to a purchasing authority of using a framework agreement is that they do not have to go through the full tendering process every time the requirements arise. Having to go through the tender procedure once rather than several times, will obviously re-



duce tendering costs. It also means there is less downtime between identifying the need and fulfilling it, which considering how lengthy the tendering process can be, could be a considerable benefit. There are also further potential savings to the purchasing body because of economies of scale, which may prompt suppliers to offer more competitive prices.

The reduction to tendering costs will also apply to suppliers, as going through the tender procedure is costly and time-consuming for suppliers too. Obviously, the main advantage to suppliers of being on a framework agreement is the chance of being awarded valuable business opportunities.

What are the disadvantages of framework agreements?

A disadvantage of a framework agreement for a purchasing authority is that they are relatively unresponsive to change – there may be new suppliers and/or new solutions within the market that were not included when the framework agreement was initially set up. Furthermore, framework agreements tend to apply a ‘one size fits all’ approach, which might make it difficult for authorities to satisfy their own procurement objectives. However, most framework agreements do not place any obligation on the purchasers to actually buy anything. Therefore, if the requirement doesn’t fit into the framework agreement or they think they can achieve better value for money not using it, then they can go elsewhere.

This in turn is a disadvantage for suppliers under the framework agreement; most frameworks do not guarantee that suppliers will get any business from them. Therefore, you may spend a lot of time, effort, and resources getting included on a framework agreement and never get any business as a result. However, you are still in with a chance, whereas suppliers not included on the framework (whether they were unsuccessful or were not aware of it when it was tendered) are likely to find it more difficult to secure business for the requirements covered by the framework agreement. It is therefore a good idea for suppliers to investigate what framework agreements already exist and when they might be up for retender. Those suppliers included on frameworks can continue to market their products or services to the purchasing authorities.

***Extracts from ‘Answering your question on Framework Agreement’ - Diane Callaghan,
Expert, Tenders Direct, UK 27 May 2010***



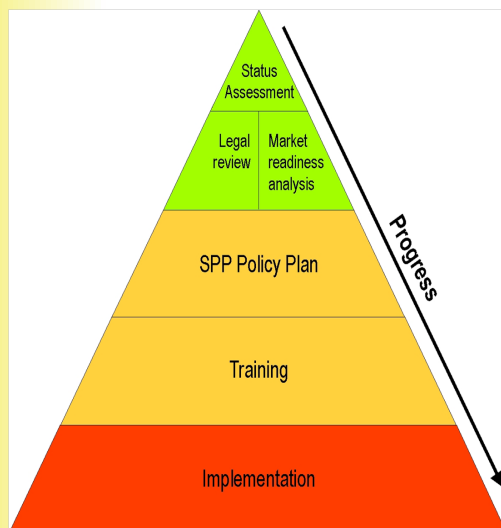
Sustainable Public Procurement (SPP) *

“SPP is a process whereby Public Institutions meet their needs for goods, services and works in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment.” SPP is an essential policy tool to achieve environmental, social and economic goals.

The SPP project is derived from the 10-year framework of programmes (10-YFP) on Sustainable Consumption and Production (SCP) developed by the UNEP and UNDESA in Marrakech, Morocco, 16 – 19 June 2003. Under the Marrakech Process several Task Force, comprising voluntary initiatives led by countries or group of countries, have been organised to carry out a set of activities to support the implementation of specific SCP projects. One of the activities is SPP which is hosted by Switzerland.

Mauritius has been chosen as one of the pilot countries by UNEP for the implementation of the SPP project. Pilot countries implementing SPP project are required to adopt the approach designed by the Marrakech Task Force on SPP. The implementation plan of the project foresees a status assessment, a legal review and a market readiness study in the country as shown below:

Country implementation



Public procurement process has significant economic, environmental and social impact because of the magnitude and nature of government expenditure. SPP is a tool which allows governments to leverage public spending (between 15 to 25 % of GDP) in order to promote economic, environmental and social policies in the country. Government can make use of procurement practices to promote sustainable development through sustainable consumption and production. Through sustainable procurement practices, government departments will be encouraged to purchase goods and services that are more energy and water efficient, produce less waste and that are accredited or environmentally certified where possible.

Under the Public Procurement Act 2006, the Procurement Policy Office (PPO) is vested with the responsibility for the formulation of strategies and policies with regards to public procurement. In this respect the PPO has been identified as the enabler for implementation of the SPP project.

The first phase has been successfully completed. The PPO has set up a Steering Committee comprising representatives of relevant public bodies, private sector and NGOs, who has the responsibility of driving the Project. A Task Force, comprising a larger number of stakeholders, has been constituted to develop a country based SPP Policy & Action Plan. Once the SPP Policy & Action Plan has been approved by UNEP and the Cabinet, the PPO will launch the policy plan and start implementation. UNEP will provide financial and technical assistance for the implementation of the Project.

Pooben Amoordon

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Decisions of the Independent Review Panel (IRP) *

Decision No. 17 of 2010

Sotravic Ltee (CN 14/10/IRP)

Securiclean (Mtius) Ltd (CN 16/10/IRP)

v/s

Ministry of Local Government & Outer Islands

The background of the procurement exercise

On 13 November 2009 the then Ministry of Local Government Rodrigues & Outer Islands using the open advertised bidding method invited bids from local eligible and qualified bidders for the “Design, Manufacture, Supply, Installation and Commissioning of five cremators and Construction of five crematorium Buildings”. Bids were received at the Central Procurement Board (CPB). The updated cost estimate for the project was Rs 98,435,925 (inclusive of VAT at 15% and a contingency of 10%). Bids were received from seven bidders by the deadline of 23 December 2009 set for the submission of bids. The CPB sent the bids to the Public Body for evaluation, as one bid was below the prescribed amount of Rs 50 m. During the first part of 2010 bidders were requested to extend their bid validity on two occasions.

Following evaluation, the Public Body forwarded its report to the CPB for consideration and approval of award to Sotravic Ltee for the sum of Rs 99, 402,758.15. However, the CPB re-evaluated the bids and approved the award of the contract for the project to Messrs Rey and Lenferna Ltd for the sum of Rs 53, 994,081 inclusive of VAT and the cost for the supply of five hydraulic biers. All bidders were notified accordingly by the Public Body on 25 June 2010.

The grounds for the review

Three aggrieved bidders challenged the decision of the Public body. The latter after obtaining the relevant information from the CPB informed the aggrieved bidders accordingly. Still unsatisfied with the explanation of the Public Body, Sotravic Ltee and Securiclean (Mtius) Ltd submitted an application for review to the Panel. As per Sotravic Ltee, it was the lowest compliant bidder and its proposed subcontractor is the only local company who has installed similar equipment, as required in the bid document.

As for Securiclean (Mtius) Ltd, it argued that its bid was substantially responsive and met all the qualifications criteria, while the selected bidder did not meet the requirements of the specific experience in respect of the key personnel stated in the Standard Bidding Documents, and also it did not have the required average turnover of R10M of construction works per year within the last 3 years. Moreover it had not provided one registered professional civil engineer and one registered professional mechanical/electrical engineer with relevant experience.



Submissions and Findings

The Panel examined the bid of Rey & Lenferna Ltd in detail and noted that it had not submitted the appropriately filled forms for the proposed personnel. In fact the Bid Evaluation Report of the CPB had indicated that the bidder Rey & Lenferna Ltd had not submitted information on Personnel for key positions as required. The CPB sought for clarifications from the bidder. As per the IRP, the bidder failed to satisfy one of the mandatory requirements, which cannot be considered as a minor omission.

Moreover, the Panel examined the bid of Rey & Lenferna Ltd for its financial standing. As per bid document, a bidder must demonstrate access to, or availability of, financial resources such as liquid assets, unencumbered real assets, lines of credit, and other financial means etc... However, the only information the selected bidder had submitted with respect to financial standing was a testimonial dated 11 April 2008 from the Mauritius Commercial Bank Ltd. The Panel considered that this document did not satisfy the financial requirements as defined in the bidding documents. Past determinations indicated that it is mandatory for bidders to submit evidence of their financial resources in the format requested in the bidding documents.

It was questioned how a bid which fails to satisfy two well-defined and explicit mandatory criteria could have been considered to be substantially responsive. Moreover, the Counsel for the Public Body also conceded that the bid was non-responsive. Thus the Panel found merits in the application and in accordance with section 45(10)(b) and (c) of the Public Procurement Act 2006 recommended the annulment of the award in favour of Rey & Lenferna Ltd and a re-evaluation of the technically responsive bids.

Lessons learned

The Sotravic Ltee & Securiclean (Mtius) Ltd case is an eye opener one with regards to requirements and issues which can be clarified at evaluation stage. The scrutiny of bids for substantial responsiveness to the provisions of the bidding documents is one of the most important aspects of the evaluation of bids.

A substantially responsive bid is one that meets the requirements of the Bidding Document without material deviation, reservation, or omission. A material deviation, reservation, or omission is one that, if accepted, would affect in a substantial way the scope, quality, or performance of the Works specified in the Contract; or limit in a substantial way, inconsistent with the Bidding Document, the Employer's rights or the Bidder's obligations under the proposed Contract; or if rectified, would unfairly affect the competitive position of other Bidders presenting substantially responsive bids. Failure to submit evidence of adequacy of working capital or information on key personnel if so required in the bidding document is justifiable grounds for rejection of a bid.

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SMEs

Myths and Realities of Margin of Preference *

The criteria that define Small and Medium Enterprises (SMEs) vary from country to country. Generally, firms are considered SMEs based on the number of employees (most common), annual turnover, value of assets, value of sales and size of capital. In Mauritius, SMEs are firms having an annual turnover not exceeding Rs 50 million. SMEs are considered very important as they represent the vast majority of the firms in the country, generating more than 50 % of employment in the private sector and contributing significantly to GDP. Its contribution to the economy and society is uncontested.

The two most common explicit Procurement Preference Programmes to SMEs are margin of preference and set-asides procurement exclusively for SMEs. They are both considered as discriminatory measures. In Mauritius, SMEs enjoy a margin of preference during evaluation of tenders for goods manufactured by them where the value of the local inputs in respect of labour and/or materials accounts for at least 30%. In USA, set-asides are commonly applied.

Procurement policies for SMEs are based on economic rationales but also on other reasons like equity, justice and fairness or a mixture of both. There are also political motivations. At times, procurement policies are part of an industrial policy to achieve social objective like supporting SMEs through procurement preference programmes. USA has the “Small Business Act 1953” and South Africa the “South African National Small Business Act 1996”. The South African government uses procurement as an instrument to correct the imbalances of the past. It reflects the broader notion of equality in South Africa, i.e. a substantive conception of equality as provided for in Section 9 of the Constitution. Section 217 of SBA allows procuring entities to make use of “affirmative procurement”, “preferential procurement” or “targeted procurement” when

awarding contracts. In United States, the Buy America Act offer up to 12 % preference for small businesses. The concepts of fairness, justice and equity are considered in South Africa with regards to its history which was characterised by social and economic imbalances during the apartheid era. Government uses procurement as an instrument to correct these imbalances by providing inter alia preferences to SMEs in public procurement. It can be argued that the absence of these preferences would have not improved the lives of many South Africans. From this perspective, discriminatory practices cannot be considered harmful.

The Procurement Preference Programmes in favour of SMEs are very controversial. McAfee and McMillan suggest that price preferences have the potential of lowering the contract price. The suppliers not benefiting from the preference have the tendency of lowering their contract price and the SMEs increasing but probably at a lesser amount. Thus the procuring entity gets better value for money. Such programmes might enhance competition in tendering. In a tendering exercise, a large firm has a better chance to win the contract than the SMEs as large firms have better skills in completing the tender documents, have more experience in tendering and may propose a better offer due to its size (economies of scale). A preferential treatment encourages SMEs



to participate in government contracts and thus increasing the number of participants. This may result in better value for money for governments. It is also argued that SMEs are more productive and thus might contribute to the economic growth of the country.

Preference Programmes in favour of SMEs also promote the concept of sustainable public procurement. With government being the largest single buyer in all countries, it is evident that what and how government buys and acquires in terms of goods, services and works contribute significantly, both to its ability to deliver sustainable development and to its credibility with its development partners. Public Procurement carried out purely on the basis of upfront costs, demonstrates unsustainable economy, since the cost of ownership will far outstrip the upfront cost. Supporting SMEs is one way of achieving sustainable development goals like alleviating poverty.

However, there are many sceptics who are doubtful on the efficacy of such preferential schemes. The additional costs paid could have been reallocated in investments for the society. A study by World Bank (2004) revealed that there is no indication that SMEs promote higher growth and alleviate poverty. However, it provides support for the view that the quality of business environment facing all firms, influences economic growth. A policy against large firms are therefore arguable on the fact that they offer more stable employment, better salaries and better career prospects. Therefore, supporting SMEs against large firms might be detrimental to the economy.

Opponents of preferential treatment argue that preference schemes are hindrance for SMEs' growth. A policy of preferential treatment may play against the SMEs themselves because such schemes de-motivate SMEs to grow beyond a certain level which prohibit the benefits reaped earlier. In certain cases, SMEs prefer to remain at a certain level so as to continuing enjoying the preferential treatment. These incentives prevent them from optimizing their potentials and

becoming more competitive. The absence of safety net would encourage these firms to become more innovative and would maximize effort to become more competitive.

Many commentators argued that the cost reduction as a result of price preference might be less than 1 % or even the margin of preference may lead to a higher procurement costs if the rate of preference is wrongly chosen by governments. Moreover, the rate is more often calculated based on political motives rather than economic rationales.

Despite these arguments, there is a general consensus that SMEs should be assisted, albeit not in a discriminate manner. For instance, the Glover Report (UK) recommended the measures to reduce the barriers facing small and medium sized enterprises when competing for government contracts and set an optimistic target of 30 % of public contracts for SMEs within 5 years. These are based on non-discriminatory practices.

Several studies confirm that one of the barriers facing SMEs is the complexity of the tendering process. SMEs may be supported by a comprehensive supplier development programme initiated by governments that includes a training programme on public procurement and technical assistance. The tender documents, particularly for lower values, should be more business friendly. For low value procurements where SMEs mostly participate, payments should be effected promptly, probably within fifteen days after receipt of invoice. SMEs do not have the same financial capabilities as large firms and their cash flow might suffer in case of late payment. Aggregating demand and bulk buying are often beneficial to government entities. However, research suggests that in certain procurements, the reverse may be true. Dividing procurement in lots might not only attract many tenderers including SMEs but it also enhances competition, thus improving the outcome of the purchase.

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Procuring Desktop, Laptop and Information Systems *

The mandatory use of Standard Bidding Documents (SBD) has brought many public bodies to review their traditional way of conducting procurement. Like all changes, this fundamental shift was not without any resistance and a moratorium of six months was even allowed initially, for public bodies to carry on with their bidding documents that were already under preparation.

At a time when the Public Procurement Act is being reviewed, there is a need to assess also the effectiveness of the accompanying processes since the coming into force of the Act in January 2010. The procurement of IT equipment and Information Systems is one of the many types of procurement that had to adapt with the SBDs and the setting up of Bid Evaluation Committees, where applicable.

The observations made hereunder illustrate how public bodies have managed to adapt with the new environment and taken certain initiatives to conduct procurement most appropriate to their needs.

The Central Information Bureau (CIB) has been the first department to review its role to a certain extent in order to allow Ministries and departments to acquire ownership of their respective procurements, while the CIB acts as a support service. The latter is presently assisting in the preparation of bidding documents, and avails its personnel as evaluators, when so required by the procuring public body.

Procurement of Hardware

The procurement of desktops, laptops and peripherals are generally handled as procurement of goods. Public bodies have recourse to the Request for Sealed Quotations, Restricted Bidding and Open Advertised Bidding documents, as appropriate. It has become more or less an established practice for procurement personnel of various ministries to solicit the assistance of CIB at the time of the preparation of their bidding documents. The latter has, after consultation with the Procurement Policy Office (PPO), developed standard type of documents that are issued in respect of specifications, price schedules and the Special Conditions of Contract.

After bid opening, Ministries or departments will systematically request the CIB to avail one of its personnel to form part of the Bid Evaluation Committee, considering that the officer proposed by the CIB would be the most suitable person to contribute at bid evaluation stage given that CIB had provided substantial inputs in the bidding document.

Experience has shown that in so doing, we have gradually made of the procurement of these items a very specialised procurement involving complex specifications, bulky bidding documents, and highly dependent on the assistance of CIB. The present situation is also putting a lot of pressure on the CIB as the latter has to avail a good number of man-days of its personnel to assist the different ministries with their procurement.

The procedures in respect of the procurement of air-conditioners and vehicles have also ended up in the same situation, that is, highly dependent on the assistance of specialized support service.

Taking into account that public officers are themselves knowledgeable on the technical aspects of these items to a certain extent, as they might have procured these items for their own account, and that end-users do often develop a sound knowledge of the tool they are called upon to use, there may





be a need to review the present practice to give end-users a bigger share of decision making in the process. We may, in future, consider the possibility for CIB to limit itself to issuing and maintaining

guidance for bid preparation and to intervene as a support service only as a last resort in so far as simple procurement is concerned.

Procurement of Enterprise Resource Planning (ERP) systems

Procurement in respect of computerisation of core businesses or enhancement of existing Information Systems within public bodies has become a common feature. Public Bodies may either have recourse to a consultant where the system is too complex for in-house personnel to handle, or deal with the matter with in-house IT personnel and counting on vendors to include the Consulting, Customization and Support in their offer. Generally, there is a wide choice of ERP system available off-the-shelf, and procuring entities are able to satisfy their needs as per the products available in the market.

There are public bodies that have managed to procure ERP system through a Standard Bidding Document customized, with the assistance of the PPO, in the form of a Request for Proposals. The base document used is that for non-consultancy service. The bidding document allows for the procuring entity to evaluate the competence, proposed methodology to execute the project, and training package proposed by the vendor through a technical evaluation with a minimum pass mark, similar to the process used for the selection of

consultants. The evaluation criteria also include one item in respect of demonstration as Proof of Concept, based on pre-declared sub-criteria. The General Conditions of Contract have been amended to take care of support service level criteria, and for the updating and maintenance of software. Warranty clause and after sale service similar to those applicable for goods have also been inserted in the General Conditions of Contract.

In one case where the public body is in search of software for unique use in the country, given the specific core business of that public body, the demonstration has been assessed on live systems overseas, as part of the evaluation process and marking. The cost incurred for the assessment was for the account of the Public Body.

The two cases mentioned above have revealed that a Request for Proposal approach is suitable for this type of procurement and there are suggestions to allow also for a two stage RFP process with dialogue as it would provide opportunities to the public body to enhance the proposals which in turn will yield into better value for money.

Procurement of Complex Information Systems

The PPO has issued a Standard Bidding Document for the Supply and Installation of Information Systems – single stage, modeled on the World Bank Standard Bidding Documents. This SBD is recommended for complex Information Systems. It may also be used for the procurement of sophisticated or large-scale IT, possibly including communications technology and services, of systems engineering services, and

of other IT goods/services for which the SBD for Goods or the Request for Proposal (RFP) approach would be unsuitable.

When bidding is based on technical product, or service specifications, single-stage procurement is usually appropriate, even for complex procurements. A good example would be the procurement of a





wide-area computing network with a variety of office support and application services, extensive operational acceptance testing requirements and centralized network management, where the basis for bidding is nevertheless a set of well-defined technical specifications and consequently the design risk is borne by the Purchaser.

This SBD may also serve as a reference for procurement of ERP systems through RFP in so far as the evaluation methodology and criteria are concerned. The evaluation process allows for additional credit in respect of enhanced features for which the Purchaser is prepared to pay more. Life cycle costing for evaluation of bids is also provided as an option. Public bodies may extract valuable clauses in respect of Testing and Commissioning of Information Systems, Guarantees and Liabilities, Risk Distribution and Changes in Contract Elements from the General Conditions of Contract.

One public body has used this bidding document to hire the services of a supplier to conduct a large scale survey on a national basis. The procurement is basically for having recourse to high-speed scanning technology to capture data from hand-written questionnaires and to transfer same to the client's database. It includes all the associated services such as designing the questionnaires, data capture, training of personnel, etc...

One salient feature of this procurement process is that the Purchaser has deemed it fit to include in the evaluation criteria a post-qualification process based on a pilot project to actually test the system proposed by the lowest responsive bidder. The cost of executing the pilot scheme is on the Purchaser's account based on the quoted price of the bidder. The evaluation of the post qualification has just been completed as per a set of pre-declared performance criteria. The lowest bidder having passed the

post qualification, the public body is presently at notification stage to award the contract.

In the three cases mentioned above, we have noted that the public bodies concerned have each one attached an importance in its own manner to ensure through demonstration, live assessment or pilot scheme that they are finally choosing a proposal that is responsive and satisfies their requirements.

In light of the above, it may be said that public bodies have in a short time adapted fairly well with the reform in public procurement, and they are a privileged partner in conducting any further reform in this sector.

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*The views and opinions expressed in the signed articles are those of the authors and do not in any way commit the Procurement Policy Office.

PPO Newsletter

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