

CPB NEWS



Central Procurement Board Newsletter

Issue 05 - June 2019



Dear Reader

Hello & Welcome to our quarterly newsletter for the period April to June 2019.

This edition of the newsletter has its lot of many interesting papers and worthy news items, which I hope you will appreciate.

E-Procurement Readiness - Changes are happening at the level of the bidding procedures as e-Procurement is becoming effective from July 2019. This is deemed to expedite the bidding process, provide a better level playing field and ensure completeness in the submissions. If a bidder has not provided e.g., mandatory data and information, he will not be able to proceed further in completing his bid documents. In this context, I commend the Procurement Policy Office for the massive effort being made to empower bidders, vetters and evaluators through initiation and training sessions. The CPB staff and Board members have also attended a five half days training programme.

Value for Money is a concept which is high on the agenda of the CPB in line with global trends at international level to ensure that all projects are evaluated to achieve value for money. There is an interesting article on this subject in this edition.

Engaging with Public Bodies - This is an ongoing initiative of CPB so that the partnership between CPB and the Public Bodies, on whose behalf CPB vets, evaluates and recommends awards is built on solid grounds, and ensures best services for the communities.

Building capacity at CPB - In this era of new technologies where local expertise is short in experience, CPB is taking step through a framework agreement to accessing external expertise for highly specialized services for the purposes of vetting and carrying out due diligence.

Talks at CPB - CPB is organising a series of monthly talks for its staff on subjects such as new technologies which inevitably is challenging for all to adapt to, given that the world order is changing. The concept of adapt or perish has never been truer.

We kindly urge you to visit our website at www.cpb.govmu.org where you will find much more detailed information on the status of the various bids under consideration.

Happy reading. Drop us a line, if you have any comments, please.

Chairperson, CPB

Raj H Prayag PDSM

June 2019

In This Issue

- Chairman's Message
- Value for Money in Public Procurement
- Building Capacity at the CPB
- Engaging with Public Bodies Workshops
- The Artificial Intelligence of Things
- Training in e-PS
- Project Status

Moving towards a new concept of “Value for Money” for Public Procurement

The Public Procurement Act 2006 which was modelled after the UNCITRAL procurement model law 1994 has been based on very rigid competitive tendering principles. By formulating a model law on Procurement UNCITRAL was aiming to address inadequate or obsolete legislations, which were at the root of many countries failing to derive adequate value in return of money spent from public funds.

The model law proved to be a useful tool in the hands of many governments, which went on to reform their Public Procurement Systems based on the model law's general principles.

In 2004 UNCITRAL decided to update the model law with a view to consolidate from experience gained and to reflect new practices such as e-procurement.

The UNCITRAL model law on Public Procurement published in 2011 was the result of a complete reform of the 1994 model law.

It is equally important to note that, at about the same time, the World Bank undertook a major review, for the first time in its history, of its whole approach towards procurement and came up with a new framework in 2016, with a particular vision whereby Procurement needs to be regarded within a “fit for purpose” perspective, with greater emphasis being laid on the “value for money” concept.

In Mauritius we did not opt for a reform of the PPA 2006 but rather bringing amendments reflecting customisations from the UNCITRAL 2011 revision. The law vaguely expresses the desire for achieving value for money in public procurement but does not prescribe its methodology, leaving it to regulations. While it is believed that the rigid Procurement System may not have eradicated corruption there is, in addition, a strong presumption that public sector projects are not achieving value for money. There may therefore be a need to further address and redefine Public Procurement main policy.

The State Procurement Board of the Government of South Australia has come up with a very interesting concept of “Public Value”¹, which it articulates in the context of its Procurement Policy Framework. The concept itself is quite simple to understand; it requires that every project that is submitted to cabinet for approval be accompanied by a ‘Public Value Scorecard’ where public value outcomes are clearly defined. Delivery of public value outcomes is then dependent on three ‘Strategic Triangle’ requirements:

Define the **Public Value** outcomes and identify the intended beneficiaries.

Legitimacy and Support –engage with the intended beneficiaries as well as the authorities approving the project with a view to enlist their support and get their buy-in.

Operational capability – ensure mobilisation of the required resources with capacity to deliver the required outcomes.

Perhaps we could be inspired by the South Australian model and try to emulate such a concept while setting our goals and objectives. We may need to redesign our procedures and principles in terms of “economy”, “efficiency” and “effectiveness”, the overarching principles of the “value for money” concept, without compromising on system integrity.

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There is now worldwide consensus that Value for Money is, more than less, defined as the optimal use of Taxpayers' resources to achieve the intended procurement objectives while taking into consideration whole life cycle costs (Total cost of Ownership) and non-monetary objectives in its determination and assessment.

Price alone may not necessarily represent value for money. Even the World Bank, as elaborated in its Policy Paper, has now considerably moved away from its original lowest price paradigm and aversion to negotiated procedures.

The value for money concept needs to permeate throughout the procurement cycle, from needs assessment to contract management and payment, with procurement itself being regarded as a strategic function.

1. *Value for Money Guideline v1.0, State Procurement Board, Government of South Australia.*

Capacity Building at the CPB

According to the Public Procurement Act (PPA), the Board shall, in respect of major contracts, strive to achieve the highest standards of transparency and equity in the execution of its duties, taking into account the evaluation and qualification criteria and methodology disclosed in the bidding documents, equality of opportunity to all bidders, fairness of treatment to all parties, the need to obtain the best value for money in terms of price, quality and delivery having regard to set specifications and finally transparency of process and decisions.

Under the Chairmanship of Mr. Prayag, the Board has agreed that “business as usual” was no more on the agenda. As such, it is a permanent questioning of almost every single task being carried out at the CPB so that all the processing stages regarding major contracts at the CPB are efficient and expeditious and ultimately ensure that the values stipulated in the PPA are faithfully demonstrated by the CPB.

Amongst other decisions, the CPB is in discussion with the European Union to hire expert services to assist the CPB by recommending improvements to the current procedures including methods and best practices that would lead the CPB to achieve yet higher standards of transparency and equity in the execution of its duties.

One of the main features of the assignment is to provide a gap analysis after benchmarking world best practices in public procurement. It will then cover capacity building of the staff of the CPB involved in the processing of major contracts at all stages. It is expected that those staff, mainly the Principal Central Procurement Officers/Central Procurement Officers (PCPOs/CPOs) and the Engineers are adequately trained in determining the suitability of evaluation and qualification criteria with regards to fairness and transparency.

Evaluators, who are to be selected by the CPB for major contracts, shall also benefit from this assignment as it is expected that they will be trained on, or at least exposed to, best practices for evaluation methods and techniques.

The “value for money concept” (VFM), another aspect valued by the Board will also be included in this assignment, The Board is actually requesting appropriate assistance from experts in the practical application of VFM in the handling of major contracts.

Engaging with Public Bodies- 2nd & 3rd Workshops held on 17 May 2019 & 14 June 2019

In March 2019 the CPB organized a workshop for high level officials from various ministries (see Issue 04 of our newsletter). In the same series, the Board engaged in further discussions with officers responsible for preparation of bid documents at a half-day workshop on 17 May 2019 held at the CPB. The objectives of the interaction were again to work with the Public Bodies to improve the quality of bidding documents and to minimize the vetting time.

27 members from various Public Bodies attended along with a representative of the Procurement Policy Office and about 20 staff members of the CPB. The themes chosen were:

Shortcomings in draft bidding documents
Cost Estimates and their importance
Design-Build concept, their advantages and disadvantages
Activity Schedule v/s BOQ
Engaging with Public Bodies
Value for Money concept.

The workshop generated a lot of discussions and participation by the attendees. Q&A which followed raised concern, inter alia, on **Communication with CPB, Cost Estimates, Reply to Challenges by Public Bodies and Review at IRP, E-Procurement and Marking Criteria for Evaluation.**

At the request of the Ministry of Health and Quality of Life, the CPB has organised a similar workshop at Labourdonnais Waterfront Hotel on Friday 14 June 2019 for the benefit of their staff. Some 40 participants attended the workshop and again the workshop covered the various aspects of the tender process which have proven to be constraints leading to delays in the processing.

Through open discussions and interactions, much of the recurring shortcomings were addressed. Experience has shown again and again that clarity of the bidding documents, realistic requests with



regard to standards and project personnel and cost estimates not reflecting market prices have led to many bids being found to be non-compliant. Officers of the Ministry raised queries on: Estimates and shelf-life of pharmaceutical products, Market surveys, Sole suppliers, Taylor-made specifications, Time required for replying to clarifications from bidders, Lifecycle costing, Repairs to equipment, Maintenance cost, etc.

It is hoped that such collaboration with our stakeholders will give the anticipated result in quality of bidding documents and shorten the procurement process. CPB is fully committed to engaging with all Public Bodies with regard to all aspects of the bidding procedures and is confident that by producing better bidding documents at source, vetting time will be greatly reduced leading to expeditious award of contracts.

The Artificial Intelligence of Things

On 07 June 2019, Dr Kavi Kumar Khedo, Associate Professor, Department of Digital Technologies, University of Mauritius, was invited to give a talk about **The Artificial Intelligence of Things: From Smart Connected Devices to Artificially Intelligent Things and Services**

For the uninitiated, his presentation offered an ideal rundown of Artificial Intelligence (AI). The question of AI being a threat was raised at the very beginning. However, as the presentation progressed, it discussed the basics necessary for understanding AI. The most basic question of 'what is AI' was answered.



Dr. Khedo made a brief history of AI and discussed the recent advances in the field of AI. He went through the list of various areas where AI currently sees practical application. Fascinating uses that AI can be put to in the future was also found in the presentation. The two approaches of achieving AI, machine learning and deep learning, was touched upon.

All in all, this presentation served as explaining:

- How the Internet of Things (IoT) is an emerging multi-faceted area with significant technical, social, and economic importance.
- How everyday objects, goods, vehicles and utility components are being combined with internet connectivity and AI capabilities which transform the way we work, live, and play.
- How the IoT engages a broad set of ideas that are complex and intertwined from different perspectives.
- How emerging IoT application areas including smart cities, precision medicine, and precision machining are progressing.
- How smart connected devices to AI things and services are evolving.

Training in e-Procurement System (e-PS)



The Central Procurement Board (CPB) participated in a five half day training session at the Polytechnics, Réduit on the e-PS. The objective was to build capacity of the Board Members and staff of the CPB so that the latter are fully conversant with the e-PS of Government to conduct the tasks of online vetting of bidding documents and review of bid evaluation for major contracts.

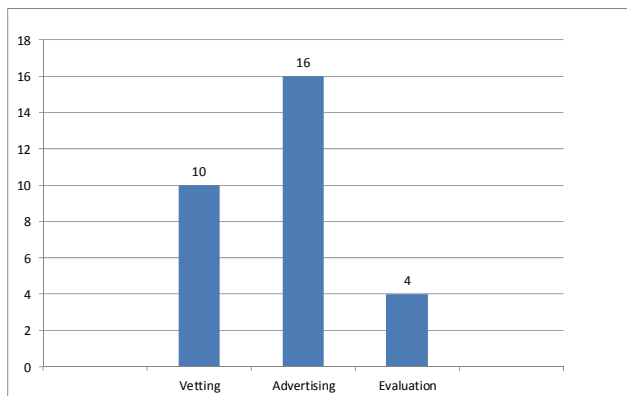
The training was dispensed by Mr. P. Goburdhun, formerly a Member of the Procurement Policy Office (PPO). PPO has engaged an Indian IT firm to automate procurement activities of public bodies and also those of the CPB.

In this global environment, automation is perceived as a must and a standard which most modern Governments must embrace. E-procurement is therefore acknowledged as a necessary breakthrough from conventional practices and in line with Government's objective for innovative, transparent, and efficient digital services.

However, one should be alive to the fact that e-technology not only comes with a cost but requires sweeping changes in work culture and ways of doing business by all the concerned stakeholders. To implement e-procurement successfully, account of must be taken as to whether there is the right choice of consultant or service provider for the project and whether the latter has the necessary expertise, skills, experience and knowledge. There is at the outset the need to identify and understand the needs of a large spectrum of stakeholders, public bodies, some heavy spenders of public funds and those which spend less, the bidding community (small scale, large enterprises, local and international and finally the CPB whose core activities are procurement. There are therefore a 'pot pourri' of needs that have been recognized and customized.

PROJECT STATUS

As at 30 June 2019, the CPB was handling 30 procurement projects falling under the category of major contracts. Out of those, 10 projects were at vetting stage, 16 at bidding stage and 4 at evaluation stage (graph below).



Vision

To be the model for efficient and effective public procurement in Mauritius

Mission

To ensure value for money in public procurement and timely acquisition through a fair and transparent process

Core Values

Transparency - Integrity -
Ethical Practice - Equality/
Fairness - Accountability

Contact Us

Give us a call for more information and visit our website for additional information.

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