



Republic of Mauritius

ANNUAL REPORT

2016/2017

PROCUREMENT POLICY OFFICE

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT



ANNUAL REPORT

2016 /2017

PROCUREMENT POLICY OFFICE

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

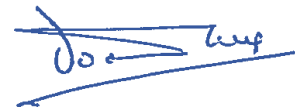
TABLE OF CONTENTS

FOREWORD	3
Vision, Mission and Strategic Objectives	4
PART A - Overview	8
1.0 Quick Facts	9
2.0 Purpose of Public Procurement	11
3.0 The Public Procurement Legal Framework	11
4.0 The stakeholders in Public Procurement System	12
5.0 Benchmarking of Public Procurement by the World Bank Group	16
PART B - Procurement Trend	18
6.0 Procurement Policy	19
7.0 Public Procurement Trend	19
8.0 SME Participation	22
Part C - Innovation	24
9.0 e-Procurement System: A catalyst for reforming public services	25
10.0 Framework Agreement	28
11.0 Promoting Build Operate Transfer (BOT) Projects	29
Part D - Interaction	31
12.0 Interaction with Stakeholders	32
13.0 Knowledge sharing with neighbouring countries	33
Annex I – Public Procurement Process at a Glance	35
Annex II – 10 - Step BOT Project Process	36

In compliance with the statutory requirement as per section 7B of the Public Procurement Act 2006 for the Procurement Policy Office to report its activities for the previous financial year, I herewith submit the Annual Report of the Office for 2016/2017.

The Report highlights quick facts on the value of procurement contracts awarded during the year, implementation of measures to improve public procurement and progress made in the implementation of the e-Procurement System.

The challenge for the Office will continue to be scaling up capacity building of officials involved in procurement so as to generate better outcomes in each procurement exercise.



M. Dhoorundhur

Director

11 December 2017

VISION, MISSION AND STRATEGIC OBJECTIVES



Vision

“A world class procurement system for Mauritius”



Mission

“Promote the development of a modern and efficient public procurement system for Mauritius based on international best practices through close monitoring, regular audits, review, capacity building and research”

Maximise economy and efficiency in public procurement and obtain best value for public expenditures



Promote competition and foster participation in public procurement proceedings

Strategic



Promote integrity, fairness, accountability and public confidence in the public procurement process



**integrity
and
fairness**

Objectives



Contribute to the economic development of the Republic of Mauritius through an efficient public procurement system and capacity building.

Provide equal opportunity and equitable treatment to all suppliers and bidders



Ensure transparency in the procedures, processes and decisions relating to public procurement

PART A

OVERVIEW

“You need to understand what you are buying, and why, how it will affect your business, and what the potential risks are. That detailed understanding may be beyond the scope of a procurement department.”

Owen Williams



- Quick Facts
- Purpose of Public Procurement
- The Public Procurement Legal Framework
- The Stakeholders in Public Procurement System
- Benchmarking of Public Procurement by the World Bank Group

1.0 QUICK FACTS

Table 1: Total Number of Public Procurement Contracts Awarded (above Rs 100,000)

Category of Procurement	2011	2012	2013	2014	2015	2016 (Jan-June)	2016/2017
Goods	2,171	1,666	3,525	4,184	3,792	1,825	3,739
Works	577	422	596	725	651	462	664
Consultancy Services	54	26	139	175	113	36	217
Other Services	347	436	579	856	973	465	868
Total	3,149	2,550	4,839	5,940	5,529	2,788	5,488

Source: Figures computed from returns submitted by public bodies

Table 2: Value of Public Procurement Contracts (above Rs 100,000) awarded (Rs B)

Category of Procurement	2011	2012	2013	2014	2015	2016 (Jan-June)	2016/2017
Goods	2.26	4.82	5.34	4.64	5.24	2.53	5.03
Works	5.89	3.10	6.14	9.92	3.36	1.90	9.61
Consultancy Services	0.07	0.16	0.58	0.52	0.29	0.80	0.32
Other Services	0.38	1.63	1.54	1.61	1.60	0.89	1.64
Total value of contracts awarded	8.60	9.71	13.6	16.69	10.49	6.12	16.61

Source: Figures computed from returns submitted by public bodies

Table 3: Value of Public Contracts awarded to SMEs (above Rs 100,000) (Rs M)

Category of Procurement	2012	2013	2014	2015	2016 (Jan-June)	2016 /2017
Goods	211.7	757.7	654.7	747.9	498.1	516.9
Works	187.3	650.1	432.7	813.3	321.7	676.6
Consultancy Services	4.1	27.0	17.2	12.9	6.7	13.6
Other Services	70.0	221.3	252.3	189.1	144.1	226.7
Total	473.1	1,656.1	1,356.9	1,763.2	970.6	1,433.8

Source: Figures computed from returns submitted by public bodies

Note: Data compiled as from year 2012

Table 4: Value of Contracts awarded to SMEs (above Rs 100,000) as a percentage of Total Value of all Contracts

Value of Contracts	2012	2013	2014	2015	2016 (Jan-June)	2016 /2017
SMEs only (Rs M)	473	1,656	1,357	1,763	971	1,434
All Contracts (Rs M)	9,707	14,666	16,685	10,496	5,412	16,606
Percentage of Contracts to SMEs	4.9 %	11.3 %	8.1 %	16.8 %	17.9 %	8.64 %

Source: Figures computed from returns submitted by public bodies

Table 5: Cases filed at Independent Review Panel

Details	2011	2012	2013	2014	2015	2016 (Jan-June)	2016 /2017
No. of cases	35	40	35	44	38	15	32
Merit	9	10	7	20	15	3	12
No merit	10	13	10	8	9	2	7
Withdrawn	9	6	13	4	5	6	8
Cases dismissed	1	4	2	9	2	0	0
Set aside	5	5	3	3	7	3	5
Cancelled by Public Body	1	1	0	0	0	0	0
Outside delay	0	1	0	0	0	1	0

Source: Independent Review Panel (IRP) – Previous years figures have been updated

2.0 PURPOSE OF PUBLIC PROCUREMENT

2.1 Public procurement is the process of procuring goods, works, consultancy services and other services for the operational requirements of public bodies and for the latter to deliver on the socio economic development objectives of the government with the beneficiaries being economic operators and the general public. It involves the use of public funds and as such, procurement proceedings should be carried out with efficiency, effectiveness and ethics whilst ensuring transparency and competition to achieve value for money.

2.2 However, for these principles to be applied with consistency by public bodies they require an appropriate legal framework which not only provides for how the procurement proceedings should be carried out, but also how the anti-competitive behavior, including market rigging by suppliers is dealt with; the risk and act of corrupt practice are averted and attended to; contractors and consultants in the construction and building industry are rated, and finally how the rights of all parties involved are protected. Section three below highlights these aspects.

3.0 THE PUBLIC PROCUREMENT LEGAL FRAMEWORK

3.1 In the context of public procurement reform, the Public Procurement Act (PPA) which was passed in the National Assembly in December 2006 became effective in January 2008. The transitional period to its effectiveness was to enable the setting up of procurement institutions and capacity building of officials to enable the transition to the new procurement environment by January 2008. The PPA, as a framework procurement law, is internationally benchmarked on the procurement principles and procedures of the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Public Procurement.

3.2 As stated in its preamble, the PPA provides for “the basic principles and procedures to be applied in, and regulate, the public procurement of goods, public works, consultancy services, and other services and for the institutions responsible for those matters.”

3.3 The PPA also exempts public bodies, as listed in the Schedule of the Public Procurement Regulations 2008, from the application of the Act for the procurement of specified types of contracts. These bodies should, however, establish their own procurement rules for such exempt contracts. Furthermore, it provides for circumstances where the provisions of the Act do not apply, including those procurement under an agreement or arrangement with a foreign State which allows Mauritius to benefit from the expertise and development experience of that State in a particular field or where a project is to be implemented through grants or concessionary funding from a foreign State on conditions imposed by the latter.

3.4 To complement the PPA, a number of regulations have been made under section 61 of the Act, namely the Public Procurement Regulations 2008 as amended, the Public Procurement (Suspension and Debarment) Regulations 2008, the Public Procurement (Disqualification) Regulations 2009, the Public Procurement (Framework Agreement)

Regulations 2008, the Public Procurement (Diplomatic Missions of Mauritius) Regulations 2014 and the Public Procurement (Electronic Bidding System) Regulations 2015. To facilitate public bodies carry out their procurement, PPO has issued Standard Bidding Documents, Circulars, Directives and Guidelines which are posted on the PPO's website.

3.5 While the PPA sets the principles and procedures for procurement of goods, works, consultancy services and other services from suppliers, public bodies can also engage with suppliers under public private partnership arrangements, including the build, operate and transfer for delivery of their requirements. For that purpose, the Public-Private Partnership Act 2005 and as amended, its section 3 provides that the BOT Projects Unit shall deal with all matters relating to public-private partnership projects. The Build Operate Transfer Projects Act 2016 establishes the BOT Projects Unit in the PPO and provides for "a legal framework for the execution of projects under Build Operate Transfer (BOT) agreements."

3.6 The PPO has conceptualised and developed an interactive version of the PPA known as "PPA with Links", which is unique in the African region. It is accessible through PPO's website <http://ppo.govmu.org> and has been operational since February 2017.



3.7 PPA with Links enables procurement practitioners to surf on the content of PPA linking with its Regulations and all PPO's Directives, Circulars and Guidelines. Stakeholders are encouraged to use this tool for quick referencing and to enhance their knowledge in public procurement.

4.0 THE STAKEHOLDERS IN PUBLIC PROCUREMENT SYSTEM

4.1 There are eight main stakeholders involved in the public procurement system, namely the Procurement Policy Office, the Central Procurement Board, the Independent Review Panel, Public Bodies, Bidders, the Construction and Industry Development Board, the Independent Commission Against Corruption (ICAC) and the Competition Commission Mauritius.

(i) Procurement Policy Office (PPO)

4.2 The PPO, is set up under section 4 of the PPA with the functions to:

- (a) issue instructions to public bodies concerning the coordination of their actions with the Policy Office, the Board and the Review Panel;
- (aa) where appropriate, designate a public body to enter into and manage a framework agreement on its own behalf and that of other public bodies, or on behalf of other public bodies;

- (b) formulate policies relating to procurement, including directives, procedures, instructions, technical notes and manuals, for the implementation of this Act;
- (c) issue standard forms of contracts, bidding documents, pre-qualification documents, requests for proposals and other similar documents for mandatory use by every public body implementing procurement;
- (d) collect from the Board, the Review Panel and public bodies information on procurement activities and monitor their compliance with this Act;
- (da) act as a focal point to guide the Board and public bodies with a view to ensuring consistency in the application of this Act and any regulations made under this Act;
- (db) attend to complaints from bidders or suppliers and advise the Board or public bodies on the appropriate course of action;
- (e) recommend, and facilitate the implementation of, measures to improve the functioning of the procurement system, including the operation of annual procurement planning, the introduction of information and communications technology and the dissemination of publications and the setting up of websites dedicated to procurement;
- (f) prepare and conduct training programmes for public officials, contractors and suppliers concerning procurement;
- (g) solicit the views of the business community on the effectiveness of the procurement system;
- (h) present an annual report to the Minister regarding the overall functioning of the procurement system;
- (i) communicate and cooperate with international institutions and other foreign entities on matters of procurement;
- (j) advise on and monitor foreign technical assistance in the field of procurement;
- (k) advise the Financial Secretary regarding delegation of financial authority to public officers enabling them to approve contract awards and changes to contracts of a financial nature and the annual review of such delegations; and
- (l) perform such other functions as may be assigned to it by the Financial Secretary

(ii) Central Procurement Board (CPB)

4.3 The CPB is established under section 8 of the PPA. It has the responsibility to approve the award of major contracts by public bodies, the values of which exceed the prescribed amounts as stated in the Schedule to the Act. The Act provides that, in respect of major contracts, the CPB shall :

- a) establish appropriate internal procedures for the operations of the Board and ensure compliance with them;
- b) vet bidding documents and notices submitted to it by public bodies;

- c) receive and publicly open bids;
- d) select persons from a list of qualified evaluators maintained by it to act as members of a bid evaluation committee and oversee the examination and evaluation of bids;
- e) review the recommendations of a bid evaluation committee and –
 - (i) approve the award of the contract; or
 - (ii) require the evaluation committee to make a fresh or further evaluation on specified grounds; and -
- f) review the recommendations of a public body with respect to an amendment that increases the contract value pursuant to section 25(2)(c) or (d) or 46(3), or a variation pursuant to section 46(4) and –
 - (i) approve the variation or amendment proposed;
 - (ii) require the public body to make a fresh recommendation; or
 - (iii) reject the variation or amendment proposed.

4.4 Notwithstanding the provisions of the Public Procurement Act, the Board –

- (a) shall approve all documents relating to the bid;
- (b) shall authorise, approve and carry out pre-selection exercises;
- (c) shall authorise, the advertisement, invitation locally or internationally, as the case may be, and call for bids;
- (d) shall examine and evaluate bids; and
- (e) may approve the award,

of a public-private partnership project in the manner provided for under the Public-Private Partnership Act 2004.

(iii) Independent Review Panel (IRP)

4.5 The IRP is established under section 44 of the PPA to review applications from unsatisfied bidders, who have in a first instance challenged the procurement proceedings by a public body. The Public Procurement Regulations 2008, as amended, provides for requirements of the review process. With a view to discouraging frivolous applications, applicants to the IRP have to submit a security deposit along with their applications for review. This amount is forfeited if the application is determined to have been made on frivolous grounds. Furthermore, as the procurement proceeding is suspended once a case is filed with IRP, the IRP is required to determine the case expeditiously within a period of 30 days, failing which the public body shall award the contract. Where a public body considers that delaying the award of a contract which is suspended by IRP would seriously jeopardise the contract deliverables, the public body may issue a certificate of urgency to the IRP, in which case the IRP waives the suspension and the public body may

proceed with the award of the contract. **Table 5** reports on cases dealt at the level of the IRP. The findings of each case are posted on the PPO website.

(iv) Public bodies

4.6 A public body as defined in the PPA is “any Ministry or other agency of the Government ” and includes a local authority; a parastatal body and such other bodies specified in the Schedule to the Act. There are 204 such public bodies responsible for public procurement of goods, works, consultancy or other services. They are heterogeneous in terms of administrative structure as well as value of procurement.

4.7 A public body is responsible to itself carry out all procurement proceedings in respect of contracts whose value fall below the amount prescribed for it in the Schedule to the PPA. For value of contracts above its prescribed amount, whilst the public body prepares the bidding documents and floats the Invitation for Bids (IFBs), the CPB is responsible for vetting the documents prior to launching, receipt and opening of the bids, evaluation of the bids and recommending the award of contract by the public body.

(v) Bidders

4.8 An important stakeholder in the public procurement process is the bidder. According to the PPA, a bidder refers to a participant or potential participant in the public procurement exercise, from whom a public body acquires goods, works, or consultancy or other services by purchase, lease or any other contractual means. The number of suppliers operating in the specific market varying from single supplier to multiple suppliers influences the choice of procurement method and the associated procurement proceedings.

(vi) The Construction Industry Development Board (CIDB)

4.9 The CIDB is a statutory body established under the CIDB Act of 2008. One of the core functions of the CIDB is the registration of both local and international Contractors (under different grades in terms of value of building and construction works they can undertake) and registration of Consultants in the construction industry. As per the CIDB Act, only registered contractors and Consultants can participate in a bidding exercise and be awarded a public contract. Consequently, this provision is a mandatory eligibility requirement in all procurement exercises for construction and building works.

(vii) The Independent Commission Against Corruption (ICAC)

4.10 Public procurement involves the delivery of goods, works, consultancy services and other services to public bodies against a consideration price. The contract prices may range from a few hundreds rupees to billions of rupees. As there are a number of persons involved in the procurement cycle, there is always risks of malpractice, particularly in a loose regulatory environment. In this respect, whilst the PPA provides for debarment

of suppliers for such malpractices, the role of the ICAC mitigates such risks and acts of corruptions are investigated and are subject to sanctions. Section 20 of the Prevention of Corruption Act 2002, provides for the Commission to:

- a) educate the public against corruption;
- b) enlist and foster public support in combating corruption;
- c) receive and consider any allegation that a corruption offence has been committed;
- d) detect or investigate any act of corruption;
- e) investigate the conduct of any public official which, in its opinion, is connected with or conducive to, corruption;
- f) monitor, in such manner as it considers appropriate, the implementation of any contract awarded by a public body, with a view to ensuring that no irregularity or impropriety is involved therein; and
- g) examine the practices and procedures of any public body in order to facilitate the discovery of acts of corruption and to secure the revision of methods of work or procedures which, in its opinion, may be conducive to corruption.

(viii) The Competition Commission Mauritius (CCM)

4.11 The CCM is a statutory body established in 2009 to enforce the Competition Act 2007. This Act establishes a competition regime in Mauritius under which the CCM can investigate and sanction possible anticompetitive behaviour of bidders, like engaging in fixing prices or market sharing. As fair treatment of suppliers and enforcing competition in public procurement are amongst the basic principles of public procurement, the PPO has a Memorandum of Understanding for collaboration with CCM for sharing of information and reporting suspected cases of anticompetitive practices.

4.12 Notwithstanding the above, unsatisfied parties may seek judicial review in respect of decisions related to procurement taken by the respective institutions.

5.0 BENCHMARKING OF PUBLIC PROCUREMENT BY THE WORLD BANK GROUP

5.1 The forward to the World Bank "BENCHMARKING PUBLIC PROCUREMENT 2017 ASSESSMENT OF PUBLIC PROCUREMENT REGULATORY SYSTEMS IN 180 COUNTRIES" states that:

"public procurement is a powerful lever for achieving economic, environmental, technological, and social goals. In recent years, the amount of procurement expenditure has been increasing, and with it, so has public demand for greater transparency and efficiency.

Despite its importance and the greater attention being paid to public procurement, global information about the public procurement market is still scarce. Comparable, reliable, and systematically collected information is crucial for all stakeholders involved in

the procurement process: from the private sector companies that submit bids, in order to take advantage of procurement opportunities and optimize their chances of accessing the public market; to government entities that seek goods and services, in order to ensure that they are informed of what the market has to offer and to achieve better value for money; and ultimately to citizens, who want to ensure that their tax money is being spent wisely on high-quality public goods and services”.

5.2 The report is aimed at meeting the various needs of different stakeholders for information, analysis, and policy action, including ease of doing business.

5.3 The report presents “*global data and analyses the legal and regulatory environments that affect the ability of the private sector companies to do business with government. It covers two thematic pillars: the procurement process from needs assessment to implementation of procurement contract, and complaint review mechanism*”. The benchmarking covers eight areas in the procurement process and the **Table 6** below lists the scores that have been attributed to Mauritius in those areas.

Table 6: Scores attributed to Mauritius

	Areas in procurement Benchmark	Scores
1	Needs assessment, call for tender, and bid preparation	65
2	Bid submission phase	57
3	Bid opening, evaluation, and contract award phase	79
4	Content and management of the procurement contract	73
5	Bid security/Performance guarantee	34
6	Payment of suppliers	37
7	Complaints submitted to the first tier review body	not marked
8	Complaints submitted to the second tier review body	not marked

5.4 For bid opening, evaluation, and award phase, Mauritius is among the top five out of the 180 countries. Lesser mark is scored for bid security/ Performance guarantee as there is no other alternative forms of bid security or performance guarantee that is accepted other than a Bank Guarantee. On payment side, the report noted longer periods than the average ranging from 30 to 60 days from the receipt of invoices.

5.5 In this context, the PPO has already initiated various measures with a view to improving the score of Mauritius, including scaling up the implementation of e-procurement. Countries having reached higher maturity in the implementation of e-procurement have been attributed overall higher scores as e-procurement allows better supplier and public body performance in doing business in the areas assessed.

PART B

PROCUREMENT TREND

"If you cannot measure it, you cannot control it"

Lord Kelvin



- Procurement Policy
- Public Procurement Trend
- SME Participation

6.0 PROCUREMENT POLICY

6.1 Whilst the objective of achieving economy, efficiency, effectiveness with ethics in public procurement is imperative, the public procurement environment needs to be periodically reviewed to align with Governments' new policies.

Budget Measures relating to Public Procurement

6.2 Over the reported period, Government announced the following policy decisions relating to public procurement as part of Budget 2017/2018 exercise:

- (i) the need to improve procurement planning by Ministries and Departments with a view to better prepare the procurement process right from the start and getting better procurement outcomes, and
- (ii) Amending the PPA to:
 - (a) allow a Public Body, in a bidding exercise, to exclude bidders whose performance in previous public contract has shown deficiencies including failure to deliver or perform with regard to contractual requirements but does not warrant a formal disqualification;
 - (b) reinforce the powers of the Director, Procurement Policy Office to explicitly enforce debarment of non performing suppliers as per provisions of the Act; and
 - (c) specify the types of works contracts and values thereof that may be reserved for small and medium enterprises.

7.0 PUBLIC PROCUREMENT TREND

7.1 This section analyses data on contracts awarded by public bodies to suppliers during the reported period. The data on procurement contracts has been compiled by the Office from returns submitted by public bodies pursuant to section 7(d) of the PPA.

7.2 It is to be noted that, for the period 2011 to 2015 the data is on a calendar reporting year basis. With the change in Government's Budget year reporting from a calendar

year to a financial year (July – June) as from 2016, the procurement data for 2016/17 have been reported on financial year basis as well. Additionally, to capture procurement awards during the transition and for significance in trend analysis, the procurement data for January-June 2016 have also been reported.

Analysis of the Number of Contracts Awarded

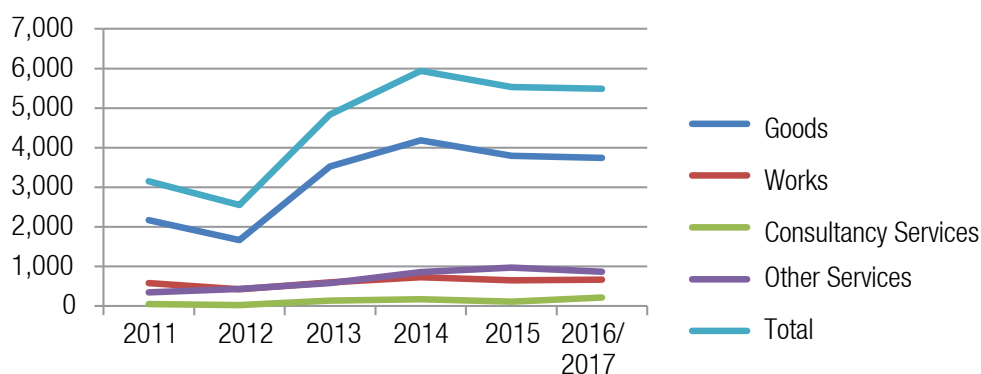
7.3 An analysis of the total number of contracts (above Rs 100,000) awarded by public bodies through public procurement between year 2015 and financial year 2016/2017 shows a non-significant decline of 0.7% , with the number of contracts decreasing from 5529 in calendar year 2015 to 5488 in financial year 2016/2017. An analysis of the various categories of procurement indicates a decrease in the number of contracts awarded for goods (-1.4%) and for other services (-10.8%) as opposed to an increase in the number of contracts for works (+2.0%) and consultancy services (+92.04%) during the same period. **Table 7** details the number of contracts awarded over the past six years as per category of procurement with **Figure 1** depicting the trend over the period.

Table 7: Number of Public Procurement Contracts Awarded (above Rs 100,000)

Category of Procurement	2011	2012	2013	2014	2015	2016 (Jan-June)	2016 /2017
Goods	2,171	1,666	3,525	4,184	3,792	1,825	3,739
Works	577	422	596	725	651	462	664
Consultancy Services	54	26	139	175	113	36	217
Other Services	347	436	579	856	973	465	868
Total	3,149	2,550	4,839	5,940	5,529	2,788	5,488

Source: Figures computed from returns submitted by public bodies

Figure 1: Trend in the Number of Contracts Awarded



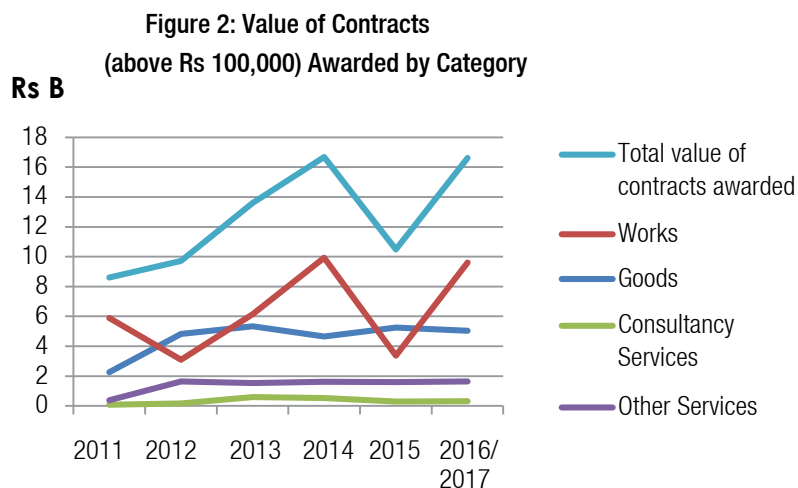
Analysis by Value of Public Procurement Contracts

7.4 It is observed that despite the decrease in the number of contracts awarded (above Rs 100,000) as compared to the value of the contracts awarded between year 2015 and financial year 2016/2017, the total value of the contracts shot up by 58.3%, with an increase from Rs 10.5 B to Rs 16.6 B. This rising trend is mainly attributed to a boost in works contracts by 186% from Rs 3.36 B in 2015 to Rs 9.61 B in financial year 2016/2017. The value of contracts awarded for the other procurement categories also moved upward, with total value of consultancy services contract increasing by 10.3% from Rs 290 M in 2015 to Rs 320 M in 2016/2017 and value of other services contracts increasing by 2.5% from Rs 1.6 B in 2015 to Rs 1.64 B in 2016/2017. **Table 8** details the values of public contracts (above Rs 100,000) for the period covering January 2011 to June 2017. The trend is depicted in **Figure 2**.

Table 8: Value of Public Procurement Contracts (above Rs 100,000) Awarded (Rs B)

Procurement Category	2011	2012	2013	2014	2015	2016 (Jan-June)	2016 /2017
Goods	2.26	4.82	5.34	4.64	5.24	2.53	5.03
Works	5.89	3.10	6.14	9.92	3.36	1.90	9.61
Consultancy Services	0.07	0.16	0.58	0.52	0.29	0.80	0.32
Other Services	0.38	1.63	1.54	1.61	1.60	0.89	1.64
Total value of contracts awarded	8.60	9.71	13.6	16.69	10.49	6.12	16.61

Source: Figures computed from returns submitted by public bodies



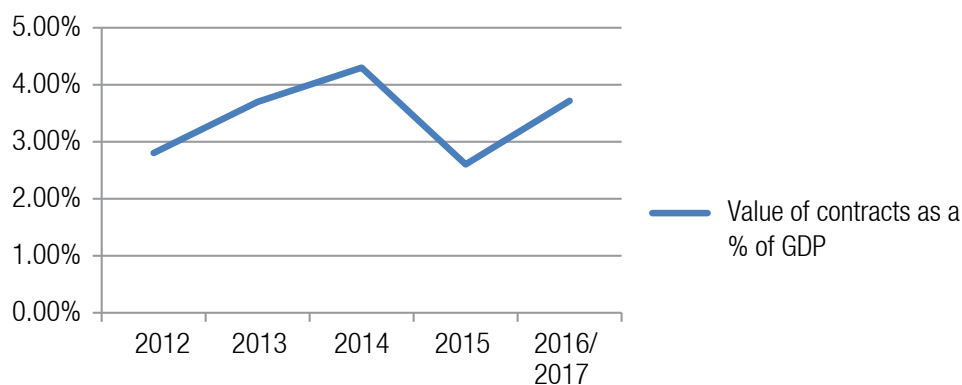
Share of Value of Public Contracts awarded in the National Economy

7.5 The contribution of public procurement to the national economy showed an upward trend in financial year 2016/2017. This is indicated in **Table 9** with an increase in the total value of public procurement contracts (above Rs 100,000) awarded as a percentage of Gross Domestic Product (at current market price) from 2.6 % in calendar year 2015 to 3.7 % in financial year 2016/2017. **Figure 3** illustrates the increase in 2016/2017.

Table 9: Value of Public Procurement Contracts Awarded (above Rs 100,000) as a percentage of Gross Domestic Product

Procurement Category	2012	2013	2014	2015	2016/2017
Total value of contracts awarded (Rs B)	9.71	13.6	16.69	10.49	16.61
Gross Domestic Product (GDP) at current market prices (Rs B)	349.40	371.05	392.06	409.89	447.16
Total value of contracts as a percentage of GDP	2.8%	3.7%	4.3%	2.6%	3.7%

Figure 3: Value of contracts (above Rs 100,000) as a Percentage of GDP



8.0 SME PARTICIPATION

8.1 The total value of contracts (above Rs 100,000) awarded to Small and Medium Enterprises (SMEs) decreased by 18.7 % from Rs 1,763 million in calendar year 2015 to Rs 1,434 million in financial year 2016/2017, as shown in **Table 10**. This decline is mainly attributed to the decrease in value of contracts awarded for goods (-30.9%) and works (-16.8%). In contrast, the value of contracts awarded to SMEs for consultancy services and other services have shown increases of 5.4% and 19.8% respectively.

Table 10: Value of Public Contracts Awarded to SMEs per Category of Procurement (above Rs 100,000) (Rs M)

Category of Procurement	2012	2013	2014	2015	2016 (Jan-June)	2016/ 2017
Goods	211.7	757.7	654.7	747.9	498.1	516.9
Works	187.3	650.1	432.7	813.3	321.7	676.6
Consultancy Services	4.1	27.0	17.2	12.9	6.7	13.6
Other Services	70.0	221.3	252.3	189.1	144.1	226.7
Total	473.1	1,656.1	1,356.9	1,763.2	970.6	1,433.8

Source: Figures computed from returns submitted by public bodies

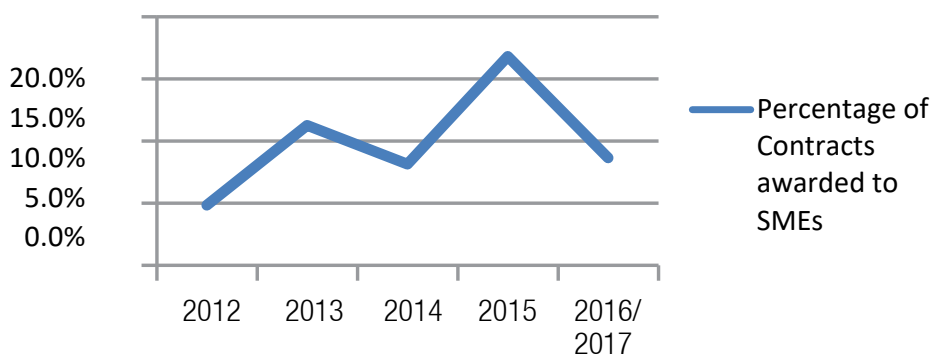
Note: Data compiled as from year 2012

8.2 **Table 11** indicates a fall in the share of the value of contracts awarded to SMEs as a proportion to all contracts awarded by public bodies decreasing from 16.8% in calendar year 2015 to 8.64% in financial year 2016/2017. **Figure 4** depicts the share of SMEs in public contracts over the last five years

Table 11: Value of Contracts awarded to SMEs (above Rs 100,000) as a Percentage of Total Value of all Contracts

Category of Procurement	2012	2013	2014	2015	2016 (Jan-June)	2016/ 2017
SMEs only (Rs M)	473	1,656	1,357	1,763	971	1,434
All Contracts (Rs M)	9,707	14,666	16,685	10,496	5,412	16,606
Percentage of Contracts to SMEs	4.9 %	11.3 %	8.1 %	16.8 %	17.9 %	8.64 %

Source: Figures computed from returns submitted by public bodies

Figure 4: Value Public Contracts awarded to SMEs as % of total contracts

PART C

INNOVATION

“Innovation is the market introduction of a technical or organizational novelty, not just its invention.”

Joseph A. Schumpeter



- e-Procurement System: A catalyst for reforming public services
- Framework Agreement
- Promoting Build Operate Transfer (BOT)

9.0 E-PROCUREMENT SYSTEM: A CATALYST FOR REFORMING PUBLIC SERVICES

9.1 In line with the vision of the Office for “A world class procurement system for Mauritius, the e-Procurement System (e-PS) is a national IT project to digitalise all public procurement processes in the Republic of Mauritius. Setup and managed by the PPO, the e-PS is a web based platform that enables public bodies to prepare and publish their invitation for bids, receive and evaluate bids and notify bidders of awards online. Similarly, bidders use the system to prepare and securely submit their bids online using a Digital Signature Certificate (DSC) which provides encryption of the bid data and authentication of the submission, maintaining integrity and confidentiality of the bid data. The DSC can be bought online through a website setup by the Certifying Authority and is available to local and international bidders through the Mauritius Post Ltd. The e-PS is hosted at the Government Online Centre which provides 24/7 availability of the e-PS, hence opening the government business on a 24/7 basis to both local and international suppliers.

9.2 The objectives of the e-PS are to improve the way suppliers do business with government by bringing efficiency, speed, cost savings, transparency and accountability to public procurement processes, paperless procurement transactions, and also contributing to ease of doing business. Whilst a lack of transparency has often been attributed to public procurement processes, with the setting up of the e-PS, users of the system are assigned specific roles with all the procurement workflows and processes accounted for through Management Information System reports and System Audit Trails, thus improving transparency and accountability. On the other hand, a bidder is system driven to file his bid on line which improves on the level of bid responsiveness.

9.3 Software development of the e-PS started in January 2014, with successful launching of the first e-Tender by Mauritius Police Force on 28 September 2015. Since, 15 public bodies have embarked on the e-PS, and to date 569 electronic bids have been processed, for an estimated contract value of Rs 3.2 Billion. It is reported that since implementation of e-PS, there has been a reduction in prices quoted as compared to similar procurement exercises conducted prior to e-PS.

9.4. The project entered into the warranty stage on 1 August 2017, with a five year maintenance period set to start on 1st August 2018. Onboarding of the remaining public bodies and scaling up publishing of bids on the e-PS would be an ongoing activity. The PPO, has developed and uses an onboarding plan for a public body to use the e-PS to publish its first e-tender in a 6-weeks programme followed by a process of consolidation with increase in the number of e-tenders, till e-tendering becomes a routine activity in the public body. In that programme, the Public Body is assigned a staff as a Single Point of Contact (SPOC) at PPO, the e-Readiness of the public body is assessed, and PPO officers

train e-PS users at the Mauritius Civil Service College. PPO facilitators provide hand-holding support during the first couple of e-tenders. All the way through, an e-Procurement Help Desk at PPO provides technical support to bidders via e-mail, telephone or remote desktop interventions, coupled with ongoing training sessions provided by the PPO throughout the year. The e-PS also caters for bids from international bidders with PPO providing suppliers' self-training videos on YouTube channel Procurement Policy Office and technical support through the e-Procurement Help Desk.

e-Procurement Capacity Building

9.5 Capacity building is crucial for successful implementation of e-PS seamlessly with traditional paper based procurement, in parallel, until all public bodies join e-PS for their e-tendering.

Training of Public Officers

9.6 A three prong approach has been adopted to train public officers involved in operating the e-PS in each public body namely:

- 1) **Offsite training:** This training program consists of nine training sessions conducted at Civil Service College of Mauritius (CSCM) in a dedicated new training room with all technical facilities to accommodate 30 trainees. Upon meeting qualifying requirements, including successfully completing an e procurement assignment, the CSCM awards a certificate of achievement to the trainees. A pool of resources, namely trainers and associate trainers and training materials are provided by the PPO and the cost of training is met by PPO. A train the trainer pedagogical model was adopted for scalability and identifying future potential trainers or associate trainers that then join the pool of resources.



- 2) **Onsite training:** This consists of one week training conducted on the premises of the public body with each user seated in his usual office environment. The objectives of the onsite training are to:
 - a. Reinforce the learning carried out during the offsite training;
 - b. Train public officers who did not attend the offsite training because of their responsibilities within the public body that did not permit them to be available for offsite training; and
 - c. Use a mock of the target e-tender to go through the whole procurement process flow from preparation of an e- tender to its evaluation and award.

- 3) **Hand holding:** This consists of the PPO, availing of its officers, called facilitators, to support the officers of the public body through the process of:
 - a. preparation, review, approval, publishing and closing of the e-tender;
 - b. opening and evaluation of e-bids; and
 - c. award of the e-tender.

9.7 The hand holding continues up to 5 e-tenders, by then the public body gets the confidence and maturity to become independent of the PPO in carrying out operations on the e-PS with continued remote support from the e-Procurement Help Desk as required.

Training of Suppliers

9.8 As the e-PS is the platform for enabling public bodies to interact with suppliers to carry out procurement, suppliers as counterparts have to be equally trained to submit bids online.

9.9 In this respect, whenever an e-tender was published by a Public Body, the PPO contacted the Public Body's usual suppliers and offered a free program of training consisting of three consecutive half day capacity building sessions by PPO trainers in PPO premises. Furthermore, in order not to miss any potential supplier a notice for supplier training on e-PS was publicised in the local papers for the e-tender.

9.10 In order to cater for international suppliers, the PPO has created supplier's self-training materials. So far, 382 nominated persons from 240 companies have been trained by PPO in 147 training sessions totaling 454 contact hours.

Training of Officers of the National Audit Office

9.11 For the National Audit to carry out statutory duties, officers of the National Audit Office were trained to acquaint themselves with the e-PS so that they would in time be able to carry audit of the e-tenders.

10.0 FRAMEWORK AGREEMENT

10.1 The PPO has assisted nine Public Bodies in implementing projects under 20 framework agreements. The number of framework agreements in operation as at 30th June 2017 is listed in **Table 12** below:

Table 12: Framework Agreements in operation as at 30th June 2017

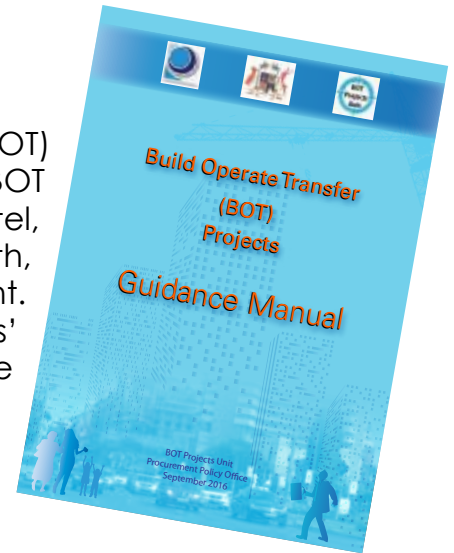
Sn	Titles	Period	Annual Estimated aggregate amount Rs Million	Public Body
1	Framework Agreement for Maintenance and Minor Works	(2014-2016) ext. to 2017	600.0	Road Development Authority
2	Framework Agreement for Road edge Repair and Associated Minor Works	2016-2018	0.2	
3	Framework Agreement for Hired Labour	2016-2018	0.3	
4	Framework Agreement for Fixing of New Handrails and Associated Minor Works	2016-2018	1.0	
5	Framework Agreement for Lopping of Branches and Cutting of Trees	2016-2018	0.7	
6	Framework Agreement for Cleaning of Open Drains and Associated Minor Works	2016-2018	0.2	
7	Framework Agreement for Fixing of New Guardrails and Associated Minor Works	2016-2018	0.6	
8	Framework Agreement for Cleaning, Desilting of Covered Drain and Associated Minor Works	2016-2018	1.7	
9	Framework Agreement for Vegetation Control and Associated Minor Works	2016-2018	0.3	
10	Framework Agreement for Consultancy Services for Drains, Roadworks and Amenities Project	Jan2016 - Jan2018	50.0	National Development Unit
11	Framework Agreement for the Construction and Upgrading of Roads and Associated Civil Works	Dec 2015 - Dec2017	175.0	
12	Framework Agreement for Construction and Upgrading of Drains and Associated Works	Jan2016 - Jan2018	375.0	
13	Framework Agreement for Construction and Upgrading of Amenities and Associated Works	Feb 2016 - Feb2018	125.0	
14	Framework Agreement Maintenance, Repairs & Rehabilitation of government Buildings	June 2015-June 2017	500.0	Ministry of Public Infrastructure and Land Transport
15	Procurement of Motor Gasoline and Gas Oil	Dec 2016-Nov2019	300.0	MPI –Lead organisation
16	Supply of gas oil under frame work agreement	Dec 2016-Dec2019	160.0	Cargo Handling Corporation Ltd
17	Framework Agreement for Underground Networks	Nov 2015-Nov 2017	25.0	Central Electricity Board
18	Design and Construction of House Connections in the Sewered Areas of Mauritius	Aug 2016-Aug 2017	50.0	Wastewater Management Authority
19	Minor Works for Pipe laying & Ancillary Works for Zones 1 to 6	Jun 2016-Jun 2018	45.0	Central Water Authority
20	SKYGOVNET Framework agreement	Jun 2017-Jun 2019	161.0	Ministry of Technology Communication and Innovation
	TOTAL ANNUAL ESTIMATES		2,571	

10.2 The total annual aggregate amount spent under framework agreements for the reported period is Rs 2.6 billion, representing 16% of the value of public procurement contract (with value above Rs 100,000) awarded.

11.0 PROMOTING BUILD OPERATE TRANSFER (BOT) PROJECTS

Issue of Guidance Manual

11.1 Following enactment of the Build Operate Transfer (BOT) Projects Act in April 2016, the BOT Projects Unit published a BOT Guidance Manual which was launched at the Hennessy Park Hotel, Ebene on 28 September 2016 by Hon. Pravind Kumar Jugnauth, the then Minister of Finance and Economic Development. Representatives of Business Enterprise; Mauritius Bankers' Association; public bodies and the private sector attended the function.



11.2 The Guidance Manual consists of two parts, with Part A elaborating on the 10-step process starting from the identification of a BOT Project up to the tabling of the signed BOT Agreement in the National Assembly. Part B of the Manual describes the process to be followed for a BOT Project being implemented under a Government to Government (G 2 G) Agreement. A copy of the Manual can be downloaded from the BOT Projects Unit website

<http://bot.govmu.org>

11.3 The launching was followed by a two-day Workshop (28-29 September 2016) organised jointly by the PPO and the African Legal Support Facility of African Development Bank.

11.4 The Workshop covered, amongst others, the following topics:

- a) Introduction to BOT Projects;
- b) Preparing and Reviewing a BOT Business Case;
- c) Case Studies on BOT Projects;
- d) Reaching Financial Close; and
- e) Contractual Framework for implementing a good BOT Project



BOT Workshop 28 – 29 September 2016 at Hennessy Park Hotel

Capacity Building for BOT Projects

11.5 The process for procuring BOT/PPP projects and their implementation differs from that under the traditional public procurement. Whilst public officers as well as the suppliers are accustomed to traditional procurement, they are less familiar with BOT/PPP processes. This justifies the need for a comprehensive capacity building and sensitization program for BOT/PPP projects in Mauritius.

11.6 In line with the above, the BOT Projects Unit of the PPO, as per its mandate under section 5(e) of the BOT Projects Act conducted two important capacity building activities during the reported period as described below.

BOT/PPP Workshops at Trianon Convention Centre

11.7 The BOT Projects Unit partnered with the African Legal Support Facility (ALSF) of the African Development Bank to organize two focused Workshops from 14 to 17 February 2017. The PPO took charge of the logistics for the workshops and the ALSF recruited two resource persons, namely, Mr. Domenico Ferrari, Senior Associate, Nabarro LLP and Dr George Nwangwu, Associate Director, Africa PPP Advisory Services to act as resource persons.



Mr. D. Ferrari

11.8 The first two-day workshop held from 14 to 15 February 2017 was dedicated to the members of the Central Procurement Board. The second two-day workshop was carried out on 16 and 17 February 2017 for the private sector, namely, members of the Building and Civil Engineering Contractor’s Association and the Mauritius Bankers’ Association.



Members from the CPB



Members from BACECA & MBA

Online course on PPP Skills and Competency Development

11.9 An online course on “PPP Skills and Competency Development” was ran between 12 April 2017 to 16 June 2017 and was offered to 25 public officers who would act as focal points for BOT Projects in their respective public bodies. The course was sponsored by the PPO and conducted by the Institute for Public-Private Partnership (IP3), based in Washington. The flexibility of the course was that the public officers could access the materials and respond to their assignments at any time. A Certificate was issued to the successful participants on 31 August 2017.



Certificate Award Ceremony held on 31st August 2017 for Online Course on PPP Skills and Competency Development

PART D

INTERACTION

“Group interaction amplifies and multiplies people’s first initiatives”



- Interaction with stakeholders
- Knowledge sharing with neighbouring countries

12.0 INTERACTION WITH STAKEHOLDERS

12.1 As per section 7(db) of the Public Procurement Act, the PPO is responsible to “attend to complaints from bidders or suppliers and advise the Board [Central Procurement] or public bodies on the appropriate course of action”.

Advice to Stakeholders

12.2 The PPO provides advice to stakeholders through various communication means including by phone, e-mail, and letters or through meetings. According to PPO's records, 218 written advices were provided to Ministries/Departments and Parastatal bodies during the reported period. The top management (Director and two members) of the PPO had 635 problem solving and new initiative meetings with public procurement stakeholders.

12.3 PPO and CPB held nine schematic working sessions to facilitate procurement process and to advise stakeholders accordingly.

Complaints from bidders/ suppliers

12.4 During the reported period, 69 letters of complaints were received from suppliers against public bodies, for which the PPO initiated appropriate actions and took remedial measures where required.

Complaints from Public Bodies

12.5 As per the records, around 50 cases were reported to the PPO against suppliers.

Collaboration with Independent Commission Against Corruption (ICAC)

12.6 The PPO has collaborated with the ICAC in respect of 11 cases that were being investigated by the latter during the reported period.

Suspension, Disqualification & Debarment

12.7 For the Financial year 2016/2017, five new cases were reported to the PPO for disqualification. This Office screens complaints and determines whether a violation has occurred. Otherwise, the complaint is closed. Any proposal for sanctions requires that

the grounds are communicated to the defaulting bidder. The procedures in the PPA do not require for personal appearances unless so requested by the bidder/supplier under notice of disqualification. The Director of PPO is mandated to assess whether an alleged violation has taken place, and if so, will determine the appropriate sanction.

12.8 Furthermore as stated earlier the PPA has been amended in section 35 to allow a Public Body to itself impose intermediate sanction to exclude a bidder, in a bidding exercise, whose performance in a previous public contract has been deficient notwithstanding the fact that the bidder is not disqualified.

12.9 Debarment/Suspension imposed by PPO is the highest level of sanction under the PPA which debars the sanctioned supplier to participate in any bidding exercise of public bodies during its debarment period that can be up to a maximum period of 5 years.

Compliance Monitoring

12.10 Information on procurement activities mentioned in the Quick Facts were compiled by the Compliance Monitoring Unit of the PPO pursuant to Section 7 (d) of the Public Procurement Act (PPA) 2006 which requires the latter to collect from the CPB, IRP and the Public Bodies all information on procurement activities.

12.11 During the reported period emphasis was laid on proactive compliance with a view to avoid duplication of tasks on procurement audit that were carried out by the National Audit Office and the Internal Control Unit aimed at public bodies achieving higher efficiency and effectiveness in the procurement process. In this respect, the PPO issued a comprehensive "Procurement Guidelines on Procurement Structure in Public Bodies". It requires putting in place appropriate procurement structures with functional attributions to promote procurement governance for effective delivery of procurement outcomes.

13.0 KNOWLEDGE SHARING WITH NEIGHBOURING COUNTRIES

13.1 During the reported time, delegations from Swaziland and Madagascar visited PPO to learn from Mauritian procurement experience.

Visit of Delegation from Swaziland

13.2 A delegation from Swaziland was on a study tour at the PPO from Monday 14 November to 17 November 2016 to learn about the Public Procurement System and public procurement reforms in Mauritius.

13.3 The delegation was composed of the following officers from the Swaziland Public Procurement Regulatory Authority (SPPRA):

1. Mbuso Brian Dlamini
2. Ncamiso Mavuso
3. Thulile Sifundza
4. Buhle Bongani Dlamini
5. Madoda Mngomezulu



Visit of Delegations from Madagascar

13.4 A delegation from Madagascar for the Projet d'Appui à la Gouvernance Institutionnelle (PAGI) visited the PPO on 2 March 2017. The delegation was composed of:

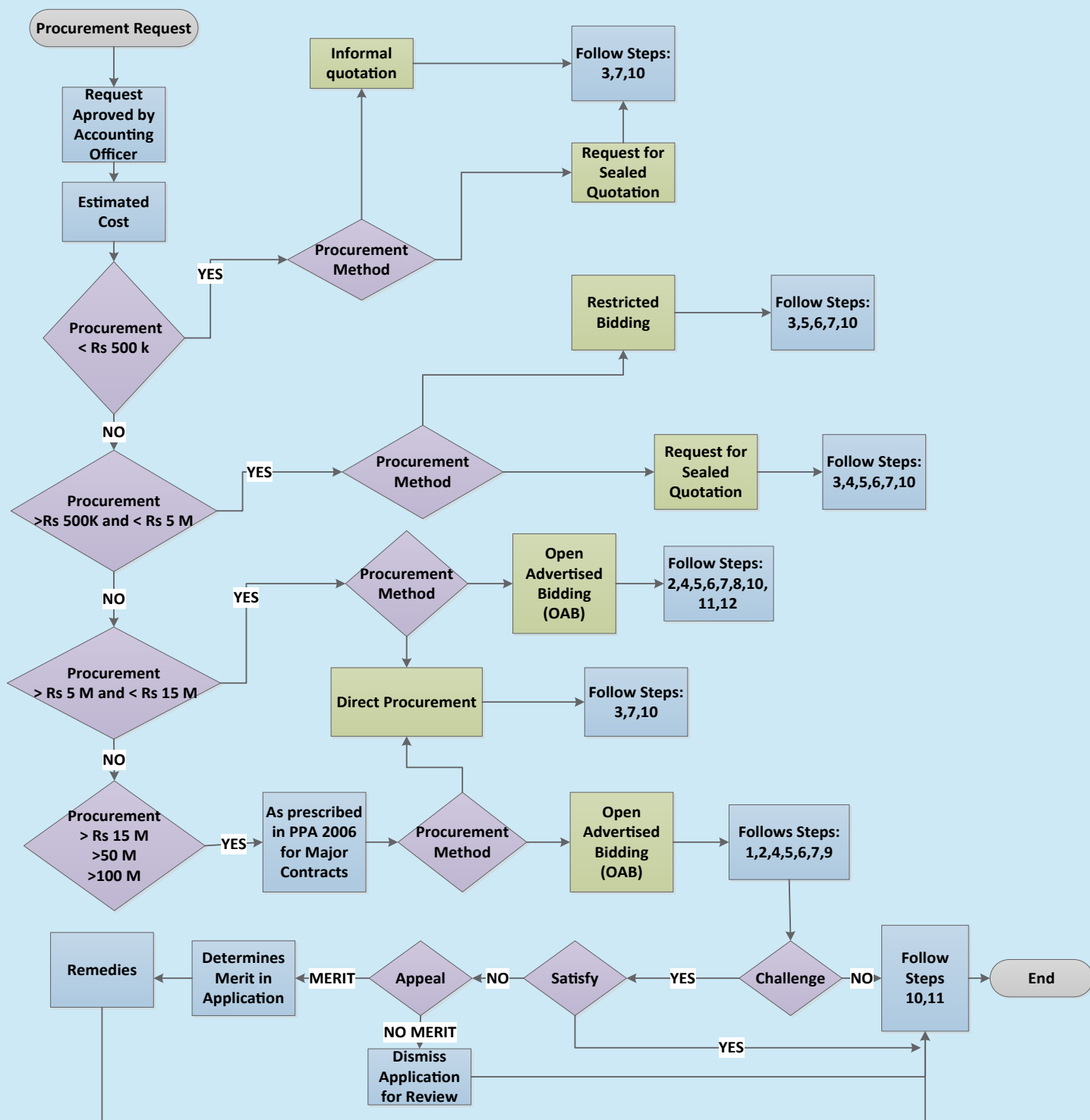
- (i) Ralala Roger Pierre
- (ii) Rakotonirina S. Florence
- (iii) Andrianarivelo Rado
- (iv) Rahetlah Herilala
- (v) Rakotondrazaka Rado Tsilavina
- (vi) Rakotoharinivo Antsaniana
- (vii) Rabenilalana Tiana Riambatosoa
- (viii) Nirina Harimisa Mamitahina Lalaina
- (ix) Landiharinirina Annie Sandrine
- (x) Andriamampianina Telesphore
- (xi) Andriatsarahoby Edmée
- (xii) Rasolonjatovo Rasoanaivo Ida
- (xiii) Tata Zafitsara Delor
- (xiv) Rakotomalala Noella Charlie
- (xv) Rabarison Nambinintsoa Alexandrine
- (xvi) Andrianasolo Verohanta Dorotheé



13.5 Another delegation from Madagascar visited the PPO on 13 April 2017. The delegation was composed of 40 auditors from L' Ecole National d'Administration de Madagascar (ENAM).

13.6 From 28 September 2016 to 30 September 2016, a further delegation from the National Board of Madagascar visited the PPO.

ANNEX 1 - PUBLIC PROCUREMENT PROCESS AT A GLANCE



- Step 1-Send document to Central Procurement Board for vetting
- Step 2-Advertise in Newspaper/ Portal
- Step 3-Direct Invitation
- Step 4-Bid Opening
- Step 5-Bid Evaluation
- Step 6- Bid Evaluation Committee (BEC)
- Step 7- Approval of Bid
- Step 8-Notice of Award
- Step 9- Notification of Award
- Step 10-Award of Contract to successful Bidder
- Step 11- Publication of award on website
- Step 12-Debriefing of unsuccessful suppliers

FLOWCHART



* "Contracting authority" means a Ministry, a Government department, a local authority, the Rodrigues Regional Assembly, a statutory body or any other Government-owned entity, or Government-controlled entity, designated by Government.

**The Director
Procurement Policy Office**

Ministry of Finance and Economic Development
8th Floor, Emmanuel Anquetil Building, Port-Louis
Tel: (230) 201-3760, Fax: (230) 201-3758
Email: pposecretariat@govmu.org