INDEPENDENT REVIEW PANEL

In the matter of:

Consortium MAN/Sotravic

(Applicant)

v/s

Central Electricity Board

(Respondent)

(Cause No. 18/10/IRP)

Decision

A. Background

- 1. The Central Electricity Board (referred to hereinafter as Public Body) using the open advertised bidding method invited bids on 15 January 2010 through local newspapers, development websites as well as via Central Electricity Board website for the extension of Pointe Monnier Power Station Phase II for Rodrigues (Tender No. CPB/6/2010). The extension involves civil works, buildings and common equipment, with an optional price for a second generating unit and auxiliary equipment. The deadline for the submission of bids was 09 March 2010 by 1300 hrs and public opening was scheduled for the same day at 14.00 hrs. The deadline for the submission of bids was re-scheduled for 30 March 2010 with public opening on the same day at 14.00 hrs through addendum no. 2. Two addenda and three tender clarifications were issued to all bidders that had purchased the tender documents.
- 2. Four bids were received by the closing date of 30 March 2010 and the names of the bidders as well as all relevant details of their bid price were read out at the public opening held at the Central

Procurement Board in Rose Hill. The Central Procurement Board, then appointed a Bid Evaluation Committee to evaluate the four bids received. The Bid Evaluation Committee submitted its report to the Central Procurement Board on 22 May 2010. Mr D. Bingham Consultant to the Central Electricity Board on that project assisted the Bid Evaluation Committee.

3. The Committee concluded at paragraph 17 page 20 of its report that "The BEC considers that the bid submitted by bidder BWSC with the lowest capital cost, lowest Total Evaluated Cost and greatest overall awarded marks from the evaluation is substantially responsive to tender requirements."

At paragraph 18 the following is recommended:

"The BEC recommends that the Contract be awarded to the lowest evaluated and complying Bidder BWSC for the sum of Euro 9,042,679 plus MUR 122,786,378 subject to clarifications given at items 19(a) and 19(b)."

- 4. The Bid Evaluation Committee assisted by technical experts from the Central Electricity Board held five clarifications meetings with the selected bidder during the period 14 June 2010 to 18 June 2010 at the Central Procurement Board. Mr David Bingham assisted the Bid Evaluation Committee once again. A clarification report was submitted on 18 June 2010. The report indicates that the clarification meetings were satisfactorily concluded on 18 June 2010 with no outstanding issues requiring clarification. Burmeister and Wain Scandinavian Contractor (BWSC) was recommended for an award for the sum of Euro 8,995,679 plus MUR 122,786,378 exclusive of VAT.
- 5. The Central Procurement Board informed the Public Body on 23 June 2010 that the four bids received had been evaluated and that it has approved the award of the contract for the project to Burmeister and Wain Scandinavian Contractor (BWSC) for the sum of Euro 8,995,679 plus MUR 122,786,378 exclusive of VAT. The Public Body informed all bidders of the outcome of the bidding exercise on 09 July 2010.
- 6. The Consortium Man/Sotravic (referred to hereinafter as Applicant and aggrieved bidder) aggrieved by the decision of the Public Body to award the contract to Burmeister and Wain Scandinavian Contractor challenged it on 19 July 2010. The Central Electricity Board replied to the challenge on 23 July 2010. The aggrieved bidder still dissatisfied with the decision of the Public Body submitted a request for review to the Panel on 04 August 2010.

- 7. Pursuant to section 45(4) of the Public Procurement Act 2006, the Panel informed the Public Body on 04 August 2010 that the procurement proceedings were suspended until the appeal was heard and determined. The Panel forwarded a copy of the application for review to the Chairman of the Central Procurement Board on 04 August 2010. On 05 August 2010, the Public Body was requested to make available to the Panel all relevant information and documentation in respect to that procurement contract. Additionally the comments of the Public Body on the application for review were also sought.
- 8. The Central Electricity Board submitted the following documents to the Panel on 10 August 2010:
 - Bidding documents (soft copy on CD)
 - Clarifications and addenda
 - Notification for award
 - Challenge from Consortium MAN/Sotravic and related response.

The Public Body was requested anew to submit its comments on the application for review by the aggrieved bidder. The Public Body informed that it had not received a copy of the application for review. To this, the aggrieved bidder replied by letter on the same day with a photocopy of its dispatch both to demonstrate that a copy of the application for review was indeed received by the Central Electricity Board on 05 August 2010.

On 11 August 2010, the Panel requested copy of bids of successful and aggrieved bidders respectively and evaluation report from the Central Procurement Board.

9. On 12 August 2010, the Public Body requested the Central Procurement Board a full set of bids received from all bidders in connection with the Pointe Monnier Power Station Extension project in order to: (i) reply to the application for review made by the Applicant and (ii) to provide a detailed debriefing to another unsuccessful bidder, Anglo Belgium Corporation.

The Central Procurement Board replied to the Central Electricity Board on 13 August 2010 and informed the latter that:

- (a) it will provide all documents directly to the Independent Review Panel upon request as per procedures agreed with the latter; and
- (b) information regarding the debriefing to Anglo Belgium Corporation will be provided in due course.

The Central Procurement Board provided all necessary documents to the Panel on 20 August 2010.

- 10. On 13 August 2010 the Central Electricity Board informed the Panel that it was in the process of retrieving the bids from the Central Procurement Board and that its consultant for the above project has requested additional time, in order to reply to the application for review submitted by Consortium MAN/Sotravic. The Central Electricity Board went on to request an extension up to 30 August 2010 to provide its comments. The Central Electricity Board conveyed the above information to the Panel once again on 16 August 2010.
- 11. The first hearing held on 30 August 2010 had to be adjourned to 20 September as the Central Electricity Board had not yet submitted its comments on the application for review. However on 15 September 2010, Mr G. Glover, S.C. for the Applicant informed the Panel that he had to travel overseas for some urgent matters and moved for a postponement of the hearing to 07 October 2010 for a full day as from 10 00 hrs. Mr R. Chetty, S.C. for the Respondent having no objection, the postponement was granted.

B. Grounds for Review

The Grounds for Review are as follows:

- "(a) as per additional details provided, in annex 1, annex 2 and annex 3 to this schedule and application, the Applicant avers that the evaluation of its bid is not correct and that he should have obtained the best evaluated cost.
- (b) The total evaluated cost calculated by the Public Body for the Applicant is wrong.
- (c) The Applicant avers that the evaluation procedure of the bid is not fair and incorrectly disadvantages his bid proposal.
- (d) The adjustments made by the Public Body to the bid of the applicant are wrong.

(e) Not satisfied with decision of public body dated 23 July 2010."

C. The Evaluation Process

1. The Pointe Monnier Power station Extension Phase II is a major contract and as such all bids received by the deadline for the submission of bids, 30 March 2010 at 13 00 hrs, were opened on the same day in public at 14 00 hrs at the Central Procurement Board. The list of bidders and prices read out at the public opening is indicated at page 4 of the Bid Evaluation Report dated 22 May 2010 as follows:

Sn	Bidder	Bid Amount (Currency)	Bid Security	VAT (INC/EXC)	REMARKS
1	Consortium MAN/Sotravic Country of origin:	Eur 8,320,000 plus Rs135,000,000	Mauritius Commercial Bank Rs 15 million Valid up to	Excluded	
2	Germany Burmeister & Wain Scandinavian Contractor A/S (BWSC) Country of origin: Denmark	Eur 8,297,679 plus Rs122,786,378	15.12.2010 Danske Bank Denmark Euro 366,000 Valid up to 25.10.2010	Excluded	
3	Anglo Belgian Corporation Country of origin: Belgium	Eur 4,532,868 plus Rs94,741,275	KBC Bank Belgium Euro 366,000 Valid up to 10.11.2010	Excluded	
4	Finning (UK) Ltd Country of origin: England	GBP 9,550,997 Plus Rs158,849,743	Lloyds TSB Bank plc UK Euro 354,000 Valid up to 27.10.2010	Excluded	

2. Pursuant to Section 11(1)(d) of the Public Procurement Act 2006 the Central Procurement Board appointed a Bid Evaluation Committee to evaluate the four bids received. The composition of the Bid Evaluation Committee is indicated at paragraph 6, page 2 of the Evaluation Report as follows:

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"Mr Suresh Chunnoo Director (Mechanical Engineering), Ministry of Public Infrastructure, Land *Transport & Shipping (Chairman)* - Chief Financial Officer, Central Water Mr Outtum Issur *Authority* - Production Manager, Central Electricity Mr Hassen Fakim Mr Eric Victor - Civil Engineer, Central Electricity Board Mr J. Kristnasawmy - Electrical Engineer, Central Electricity Board. Mr A. Khodabacus - Accountant, Central Electricity Board

Mr D. Bingham who is CEB consultant on the Project acted as a technical expert and has assisted the Bid Evaluation Committee during the evaluation exercise."

- 3. At paragraph 12.3(c), page 15 of the Evaluation Report, it is indicated that only two bidders satisfied the post-qualification criteria and also met the mandatory requirements for tender submission. The bidders were:
 - Burmeister and Wain Scandinavian Contractor
 - Consortium MAN/Sotravic
- 4. The results of the detailed analysis carried out to assess the experience, technical and commercial aspects of the proposals of the two bidders are indicated on page 16 of the Evaluation Report. Burmeister and Wain Scandinavian Contractor scored 27 marks out of a total of 30 and Consortium MAN/Sotravic 20.7 marks.

The total evaluated cost NPV€Mwh was calculated as 180.4 for Burmeister and Wain Scandinavian Contractor and 219.0 for Consortium MAN/Sotravic. Thus, Burmeister and Wain Scandinavian Contractor scored the maximum of 70 marks allocated for this item and the Consortium MAN/Sotravic57.7 on a pro-rata basis. It was concluded that the tender of Burmeister and Wain Scandinavian Contractor has both the lowest capital and operating costs and the highest awarded total marks, 97.0 against 78.4 for the Applicant.

5. The Bid Evaluation Committee considered that four optional items quoted in the offer of Burmeister and Wain Scandinavian Contractor were essential for the implementation of the project and their costs amounted to Euro 745,000. Thus the price of the bid of

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Burmeister and Wain Scandinavian Contractor would be as follows:

The tendered price (base Bid) Euro 8,297,679 + MUR 122,786,378
Four options Euro 745,000
Total Euro 9,042,679 + MUR 122,786,378

Burmeister and Wain Scandinavian Contractor was recommended for an award for Euro 9,042,679 plus MUR 122,786,378 (excluding VAT) subject to clarifications being obtained from the bidder on 50 issues listed in items 19(a) and 19(b) (page 22 to 24) of the Bid Evaluation Report.

- 6. The Central Procurement Board approved the recommendations of the Bid Evaluation Committee and invited the bidder Burmeister and Wain Scandinavian Contractor on 27 May 2010 to a meeting to clarify the issues raised. The list of items were communicated to the bidder and the meeting scheduled for 14 June 2010 at 9.30 hrs at the Central Procurement Board.
- 7. The Bid Evaluation Committee were assisted by the following technical experts from the Central Electricity Board at the clarification meetings held during the period 14 June to 18 June 2010.

"Rajden Chowdharry -Principal Engineer, Central Electricity
Board

Manoj Jahajeeah -Senior Engineer, Central Electricity Board
Yoganarden Appasamy -Senior Engineer, Central Electricity Board
David Bingham -Group Manager, Chartered Mechanical
Engineer, Parsons Brinckerhoff Ltd".

The clarification meeting was satisfactorily completed on 18 June 2010 with no outstanding issues requiring clarification. It was agreed that only three of the four optional items quoted in the offer of Burmeister and Wain Scandinavian Contractor were essential for the implementation of the project. The price of the bid for the selected bidder was thus as follows:

8. The Central Procurement Board approved the final recommendations of the Bid Evaluation Committee and informed

the Central Electricity Board on 23 June 2010 that it had approved an award to Burmeister and Wain Scandinavian Contractor for the sum of Euro 8,995,679 and MUR 122,786,378 (exclusive of VAT).

The Public Body informed all the bidders accordingly on 09 July 2010.

9. The Consortium MAN/Sotravic challenged the decision of the Public Body on 19 July and dissatisfied with the reasons given by the Public Body on 23 July 2010 submitted a request for review to the Panel on 04 August 2010. The Panel suspended the procurement proceedings on 04 August 2010 and hearings were held on 30 August, 07 October, 14 October, 18 October and 25 October 2010.

D. Submissions and Findings

- At the opening of the hearing held on 07 October 2010, Mr G. 1. Glover S.C. for the aggrieved bidder informed the Panel of the three witnesses he would call to support the application for review. He then went on to move for communication of the list of witnesses of the Public Body. Mr R. Chetty S.C. for the Public Body informed that he would call Mr D. Bingham and Mr R. Chowdharry. Mr G. Glover S.C. who had it from the Panel that Mr H. Fakim was a member of the Bid Evaluation Committee and that Mr D. Bingham assisted the Committee as Technical Expert during the evaluation exercise, objected to the presence of the two abovementioned gentlemen at the hearing and to their being called as witnesses. At that stage, Mr G. Glover S.C. stated that Mr R. Chetty S.C. was in possession of the Bid Evaluation Report and in a spirit of fairness moved that a copy of same be communicated to him. Counsel of the Public Body then moved for a short postponement to enable him to reorganise its case in the light of remarks made by Mr G. Glover S.C.
- 2. Upon resumption, Mr R. Chetty S.C. stated that Mr H. Fakim and Mr D. Bingham would neither be in attendance nor will be called as witnesses. However, he reserved his right to call Mr D. Bingham as witness later if necessary. With regards to the communication of the evaluation report he informed that the Central Procurement Board would be contacted for appropriate action.

Later Mr R. Chetty S.C. stated that the evaluation report could not be communicated to the Applicant and produced a letter from the Central Procurement Board, to the effect that "the Board considers that the Bid Evaluation Report cannot be made available to any bidder, including the successful bidder".

- 3. Upon being informed by the Panel that Mr R. Chowdharry was a member of the Clarification Committee Mr G. Glover S.C. moved that all those present in the Clarification Committee should neither be present at the hearing nor be called as witnesses. Mr R. Chetty S.C. stated that as his only available witness Mr K. Jahajeeah was also present in the Clarification Committee he could no longer proceed with the case and moved for a postponement.
- 4. On 08 October 2010 the Central Procurement Board wrote to the Panel requesting a copy of the proceedings of the Independent Review Panel hearing held on 07 October 2010. They enclosed a copy of the letter addressed to them by the Central Electricity Board on 07 October 2010 which stated "in the course of the hearing at IRP on 07 October 2010, the Counsel of Consortium MAN Sotravic has requested that a copy of the Bid Evaluation Report be made available to them. In their opinion, CEB has an advantage of having been members of the Bid Evaluation Committee".

The Panel is of the view that the letter addressed to the Central Procurement Board by the Central Electricity Board does not reflect completely the proceedings of the hearing of the Independent Review Panel which was held in the presence of several representatives of the Central Electricity Board. In fact the request for communication of a copy by counsel for the Applicant was prompted mainly by the fact that counsel for the Public Body, according to Mr G. Glover S.C. was holding a copy of the Bid Evaluation Report

5. Later the Central Procurement Board informed the Panel that after it had perused the transcript of the hearing of 07 October 2010, it felt that its legal representative Mr S. Hawaldar of Counsel should be allowed to attend the hearing of 14 October 2010 to clarify its position with respect to the evaluation report. The Panel readily acceded to its request. At the said hearing, the Central Electricity Board was represented by Mr R. Peeroo, S.C. together with Mr R. Chetty S.C. On behalf of the Central Procurement Board, Mr S. Hawaldar of Counsel stated "The Board wishes to place on records in an unambiguous manner that the Board is the depository of the original copy of the Evaluation Report and a copy of which upon application by the IRP is sent to the IRP in strict confidentiality. The

Board maintains that no such copies are in circulation or made available to anybody outside the designated people of the CPB. This is the position that the Board wishes to transmit in the context with what took place on 07 October 2010 and that is mainly the reason why I am here".

Mr R. Peeroo, S.C. for the Central Electricity Board submitted a letter dated 12 August 2010 to the Central Procurement Board and the reply of the latter dated 13 August 2010. These two letters tend to confirm that the Central Procurement Board did not provide any material for reply to the challenge and/or the request for review to the Central Electricity Board. He added that in the light of all the documents produced, it is the stand of the Central Electricity Board not to object to a re-evaluation of the bids as sought by the aggrieved bidder.

6. At the hearing held on 18 October 2010 at 14.30 hrs, the Panel informed all parties present that at 14.12 hrs on that day it had received a fax from the General Manager of the Central Electricity Board stating that "With reference to the declaration made by counsel of MAN/Sotravic at the meeting of 07 October 2010 to the effect that the Central Electricity Board has a copy of the Bid Evaluation Report. We wish to clarify as follows "The CEB does not have a copy of the Bids Evaluation Report to the Pointe Monnier Extension Project. The document which counsel of MAN/Sotravic has assumed to be a copy of the Bids Evaluation Report was actually the personal notes of Mr H. Fakim, meant for his personal use".

The Panel expressed its serious concern in respect of the contents of the fax as well as the procedure adopted by the General Manager to bring to its knowledge, some clarifications, which he would wish to make. To this, Mr R. Chetty S.C. stated that he was not aware of the move of the General Manager.

7. The Panel wrote to the Central Procurement Board to ask confirmation as to whether it had provided material to the Central Electricity Board to reply to the challenge of Consortium MAN/Sotravic dated 19 July 2010 and to the request for review dated 04 August 2010. The Central Procurement Board in its reply of 25 October 2010 referred the Panel back to the Central Electricity Board for the necessary information and went on to confirm its stand as placed on record by its counsel at the hearing held on 14 October 2010.

8. At the hearing of 25 October 2010, the General Manager of the Central Electricity Board informed the Panel that it had neither sought nor obtained material from the Central Procurement Board for reply to either the challenge or the request for review made by Consortium MAN/Sotravic. He also confirmed that the Central Electricity Board was not in possession of the Bid Evaluation He informed the Panel that when the challenge was received it was transmitted to the Consultant Mr D. Bingham for the drafting of the reply. The same procedure was adopted when comments were invited by the Panel on the application for review. He, however indicated that the replies to the challenge and the application for review had been copied to the Central Procurement Board. He also expressed his apologies for communicating directly by fax to the Panel. Mr R. Peeroo, S.C. for the Public Body stated that the Central Electricity Board would not be calling any witness and reiterated the previous stand of the Public Body to the effect that it had no objection to a re-evaluation of the bids received.

Mr G. Glover S.C. for the Applicant explained that being given the circumstances surrounding the case and the position adopted by the Public body he, too, would not be calling any witness.

Both parties moved for a determination by the Panel.

9. In the light of the bidding documents and other evidence available on record, the Panel finds that it has to determine on two fundamental issues.

(a) The composition of the Evaluation Committee

Section 11(1)(d) of the Public Procurement Act of 2006 provides:

"The Board shall 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".

Whereas Regulation 4(4) made under the said Act allows that "the Board may, following a request from a bid evaluation committee, to appoint an adviser or a technical sub-committee to assist it."

Additionally Regulation 4(6) enables "the Chief Executive Officer of the public body concerned with the procurement to designate a member of his staff to act as Secretary of the bid evaluation committee." A look at the composition of the Evaluation Committee reveals the following:

Most probably in pursuance of Regulation 4(6), the Central Electricity Board designated Mr A. Khodabacus, Accountant, Central Electricity Board to act as Secretary.

The Chairman, Mr S. Chunnoo, Director (Mechanical Engineering), is from the Ministry of Public Infrastructure, Land Transport & Shipping.

Mr O. Issur, Chief Financial Officer is from the Central Water Authority.

The other three members are all from the Public Body: Messrs H. Fakim, Production Manager, J. Kristnasawmy, Electrical Engineer and E. Victor, Civil Engineer.

If Mr H. Fakim, Production Manager from the Central Electricity Board can be considered as a person who is knowledgeable about the production of electricity which is highly relevant to the present procurement proceedings, the Panel strongly feels that engineers from other public bodies and/or private sector who are on the list of qualified evaluators maintained by the Central Procurement Board should have been designated to sit on the Bid Evaluation Committee.

It is significant to stress that as qualified evaluators should come from the list of the Central Procurement Board this connotes the idea of independency in the choice of evaluators. On the other hand, it is specifically provided that it is the Public Body who designates the Secretary. Had the legislator intended to allow several members of the staff of the Public body to serve as members of the Evaluation Committee, it would have made provisions for same as in the case of the Secretary. There is nothing which prohibits designation of an engineer from the Central Electricity Board to sit in the Evaluation Committee. But the designation of three engineers out of five members coupled with the assistance of the consultant of the Central Electricity Board on the project undoubtedly, constitute in our view serious deficiencies in the evaluation process.

It is therefore not surprising in the light of the above, that the Central Electricity Board most probably after legal advice upon the impropriety of the composition of the Committee and the significant role assigned to Mr D. Bingham in the evaluation

process took the decision not to object to a re-evaluation with a different composition of the members of the Committee. This resembles more to an admission by the Central Electricity Board of the existence of deficiencies in the composition of the Evaluation Committee set up by the Central Procurement Board.

(b) The alleged possession of the Evaluation Committee Report by members of the staff and Counsel of the Central Electricity Board

Mr G. Glover S. C. drew the attention of the Panel to the fact that Mr R. Chetty S.C. was in possession of the Bid Evaluation Report. Mr C. Dabeedin, the General Manager of the Central Electricity Board some days later thought it wise to bring clarifications about this unlawful possession of the said evaluation report which should have remained in the sole possession of the Central Procurement Board. In his fax dated 18 October 2010 he mentioned that it was the personal notes of Mr H. Fakim.

An understanding of that would mean that he admitted that Mr H. Fakim, a member of the Evaluation Committee made personal notes of the evaluation exercise and made use of it by providing it to Counsel with a view to assist him to conduct the case of the Central Electricity Board and this, in significant breach of confidentiality usually imposed upon members of the Evaluation Committee.

For the Panel, it was most improper to designate Mr D. Bingham who is the Consultant of the Central Electricity Board in the project to assist the Evaluation Committee in his capacity as Technical Expert. But there is more to it.

10. Besides being Consultant of the Central Electricity Board and Technical Expert of the Bid Evaluation Committee, Mr D. Bingham, as admitted by Mr C. Dabeedin, was the responsible officer for the drafting of the reply to both the challenge and the review. In these circumstances, the Panel can reasonably conclude on the basis of all information gathered that either Mr D. Bingham was the main author of the Bid Evaluation Report and as such had his copy or he had a copy of the Bid Evaluation Report in his possession. In either case the Panel feels that there has been a serious breach of confidentiality.

Furthermore, in the light of documentary evidence on record, it is more than obvious that the Central Electricity Board made use of material contained in the report to reply to the challenge and the application for review. At first sight, this practice may not appear so questionable. But in the present state of law of the procurement process as confirmed by the Counsel for the Central Procurement Board, the latter is the sole owner of the report which forwards a copy in confidentiality to the Independent Review Panel on request.

In our view, the above facts constitute deficiencies which have a considerable impact on the integrity and efficiency of the procurement proceedings more specially the evaluation exercise.

- 11. We have also examined the grounds of appeal of the applicant on the documents submitted. It would appear that they have been well taken, but being given the motion of both Counsel for a final determination in the light of the above and having reached the conclusion that the procurement proceedings have been heavily tainted with defects and deficiencies, the Panel does not feel the need to consider further those grounds.
- 12. For all these reasons, the Panel finds that there is merit in this application and in accordance with paragraph 10(b) and (c) of Section 45 of the Public Procurement Act 2006 recommends the annulment of the decision of the Public Body to award the contract to Burmeister and Wain Scandinavian Contractor and a reevaluation of the bids received.

The Panel considers that in order to be consistent with the spirit of the present procurement legislation, the Committee, as conceded by Counsel for the Public Body, should be comprised of a majority of members who does not come from the Central Electricity Board.

Finally, the Panel wishes to make the following observations:

One may find it odd that the Public Body (the client in procurement terms) which has to face challenge and review proceedings does not have access to the evaluation report to justify its decision of award. In practice for major contracts, it usually relies on relevant material furnished by the Central Procurement Board to reply to challenge and review proceedings. Very often the Public Body who has not participated at all in the evaluation exercise faces the appeal proceedings alone, and has to rely solely on the limited information furnished by the Central Procurement Board. This is an area which should be revisited by appropriate amendments to the prevailing legislation in order that the Public Body may feel involved in the evaluation process and have its say at the evaluation stage.

(Dr. M. Allybokus) Chairperson

(H. D. Vellien)

Member

(Mrs E. Hanoomanjee)

Member

Dated 12 November 2010