Speech by Hon Minister of Civil Service Affairs and Administrative Reforms

On the launching of the Government e-Procurement System

Monday 28 September, 2015 at 10.00 hrs. Hennessy Park Hotel, Ebene

Ag. Secretary to Cabinet and Head of Civil Service;

The Financial Secretary; Mr. Dev Manraj

The Commissioner of Police; Mr. Mario Nobin

Senior Chief Executives;

The Director, Public Procurement Office, Mr. Dhoorundhur,

Permanent Secretaries;

The Executive Director, JEC, Mr. Raj Makoond

CEOs of public organizations including parastatal organizations;

Internet service providers; Members of the press;

Distinguished Guests,

Ladies and Gentleman,

Good morning

1. It is a great pleasure for me today to be in your midst for the launching of the Government electronic procurement system (E-Procurement). I am also honored for having been requested by my colleague the Hon. Vishnu Lutchmeenaraidoo, Minister of Finance and Economic Development to launch this system which I consider to be a major administrative reform for the public service and all public sector organizations.
2. As you all know, public procurement has always been an important area of activity for Government. This is so as Public sector organisations spend huge sums of money for the procurement of goods, works and services to provide amongst others education, health, electricity, transportation, infrastructure and for maintaining law and order so as to deliver on the government programme, not only to create the environment for inclusive economic growth but also promote citizens’ welfare.

3. I wish to point out that for the year 2014; public contracts worth more than Rs 16.7 billion were approved using the traditional paper based procurement system. In the same year, 5,940 contracts for goods, works and services (each above Rs 100,000) were signed. Out of 32,290 bids processed, only 65 % were responsive. The remaining 35% were non responsive for reasons varying from unsigned and missing documents to inappropriately filled bids. All this depicts the magnitude of transactions involved in the tender procedures that have to be handled manually.

4. As a matter of fact, such unnecessary processing can to a large extent be avoided by using the e procurement system. The system will guide the supplier on each step in filling of bids and thus improve the level of bid responsiveness in a bidding exercise. For instance, based on the value of contracts approved, a one percent efficiency gain coupled with reduction in use of paper could generate savings of up to Rs 167 million. This is indeed a significant amount the more so as public resources are scarce.

5. In so far as the private sector businesses and economic operators are concerned, they have to compete to secure public contracts and thereby generate employment opportunities. In their case as well, they would welcome improvements in the bidding process.

6. As regards, the wider public, including taxpayers, they are interested in the delivery of services in an efficient, effective and economic manner and in the judicious use of public funds.
7. As a government, it is therefore our duty to put in place procedures that are simple, swift, efficient and flexible. The challenge is to strike the right balance between flexibility and adhering to the principles of transparency and good governance in public procurement. The E-procurement platform ticks all the boxes in this regard taking into account the compliance aspect.

Ladies and Gentleman

8. Government also uses public procurement to promote its sectoral policies. For instance, SMEs access to public procurement market is improved through their benefiting from margins of preference when bidding for public contracts. For instance in 2014, the value of contracts awarded to SMEs amounted to Rs 1.3 billion. Their share in public contract can be definitely increased by improving their access to public contracts through e-procurement.

9. You would have certainly noted that a single act of procurement has so many facets. Indeed, this is what makes public procurement so important, to economic operators, the citizen and to government. It is therefore the duty of Government to ensure that public bodies conduct procurement properly, as also highlighted in the annual reports of the Director of Audit.

10. I am confident that the e-procurement system will largely contribute in improving efficiency, reducing the risks of malpractices and in promoting transparency in the whole tender process in the Public Sector. Indeed in a larger perspective, E-Procurement is another significant component of the e-Government agenda in building Government’s relation with the citizen, the G2C through Internet to serve the nation more effectively.

11. Here, I wish to highlight that, already within the e-government initiative, the Registrar General’s Department has moved its services on line through its E-Registry System, a model that other public bodies should emulate. We also recognize the online
services at MRA, the Registrar of Companies, and the Board of Investment and other public organizations.

12. As more government services go online, the process of transforming traditional public administration into modern public management will be more visible in the quality of G2C services. There is no reason why today a public service cannot be put online. Service delivery can become faster, more convenient and efficient, and also save taxpayer's money. People are mobile; business is mobile, why should public services stay disconnected?

13. The e-procurement system is not far from that model. While being consistent with good public procurement practices, as a major reform initiative in the Public Service and for the whole of the public sector the e-procurement system will help, among others:

(i) catalyse transformation of the public sector in modernizing the way public bodies carry out procurement tasks;
(ii) lower transaction costs in moving from paper to digital and improve decision making by flattening bureaucracy and breaking silos;
(iii) increase speed of transactions through relaxation of time and space constraints - connect anytime from anywhere;
(iv) generate efficiency gains at industry level, for both the organization and suppliers;
(v) increase transparency and efficiency in your spending of taxpayer's money;
(vi) reduce potential for fraud and corruption in the organization;

14. To ensure the success of this new initiative, I am informed that the Procurement Policy Office has conducted extensive user training with easy to learn IT skills to operate on
the e Procurement System. By end 2016, most of the high spending public bodies and their suppliers would have been trained to reach e-procurement readiness.

15. As e-procurement will transform the way public procurement will be carried out, it has been elevated to the agenda of the Reform Steering Council of my Ministry. In fact, my Ministry is working jointly with PPO to upscale training on line to enable a larger number of public officers to familiarize with e procurement for full project roll out by end 2016.

16. Furthermore, as e-procurement can only function with the participation of private sector organisations, a joint Public Private Sector Steering Committee is overseeing the progressive rollout of the project where my Ministry is playing a significant role in synergizing capacity building programmes for on line delivery as well. The JEC and MCCI are thus our vital partners. We are appreciative to the fact that they have agreed to use their own facilities to provide e-procurement training to reach a wider private sector base. SMEDA will also join in to support SMEs to upgrade e procurement skills. With such level of involvement and commitment, there is no doubt that all the chances for project success are on our side.

Ladies and Gentlemen

17. I would like to say that the coming of the E-procurement augers well for the public service as it falls within the broad framework of civil service reform agenda of Government. In this context, I would like to point that my Ministry is driving major reforms like the Performance Management System and the Human Resource Management System. In the same breath other reforms are in the pipeline to further improve service delivery and at the same time by striking the right work-life balance through the introduction of flexible hours of attendance for public officers.

18. To conclude, I seize this opportunity to place on record my appreciation of the relentless efforts put up by all pilot organizations and in particular the Police Department in ensuring their IT readiness for becoming pioneers in adopting e-
procurement in the public service. You are indeed the trailblazers for others to follow. This goes very much in line with the Prime Minister's Vision Statement 2030 on his call for Civil Servants to act as passionate facilitators in nation building and in transforming the economy. I am very much confident that the public service and public sector organizations will stand up to this challenge and fully contribute in the transformation process of our economy for the good of our people.

Ladies and Gentleman,

19. On this note, I would like to thank you all for your kind attention and also wish you plenty of success with the e-procurement.