REPUBLIC OF KENYA

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD

REVIEW NO. 64/2010 OF 2ND DECEMBER, 2010

BETWEEN

TAI ENTERPRISES LIMITED......APPLICANT

AND

KENYA NATIONAL HIGHWAYS AUTHORITY.....PROCURING ENTITY

Review against the decision of the Tender Committee of the Kenya National Highways Authority dated 2nd December, 2010 in the matter of Tender No. KeNHA/125/2010 for Emergency Maintanace of Nangili- moi's Bridge Road (B2).

BOARD MEMBERS PRESENT

Mr. Joshua Wambua - Member, in the Chair

Ms. Loise Ruhiu - Member

Ms. Natasha Mutai - Member

Mr. Akich Okola - Member

Mr. Sospeter Kioko - Member

IN ATTENDANCE

Mr. C. R. Amoth - Secretary

Ms. Kerina A. Rota - Secretariat

PRESENT BY INVITATION

Applicant, Tai Enterprises Limited

Mr. Hilary Chemitei - Advocate, Chemitai & Co. Advocates

Eng. John. C. Cherogony - Director

Procuring Entity, Kenya National Highways Authority

Mr. Derek Ndonye - Advocate, Ndonye & Associates

Mr. Richard M. Kioko - Advocate, Ndonye & Associates

Mr. Felix Koske - Head of Procurement

Mr. N. Odingo Kajwang - Representative

Mr. Joseph Kimaru - Procurement Officer

Interested Candidate, True North Construction Company Ltd

Mr. Charles Dulo - Advocate, Dulo & Co. Advocates

Mr. Ben Sifuma - Director

BOARD'S DECISION

Upon hearing the representations of the parties and interested candidates and upon considering the information in all documents before it, the Board decides as follows: -

BACKGROUND

The Tender was advertised in the Standard Newspaper of 14th October 2010, inviting tenders for the Emergency maintenance of Nangili - Moi's Bridge Road. Tender No. KenHA/125/2010

CLOSING/OPENING:

The Tender closed/opened on 4th December 2010 at 12 noon, at KenHA headquarters Boardroom, Blue Shield Towers 3rd Floor. The following fifteen

- (15) bidders submitted their bids as at the tender closing/opening;
 - 1. Hayer Bishan Singh and Sons
 - 2. Wilkori Building and Civil Engineering Contractors Co. Ltd
 - 3. True North Construction Ltd
 - 4. Kidona Enterprises Ltd
 - 5. West Engineering Kenya Co. Ltd
 - 6. Assis Construction Co. Ltd
 - 7. Tai Enterprises Ltd
 - 8. Wallukat Investments Ltd
 - 9. Dittman Construction Ltd
 - 10. Jedrom Building and Civil Engineering Ltd
 - 11. Raman Enterprises Ltd
 - 12.Kiu Construction Co. Ltd
 - 13. Kenya Tarmac Road works Ltd
 - 14. Concordia Building and Civil Engineering Co.
 - 15. Zam Zam Construction Co. Ltd

EVALUATION

The tender evaluation was carried out in two stages namely, Completeness and Responsiveness of bids and Financial Evaluation

Preliminary Evaluation

At this stage, the Evaluation Committee evaluated the completeness and responsiveness of bids. The following parameters were used to determine responsiveness:

- i) Completeness of Bid Documents
- ii) Form of Bid and Appendix to Form of Bid

- iii) Confidential Business Questionnaire
- iv) Form of Written Power of Attorney
- v) Bills of Quantities
- vi) Eligibility
- vii)Clarity and presentation of Bid Documents

The results of the Preliminary Evaluation was as tabulated.

Bidder			Civil	Civil	ģ	Civil	Tarmac works		roi	<u></u>		ď	Sign 1	ļ ,,		卫	ьь
			Concordia (Engineering		Assis Construction co.	Wiilkori C &Biuilding	Kenya Tar Road wo	Zamzam	Kiu Construction	Hayer Bishan	6 True North	O Dittman Const.co.	laman Enterprises	21 Wallukat Inv.Ltd	Kidona Enterrprises	Tai Enterprises ltd	G. West Engineering
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
No.	Evaluation criteria	Details on criteria of evaluation															
1	Verification of completeness	Form of bid and appendix to bid	Υ	Y	Y	N/ C	Y	Y	Y	Y	Y	Y	Y	Y	Υ	Y	Y
	of hid	Power of Attorney	Y	Y	Y	Y	N/ C	Y	Y	Y	Y	Y	Y	Y	N/C	Y	Y
		Confidential business questionnaire	Y	Y	Ÿ	Y	N/ C	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Filled priced BOQ	Y	Y	Y	Y	Y	Y	Y	Y	Y	Υ	Y	Y	Y	Y	Y
2	Eligibility	Certified Certificate of incorporation	N/C	N/C	N/C	Ν/ C	N/ C	Y	Y	Y	Y	N/ C	N/ C	Y	Y	Υ	N/C
		Certified Registration with MOR category C and above	N/C	N/C	N/C	N/ C	N/ C	Y	Y	Y	Y	N/ C	N/ C	Y	Y	Y	N/C
		Bidders with more than one contract are not eligible	Υ	Y	Y	Y	Υ	Y	Y	Y	Y	Y	Y	Y	Υ	Y	Y
		Certificate of bidders visit to site	Y	Υ	Y	N/ C	N/ C	N/ C	Y	Y	Y	Y	Y	Ϋ́	Y	Υ	Y
		Certified Valid Tax compliance certificate	Υ	N/C	N/C	N/ C	N/ C	Y	Y	Y	Υ	N/ C	N/ C	Y	Y	N/C	N/C
		Certified PIN certificate	N/C	N/C	N/C	N/ C	N/ C	Y	Y	Y	Υ	N/ C	N/ C	Y	Y	Y	N/C
		Certified VAT certificate	N/C	N/C	N/C	N/ C	N/ C	Y	Y	Y	Y	N/ C	N/ C	Y	Y	Y	N/C
3	Bid Security	Amount of bid security (Kshs. 0.5m and validity of bid security (183	N/C	N/C	Υ	N/ C	N/ C	Y	Υ	Υ	Y	Y	Υ	Y	Y	Y	N/C

Bidder			Concordia Civil Engineering	Jedrom Civil Eng.ltd	Assis Construction co,	Willkori Civil &Biuilding	Kenya Tarmac Road works	Zamzam	Kiu Construction	Hayer Bishan	True North	Diltman Const.co.	Raman Enterprises	Wallukat Inv.Ltd	Kidona Entemprises	Tai Enterprises Itd	West Engineering
		+ 28 days)															
4	Financial slatus	Provision of 3yr audited financial account.	Y	N/C	N/C	N/ C	N/ C	Y	Y	Y	Υ	Y	Y	Y	Y	Υ	Y
		Evidence of credit line and availability of financial resources	N/C	Y	N/C	N/ C	N/ C	2 / C	N/ C	Y	Y	N/ C	Y	Y	Y	Y	N/C
5	Documents	One original and 2 copies	Y	Y	N	N/ C	N/ C	N	Y	Y	Y	Y	Y	Y	N	Y	Y
6	Technical Requirement s	Litigation history (sworn affidavit)	N/C	N/C	N/C	N/ C	N/ C	N/ C	N/ C	Y	Y	N/ C	Y	Y	N/C	N/C	N/C
		Schedule of major equipment	Y	Y	Ÿ	Y	N/ C	Y	Y	Y	Y	Y	Υ	Y	Y	Y	Ÿ
		Physical registered office address (Attach proof of ownership/l ease	Y	Y	Y	Υ	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Schedule of key personnel for the works	Y	Y	Y	Y	N/ C	Y	Υ	Y	Υ	Υ	Υ	Y	Y	Y	Y
		Current Workload	Y	Y	Υ	Υ	N/ C	Υ	Y	Υ	Υ	Υ	Υ	Y	Y	Y	Y
		Works undertaken in last 5 years	Y	Y	Y	Y	N/ C	Υ	Y	Y	Y	Y	Y	Y	Y	Y	Y
Acce	Acceptance for Detailed Examination		FAII.	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	PAS S	PA SS	FA] L	FA1 L	PASS	FAIL	FAIL	FAIL

Key/Legend:

Y - Yes/Signed, information is complete as required

N/C - Not Complete OR Not Certified by advocate as true copy of original

Twelve Firms including the Applicant was disqualified at this stage. The Applicant was disqualified for providing an invalid Tax Compliance Certificate and it did not attach a sworn affidavit to its documents. Three

bidders were found responsive and moved to the Financial Evaluation. They were;

- Wallukat Investments Ltd
- Hayer Bishan Singh and Sons
- True North Construction Ltd

Financial Evaluation

The parameters used in this stage were as follows;-

- i. Arithmetic Checks and correction of bid sums.
- ii. Comparisons of Tender Sums with the Engineers Estimates.
- iii. Comparison of Bills / Bill Items with Engineer's Estimates / Rates.
- iv. Sensitivity Analysis

The results of the sensitive analysis were as tabulated below.

NAME OFBIDDER	Bid Sum (Ksh.)	Rank	Contract sum with sensitive	Rank	
			items increased by 20%		
Hayer Bishan Singh & Sons	279,375,096.00	3	312,886,336.00	3	
North Construction Ltd	225,969,425.64	1	254,722,056.80	1	
Wallukat Investments Ltd	228,644,323.54	2	256,742,660.80	2	

The Evaluation Committee then recommended that the tender for the Emergency Maintenance of Nangili – Moi's Bridge Road (B2) be awarded to m/s North Construction Company Ltd.

THE TENDER COMMITTEE DECISION

The Tender Committee then adjudicated on the recommendation of the Evaluation Committee and awarded the contract for the Emergency Maintenance of Nangili – Moi's Bridge Road (B2), (KeNHA/125/2010) to M/s

True North Construction Co Ltd at their Tender Sum of Kshs. 225,969,425.64 for being the lowest evaluated bid.

THE REVIEW

The Request for Review was lodged on 2nd December, 2010 in the matter of tender No. KeNHA/125/2010 for Emergency Maintenance of Nangili - Moi's Bridge Road (B2). At the hearing, the Applicant was represented by Mr. Hilary Chemitei, Advocate while the Procuring Entity was represented by Mr. Derek Ndonye, Advocate. The Interested Candidate present included True North Construction Company Ltd represented by Mr. Charles Dulo, Advocate.

The Applicant requested the Board for the following orders:

- 1. "The decision by the Respondent herein declaring or awarding to any bidder other that the applicant herein as the successful bidder in the tender on 4.11.2010 the subject of this application be and is hereby nullified.
- 2. The notification of unsuccessful bid by the Respondent herein dated 22.11.2010 to the applicant herein be and is hereby nullified.
- 3. The applicant herein being the lowest bidder in the tender opened on 4.11.2010 be and is hereby declared the successful bidder.
- 4. Award the contract to the applicant.
- 5. Any other order that will make the ends of justice in the matter under review to be met.
- 6. Costs of the application to be borne by the Respondent"

The Applicant raised seven grounds which we deal with as follows:

GROUND NO.1

The Applicant submitted that the Procuring Entity awarded True North Construction Co. Ltd the tender despite the company having submitted a bid security which never met the requirements of Clauses 13.2.3 and 14.1 of the Tender Document and Instructions to the Tenderers. It stated that the successful bidder's bid security was to expire on 12th January, 2011 which was earlier than the required expiry period by the Procuring Entity.

The Procuring Entity in its response stated that the Successful Bidder submitted a bid which met all the requirements under Clauses 13.2.3 and 14.1 of the tender Document. It argued that the Successful Bidder's bid security had an extension of the validity date up to 3rd June, 2011. As required it stated that another company, Assis Construction Company, had also attached to its bid security a letter for extension of its security, similar to that of the Successful Bidder. It stated that, at the tender opening, the security bid for the Successful Bidder was only read on the first page but it was not noted that there was another letter of extension attached. It submitted that the letter of extension attached was detected by the Tender Evaluation Committee during the evaluation exercise. It further stated that the Successful Bidder's bid security, which had been issued by Eco bank Eldoret branch, in favor of True North Construction on 7th May 2010, had its validity extended from 12th January 2011 to expire on 3rd June 2011.

The Successful Bidder, on its part stated that, it submitted a bid security which met the requirements of Clauses 13.2.3 and 14.1 of the Tender document. It stated that its bid security was to expire on 3rd June, 2011 as extended by the

issuing Bank, Ecobank Eldoret branch. It therefore urged the Board to find no merit on the claim by the Applicant.

The Board has considered the representations of the parties and the documents presented before it.

The Board notes that:

- (i) The Tender Opening Committee in its minutes of 4th November 2010, indicated that the Successful Bidder submitted a bid security with a validity period of up to 12th January 2011.
- (ii)One unsuccessful bidder, Assis Construction Company Ltd, also according to the Tender Opening Committee minutes, submitted a bid bond with a validity period expiring 12th December 2010.
- (iii) Both these bidders had obtained their bid securities from the same bank, namely, Ecobank, Eldoret branch.
- (iv) From the Evaluation Report by the Evaluation Committee, the Committee noted that True North Construction Company Ltd, had its bid security expiring on 3rd June 2011 and similarly the same was the case for Assis construction Company.
- (v)In the Evaluation Report, both the Successful Bidder and Assiss Construction Company Ltd, were marked as responsive on the bid security with regard to amount and validity of 183 days plus 28 days.

The Board has perused the Tender documents and found that the Successful Bidder submitted a bid security dated 7th May 2010 together with a letter attached to the bid security dated 29th October, 2010 by which Ecobank extended the bid security validity date from 12th January, 2011 to 3rd June, 2011. The Board has also found that in the case of Assis,

Construction Company the validity date of the bid security dated 11th May 2010 was extended by a letter dated 29/10/2010 by the Ecobank to 3rd June 2011, also attached to the bid security.

The Board notes that this tender was opened on 4th November 2010, and according to Clause 13.2.3 the bid security ought to have been valid for 28 days beyond the bid validity period; and further Clause 14.1;- required that tenders remain valid for a period of 183 days after the Tender Opening, therefore making it a total of 211 days. In this regard, the bid securities ought to have been valid up to 3rd June 2011.

Accordingly, the Board finds that the Successful Bidder and Assis Construction Company submitted bid securities that met the requirements in terms of validity pursuant to the Procuring Entity's requirements.

Therefore, this ground of Request for Review fails.

GROUND 2

The Applicant alleged that the Successful Bidder, True North Construction Company, did not comply with Clause 17.1 of the conditions of the tender and Instructions to Tenders in that it failed to submit one original and two copies of its bid as required under the Tender Document. It argued that the Successful Bidder ought to have been disqualified for failing to meet this requirement.

The Procuring Entity in its response stated that the Successful bidder had complied with the requirements of Clause 17.1 of the conditions of Tender and Instructions to the Tenderers. It stated that, there were many tenders that were

being opened on the same day, including Tender No KeNHA/125/2010, during which the number of copies submitted under this tender, which is the subject matter in this case, got mixed up with other tenders. It further stated that the documents received from all the bidders were kept safely and were moved in different boxes for the tender opening ceremony. It submitted that due to this high number of paper work it created a mix up, and an omission occurred and one of the copies submitted by the Successful Bidder was not taken account of and hence it was erroneously recorded that the successful Bidder had submitted one copy of its bid together with an original. It further stated that, the Tender Evaluation Committee however discovered that True North Construction Company the Successful Bidder, had in fact submitted two copies and an original as required under the Tender Documents. It submitted that the Evaluation Committee owed a duty to the tenderers to check all the documents submitted and proceed under the reality as opposed to any omissions that may have occurred during the tender opening which lead to the erroneous recording of the number of copies thereof.

On its part, the Successful Bidder stated that it submitted the original bid document and two copies as required under Clause 17.1 of the tender documents. It stated that it met all the requirements of the Tender document and was hence awarded the tender in accordance with the Public Procurement Disposal Act, the Regulations and the Tender document.

The Board has considered the submissions of the parties and the documents presented before it, and notes as follows:

- (i) The Tender Opening Committee recorded in its minutes that the Successful Bidder submitted an original and only one copy of its bid instead of two copies and an original as set out in Clause 17.1.
- (ii) That the Evaluation Committee in its report noted that, contrary to the Minutes and Report of the Tender Opening Committee, the Successful Bidder had submitted one original and two copies of its bid.

On perusal, the Board finds that the original and two copies of the successful Bidder's tender submitted to the Board are duly stamped by the Procuring Entity and bear the date of 4th November 2010, and therefore satisfies the Procuring Entity's requirement as set out at Clause 17.1 of the Tender document.

Consequently, the Board finds that the Applicant's submissions have no merit and therefore this ground of the Request for Review also fails.

GROUNDS NO. 3 & 4: Breach of Section 66(4) of the Act and Regulation 50(3) of the Regulations

The Applicant stated that it was the lowest bidder at the time of opening of the tenders on 4th November 2010 and therefore, having met all the requirements of the Tender, ought to have been awarded the tender. It also submitted that, the Procuring Entity's decision of awarding the tender to the Successful Bidder at a prize of Kshs. 225,969,148.20 as compared to the Applicant's of Kshs. 216,148.20 translated to a loss of Kshs. 9,756, 277.44 to the Exchequer and was detrimental to the Kenya Tax Payers. It therefore requested the Board to

find that the Procuring Entity acted unprocurable and called for the annulment of the tender.

The Procuring Entity responded by stating that the Applicant was not fully compliant and responsive to the tender requirements to be declared the Successful Bidder as it failed to provide a valid Tax Compliance certificate and also did not provide a sworn affidavit on its Litigation History. The Procuring Entity further stated that the Successful Bidder was declared the lowest evaluated bidder after it scored the highest total score. It argued that although the Applicant was the lowest bidder per se, it could not be awarded the tender unless after its evaluation, it emerged as the lowest evaluated bidder. It further stated that the Applicant did not comply with the provisions of Regulation 66(2) of the Regulations by requesting for explanations regarding the failure of its bid.

The question for the Board to determine is whether the Applicant was the lowest evaluated bidder in line with the requirements of Section 66(4) of the Act.

In order to determine this, the Board has considered the submissions of the parties and the documents presented before it and finds as follows:

- (i) That at the opening of the tenders, the bids were read out and the Applicant was the lowest at Kshs. 216,213,148.20 whereas the price offered by the Successful Bidder was Kshs. 225,969,425.64.
- (ii) That the Evaluation Committee conducted the exercise of evaluating the bids based on the criteria set out in the Tender Document at Clause 27.

From the Evaluation Report, the Board notes that the Applicant was disqualified on the grounds that it failed to attach a valid Tax Compliance Certificate and a sworn affidavit of Litigation History. Upon perusal of the Applicant's bid, the Board finds that, the Applicant attached an undated Tax Compliance Certificate which had expired on 31st August 2010 whereas the tender closed/opened on 4th November 2010. This Certificate was therefore invalid for this tender.

On the issue of the missing sworn affidavit on the Litigation History, the Applicant admitted that it did not submit the sworn affidavit.

The Board notes the provisions of Section 66(4) of the Act and Clause 30.1 of the Tender Documents which provides as follows: "The successful tender shall be the tender with the lowest evaluated price"

In the circumstances, the Board finds that the Applicant's bid, having been disqualified for failing to comply with mandatory requirements of the Tender could not have emerged as the lowest Evaluated bidder, pursuant to Clause 30.1 of the Tender Document and Section 66(4).

Consequently these two grounds of the Request for Review also fail.

GROUND 5: Breach of Regulation 12 of the Public Procurement and Disposal Regulation, 2006

The Applicant submitted that the Tender Opening Committee minutes of 4th November 2010 were doctored as the chair Eng. K. I. Mudulia and a member, Eng. David Mugweru, although recorded as being present were not actually

present during the exercise of the tender opening. Consequently, it stated that the entire minutes and the tender proceedings should be annulled as they ran contrary to Regulation 12 of the Public Procurement and Disposal Regulations 2006.

In response, the Procuring Entity stated that the tender Opening Committee meeting of 4th November 2010 was properly constituted as there were at least 3 members appointed by the Procuring Entity's Director General. It further reiterated that the Tender Opening minutes were neither doctored and compromised nor was the tender process flawed. It urged the Board to find no merit on the allegations by the Applicant as no evidence was adduced to support the claim.

The Board has considered the submissions of the parties and the documents presented before it, and find that:

- (i) Although both Engineers' K. I. Mudulia and David Mugwero, were appointed by the Director General of the Procuring Entity as members of the Tender Opening Committee; both did not participate in the exercise of the Tender Opening.
- (ii)In The minutes the seven members of the Tender Opening Committee are listed therein, as appointed by the Director General of the Procuring Entity as opposed to the listing of the 4 members who attended the Tender Opening Committee meeting held on 4th November 2010.
- (iii) Under Minute No. 5, "Closing of tender opening Exercise", the Tender Opening Committee as appointed by the Director General of the

Procuring Entity, signed the minutes of the meeting on 4th November, 2010.

The Procuring Entity in its arguments stated that the seven members signed the minutes to comply with Section 60(9) of the Act, but not of necessity to indicate their attendance to the meeting.

After analysing the Minutes of the Tender Opening Committee the Board finds that the Minutes were not properly recorded as envisaged under section 60 of the Public Procurement and Disposal Act, 2005. However, the Board finds that there was quorum of three members for the Tender Opening Committee meeting pursuant to Section 60(7) of the Act. In addition, the Board finds that the Applicant did not adduce any evidence to support its claim that the Minutes were doctored.

In this regard, this ground for Request for Review also fails.

GROUND 6: Breach of Section 2 of the Act

The Applicant stated that its letter of notification ref. KeNHA/125/2010 from the Procuring Entity did not set out the grounds or reasons on which the Procuring Entity declared it as unsuccessful bidder, thereby going contrary to the rules of natural justice, in particular Section 2 of the Act and the Tender document.

In response, The Procuring Entity submitted that the Applicant was duly given notification of its unsuccessful bid in strict adherence to Section 67 of the Act. It submitted that the Applicant did not request for the reasons on why its bid did not succeed, in line with Regulation 66(2) of the Regulations. In

conclusion, the Procuring Entity stated that it did not breach Section 2 of the Act as alleged by the Applicant.

The Board has considered the submissions of the parties and perused the documents presented before it. The Board finds that the Applicant was notified of the outcome of the tender, but in that letter, the Procuring Entity did not set out the reasons for the Applicant's disqualification. Altogether, the Board finds that the Procuring Entity's notification was in line with the requirements of the Law. If the Applicant needed to find out the reasons for its disqualification, it should have sought for the reasons pursuant to Regulation 66(2) of the Regulations.

GROUND 7

The Applicant alleged that the decision of the Procuring Entity was discriminatory and shall visit loss and damage to the Applicant as it was in total breach of duties imposed by law.

The Procuring Entity responded that it accorded equal treatment to all bidders including the Applicant. It stated that all the bidders were subjected to an evaluation for completeness and responsiveness and the Applicant along with other 13 bidders was found unsuccessful as aforementioned.

The Board, after analysing the submissions by the parties and the documents presented before it notes that all the tenderers were subjected to the same evaluation criteria as set out in the tender document.

As earlier noted by the Board the Applicant's tender was disqualified for failing to submit a valid Tax compliance certificate and an affidavit on

Litigation History. The Board therefore finds that no discrimination is evident from the actions of the Procuring Entity and hence finds no merit on the claim by the Applicant.

With regard to Costs, the Board has on several occasions, held that costs incurred by tenderers at the time of tendering are commercial risks borne by people in business and therefore each bidder carries its own costs.

Taking into consideration all the above, this Request for Review fails and is hereby dismissed.

The Board orders pursuant to Section 98 of the Act, that the Procurement Process may proceed.

Dated at Nairobi on this 17th day of December, 2010

CHAIRMAN

PPARB

/SECRETARY

PPARB