

IN THE  
PUBLIC PROCUREMENT APPEALS AUTHORITY  
AT DODOMA

APPEAL CASE NO. 149 OF 2013

BETWEEN

M/S COOL CARE SERVICES LTD.....APPELLANT

AND

BOARD OF TRUSTEES LOCAL

AUTHORITIES PENSIONS FUND.....RESPONDENT

DECISION

CORAM:

- |                                 |                |
|---------------------------------|----------------|
| 1. Hon. A. G. Bubeshi, J. (rtd) | -Chairperson   |
| 2. Mr. H. S. Madoffe            | -Member        |
| 3. Mr. K. M. Msita              | -Member        |
| 4. Ms. E.J. Manyesha            | - Member       |
| 5. Ms. F.R. Mapunda             | - Ag.Secretary |

SECRETARIAT

- |                       |                 |
|-----------------------|-----------------|
| 1. Mr. H. O. Tika     | - Legal Officer |
| 2. Ms. V. S. Limilabo | -Legal Officer  |

FOR THE APPELLANT:

1. Eng. Andrew Mwaisemba – Managing Director
2. Mr. Burton Mwakisu – Advocate, Burton Law Chambers
3. Ms. Miriam Mwaiswelu – Administration Manager

FOR THE RESPONDENT:

1. Mr. Steven T. Biko – Legal Counsel, LAPF
2. Mr. Valentino M. Daudi – Legal Counsel, LAPF
3. Mr. Emmanuel Mayage – Principal Procurement Officer
4. Mr. Nimrod Masele – Ag. Project Manager, LAPF

This Decision was scheduled for delivery today 14<sup>th</sup> of June, 2013, and we proceed to deliver it.

The Appeal at hand was lodged by M/s COOL CARE SERVICES LIMITED (hereinafter referred to as “the Appellant”) against the BOARD OF TRUSTEES LOCAL AUTHORITIES PENSIONS FUND commonly known by its acronym LAPF (hereinafter referred to as “the Respondent”).

The said Appeal is in respect of Tender No. PA095/2012/2013/W/01 for Supply, Installation, Testing and Commissioning of Air Conditioning and Mechanical Ventilation Installation Works to the proposed construction of Office Accommodation and Commercial Building at Dodoma Municipality (hereinafter referred to as “the tender”).

According to the documents submitted to the Authority, as well as oral submissions by the parties during the hearing, the facts of the Appeal may be summarized as follows:

The Respondent vide the Daily News of 04<sup>th</sup> September, 2012, invited applications for pre-

qualification from various eligible subcontractors for HVAC.

A total of six applicants submitted their applications. The said applications were received from the following firms;

1. Berkeley Electrical Ltd.
2. Remco (International) Ltd
3. Derm Electrics (T) Ltd
4. UniCool East Africa Ltd
5. Ashrea Air Conditioning Co.Ltd
6. Cool Care/Dar Essentials JV.

The applications were then subjected to evaluation. After evaluation process was completed, the evaluators recommended M/s Derm Electrics (T) Ltd, M/s Berkeley Electrical Ltd and M/s Remco (International) Ltd to be short listed for the tender under Appeal. The remaining three applicants were disqualified.

During the Tender Board meeting held on 11<sup>th</sup> December, 2012, the Procurement Management Unit (PMU) advised the Tender Board to invoke Regulation 15(25) of GN No.97/2005 which allows the procuring entity to relax the criteria issued in the Pre-qualification Document if all applicants failed to comply; subject to ensuring that the applicants met the said conditions during tendering process. Furthermore, PMU recommended that, all six Applicants be given the Tender Document subject to rectification of the anomalies noted during submission of the tenders. Having deliberated on the advice given by PMU, the Tender Board directed that all six Applicants be invited to participate in the tender process with a caution that all the anomalies noted at the pre-qualification stage be rectified during submissions of their Bids.

The Respondent vide a letter referenced LAPF/T.53/10/194 dated 20<sup>th</sup> December, 2012 invited the Appellant amongst others to bid for the tender under Appeal. The said invitation was subject to

rectification of deficiencies noted in their pre-qualification application.

Upon receipt of the invitation letter, the Appellant was dissatisfied with the deficiencies pointed out therein, consequently the Appellant vide their letter referenced CC/DE/DEJV/06/12 dated 28<sup>th</sup> December, 2012, wrote to the Respondent requesting for clarification on the type of certification of Audited Report referred in the invitation letter. To their understanding, their Audited Reports met the requirement of the Pre-qualification Document since their accounts were authenticated by Certified Accountants and Auditors. They also requested for the names of pre-qualified Applicants for the tender under Appeal.

The Respondent vide their letter referenced LAPF/T.53/11/09 dated 07<sup>th</sup> January, 2013 responded to the Appellant's request for, whereby they informed the Appellant that, the Certification referred to was the authentication by an Advocate, Notary Public and Commissioner for Oaths.

The Respondent further informed the Appellant the names of other prequalified Applicants and these were as follows;

- M/s Derm Electrics Tanzania Ltd
- M/s Remco (International ) Ltd
- M/s UniCool East Africa Ltd
- M/S Ashrea Air Conditioning Co. Ltd
- M/s Berkeley Electrical Ltd

The deadline for submission of tenders was initially set on 30<sup>th</sup> January, 2013 but it was later on extended to 7<sup>th</sup> February 2013; whereby four tenders were submitted from the following firms;

| S/No | Tenderer's Name                                 | Quoted price in TSHS |
|------|---|----------------------|
| 1.   | M/s Cool Care Services Ltd in J/V Dar Essential | 2,769,227,540/=      |
| 2.   | M/s REMCO International Ltd                     | 2,973,360,047/=      |
| 3.   | M/s UniCool East Africa Ltd                     | 3,131,743,319.16     |
| 4.   | M/s Derm Electrics (T) Ltd                      | 2,957,560,077/=      |

The above tenders were then subjected to evaluation. According to page 7 of the Evaluation Report indicates

that evaluation was conducted in four stages namely; fulfillment of conditions for pre-qualification, general responsiveness to the tender document, technical specification and financial conditions.

During evaluation of fulfillment of the conditions for pre-qualification, three tenders were disqualified, including the Appellant. The Appellant's grounds for disqualification were that;

- i. The average annual turnover was less than Tshs 2.75 Billion as required under Clause 4.7 of Particular Instruction To Applicants (hereinafter to be referred to as PITA)
- ii. The Financial capability was less than Tshs 450 Million as required by PITA, Part B, 4.9
- iii. The Mechanical/Refrigeration engineer had a total of 24 years of experience, 4 years (instead of 10 years) experience in similar works and 4 years (instead of



8 years) as in charge of respective position.

Having identified the above anomalies by three tenderers, the Evaluation Committee observed that only the tender submitted by Derm Electrics (T) Ltd complied with the pre-qualification requirements and therefore they qualified for the technical evaluation stage.

During the technical evaluation stage, the tender was checked if it had fulfilled all the requirements specified in Section VI of the Schedule of Requirements and Section VII on Technical Specifications. The Evaluation Committee observed that M/s Derm Electrics (T) Ltd was substantially responsive.

The said tender was then subjected to financial evaluation, whereby the tender was checked for arithmetic errors.

The Evaluation Committee observed that the tender had some arithmetic errors, which were then corrected as follows:

| Tenderer's Name            | Read out Price in TSHS VAT INCLUSIVE | Corrected Price in TSHS (VAT INCLUSIVE | Difference     |
|----------------------------|--------------------------------------|--|----------------|
| M/s Derm Electrics (T) Ltd | 2,957,560,077/=                      | 2,738,692,853.46                       | 218,867,223.54 |

Having corrected the said error, the Evaluation Committee recommended award of the tender to M/s Derm Electrics (T) Ltd at a corrected price of Tshs 2,738,692,853.46/=.

The Respondent's Tender Board at its meeting held on 14<sup>th</sup> March, 2013, approved the recommendation by the Evaluation Committee.

On 19<sup>th</sup> March, 2013, the Respondent vide a letter referenced LAPF/T.53/11/69 communicated the award to the successful tenderer. Thereafter, on 16<sup>th</sup> April, 2013, the Respondent vide a letter referenced

LAPF/T.53/11/181 informed the Appellant that their tender was unsuccessful.

The Appellant vide a letter referenced CCSL/TA/20/13 dated 19<sup>th</sup> April, 2013, wrote to the Respondent requesting for the grounds for rejection of their tender, they also wanted to know the motive behind the decrease of the tender price by the successful tenderer.

The Respondent vide a letter referenced LAPF/T.53/11/207 dated 02<sup>nd</sup> May, 2013, informed the Appellant that their tender did not comply with the criteria for pre-qualification.

Being dissatisfied with the Respondent's decision, on 10<sup>th</sup> May, 2013, the Appellant lodged their Appeal to the Public Procurement Appeals Authority (hereinafter referred to as "the Authority")

On receiving notification of the Appeal by the Appellant, the Respondent raised three points of Preliminary Objection which centred on the jurisdiction of this Authority to entertain the Appeal. The said objections were that;

1. The Appellant has no *locus standi* in this matter
2. This Appeal is improperly before this Authority for contravening the provision of Rule 6(1) of the Public Procurement Appeals Rules of GN. No 205 of 2005 (herein after referred to as "the Appeals Rules")
3. This Appeal is improperly before this Authority for contravening the provision of Rule 7 of the Appeals Rules.

In view of the objections raised, and as a matter of procedure, the Authority was obliged to resolve the Preliminary Objections before addressing the merits of the Appeal.

## THE RESPONDENT'S SUBMISSIONS ON THE PRELIMINARY OBJECTIONS

During the hearing of the Appeal the Respondent withdrew ground (b) above relating to Rule 6(1) of the Appeals Rules. The Respondent submitted on remaining two points of Preliminary Objection as follows;

With respect to lack of locus standi the Respondent submitted as follows;

- i) The Appellant participated in the tender in joint venture with M/s Dar Essentials, hence, it was expected that the Appeal before this Authority would be lodged in the name of the joint venture and not otherwise.
- ii) According to Black's Law Dictionary, 9<sup>th</sup> Edition, the term "Joint Venture" has been defined to mean a business undertaking by two or more persons engaged in a single defined project.

The said definition encompasses, an express or implied agreement, a common purpose that the group intends to carry, shared profits and losses as well as each member's equal voice in controlling the project.

- iii) Considering the above definition, the Appeal had to be lodged in the name of the joint venture. Furthermore, the partner in the joint venture share loses and profits; thus, one of them alone cannot represent the joint venture in this proceedings.
- iv) The Appellant in the name of Cool Care Services Limited neither tendered nor was the contended decision made against it; thus, giving it a right to appeal before this Authority.
- v) In the case of Lujuna Shubi Balonzi, Senior Versus Registered Trustees of Chama Cha Mapinduzi, 1996 TLR 203 (HC), Samatta JK (as he then was) held that "in order to maintain proceedings successfully, a

plaintiff or an applicant must show not only that the Court has power to determine the issue but also he is entitled to bring the matter before the Court". In the Appeal at hand the Appellant is not entitled to file this Appeal in their own name rather they are entitled to file an Appeal in a joint venture.

vi) If this Appeal would be entertained, any order issued thereafter would not be executable against the joint venture, as the other partner is not aware of the Appellant's action.

Vii) Therefore, the Appeal should be struck out with costs as it had been lodged by a party with no the *locus standi*.

In relation to the second point of Preliminary Objection the Respondent stated that, the Appeal is improperly before this Authority for contravening Rule 7 of the Appeals Rules.

The Respondent expounded further that, the Appellant was informed about the tender results vide a letter dated 16<sup>th</sup> April, 2013 which was received by them on 18<sup>th</sup> April, 2013. Thus, the Appellant ought to have lodged their Appeal within 14 days from 18<sup>th</sup> April 2013. However, the Appeal to this Authority was lodged on 10<sup>th</sup> May, 2013, that is, 24 days after receipt of the Respondent's decision.

The Respondent submitted further that, the Appellant's act had offended the requirement of Rule 7 of the Appeals Rules for filing their Appeal out of time. Also there are no records to show that, they sought leave to file the Appeal out of time.

Accordingly, the Respondent prayed that the Appeal be struck out with costs.



## THE APPELLANT'S REPLIES ON PRELIMINARY OBJECTIONS

The Appellant's oral replies on the first point of Preliminary Objection may be summarized as follows;

- i) The Appellant has locus standi to file their Appeal before this Authority since they were one of the parties in the disputed tender process.
- ii) Clause 5.6 of the General Instructions To Applicants (hereinafter referred to as "GITA") allowed joint ventures to participate in the tender under Appeal and indeed the Appellant participated in the joint venture with M/s Dar Essentials.
- iii) According to Clause 1 of the Letter of Intent to Form a Joint Venture the Appellant was identified to be a Lead Partner; therefore, they had a right to file

an Appeal in their name on behalf of the joint venture.

- iv) M/s Dar Essentials were aware of the Appeal lodged, but they were not able to appear due to being occupied with other activities at the time of this Appeal.
- v) They were interested parties in this tender, thus, it is not wrong for them to Appeal.
- vi) Therefore, the Preliminary Objection should be dismissed and the Appeal be heard on merits

With regard to the 2<sup>nd</sup> point of Preliminary Objection the Appellant submitted that, they had lodged their Appeal within fourteen days as required by Section 82(2) of the Public Procurement Act Cap 410 of 2004 (hereinafter referred to as "the Act") read together with Rule 7 of the Appeals Rules.

The Appellant contended further that, they became aware of the circumstances giving rise to the Appeal

after receipt of the Respondent's letter which informed them the reasons for their disqualification. The said letter was written on 2<sup>nd</sup> May 2013 and was received by the Appellant on 6<sup>th</sup> May, 2013. The Appeal to the Authority was lodged on 10<sup>th</sup> May, 2013, that is, only four days after they became aware of the circumstances giving rise to the Appeal. Hence, the argument by the Respondent that the Appeal was lodged out of time was baseless.

Thus, they prayed that, the Preliminary Objection should not be entertained by this Authority and the matter be heard on merits.

#### ANALYSIS BY THE AUTHORITY AND RULING ON THE PRELIMINARY OBJECTIONS

Having gone through the documents submitted and having heard the oral submissions by parties in relation to the objections raised, the Authority resolved them by framing the following issue; whether the Appeal is properly before the

Authority. Having identified the issue, the Authority proceeded to resolve it by framing two sub issues, namely;

- Whether the Appellant has *locus standi* before this Authority
- Whether the Appeal is incompetent in law for contravening Rule 7 of the Appeals Rules

Having identified the sub-issues, the Authority resolved them as follows:

- a) Whether the Appellant has *locus standi* before this Authority

The Authority noted that, in their submissions, the Respondent relied, to a great extent on the argument that the Appellant does not have the *locus standi* before this Authority as the Appeal was to be lodged by the joint venture and not each partner separately since they tendered jointly. On the other hand, the Appellant contended that, they had the right to file an

Appeal as they were the Lead Partner in the joint venture; hence they were authorized to transact on behalf of the joint venture.

In resolving the conflicting arguments by parties', the Authority revisited Clause 5.6 of GITA which provides for the guidance on how the valid joint ventures should be. In the course of reviewing the said clause the Authority noted that for joint ventures to be valid, at the pre-qualification stage, it had to be accompanied by a copy of the Joint Venture Agreement or a Letter of Intent to execute the JV and a copy of the Proposed Agreement. For purposes of clarity the Authority reproduces the said Clause 5.6 as hereunder;

"A copy of the Joint Venture Agreement (JVA) entered into a partnership shall be submitted with the Application. Alternatively, a Letter of Intent to execute a JVA in the event of the successful bid shall be signed by all partners and submitted with

the Application together with a copy of the proposed agreement...". (Emphasis added)

After ascertaining what was required for a joint venture to be valid, the Authority went further and reviewed the application submitted by the Appellant during the pre-qualification process and noted that, their application was submitted in joint venture with M/s Dar Essentials. In the said application they attached a Letter of Intent and a copy of the draft Joint Venture Agreement.

Furthermore, the Authority revisited the Letter of Intent and noted that under Clause 1 of the said letter, the Appellant was appointed to be the Lead Partner. Moreover, the Authority noted that, Clauses 4 and 5 of the said Letter of Intent had authorized Cool Care Services Ltd as a Lead Partner to do, amongst other things, undertake commitments, negotiations and correspond with the Employer. For purposes of clarity the Authority reproduced Clauses 4 and 5 of the Letter of Intent as hereunder;

Clause 4 "in the mean time and before entering into the Joint Venture Agreement (JVA), the partners shall be presented at all meetings, negotiation, undertakings, resolutions and commitments by COOL CARE as the Lead Partner and all commitments made by the said Lead Partner shall be taken to have the approval and endorsement of the remaining Partner. The Lead Partner is authorized to incur liabilities and shall receive the instructions for and on behalf of the other Partner during the pre-qualification and the bidding periods and, in event of the successful bid, during contract execution". (Emphasis added)

Clause 5 "Any and all the correspondences among the Joint Venture and the Employer shall be made by COOL CARE on behalf of the Joint Venture". (Emphasis supplied)

The above quoted provisions entail that, M/s Cool Care Services Ltd as a Lead Partner has powers to incur liabilities and receive instructions on the behalf of the

joint venture. Therefore, the Authority is of the firm view that, the Appellant's act of lodging the Appeal before this Authority in the name of M/s Cool Care Services Ltd did not violate the Letter of Intent since from its wording they have been authorized to do so and there was no need for the approval to be obtained from the other joint venture partner before the Appellant lodged this Appeal.

Furthermore, the Authority revisited Clause 13 of the Letter of Intent which states as follows;

"... The joint venture hereby covenants and agrees to indemnify and hold harmless the Lead Partner and his or its designee from any and all liability incurred by the Lead Partner in connection with the carrying out of its duties hereunder; provided that such a Lead Partner or its designee, as the case may be, shall not have acted in bad faith, have been grossly negligent or have committed an act of willful misconduct; and provided further that, any indemnity hereunder shall be provided



out of and only to the extent of the Joint Venture assets..." (Emphasis supplied)

The above provision entails that, the joint venture was ready to indemnify the Lead Partner for any liabilities incurred that were not done in bad faith or gross negligence. That said, the Authority rejects the Respondent's argument that, if the Appeal is allowed in the name of the Appellant, any order issued against them will not be enforceable. This is because the Lead Partner has been authorized to incur liabilities on behalf of the joint venture. Hence, it is possible for the orders issued to be enforced against the joint venture.

Furthermore, it is the considered view of the Authority that, the Appellant's act of lodging this Appeal cannot be deemed to be an act of bad faith or gross negligence as the same intends to protect the rights and enhance the interest of the joint venture in the disputed tender process.

Moreover, the contents of the Letter of Intent are consistent with Regulation 6(7)(a) and (d) of the Public Procurement (Goods, Works, Non Consultant Services and Disposal of Public Assets by Tender) Regulations (hereinafter referred to as "GN. NO 97/2005") which provides as follows;

Reg.6(7) "Where a tenderer submits a tender as part of a joint venture, consortium or association, the solicitation or contract document shall state where appropriate:

- (a) that a party to a joint venture, consortium or association shall be jointly and severally liable for the performance of the contract;
- (b) .....
- (c) .....
- (d) that a joint venture, consortium or association shall appoint a lead member who shall have the Authority to bind the joint venture, consortium or association and the lead

member shall at the time of contract award confirm the appointment by submission of power of attorney to the procuring entity". (Emphasis added)

On the basis of the above quoted provision, the Authority is of the view that, the Appellant's act of lodging this Appeal to be proper as it has not contravened the letter of intent or the governing law.

Therefore, the Authority's conclusion on sub issue one is that the Appellant has the locus standi before this Authority.

b) Whether the Appeal is incompetent in law for contravening Rule 7 of the Appeals Rules

In resolving this sub issue the Authority deems it prudent to revisit Rule 7 of the Appeals Rules that was relied upon by the Respondent that was not complied by the Appellant when lodging their Appeal to this Authority. The said Rule 7 provides as follows;

“Appeal to the Public Procurement Appeals Authority shall be lodged by filling a Statement of Appeal within fourteen days from the date when decision, matter, act or omission giving rise to an appeal was made”.

In order to ascertain the validity of the conflicting argument by parties’ on this point, the Authority finds it proper to revisit the facts of this Appeal so as to verify if the Appeal was lodged out of time.

In the course of doing so, the Authority noted that, the Appellant received the tender results notification from the Respondent on 18<sup>th</sup> April 2013; vide a letter date 16<sup>th</sup> April, 2013. On 19<sup>th</sup> April 2013, the Appellant requested the Respondent to inform them the reasons for their disqualification. The Authority noted further that, the letter from the Respondent which informed the Appellant the reasons for their disqualification was received by the latter on 6<sup>th</sup> May 2013, though it was written on 2<sup>nd</sup> May, 2013. After being dissatisfied with the reasons given for their disqualification, the

Appellant lodged the Appeal to this Authority on 10<sup>th</sup> May, 2013.

Having observed that, the Appellant lodged the Appeal after receipt of the reasons for their disqualification, the Authority finds it proper to revisit Section 82(2) (a) of the Act which is in *pari materia* with Rule 7 of the Appeals Rules so as to establish under what circumstances an Appeal could be lodged to this Authority. The said Section 82(2) (a) provides as follows;

S. 82(2) "A supplier, contractor or consultant entitled under section 79 to seek review may submit a complaint or dispute to the Public Procurement Appeals Authority: -

(a) if the complaint or dispute cannot be submitted or entertained under section 80 or 81 because of entry into force of the procurement contract and provided that the complaint or the dispute is submitted within fourteen days from the date when

the supplier, contractor or consultant submitting it became aware of the circumstances giving rise to the complaint or dispute or the time when the supplier, contractor or consultant should have become aware of those circumstances". (Emphasis added)

The above provision entails that the Appeal to this Authority has to be lodged within fourteen days from the date the complainant became aware of the circumstances giving rise to the Appeal.

Based on the facts of this Appeal, the Authority is of the settled view that, the Appellant became aware of the circumstances giving rise to the Appeal on 6<sup>th</sup> May 2013 when they received the reasons for their disqualifications and not on 18<sup>th</sup> April 2013 when they received the tender results notification.

The Authority observes further that, counting from 6<sup>th</sup> May, 2013, to 10<sup>th</sup> May, 2013 when the Appellant lodged the Appeal, the Appeal was lodged within four

days after the matter became actionable. Thus, the Authority is satisfied that the Appeal was lodged within time.

Accordingly, the Authority rejects the 2<sup>nd</sup> Point of Preliminary Objection as the Appeal was lodged within time.

In view of the above findings, the Authority's conclusion on the main issue in dispute is that, the Appeal is properly before it.

Having established that the Appeal is properly lodged, the Authority proceeded to determine the Appeal on merits.

## SUBMISSIONS BY THE APPELLANT ON THE MERITS OF THE APPEAL

The Appellant's arguments as deduced from documents availed to this Authority, as well as oral submissions and responses to questions raised by the Members of the Authority during the hearing, may be summarized as follows;

That, they participated in the tender under Appeal in a Joint Venture with M/s Dar Essentials Ltd.

That, they met the criteria regarding financial capacity and experience of Mechanical Engineer and the average annual turnover indicated and that they exceeded the minimum amount of average annual turnover of Tshs. 2.75 Billion by Tshs.576,531,041.57 and that the assertion by the Respondent are not correct.

That, they acknowledge that they did not meet the criteria stated in Clause 4.7(a) of General Instructions To Applicants (hereinafter to be referred to as "GITA") on the prequalification document but the said criteria was also not met by all tenderers who participated in the disputed tender.

That, M/s. DERM ELECTRICTS (T) LTD is not registered by CRB as a civil works contractor; therefore, they did not meet that criterion. Furthermore, the successful tenderer is also not registered by CRB as a mechanical



contractor as required by Clause 4.7 of Particular Instructions To Applicants (hereinafter to be referred to as "PITA").

That, they are of the view that the criteria used to evaluate the pre-qualification Application and tender submitted by the Successful Tenderer were different from those used to evaluate other tenderers. This act of the Respondent contravened Section 46(4) of the Public Procurement Act (hereinafter referred to as "the Act").

That, they are of the opinion that the Tshs. 145,000,000/= required by the Respondent to cover travelling costs for 5 persons who would be inspecting the manufacturer of Air Conditioning equipment was a very huge amount and unjustifiable.

That, the Respondent lowered the bid price of the Successful tenderer without notifying other tenderers or revealing the reasons thereof.

That, the Respondent lowered the price of the Successful tenderer in order to justify their award to them rather than to the Appellants who were the lowest tenderer. This act by the Respondent had contravened Section 58(2) of the Act. Further that, in their tender document there was some errors but the same were not corrected.

Finally, the Appellant prayed for the following orders;

- (a) The Respondent be ordered to restart the tender process afresh in observance of the law,
- (b) The Respondent be ordered to compensate the Appellant the sum of Tshs.6,770,000/= as per the following break down;
  - i. Appeal filing fees Tshs.120,000/=
  - ii. Legal fees Tshs. 5,000,000/=
  - iii. Travelling cost to Dodoma Tshs. 300,000/=

iv. Accommodation cost Tshs. 150,000  
x 3 people x 3 days = 1,350,000/=

(c) To take any other action deemed necessary.

## REPLIES BY THE RESPONDENT ON THE MERITS OF THE APPEAL

The Respondent's documentary, oral submissions as well as responses from questions raised by the Members of the Authority during the hearing may be summarized as follows:

That, they issued new tender documents together with the drawings as requested by the Appellant and other matters were dealt with through the minutes of the pre-bid meeting held on 10<sup>th</sup> January, 2013 as admitted by the Appellant at its Sub Paragraph 2 (e) of its Statements of Appeal.

That, the Appellant was provided with the reasons for rejection of their tender, since they failed to comply

with the requirements of annual turnover, financial capabilities and lacked the required experience on the item of Mechanical/refrigeration engineer.

That, the difference between the read out tender price and the awarded tender price was due to the correction of errors which were made during the evaluation process. Therefore, they did not lower the Successful Tenderer's price as alleged by the Appellant.

That, the criterion on Clause 4.7(a) of GITA was not inserted by the Respondent instead it was contained in the standard bidding document issued by the Public Procurement Regulatory Authority (hereinafter referred to as PPRA) hence the Respondent was not able to change it. However, the said criterion was clarified in PITA Clause 4.7.

Finally the Respondent's prayed for the following orders;

- i. Dismissal of Appeal with costs,
- ii. Any other reliefs the Authority deems fit to grant.

## THE AUTHORITY'S ANALYSIS ON THE MERITS OF THE APPEAL

In analyzing the contended issues by the parties, the Authority deems it prudent to point out from the outset that, during the hearing of the Appeal at hand, the Appellant upon being asked to justify how they met the criteria that led to their disqualification, admitted that they did not comply with the experience required for the Mechanical/Refrigeration engineer. The Appellant explained that, their Appeal was not based on unfair disqualification, but rather on the ground that the award of the tender to the successful tenderer was not proper since they too failed to comply with Clause 4.7(a) of GITA in respect of experience as civil works contractors. Furthermore, the arithmetic corrections done to the tender of the successful tenderer were not bonafide. Thus, they

were of the opinion that the criteria which were used to evaluate the pre-qualification application and the tender submitted by the successful tenderer were different from those used to evaluate other tenders contrary to Section 46(4) of the Act.

Having considered the admission by the Appellant that, they lacked some of the qualifications and that their only ground of Appeal is that the award to the successful tenderer was unfair, the Authority is of the view that, the Appeal is centred on the following two issues:

- Whether award of the tender to the successful tenderer was proper at law
- To what reliefs, if any, are the parties entitled to

Having identified the issues in dispute, the Authority proceeded to resolve them as follows:

## 1.0 Whether award of the tender to the successful tenderer was proper at law

In resolving this issue the Authority revisited the Appellant's major contention that, the award of tender to the successful tenderer was not fairly made since they failed to comply with Clause 4.7(a) of GITA which required tenderers to show their experience in civil works. The Appellant contended further that, M/s Derm Electrics (T) Ltd has not been registered as a civil works contractor. Further, they submitted that, had the evaluation process been conducted fairly the successful tenderer ought to have been disqualified also for failure to comply with the aforesaid requirement.

Furthermore, the Appellant submitted that, they doubt the correctness of the arithmetic correction done to the tender of the successful tenderer which led their tender price to drop from Tshs. 2,957,560,077/=

that was read out during the tender opening to Tshs. 2,738,692,853.46 that was awarded to them.

In reply thereof, the Respondent submitted that the criterion of civil works contained under Clause 4.7(a) of GITA was not relevant to the tender under Appeal, but it was inserted in the Tender Document because it was contained in the Standard Tender Document issued by PPRA. However, the said criterion was clarified under PITA Clause 4.7

Moreover, the Respondent contended that, the correction of arithmetic errors was done correctly and in accordance with the law, as there were some errors noted in the tender of the successful tenderer. Thus, there was nothing wrong with the awarded tender price.

In order to ascertain the validity of the arguments by parties, the Authority deemed it necessary to frame the following sub-issues as guidance in resolving the said contentions;



- i. Whether the evaluation of tenders was done in accordance with the law
- ii. Whether the tender by the successful tenderer met the criterion stipulated under Clause 4.7 (a) of GITA and Clause 4.7 of PITA respectively.

Having identified the sub issues the Authority proceeded to resolve them as follows;

- i. Whether the evaluation of tenders was done in accordance with the law

To start with, the Authority revisited the Tender Document and noted that, the procedures for evaluation of tenders were provided under Clauses 29 to 36 of the ITB.

The Authority reviewed the Evaluation Report and noted that, the evaluation was done in four stages, namely; fulfilment of conditions for pre-qualification,

general responsiveness to the bid, technical specifications and financial conditions.

The Authority noted further that, in the first stage of evaluation, tenderers were checked if they had complied with pre-qualification conditions that had not been met during the pre-qualification stage. During that stage of evaluation, the tender submitted by M/s Derm Electric (T) Limited was found to have complied with the pre-qualification criteria. The remaining three tenders including that of the Appellant were disqualified for failure to comply with the pre-qualification conditions.

In the remaining three stages of evaluation, the tender of M/s Derm Electric (T) Limited was then evaluated for general responsiveness, technical evaluation and correction of arithmetic errors. After completion of the said evaluation the award was made to them.

In reviewing the Evaluation Report, the Authority observed that, the Respondent had conducted the

evaluation process not in accordance with the procedures expressly provided for in their own Tender Document, which required tenders to be evaluated in the following relevant stages, namely;

- Preliminary Evaluation as per ITB Clause 29
- Technical Evaluation as per ITB Clause 30
- Correction of errors as per ITB Clause 31
- Commercial Evaluation as per ITB Clause 33
- Determination of the lowest bid as per ITB Clause 35
- Post-qualification as per ITB Clause 36 and Clause 25 of BDS

Contrary to the above listed provisions, the Respondent kick started the evaluation process by checking fulfilment of the pre qualifications conditions which were required to be done at the Post-qualification stage as per ITB Clause 36 and BDS Clause 25. The Authority finds the Respondent's conduct to be contrary to Regulation 90(22) which provides as follows;

Reg.90(22)“Whether or not it has engaged in pre-qualification proceedings, the procuring entity may require the supplier, contractor, service provider or assets buyer submitting a tender that has been found to be the successful to demonstrate again its qualifications. The criteria and procedures to be used for such post-qualification shall be set forth in the solicitation documents in accordance with Section 48 of the Act”. (Emphasis supplied)

Regulation 90(22) quoted above requires compliance with Section 48 of the Act which in essence demands Post qualification to be conducted to the tenderer with the lowest evaluated tender in order to determine whether the successful tenderer has the capability and resources to carry out effectively the contract as offered in the tender. It is bizarre that, the

Respondent in this tender engaged in a post-qualification exercise with respect to tenderers who had not yet been determined to have the lowest tender as the law requires. This is a classical case of putting the horse before the cart.

In the second stage of evaluation, the Respondent checked for general responsiveness of the tender which was similar to the first stage of preliminary evaluation as provided for in ITB Clause 29. In so doing, only one tenderer was subjected to preliminary evaluation contrary to Regulation 90(6) of GN. No 97/2005 and Clause 29 of the ITB. Consequently, three tenders including that of the Appellant were not subjected to preliminary evaluation, whereby denying three tenderers equal treatment contrary to Section 43(b) of the Act which provides as follows;

S. 43 "In the execution of their duties, tender boards and procuring entities shall strive to achieve the highest standards of equity, taking into account: -

(b) fairness of treatment to all parties;

In their third stage of evaluation, they conducted technical evaluation, to the tender of the successful tenderer. That stage is consistent with the second stage of ITB Clause 30 which provides as follows;

“The Procuring Entity will carry out a detailed evaluation of the bids previously determined to be substantially responsive in order to determine whether the technical aspects are in accordance with the requirements set forth in the bidding documents...;

(a) Overall completeness and compliance with the Technical Specifications and Drawings; deviations from the Technical Specifications as identified in Attachment 6 to the bid and those deviations not so identified; suitability of the facilities offered in relation to the environmental

and climatic conditions prevailing at the site; and quality, function and operation of any process control concept included in the bid. The bid that does not meet minimum acceptable standards of completeness, consistency and detail will be rejected for non responsiveness.

(b) achievement of specific performance criteria by the facilities

(c) type, quantity and long-term availability of mandatory and recommended spare parts and maintenance services

any other relevant factors, if any, listed in the Bid Data Sheet, or that the Employer deems necessary or prudent to take into consideration". (Emphasis added)

Contrary to the above quoted provision, the Respondent's Evaluation Report contained simply a sweeping statement to the effect that;

“One Firm, Applicant Number 4/4, Messrs Derm Electrics (T) Limited has satisfied all criteria therefore qualifies to proceed to the financial evaluation”

There were no details to support this conclusion. Without such details it is not possible to determine whether the requirements of ITB Clause 30 were indeed complied with.

In their fourth stage of evaluation, they conducted what they called financial responsiveness where upon they checked for arithmetic errors. The said financial responsiveness appears to be consistent with the stage for correction of errors as per ITB Clause 31.1.

Finally, the Evaluators recommended award to M/S DERM Electrics (T) Ltd and subsequently the Tender Board awarded the tender to them. The Authority finds the Respondent’s decision to be contrary to Regulation 94(1) of GN. No. 97/2005, ITB Clause 36 and BDS Clause 25.



As already noted above, the purpose of post-qualification is to determine the capability and resources of the successful tenderer, to carry out effectively the contract as offered in the tender. The Authority noted that, the Respondent invited the same four tenderers to bid at the same time for two separate projects, namely; Supply and Installation of Air Conditioning and Ventilation to the proposed construction of Mwanza City Market Complex and Supply, Installation, Testing and Air Conditioning and Ventilation to the proposed construction of Office Accommodation and Commercial Building at Dodoma Municipality.

The two projects had different requirements in terms of annual construction volume, that is, the tender for Mwanza was Tshs.3.96 billion while the tender for Dodoma was Tshs.2.75 billion. The required financial capability was Tshs.528 Million and Tshs.450 million for Mwanza and Dodoma respectively. Without Post-qualification it is inconceivable how the Respondent

was able to determine the successful tenderer's combined financial capability and the combined average annual construction volume for both projects which were required to be carried out simultaneously.

It must be emphasized that, it was imperative to conduct post-qualification in order to ascertain if the successful tenderer had, amongst others, the combined average annual construction volume as well as the average combined financial capability to execute the two projects at the same time.

When asked during the hearing why they did not conduct post qualification on the successful tenderer, the Respondent gave two conflicting statements.

The Respondent firstly, averred that they did not post qualify the successful tenderer since they knew them from previous dealings and that they are in their data base.

Secondly they averred that, post qualification was already conducted during preliminary evaluation of the tender to determine their fulfillment of the pre-qualification conditions.

The Authority observes that none of the two reasons given are legally tenable.

Firstly, the criteria and the procedures for evaluation as set in the Tender Document did not exempt them from conducting post-qualification on account that the tenderer was purportedly known to them. To the contrary, post- qualification was mandatory as per Clause 36 of the ITB read together with Clause 25 of the BDS.

Secondly, determination of responsiveness of tenders is not the same thing as post qualification. Post qualification is a distinct requirement as per Clause 36 of the ITB read together with Clause 25 of BDS. Furthermore, Regulation 14(5) required the evaluation of qualifications of tenderers to be in accordance with

the qualifications criteria and procedures set forth in both the Pre-qualification documents and in the Tender Document. Thus, departing from this requirement is offensive to the law. For the sake of clarity the Authority reproduces the said provision as hereunder;

Reg.14 (5) “the procuring entity shall impose no criterion, requirement or procedure with respect to the qualifications of suppliers, contractors, service providers or buyers other than those provided for in this Regulation.”

Furthermore, failure to conduct post-qualification merely because a tenderer is known to the procuring entity was contrary to Section 46(4) of the Act which requires the qualification criteria to be made known to tenderers and to equally apply to all of them and that the said procuring entity is not allowed to impose discriminatory criteria, requirement or procedure with

respect to the qualification of tenderers. The said provision is reproduced as follows;

S.46 (4)“Any qualification criteria shall be made known to, and shall apply equally to all suppliers, contractors or consultants and a procuring entity shall impose no discriminatory criteria, requirement or procedure with respect to the qualifications of any supplier, contractor or consultant”. (Emphasis added)

Thirdly, the two reasons given for not conducting post-qualification, especially by the Respondent’s Principal Procurement Officer and Legal Counsels during the hearing, is a clear demonstration of either ignorance on their part with respect to the law and how tenders are required to be evaluated or what they did was designed to favour M/s Derm Electrics (T) Ltd. It could have been equally a combination of both ignorance and a scheme to favour the successful tenderer.

In addition to the above, the Authority noted with dismay that, the Evaluation Report was rife with generalities and sweeping statements. For example, in the purported evaluation for fulfilment of pre-qualification conditions, it was simply stated “comply” or “no comply” with the various criteria without detailed explanation on how the compliance or lack of it was arrived at. It is no wonder, during the hearing the Respondent failed to justify on how some of the key criteria were complied with or were not complied with; that included the criteria of annual average construction volume and financial capability of both the successful tenderer and the Appellant.

It should be noted that the Respondent had ample time to provide proof of conformity in the area of contention at the time of filling their statement of reply.

Based on the above noted facts, the Authority finds the Respondent to have erred in law for contravening

Regulations 90(22), 14(5) as quoted earlier and 90(4) of GN No. 97/2005 which provide as follows;

Reg.90(4)“The tender evaluation shall be consistent with the terms and conditions set forth in the tender documents and such evaluation shall be carried out using criteria explicitly stated in the tender documents”. (Emphasis added)

The Authority’s conclusion in regards to this sub-issue is that, the evaluation of tenders was not done in accordance with the law.

- ii. Whether the tender by the successful tenderer met the criterion stipulated under Clauses 4.7(a) of GITA and 4.7 of PITA respectively.

In resolving this sub-issue, the Authority revisited the Appellant’s contention that, their tender and that of the successful tenderer did not meet the criterion stipulated under Clause 4.7 (a) of GITA which required

them to be registered as Civil Works Contractors; thus, they too ought to have been disqualified.

In reply thereof, the Respondent contended that, the condition under GITA Clause 4.7(a) which required Civil Works Contractors was a generic clause based on the Standard Bidding Document issued by PPRA. However, its usage was clarified under PITA Clause 4.7

The Respondent submitted further that, the Appellant's tender was fairly disqualified and that the successful tenderer met all the criteria for award of the disputed tender.

In order to establish the validity of the parties' arguments, the Authority reviewed the Pre-qualification document together with the tender of the successful tenderer in order to ascertain whether the contentions by the Appellant were correct. The Authority noted that, Clause 4.7(a) of GITA relied upon by parties required Applicants to have been actively engaged in civil works construction business



for at least the period stated in PITA. The said Clause 4.7(a) of GITA reads as follows;

Clause 4.7(a) "The Applicant shall provide evidence that;

(a) It has been actively engaged in Civil Works Construction business for at least the period stated in PITA immediately prior to the date of submission of applications, in the role of prime contractor , partner in a joint venture, or sub contractor".

(Emphasis added).

The Authority further revisited Clause 4.7 of PITA, and observed that, it provided for the requirement of registration as a class one Contractor in mechanical works category as reproduced hereunder;

#### 4.7 "General Construction Experience.

- Registered or eligible for registration with Contractors Registration Board (CRB) of

Tanzania in Class one only in Mechanical Works Category''. (Emphasis added)

Having revisited the said provisions of the Pre-qualification document, the Authority, deemed it pertinent to also revisit the tender by the successful tenderer, so as to ascertain whether they met the above quoted criteria.

In so doing, the Authority observed that, the successful tenderer, M/s Derm Electrics (T) Limited, vide their Certificate of Registration No. 0299 dated 17<sup>th</sup> March, 2009, was registered by CRB as Specialist Contractors for Heating, Ventilation and Air Conditioning (hereinafter referred to as "the HVAC contractor") in Class I and not as a Civil Works or a Mechanical Contractor as required by the Tender Document.

Accordingly, the Authority agrees with the Appellant that, the successful tenderer ought to have been equally disqualified during the evaluation process by using this criterion, since they were neither Civil Works

Contractors nor Mechanical registered Contractors. Consequently, they were not eligible for the award of the tender under Appeal.

The Authority's conclusion in this sub-issue is that, the tender by the successful tenderer did not meet the criterion stipulated under Clause 4.7(a) of GITA and Clause 4.7 of PITA respectively, since, they were neither Class I Civil Works Contractors nor Mechanical Contractors registered by CRB.

Therefore, the Authority's conclusion on issue number one is that the award of tender to the successful tenderer was not proper at law because the evaluation process was marred by irregularities.

2.0 To what reliefs, if any, are the parties entitled to.

Having resolved the issues in dispute the Authority proceeded to address the prayers by parties. To start with, the Authority considered the Appellant's first prayer that, the Respondent be ordered to restart the tender process in observance of the law. The Authority is of the view that, the Respondent should restart the tender process in observance of the law since it has already been established under issue number one above that, the evaluation process was not done in compliance with the law.

With regard to the Appellant's second prayer for compensation of Tshs. 6,770,000/- being Appeal filing fees, legal fees, travelling and accommodation costs, the Authority observes that, the Appellant deserves to be compensated the sum of Tshs. 120,000/- only being Appeal filing fees.

Therefore, the Authority orders the Respondent to compensate the Appellant the sum of Tshs. 120,000/- only since the Appeal has merit.

As regards to the Respondent's prayer that the Appeal be dismissed, the Authority rejects that prayer as the Appeal has merit.

On the basis of the aforesaid conclusions, the Authority upholds the Appeal and orders the Respondent to:

- re-start the tender process afresh in observance of the law; and
- compensate the Appellant a sum of Tshs. Tshs. 120,000/- only

Last but not least, the Authority is making this decision fully cognizant of the Public interest involved therein. This decision is not only in accordance with the law; it is also in broad public interest.

It is the considered view of the Authority that, public interest should not be determined in pecuniary terms *per se*, that is, the amount of money the public may lose as a consequence of this decision. Nor should it

be determined simply on what the Appellant or the Respondent may lose or who amongst the two may lose more.

If public interest was to be myopically or narrowly interpreted to absurd results, that is, public institutions would deliberately break the law knowing that they can get away with it merely by showing that if the law is allowed to take its course, public funds would be lost.

We hasten to say that justice is indeed priceless and no prospective financial loss can be used as an excuse to bless illegality or breach of the law.

In our considered view, public interest can best be protected and enhanced by rule of law which is a key ingredient of good governance. In other words public interest is achieved by observing the law. The Act (and its Regulations thereof) was enacted precisely to protect the said public interest in public procurement and disposal which consumes a huge portion of the

public funds but which is susceptible to widespread abuse.

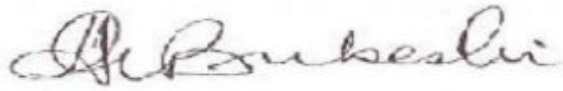
Sections 43 and 58 of the Act provide the manner in which all public procurement and disposal should be conducted, that is, in a manner to enhance competition and achieve economy, efficiency, transparency, value for money and equity. This is the public interest at stake.

Furthermore, public interest is protected by punishing breach and condemning or curtailing impunity and enhancing justice and fairness as provided under Sections 44 and 72 to 76 inclusive of the Act.

It is our ardent wish that the relevant oversight bodies will take appropriate measures in view of what we have alluded to in this decision.

Right of Judicial Review as per Section 85 of the PPA/2004 explained to parties.


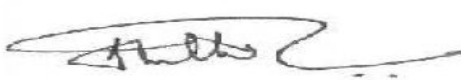
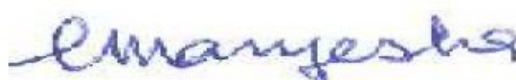
This Decision is delivered in the presence of the Appellant and the Respondent this 14<sup>th</sup> June, 2013.



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JUDGE (rtd) A. BUBESHI  
CHAIRPERSON

MEMBERS:

1. MR. H.MADOFFE  .....
2. MR.K.M. MSITA  .....
3. Ms. E. J. MANYESHA  .....