



MINISTRY OF TRANSPORT

The Speaker of the National Assembly
Parliament Buildings
NAIROBI

Statement By
The Hon. Kimani
7/06/2011
made in
Gumbo's
PARLIAMENT
OF KENYA
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**MR. SPEAKER SIR, I WISH TO MAKE THE FOLLOWING
STATEMENT ON METHOD USED TO
ENGAGE CONSULTANTS FOR LAMU PORT AND LAMU-
SOUTHERN SUDAN-ETHIOPIA TRANSPORT (LAPSSET)
CORRIDOR PROJECT STUDY**

The Member of Parliament, Hon. Eng. Gumbo rose on point of order to seek a ministerial statement on:

- (i) How the Consultants to conduct the feasibility study for the Lamu Port and Lamu-Southern Sudan-Ethiopia Transport Corridor were engaged.
- To explain how Japan Port Consultants were awarded the multi-million shilling consultancy.
 - To clarify whether an expression of interest and a request for proposal (RFP) were sent out; when it was sent out; and how many firms were invited.
 - To provide detailed bids of all firms that responded to the RFP in terms of financial bids and technical bids.
 - To provide a copy of the evaluation report.
 - To provide detailed curriculum vitae of all the individuals in the respective firms that placed bids for this contract.

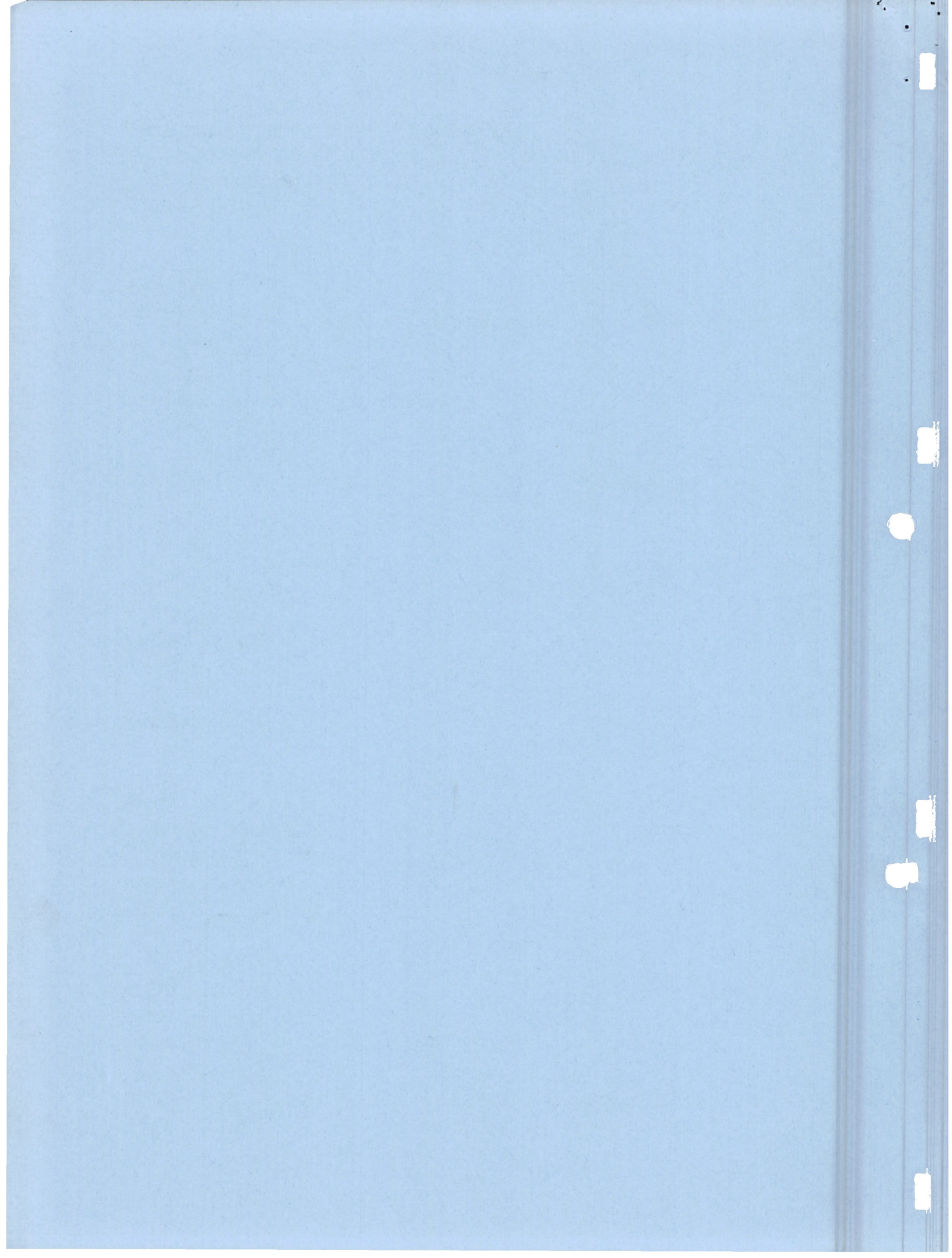
- (ii) To confirm that the provisions of the Public Procurement and Disposal Act. No.3 of 2005 and the Public Procurement and Disposal Act of 2006 have been complied with.

Mr. Speaker, Sir, I wish to state as follows:-

1.0 THE PROCUREMENT OF THE CONSULTANTS

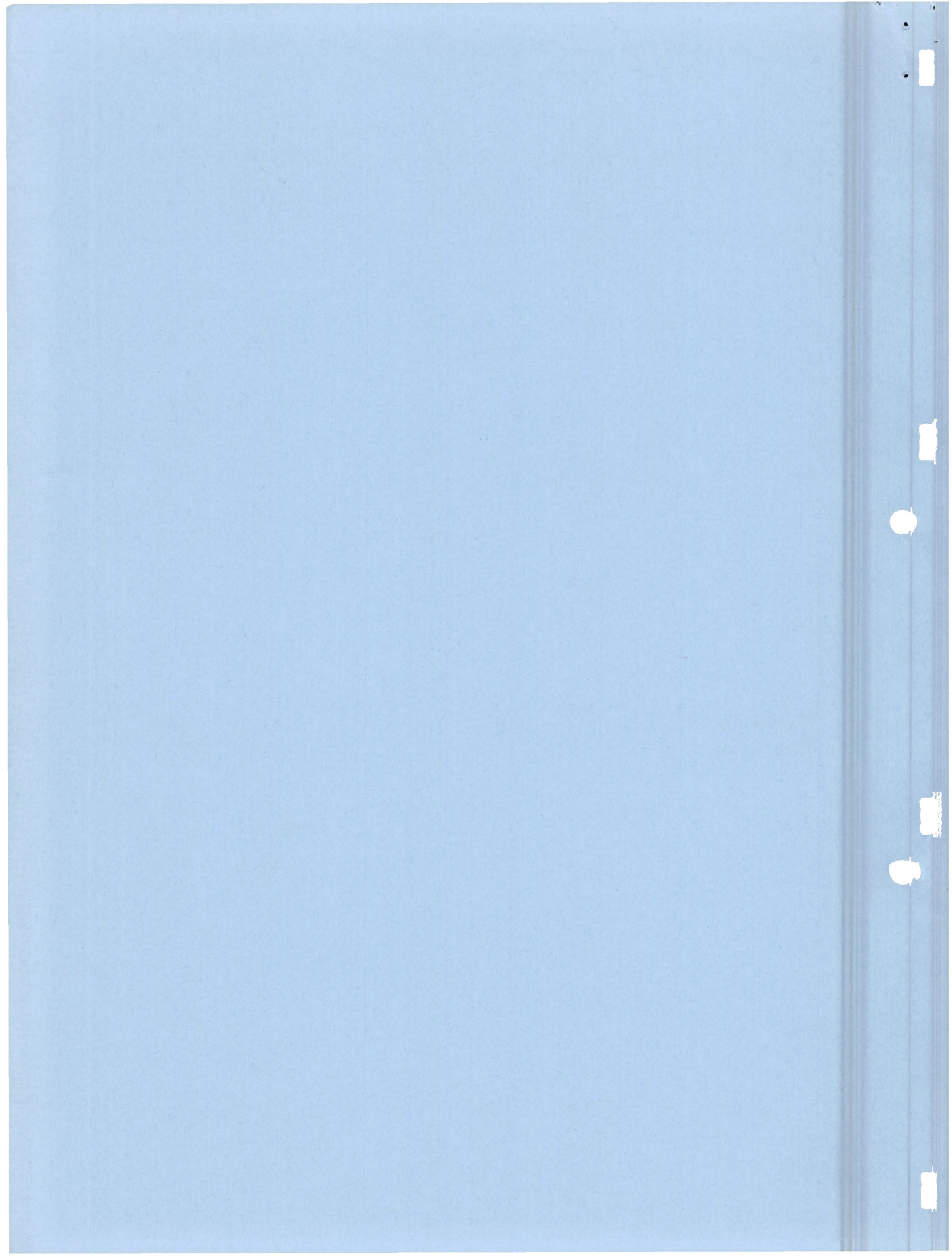
The procurement of M/s Japan Port Consultants was done through competitive tendering process in two stages namely Expression of Interest as stage one and issuance of Requests for Proposals (RFP) to the shortlisted firms as stage two.

- a) The Expression of Interest for Lamu Port and Lamu-Southern Sudan-Ethiopia Transport Corridor Consultancy was advertised in the print media of 6th April 2009. Thirty (30) EOI bids for the consultancy were received on 18th May 2009. (see a copy of EOI Advert attached dated 6-12th April 2009 as Appendix I).
- b) The evaluation of EOI bids for the thirty firms was carried out from 29th June to 3rd July 2009 and the Evaluation Committee shortlisted eight (8) firms to undertake the feasibility study and prepare preliminary designs, prepare Lamu Port Master Plan, detailed designs for the first three berths together with tender documents. (Technical Evaluation Report and EOI Attached Appendix II)
- c) In August 2009, the Ministry sent out Requests for Proposals (RFP) to the eight short listed Firms (see Appendix III on RFP).
- d) Out of the eight shortlisted firms, only six submitted Technical and Financial proposals in separate sealed envelopes on 17th November 2009. The evaluation of the Technical bids was done and only two firms namely M/s Japan Port Consultants Ltd and M/s Royal Haskoning, Netherlands obtained minimum technical Score of 80%. The financial bids for the 4 (four) firms which did not



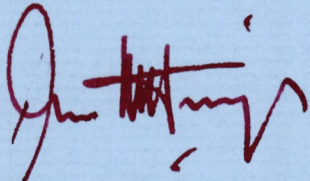
obtain the minimum technical score of 80% were returned unopened (see copy of technical evaluation report –Appendix IV).

- e) M/s Japan Port Consultants Ltd and M/s Royal Haskoning, Netherlands scored 91% and 82% respectively. The financial bids for M/s Japan Port Consultants Ltd which attained the highest technical score was opened and the firm invited for negotiations.
- f) M/s Japan Port Consultants Ltd accepted the offer after the negotiations were concluded and consequently, the Bid for M/s Royal Haskoning, Netherlands was returned unopened in accordance with the procurement instructions in the RFP (see copy of offer letter–Appendix V).
- g) The Contract with M/s Japan Port Consultants Ltd was signed on 13th May 2010.
- h) The Technical Proposals for all the six firms which returned their bids in stage two are available and the detailed evaluation report is attached. However, it is only financial bid for M/s Japan Port Consultants Ltd that is available since the others were returned unopened.
- i) The original contract sum for M/s Japan Port Consultants Ltd was Kshs 3.04 billion.
- j) On 21st September 2010, I wrote to Treasury raising concerns over the pricing of the contract and requested Treasury as Chief Advisor of Government Procurement to determine whether the unit rates of the contract represented good value to the tax payer and whether the contract ought to proceed in that form.
- k) Consequently, on 5th November 2010, a consultative meeting was held between Treasury, Ministry of Transport, State Law Office and Public Procurement Oversight Agency. During the meeting, Treasury was requested to assess the financial implications if the contract was to be terminated. After the assessment and



re-evaluation of the contract, it was found prudent to renegotiate and restructure it in a view to have the unit rates addressed to reflect reality.

- l) The restructuring and renegotiations resulted in reduction of the Lumpsum Contract from Kshs. 3.04 billion to Kshs 1.98 billion (see Appendix VI – Letter of award to the winning bidder including the contract amount, terms of payment and expected contract period).
- m) The total amount paid to date is Kshs 500 million, which was paid during the last financial year while Kshs. 500 million is provided for in the supplementary estimates.
- n) The applicable staff rates for the lumpsum contract, including list of staff and the curriculum vitae of the staff are attached as Appendix VII
- o) Finally, Mr. Speaker, the information availed to me indicated that Public Procurement procedures were adhered to as understood by the Ministry.



Hon. Amos Kimunya, EGH, MP
MINISTER FOR TRANSPORT

