

"Begin to weave and God will give the thread."

~ German Proverb

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# Public Procurement Regulatory Authority

Cabinet Division Islamabad

## Editor's Note: IF YOU CAN'T DO IT BLAME PPRA

This is almost getting hackneyed, we keep on repeating, and public sector organizations keep on ignoring. Over the last fourteen months we have many times brought home the role of a regulator. It somehow gets deliberately ignored, goes unread or is not understood. "PROCUREMENT REGULATORY AUTHORITY CANNOT BE INVOLVED IN THE PROCUREMENT PROCESS" period.

TCP again concluded that: the PPRA rules and specially the one regarding not allowing the 'other bidders' to match with the 'lowest bidder' to make up the rest of the tendered quantity threatened the tendering process and jeopardized the whole process of timely import of commodities by TCP and hence needed to be reviewed. In addition to four previous written submissions PPRA made the following fifth plea:

(a) Price matching is a form of negotiation which is clearly prohibited under Rule 40 of the Public Procurement Rules, 2004 as transparency can not be ensured. (b) United Nations Commission on International Trade Law (UNCITRAL) under its Article 35 states that "no negotiations shall take place between the procuring entity and a supplier or contractor with respect to a tender submitted by the supplier or contractor". (c) Section 3 (f) of the Competition Ordinance, 2010 while discussing abuse of dominant position indicates that "predatory pricing driving competitors out of a market, prevent new entry, and monopolize the market" prevent, restrict and reduce competition. Icing on the cake was umpteenth violation of direction contained at page 66 of the PROCUREMENT CODE (2nd Edition) regarding involvement of PPRA in line function of procurement. Someday we steadfastly hold on to the hope that an attempt would be made to understand what PPRA law has to say, we hope

## CAPACITY BUILDING JULY 2010:

During the month of July, two training programs were conducted successfully and 36 officers of 16 procuring agencies availed the training facility at National Institute of Procurement (NIP). The officials who benefited were from FESCO, NBP, IBA, PAC, KARF, AMF, MRF, NAB, NDU, MAG, IB, STI, NUML, PIA, and FATA Secretariat etc.

The participants recommended that PPRA is doing a fine job for its stakeholders and such programs should be extended to benefit Public and Private Organizations and the society as a whole. Sikandar Hayat Mekan Sr. Joint Secretary Cabinet Division awarded certificates to the participants and praised the consistency of capacity building.

Dr. Aleem Mahmood (Rtd.) Federal Secretary, who was also the Chief Guest in one of the programs, emphasized that we should make use of training in PPRA and the Public Procurement Rules 2004 should be followed in letter and spirit for quality procurement and economic development. In the end the Chief Guest distributed the certificates among the participants upon successful completion of the course.



"My message to you all is of hope, courage and confidence. Let us mobilize all our resources in a systematic and organized way and tackle the grave issues that confront us with grim determination and discipline worthy of a great nation."

~ Quaid e Azam Muhammad Ali Jinnah

"Our object should be peace within, and peace without. We want to live peacefully and maintain cordial friendly relations with our immediate neighbors and with the world at large."

~ Quaid e Azam Muhammad Ali Jinnah



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Yogyakarta-Parambanan Temple

## PPRA AT ADB FORUM YOGYAKARTA

The Asia Pacific Procurement Partnership Initiative (PPI) held a meeting in Yogyakarta, Indonesia on 28-30 July 2010. Pakistan was represented by Mr. Hafeez ur Rehman MD PPRA. The forum brought out encouraging developments that have taken place in Pakistan in the new democratic dispensation for other countries to emulate. Financial and administrative independence of PPRA, especially steps taken by PPRA Board in financial autonomy with regard to tender fee and training fee was noted with a lot of interest by participating countries. Pakistan was selected as first PPI focal point for South Asia. This will 'jump-start' the PPI South Asian (i.e. SAARC) Group into moving some useful initiatives that will promote ADB interventions under PPI that can be of use to each country in the region.

The Asian Development Bank (ADB) has recently approved the PPI, a regional capacity development technical assistance which aims to develop a platform for exchange of best practices in procurement among public officials, procurement practitioners (both public and private sector), and civil society. The PPI is an outcome of the Asia Pacific Procurement Forum Consultative Meeting held at ADB Headquarters last Aug 2009 where a total of 68 delegates from 24 of ADB's developing member countries (DMCs) and other donor partners and civil society organizations actively deliberated on future procurement reform priorities.

The objective of the July 2010 PPI meeting was to develop a work plan and define the outputs of the PPI. The initial themes identified for this working session (indicated as priorities in the PPI web survey undertaken earlier this year) included electronic government procurement (e-GP); capacity building for more effective procurement monitoring and execution by public procurement agencies (PPAs); and ways in which to promote increased PPA independence. The countries attending included Pakistan, Bangladesh, China, India, Indonesia, Mongolia, Philippines and Vietnam. Procurement Watch, Transparency International and FIDIC also attended.

## MONITORING AND IMPLEMENTATION:

Table: Year-wise Monitoring Profile

Years	Organizations Monitored	Tenders uploaded	Deviations indicated
04-05	255	11,905	11,311
05-06	274	17,124	12,782
06-07	293	20,226	13,657
07-08	295	17,078	9,917
08-09	290	18,630	4,720
09-10	366	18,404	3,883

The basic objective of the monitoring is the surveillance and close watch on the designed indicators of any organization or project. In the context of PPRA the Monitoring of Tenders is one of the key indicators and functions of organization aiming to edify the procuring agencies by indicating rules violations made by them in tenders. The performance of an organization can be best judged through the trend of its indicators. Like grievance redressal the performance of PPRA in respect of monitoring and its resultant outcome, in shape of significantly reduced violations, is worth mentioning and commendable. The above table and following graph indicate this healthy trend. In 2004-05, 255 organizations were being monitored and this number increased to 366 in 2009-10 an increase of 44% in the number of organizations. During the same period 55% increase has been witnessed in tenders uploaded on PPRA website. The creation of PPRA has been helpful in curtailing the violations in the public procurements by the procuring agencies. In 2004-05 the violations were to the extent of 95%, which has now been reduced to 21% in 2009-10.

The endeavors of PPRA in respect of monitoring have created a procurement sense and awareness about PP Rules in the public sector organizations. Most of the procuring agencies before initiating the procurement process consult PPRA for clarification which has helped towards a visible reduction in violations at the later stages. It is imperative to mention that average 40 telephonic queries are answered per day by the monitoring section only.



## EDUCATION CORNER: Linking procurement and political economy

National procurement systems handle a substantial share of total government expenditures in most countries. If the public procurement systems in developing countries are improved, there would be substantial positive effects on public services, private enterprise, economic growth, and the legitimacy and effectiveness of public authority.

The task is to translate them into practical, effective and concrete policies. The procurement systems in many developing countries are often ineffective, non-transparent and riddled with corruption. The achievements of procurement reforms are mixed with few obvious success stories, reflecting the need for better understanding of the main constraints and how the challenges can be addressed. There is, however, increasing awareness among development practitioners that procurement and the political context are tightly connected.

Political economy analysis seeks to understand the interests and incentives of different groups in society, and how policy outcomes are produced as a result of these interests and incentives. It also addresses the impact of values and ideas, including political ideologies, on political decision making and public policy. (<http://www.cmi.no/research/project/?1398=linking-procurement-and-political-economy>)

## RULES CORNER: PP Rule- 17: Qualification of suppliers and contractors

A procuring agency, at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not:

Provided that such qualification shall only be laid down after recording reasons in writing. They shall form part of the records of that procurement proceeding.