PPRA PAKISTAN Gazette
Vol.3, No.2 August 2011

"If a rogue deceives me once shame on him if he deceives me twice shame on me".

~ (Irish proverb)

Managing Editor : Hafeez ur Rehman (Managing Director)
mdppra@ppra.org.pk
Executive Editor : Khalid Mahmood Lodhi (Director)
director@ppra.org.pk
Editor : Naeem Ahmed (Deputy Director)
naeemahmed@ppra.org.pk
Coordinator : Syed Mohsin Hassan (Web Designer)

Public Procurement Regulatory Authority

Cabinet Division Islamabad

EDITOR'S NOTE: LEVEL PLAYING FIELD

For what? For competitors in the business of public procurement to bring out their best in the interest of all those who pay taxes. It also means a situation that is fair for all people involved. We level the field for a good fair game, the pot holes of whim are filled, bumpy patches evened out for smooth unhindered game, goal posts on both sides and distance in between measure the same. The umpire only has a whistle to blow and cards to show.

A level playing field is a concept about fairness, not that each player has an equal chance to succeed, but that they all play by the same set of rules. A metaphorical playing field is said to be level if no external interference affects the ability of the players to compete fairly. Although some may view "government interference" to slant the field in reality the level playing field is created and guaranteed by the implementation of rules and regulations ... building codes, material specifications and zoning create a starting point/ a minimum standard --- a "level playing field".

The aim of a level playing field is competitive neutrality. In mixed public/private markets, where state-owned or quasi-public bodies line up to compete with private sector companies. These markets tend to be distorted as a result of structural advantages enjoyed by public providers and a failure by public buyers to ensure fair process. A range of policy tools can be employed to achieve competitive neutrality. Sustainable public procurement pertains to a process where the public authorities endeavor to purchase goods, services and works with a reduced negative environmental and social impact through their lifecycle by comparison with goods, services and works which fulfill the same primary function as goods, services or works purchased elsewhere.

The other view that is spreading is that there is no level playing field in international trade; that free trade is producing, within and among countries, winners and losers; that such trade is impoverishing and marginalizing the developing world, and increasing inequalities and inequities everywhere and straining and tearing apart the fabric of societies; and that there is rising corporate power that is corrupting and influencing, non-transparently, governments and international institutions to further corporate monopolies and oligopolies at public and consumer expense. Free trade, they say, isn't always and automatically benign and there are both inherent conflicts as well as mutual gains for those engaged in global trade.

A zero-sum game outcome (gain to one and loss to the other) can come in 'free trade' among two equally placed developed nations, while, up to a point, there can be a "real symbiosis between the enhancement of the real income of a less-developed country and that of its more developed partner, with both gaining if the less-developed partner becomes more highly industrialized." A dilemma that stares us in the eye amongst other situations of rock and the hard place.

CAPACITY BUILDING JULY 2011:

A training program was held at National Institute of Procurement (PPRA) on 20-21st July 2011. Mr. Ahmed Owais Pirzada, Chief Commissioner, Federal Land Commission was the chief guest who addressed the participants and in the end he distributed the certificates to the participants on successful completion of the training.

"Avarice is disgrace; cowardice is a defect; poverty often disables an intelligent man from arguing his case; a poor man is a stranger in his own town; misfortune and helplessness are calamities; patience is a kind of bravery; to sever attachments with the wicked world is the greatest wealth; piety is the best weapon of defence."

~ Hazrat Ali (R.A)

"There are people who worship Allah to gain His Favors, this is the worship of traders; while there are some who worship Him to keep themselves free from His Wrath, this is the worship of slaves; a few who obey Him out' of their sense of gratitude and obligations, this is the worship of free and noble men."

~ Hazrat Ali (R.A)

EFFICIENCY INTEGRITY VALUE FOR MONEY TRANSPARENCY
PPRA

Government of Pakistan
Public Procurement Regulatory Authority
FBC Building, G-5/2, Islamabad
(www.ppra.org.pk)
Phone # 051 9202254 Fax # 051 9219149

MONITORING AND IMPLEMENTATION:

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 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 13% in 2010-11.

Month	Tenders	Violations	%Age
July 2010	1331	215	16
July 2011	1481	173	12

Public Expenditure Management (PEM):(Part-II Contd. From previous)

There is a distinction between expenditure management and expenditure policy. Expenditure policy tries to find an answer for the question "what", i.e. where to spend, priority areas etc. whereas, expenditure management tries to find the answer for the question "how". That means once the policy is made then how the allocated funds be spent to maximize the benefits and to safeguard the economic interests of public.

Objectives of PEM:

1. **Fiscal discipline (expenditure controls):** The allocation of resources should be consistent with policy priorities. Fiscal discipline has a close relation with the control of budget magnitudes effectively and it assumes a binding role on expenditure unit by means of expenditure ceilings (Allen, Tommasi, 2001, p.19).
2. **Resource allocation:** The policy of allocation of resources must consider the distributional aspects in the economy to reduce the economic disparities among various regions and segments of society.
3. **Good Operational Management:** Calls for both efficiency (cost minimization) and effectiveness (achieving the intended outcome).

Most of the experts agree if the principles of PEM (Accountability, Transparency, Participation, Predictability)
are followed there will be best outcome in shape of minimum cost and best quality of public projects.

PEM process:

- PEM process links inputs, outputs, outcomes and impact
- **Inputs** are the resources used to produce a service (e.g. doctors, nurses, hospital equipment, and medicines).
- **Outputs** are actual services, e.g., the number of child vaccinations administered.
- Outcomes are the effects achieved by producing the service (e.g., reduction in child mortality).
- **Impact** refers to the value added through the activity.

The positive impact would mean that the project is successful and funds have been used efficiently and economically.

RULES CORNER:

PP Rule – 37: Conditions for use of single stage two envelope, two stage and two stage two envelope bidding procedures.- Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for most of the procurement. Other appropriate procedures of open competitive bidding shall be selected in the following circumstances, namely:-

(a) single stage two envelope bidding procedure shall be used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation;

(b) two stage bidding procedure shall be adopted in large and complex contracts where technically unequal proposals are likely to be encountered or where the procuring agency is aware of its options in the market but, for a given set of performance requirements, there are two or more equally acceptable technical solutions available to the procuring agency; and

(c) two stage two envelope bidding method shall be used for procurement where alternative technical proposals are possible, such as certain type of machinery or equipment or manufacturing plant

PP Rule – 38. Acceptance of bids.- The bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity.

PP Rule – 39. Performance guarantee.- Where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount.

PP Rule – 40. Limitation on negotiations.- Save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder:

Provided that the extent of negotiation permissible shall be subject to the regulations issued by the Authority