

"When a symbol unmoors itself from what it symbolizes, it loses meaning. It becomes ineffective"

~ Arundhati Roy

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EDITOR'S NOTE: THE BEAUTY OF INTEGRITY PACT

Integrity pact is a written agreement between the government/agencies and all bidders to refrain from bribery and collusion in contracts exceeding Rs.10 million. Bidders are required to disclose all commissions and similar expenses paid by them to anyone in connection with the contract. If the written agreement is violated then the pact describes the sanctions including loss or denial of contract; forfeiture of the bid or performance bond and liability for damages; exclusion from bidding on future contracts (debarment); and criminal or disciplinary action against employees of the government. In 2005 the government of Pakistan laid down that instead of signing a separate integrity pact with their suppliers of goods, services and works a "disclosure clause" should be made part of the contract. A draft wording of integrity pact was also circulated to all the procuring entities

The integrity pact can be used by government officials and agencies, private companies (the bidders) and also by the civil society. The initiative to include pacts in a public contracting process can come from any of these actors. Integrity pacts are adaptable to many settings. They are flexible tools that can be applied to construction contracts; goods and services supply contracts; state asset privatization programmes (the buyer/recipient of state property); consultants (engineering, financial, architectural, for example); state licenses or concessions and extraction rights (oil or gas exploration and production, mining, fishing, logging, for example); government-regulated services such as telecommunications, water supply and waste collection services. Its beauty lies in complete lack of physical oversight at the time of writing integrity pact. The matter is left to parties to the contract, the event of complaint by any party, the audit, if and when it transpires and the civil society organization. The law provides freedom to respond

to the call of conscience, the foundation stone of integrity. CAPACITY BUILDING PROGRAM AT NIP:

Needless to say that expertise and knowledge of procurement officials help enable government departments to streamline their procurement procedures in line with PP Rules. It is a matter of pleasure and satisfaction for PPRA management that along with other functions it has been giving a lot of attention to the capacity building of procurement related officials of federal government and private sector. Now these endeavors are resulting into the enhanced awareness among the stakeholders about the PP Rules and in developing a transparent and clean procurement system and culture in the country.

A training session was held at National Institute of Procurement (NIP) in the last week of January 2011. The participants were from various procuring agencies and USAID as well. The federal procuring agencies whose officials participated in this training program were from; M/O IT, PNRA, Defence, NICL, Education, HIT, PIAC etc. Mr. Iftikhar Ahmed, Executive Director/Vice Chairman, FAB was invited as Chief Guest for closing ceremony. Mr. Iftikhar Ahmed shared his thoughts on public procurements and the role of PPRA.



Mr. Iftikhar Ahmed Executive Director (FAB) is addressing the participants

12 PRINCIPLES OF PROCUREMENT

- Accountability
- Competitive Supply
- Consistency
- Effectiveness
- Efficiency
- Fair Dealing
- Integration
- Integrity
- Informed Decision Making
- Legality
- Responsiveness
- Transparency

"Integrity is not a conditional word. It doesn't blow in the wind or change with the weather. It is your inner image of yourself, and if you look in there and see a man who won't cheat, then you know he never will."

~ John D MacDonald



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PUBLIC PRIVATE PARTNERSHIP AND PP RULES 2004:

Public Private Partnership (PPP or P3): The concept of P3 has got more attention and importance in the recent decades by the poor and developing countries for growth and development. It is a government service or private business which is funded and operated through a partnership of government and one or more private sector companies. P3 involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. Poor countries are facing the challenges of extreme poverty, huge debt burden and resource constraints. P3 reduces the Resource Gap, promotes investment in difficult and risky areas, improves service delivery, private investors earn profit and more jobs are created. Broadly speaking and for the sake of applicability of PP Rules we may categorize P3 into following two types:

- i. PPP projects in which the Federal Government does not have any equity or ownership and procurements made by the private party.
- ii. PPP projects in which the Federal Government and the private party have joint equity or ownership through a corporate body and procurement are made by such body. PPRA has not left this key area unattended and hence keeping in view the importance of P3 and the interests of stakeholders PPRA Board clarified that PPRA Ordinance, 2002 and PP Rules 2004 will not be applicable to the type (i) mentioned above, while type (ii) will be governed by the PPRA Ordinance and Rules.

EDUCATION CORNER:

Introduction to Supply Chain Management

It is the management of flows between and among supply chain stages to maximize total supply chain profitability.

The Council of Supply Chain Management Professionals (CSCMP) defines Supply Chain Management as follows: "Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies. Supply Chain Management is an integrating function with primary responsibility for linking major business functions and business processes within and across companies into a cohesive and high-performing business model. It includes all of the logistics or procurement management activities noted above, as well as manufacturing operations, and it drives coordination of processes and activities with and across marketing, sales, product design, finance and information technology."

RULES CORNER:

Public Procurement Rule No. 25 & 26 :-

25. Bid security. - The procuring agency may require the bidders to furnish a bid security not exceeding five per cent of the bid price.

26. Bid validity. -

(1) A procuring agency, keeping in view the nature of the procurement, shall subject the bid to a bid validity period.

(2) Bids shall be valid for the period of time specified in the bidding document.

(3) The procuring agency shall ordinarily be under an obligation to process and evaluate the bid within the stipulated bid validity period. However under exceptional circumstances and for reason to be recorded in writing, if an extension is considered necessary, all those who have submitted their bids shall be asked to extend their respective bid validity period. Such extension shall be for not more than the period equal to the period of the original bid validity.

(4) Bidders who,-

(a) agree to extension of their bid validity period shall also extend the validity of the bid bond or security for the extended period of the bid validity;

(b) agree to the procuring agency's request for extension of bid validity period shall not be permitted to change the substance of their bids; and

(c) do not agree to an extension of the bid validity period shall be allowed to withdraw their bids without forfeiture of their bid bonds or securities.

TYPES OF E-PROCUREMENT:

- **Web-based ERP (Enterprise Resource Planning):** Creating and approving purchasing requisitions, placing purchase orders and receiving goods and services by using a software system based on Internet technology.

- **e-MRO (Maintenance, Repair and Overhaul):** The same as web-based ERP except that the goods and services ordered are non-product related MRO supplies.

- **e-sourcing:** Identifying new suppliers for a specific category of purchasing requirements using Internet technology.

- **e-tendering:** Sending requests for information and prices to suppliers and receiving the responses of suppliers using Internet technology.

- **e-reverse auctioning:** Using Internet technology to buy goods and services from a number of known or unknown suppliers.

- **e-informing:** Gathering and distributing purchasing information both from and to internal and external parties using Internet technology.

- **e-market sites:** Expands on Web-based ERP to open up value chains. Buying communities can access preferred suppliers' products and services, add to shopping carts, create requisition, seek approval, receipt purchase orders and process electronic invoices with integration to suppliers' supply chains and buyers' financial systems.

(<http://en.wikipedia.org/wiki/E-procurement>)

PPRA GOINGS ON:

The Procurement of Consultancy Services Regulations 2010 have been notified by the Cabinet Division vide S.R.O. (1)/2010; and have been uploaded on PPRA website (www.ppra.org.pk).

Free Suppliers Registration: So far 529 suppliers/bidders have got them registered with PPRA Online Registration System.