

"I know God will not give me anything I can't handle. I just wish that He didn't trust me so much."

~ Mother Teresa

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# Public Procurement Regulatory Authority

Cabinet Division Islamabad

## EDITOR'S NOTE: TIGHTENING THE SPENDING BELT

In hard times economists advise tightening the spending belt, PPRA law has an all weather prescription 'economy and prudence in public procurement' which is almost 20% of the GDP in countries like ours. It is only the absence of economy and prudence in public procurement which leads to emergency prescriptive solutions. What does PPRA code lay down in terms of an all weather prescription for the economy: it talks of transparency, it mentions procurement planning report required to be uploaded on PPRA website by all public procuring agencies primarily for public knowledge and public scrutiny then it follows annual procurement report by all those agencies and also to be uploaded on PPRA website. Value for money is a cornerstone of public procurement, in the same breath it talks of best evaluated price and does not hold lowest price holy as perceived. With these few indicators you end up complying with basic requirements of planning, level playing field for the stake holders, public interest and buying the best and most needed. Circumventing any of these is not in public interest, attending to enclaves of preference is not in public interest. Attempting to suit, change, modify or press for ex-post facto exemptions in ground rules is again not in public interest. Without giving a numerical count of graft in public procurement which is only possible through all of the above, roughly one fourth of the public money spent on public procurement is misused. The need therefore is to put this money into best use and avoid times requiring tightening the spending belt.

## CAPACITY BUILDING PROGRAM

During last 2-3 years 133 training sessions were held in PPRA (National Institute of Procurement). More than 4000 public and private sector procurement related officials have been trained. The positive outcome of the capacity

building is visible from the substantially reduced rate of violations in PP Rules 2004 by the procuring agencies. During last few months the private sector has also shown keen interest in PPRA's training program.



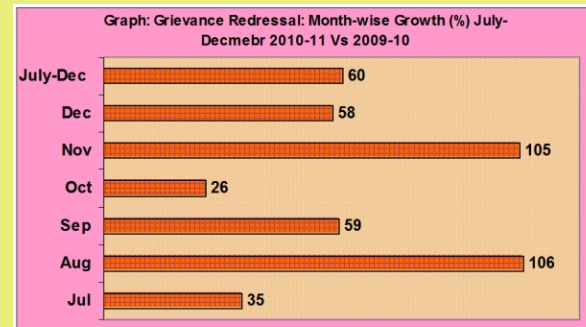
The MD PPRA giving certificate to a Participant of Training Program held at NIP

## GRIEVANCE REDRESSAL: A Half Year Performance

A comparison of July-December of CFY indicates 134% growth over the PFY in the number of complaints lodged with PPRA. Month-wise growth is depicted in the following table and graph;

Table: Grievances Redressal

Months	Complaints Received/Disposed off	
	2010-11	2009-10
July	27	20
August	35	17
September	43	27
October	39	31
November	41	20
December	30	19
July-Dec	215	134



**PPRA WISHES A PEACEFUL PROSPEROUS AND A HAPPY NEW YEAR TO ALL ITS READERS**

"A bend in the road is not the end of the road... unless you fail to make the turn."

~ Author Unknown



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## MONITORING AND IMPLEMENTATION:

The monitoring of tendering is a continuous process and a major function of PPRA. The result of incessant monitoring is vivid as the violations have been brought down from 96% in 2004-05 to 13% in 2010-11. The regulatory body has played its role productively since its inception. The process of monitoring enables the procuring agencies to follow PP Rules 2004 to great extent. Hopefully with the efforts of Authority and more cooperation of procuring agencies the violations of PP Rules would be further curtailed.

Tenders Uploaded and Violations Indicated Jul-Dec 2010-11

Months	Tender Uploaded	Violations Indicated	% of Violations
July	1331	213	16
August	1280	192	15
September	1236	139	11
October	1595	186	12
November	1474	170	12
December	1360	165	12
July-Dec 10-11	8276	1065	13

## EDUCATION CORNER:

### "THE AIM OF PUBLIC PROCUREMENT"

by Glenn T. Ware, Shaun Moss, J. Edgardo Campos and Gregory P. Noone

To be effective, public procurement must be responsive to the demands of its stake-holders, namely, the public, the government, and the private sector. A country's public procurement system must provide the required inputs to the delivery of public services - typically, goods, civil works, and services - at low cost and with appropriate levels of quality. To achieve this objective, most public procurement systems attempt to emulate the operation of the market, primarily by requiring competitive tendering procedures for major acquisitions (competitive bidding is not always required; see, for instance, the case of emergency procurement in annex 9A). A truly competitive

process enables the country to effectively use public funds - whether they are domestic revenues, foreign aid, or loans - for developing infrastructure, promoting human capital, reducing poverty, and enhancing economic growth. A sound public procurement system is governed by several key principles.

**It must be based on rules.** Countries should have a clear and adequate legal and regulatory framework in place to guide public procurement. The laws, regulations, policies, and implementing rules must promote fairness (and be seen as fair by all potential bidders) and thus discourage discrimination (primarily between national and international companies) and favoritism. Equal treatment of bidders in the public procurement process promotes greater certainty and predictability in the awarding of contracts, which are essential to fostering healthy competition.

**It should encourage competition in bidding for government contracts.** In most cases, competition results in better quality and lower cost, both of which are desired outcomes of a well-functioning system. Under some special circumstances, alternative modes for letting contracts may yield better results. The rules and regulation should be clear on the circumstances that justify the use of such alternatives and should limit discretion in deciding when to use them.

**It should promote transparency.** The public procurement process should imbue the public with confidence that the government is providing legitimate services for citizens rather than increasing private wealth of government officials and narrow private interests. The easiest way to accomplish this objective is to ensure transparency in decision making throughout the entire procurement process, that is, to show that the government is spending taxpayer monies responsibly. Transparency "refers" to the ability of all interested participants to know and understand the actual means and process by which contracts are awarded and managed. This requires the release, at a minimum, of information sufficient to allow the average participant to know how the system is intended to work, as well as how it is actually functioning" (Wittig 2005, p.111).

**The system should strengthen accountability.** Public officials should be held responsible for the proper implementation of rules and regulations governing public

procurement and thus for the procurement decisions they make. Accountability requires the existence of a credible sanctioning system for violations of the rules, consistent with due process. Such a system entails the adoption of adequate internal controls and audit procedures, a complaints system for bidders to challenge decisions, as well as appropriate administrative and judicial review bodies that have the authority to impose corrective measures and remedies.

**The system must be economic.** A key element of the implicit social contract between the government and the citizenry is that the government will spend taxes prudently and effectively. For public procurement, this means the government should procure goods, works, and services at a reasonable cost and with reasonably good quality, that is, it should obtain good value for money spent.

**The system should be efficient.** Time is money, and time wasted is money lost. Rules and procedures should thus encourage the completion of the procurement process within a reasonable length of time as well as the timely delivery of the goods, services, and works procured.

## RULES CORNER:

PP Rule 24. Reservations and preference.-

(1) Procuring agencies shall allow all prospective bidders to participate in procuring procedure without regard to nationality, except in cases in which any procuring agency decides to limit such participation to national bidders only or prohibit participation of bidders of some nationalities, in accordance with the policy of Federal Government.

(2) Procuring agencies shall allow for a preference to domestic or national suppliers or contractors in accordance with the policies of the Federal Government. The magnitude of price preference to be accorded shall be clearly mentioned in the bidding documents under the bid evaluation criteria.

### PPRA Goings on:

**The Procurement of Consultancy Services Regulations 2010 have been approved by the Government vide S.R.O. (1)/2010; the same have been uploaded on PPRA website ([www.ppra.org.pk](http://www.ppra.org.pk)).**

**Suppliers Registration: So far 416 suppliers/bidders have got them registered with PPRA Online Registration System.**