

PPRA PAKISTAN Gazette

June 2010

Once the game is over, the king and the pawn go back in the same box.

~ Italian proverb

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Editor's Note: METHOD ACTORS IN PROCUREMENT GRAFT

Public servants with discretionary powers to select bidders in procurement contests are susceptible to under the table/over the table monetary inducements/extortions in granting contracts. Graft emanating from use of discretion is essentially a grey area that this white collar crime thrives on.

This crime is as hard to prove like the ill of betting in sports and in our context cricket. The player will show that he played a shot with intent to clear the stadium; application of a slightly less power will turn it into dolly catch. Nobody knows the bounty the player reaped by using his discretion to apply less than the required force in execution of the shot. This is called method acting in graft. Cumulatively the team loses and gets out of the tournament, country loses on ranking, people lose interest in the losing team, the game of cricket suffers, you don't attract talent and the country loses face in a healthy sport. The story of graft in games is not much different in Italian football, Japanese sumo wrestling or even cockfighting in the Philippines.

The story of procurement and contracting is not much different; the use of same method-acting is coming in the way of our economic efficiency and economic development. A non transparent procurement system in a country among other ills keeps the investor out to the direct detriment of the progress and development. Discretion of a public servant is the prime suspect; we must put our heads together in finding solutions by beginning to undermine discretion through detailed procurement processes in line with PPRA law in order to minimize corruption and graft.

UNCAC, TIP, OECD AND INTERNATIONAL ORGANIZATIONS

The word CORRUPT, is derived from a Latin word CORRUPTUS which means to destroy, when used as an adverb literally means "UTTERLY BROKEN". Corruption often refers to spiritual and moral impurity or deviation from an ideal. This takes a form of contrasting a pure spiritual form with a corrupted manifestation in the physical world. Generally speaking it is the misuse of public office for private gain.

Corruption is a major hindrance to sustainable development and is corrosive on the very fabric of society. According to World Bank statistics the insidious plague of corruption has become US \$ 1 trillion/year industry. According to Transparency International Pakistan (TIP) the cost of corruption in Pakistan is over Rs. 200 billion per year. Discretionary power is at its greatest when the public demand and the public preferences are delegated to the public agent and defined during a bilateral bargaining process. Then the civil servant is choosing the private part, while price and other contract conditions are the result of the negotiation process. In many countries corruption adds upwards of 10% to the cost of doing business and it adds as much as 25% to the cost of public procurement undermining not only the business performance and declining economic growth but hampers the quality of life of societies at large. Over recent times the fight against corruption has gained momentum through international anti corruption organizations like Transparency International (TI), United Nations Convention Against Corruption (UNCAC) and Organization for Economic Corporation And Development (OECD). Although establishing a business code of ethics and rules for corporate governance around the world is an uphill task yet the companies are more focused on developing anti corruption measures to protect their reputation and goodwill so as to set benchmarks for good governance.

"There is no den in the wide world to hide a rogue.
Commit a crime and the earth is made of glass.
Commit a crime, and it seems as if a coat of snow
fell on the ground, such as reveals in the woods the
track of every partridge, and fox, and squirrel".

~ Ralph Waldo Emerson (1803 - 1882)



PPRA

Government of Pakistan

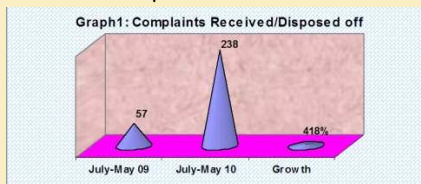
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FIRST ANNIVERSARY PPRA GAZETTE

With the current June issue PPRA completes publication of twelve monthly issues, it signifies consistency of effort in advocacy, training, public information and seriousness of the federal government to pursue a transparent and fair procurement regime with the objective of better image building of the country. In July last year, when the first issue was published we did not imagine such readership in the public and particularly the private sector. Its circulation has multiplied from just a few hundred to thousands and is currently being circulated amongst all federal government offices, public /private universities, international organizations, procuring agencies, known private sector companies and the trainees at NIP. Its online version is also available for readers abroad. We draw a lot of encouragement from the response, their acknowledgment and questions on issues we raise in the gazette, but the best one came from the emulation of our effort by a number of entities, bringing home the meaning of the proverb "imitation is the sincerest form of flattery". We remain indebted and are enthused to keep up the good work.

Grievance Redressal: The grievance redressal is one of the major functions of PPRA. In this regard PPRA has tried its best to ensure the transparency in public procurements. With the passage of time the awareness among bidders is increasing and resultantly more complaints are being lodged with PPRA, which is evident from data shown in Graph-1.



PERFORMANCE OF PPRA DURING THE LAST 12 MONTHS

FY: 09-10 would be remembered as a glorious year as besides the routine work, various landmark initiatives were taken by the management of PPRA. These initiatives have transformed this benign organization into a vibrant and active regulating entity in public sector in a short span of time. A summary of the steps and achievements is as under:

Establishment of NIP: After the closure of Capacity Building Project, PPRA established National Institute of Procurement (NIP) without demanding additional funds from Federal Government. It is an in-house, sustainable and non-rental training arrangement in PPRA building. The NIP is equipped with all essentials of a training facility accommodating around 20 participants.

Monitoring of Tenders on daily basis: Monitoring activity had already been a routine work but it was accelerated and expanded during this year. The uploading of tenders received & collected from all sources on daily basis and indication of violation on very next day was ensured. The staff of IT section performed it efficiently, to keep the uploading of tenders updated without creating any backlog. Resultantly rate of violations declined from 25% in 08-09 to 20% in 09-10.

Publishing Monthly Gazette: PPRA was not so much known in the past in the public as it is known today. The issuance of monthly gazette on its activities and performance has been instrumental to update the stakeholders about the PPRA activities and performance on regular basis. The popularity of the Gazette among the common readers and stakeholders including international organizations is rising. The Gazette is instrumental in creating awareness among the public in respect of Rules and public procurements.

1st ever Impact Evaluation Survey: P P R A conducted a comprehensive feedback and impact evaluation survey regarding Authority's functions and performance without incurring any cost to the national exchequer. Valuable comments and suggestions have been received from various stakeholders. The effectiveness of PPRA's role has been widely appreciated by the respondents from public, private sector and international organizations.

Step towards financial autonomy: PPRA with the approval of its Board levied fee of Rs.1000 for uploading of each tender on its website from first December 2009 as a first step towards financial autonomy which is essential for any regulatory body.

Efforts to ensure implementation of PP Rules-2004: The current management focused on the areas neglected in the past. In this regard a number of letters were written to top management of procuring agencies regarding the uploading of annual planning, evaluation

reports, contracts awards over Rs 50 million and formation of grievance redressal committees to bring efficiency and transparency. A large number of procuring agencies responded positively and formed grievance redressal committees available on PPRA website.

Publication of Procurement Code: PPRA published "Pakistan Procurement Code" to facilitate the stakeholders. It contained the Ordinance, PP Rules, 2004, and PP Regulations 2008. Now its second edition has come out which also includes PPRA policy guidelines issued from time to time and Frequently Asked Questions for the ready reference facility and knowledge of the readers.

Training Program at NIP: May 11-12, 2010



Capacity building training program on "Public Procurement Rules & Procedures" was held on May 11-12, 2010 at the National Institute of Procurement (NIP). Some of the procuring agencies whose officials participated in this training program were NBP, University of Agriculture-Faisalabad, NLA, Sukkur IBA, Military Lands and Cantonment, Pak Datacom Pvt. Ltd and FATA Capacity Building Project etc.

Mr. Amjad Mahmood, Joint Secretary (Cabinet Division) who was the Chief Guest praised the conducting of training workshop methodically and lauded the efforts of PPRA for standing up against odds and bridging the gap between the public and private sector through education of Public Procurement Rules & Procedures.

RULES CORNER:

PP Rule - 18. Disqualification of suppliers and contractors.- The procuring agency shall disqualify a supplier or contractor if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete.