

"Wealth converts a strange land into homeland and poverty turns a native place into a strange land".

~ Hazrat Ali (R.A)

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: PUBLIC PROCUREMENT AND INTERNATIONAL COMPETITION

Competition encompasses the notion of individuals and firms striving for a greater share of a market to sell or buy goods and services. Competition in business is "the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms. Competition, according to the theory, causes commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products. The greater selection typically causes lower prices for the products, compared to what the price would be if there was no competition (monopoly) or little competition (oligopoly). (Wikipedia)

Globalization has without doubt taken over world economies, interlinking has affected production and service sectors. It remains a moot question as to why all governments should not allow international competition in public procurement. Governments, we know, are not like individual consumers, they are political agents constrained by domestic, economic, political and national conditions. In the international market all governments play by their own interests. Government decisions are also affected by political competition, political institutions and the prevailing economic condition. Governments at the same time are market players and regulators. All these aspects should determine a long term view while embarking on a rule-change route. Due deliberation must be undertaken on all pros and cons instead of short term decisions liable to become a source of grievance for other competitors.

It is also a fact that inter-penetration of national markets through international trade has led to increased competition in some cases, as well as restricted competition in others (through use of contingent

protection measures, mergers and alliances, misuse of technical barriers to trade including testing and quality controls, labeling rules and certification procedures, discriminatory government procurement, anti-competitive business practices). Competition policy is part and parcel of globalization and a set of measures employed by governments to ensure a fair competitive market environment for all enterprise participants in the market, with competition laws being one among such measures for overall good of the public.

CAPACITY BUILDING PROGRAM AT NIP:

A training session was held at National Institute of Procurement (NIP) on February 09-10, 2011. Some of the main procuring agencies participating in this training program were PEC, M/o Culture, GC University Faisalabad, M/o Health National Tuberculosis Control, PNSC Karachi, PSEB Islamabad, NADRA Multan, Prime Minister's Secretariat, F.G College and DGDP Rawalpindi etc. The participants praised the job of PPRA for conducting such trainings. The efforts of PPRA to bridge the gap between the public and private sector through education of Public Procurement Rules & Procedures was also praised by the participants.



"How can a thing, the existence of which is dependent on you be taken as a proof for your existence? Is there anything more evident than your "self" to disclose you? Are you hidden to need a guide to find you? Surely you are not. Are you far-away to need your footprints to find you? Surely you are not! Blind may the eyes be, which do not see you watching and guarding your "self".

~ Imam Hussain (R.A)



PPRA

Government of Pakistan

Public Procurement Regulatory Authority

FBC Building, G-5/2, Islamabad

(www.ppra.org.pk)

Phone # 051 9202254 Fax # 051 9219149

GRIEVANCE REDRESSAL, STAKEHOLDER SATISFACTION:

The major aim of the public institutions is to implement the government policies in order to ensure smooth movement of social and economic indicators in the right direction and ultimately to satisfy the public wants. The institutions are supposed to establish accountability, rule of law, political & economic stability and elimination of corruption from a society. Kaufmann, Kraay and Zoido-Lobaton, (2002) say by the institutions they mean factors that establish good governance: political stability, voice and accountability, the rule of law, the regulatory framework, bureaucratic quality and control of corruption. The role of institutions is vital for attaining economic growth and stability and there is little controversy on the fundamental role played by the institutions. Acemoglu, Johnson and Robinson (2001) suggest institutional quality as a fundamental determinant of economic development. Mamoon and Murshed (2005).established through cross country analysis that institutions are one of the most significant determinants of economic development.

With this basic aim the PPRA was established in 2002 and despite some legal constraints it has proved its worth and helped government bringing transparency in public procurement. The PP Rules 2004 do not provide the punitive powers in case of Mis-procurement or violations made by a procuring agency. Nonetheless, with passage of time the dispute resolution or grievance redressal mechanism is strengthening in shape of effective and result oriented outcome. It has been perceived that the procuring agencies are now more compliant to the PP Rules and particularly Rule 48 (grievance redressal) as compared to the past. The existence of PPRA has proved vital in this regard. Along with grievance redressal other factors which have contributed are the training of the public and private sector employees at National Institute of Procurement (NIP) and the regular monitoring of tenders by PPRA.

An analysis of six months data (January-June 2010) reveals that during this period 121 complaints were lodged with PPRA which were taken up with the concerned procuring agencies. Out of 121 in 72 (or 60%) cases the issues were resolved and 49 cases are under process. Keeping in view the delay in response from procuring agencies the Authority is issuing reminders to the

concerned procuring agencies.

Complaints Profile: 1st January to 30th June 2010

Total Complaints Lodged with PPRA	121
Cases referred to concerned procuring agencies	121
Cases under process	49
Settled cases	72
Success Rate	60%

MONITORING AND IMPLEMENTATION:

As per Rule 12 of PP Rules 2004 it is mandatory for procuring agencies to advertise the procurements over one hundred thousand rupees on PPRA website. This helps PPRA to monitor the tenders uploaded/published on PPRA website. The monitoring wing of PPRA has done excellent job over the years as the violations ratio has dropped significantly i.e. more than 90% in 2004-05 to 13% in 2010-11.

During the CFY July-February total 12344 tenders have been uploaded on PPRA website as compared to 12029 during July-February 2009-10, in other words only a growth of 3%.

RULES CORNER:

Public Procurement Rule No. 27 & 28:-

27. Extension of time for submission of bids.-
Where a procuring agency has already prescribed a deadline for the submission of bids and due to any reason the procuring agency finds it necessary to extend such deadline, it shall do so only after recording its reasons in writing and in an equal opportunity manner. Advertisement of such extension in time shall be done in a manner similar to the original advertisement.

28. Opening of bids.-

(1) The date for opening of bids and the last date for the submission of bids shall be the same. Bids shall be opened at the time specified in the bidding documents. The bids shall be opened at least thirty minutes after the deadline for submission of bids.

(2) All bids shall be opened publicly in the presence of the bidders or their representatives who may choose to be present, at the time and place announced prior to the bidding. The procuring agency shall read aloud the unit price as well as the bid amount and shall record the minutes of the bid opening. All bidders in attendance shall sign an attendance sheet. All bids submitted after the time prescribed shall be rejected and returned without being opened.

EDUCATION CORNER:

Poverty and Corruption

A stocktaking of both past and current efforts to reduce poverty suggests that corruption has been a constant obstacle for countries trying to bring about the political, economic and social changes desired for their development. Across different country contexts, corruption has been a cause and consequence of poverty. Corruption on the part of governments, the private sector and citizens affects development initiatives at their very root by skewing decision-making, budgeting and implementation processes. When these actors abuse their entrusted power for private gain, corruption denies the participation of citizens and diverts public resources into private hands. The poor find themselves at the losing end of this corruption chain — without state support and the services they demand.

At the same time, corruption is a by-product of poverty. Already marginalized, the poor tend to suffer a double level of exclusion in countries where corruption characterizes the rules of the game. In a corrupt environment, wealth is captured, income inequality is increased and a state's governing capacity is reduced, particularly when it comes to attending to the needs of the poor. For citizens, these outcomes create a scenario that leaves the poor trapped and development stalled, often forcing the poor to rely on bribes and other illegal payments in order to access basic services. For a country, the results produce multiple and destructive forces: increased corruption reduced sustainable growth and slower rates of poverty reduction. As the World Bank has aptly warned, corruption is 'the greatest obstacle to reducing poverty'. (TI Working Paper No. 2/2008 Poverty and Corruption).