PPRA PAKISTAN Gazette

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Public Procurement Regulatory Authority

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procurement of works and goods and on Selection and Employment of Consultants by Bank Borrowers. The MDBs have their Standard Bidding Documents on Procurement of Works, Goods and services. As a standard, the World Bank uses International Federation of the Consulting Engineers (FIDIC) Standard Conditions of Contract & Forms, it contains best procurement practices in construction. All projects funded by the MDBs have to follow these Guidelines.

WTO's Government Procurement Agreement (GPA): First Agreement on Government Procurement was signed in 1979 and entered into force in 1981. It was amended in 1987, with this amended version entering into force in 1988. In parallel with the Uruguay Round, Parties to the Agreement held negotiations to extend the scope and coverage of the Agreement. The GPA that is currently in force was signed in Marrakesh on 15 April 1994, entered into force on 1st January 1996. The GPA is one of the "plurilateral" Agreements, signifying that not all WTO Members are bound by it. Pakistan is neither a member nor an observer of the GPA. Despite many good features of this powerful club featuring USA as well, to become its member Pakistan has to strategically weigh its merits and demerits as Agreement binds its members to allow mutual access to each other's public sector contracts.

US Federal Acquisition Regulations (FAR): These are OMB circular-based statutory procurement procedures employed in North America. These Regulations address specifically public procurement in the United States and its aid agencies abroad, the global impact of the US economy makes it worthwhile to delve into its acquisition practices which are characterized for their best value for money.

The Public Procurement Regulatory Authority (PPRA) Rules 2004: Though it is a nascent legislation, it has judiciously picked up the best part of almost all the above mentioned public procurement regimes to make the said Rules equipoised and in consonance with the best

international practices. PPRA Rules 2004 are now in harmony with procurement principles as entailed in the UNCITRAL Model Law, EC Directives, World Bank Guidelines and the GPA.

The Rules Corner:

Public Procurement Rule No. 10: Specifications. -

Specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words "or equivalent".

*Provided that this rule shall not apply to procurement made by public sector commercial concerns on the demand of private sector client specifying, in writing, a particular brand, model or classification of equipment, machinery or other objects.

Significance of Rule 10

Fair and open competition is the foundation step of quality, efficiency and economy. Strict adherence to competition ensures wider participation among the suppliers, provides equal procurement opportunities, hence leads to fairness, transparency in procurement process providing quality, economy and value for money to the procuring agencies ensuring proper and prudent use of public money. The implementation of Rule 10 is an effective tool to discourage specific or popular brands, rather it encourages new entrants and feeble competitors to take the opportunity of open competition and flourish their businesses and grow as per their potential.

12 PRINCIPLES OF PROCUREMENT:

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

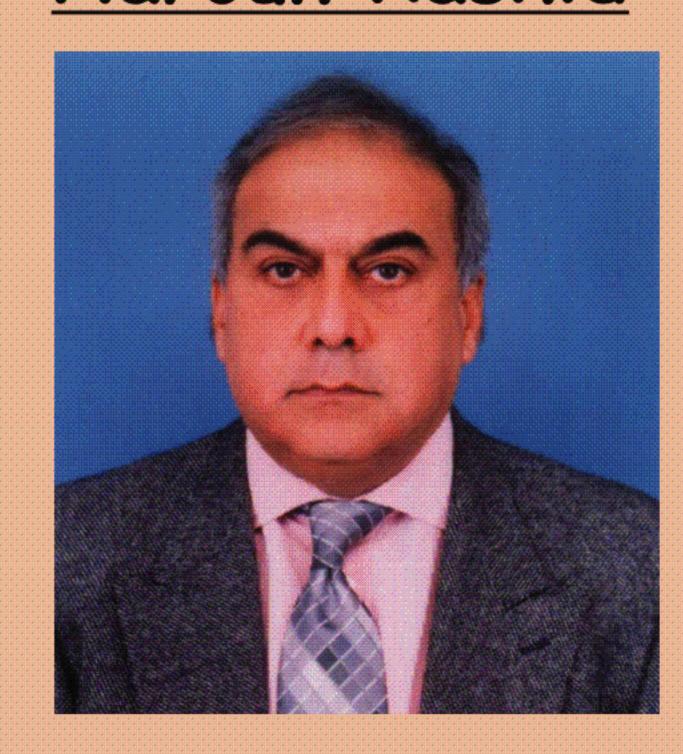
"Bad planning on your part does not constitute an emergency on my part."

- Proverb



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Message from Member PPRA Board Haroun Rashid

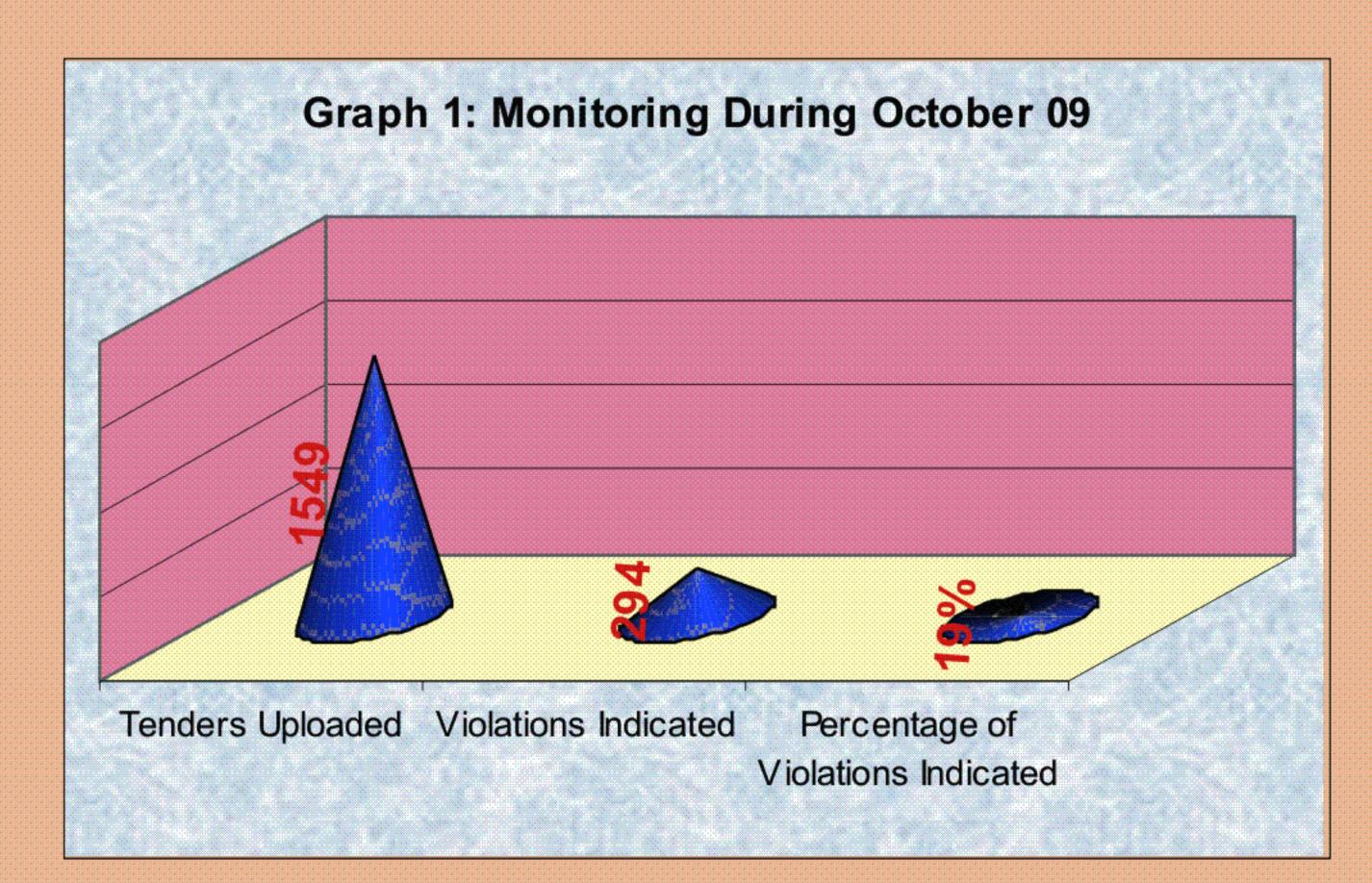


Over the last two decades there has been a universal movement towards transparency in public financial transactions. It is as part of this global endeavor that PPRA was established and as we seek to develop both economically

and as a democracy, its work and significance cannot be underestimated. As a member of the private sector, I feel it is both an honor and a heavy responsibility to be on the Board of PPRA. The Authority has already made significant progress since its inception. Such organizations always run the risk of slowly but surely fading into just another formfilling bureaucratic exercise. It is important now for all of us involved in PPRA to ensure that it becomes a meaningful and important part of public procurement. To instill transparency and confidence in the general public with regard to Government spending is vital if we are to develop a large, organized, tax-paying business sector as well as being a key to developing democratic institutions. PPRA is positioned to play a significant role in achieving these fine goals and I hope will go on to establishing itself as a vital part of the process of good governance.

Monitoring and Implementation:

Under Rule 12 it is mandatory for procuring agencies to advertise the procurements over one hundred thousand rupees on PPRA website. The agencies can directly upload the tenders, and can send email/fax/letters to PPRA. The remaining tenders are obtained from newspapers to be uploaded on Authority's website by PPRA and monitoring by IT wing. The data for the month of October 2009 has been given the graph below;



One of the major objectives of PPRA monitoring and training programs is to enhance awareness about PPR Rules in order to minimize violations by procuring agencies. It is

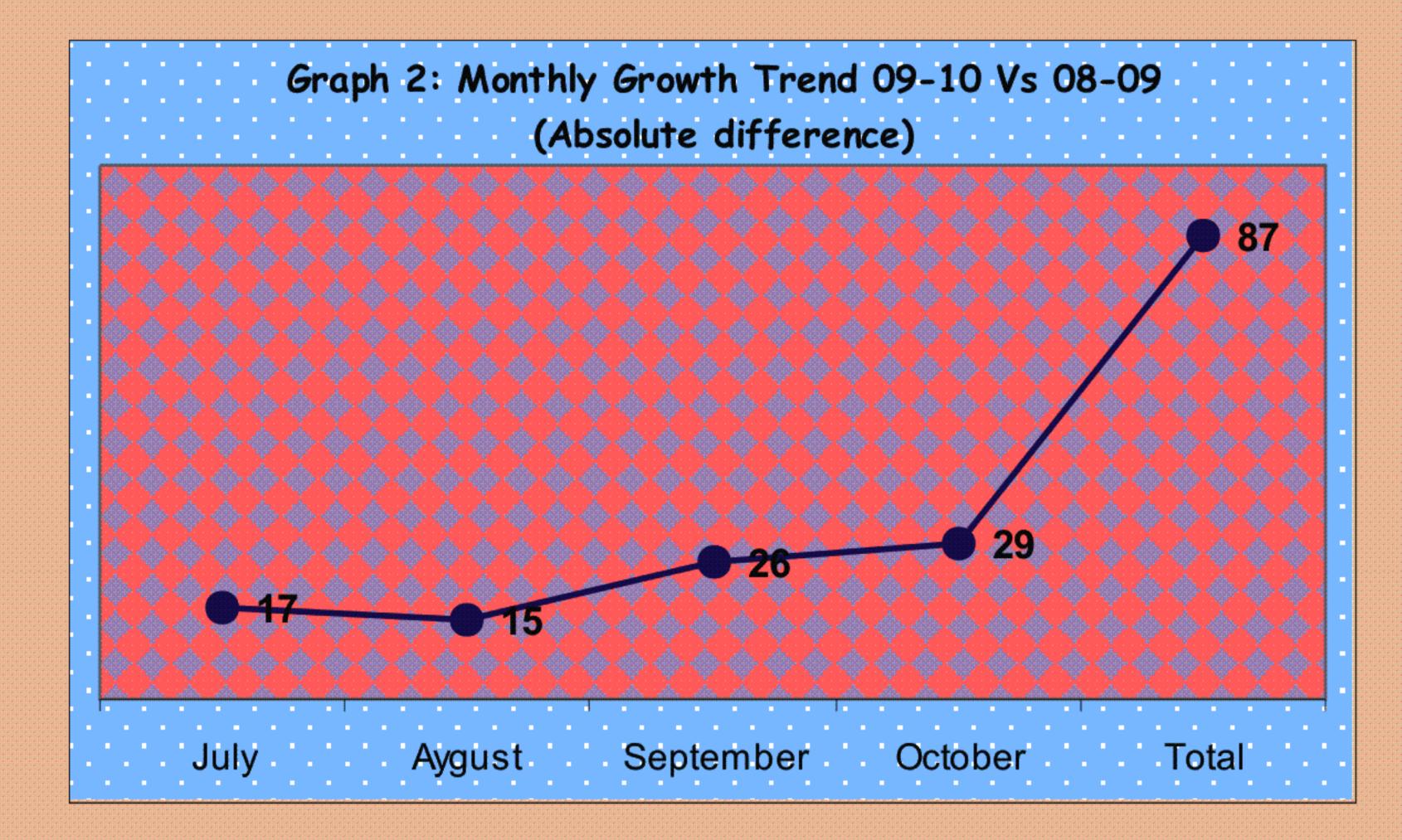
heartening to note that with the passage of time the violations by procuring agencies have plummeted from 28% in July 2009 to 19% in October 2009.

Complaints Redressal:

A rising trend in complaints launched with PPRA is visible from the data shown in following table and graph. Endeavors of PPRA are bearing fruit in the shape of more awareness among the private sector and businesses interacting with public procuring agencies.

Table: Grievances Redressal

Month	Complaints Received/Disposed off	
	09-10	08-09
July	20	3
July August	17	2
September	27	1
October	31	2
Total	95	8



Capacity Building: Activities and Events Training Sessions held at National Institute of Procurement (NIP), PPRA during October 2009.

Weekly Capacity Building Training Program on "Public Procurement Rules & Procedures" has become the hallmark of National Institute of Procurement since its inception. During the month of October 2009, four training programs have been conducted successfully and 64 officers of 39 procuring agencies have availed the training facility in National Institute of Procurement (NIP).

These trainings were organized on weekly basis after the Holy month of Ramadan. Some of the main procuring agencies whose officers/officials attended the training sessions include; AGPR, PEMRA, and Auditor General of Pakistan, WAPDA, CDA, FBR, PTCL and PTA. The procuring agencies who have already nominated the officials for the training programs will be invited for training on the scheduled programs chronologically.

Comparative Practices in International Procurement in the Public Sector by Ali Raza

Around 40% of the global expenditure is composed of public procurements. Today's world is therefore witnessing a global transposition of international best practices in the procurement in the public sector. Different legal procurement



regimes are being implemented by the countries as well as economic blocs to pursue their economic interests keeping in line with the standards of open competition and wider participation. Following is a snapshot of these international procurement regimes:

UNCITRAL: The UNCITRAL Model Law on Procurement of Goods, Construction and Services sets out procedures for the award of public contracts. It is designed for the use of countries introducing procurement laws, or reforming their procurement systems, with the aims of achieving economy and efficiency in public procurement and reducing corruption. The Model Law also seeks to promote international competition in public procurement markets. UNCITRAL provides that the States should in general seek these objectives by advertising and holding a competition for procurements, and awarding contracts through transparent procedures. UNCITRAL therefore acts as a soft globalization tool.

European Community Procurement Directives: These were introduced into the European Union to further the EU's policy of enabling enterprises from all EU states to compete fairly in public procurement markets. The most important objective of this policy is to prevent discrimination by procuring entities in favour of their own national enterprises. The EC Directives support this by, inter alia, requiring major contracts to be advertised, open to competition, and awarded through transparent procedures. These conditions make it difficult to disguise discrimination. Though restrictive in nature, these Directives are very meticulous in preserving fair competition in EU's internal market.

Multilateral Development Banks (MDBs) Procurement Guidelines: Include World Bank's Guidelines on Procurement under IBRD Loans and IDA Credits, and guidelines of Asian Development Bank, European Development Bank and African Development Banks etc on