

"No matter how eloquently a dog may bark, he cannot tell you that his parents were poor, but honest."

~ Bertrand Russel

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procurement.

The causes and impact of corruption vary from country to country. Generally, the less capacity a country has to prevent, detect, and punish corruption - through checks and balances, controls, and monitoring, and enforcement of laws and regulations more broadly - the greater the likelihood of corruption. Most experts agree that the monopoly of power, wide discretion, weak accountability, and little or no transparency magnify opportunities for corruption (Klitgaard 1988; Rose-Ackerman 1978, 1999; Ware and Noone 2003). These opportunities are rooted in a distorted incentive system that entices individuals, often including very capable ones, and institutions, both public and private, to engage in corrupt activities. (From the World Bank Book: "The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level", Chapter 9, Page 295-297)

RULES CORNER:

PP Rule-22:- Submission of bids. -

(1) The bids shall be submitted in a sealed package or packages in such manner that the contents are fully enclosed and cannot be known until duly opened.

(2) A procuring agency shall specify the manner and method of submission and receipt of bids in an unambiguous and clear manner in the bidding documents.

AROUND THE GLOBE:

e-Procurement System in Turkey: "Electronic Public Procurement Platform"

The Public Procurement Authority aims at utilizing electronic means to conduct and to improve the process of purchasing goods and services in public sector through the use of Electronic Public Procurement Platform. In the Information Society Strategy of Turkey, establishment of this platform is considered as one of the essential projects

for modern public service transformation.

The whole project is designed to have two phases. At the end of the first phase, a number of e-procurement services will be made available progressively. One of them is the secure exchange of procurement documents between sellers and the public institutions through the platform beginning from July 2010. It is also planned that the first online procurement will be conducted in October 2010 between participating hospitals in health sector and the sellers. Finally, the use of the platform will be generalized to other sectors in one year. The second phase of the project will focus on dynamic procurement.

Electronic Sale Project (eSale)

The State Supply Office (DMO) has been serving with its 22 regional offices as a centralized public purchase institution in Turkey. DMO has more than 1 100 supply types in 203 different categories. With the Electronic Sale Project (eSale), an important step has been taken, by transforming all the catalogue purchase services to a web environment. DMO, which has the largest sale portfolio in the country, aims to become a model user in the Government sector. DMO has established electronic procurement infrastructure for its own purchases. Test implementations and studies on security infrastructure are ongoing. ([Http://www.epractice.eu/en/document/288418](http://www.epractice.eu/en/document/288418))

PPRA Goings on:

- The Managing Director and Director PPRA gave a presentation on the PP Rules 2004 in a workshop organized by ADB at Lahore in first week of October 2010.
- PPRA has further upgraded its E-procurement system by uploading Standard Bidding Documents including many bid and contract forms and procedural documents on its website.
- Free online registration: Around 250 suppliers have got them registered with PPRA within a period of one month.

"There is hunger for ordinary bread, and there is hunger for love, for kindness, for thoughtfulness; and this is the great poverty that makes people suffer so much."

~ Mother Teresa



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Capacity Building Training Program on Public Procurement Rules & Procedures

October, 12-13, 2010:

The 129th capacity building training program was held at National Institute of Procurement (NIP) of PPRA. The procuring agencies which benefited from this training program were NICL, PSO, University of Karachi, Virtual University, FAB, University of Sindh, University of Punjab, HIT, and Department of Auditor General of Pakistan, NHA, AIOU, PIEAS, Ministry of Education, Office of Inspector General, United States Embassy, PAF and PAC-Kamra.



Mr. Zimmerman Addressing the Participants

Speech by Charles D. Zimmerman, Investigator (USAID): Mr. Zimmerman thanked the Managing Director PPRA for arranging the training session and giving him the opportunity to speak to the participants. The chief guest reiterated that the Public Procurement Rules, 2004 provide the basis for determining the level of compliance in the procurements made by various

procuring agencies. He praised the PP Rules 2004 and the Authority's role in ensuring transparency in public procurements. He also discussed briefly the Federal Acquisition Regulations (FARs) in USA. He explained the process of aid flow in to Pakistan through USAID and the expected role of PP Rules 2004 in curbing any malpractices. He emphasized the need of transparency in public procurements and said we have to fight against all sort of corrupt practices for a better change. Mr. Zimmerman also said Pakistan is a wonderful country with potential to progress. In the end he distributed the certificates to the participants.

Monitoring & Implementation :

Table: Tenders Uploaded and Violations Indicated

Months	2010-11		2009-10	
	Tenders uploaded	Violations Indicated (%)	Tenders uploaded	Violations Indicated (%)
July	1331	16	1435	23
August	1270	15	1466	18
September	1229	11	1515	18
October	1592	12	1903	19
Total	5422	14	6319	20

Corruption in Public Procurements: A Perennial Challenge :

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

Corruption is a worldwide scourge that afflicts both developed and developing countries alike and that requires constant attention by many sectors of society if it is to be kept in check. It has its most damaging impact, however, on those weakened systems that have the least capability to prevent, detect, and stop its debilitating effects (Transparency International 2006). The African Union estimates that approximately one-quarter (or \$ 148 billion) of Africa's GDP is "lost to corruption that since 2002, nearly \$ 1 billion has been stolen as a result of corruption (Wax 2005). The Asian Development Bank (ADB 1998) reports that in the Philippines, approximately \$ 48 billion may have been lost to corruption over a 20 - year period. And in Latin America, the inter-American Development Bank estimates that on average about 10 percent of GDP is lost to corruption annually (Mora 2004).

This social pandemic has been pervasive in public procurement. It distorts public finance, impairing the delivery of public services, such as building of schools and the provision and quality of medical care; ultimately, it retards efforts to reduce poverty. Globally, Transparency International estimates that at least \$ 400 billion a year is lost to bribery and corruption in public procurement, increasing government costs by about 20-25 percent (Transparency International 2006a). In Asia, the ADB (1998) has noted that corrupt public procurement has led several countries to pay 20-100 percent more for goods and services than they would have had to otherwise. And, in Uganda, it is estimated that approximately \$107 million is lost annually to corruption, mostly through public procurement (Mugazi 2005).

Public procurement is particularly susceptible to corruption because of the high level of funds involved and because of the expenditure profile of public procurement programs. In contrast to the other major components of a country's public expenditure, public procurement usually involves a relatively low volume of high-value transactions (typically a few hundred procurement transactions conducted annually by each public institution, the most valuable of which may involve millions or even billions of

dollars). By contrast, expenditures on public sector salaries, for example, invariably involve a much higher volume of low-value transactions, each of which is less attractive to potentially corrupt public officials.

The susceptibility of public procurement to corruption is further exacerbated by the relatively high degree of discretion that public officials, politicians, and parliamentarians typically have over public procurement programs in comparison with other areas of public expenditure. For example, in a typical annual public investment planning cycle, parliamentarians, through their influence over and voting on public expenditure bills, usually get to decide which roads are funded from the public purse and in which locations. Invariably parliamentarians have strong incentives to promote "pork-barrel" projects in their own constituencies to stimulate economic activity and thus bolster their chances of reelection. Likewise, it is typically a senior civil servant who gets to decide, often under pressure from those same parliamentarians, which contractor wins the contract to build the publicly funded road, even under circumstances where a competitive tender is conducted. In either case, it is the existence of individual discretion that exponentially raises the risks of corruption. By contrast, other large chunks of public expenditure such as salaries and public debt are paid directly to recipients based on set rules and involve very little discretion. The corruption risks inherent in discretion tend to be elevated in developing countries, where the legislative, regulatory, and institutional frameworks put in place to curtail the discretionary aspects of public procurement tend to be weaker than those in developed countries.

Given the amounts of money at stake, public procurement is often typified by cut-throat competition between bidding companies that rely heavily on public contracts for their survival. The dependency of many private sector companies on public sector business is often disproportionately greater in developing countries, where public procurement may amount to more than 20 percent of GDP, where the state is the largest economic actor, and where the private sector may be relatively underdeveloped. The juxtaposition of high volumes of expenditure, excessive and unbridled discretion afforded to public officials, and the presence of dependent private sector contractors often creates a ready market for corruption in public