

"The most excellent Jihad is that for the conquest of self."

~ Prophet Mohammad (SAW)

qualification of suppliers/contractors, indicated cost etc. that best meets the needs of the procuring entity in accordance with the set criteria for evaluation. This is the role of the evaluation committee. Procurement process is susceptible to manipulation in a non-transparent selection process. The remedy is in the adherence to legal and regulatory provisions. Circumventing all or any of these robs the essential element of transparency from public procurement, its first toll is level playing field, then fairness then it goes on to harm the spirit of competition, it has a direct bearing on foreign investment and the country's position amongst the comity of nations. Ultimately it comes in the way of progress and development. Public servants jeopardizing transparency for selfish short term goals are not doing service to the nation.

GRIEVANCE REDRESSAL:

With the passage of time, albeit slowly, the grievance redressal efforts at the PPRA are being recognized by the stakeholders. The aggrieved bidders approach PPRA for their grievances against procuring agencies. The response of procuring agencies is mix, some of them positively respond to the complaints and resolve the matters, whereas some of them are not much positive and take lot of time to settle the issues. However, the increase in number of complaints also indicates the increased confidence of the bidders in the Authority. A comparison of CFY with PFY (Table 1) reveals nearly a 300% more complaints lodged with PPRA in the first two months of ongoing fiscal year.

Months	2010-11	2009-10	Growth (%)
July	51	20	255
August	48	17	282
Total	99	37	268

EDITOR'S NOTE: WHY TRANSPARENCY IN PUBLIC PROCUREMENT ?

Transparency in public procurement is considered one of the most effective tools to curb corruption. It is a precondition for ensuring public officials' accountability. Creation of PPRA is primarily aimed at allowing the public widest possible access to information that would enable them to participate in public procurement. Effective and efficient procurement activities require the setting up of instruments of transparency. Procurement Act/Ordinance and Public Procurement Regulations require that tender opportunities be adequately publicized. Such publicity requires the provision of all necessary information that would enable eligible suppliers/contractors to make informed decisions for the submission of their bids. Among other things, procurement notices should present exact details regarding the procurement method being sought, specifications of the required goods, works or services, recommended time frame for bid submissions, a clear indication of the closing date and time for receiving bids and opening date and time of the same (which is supposed be the same), any fees required to be paid to receive tender documents (this is meant for administrative and production costs of bidding documents). For the benefit of both the procurers and the suppliers, the Standard Bidding Documents provide a guide to such information. . Should bidders need some clarifications regarding the bidding documents procuring entities are required to provide such clarification at least 14 days before the deadline for submission of bids. They are also expected to communicate any such clarifications to all bidders who have been provided with the bidding documents. Transparency of contract evaluation and award procedures on the other hand require an in-depth assessment of the received tenders. This is based on the provided specifications,

"God is not merciful to him who is not so to humankind. He who is not kind to God's creation and to his own children, God will not be kind to him."

~ Prophet Mohammad (SAW)

"Come forward as servants of Islam, organise the people economically, socially, educationally and politically and I am sure that you will be a power that will be accepted by everybody".

~ Muhammad Ali Jinnah



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Quad with dogs of different breed

EDUCATION CORNER: INSTITUTIONS, HUMAN CAPITAL AND ECONOMIC DEVELOPMENT

Institutions: There is a key role of institutions in attaining economic development, growth and prosperity. Institutions are supposed to establish accountability, rule of law, political & economic stability and elimination of corruption from society. According to Rodrik, Subramanian, Trebbi (2004: 133) the indicators like rule of law and property rights can be helpful in gauging the quality of institutions. 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. According to Murshed (2004:1) "institutions and institutional functioning are the crucial link between resource endowments, geography and policies, on the one hand and economic outcomes on the other hand". Easterly and Levine (2002) present evidence based on cross-sectional econometrics that natural resources endowments, a poor geographical location and an excessive mortality rate (disease burden) do retard economic development but via institutions. Similarly bad economic policies and choices also hinder economic development via institutions. Thus the role of institutions is vital for

sustainable economic growth and inefficiency on the part of institutions can wipe out the fruits of good policies and expected benefits of natural endowments. The countries with bad governance and corrupt institutions can't develop no matter how abundant their natural resource endowments are. There are many countries in world rich in natural resources but due to weak and corrupt institutions they are highly poor and underdeveloped.

Human capital: The performance of institutions and success of policies depend on the education, training and skills of the masses, hence the long run economic growth largely depends on the level of human capital in a country. Glaeser et al. (2004) suggest that human capital is more important for growth than institutions and the human capital actually contributes towards institutional improvement. Edward, Rafael, Florencia and Andrei (2004) emphasize that the human capital is more important for growth than institutions, and some results suggest that improved human capital leads to institutional improvement. They also observed that most rich countries in the world around 1960 were democracies with well-educated populations. Over the subsequent years, these countries grew rapidly, on average, and the dispersion of their growth rates was relatively small. While the countries in the world in the same era were dictatorships with badly educated populations and could not grow as rapidly as the democracies on average and it was also noted that the dispersion of growth rates across these countries had been huge. According to their findings; nearly all highly educated countries were also stable democracies and almost all stable democracies were highly educated, whereas the countries with dictatorships were poorly educated. Better human capital fosters the economic growth; there is significant difference between the nation with improved human capital and the nation with low human capital. Mamoon and Murshed (2005) compared the East Asian countries with other least developed countries of Asia and revealed that the human capital created a significant difference on the growth among these nations. The per capita GNP in East Asian countries showed unprecedented growth over last three decades. It increased by 65 times in Korea, 13 times in Thailand and 10 times in Malaysia. While during the same period the GNP per capita in countries like Bangladesh, India, Bhutan and Cambodia increased only between 2 to 5 percent

RULES CORNER:

PP Rule 42: Alternative methods of procurements. -

A procuring agency may utilize the following alternative methods of procurement of goods, services and works, namely:-

(a) petty purchases.- Procuring agencies may provide for petty purchases where the object of the procurement is below the financial limit of *twenty five thousand rupees. Such procurement shall be exempt from the requirements of bidding or quotation of prices:

Provided that the procuring agencies shall ensure that procurement of petty purchases is in conformity with the principles of procurement prescribed in rule 4:

Provided further that procuring agencies convinced of the inadequacy of the financial limit prescribed for petty purchases in undertaking their respective operations may approach the Federal Government for enhancement of the same with full and proper justifications.

(b) request for quotations.- A procuring agency shall engage in this method of procurement only if the following conditions exist, namely:-

(i) the cost of object of procurement is below the prescribed limit of *one hundred thousand rupees:

*Provided that the respective Boards of Autonomous bodies are authorized to fix an appropriate limit for request for quotations method of procurement subject to a maximum of rupees five hundred thousand which will become financial limit under this sub-rule:

(ii) the object of the procurement has standard specifications;

(iii) minimum of three quotations have been obtained; and

(iv) the object of the procurement is purchased from the supplier offering the lowest price:

Provided that procuring agencies convinced of the inadequacy of the financial limit prescribed for request for quotations in undertaking their respective operations may approach the Federal Government for enhancement of the same with full and proper justifications;

(Part II Rule 42-next issue)

PPRA GOINGS ON:

No training session was held during the Holy month of Ramzan. Scheduled training session was held on 7th-8th September with 15 participants from 09 organization, two participants from USAID also attended the training.