

# PUNJAB PROCUREMENT REGULATORY AUTHORITY



ANNUAL REPORT 2016-17

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## INTRODUCTION

Laying out clear mechanism for Public Procurement is a part of the thrust area of the new procurement regime to match with the imperatives of a growing and liberalized economy. Government undertakes procurement activity for variety of goods, services and works to carry out its public service functions. Involvement of public funds in the procurement makes it public procurement. With increase in the size and activities of the Government, the procurements considered to be the lifeline of public sector functioning have also burgeoned in there out lay making them a substantial part of the annual budget (40% to 50%). The procurements due to heavy expenditure involvement have become an important tool for achieving economic, social and other objectives. The procurement of goods, works and services being core elements of the operations of Government, enables it to secure the inputs required for fulfillment of its tasks and to substantively impact key stake holders in society. Open, transparent and non-discriminatory procurement is generally considered to be the best tool to achieve 'value for money' as it optimizes competition among suppliers. Transparency and accountability in a public procurement system essentially covers important aspects of the procurement system that includes stakeholders as part of the system. It requires an enabling environment, an institutional framework, management capacity and a legislative framework. This necessitates a public procurement environment with cross functional activity that works in a multi-faceted challenging field.

The procurement regime in the Punjab has undergone three stages evolution. Prior to 1985 the public sector procurement was conducted by the Supply Wing of Industries Department. Due to increasing quantum of procurement the setup has gone to almost a stale level which necessitated shifting to decentralize mode. Allowing for the grown requirements the Punjab Government through purchase manual decentralized the procurement system. The Public Sector Organizations were allowed to make their purchases at their own level through their purchase committees headed by Administrative Secretaries of the Department or head of the Organization. The purchase manual was revised in 1988 to abreast with the changing requirements. However, the system had certain ills such as non-transparent procurement procedures, bid negotiation which lead to kick-back and also discouraged bidders to quote their best price etc. such ills, thwart genuine business. In order to vitiate the defects in the procurement system and to achieve best value for money, efficiency, transparency, accountability, fair competition and good governance, new procurement system has been brought in by enacting the Punjab Procurement Regulatory Authority Act 2009 and consequent rules under the Act. The new system not only responds to the international best practices, it also provides a harmonized procurement setup throughout the country, equality of opportunities to all the contractors and is a source of effective efficiency. The current procurement legal frame work possesses the quality of flexibility which makes it an active system

to keep abreast with the fast growing procurement changes and to conform with them comfortably.

# EXECUTIVE SUMMARY

Public Procurement is considered to be instrumental for developing society and nation. It plays pivotal role in making society better. It is an indispensable activity playing critical role in the success of an organization. Public procurement management in the Punjab like in most developing countries needs a lot of improvement. One to sketchy knowledge of public procurement legal framework public procurement practitioner face challenges from both external and internal environment. The former include legal, political, economic, business and socio-cultural environments, later relates to three factors: people who make procurements decisions, processes which provide guidance to the practitioners and controls which ensures probity, transparency and accountability. For dealing effectively with the challenges coming from both these environments, it is imperative that the public procurement regime in the province must have robust institution to oversee procurements, adequate independent control and audit mechanism, proper balance between the financial audit and the performance audit and internal control mechanism in procuring agencies.

In Pakistan, current procurement regime started functioning in 2002 when Government of Pakistan created PPRA at Federal level through an Ordinance. The system was strengthened by making the Public Procurement Rules 2004 and Public Procurement Regulations 2008. The Punjab adapted the system in 2007 through an Ordinance which was under the same nomenclature was converted into an Act in 2009. Punjab Procurement Rules 2009 were also notified in the same year to beef-up the procurement system in the province. The enforcement of the law, however, remained passive due to absence of proper functioning of the Punjab Procurement Regulatory Authority. The enforcement of any law requires its proper awareness and orientation. In order to achieve this, an extensive capacity building programme was launched ambitting all the public sector organizations including local governments. Amendments in the Act and rules remained an active phenomenon to abreast the public procurement legal framework with the fast emerging procurement requirements with the spirit to conform to the state laws without straying from the international best practices. New procurement related documents are under consideration such as procurement regulations, code of ethics for public procurement, model standard bidding document and model procurement contracts. In order to facilitate the procuring agencies, procurement checklist, standard tender and specification format have been made available on PPRA website.

Increased expenditure and quantum of procurement has created an opportunity for abuse of power and waste of public funds. In order to vitiate and mitigate the chances of the malpractices, innovative ideas to eliminate or reduce discretionaries well thought off decision making is required.

The main focus of public procurement legal framework is to ensure transparency and effectiveness through efficiency and accountability as the same is the key inducement to individual and instructional probity, a key deterrent to collusion and corruption, and a key pre-requisite for procurement credibility. The salient features of the current procurement system include a regulatory body mandated to monitor the public procurement activities, legal framework elaborating a mechanism as well as procedure on public acquisition of goods, works and services by the public sector enterprises, establishment of grievance redressal / appeal mechanism exclusively for settlement of complaints on the contract management issue, a mechanism for wide dissemination of Government policy decision, procurement opportunities and results of evaluation exercises for award of contracts and regulatory arrangements for ensuring access to information on the public procurement system.

## CHAPTER I PUBLIC PROCUREMENT LEGAL FRAMEWORK

Punjab Procurement Regulatory Authority Ordinance was initially promulgated in 2007. A new Ordinance with the same nomenclature was promulgated in 2009 which was later on converted as Act after it was passed by the Provincial Assembly and assented to by the Governor in November 2009. The Act is in fact is a replica of Federal PPRA Ordinance except with a few changes such as addition in functions (establishment of performance indicator for the procuring agencies, assistance of capacity building and preparation of standard documents for public procurement), a larger Board of Management (13 members). Punjab public procurement legal framework includes PPRA Act 2009 and PPRA Rules 2014.

Some of the salient features of the Punjab Procurement Rules 2014 are:

- a) Procurement Planning;
- b) Delegation of Powers to devise Procurement Mechanism;
- c) Procurement Advertisement;
- d) Prequalification, Qualification and Disqualification;
- e) Open Competitive Bidding;
- f) Different Procurement Procedures;
- g) Bid Opening and Evaluation System;
- h) Award of Contract;
- i) Redressal of Grievances Mechanism; and
- j) Access to Information / Transparency.
- k) Detailed and well elaborated blacklisting system.
- l) Security to timely payment to bidders/contractors.

**CHAPTER II**  
**FINANCIAL STRUCTURE AND ALLOCATION OF FUNDS**

The Punjab Procurement Regulatory Authority was constituted through a project which, with the enactment of PPRA Act 2009, was converted into regular mode of funding through SNE. The Budget Allocation (Revised) for the F. Y. 2016-17 was **Rs. 63.991** million and the total expenditure for the F. Y. 2016-17 was **Rs. 56.309** million including Pay & Allowances which stands reconciled and verified by the Treasury office and Accountant General, Punjab.

The One Line Budget for F.Y. 2017-18 stands approved carrying **100** posts (**41** post of officers and **59** posts of officials) with the budgetary allocation of **Rs. 104.881** million which was released in four tranches.

**CHAPTER III**  
**PPRA ADMINISTRATIVE STRUCTURE**

All administrative matters of Punjab Procurement Regulatory Authority in term of Section 3 & Section 5 of PPRA Act 2009 are regulated through Board of Management (major decisions) and by Managing Director, PPRA. The PPRA administrative structure consists of BOM and Authority. The structure of BOM includes the following:

**BOARD OF MANAGEMENT**

<b>Sr. No.</b>	<b>Name &amp; Designation</b>	<b>Status</b>
<b>1.</b>	Chief Secretary to the Government of the Punjab	<b>Chairperson</b>
<b>2.</b>	Secretary to Government, Finance Department	<b>Member</b>
<b>3.</b>	Secretary to Government, P&D Department	<b>Member</b>
<b>4.</b>	Secretary to Government, Health Department	<b>Member</b>
<b>5.</b>	Secretary to Government, Information Technology Deptt.	<b>Member</b>
<b>6.</b>	Secretary to Government, Irrigation Department	<b>Member</b>
<b>7.</b>	Qazi Adnan Fareed MPA PP-268 Bahawalpur	<b>Members</b>
<b>8.</b>	Malik Muhammad Ali Khokhar, MPA PP-199 Multan	
<b>9.</b>	Mrs. Azma Zahid Bukhari MPA W-318, Lahore	
<b>10.</b>	Kh. Shahzeb Akram, LCC&I,	



11.	Sh. Muhammad Hafeez, RCC&I	<b>Members</b>
12.	Kh. Mehboob-ur-Rehman, MCC&I	
13.	Managing Director	<b>Secretary/Member</b>

#### CHAPTER IV FUNCTIONS OF THE AUTHORITY

Section 5 of the Act of 2009 stipulates the following mandate and responsibilities of the Authority:-

- The Authority may take measures and exercise powers as may be necessary for improving governance, management, transparency, accountability and quality of public procurement;
- Monitor application of the laws, rules, regulations, policies and procedures in respect of, or relating to the public procurement;
- Monitor the implementation of and evaluate laws, rules, regulations policies and procedures in respect of, or relating to, inspection or quality of goods, services and works and recommend reformulation thereof or revisions therein as it deems necessary;
- Provide assistance and coordinate with the Procuring Agencies for developing and improving their institutional framework and public procurement activities;
- Prepare standard documents to be used in connection with public procurement;
- Recommend to the Government revisions in or formulation of new laws, rules and policies in respect of or related to public procurement;
- Make regulations and lay down codes of ethics and procedures for public procurement, inspection or quality of goods, services and works;
- Establish performance indicators for procurement performance of the Procuring Agencies and monitor compliance with these indicators through independent third party evaluation and make recommendations for improvement of procurement performance of the Procuring Agencies;
- Issue guidance and instructions regarding the interpretation and implementation of the Act, rules and regulations
- Present an annual report to the Government regarding the overall functioning of the public procurement system, including recommendations on measures to be taken by the Government to enhance the quality of procurement work;

- Call a functionary of a Procuring Agency to provide assistance in its functions and call for information from a Procuring Agency pursuant of its objectives and functions;
  - Develop, promote and support training and professional development policy of officials and other persons engaged in public procurement;
- And
- Perform other function as may be assigned to it by the Government.

## CHAPTER V PERFORMANCE DURING 2016-17

During the Financial Year 2016-17, Punjab Procurement Regulatory Authority partly achieved its targets and objectives and accomplished the functions assigned by the Govt. of the Punjab with the limited Human Resource which included 48 officers/officials against 100 posts, as per below mentioned breakup:-

Sr. No.	Designations	No. of Employees worked
<b>Officers</b>		
1.	Managing Director	01
2.	Director (L&M)	01
3.	Dy. Director (A&F)	01
4.	Sr. Law Officer	01
5.	Accounts Officer	01
6.	Web-Developer	01
7.	Cashier Care Taker	01
8.	Assistant	04
<b>Officials</b>		
9.	Stenographer	01
10.	Accountant	01
11.	Senior Clerk	03
12.	Junior/Account Clerk	04
13.	Other Class-IV	28
<b>Total:</b>		<b>48</b>

Public procurement is a fundamental and integral part of the public financial management system and is always taken as a source to judge the creditability, efficiency and effectiveness of a Government in the paradigm of good governance. Therefore, it has to be used strategically for socio-economic development of the province. Procurement system under PPRA is a new initiative of the Province to ensure efficiency in procurement process making it transparent and non-

discriminatory and to fetch value for money by optimizing competition among suppliers / bidders. The new procurement regime is mandated to take such measures and exercise such powers as may be necessary for improving governance, management, transparency, accountability and quality of public procurement. Prior to the introduction of procurement regime there was an acute dearth of transparency and fair play in procurement and contract administration ranging from the development of policy to the management of the functions. Dismal capacity in procuring agencies, regulatory authorities and accountability institutions hampers the efficiency, economy, transparency and accountability of the procurement system. The panacea to the ill was the capacity building of the procurement entities in particular and their functionaries in general.

To vitiate the defects in the procurement system, PPRA took the following initiatives:

- 1) **Commencement of Capacity Building Programme:** A comprehensive capacity building programme was launched to enhance the capacity of the procurement entities and the employees by orientating them on new procurement laws (Act and rules). So far, One hundred and sixty three (163) workshops have been conducted through which around eight thousand nine hundred fifty (8950) (approx.) public functionaries have been trained on PPRA laws. This includes forty three (43) workshops in Management & Professional Development Department (MPDD). Ninety (90) institutions sui generis workshops in Punjab Education Foundation, Agriculture department, Livestock department, Health department, Irrigation department, Higher Education Department, School Education department, GC University Lahore, C&W department, Urban Unit, CDG Lahore, Lahore Chamber of Commerce & Industry (LCCI), TEVTA, HUD & PHE, PVTC, ICMAP and National Accountability Bureau (NAB). Thirty (30) workshops, in the committee room of PPRA office. These workshops had been attended by a good mix of officers of different institutions, administrative department, field offices, local governments and courts.

Since major chunk of departments, institutions serve at Divisional/District level, hence, capacity building programme was launched curriculum at Divisional/District level. PPRA laws have also been made part of the training of fresh intake of Provincial Officers and financial management courses being conducted by different training institutions like Management and Professional Development Department (MPDD), Pakistan Institute of Public Finance Accountants (PIPFA) and The Institute of Cost & Management Accountants of Pakistan (ICMAP) etc.

- 2) **Framing of checklist and its uploading on PPRA website:** A Checklist has been prepared and uploaded on PPRA website to facilitate the procuring agencies to ensure prior to granting approval that they have performed all the

required steps and procedural formalities as per PPRA laws while conducting the procurement for their Organization. The checklist which helps the procuring agencies to accomplish the procurement task in accordance with the legal requirements there, it also ensures that the PPRA laws are implemented virtually without any lapse. In addition to this, standard tender and specification format coupled with Certain formats like smart tender, procurement sequence etc. have also been made available to the procurement entities through PPRA website for their convenience.

- 3) **Establishment of portal:** A procurement portal [ppra.punjab.gov.pk](http://ppra.punjab.gov.pk) has been established to facilitate the procuring agencies to seek guidance and consult the procurement laws whenever needed while conducting the procurement. The procuring agencies, in terms of rules 12, 37 & 55 of the Punjab Procurement Rules 2014, are required to upload their advertisements for procurement, evaluation report of the bids and contract award respectively. This has ensured transparency in the procurement system. The portal through tab of FAQ (Frequently Asked Question) also provide quick advice to procuring agencies.
- 4) **Allotment of usernames and passwords:** All the Procuring Agencies ranging from provincial level down to local governments are being facilitated in using the PPRA website without any encumbrances by allotting them usernames and password. This has facilitated them to upload their tenders and evaluation reports etc. A great deal of economy and efficiency has been achieved in this way.
- 5) **Availability of advisory forum:** Frequent consultation is being provided to all the Procuring Agencies on procurement centric issues. Besides verbal/written advices, assistance is being provided to them in formulation / preparation of procurement documents.
- 6) **Input on PPRA laws:** The Procuring Agencies are faced with acute comprehension syndrome as to the PPRA laws. Procuring Agencies frequently approaches the PPRA for seeking advice on PPRA laws as they face difficulties to understand the new procurement system. The necessary assistance is being generously provided to the Procuring Agencies. More than 150 meetings have been convened by different departments on procurement issues wherein PPRA was invited for technical/expert advices on PPRA laws. Various meetings have been conducted with World Bank and advisory group on procurement. The advisory group includes members from all the five PPRAs and relevant departments. The forum has been established to harmonize the procurement process and system in the country. PPRA is also contributing its role by interpreting the procurement laws and advising the higher authorities on procurements. During the year 2016-17 around one

hundred and ninety one (191) advices have been given to the different Departments / Procuring Agencies.

7) **Frequent violations:** The Procuring Agencies, as a result of their capacity lapse and comprehension problem, commit violation of PPRA laws while conducting the procurements. The violations are mostly committed in the following areas of procurement: -

- Bid security at the time of purchase of bidding documents (rule 2(h));
- Formulation of specifications (rule 10);
- Response time (rule 14);
- Bidding Documents Availability (Rule 25(1));
- Blacklisting of suppliers and contractors (rule 21);
- Bid security (rule 27);
- Opening of Bids (rule 30(1));
- Rejection of bids (rule 35);
- Performance Guarantee on contract price (rule 56);
- Account Payment (rule 62);
- Difference between emergency and urgency, constitution of grievance redressal committee (rule 67);
- Publication of evaluation of bids and award of contract.

Necessary guidance and advices are being regularly doled out to the concerned procuring agencies and interventions are being made to mitigate the quantum of violation.

**MIS Project Performance:** The PPRA, Government of Punjab in collaboration with World Bank has developed Management Information System (MIS) under Punjab Public Management Reform Program (PPMRP) with the ambition to improve expenditure management. Currently MIS has been developed to address issues regarding missing data, which will help to measure and evaluate procurement process, rules and trends. The system possesses the capacity to accommodate end to end Electronic Procurement (E-Procurement) in time to come under the PPMRP. Year wise performance and target achievement of program deliverables and performance indicators is as under:

### IR 3.3 Targets & Progress

IR Level Results Indicators	Target Values			
	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
<b>IR Indicator 3.3: Targeted contracts processed through basic e-procurement modules in targeted organizations.</b>	Basic e-procurement modules designed	Basic e-procurement modules introduced	25% of targeted contracts processed through basic e-procurement modules	50% of targeted contracts processed through basic e-procurement modules
<b>Progress Status</b>	Achieved	Modules introduced	All implementing agencies using these modules	All implementing agencies using these modules

### IR 3.4 Targets & Progress

Indicator 3.4	Target for FY 2013-14	Target for FY 2014-15	Target for FY 2015-16	Target for FY 2016-17
<b>DLI 5 Targeted organizations using PPRA MIS for targeted contracts</b>	MIS designed and tested	25 Organizations using PPRA MIS for targeted contracts	25 Organizations using PPRA MIS for targeted contracts 25+25 = 50	25 organization further using PPRA MIS 50+25 = 75
<b>Progress Status</b>	Achieved	Achieved, 29 organizations using PPRA MIS	Achieved, 88 Organizations using PPRA MIS	Achieved, 104 Organizations using PPRA MIS

In the first year MIS was designed, developed & tested successfully under DLI-5 and IR3.3. PPRA MIS system was rolled out gradually in Eight Targeted departments. E-

Procurement modules for petty purchases has been developed under IR3.4 and piloted in PITB successfully.

- 8) **Restructuring and Revamping of PPRA:** Chief Minister Punjab laid down his vision for PPRA in a meeting held on September 17, 2016 for PPRA to be an independent and dynamic organization. The meeting which was also attended by the Minister of Law of Punjab, Finance Minister of Punjab, and the Chief Secretary among others was called to evaluate the ongoing revamping of PPRA and to monitor the progress on different initiatives. PPRA has hired consultants with international procurement expertise who are to assist PPRA in formulating standard bidding documents, to revisit the PPRA rules and recommend amendments to make the rules more practical and to conduct capacity building trainings across Punjab. Chief minister in his remarks stressed on the critical role of PPRA in good governance and his desire for utilization of best human resource, state of the art technology to make public procurement process transparent and efficient.
- 9) **Market Based Hiring:** PPRA is undergoing revamping and organizational restructuring to actualize the vision of Chief Minister, Punjab. In this regard, different initiatives have been taken so far to achieve that effect. One of the directions of Chief Minister Punjab was to introduce market based positions along with market based salaries in order to attract the best human resource. To this effect, 21 market based positions have been created by the Finance Department to make PPRA dynamic and vibrant organization.
- 10) **Seminar on Public Procurement:** A seminar on Public Procurement was organized by the Punjab Procurement Regulatory Authority (PPRA) at 90-Sharah-e-Quaid-e-Azam on October 22, 2016. All provincial secretaries, commissioners, head of attached departments, autonomous bodies and chief executives of public sectors companies participated in the seminar. Chief Secretary Punjab chaired the session. The Chair while inaugurating the Seminar highlighted the importance of training and capacity building of government officials in public procurement. It was impressed upon by him that Capacity Building of Public Procuring Agencies is critical to achieve sustainable growth and to make difference in the lives of citizens. Managing Director, PPRA in his welcome address highlighted the aims and objectives of the seminar. He reiterated the importance of public procurement as a tool for good governance and delivery of services. MD PPRA addressed the ongoing reforms in the PPRA rules and role of the Public Procuring agencies in these reforms. The seminar is another step towards capacity building of the procuring agencies. MD PPRA also thanked Chief Minister Punjab for his vision for PPRA and Chief Secretary Punjab for his leadership to assist PPRA to become an independent and vibrant organization.

The Chairman of Planning & Development Department also addressed the seminar and stressed on establishment of Procurement cells in various government departments and he further stressed on the importance of public procurement in good governance.

Eminent experts and speakers, including Syed Mohsin Abbas (Sr. Legal Expert), Dr. Adnan Kadir Khan (CERP from UK), Mr. Atta ur Rehman (PITB), and PPRA panel of experts delivered lectures on Public Procurement.

The case studies were developed by PPRA to provide hands-on experience to top government officials on various aspects of public procurement.

The Chief Secretary appreciated the efforts of PPRA for holding such an informative and enriching seminar on public procurement, and gave a shield to best performing group.

- 11) **Third Party Validation of Procuring Agencies:** As desired by Chief Minister Punjab, and pursuant to Section 5 of Punjab Procurement Regulatory Authority Act 2009, PPRA after open and competitive bidding process awarded contract to M/s KPMG Pakistan, a consulting firm, to carry out Third Party Valuation (TPV) to evaluate compliance by Public Procurement by public procuring agencies.

The purposes of this evaluation are to ensure regulatory compliance, identify deficiencies and to ascertain objective analysis of the procurement process through independent team of experts.

To ensure transparency 30 public procuring agencies out of existing 215 were picked through a random balloting conducted by Punjab Information Technology Board (PITB) and M/s KPMG will randomly pick 3 procurement transactions with a minimum contract value of Rs. 100,000/- carried out by them.

A final report has been submitted by M/s KPMG. The key observation and action plan recommended by M/s KPMG is as under:

<b>Key observations and Action Plan/Recommendations by KPMG</b>	
<b>Key Observation</b>	<b>Action Plan/Recommendations</b>
In majority of the procuring agencies reviewed, annual procurement plan was not made and uploaded on the procuring agencies website.	<p>Within one month after the commencements of a financial year, each procuring agency is required to prepare and publish its annual procurement plan, containing all proposed procurements (Rule 8).</p> <p>The objective is to realistically determine the requirements of the procuring agency, within its available resources, the delivery time or completion date, and the benefits that are likely to the procuring agency.</p> <p>These procurement plans are published on the PPRA website as well on the procuring entity's own website.</p>
Independent grievance committee was not notified and formulated in majority of the procuring agencies.	Any bidder aggrieved by a procurement decision can lodge a written complaint concerning his grievances within 10 days after the announcement of a contract award decision. The



	procuring entity is required to constitute an Independent Grievance Redressal committee, which is mandated to resolve the complaint within 15 days of the receipt of the complaint (Rule 67).
Evaluation results were not communicated to the participating bidders in majority of the procuring agencies reviewed.	The Rule require that the bid/tender evaluation results be posted on the website. However, the limited information available on the website is not meaningful. A template should be developed that should essentially contain all information on the bids that are not commercially sensitive to bidder: bid opening records, information on bid securities, bid opening, arithmetic corrections, corrected bid prices, qualification status, compliance with the technical qualification criteria, bidders' rankings, any deviations observed during the bid evaluation process, clarifications sought, and so on.
Delegation of powers to create approval mechanism.	The committees formulated to manage public procurements should be properly constituted and notified, including by publishing on the appropriate website.
Selection of appropriate procurement procedures and use of alternative methods of procurements (understanding the difference between emergency procurement and procurement in urgency)	It is important to develop a procurement strategy under which fundamental questions about the selection and use of the most appropriate methods of procurement and market approach can be decided. This requires providing ample training opportunities for professionals who are responsible for managing public procurements.
procurement performance	Procurement performance indicators need to be developed. Procurement performance needs to be measured by monitoring each activity within the procurement plans.
publication of evaluation/bid and award of contract	A modified bid evaluation report suitable for website publication would be the minimum requirement o maintain transparency.
Blacklisting of suppliers and contractors	A fair trail mechanism should be developed and posted on websites. The outcome of all fraud or misrepresentation cases should be posted on the website.
Formation of specifications	The Specification should be broader and should not aim to give an advantage to any party.
Procurement-related grievance redress committee	An impartial procurement grievance redress system and appropriate committees need to be developed and constituted for the settlement of procurement-process-related complaints.

- 12) **PPRA Public Procurement Certification Program:** PPRA has been conducted Capacity Building Public Procurement Certification Programs for procuring agencies across the Punjab. The one and two day certification programs are being conducted both at the PPRA office as well as at the sites designated by the procuring agencies at the district levels across Punjab.

The certification programs which are being conducted by team of experts from PPRA, is an intensive interactive program which provides designated procurement personnel at district and departmental level with the in-depth analysis of PPRA rules and their application, comprehensive case studies covering these procurement rules and contract management.

PPRA team of experts is also visiting districts across Punjab and through interactive sessions, they are demystifying nitty-gritty details of PPRA rules and their application to achieve successful procurements for the procuring agencies.

Public procurement certification is another step towards building capacity of procuring agencies so they can accomplish flawless procurement process in the interest of good governance.

- 13) **Program on Public Sector Procurement Management at LUMS:** During the year 2016-17, a 5-day program on “Public Sector Procurement Management” was initiated at Lahore University of Management Sciences (LUMS) in collaboration with PRMP and PPRA. Four (04) training sessions were completed and almost 100 mid and senior level officers from various government departments were trained by LUMS faculty.

The program was based on lectures, case studies, group discussions, and individual presentations. The training modules covered Procurement Principles, Procurement Life Cycle, Procurement Planning, Specifications, Bidding Documents, Bid Evaluation, Evaluating offers of Consulting Services, and Contract Management, Awarding, Administration and Contract closing. The case studies of Attock Refinery Up-gradation Project and Lahore Waste Management Company (LWMC) SLAs were employed.

- 14) **Responsive Website:** PPRA has launched its new interactive website with up gradation of technology from Drupal 6 to Drupal 7. The new website features Dynamic Home Page, Advanced Search options with department wise search option, Dashboard Facility, Updated Real time statistics on tenders, Advanced Online query system for facilitation of users and Advanced real-time data collection on Key Violations.

An interactive website is critical to inform concerned parties and PPRA's initiative to launch an interactive and user friendly website is to assure that public procuring agencies as well as private concerned parties achieve a successful procurement process. The new website would enable public procuring agencies as well as bidders to stay informed and in compliance of PPRA Rules and Regulations.

- 15) **Financial Autonomy (One Line Budget):** PPRA is undergoing revamping and organizational restructuring in the light of directions of Chief Minister, Punjab. In this regard, different initiatives have been taken so far to achieve that effect. One of the directions of Chief Minister Punjab was to make PPRA financially and administratively independent body vertically. To this effect,

Finance Department allocated the budget for the financial year 2016-17 in form of Single Line Grant.

- 16) **Hiring of Experts to Formulate SBDs:** To ensure compliance with the principles of competitiveness, transparency, efficiency and best value for money standard bidding documents are critical elements in the procurement process.

PPRA has hired a highly qualified team of professional consultants with extensive expertise to formulate Standard Bidding Documents for Goods, Works and Services to assist procuring agencies with the procurement process.

Presently edited version of the bidding documents created by World Bank, Pakistan Engineering Council, Communication and Works Department Punjab (C&W) and Local Government Department etc. are being utilized by the procuring agencies and lack of standard amongst these various documents is creating difficulties for the procuring agencies.

Standard bidding documents would not only eliminate unnecessary inapplicable clauses but they would also bring about a sense of uniformity for the procuring agencies as well as for the bidders.

Standard Bidding Documents are the need of the time to facilitate a successful procurement process and it is in the best interest of the nation.

PPRA is working with World Bank and Department of Communication & Works (C& W) Punjab to get the Standard Bidding Document for works approved and Special Secretary C& W has taken keen interest in preparation of these documents.

The main feature of SBD for Works would be the inclusion of PPRA rule verbatim in these documents to eliminate rules violations, as well as introduction of uniformity in calculation of cost of the project thus bringing efficiency and eliminating chance of Mis-procurement.

After implementation of Standard Bidding Documents, a simple economic and efficient system for procurement of civil works will become a reality.

## CHAPTER VI

### NEW INITIATIVES / WAY FORWARD

- 1) **District Level Establishment of PPRA:** Need of the hour is to establish PPRA offices at District level. The representation of PPRA Regime at district level will enable the lower level procurement related personnel at district level to make more systematic, well informed and transparent procurement. Also, PPRA will be able to monitor the Procurement Process at district level more efficiently and more closely. Hand holding and Capacity Building of the procuring agencies will be done in time and at the spot.

- 2) **Inclusion of Procurement as a Subject in Institutions:** Public Procurement is an art which requires to be learnt. For that purpose one important way forward may be inclusion of Procurement as a subject in some specific academic institutions. For that purpose Procurement Syllabi in line with the International standards and national requirements in consultation with all stakeholders may be introduced in such Public Institutions. This may enhance the public awareness regarding the importance of transparent Public Procurement, the Capacity Building of procuring agencies as well as a chance for public sector to get to know about the public procurement process.
- 3) **Foreign Trainings of PPRA Personnel:** PPRA direly need Master Trainers. To that effect the Capacity Building of the very officers of PPRA in foreign relevant institutions is a must. PPRA personnel are required to be sent in the countries like United Kingdom (UK), Singapore, Germany, Italy etc. so that their Capacity Building with regards to International best practices of Public Procurement may be done.
- 4) **Procurement Management Information System:** With the increase in the size of activities of the Government, the procurement which is considered to be the life line of the public sector functioning, and a source of creditability have also burgeoned in its outlay. Procurements are a cross functional activities that work in a multifaceted environment and as such are prone to abuse of power and collusiveness. In order to minimize the chances of malpractices and to facilitate the procuring agencies to conduct their procurement in uniform manner under a harmonized procurement environment, availability of relevant rules/regulations, standard bidding documents etc. is essential.

PPRA has also taken a footstep in precedence to other PPRA in Pakistan to ensure transfer of information require by procuring agencies, promptly and effectively by launching the Procurement Management Information System (PMIS), a unique system in the Punjab and an initiative towards e-procurement. MIS are typically computer systems used for managing or to manage procurements effectively and efficiently. The six primary components of an MIS are: hardware, software, firmware, data (information for decision making), procedures (design, development and documentation), and people (individuals, groups, or organizations). PMIS will capture the major features of procurement performance (procurement plans, invitation for bids, tender documents, evaluation and award summary and contract information, days from tender to award, number of bidders, final price versus bid price, nature of contracts, nature of bidders, contract completion times, kinds of procurement processes adopted, etc.) of major procuring agencies of targeted departments. PMIS will immediately address the issue of lack of data and help measure the procurement performance of all the procuring agencies, market responses, and robustness of

rules, and identify trends in public procurement. It would also serve as a key performance indicator for a public sector organization. The Punjab Procurement Regulatory Authority, in collaboration with World Bank, has developed PMIS system under the Punjab Public Management Reform Program (PPMRP) with the aim to improve expenditure management. Currently, PMIS is developed to address issue of missing data which help measure and evaluate procurement process, rules and trends. However, it has provisions to integrate in full electronic procurement system (e-procurement) over time where most of processes will be carried out electronically without manual input. PMIS provides information that organizations require to manage themselves efficiently and effectively. MIS Project Target of the year 2015-2016 is to roll out MIS in more 25 organizations and also to maintain previous 25 organizations. Resultantly 50 organizations will be using PPRA MIS at the end of this year.

5) **E-Procurement:** Our existing paper-based procurement processes have the following issues:

- Paper based procurement processes cannot be made 100% transparent;
- Uncoordinated buying across procuring agencies with different procuring agencies having different contracts and different prices for the same goods;
- High process costs associated with testing the market;
- Out dated market intelligence;
- Maverick spending (off contract);
- Inefficient payments processes;
- Obsolete audit information; and
- Error-prone contract management tracking.

World Bank has got conducted two studies on public procurement in Pakistan and came up with two detailed strategies for public procurement training and adaption of e-procurement system in Pakistan. E-procurement system is a success story in many countries including India, Bangladesh and Kazakhstan. Senior Procurement Specialist of the World Bank shared these documents and their summaries with PPRA. The e-Procurement system can be developed in web environment using open-standards and open architecture facilitating interoperability with national, regional and international applications, payment and messaging systems, and procurement processes having components such as contract management, access control management, workflow management, and system integration with external interfaces etc. The commercial principles of authentication, authorization, confidentiality, integrity and non-repudiation are

also required to be addressed within the risk management framework, along with virus protection and other security threats. The system, once implemented, will create an e-market in Pakistan worth trillions of rupees. The software need to have inbuilt PPRA compliance system. It is likely to reduce cost of procurements by providing a real time competition for procurement of standard goods, works and services. It will be easy to conduct procurement audits. PPRA will monitor the system 24/7 in order to make it a workable system. A process has already been initiated to turn this dream into reality by seeking assistance from Planning and Development Department for initiating it as a development project.

**6) Public Procurement Training Strategy:** Proposed training strategy of PPRA is based three components:

(i) Existing Public Procurement Officers / Officials

The major focus is on training of the existing government officers/officials. There would be a suite of courses of varying lengths; a free online course for basic procurement information will be developed, half day course for Senior Approving Authorities, a three to five day separate training programs for mid-level officers, and procurement execution and support officers. PPRA will develop these courses and place them with various training institutions/academia preferably in public sector. All of these courses conclude on certification after due diligence. The respective departments shall be responsible for sending their relevant staff for these procurement trainings, using their departmental training budget. It is envisaged that once these courses are fully operational, the departments would be required to ensure under an agreed action plan that procurement is conducted by only certified procurement officers.

(ii) Entry Level Public Procurement Officers/Officials

There would be a procurement module for the new inductions of government officers to be taught at the relevant training institutions like Management and Professional Development Department. PPRA will develop this course and provide resource persons for conducting it.

(iii) Long term engagement and higher level courses

As a long term and continued education aspect, PPRA would engage with universities to provide specialized courses in supply chain management, project and contract management, intellectual property rights, incoterms etc. Inclusion of procurement as a course in law, engineering and management degree courses would also be very helpful in developing better procurement understanding in professionals in public as well as private sector. PPRA will coordinate with universities as well as HEC for such facilitation.