



Karachi, 22nd October 2009

Brig. (r) Ifikhar Haider,
Senior Director Project,
DHA,
Karachi

Sub: What are the advantages of Public Procurement Rules 2004
Your letter dated 21 October 2009

Dear Sir,

Transparency International Pakistan appreciates DHA for providing opportunity for a presentation on the PPRA Ordinance and Public Procurement Rules 2004.

These rules are mandatory for all federal government departments, and authority formed by the Federal Government. As you have desired, the use of these rules have following advantages.

Principles of Transparent Procurement under Public Procurement Rules 2004.

Procuring Agency has five basic concerns that govern its procurement policies:

1. To ensure that the Products/goods, Services, Works, Plant & Equipment and Information Systems needed to carry out the new projects and or the operation and maintenance of the Airline, are procured with due attention to technically the best, and economical the lowest;
2. To ensure that Projects are executed most efficiently and within shortest period of time;
3. To ensure that the funds are used to buy only those Products/Goods, Services, Works, Plant & Equipment and Information Systems which are needed to operate and maintain Procuring Agency ;
4. To give all qualified bidders an equal opportunity to compete for the contracts;

To ensure that the procurement process is transparent, fair and discretion

Economy: Procurement is a purchasing activity whose purpose is to give the purchaser best value for money. For complex purchases, value may imply more than just price, for example, since quality issues also need to be addressed. Moreover, lowest initial price may not equate to lowest cost over the operating life of the item procured. But the basic



point is the same: the ultimate purpose of sound procurement is to obtain maximum value for money.

Efficiency: The best public procurement is simple and swift, producing positive results without protracted delays. One year delay on average cost procuring agency 12-15% inflationist, plus supervision, overhead and loss of cost benefit of 12 months another 10-12 %. In addition, efficiency implies practicality, especially in terms of compatibility with the administrative resources and professional capabilities of the purchasing entity and its procurement personnel.

Fairness: Good procurement is impartial, consistent, and therefore reliable. It offers all interested contractors, suppliers and consultants a level playing field on which to compete and thereby, directly expands the purchaser's options and opportunities.

Transparency: Good procurement establishes and then maintains rules and procedures that are accessible and unambiguous and has inbuilt self accountability. It is not only fair, but should also be *seen* to be fair, and .

Accountability and Ethical Standards: Good procurement holds its practitioners responsible for enforcing and obeying the rules. It makes them subject to challenge and to sanction, if appropriate, for neglecting or bending those rules. Accountability is at once a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key prerequisite for procurement credibility.

A sound procurement system is one that combines all the above elements. The desired impact is to inspire the confidence and willingness-to-compete of well-qualified vendors. This directly and concretely benefits the purchasing entity and its constituents, responsive contractors and suppliers, and the donor agency providing the project finance.

Conversely, a procurement system that does not consider the above elements stimulates hesitation to compete, submission of inflated bids containing risk factor., or submission of deflated bids followed by delayed or defective performance. Other direct results include collusion in bribery by frustrated or unscrupulous vendors and purchasing entities, bad value for those entities and their constituents, and betrayal and abuse of the public trust for personal gains.

Proficient public procurement is not difficult to describe in principle or to distinguish from its antithesis in practice, but it does require varied professional and technical know-how to establish, and a discipline and determination to successfully administer.

Why Is Proficient Public Procurement So Important?

Public procurement is the process by which PROCURING AGENCY buy the inputs for vital public-sector investments. Those investments, both in physical infrastructure and in



strengthened institutional and human capacities, lay foundations for national development. In procurement terms, those inputs are generally grouped into four

TI Pakistan offer to DHA to prepare DHA Procurement Manual, provide capacity building, check all tender documents before they are issued to bidders for vetting to be compliant to PPR 2004, free of cost. In order to provide these assistance a MOU has to be executed between DHA and TIP. Such MOUs have been executed with FBR, NBP, PIA, PQA, CDGK, Pakistan Steel, PTCL, Ministry of Irrigation GoS, Ministry of Agriculture GoS, and many other agencies.

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