**2ND SOUTH ASIA REGIONAL PUBLIC PROCUREMENT CONFERENCE**

ISLAMABAD, MARCH 25-27. 2014

**MOVING FROM COMPLIANCE TO PERFORMANCE**

**TABLE OF CONTENTS**

**INTRODUCTION……………………………………………………………………………....2**

1. **INAUGRAL SESSION…………………………………………………………… …...3**
2. **SESSION 2: Procurement Performance Management (Concept & Good Practices).8**
3. **SESSION 3 : Capacity Building And Innovation For Performance………………...10**
4. **SESSION 4: Public Procurement Policies And Practices In South Asia: Co-Sponsors’ View………………………………………………………………………. 12**
5. **SESSION 5: Delivering Procurement Performance: Success Stories From The Region……………………………………………………………………………………14**
6. **SESSION 6: Panel Discussion On Pre-Requisites And Elements For Enhancing Procurement System Performance…………………………………………………….20**
7. **SESSION 7: Action Plan (Group Work)………………………………………………22**
8. **CONCLUDING SESSION…………………………………………………………… 24**

**ANNEXES:**

* **South Asian Region Procurement Action Plan 2014**
* **List of Participants**
* **Presentations**

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**INTRODUCTION**

1. The Second South Asia Regional Public Procurement conference was held in Islamabad from March 25 to 27, 2014. The three-day conference was hosted by the Public Procurement Regulatory Authority (PPRA) of Pakistan and it was sponsored jointly by the World Bank (the Bank) and the Asian Development Bank (ADB). The conference was organized around the theme of ‘Moving from Compliance to Performance’. The first conference was held in Kathmandu in 2011.
2. The conference is an important forum for sharing knowledge and strengthening synergies in the backdrop of the key role that public procurement plays in poverty alleviation and economic growth initiatives in the region. The conference was held over three days divided in to nine sessions including the inaugural and concluding sessions. Following the inauguration, concept and good practices in procurement performance management from USA, UK and New Zealand were presented. This was followed by a session on capacity building and innovation for performance in which international experts from USA, UK and Brazil (via live video link) made presentations. Co-sponsors’ (World Bank and ADB) views on public procurement policies and practices in South Asia were presented in the last Session 4 of Day 1. Day 2 was devoted mostly to success stories from the region in delivering procurement performance. In the last session of the day, Additional Auditor General Pakistan spoke about the role of procurement audit in improving procurement performance. Day 3 began with a panel discussion on moving public procurement from compliance to performance, professionalization of procurement services, making public procurement more strategic and effective in achieving development objectives, and short term measures to address capacity gaps while long term solutions are framed. This was followed by group work to develop broad areas for future actions for the region later consolidated in to and approved as the Action Plan. This was presented in a plenary where the Bangladesh delegates offered to host the next conference which was gratefully accepted by the conference.
3. The conference covered all important aspects of public procurement from policy to implementation and monitoring and evaluation. The regional plan included actions for moving public procurement from compliance to performance through regional network strengthening, capacity building, e-GP, and framework agreements. It was emphasized time and again that while it was important to highlight performance, compliance remained important.
4. Approximately 50 senior public procurement officials from seven South Asian countries (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, and Sri Lanka), representatives of SAARC Secretariat, civil society, international experts in related fields, representatives of Auditor General’s Offices, and other high public officials, as well representatives of bilateral and multilateral international financial and development agencies participated in the conference. The Chief Procurement Officer of the World Bank, the Regional Procurement Manager, South Asia represented the World Bank; and the Principal Director, and Director, Central Operations Services Unit, represented ADB. Several senior procurement staff of both the institutions based at the HQ and in different South Asian country offices also participated.
5. A list of participants, copies of presentations made, photographs are annexed to this report. A summary of the proceedings follows.

**INAUGRAL SESSION**

1. President of Pakistan, Mr. Mamoon Hussain, Ms. Nazrat Bashir, Managing Director, Public Procurement Regulatory Authority, Pakistan and Mr. Christopher Browns, Chief Procurement Officer, World Bank were in chair.

***Opening Address by the President of Pakistan***

1. The Conference was opened by the President of Pakistan, Mr. Mamnoon Hussain. In his opening address, the President said that it was a matter of pleasure for him to be with the participants at this inaugural session of the 2nd South Asia Public Procurement Conference. He welcomed the participants to the conference and expressed great appreciation to the World Bank and the Asian Development Bank for their support in holding of the conference. Both the institutions, he said, have always played a visible role towards development of the region. He felicitated the outgoing chair, Nepal, for their hard work of past two years. He hoped that with the transfer of chairmanship of the conference from Nepal to Pakistan, Pakistan would not only further build on the gains of past but would strengthen and make the forum more vibrant and dynamic.
2. The President said that Pakistan had the distinction of being the first South Asian country to have its public procurement law enacted in the year 2002 in the form of the Public Procurement Regulatory Authority Ordinance 2002. In pursuance of the said Law, the Public Procurement Regulatory Authority (PPRA) was established in the same year and in this way PPRA was the oldest regulator of public procurement in South Asia. Since then, the President said, Pakistan had made significant strides in streamlining public procurement. Public procurement rules and regulations have been put in place. Regulatory authorities, based on the federal model, have been established in the provinces. Procedures have been streamlined and more professionalism introduced.
3. The President noted that PPRA rules and procedures have been improved and supported by all successive governments at the federal and provincial levels irrespective of their political inclinations clearly indicating broad political consensus and assures sustainability of these reforms. With strengthening of democracy and judiciary, as well as a robust and independent media, he said, public procurement was increasingly under microscopic scrutiny.
4. The President stated that, keeping in view its strategic role, the theme of the Conference “moving from compliance to performance” was very appropriate and relevant. With similar socio-political and economic environment, the countries in the region faced the same developmental challenges. There are laws and procedures. However, we needed to translate these laws and procedures into practices leading to equitable economic growth and poverty alleviation. He, therefore, commended the organizers in articulating the conference’s theme. The conference, he was sure, would provide a very important platform for stakeholders for sharing of knowledge and experiences, understanding issues, improving systems, and supporting action plans and streamlining public procurement to improve performance leading to realization of broader goals and objectives. As one of the key objectives of this Conference was to explore ways and means of initiating regional cooperation on public procurement, he suggested that SAARC Secretariat consider taking lead role in promoting mutual cooperation and opening SAARC Public procurement office in Islamabad. Pakistan, he said, would warmly welcome such an initiative.

***Welcome by Managing Director, PPRA, Pakistan***

1. Welcoming the delegates, Ms. Nazrat Bashir, Managing Director, PPRA, Islamabad said that the conference was a continuation of a series of exchanges between procurement officials of the region. Since the first such conference in Kathmandu, many video conferences have been held. She acknowledged the services of the outgoing Chair from Nepal. She said that for effective use of the precious resources, sharing lessons could benefit all countries of the region. She thanked foreign delegates as well as the representatives of SAARC secretariat. Since then the public procurement officials have met several times through video conferencing. Let me here acknowledge the services rendered by the outgoing chair in implementing the decisions taken during the 2011 conference. She said that the conference provided an opportunity to regional public procurement officials and oversight agencies to exchange ideas and share experiences with a purpose to enhance the effectiveness of public procurement system in utilization of public resources. It also provided an opportunity to them to interact with the development partners and experts about the latest developments in the public procurement in general and performance measurement and capacity building in particular.
2. Ms. Bashir expressed special thanks to experts, partners, and presenters for their participation. She acknowledged the presence of representative of SAARC secretariat and looked forward for inclusion of procurement topic in ministerial committee of SAARC and creation of South Asia Regional Public Procurement Network with technical secretariat at the SAARC.
3. She emphasized that the procurement function was in the process of transformation from operational to more strategic level. The emphasis now was more on how to add value in addition to containing costs. Costs reduction and resource optimization were increasingly becoming important in addition to adherence to rules and regulations. Similarly, she said, the role of oversight agencies was increasing to ensure that procurements were made in a transparent way without any collusion and bid rigging. The theme of the conference “moving from Compliance to Performance” was, she said, in accordance with the current trends.
4. She said that the use of technology in procurement function was gaining importance. Automation and adoption of technology was critical to enhancing procurements value within the organizations. Similarly training and professionalizing of officials and civil servants could not be overlooked. The officials were the principal agents in the implementation of public procurement.
5. She added that that the reforms were possible with the commitment and active support of top leaders from both public and private sector. The presence of the Honorable President of Islamic Republic of Pakistan was a clear indication of importance that is given to transparency, efficiency, integrity and value for money in public procurement. We needed to integrate reforms in procurement with the overall development strategy of the country. Good practices and good governance increase the credibility of the government and help in improving the trust and confidence of the private sector leading to greater investments. Some of the public policy objectives can be achieved through public procurement. Pakistan, she said, had come a long way in establishing a sound procurement regime in the country. PPRA was established in the year 2002 in pursuance of the enactment of Public Procurement Regulatory Authority Ordinance. The rules were framed in the year 2004 to perform the functions stated in the Ordinance. National Institute of Public Procurement was set up in the year 2009 to enhance the capacity and knowledge of public procurement officials. Many milestones still needed to be achieved. We have to remain dynamic to meet the challenges by following the changing trends, she added.

The august gathering of policy makers, professionals from South Asian region, representatives of leading development partners and experts provided an excellent opportunity to share knowledge and experience. The deliberations during this conference, she hoped, would lead to greater cooperation within the region. Pakistan would always remain available for support in this regard.

***Opening Remarks by Deputy Country Director, ADB***

1. Mr. Nianshan Zhang, Deputy Country Director, Asian Development Bank, Pakistan Resident Mission, in his opening remarks, said that public procurement was a vital tool to improve public service delivery and development outcomes. Recognition of the significance of public procurement reform in the Asia Pacific region’s development agenda, he said, dated back to January 2003 when a Procurement Roundtable on Strengthening Procurement Capacity in Developing Countries was formed. The objective was to develop an integrated set of tools and good practices to help strengthen procurement systems and their contribution to development outcomes. To this end, he said the formation of South Asia Regional Public Procurement Coordination Group at the end of first Public Procurement Forum in Kathmandu in 2011 was a big step forward. He expressed hope that the Group was actively pursuing the recommendations to establish regional public procurement capacity building mechanism; enhancement of involvement of private sector and civil society; modernization of public procurement; collection and compilation of good public procurement Acts, regulations and practices relating to development of legislative and regulatory frameworks; and introducing regional arbitration mechanism and harmonization of procurement SBDs. These measures will help enhance the commonalities of bidding and contract documents.
2. Mr. Zhang stated that ADB’s current public sector portfolio in Pakistan amounted to $4.49 billion including 28 active loans for 19 projects. The volume of the portfolio was expected to further increase to about $5.00 billion by 2016. ADB was assisting Pakistan to improve its public procurement systems, and enhance procurement capacities in the government agencies. Currently, he said, there were 15 technical assistance (TA) projects amounting to $15.18 million including a regional technical assistance on developing procurement capacity for improved procurement outcomes. ADB was also working closely with the Public Procurement Regulatory Authority (PPRA) to devise a comprehensive procurement strategy in the light of international best practices, focusing on: (i) optimization of procurement staffing; (ii) acquisition of proper procurement skills; (iii) reviewing and redesigning procurement processes; (iv) information technology systems; (v) staff incentives to achieve new performance targets; (vi) overcoming financial, legal, technological, cultural and other constraints during implementation. Therefore, he said, the conference theme of moving from compliance to performance in public procurement was of paramount importance to ADB. It is high time that a road-map was developed to move from rules-led procurement practices to performance-based practices.

***Opening Remarks by Chief Procurement Officer, World Bank***

1. Mr. Christopher Browne, World Bank, welcomed all participants and spoke about the Bank’s continued support to reforming and strengthening public procurement system in the region as well as other parts of the world. He stated that transparent, economic and efficient public procurement was crucial for achieving the overarching goals of poverty alleviation and economic growth. With strengthening of democratic institutions around the globe, emphasis on transparency and accountability in public procurement was increasing every day. What the Bank has repeatedly learned from its work in nearly 150 countries across the globe is that, he said, improved transparency and stronger accountability have a very positive impact not only on achievement of development objectives but on improving their sustainability as well. Accordingly, the Bank has worked relentlessly with the partner countries to strengthen public institutions responsible for procurement and streamline the procurement procedures. In South Asia region, in general, and in Pakistan, in particular, the Bank has supported important initiatives in this regard including establishment of PPRA. In this regard, he expressed his belief, conference forum was very important for sharing experience and learning from each other and thus further improving public procurement across the region, and beyond, to help achieve broader development objectives and make them more sustainable.

***Presentation on and Launching by President of Pakistan of Free Mass Open Online Course (MOOC)***

1. Mr. Felipe Goya, South Asia Regional Procurement (SARP) Manager, World Bank, made a presentation on a Certificate Program in Public Procurement offered as free Mass Open Online Course (MOOC) in partnership with Charter for Public Procurement Studies (CPPS) in India. SARP Services of the Bank has developed this course with the consultants’ support and through extensive consultations with academic and management training institutes; these institutes have also formed CPPS. This is the first of the Bank’s procurement capacity building initiatives to support the development of mass scale and affordable e-learning and blended courses suited to the country systems in the region in partnership with leading academic and management training institutions in the region. The program targets in-service public procurement practitioners as well as aspiring students wishing to pursue a career in public procurement. The course covers operations (planning, bidding, evaluation, management) as well as governance issues and prevention of corruption in public procurement.
2. The session ended with the President of Pakistan launching Mass Open Online Procurement Course (MOOC) by pressing a key on a computer connected with the system through the internet.

**SESSION 2**

**PROCUREMENT PERFORMANCE MANAGEMENT**

**CONCEPT & GOOD PRACTICES**

Chairman: Mr. Kazi Jahangir Alam, Director General, Implementation, Monitoring, and Evaluation Division, Bangladesh

***‘What is Performance in Public Procurement?’ – Presentation by Mr. Daniel Gordon.***

1. Mr. Gordon is Associate Dean for Procurement Law at the George Washington University, USA. Before that, nominated by President Obama and confirmed by US Congress, he was Administrator for US Federal Procurement Policy. Earlier, he had worked for 17 years for the Office of General Counsel of the US Government Accountability Office, becoming, eventually, Acting General Council.
2. Mr. Gordon stated that measuring performance in public performance was not easy as there was no consensus about the goal of the system and there were multiple, inconsistent goals. As a result there were tensions between three viewpoints: outcome based transparency and accountability based, and socio-economic objectives based. He also dwelled on recent international developments including revision of model procurement law by UNCITRAL in 2011, WTO agreement on government procurement and EU’s revised procurement directives. Finally, Mr. Gordon suggested points of consensus in measuring performance of public procurement systems.

*** ‘A Model on Measurement of Procurement Systems Performance – Case of UK’ – Presentation by Mr. David Smith.***

1. Mr. Smith spent 26 years in senior procurement roles and 11 years, before retiring, as one of UK Government’s most significant and influential Commercial Directors in the Department of Work and Pensions. He is a past President and Member of the Chartered Institute of Purchasing and Supply (CIPS) Board of Management and Council, UK. He now advises some of the world’s biggest organizations on their procurement practice and process and in their dealings with the public sector.
2. Mr. Smith said that public procurement was big business and hence it was important both to the public and private sectors. He said that UK central government spent over 66 billion pounds per year on procurement of non-military goods and services. UK public sector on the other hand spent over 250 billion pounds on goods and services. He said procurement was at the forefront of delivery of key services in justice, health, social, and transport, emergency and welfare sectors. He said that commercial function in government was viewed in past as a barrier with limited added value. The recent financial crisis however has led to an agenda for reducing expenditure, addressing waste and inefficiency while, at the same time, improving public services. Top suppliers are contributing to the drive. The results are being measured in absolute reduction in spending, reduced staff and overheads, delivery speed and more sustainable outcomes. Reforms have transformed procurement from low level activity to a modern tools based high level professional and ministerial activity with an important role in growth. The reform requires however quick cultural and behavioral change, empowering government agencies to centralize, and delivering more with less.

‘***Procurement Performance Management – Case of New Zealand’ - Presentation by Mr. John Ivil***

1. Mr. Ivil is General Manager, Government Procurement, Ministry of Business, Innovation, and Employment, New Zealand. He has worked in many senior positions with the Ministry and is presently responsible for procurement policy, capability and capacity development, collaborative procurement, and establishment of a commercial pool of procurement resources to assist government agencies.
2. Describing the procurement environment in the country before recent reforms, Mr. Ivil stated that fiscal environment was very tight with pressures to reduce cost and risk, there was a culture of risk aversion, there was a need to professionalize procurement as well as shortfall in procurement capability (agency & individual), there was a need to support free trade negotiations, economic growth and to be fast, agile and flexible. 2012 procurement reforms established the business case for change, led to savings of over NZ $350M, established a procurement academy and encouraged investment in procurement capability.

**SESSION 3**

**CAPACITY BUILDING AND INNOVATION FOR PERFORMANCE**

Chairman: Mr. Naresh Kumar Chapagain, Joint Secretary, PPMO, Nepal

***‘Sustainable Capacity Building for Enhanced Public Procurement Performance’ – Presentation by Mr. David Smith,*** ***Former Commercial Director, Department of Work and Pensions, and Member of CIPS Board of Management and the CIPS Council, UK***

1. Mr. Smith, spoke on drivers for private sector (business growth, financial performance, and risk management) and public sector (debt management, service, and risk management) and identified process excellence as the enabler. He said smarter procurement, trained and qualified staff, better and managed suppliers, and use of technology as the solutions. He said procurement focus must move from tactical to strategic in order to improve value and enhance its criticality. He cautioned that e-procurement was not all about technology, a panacea or quick fix, a substitute for good practice nor was it an end in itself or merely mechanizing existing processes. He described UK initiatives for better management of key suppliers, appointment of Crown Representatives, and, at some length, people development.

***‘Development of Capacity and Capability of Government Procurement to Deliver Value for Money’ - Presentation by Mr. Daniel Gordon, George Washington University, USA***

1. Making a spoke of importance of professionalization of the public procurement function for creating smart buyers and protecting the system from political and other corrupt pressures. This will entail creating a ‘position description’ and a career path as well as training and certification. In terms of training he posed and suggested answers to key questions such as who makes the policy decisions, whom to train, how to pay for training, what to teach, how to train and how to measure progress. Finally he discussed certification programs, US approach to certification, and resources on US procurement training system.

***‘Procurement: Innovations for Performance Improvement’ – Presentation (through Video link) by Ms. Ana Maria Neto, Director of Logistics, President of Inter-American Network of Public Purchase for 2013-2014, Brazil***

1. Talking about tools for efficient public procurement, Ms. Neto described the current model that includes for example shared purchase with standard specifications of equipment for public schools using e-reverse auction that consider life cycle costs. She said that shared purchases lower the costs and reduce time in bidding processes. She said that paradigms in public procurement have shifted from quality and morality to efficiency and economy and now to the use of the state’s purchasing power for sustainable economic development. The Brazilian model supports small businesses that account for 67% of jobs and 25% of GDP. She gave a background of evolution of the legal framework for public procurement over the years. She described in detail the electronic system with a website as its heart. E-procurement has led to significant savings of almost 20%. The system is backed by a training program for markets, public managers, and partners. Training is both face to face and remote. She described the communication system so that all stakeholders are aware of demands and process. Finally she described good practices included easier processes and standardization of specifications.

**SESSION 4**

**PUBLIC PROCUREMENT POLICIES AND PRACTICES IN SOUTH ASIA: CO-SPONSORS’ VIEW**

Chairman/Facilitator: Mrs. K. D. R. Olga, Director, Department of Public Finance, MOFT, Sri Lanka

***‘Latest Development in World Bank Policy Review’***

1. Mr. Christopher M. Browne, Chief Procurement Officer, World Bank, described the challenges of the Bank procurement given a wide range of projects in diverse places and with mixed local capacity. Thus far the Bank has supported a common approach based on transfer of knowledge and strengthening of national systems. The first phase of the current reforms, policy consideration and consultations, he said, is based on extensive feedback from stakeholders. The stakeholders recommended a focus on principles, context, country systems (with a special focus on fragile and conflicted affected countries) and capacity building and professionalization. Other recommendations were for more upfront market-sector analysis, strategic thinking, full procurement cycle considerations, fiduciary-governance alternatives, as well a long term perspective. These are key considerations for the new policy framework.
2. Felipe Goya, Regional Procurement Manager, South Asia Region, World Bank Public Procurement in South Asia Region speaking about the Bank’s View and Initiatives stated that South Asia was a vast and diverse region where public procurement was estimated to be about US $400 billion or roughly about 16% of the total GDP of about US $2,500 billion. He said regional countries’ procurement systems were slowly adopting new practices although they were still far from where they should be. The basic challenge, he said, was to measure the performance (value for money, integrity, efficiency) and then improve. The next steps will depend on indicators but some areas to be considered would include regulatory framework, dispute resolution mechanism, and access to information policies. Sustainable procurement, SMEs, local preferences, gender etc. were issues to be addressed in policies. The Bank, he stated, could support with state of the art technical expertise.

***‘Past approaches, today’s challenges, and future directions’- ADB***

1. Mr. Walter Poick, Principal Procurement Specialist, Operations Services and Financial Management, South Asia Regional Department, ADB, said traditionally ADB focused on transactional oversight but appreciation of a more sustainable approach led to greater focus on governance. ADB supported procurement reform initiatives at the country level. A recent governance review highlighted the challenges in terms of importance of procurement for project delivery and outcomes, diverse capacities, and the need to balance ADB’s fiduciary oversight with efficiency. He said ADB proposes to reduces the number of prior/post contract reviews from a current number of 6,000 (worth US $9 billion) annually to about 600 high risk/high value contracts of about 10% of total contracts. A risk based approach will be used to consider procurement arrangements at country, sector/agency and project levels. Thus country and sector levels capacity gaps will be identified to help develop sector road maps and country partnership strategies. Procurement issues and risks will be framed and fiduciary oversight levels determined during project implementation. Risk based approach, he said, will lead to greater use of country systems, reduced review burden for ADB, greater ADB support to complex and high risk procurements and imporved project delivery and outcomes. Finally he spoke about ADB’s introduction of results based lending encouraging design and implementation of sector programs.
2. Mr. Hans Carlsson, Advisor and Head, Portfolio, Results, and Quality Control Unit, Public Procurement in South Asia Region, ADB, gave an operational perspective on improving procurement outcomes in South Asia. He gave an overview of ADB’s active loan portfolio and contract awards and disbursements as well as number of contracts by size. He said that the clients and operational staff saw low service standards, low premium on quality, few contract modalities, lack of contextual approach, procedures and lack of modernization as major bottlenecks. Average processing time of contracts he said had improved from 81 days in 2011 to about 47 days in 2013 and was expected to be around 30 days in 2016. Therefore, he concluded, improvement was possible. He saw project preparation as a critical issue. He recommended adoption of project readiness filters. He concluded by saying that procurement was extremely important in project implementation, client concerns needed to be addressed, approaches and processes must be changed and contextualized.

**SESSION 5**

**DELIVERING PROCUREMENT PERFORMANCE: SUCCESS STORIES FROM THE REGION**

Chairman: Mr. Felipe Goya (World Bank) & Mr.Hiro Maruyama (ADB)

***Afghanistan***

1. A review in 2003 identified constraints and made recommendations for reform. This led to establishment of a Procurement Policy Unit focusing on regulatory framework, institutional and capacity development and e-GP. Significant progress has been made on all these accounts. In terms of regulatory framework, a Public Procurement Law has been enacted, a policy unit, a special commission and a contract management office established. Rules have been framed, and standard bidding documents, operational manual have been developed and policy circulars are regularly issues. For capacity development, a training institute has been established, training modules have been prepared, and training imparted to regulators, controllers and specialists. Structure of procurement departments is being standardized. Web based procurement management information systems (PMIS) are being developed to address transparency, efficiency, and economy of the procurement process. As a result significant improvement has taken place in procurement plans preparation and performance monitoring. Number of awarded contracts has increased as well as that of registered bidders. . Future plans include development of simplified SBDs in Pashto language, preparation of a manual and regulations for PPP and reverse auction. The bottlenecks include low participation in PMIS, low capacity levels, weak ICT structure, resistance to change, lack of dedicated staff, extraneous procedures introduced by implementation agencies, political and management interference, lack of awareness of procedures among senior managers, fear of oversight bodies, lack of authority of procurement officials, lack of coordination among donors, and absence of incentives and rewards. Steps to address these bottlenecks have been identified and progress can be made.

***Bangladesh***

1. Topics covered included public procurement reforms, legal framework, capacity building and institutionalization, performance measurement, e-GP, complaint resolution mechanism, and civic engagement in monitoring. A review in 2002 identified issues (absence of legal framework, bureaucratic procedures, lack of competent staff, poor quality of bidding documents and ineffective contract administration) and made recommendations for establishment of a policy unit, undertaking reforms, and improving capacity. A central procurement technical unit was established in 2002. A series of legislation from financial rules to e-GP guidelines and act have been promulgated. Capacity building measures including weekly and short training courses as well as introduction of a masters degree program and chartered institute have been adopted. A procurement performance measurement systems has been established to improve transparency, efficiency and competitiveness of public procurement with a 2007 baseline established. All indicators including percentages of IFBs published in newspapers, published contract awards, awards within initial bid validity, contracts completed as per the original schedule as well as average number of bids and responsive bids have shown significant improvement.
2. A single, uniform, national e-GP web portal has been launched to cover registration, planning, tendering, evaluation, award, and contract administration including payments. The system has robust security features and backup arrangements with full redundancy to ensure uninterrupted service. The World Bank accepts the systems for projects supported by the Bank. The system generates enough funds required to maintain it. The systems has registered tremendous increase in the number of registered bidders, bids invited, and value of bids in a relatively short period from June 2012 to the present.
3. A complaint resolution mechanism has been established comprising administrative review up to the Secretary of the department and beyond of an independent review by a panel.

***Bhutan***

1. Capacity building measures, with the involvement of all stakeholders, adopted a strategic approach on a sustainable level (including professionalization of procurement services, building of institutional capacity for training, and designing and delivering training to all stakeholders) with the overarching goal of creating an institutional setup for certified procurement training for all levels. As a result, a framework for staff qualification and competence has been developed; education module including refresher courses has been introduced. A Royal Institute of Management has been established as a CIP examination center. A mechanism for redressing grievances has been established with an independent review body having detailed working procedures. Debarment Rule, enacted in 2013, established a debarment committee with seven director or above level members. e-GP has been introduced. A website for advertisement and capturing basic data about bidders and contractors has been launched. Other government initiatives to streamline public procurement include: A government procurement and property management department has been established to conduct research in public procurement and explore ways to introduce more efficient methods and standardize goods/services as necessary, and to; undertake, directly or with the help of other specialized agencies, centralized procurement of more common goods. A major initiative for standardization of construction materials such as cement, steel, and bitumen, and; office equipment and supplies has been completed. Standardization can lead to substantial savings through better specifications and cost estimates, scale of economy (volume of orders and participation of bigger suppliers) and centralized coordination and management of demand.

***Maldives***

1. The presentation began with the definition of procurement (acquisition by purchase , rental, lease, hire, purchase, license, franchise or any other contractual means, of any types of goods, works or services or any combination of goods, works, or services). It then highlighted features of public procurement (funding source, accountability to parliament, and uniformity of systems and procedures). The legal framework for public procurement in Maldives includes 2006 Law on Public Finances and Government Financial Regulations. Public enterprises and defense/security, donor grants/credits and private financing and concessions are not covered by these laws. Overarching objectives of public procurement include transparency and accountability, economy, efficiency, competition, value for money, and fair and in- discriminatory procedures. A National Tender Board (NTB) is responsible for all procurement actions of more than MRf 1.5 million. Accountable officers and tender committees can undertake procurement of lower values. These authorities ensure compliance, approve invitation, evaluation and amendments and approve single source or emergency procurement. NTB is run by the Ministry of Finance and Treasury and comprises chairman and seven members appointed by the President of the country. Two members are from the private sector who cannot compete. Secretary is the head of the evaluation section. Tender committees are established where workload and capacity are high with similar composition and responsibilities. Most lead government agencies conduct procurement. They prepare plans, authorize funding and provide technical inputs and assist in evaluation. They use a SAP- Materials Management Module. Standardized purchase orders are used. Monitoring and observation systems are not adequately established as yet. Though Auditor General’s office audit all accountable offices. New initiatives for updating relevant regulations, standardization, establishing a policy unit, setting up a complaints handling system, strengthening the tender evaluation, developing manuals and SBDs, training and setting up a professional cadre are underway.

***Nepal***

1. Until about seven years ago, procurement was undertaken under Financial Administration Regulations 1999. Based on the recommendations of a review in 2002, a public procurement act (PPA/PPR) was enacted in 2007, a procurement review committee (PRC) was established, and a public procurement monitoring office (PPMO) was established under the office of the Prime Minister and the council of ministers. The underlying principles for reform initiatives were transparency, fair competition, non-discrimination, value for money and complaint mechanism. Key functions for PRC and PPMO were to review proceedings and decisions. Following these initiatives, SBDs have been developed, e-GP has been launched, monitoring checklist has been developed, procurement units have been established in each spending office, baseline indicators have been developed and two rounds of public procurement strategic framework have been undertaken. Currently, full-fledged centralized e-GP is being implemented (evaluation and contract awrd, contract management, payment, and management information system), second round of strategic framework (standardization of processes, capacity development, institutional development) is underway, and work is in progress on accreditation and revision and translation of SBDs. Pipeline activities include development of operational guidelines (document preparation, evaluation, contract management), development of guidelines and standard bidding documents, monitoring manual, technical notes, and catalogue and online shopping.
2. Capacity development issues vary depending on the perspective. An experts’ pool is needed in general. General/sectoral/special capacity is needed at the public level. Awareness and e-GP training is needed at private sector level. Interactions with and awareness rising is needed for oversight agencies. Challenges are faced in e-GP implementation (sustainability, reliability, security, access to internet, technical support), resource mobilization (retention, career development, professionalism of human resources; funds, and coordination), as well awareness among civil society, mass media, private sector and oversight agencies. Way forward is through internal diagnostic mechanism (clinics, case studies, bes practices, performance monitoring), consultation/advice with professionals, expert prescription and surgery, regional and international forums and social networking and video conferences such as LinkedIn and Discussion Board.

***Sri Lanka***

1. There is a strong legislative and regulatory framework for public procurement. Constitutional provisions are there for parliamentary control, Auditor General’s oversight, COPA/COP and accountability. There are government guidelines and best practices: Public Finance Department’s SBDs, TEC & PC, standardized process and evaluation, procurement appeal board and policy directions. Contract management, corruption control. Fiscal responsibility and arbitration laws provide the Civil Law. Development partners bring in their guidelines. This framework ensures effective use of public funds, transparency, accountability, timeliness, economy and quality and value for money as well as fair and equal opportunity to maximize competition. Thus, under regulatory service, Department of Public Finance provides advisory service, review, monitoring, capacity building and best practices.
2. Recent reforms have included establishment of a standing cabinet appointed procurement committee, integration of procurement with financial management system (procurement plans, provision of medium-term budgets, contract management and monitoring, and timely provision of funds), administration of cost overruns, and streamlining PPP arrangements and unsolicited bids. Procurement stats are collected, maintained, analyzed and published in an annual report. A database has been established for appointing technical evaluation committees. Appeal procedures have been strengthened. A steering committee has been established under the Finance Secretary and including five top secretaries for policy decisions.
3. For capacity building and Academy of Financial Management has been established. Procurement management has been recognized as a subject at many a institutions of higher education. Separate career stream with job descriptions and titles has been established. Value for money and performance measurement are being promoted. Real time audits to address issues on time and constant dialogue between implementation and oversight agencies are being held. Performance indicators include number of procurements completed on time and within budget, cost overrun and amendment events, number of instances of uncertainties during evaluation, number of appeals, quality failures, criticism, complaints, and commendations.
4. Further reform agenda include capacity building of regulators, implementers and oversight officials; timely availability of good procurement statistics, implementation of accreditation schemes, review of SBDs and steps towards e-GP.

***Pakistan***

1. Public procurement in the country was previously governed by a plethora of regimes including General Financial Rules, 1979, Purchase Manuals of the Departments of Supplies and Disposals, delegated powers to the ministries, autonomous bodies, and Ministry of Finance Circulars. A World Bank study in 1997-98 found an inordinately high level of deficiencies in public procurement. The study concluded that rules and regulations were outdated, public procurement was inefficient and poorly managed, procurement officials were not trained or compensated adequately, and procedures were complicated and lacked transparency. The study recommended enactment of a UNCITRAL based law, creating a regulatory agency confined to policy, documentation, and development of rules. The study also recommended separating contract award and regulation.
2. Resulting public procurement legal framework comprises of an ordinance issued in 2002 followed by rules enacted in 2004. There have been more regulations in 2008, 2009, 2010 and 2011. A PPRA was established with six Federal Secretaries, three private sector members, and its Managing Director forming its Board. PPRA Ordinance and rules are applicable to all Federal Government agencies. Open competitive bidding is the principal/default procurement method. All procurements of a value above US 1,000 are advertised.
3. PPRA is a very lean organization with total number of employees of just 50 including eight officers and 42 support staff. Total current annual budget is Rs. 43 million (US $.43 million). Since 2004, almost 174,000 tenders have been monitored and or uploaded on PPRA website by 3401 organizations with a daily average of 474 tenders. The violations of rules framed by PPRA have been monitored and have reduced steadily over the years. 205 agencies have uploaded their procurement plans on PPRA site. A training program has been in place since 2006 and to date 4501 officers have been trained. A National Institute of Procurement has been established. PPRA faces challenges as a lean setup including office space, human resource shortage, budgetary constraints and lack of powers to act against violations of its rules. PPRA plans to set up an advisory group, prepare a national strategy, revise and improve rules, regulations, SBDs, and develop a code of ethics. A monitoring and evaluation system is to be set up, website is to be revamped, an HR pay roll module and accounting software to be developed.

***‘Role of Procurement Audit in Improving Procurement Performance’ – Presentation by Mr. Malik Khadim Hussein, Additional Auditor General Pakistan (AGP)***

1. Mr. Hussein spoke about cooperation between AGP and PPRA, managing procurement risks, value for money, performance evaluation and dealing with fraud and corruption. He concluded that procurement was big business and failure to implement procurement effectively put achievement objectives at risk. He said external and internal audits both had an important role to play and they must do so with a constructive approach identifying good practices for wider application.

**SESSION 6**

**PANEL DISCUSSION ON PRE-REQUISITES AND ELEMENTS FOR ENHANCING PROCUREMENT SYSTEM PERFORMANCE**

Chairman: Mr.Hiro Maruyama, Panelists: Ms. Nazrat Bashir, Mr. John Ivil, Mr. Daniel Gordon , and Mr. Walter Poick

1. The panelists were posed questions relating to (i) practical steps for moving public procurement from compliance to performance, (ii) attracting career oriented professionals to public procurement, (iii) making public procurement an effective tool for achieving strategic development objectives, and (iv) interim solutions until long term measures are in place to address capacity issues.
2. Each of the panelists responded to the above question and then there were comments and questions and answers from the plenary. The following are the highlights of the discussions.
3. Regarding steps for moving public procurement from compliance to performance, it was clarified that moving from compliance to performance did not mean moving away from compliance regime and focusing on performance alone. The idea was to give equal importance to performance and not lose sight of overall development objectives. Moving from compliance to performance would require, it was suggested, a better and more professional work force. This required measures at the hiring stage as well as constant training of the procurement officials. E-procurement and framework agreements would also, it was suggested, help improve public procurement from compliance to performance. It was stated that procurement was not a science. Procurement practices had to be tailor made to the local context and practical solutions were needed for practical problems. The overarching goals however were the same across the region and globe. It was important to gain stakeholders’ trust even if it was through a series of small steps and through demonstration of value addition. For this purpose it was important to capture good performance based data and celebrate success. One example was to engage independent auditors to poll tenderers before and after tendering to allay and address their concerns.
4. While global shared perspective was appreciated it was emphasized that country level realities must also be taken in to consideration. Procurement professionals must be adequately empowered and given policy support. Current focus on compliance was the result of immediate and harsh implications in non-compliance cases.
5. It was suggested that separate opinion polls among stakeholders and procurement professionals could help identify and rectify many issues. Special attention to procurement of everyday items that were important to the users such as office supplies, furniture, IT equipment could help mobilize support. There was a need to ensure better understanding of procurement procedures among such partners as auditors and attorneys so that performance could get as much attention as compliance.
6. Answering a query regarding policy support for public procurement in New Zealand, Mr. Ivil stated that procurement procedures and implementation were constantly reviewed to ensure that all necessary tools were available to the procurement professionals. Vigorous needs assessment and project planning including procurement was critical for carrying out procurement which followed all rules and also helped meet the project development objectives. Commenting on a query, a panelist expressed belief that enough flexibility and leeway were built in to the systems and it was up to procurement professionals to make effective use of them.
7. Regarding attracting career and professional minded resources to the profession, it was agreed there were a series of steps needed including appropriate academic courses and qualifications, career paths, training, to general recognition of the critical role public procurement plays in the development of a country.
8. Talking about ensuring an strategic role for public procurement in development, it was said that first and foremost a good analysis and managing of risks associated with public procurement was essential. Top down approach alone does not work and constant dialogue was needed among users, procurement professionals, and suppliers. Performance indicators and action plans were as important as ensuring sustainability of procurement systems. On the suppliers’ side, systems were needed for inspection, financial eligibility and capacity checks, and quality assurance. Cost controls were needed as well as a balance between local and non-local suppliers. Local industries also needed to be supported. National strategic interests were to be protected. One way to achieve that was for the policy makers/ public representatives to designate projects of national importance as such. This was a common practice in developed countries.
9. Finally, answering what immediate steps could be undertaken to address capacity issues until long term measures are in place, it was stated that centralized procurement of ordinary small items of daily use, such as office supplies, could ease pressure on procurement officials. Selected ‘core’ projects of high value and high risk could be procured separately. Yet another example was to establish small pools of technical resources to provide guidance and assistance to procurement entities. One option was to outsource elements of the procurement process.

**SESSION 7**

**ACTION PLAN (GROUP WORK)**

Chairman: Mr. Ahmed Merzouk & Mr.Hiro Maruyama

1. All participants were divided in to four working groups to work on the following themes:
   1. Creation of institutionalized and sustainable procurement capacity building mechanisms
   2. Ways forward for moving from compliance to performance
   3. Effective use of new procurement tools, including capacity building tools for Value for Money
   4. Regional Action Plan for cooperation on public procurement capacity building, and creation of a regional network.

1. The groups came up with five recommendations each in their respective theme. In a plenary session it was decided to form another group comprising chairpersons of the groups and their facilitators to discuss and consolidate groups’ recommendations in to a proposed action plan. This proposal was presented to the plenary session and was unanimously adopted. The plan is given in the box on the following page. Furthermore, it was agreed to:
   1. Fine tune the Action Plan in a GDLN to be held in May 2014
   2. Request the countries to designate a Focal Point for the coordination and reporting on the implementation of the action plan

**SOUTH ASIA REGION PROCUREMENT ACTION PLAN**

**2014**

**REGIONAL NETWORK**

* Establishment of South Asian Public Procurement Network (SAPPN) as a link to SAARC – all SAR countries participating in the Conference 2014 are supportive of this proposal – Pakistan will follow up
* Linking public procurement websites of all SAR countries to facilitate information and experience sharing (e.g. case studies/lessons/good practices) by October 2014
* Pending establishment of network use linked in South Asia group

**CAPACITY BUILDING**

* Cooperation among SAR countries on promotion and implementation of MOOC – mechanism of cooperation to be decided by June 2014
* Develop at least one country specific e-learning package for MOOC
* Exploration of feasibility of networking of existing capacity building institutions for procurement capacity building by end 2014
* Establishment of list of master trainers from SAR countries to provide procurement training across region – by March 2015

**E-GP**

* Establish network among SAR countries on implementation of e-gp (procurement planning to final payments)
* Support to SAR countries in developing performance measurement system through e-gp (to measure economy, efficiency, transparency and effectiveness – value for money)

**FRAMEWORK AGREEMENTS**

* Support and promote use of framework agreements
* Organize regional workshops on framework agreements (including total cost ownership and life cycle cost)

**CONCLUDING SESSION**

Chairman: Ms. Nazrat Bashir (PPRA), Mr. Ahmed Merzouk (World Bank), & Mr.Hiro Maruyama (ADB)

1. Following the presentation, discussion, and adoption of the Action Plan, in the concluding session, MD, PPRA, said that it was a great honor that the President of Pakistan H.E. Mamnoon Hussain inaugurated the conference. All the countries were able to participate. Afghanistan made a special effort to join even though one of the delegates had to drive by road. It was unfortunate that the delegation from India was unable to join. She acknowledged the contribution made by Nepal as chair for continuing cooperation amongst the group formed under South Asia Regional Public Procurement Forum. By holding this conference, she said, we have further strengthened the regional cooperation. As presented by the respective countries, the procurement regimes exist in all these countries and they intend to take it to the next phase. She said she was sure that the deliberations of this conference would help them to move to the next phase, that is, from compliance to performance. During this conference, she said, we benefitted by the presence of academia and practical experience of USA, UK and New Zealand and experts from World Bank and ADB as well as by the presentations of each county in our region. The crux of the deliberations held in past two days was visible in the group discussions and, she concluded, it has left us all wiser than before. The success of this forum, she said, could be seen in the large participation and excellent input by the participants. She said she was happy that the timing of this conference coincided with the beginning of spring and we were also able to manage some recreational activities. She was confident that foreign participants’ short stay in Pakistan would be memorable.
2. She extended thanks to local staff of the World Bank especially Ms. Uzma Sadaf, Mr. Muhammad Azharul Haq, and Mr. Rehan Hyder. She also appreciated inputs of and thanked the PPRA team including . Mr. AlamZeb Khan, Director General, Mr. Waqar HussainAbbasi, Director, and Messrs. Rana Umar, Yasir, Ali Taimoor, Rizwan, Naseem Abbas, Fiaz Qaiser and Hassan. She said that the tone had been set and now it was for these young people to carry this mission and vision forward. She also thanked Messrs. Wajih Akhtar and TauseeqHaider for their support. She presented mementos to the participants.
3. The Bangladesh delegates offered and the conference concurred to hold the next conference in Bangladesh. Further details will be finalized in mutual consultation.
4. Representatives of the World Bank, Mr. Ahmed Merzouk, and ADB, Mr. Maruyama also spoke and congratulated the participants and hosts on the success of the conference and thanked them for the contributions.