

SOUTH ASIA REGIONAL PUBLIC PROCUREMENT FORUM

KATHMANDU, APRIL 26-28. 2011

**(JOINTLY SPONSORED BY THE WORLD BANK AND ASIAN DEVELOPMENT BANK AND
HOSTED BY THE PUBLIC PROCUREMENT MONITORING OFFICE OF NEPAL)**

1. The South Asia Regional Public Procurement Forum was held in Kathmandu from April 26 to 28, 2011. The three-day Forum was sponsored by the World Bank and the Asian Development Bank and hosted by the Public Procurement Monitoring Office (PPMO) of the Government of Nepal. The following Forum objectives were successfully achieved:

- Provide a platform for senior public procurement officials and oversight agencies from the eight South Asian countries, and the key active development partners to share knowledge and experiences on good practices and discuss emerging critical issues in public procurement;
- Enable the participants to establish network with each other to learn their respective public procurement systems which is expected to result in enhanced and improved regional cooperation;
- Provide the participants an opportunity to learn from experts about the latest developments in public procurement, including Public Private Partnership (PPP), e-Government Procurement, role of civil society in public procurement, international procurement standards and practices, etc.
- Identify a feasible mechanism for linkage and dissemination of public procurement related information after the Forum, including the data and the outcome of the Forum, key public procurement documents (e.g., acts, regulations, standard bidding documents), a collection of good public procurement practices, etc. with a view to making these available to public procurement officials and public in the region;
- Prepare a implementable and measurable Regional Action Plan (a list of priority areas and issues to be addressed in the region and possible action points); and
- Establish a regional public procurement group to follow up on the implementation of the regional action plan and for ensuring continuous liaison and cooperation (e.g., through quarterly meetings) among public procurement officials of the participating countries.

2. The Prime Minister of Nepal, the Chief Secretary, Finance Secretary, and several other high officials of the Government of Nepal participated in the opening session of the Forum. In his opening address, the Prime Minister said: “public procurement is a challenge not only in Nepal and the Region but in the whole world.” He hoped that the Forum would contribute to improvements in public procurement. The number of participants in the opening session approximated 100. The Forum proceedings were widely covered by many national level media including TV, newspapers and radio.

3. Approximately 60 senior public procurement officials from eight South Asian countries, representatives of civil society, experts in Electronic Government Procurement (e-GP), Public and Private Participation, Construction Cost Data Management, international legal experts on public procurement standards and agreements, representatives of Auditor General's Offices, and other high public officials, participated in the Forum. The Acting Country Directors of ADB (Mr. Paolo Spantigati) and the World Bank (Ms. Christine Kimes) welcomed the participants in their opening remarks. Ms. Kimes said: "Exchange of knowledge and experiences in public procurement reform and capacity building will benefit all the countries in improving their public procurement system". 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. The Forum was a participative and interactive event which enabled much needed cross fertilization and networking.

4. Government representatives from each country made presentations about their respective public procurement systems. From these presentations, participants learned about how public procurement systems in other countries in the region were organized; and how they tackled similar issues to improve performance of public procurement. These issues, among others, included procurement planning, capacity building, professionalization of procurement, including accreditation of government officials to conduct procurement, role of civil society, collection, maintenance and dissemination of public procurement data, role of oversight bodies in public procurement, etc. The participants took note, among others, of Bangladesh and Bhutan's efforts to build capacity of public officials to conduct procurement; professionalization of procurement going on in Bhutan; and construction cost database creation and management in Pakistan.

5. The Chief Procurement Officer of the World Bank, Bernard Becq, made a presentation on principles of a sound public procurement system and on the latest developments in the WB public procurement policy. He said that public procurement comprised a substantial share of the national economy in almost all countries and that in many markets the public sector was by far the largest buyer. "Public procurement is a key public policy tool that also regulates the public sector's interactions with domestic and international markets in ways that directly impact efficiency and competitiveness", he said. The Regional Procurement Manager for South Asia, Nadjib Sefta, in his presentation, emphasized the importance of the need for improved performance of public procurement. The Principle Director of ADB's Central Operations Services Unit, Hamid Sharif, discussed the importance of public procurement reform and emphasized the need for its modernization, including the use of e-GP and PPP. He said that public procurement reform should be customized to the needs and circumstances of a country.

6. During the Forum five technical presentations, as discussed below, were made on the role of civil society in public procurement; Public Private Partnership in India; Electronic Government Procurement in Bangladesh; Construction Cost Management in Pakistan; and International Procurement Standards and Practices.

- a. **Role of Civil Society in Public Procurement:** The presentation was made by the head of the Nepal Chapter of Transparency International, Mr. Bharat Bahadur Thapa, who emphasized the importance of the role of civil society in public procurement but

- at the same time pointed out that the civil society, at least in Nepal, was not well organized, was partial and sometimes suffered from conflict of interest situations.
- b. **Public Private Partnership (PPP), India (Mr. Aravinda Srivastava, Managing Director of Karnataka Urban Infrastructure Development Finance Corporation):** PPP is being implemented simply based on General Financial Rules (GFR) of India and other legal provisions including Article-299 of the constitution, Contract Act, Sales of Goods Act, Delegation of Financial Powers Rules, Procurement Preferences, Guidelines issued by CVC- GFR gives some flexibility and some explicit provisions are put for such PPP contracts; PPP Development – it is a learning by doing tool – before, smaller contracts were invited, many bidders participated, good competition was there - now larger contracts are invited, but lesser bidders participating due to a large investment requirement. Way forward – now government of India has formed a very high level committee to look into the procurement issues including PPP and give recommendation.
 - c. **E-GP, Bangladesh (Mr. Amulya K. Debnath, Director General of Central Procurement Technical Unit):** (i) Guiding principles – Government’s “Vision 2021 for Digital Bangladesh”; (ii) e-GP Features – e-tendering, e-payment, e-contract mgmt including robust security features, state-of-the-art data center, interaction of all stakeholders through the system, procurement performance monitoring, etc; (iii) System Development Status – design and test complete, all legislation/infrastructure/ user manual/ online training module for private sector in place, user training for pilot agencies complete, awaiting for e-tendering pilot. Procurement plan of all the procuring entities would be available in the system.
 - d. **Construction Cost Data Management in Pakistan (Mr. Mazhar Ul Islam, Chief Executive Officer of Pakistan Institute of Costs and Contracts):** (i) Dedicated Institution – Pakistan Institute of cost and Contract (PICC) established in 2009 is a non-profit research based organization for building procurement capacity through development of such data; (ii) Cost Data includes – basic rates of materials, manpower and machinery, composite item rates, per unit rates of various facilities, technical specifications, model BOQs, standard methods of measurements; (iii) Updating of the data – monthly updating is done; (iv) Benefits from the data – estimates can be easily verified – very good reference in budget preparation for planners – controls project costs and minimizes manipulation in preparing cost estimates. Forum participants found this system very unique and useful.
 - e. **International Procurement Standards and Practices (Ms. Laurence Folliot Lalliot of the World Bank):** Legal requirement for a good procurement system was emphasized – complaints should be handled by an independent administrative body – electronic signature is a must for e-bidding – no such international standards exist – but, international instruments are available – there is a worldwide movement of procurement reforms - procurement act should contain only policy related provisions and details should go to regulations.

7. On the last day of the Forum, the participants divided into five Groups. In the break-out sessions, the Group participants discussed the following themes and made recommendations:

- **Group 1, Public Procurement Legislation and Standards:** Recommendations were - a strong PP legal framework, complaint redressing mechanism backed by an independent review panel, and harmonized procurement systems across the region.
- **Group 2, Capacity Development:** Recommendations were – professionalizing public procurement, dedicated capacity building mechanism in place, involvement of stakeholders – academia/institutions, regional cooperation – regular workshops/ forum/common webpage and impact monitoring on a regular basis.
- **Group 3, Procurement Environment to Ensure Economic, Efficient, Transparent, and Fair Public Procurement:** Recommendations were – promote procurement functions as a profession in SAR countries, support capacity building for contractors/suppliers/consultants, establish information and communication mechanism amongst all stakeholders, promote civil society organizations and media.
- **Group 4, Modernization of Public Procurement:** Recommendations were – choosing new procurement alternatives, maximum use of e-procurement, PPP, improved contract management, and value engineering.
- **Group 5, Forum Follow up Mechanism:** Recommendations were – Formation of a SAR Public Procurement Forum Coordination Group, comprising of heads and deputy heads of public procurement from each SAR country. The Group to prepare a Forum Follow up Action Plan, including a regional capacity building mechanism, regional arbitration center, harmonization of procurement procedures and documents, selection of the host for the next annual public procurement forum, involvement of private sector and civil society in the forum, creation of an SAR public procurement website, to be administered by the PPMO Nepal, the current chair of the Forum, cooperation with the South Asian Association for Regional Cooperation (SAARC).

8. The Chief Secretary chaired the closing session. In his closing remarks, he touched upon the issues and reform and capacity building in public procurement. He expressed his impressions of the group presentations. He said that each Group made concrete recommendations for not only improving public procurement systems and performance but also for regional cooperation in the area. He said that the recommendation for the harmonization of procurement systems in the region was very important but would require substantial amount of patience and perseverance. He thanked the PPMO secretary and his team, ADB and WB for organizing and supporting such a very important Forum. He appreciated the valuable presence of SAR delegates for their active participation in the Forum, especially for working out very relevant and useful recommendations.

9. It can be concluded that the objectives of the Forum of providing a platform for key public procurement officials from the eight South Asian countries where they could learn from one another, share their knowledge and experiences in public procurement and network for further regional cooperation in this area were met. In addition, as a follow up on the Forum to ensure continuing cooperation among the countries in the region for improving performance of their public procurement systems through regional cooperation, the SAR Regional Public Procurement Forum Coordination Group, established as an outcome of the Kathmandu Forum, will meet in early June 2011 and based on the recommendations of the five Groups discussed above will elaborate a follow-up action plan.

10. Finally, it must be said that the Kathmandu Forum owe its success primarily to the Host, the Public Procurement Monitoring Office, especially its Secretary and staff, for their hard work,

and to the HQ and Country Office staff of the World Bank and ADB, especially those based in Kathmandu,