For more information, visit: www.procurementinet.org/sapia

Innovation... It's what sets you apart!



South Asia Procurement Innovation & Good Practice Awards 2018

(LA)





This publication is a compilation of abstracts of submissions made by procurement entities from Government, Public Sector, Autonomous, University or Research and Training Institutions following the Public Procurement Regulatory Framework, and NGOs/ CBOs involved in Public Procurement Management and Oversight Support in the South Asian countries of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka for South Asia Procurement Innovation and Good Practice Awards 2018. This compilation of abstracts is prepared as a knowledge product for wider dissemination of innovative and good procurement practices in South Asia. It is based on the original submissions, edited and with additional researched inputs, for providing a consistent presentation of all cases. The original submissions by the Award Winners are available at https://www.procurementinet.org/sapia/.

This publication has not undergone the review accorded to official World Bank Publications. The findings, presentations, interpretations, and conclusions expressed herein are those of author(s) and do not necessarily reflect the views of the International Bank for Reconstruction and Development/ The World Bank and their affiliated organizations, or those of the Executive Directors of The World Bank or the governments they represent.

The World Bank does not guarantee the accuracy of the data included in this work. Copyright ©2019 by the International Bank for Reconstruction and Development/ The World Bank.

Winners



Submission ID	Title	Recipient
Afghanistan		
SAPIA182271	End-to-End Procurement Planning and Maintenance System Integrated with Project MIS	Ministry of Agriculture Irrigation and Livestock Afghanistan
SAPIA18279	Improvements in Project Management Cycle that Caused Speeded up Project Implementation	National Rural Access Program (NRAP), Ministry of Rural Rehabilitation and Development, Kabul, Afghanistan
Bangladesh		
SAPIA182262	Achievement of Value for Money and Enhancement of Efficiency, Economy and Transparency in Procurement - Document Archive System	Management Information Cell Roads and Highways Department
SAPIA182305	Institutional and Capacity Development of LGIs in Public Procurement Management with Knowledge Transfer Initiatives	Local Government Engineering Department

Bhutan		
SAPIA182285	Gross National Happiness Model for Pursuing Sustainable Public Procurement	Chhukha Dzongkhag Administration
India		
P SAPIA182273	Innovation and Best Practices in Procurement Processes of Disaster Recovery Projects	Project Implementation Unit Uttarakhand Disaster Recovery Project
SAPIA182278	Initiatives for Dispute Minimization	Gail (India) Limited, Delhi
Nepal		
SAPIA182277	Application of Construction Milestones in Rural Road Contracts of Nepal	National Women Commission Kathmandu
Pakistan		
SAPIA182301	Prototype for Implementation of Framework Agreement via Blockchain	Sindh Agricultural Growth Project, Karachi, Sindh
SAPIA182302	Professionalization of Procurement Functions and Creation of Primary Database for Realizing System Efficiencies	Sindh Public Procurement Regulatory Authority
Sri Lanka		
SAPIA182299	Addressing Delays in Public Sector Infrastructure Procurement	Department of Public Finance Ministry of Finance



Foreword

South Asia Procurement Innovation and Good Practice Awards, now into their successful third edition, celebrate the most forward-thinking efforts made during 2017 and 2018 by public sector procurement entities in eight countries. The Awards recognize the innovative thinking that has gone in and the way information and communication technology has been seamlessly utilized towards achieving better value for money, efficiency, and transparency in a wide range of procurement scenarios. For the same purpose, the Awards consider good procurement practices. With 42 submissions and a winner selected for every country, these Awards recognize the forward-looking procurement professionals in South Asia.

The second successful conclusion of the Awards reaffirms the strong partnership between members of the South Asia Public Procurement Network (SAPPN), consisting of all procurement policy and regulatory bodies of the region, the World Bank, and its knowledge and networking platform Procurement iNET. This partnership goes a long way in achieving the objectives of enhancing learning and knowledge sharing relating to innovative and good procurement practices adopted within the South Asian countries.

A review of the submissions shows that public procurement is thinking progressively more on innovations and making use of good practices for delivering developmental objectives of institutions. There are clear evidences that procurement processes are driving Social, Economic, and Environmental Sustainability; with transparency and enhanced efficiency.

I congratulate every winner from Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka. I also compliment the rest of the entities that have submitted highly competitive and commendable submissions. I take this opportunity to thank the heads of procurement and their offices in all South Asian countries for disseminating information about the Awards and encouraging procurement entities to participate in the Awards' competition.

I do wish this initiative continues to spread information widely about the good practices and innovative procurement practices of each country; practices that can be adapted by many institutions involved in procurement and contract management in other countries. I also hope that this collection of innovations and good practices in South Asia continues to serve as a ready reference for procurement professionals and practitioners across the world.

Elmas Arisoy

Practice Manager

Solutions and Innovations in Procurement (SIP) Governance Global Practice (GGP), The World Bank

Introduction

Of the 42 submissions received by February 15, 2019, this compendium summarizes the seven winning case stories, from Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka. These include one regional winning submission from Pakistan and one runner up submission from India. This publication includes the edited and abridged presentations of the original submissions with additional research inputs incorporated for standardization.

Original detailed submissions are available at https://www.procurementinet.org/sapia/

The South Asia Procurement Innovation and Good Practice Awards 2018 (SAPIA 2018) has become a success owing to extensive cooperation and support received from public procurement entities that took out time and made efforts to submit their case stories. We thank them for their enthusiasm and active participation in the competition. The heads of procurement in South Asian countries have promoted the Awards extensively among their departments, public sector enterprises, and other eligible bodies for participation. The World Bank country focal points for procurement and other staff also advocated with their counterparts and contributed to the success of SAPIA 2018.

We also place on record our appreciation of Ms. Elmas Arisoy, Manager - South Asia, Solutions and Innovations in Procurement, World Bank, for her guidance and support. Further, we would like to thank Mr. Xiaoping Li, Mr. Naushad Khan, Ms. Swayamsiddha Mohanty, Mr. Aimal Sherzad, Mr. Khalid Bin-Anjum, Mr. A.N.M. Mustafizur Rahman, and Ms. Yodit Rezene for their efforts towards successful conduct of Awards 2018. Information Technology support extended by C&K Management Ltd. has ensured seamless online submission and ease of access for participants from anywhere in South Asia at anytime. We would like to thank the C&K team led by Mr. Ravi Ramakrishnan, and Mr. Mohammed Ishaq, Mr. Srinivas Balusu, and Mr. Naveen Pammi for their support.

Plamen Kirov

Coordinator, SAPIA 2018

Contents

	Afghani	stan	Page	
SAPIA1	82271	Afghanistan – End-to-End Procurement Planning and Maintenance System Integrated with Project MIS	1	
SAPIA1	8279	Afghanistan – Improvements in Project Management Cycle that Speeded up Project Implementation	5	
	Banglad	lesh		
SAPIA1	82262	Achievement of Value for Money and Enhancement of Efficiency, Economy and Transparency in Procurement - Document Archive System	11	
SAPIA1	82305	Bangladesh – Institutional and Capacity Development of LGIs in Public Procurement Management with Knowledge Transfer Initiatives		
P.	Bhutan			
SAPIA1	82285	Bhutan – Gross National Happiness Model for Pursuing Sustainable Public Procurement	19	
۲	India			
SAPIA1	82273	India – Innovations and Best Practices in Procurement Processes of Disaster Recovery Projects	25	
SAPIA1	82278	India – Initiatives for Dispute Minimization	31	
	Nepal			
SAPIA1	82277	Nepal – Application of Construction Milestones in Rural Road Contracts of Nepal	35	
C Pakistan				
SAPIA1	82301	Pakistan – Prototype for Implementation of Framework Agreement via Blockchain	41	
SAPI18	2302	Pakistan – Professionalization of Procurement Functions and Creation of Primary Database for Realizing System Efficiencies	47	
Sri Lanka				
SAPI18	2299	Sri Lanka – Addressing the Delays in Public Sector Infrastructure Procurement	53	

Citation

This submission from the Ministry of Agriculture, Irrigation and Livestock is selected for Winner Award for Afghanistan for SAPIA 2018. The case story presents the Management Information System (MIS) dashboard that provides a full view of the procurement process, including contract management relating to each procurement package. This view speeds up procurement leading to timely project implementation and achievement of project development objectives. The total contracts awarded by October 2018 were 90% of total contracts for all categories and methods compared to 45% in 2017. The system is easy to replicate and can be easily comprehended and sustained in the long term.

Summary

The MIS dashboard provides a full view of the procurement process, including contract management relating to each procurement package. This speeds up procurement leading to timely project implementation and achievement of project development objectives. With the introduction of the MIS, dramatic improvements in procurement management are observed. The total contracts awarded as in October 2018 stood at 90% of total contracts for all categories and methods compared to only 45% in 2017. The key attributes of the MIS are: an effective and efficient budget execution; high disbursement rates compared to previous years; creation of high value for money; shorter procurement processes; automatic calculation of liquidated damages; easy to generate soft copies of important documents; notification of awarded contracts, user friendly, etc.

SAPIA 2018 WINNER



s.

SAPIA182271 - AFGHANISTAN

End-to-End Procurement Planning and Maintenance System Integrated with Project MIS

(This article is a summarized version of the submission entitled "End-to-End Procurement Planning and Maintenance System Integrated with Project MIS Improves Procurement Implementation" made by Mr. Mohammad Usman Safi, Project Director, Ministry of Agriculture, Irrigation and Livestock, Kabul, Afghanistan, for the South Asia Innovation and Good Practice Awards.) MIS dashboard provides a full view of the procurement process, including contract management relating to each procurement package

The total contracts awarded as in October 2018 stood at 90% of total contracts for all categories and methods compared to only 45% in 2017

The leadership of Ministry of Agriculture, Irrigation and Livestock has a plan to use this system both for all donors (World Bank, AFD, IFAD, UNDP, etc.) and government-funded projects

Challenge(s) Addressed

With the introduction of the MIS, records for the newly initiated procurement processes and contract management can now be filed and obtained rapidly and efficiently. The system allows updating of information and easy access to the required procurement and contract management details with a click of single button. This innovative development has also addressed other major challenges like the recording and retrieval of various stage-wise documentation relating to the budget and grant sanctioning system, procurement plan, advertisement, bid evaluation reports, performance securities, contracts, goods received vouchers, job completion certificates, payment forms etc.

Impacts

The MIS generates various types of project and procurement reports when needed; helps in automatic calculation of liquidated damages for any defaulting contractor/supplier. This enhances transparency and accuracy of calculations and prevents contracts cancelations; and automatically shares awarded contracts delivery schedule with different regions as required. The system also serves as a database of all suppliers/contractors/consultants making it easy to reach out to any potential service providers. It securely stores important procurement documents and makes them accessible. This system is all-in-one that includes the whole A to Z processes of Procurement and Contract Management with proper tracking and can be operated at anytime from anywhere.

Level of Innovation/Good Practice

The MIS allows quick turn-round time and provides on-time information when required. It begins with Approved Procurement Plan, triggers initiation of procurement package, keeps track of Procurement Stages, Award of Contract, Registration of Supplier's Details; Submission of Contract for Allotment (to Finance Unit), Sharing Contract with Regions/Location; Contract Amendment (if any), Detailed Information on Completion/Delivery of Works and Supply or Services, Issuance of GRV as Appropriate, Issuance of Inspection Report as Appropriate, Submission of Invoice by Supplier, Submission of Documents to Finance for Payment, and Closure of Contract (triggered by Payment Completion).

Replicability and Sustainability

The MIS is easy to replicate and is user-friendly. The leadership of Ministry of Agriculture, Irrigation and Livestock has a plan to use this system both for all donors (World Bank, AFD, IFAD, UNDP, etc.) and government-funded projects. This will lead to standardization and e-governance of procurement and further increase in value for money. The MIS is easy to sustain as the government is fully supportive of it.

Lessons Learned

When the required Information Technology is provided to manage procurement and contract management, it ensures quality results relating to project implementation. Automated systems allow for connectivity among the participants in the value chain, namely the Procurement Unit, Contract Management Unit and Bidders/Contractors/ Suppliers and Consultants. It makes contract and procurement process implementation effective and easy. Furthermore, it helps complete contracts on time.

Citation

This case story submitted by the National Rural Access Program, Ministry of Rural Rehabilitation and Development has been selected the Runner-Up for Afghanistan for SAPIA 2018. The case story presents how improvements in project management cycle speeded up project implementation. These improvements addressed the challenges of budget allocation, imbalanced development in rural accessibility, inaccurate cost estimates, contract extensions, etc.

Summary

The main challenges of NRAP were budget allocation, imbalanced development in rural accessibility, difference between estimated and awarded costs, social and environmental issues, time extensions in contracted sub-projects and variation claims. Improvements in the management cycle processes helped the Program provide services in an equitable manner to all rural people and extend its activities to all provinces. These improvements started with planning and related to considering the Rural Accessibility Index as the core for budget allocation and sub-project selection; conducting social surveys along technical and environmental surveys using modern tools and approaches; preparing designs using modern methodologies and software based on customized design standards; using up-to-date approaches for construction; and building contractors' capacity through on-the-job and annual trainings. As a result, it helped the team achieve the project objectives within the allocated budget before the planned closing date. Social issues have been minimized, proper system of reporting has been established, guality of work enhanced, the survey, design and procurement and implementation procedures are speeded up and the process cycles shortened.





SAPIA18279 – AFGHANISTAN

Improvements in Project Management Cycle that Speeded up Project Implementation

(This article is a summarized version of the submission entitled "Improvements in Project Management Cycle that Speeded up Project Implementation" made by Mr. Mohammad Nader Temory, Executive Director, National Rural Access Program (NRAP), Ministry of Rural Rehabilitation and Development, Kabul, Afghanistan, for the South Asia Procurement Innovation/Good Practice Awards.) The main challenges of NRAP were budget allocation, imbalanced development in rural accessibility, difference between estimated and awarded costs

In surveys, the total station and Trimble GPSs and DGPSs replaced the ordinary GPSs. These innovations brought precision to the data captured from the site and provided high quality data to design engineers

The innovation provided a centralized location for all program data where any type of report can be generated in a short time and with the best quality

Challenge(s) Addressed

Beginning from the planning stage, the innovation resulted in addressing the following challenges:

- · Criteria for selection of sub-projects are developed;
- Rural Accessibility Index (RAI) is determined for all provinces to ensure balanced development;
- A methodology was developed for maintenance of constructed rural roads;
- A result-based monitoring and evaluation system has been developed to evaluate the outcome of projects at the middle and end of the projects;
- Communities' awareness regarding beneficiary and impacts of the projects are raised;
- · Grievance Redresses Mechanism was established;
- · Modern technologies, tools and approaches were used for surveys; and
- · Procurement risk identification and mitigation system introduced.

Logical application of criteria for selection of sub-projects, allocation of budget for each province, and consideration of RAI, helped the program to cover the whole country and was accepted as a real national program. The M&E section based on agreed indicators set a baseline of planned sub-projects and at the mid-line of the projects a follow-up survey was conducted. The improvements in survey through the application of high technologies and approaches helped the design team to estimate workload and work quantities realistically and according to the site. This innovation in survey reduced the time extensions requested by private sector contractors and communities. Also, considering the climate, terrain and time regimes for each province, reduced the delays in implementation and helped them complete tasks in a timely manner. Improvements minimized deviations between estimated, awarded and implemented costs significantly. The information management system facilitated the procurement processes to be efficient through providing the historical data of the past years and paved the way to analyze those processes that take longer time. The processing of payment and of other management documents are expedited and the contractors can get their payments within 28 days after certification by the project manager as per contract documents.

Impacts

The improvements paved the way for just and correct allocation of budgets; reduced the deviation of accessibility among the rural people and minimized social problems caused during implementation. The innovation in survey and design reduced variation of estimated, awarded and implementation costs and time extensions in projects. Innovation in construction methodologies helped the program to achieve its objectives ahead of plan in implementation. It provided a centralized location for all program data where any type of report can be generated in a short time and with the best quality.

Level of Innovation/Good Practice

Budget has been allocated to provinces based on RAI. More budgets are allocated to provinces with low level of accessibility. In a province, priority was given to sub-projects with high social and economic benefits and multi-criteria process focusing on social and economic impacts. Maintenance activities covered all the constructed roads by NRAP. Though the budget was limited, the program still saved and the sub-projects were kept serviceable. Monitoring is currently done by MRRD team and a third-party monitoring. Evaluation is carried out by conducting a survey at the beginning of each project followed by mid-line and South Asia Procurement Innovation & Good Practice Awards 2018



end-line surveys. Results for each indicator shows that projects implemented under NRAP overachieved the expected results. Project information dissemination, beneficiaries and impacts were explained to the community, CDC elders, and Project Affected Family (male and female). In addition, the Grievance Redresses Mechanism recorded, categorized and resolved the complaints on time. In surveys, the total station and Trimble GPSs and DGPSs replaced the ordinary GPSs. These innovations brought precision to the data captured from the site and provided high quality data to design engineers.

Lessons Learned

We work on the foundation of quality and integrity complying with ICAI standards, and are well focused on the goals to achieve. Improvements in project management cycle can speed up project implementation by addressing the challenges of budget allocation, imbalanced development in rural accessibility, inaccurate cost estimates, contract extensions, etc.

Citation

This submission from the Roads and Highways Department (RHD) of Bangladesh is selected as the Winner for SAPIA 2018. Good procurement record-keeping and retrieval with shortest possible time, as warranted, is a universal problem. The Document Archive System (DAS) with smart retrieval options, as presented in this case story, has addressed this challenge. The DAS can efficiently store and retrieve data and documents in a digitized form in a secured manner. It enables any registered and authenticated user to search and obtain information automatically within seconds. The efficient storage and timely retrieval of data and records greatly helps not only the procurement process but also the decision-making process. The DAS is easily replicable and sustainable.

Summary

The Document Archive System (DAS) is a new dimension in Roads and Highways Department (RHD). The DAS stores and retrieves information systematically. Registered users can search the required information in three seconds. This is made possible by the Enadoc software, which has been customized as per the requirement of decentralized RHD. It allows storage of information in a PDF format with built-in data security system. RHD continuously enhances the operational efficiency of head office, zonal and division offices through digitizing official documents, legal papers, reports, plans, manuals, specifications, drawings, maps etc. DAS enables registered users to have the right and easy access to systematic document storage and smart retrieval rather than only storage of data.





SAPIA182262 - BANGLADESH

Achievement of Value for Money and Enhancement of Efficiency, Economy and Transparency in Procurement - Document Archive System

(This article is a summarized version of the submission entitled "Achievement of Value for Money and Enhancement of Efficiency, Economy and Transparency in Procurement - Document Archive System of Roads and Highways Department (RHD)", made by Ms. Kazi Sayeda Momtaz, Senior System Analyst, RHD, Dhaka, Bangladesh.)

11

The Document Archive System (DAS) is a new dimension in Roads and Highways Department (RHD)

Efficient storing and retrieving data was a challenge and the introduced DAS has addressed it

Security of data being important, the software used by RHD, including Enadoc, protects from breach of data security

Challenge(s) Addressed

Efficient storing and retrieving data was a challenge and the introduced DAS has addressed it.

The other challenges associated with the introduction of DAS were: collecting data from many different offices across the country and convincing the respective heads of the offices that the data would be properly secured.

Impacts

The DAS enables any registered user to search and obtain information automatically within seconds.

Level of Innovation/Good Practice

The archiving system includes:

- · Customization and implementation of commercially off-the-shelf software
- · Deployment of necessary consultant to customize the software for RHD
- Document digitization scanning and archiving
- · Data entry, verification and validation
- Supply of necessary hardware and software for complete functioning of the system

- · Training and capacity building
- · Operation, maintenance and warranty support

DAS has features of intelligent searching (full text search, advance search and global search), document life cycle management and approval workflow, security, access control, reporting and dashboard etc. The system will be integrated with RHD-MIS, RHD web site and data center of RHD.

Replicability and Sustainability

Officially, the DAS is used in RHD Headquarters and division level in a sustainable manner. The system can be easily replicated at national, sub-national or ministerial and departmental levels with some customization.

Lessons Learned

- It takes time and effort to collect and digitize data but once it is done, data storage and retrieval becomes efficient; and
- Security of data being important, the software used by RHD, including Enadoc, protects from breach of data security.



Citation

This submission from the Local Government Engineering Department (LGED) is selected the Runner-Up from Bangladesh for SAPIA 2018. When the Government of Bangladesh, made e-GP mandatory for all government agencies, LGED successfully undertook the daunting task of guiding and leading Local Government Institutions (LGIs) – 888 contracting authorities scattered all over the country – in helping them introduce e-GP and in enhancing their public procurement capacities. These Knowledge Transfer Initiatives are easily replicable and sustainable.

Summary

Bangladesh has been making sustained efforts over the years to bring about a systemic change in its public procurement environment. Under the Digitizing Implementation Monitoring and Public Procurement (DIMAPP) Project, it is expected that through digitization, public procurement performance will improve and enhance the capacity for implementation monitoring of development projects/ programs. The Government of Bangladesh (GOB) has already taken initiative to digitize public procurement by introducing e-GP (Electronic Government Procurement) initially in four key government agencies, including LGED. Now, the use of e-GP has become mandatory for all organizations, including local government institutions (888 contracting authorities) for all types of procurement. At the initial phase of Public Procurement Reform, LGED was pioneer to adopt and implement e-GP in more challenging field of decentralized works procurement. Upon successful implementation of e-GP by LGED in local government, GOB has chosen LGED to guide and lead the LGIs in the introduction of e-GP and in enhancing their public procurement capacities. LGED, therefore, has been the leading institution in implementing e-GP at the decentralized level.



SAPIA182305 - BANGLADESH

Institutional and Capacity Development of LGIs in Public Procurement Management with Knowledge Transfer Initiatives

(This article is a summarized version of the submission entitled "Institutional and Capacity Development of LGIs in Public Procurement Management with Knowledge Transfer Initiatives" made by Mr. Muhammad Shariful Islam, Senior Assistant Engineer, Procurement Unit, Local Government Engineering Department, Dhaka, Bangladesh.) Digitizing Implementation Monitoring and Public Procurement (DIMAPP) Project is expected to improve and enhance the capacity for implementation monitoring of development projects/programs through digitization

LGED already has refurbished 22 dedicated resource centers, equipped them with logistics and staff. 10,510 LGI procurement officials and around 1,500 bidders will be trained in e-GP

Challenge(s) Addressed

When GOB made e-GP mandatory for all government agencies, LGED successfully met the challenge by undertaking not only introducing LGIs to e-GP, but also in building their procurement capacity. Local Government Division (LGD) is the core controlling department to lead and guide the huge setup of LGIs that consist of 888 contracting authorities. These are geographically scattered and have different organizational structure with no experience in procurement and e-GP platform. LGED has led the way to introduce digital platform to these 888 LGIs to embrace e-GP with ownership.

Impacts

The procurement unit of LGED is acting as a help desk for 888 LGIs contracting authorities and economic operators with inquiries related to Public Procurement Act/ Rules and e-GP process. It is promoting professionalization, focusing on users' needs and ensuring better compliance in the public procurement in LGIs. LGED already has refurbished 22 dedicated resource centers, equipped them with logistics and staff. 10,510 LGI procurement officials and around 1,500 bidders will be trained in e-GP, ICT and public procurement in these dedicated resource centers to cope with the reform.

Level of Innovation/Good Practice

Knowledge Transfer Initiatives are at the heart of successful and sustainable collaboration between LGED has started in-house

17

procurement training since enactment of public procurement regulatory framework and initial phase of public procurement reform. Now, LGED is further expanding the existing comprehensive capacity development program for LGIs.

Replicability and Sustainability

These innovations of Knowledge Transfer Initiatives to LGIs are easily replicable and sustainable. However, for quality procurement management, a central unit with the latest IT-based tools and techniques is important to lead and guide them.

Lessons Learned

- Monitoring various procurement activities, taking interest in solving various procurement and contract management problems and issues, and motivating the procurement staffs of LGIs;
- Installing a unique domain for the LGIs to manage e-GP user authentication process and maintaining it with professional IT experts has eliminated the bottleneck of user ID/password-locking problem in the e-GP system; and
- Sharing of public procurement good practices yield some tangible benefits for those involved in the public procurement process (contracting authorities, economic operators, etc.), improved efficiency and effectiveness, better value for money and subsequently lightening the administrative burden.

Citation

This submission from Chhukha Dzongklhag Administration from Bhutan is selected for the Winner award for SAPIA 2018. This case story explains how the Gross National Happiness (GNH) philosophy approach of Bhutan systematically integrates Social, Economic and Environmental sustainability in public procurement policy, and is best practice in achieving value for money and enhancing economic efficiency and regional trade integration. GNH embodies a holistic approach and a guiding philosophy, which are globally accepted approaches aimed at enhancing regional trade and cooperation.

Summary

Sustainable development and procurement process in Bhutan's overall development philosophy is expressed in the Gross National Happiness (GNH). The GNH is based on the following pillars:

- Equitable and Sustainable Socio-economic Development;
- Preservation and Promotion of its Culture;
- · Conservation of Environment; and
- Promotion of Good Governance.

Sustainable procurement is seen as capable of delivery of benefits through a balance between economy and environment while achieving value for money in public service. However, it was found that evidence is still lacking about the factors and barriers to the adoption of sustainable procurement by the policy makers globally. This case story illustrates Bhutan's concept of GNH for sustainable development under good governance in professionalization and in decision making through this innovation in public procurement. It explains how the GNH philosophy approach enhances the regional trade integration. Finally, it recommends some approaches toward achieving sustainable public procurement processes by systematically integrating Social, Economic and Environmental sustainability in public procurement policy and best practices in achieving value for money and in enhancing economic efficiency and regional trade integration under the leadership of good governance. GNH has the potential for balancing development within the limits of scarce resources without compromising on national goals.





SAPIA182285 - BHUTAN

Gross National Happiness Model for Pursuing Sustainable Public Procurement

(This article is a summarized version of the submission entitled "Gross National Happiness Model for Pursuing Sustainable Public Procurement" in Bhutan" made by Mr. Choney Dorji, Procurement Officer, Chhukha Dzongklhag Administration, Bhutan, for the South Asia Procurement Innovation and Good Practice Awards). Sustainable development and procurement process in Bhutan's overall development philosophy is expressed in the Gross National Happiness (GNH)

GNH has the potential for balancing development within the limits of scarce resources without compromising on national goals

GNH embodies a holistic approach and a guiding philosophy, which are globally accepted approaches aimed at enhancing regional trade and cooperation and hence is easily replicable

Challenge(s) Addressed

The GNH has addressed the following challenges:

- Scarce supply of sustainable goods through sustainable and green procurement;
- · Inadequate professional knowledge capacity development;
- Inconsistency in public procurement processes caused by lack of explicit policy and regulatory framework; and
- Lack of adequate knowledge and budgetary constraints in capacity development.

Impacts

The GNH principles strengthen many policies including but not limited to:

- Bhutan Public Procurement Framework 2015;
- · Bhutan Development Philosophy of GNH;
- Economic Development Policy (EDP) 2010 geared towards "Green Procurement";
- Cottage, Small and Medium Industry (CSMI) Policy 2012, that has the vision to develop a dynamic competitive and innovative CSMI in harmony with GNH philosophy;

- · Institution of NGOs (Green Public Procurement in Bhutan) 2014;
- Institution of Government Procurement and Property Management Division (GPPMD) under Ministry of Finance; and
- The e-GP system of Bhutan is based on the GNH pillars and helps achieve value for money and sustainability in public procurement.

Level of Innovation/Good Practice

The GNH provides for holistic approaches towards achieving sustainable procurement by systematically integrating Social, Economic and Environmental sustainability in public procurement policy while achieving value for money. It is worth noting here that the e-GP system of Bhutan is based on GNH pillars.

Replicability and Sustainability

The standard scheme, code of practice and procurement procedure, and framework guidelines with the GNH model ensure setting higher benchmark for quality, safety and environmental protection in realizing the organizational policies and practice in achieving national goals in the supply chain. GNH embodies a holistic approach and a guiding philosophy, which are globally accepted approaches aimed at enhancing regional trade and cooperation. Therefore, the approach is easily replicable.



South Asia Procurement Innovation & Good Practice Awards 2018



Lessons Learned

- It is important to create sustainable laws and policies to ensure sustainable procurement process in supply chain under the leadership of good governance stewardship of political leaders;
- The GNH model in public procurement process ensured a balance between economy and environment benefits while achieving value for money; and
- Gross National Happiness is one of the internationally accepted innovations for sustainable development and serves as a catalyst for moving towards sustainable public procurement in supply chain.

Citation

This submission from the Project Implementation Unit, Uttarakhand Disaster Recovery Project, Dehradun, Uttarakhand, is awarded the Winner from India and the Runner-Up from the region for SAPIA 2018. The case story presents an innovative and unique MIS system for monitoring, contributing in effective contract management by providing an integrated framework joining stakeholders and helping them work as a team towards fulfillment of project objectives. The system is already being replicated in other projects and by other departments. The system is sustainable as there is no dependency on any external agency for its development and operation. The mobile app connected with the MIS is also very simple to operate and can be easily used by any project team member.

Summary

The Uttarakhand Disaster Recovery Project developed an innovative system for monitoring, contributing in effective contract management by providing an integrated framework joining stakeholders and helping them work as a team towards fulfillment of project objectives. The project monitoring is being done through unique MIS, which integrates all team members on one platform through the website <u>www.ukdisasterrecovery.in</u>, a mobile app called 'UDRI Collect' and through Social Networking App – 'Telegram' with the following main features:

- Monthly emails on progress;
- Online work programs;
- Updating real time photographs of sites in web portal and in 'Telegram' app through mobile app UDRI Collect;
- Project monitoring through a feature called 'blog on pics'
- SMS alert system for managing bank guarantees;

- SMS information system for bidders for upcoming opportunities;
- Quality Monitoring System recording the details of tests done and rectification measures;
- A feature called 'Quality Perception Ranking';
- Online Grievances Management System; and
- Social and environmental compliance dashboard.

Recently, the project has initiated installation of CCTV cameras connected online, at the construction sites. The unique monitoring and controlling system has resulted in substantial progress by completing 118 works related to reconstruction of 1341 km village roads and bridges and it is hoped that the project will be completed within the stipulated time.



Innovations and Best Practices in Procurement Processes of Disaster Recovery Projects

(This article is a summarized version of the submission entitled "Innovations and Best Practices in Procurement Processes of Uttarakhand Disaster Recovery Project" made by Mr. Rajesh Kumar, Procurement Expert, Project Implementation Unit, Uttarakhand Disaster Recovery Project, Dehradun, Uttarakhand, India.) In India, the Uttarakhand Disaster Recovery Project developed an innovative system for monitoring, contributing in effective contract management by providing an integrated framework

The unique monitoring and controlling system has resulted in substantial progress by completing 118 works related to reconstruction of 1341 km village roads and bridges

This innovative approach of contract monitoring has resulted in faster implementation of the projects with high quality of the works

Challenge(s) Addressed

Due to its geographical features, rough terrain, extreme weather conditions and vulnerability to natural disasters like earthquakes, flash floods, cloud burst, landslides etc., this hilly state poses numerous inherent challenges for implementation of such projects in remote areas. Some of the challenges addressed are as follows:

- · Extreme weather conditions and landslides;
- Heavy inflow of tourists during peak seasons also affects the progress of construction of roads and bridges;
- Monitoring and controlling construction contracts is a real challenge due to inaccessible sites, long travel distances in hilly areas and frequent landslides during rainy season;
- Most of the contractors participating in the bidding process are small contractors having no awareness regarding quality, project management, social and environmental issues;
- Difficulty in locating quarries and identification of dumping zones due to forests; and
- Unwillingness of good quality key experts to work in remote areas creating scarcity of quality manpower for working at project sites.

Impacts

It has been observed that the above-mentioned challenges resulted in delay in projects and variations in the contracts. The project team is consistently engaged in evolving with innovative methodologies for project monitoring and controlling so that the impact of above challenges may be mitigated. This innovative approach of contract monitoring has resulted in faster implementation of the projects with high quality of the works.

Level of Innovation/Good Practice

This kind of monitoring and controlling system is being adopted for the first time in Uttarakhand. The MIS developed in-house is being used as a tool for monitoring, controlling and contract management of works where all stakeholders are connected and well informed through the website www.ukdisasterrecovery.in and the Apps 'UDRI Collect' and "Telegram". Some of the unique features of the system are: (a) Bringing all stakeholders on same platform; (b) Auto-generated monthly emails informing contractors and concerning team regarding progress of works; (c) Regularly updating work programs of every contract in the system; (d) Updating real time photographs of contract sites in the web portal through mobile App "UDRI Collect". This entails feeding basic details of work and the photographs automatically get uploaded in website as well as in groups created in Telegram App along with GPS coordinates, time and date. So far, 22,361 photographs of work sites have been uploaded. The App allows the user to record pictures offline, which automatically get uploaded when it is connected online; (e) Project monitoring through a feature called 'blog on pics' in which team members may comment on the photograph and tag the person concerned, which will automatically be notified through e-mails. Corrective measures may be informed to the person initiating the blog. So far, comments on 312 photographs have been marked by users; (f) SMS alert system for managing Bank Guarantees by automatically notifying the officers and contractors concerned regarding the expiry date. Bank Guarantees of nearly 140 contracts are successfully managed; (g) SMS alert system for bidders informing them about upcoming opportunities; (h) Quality Monitoring System for works in which data of tests carried out are entered



and corrective measures, if any, are also recorded. Till date, 77,503 field test data have been recorded; (i)The system also entails a feature called 'Quality Perception Ranking', which allows visiting officers to rank the items of work executed. A total of 219 works have been ranked so far; (j) Online Grievances Management system allows stakeholders to register and monitor the grievances. So far, 776 grievances have been registered out of which 757 are solved; (k) Social and environmental compliance dashboard provides status of compliance in the form of pie chart.

The project has recently initiated online monitoring system through CCTV cameras at remote sites. As on date, cameras have been fixed at sites in districts Rudraprayag and Chamoli.

Replicability and Sustainability

The system has been appreciated by other departments engaged in similar nature of projects. The system can easily be adopted by them. The system has been replicated in another project, i.e. "Uttarakhand Emergency Assistance Project" as well. The system is simple and user friendly. The simplicity and practicality of the system makes it easily replicable which does not entail complicated terminology and operating procedure and therefore it is very sustainable. The best part of the system is that it has been developed by officers and experts of the project itself involving negligible cost in developing and operating the system. There is no dependency on any external agency for development and operation of the system. The mobile App connected with MIS is also very simple to operate and can be easily used by any team member of the project.

Lessons Learned

The following are the lessons learned:

- Contract management of works under disaster recovery projects requires effective monitoring and controlling;
- Readily available technologies, such as social networking sites and connecting the same to simple MIS tools enabled with user friendly Apps may go a long way in addressing the unique procurement and contract management challenges faced in hilly remote areas struck with disaster;
- Awareness about the importance of social and environmental compliance adopting good contract management practices is important;
- Delivery of works in remote areas requires integrated contract management approach where all the stakeholders can contribute to the success of the project as one team;
- Creating a system by the use of technology for monitoring and controlling of the project works located in remote areas is extremely helpful in providing an integrated platform for the stakeholders; and
- Availability and retention of good quality key experts is crucial for the project sites in remote hilly areas.



Citation

This submission from Gail (India) Limited is selected the Runner-Up for SAPIA 2018. It discusses "Initiatives for Dispute Minimization". The initiatives discussed in the case story are useful to replicate as their application would expedite contract performance and project implementation in any environment.

Summary

To develop good stakeholder management practices with reference to vendors and contractors and establish a lasting buyer-seller relationship, Gail (India) Limited has implemented a series of measures. These are:

- Health Monitoring of Contracts (HMC): Measuring health of contract against certain parameters, including among others, extra items, time extension, hindrances, disputes, etc;
- Samadhan Committee: A high-powered committee to resolve issues not resolved by Engineer-in-Charge (EIC);
- EIC Coaching Program to make them aware of various aspects of contract and its management;
- Vendor Coaching Program to make them aware of this mechanism and eliminate gaps in their understanding and inform them of the consequences of corrupt/ fraudulent/ collusive/ coercive practices and reduce disputes, disagreements, arbitration, etc;
- Pre-Tender Conference (PTC) to discuss all issues pertaining to scope, specifications, design details/ data, specific requirements, if any, etc;
- Pre-Bid Conference (PBC) held for all major tenders for clarity of specifications, drawing/ data, scope of supply, etc.

SAPIA 2018 RUNNER-UP



SAPIA182278 - INDIA

Initiatives for Dispute Minimization

۲

(This article is a summarized version of the submission entitled "Initiatives for Dispute Minimization" made by Mr. D. P. Sen, Executive Director, Gail (India) Limited, Delhi, for the South Asia Procurement Innovation and Good Practice Awards) Gail (India) Limited has implemented a series of measures to develop good stakeholder management practices with reference to vendors and contractors

The initiatives address the disputes and prevent them from turning into matters for arbitrations/ litigations

"Samadhan Mechanism" develops an institutional data bank of contractual issues and based on the same, case laws are being developed for reference to all

Challenge(s) Addressed

The above-mentioned mechanism suitably addresses these issues at various life cycles of tendering and execution stage, including:

- Ensuring the Doctrine of Public Procurement i.e. ensure that right material in right quantities is delivered at the right time by following a fair and transparent process;
- Promote Micro Small Enterprises (MSEs) in the tenders floated by Gail (India) Limited;
- · Compliance with the relevant circulars or instructions; and
- · Amicable resolution of contractual disputes.

Impacts

These initiatives address the disputes and prevent them from turning into matters for arbitrations/ litigations.

Level of Innovation/Good Practice

These mechanisms have the potential to prevent disputes that escalate to arbitration, litigation and delayed execution. A mechanism containing sufficient avenues to obtain feedback of the contract, monitor the same and iron out the wrinkles with its dispute control mechanisms helps in timely project completion.

Replicability and Sustainability

The long-term measures of these mechanisms are a set of continuous methods containing tools to ensure sustainability of the Preventive Dispute Resolution Mechanism with a right mix of SOPs, training and case studies. These measures are essential to stop recurrence of identified issues and have been ingrained in the fabric of this approach. These measures for minimizing contractual disputes are replicable and sustainable.

Lessons Learned

These concepts are unique as they provide another avenue to aggrieved contractors to resolve their issues. It is observed that despite the increase in number of orders/ contracts in recent past, there is continuous reduction in number of arbitration cases filed by vendors/contractors. This mechanism has improved the brand image of Gail among vendors/contractors also as a step toward considering vendors/contractors as stakeholders of the organization. "Samadhan Mechanism" develops an institutional data bank of contractual issues and based on the same, case laws are being developed for reference to all.

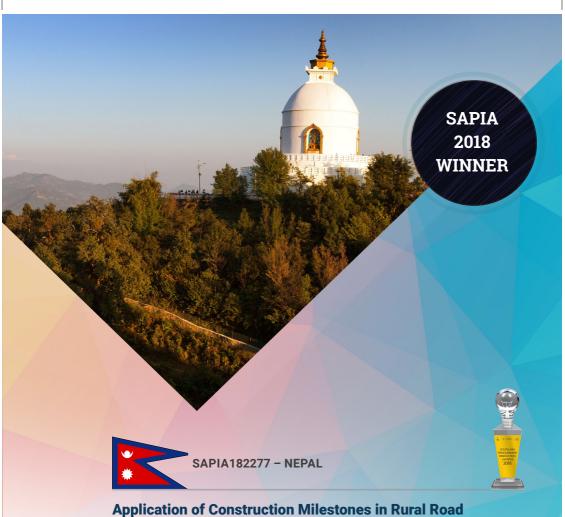


Citation

This submission from the National Women Commission from Nepal bags the Winner award for SAPIA 2018. This case story presents the systematic introduction of construction milestones to ensure timely contract performance. With the introduction of milestones, the total contract duration is divided into three segments (two intermediate milestones and one final milestone) along with the respective tasks to be completed on each of the segments. It includes a disincentive amount if the milestone is not completed by the given date. This encourages the contractors to make timely progress within each of the segments. The innovation helps complete the project almost at its stipulated time.

Summary

In Nepal, sixty percent of public money is spent annually on infrastructure projects. However, most of these projects are not completed on time. According to a study conducted in 2004, there are many factors (client/ contractor related, such as weak contractor capacity, improper use of mobilization funds, force measure, etc.) which affect timely completion of projects. In order to create conditions conducive to timely contract completion, the Public Procurement Monitoring Office (PPMO) has attempted to standardize public procurement. In addition, the Government has also introduced Construction Milestones in bidding documents. These measures have reduced project delays and created awareness among contractors regarding importance of timely completion of development projects. This obligation to achieve milestones has made contractors more concerned in the planning, scheduling and managing the contracts in a more rational manner than in the past.



Contracts of Nepal

(This article is a summarized version of the submission entitled "Application of Construction Milestones in Rural Road Contracts of Nepal" made by Mr. Ishwar Bhatta, Procurement Specialist, National Women Commission, Kathmandu, Nepal, for the South Asia Procurement Innovation and Good Practice Awards). In Nepal, sixty percent of public money is spent annually on infrastructure projects

The obligation to achieve milestones has made contractors more concerned in the planning, scheduling and managing the contracts in a more rational manner than in the past

Due to the simplicity and no additional cost incurred, the concept is replicable in other regions and projects. It is a cost effective and sustainable approach

Challenge(s) Addressed

The trend of not using mobilization advance for the intended purpose is reduced by the incorporation of milestones in bidding/contract documents that divide the resources in each of the contract phases. The second challenge dealt with bidders who bid low to win a contract, receive mobilization funds and disappear. Thirdly, awarded contractors improperly use mobilization advance. Fourthly, most contractors lack capacity, including technical know-how, which also delays projects. With the introduction of milestones in contract documents, contractors are forced to have the required resources to achieve the predetermined level of task in each phase (milestone period). This widespread trend is somehow addressed by the provision of milestone concept. It reduced the misuse of mobilization advance because of liquidated damages (LD) applied at each milestone and forced contractors to adhere to the schedule.

Impacts

Introduction of milestones has exhibited advancement in project execution. The governing law of Nepal, Public Procurement Act 2007, has provision of charging liquidated damages to the contractors if they do not finish the contract within the stipulated time. But it remains silent regarding milestones and phase-wise liquidated damages, which might have encouraged contractors to receive mobilization advance and ignore timely completion. With the introduction of milestones in the total duration of project completion, the tasks are classified in each of the milestone segments. Contractors are obligated to complete the respective tasks of the segments. This has helped in timely completion of projects.

Level of Innovation/Good Practice

With the introduction of milestones, the total contract duration is divided into three segments (two intermediate milestones and one final milestone) along with the respective tasks to be completed in each of the segments. It includes a disincentive amount if the milestone is not reached by the given date. This encourages contractors to make timely progress on each of the segments.

Replicability and Sustainability

The milestone concept was introduced in 2009 after it was incorporated for the first time in the bidding documents published by the PPMO. The concept has been used in civil works contracts under many projects, including some large value contracts under the Department of Roads of Nepal. It is integrated in the Pradhan Mantri Gram Sadak Yojana (PMGSY) in India too. This innovative concept can be replicated in other contexts and countries and can be applied by the projects looking at ways to achieve the outcome on time with reduced time overrun. In the countries where contractors are less literate, less capable and technically less skilled, the concept of milestones could be incorporated in the bidding documents as done in Nepal. Hence, due to the simplicity and no additional cost incurred, the concept is replicable in other regions and projects. It is a cost effective and sustainable approach.





Lessons Learned

- Effective mechanism to convey early warnings to contractors about the achievement or otherwise of the milestones with a view to driving them along a predetermined contract path.
- With the adoption of the milestones, local contractors who used to work on an ad-hoc basis now employ technical human resources to attain the milestones.
- It has compelled contractors to follow the recognized fundamental principles of management, such as cost-time relationship, time priority, accountability, rewards, knowledge, efficiency, innovative thinking etc.

Citation

This submission is selected for the Winner award from Pakistan as well as from the Region for SAPIA 2018. This case story presents the use of blockchain for a Framework Agreement (FA) for providing agricultural equipment to 11,000 farmers in Sindh. As compared to manual processing of FA transactions, all transactions, starting from signing a contract to closing a purchase order, are recorded in blockchain. All the required actors are now able to access the transaction records instantly, and track, monitor and follow up on different equipment items separately or together. The use of the blockchain improves transparency, enhances trust in data, and reduces human error. The FA has proved to be effective in distributing technology packages as well as developing database of the small and medium farmers of Sindh.

Summary

In Pakistan, a Framework Agreement (FA) is used for supply of various agricultural equipment on cost sharing basis to more than 11,000 farmers throughout the province of Sindh. The FA has proved to be effective in distributing the technology packages as well as developing database of the small and medium farmers of Sindh. However, the process was being carried out manually from the inception of the agreement until the payment is made to the supplier based on the request and delivery note. Under the FA approach, the quantity of items and the number of beneficiaries is not defined in the contract, making it very critical to record all the transactions between different stakeholders in a trusted database. It is difficult to monitor the process of raising a purchase order to the supplier and tracking the whole process up to the delivery to the farmer. This is a challenge and raises concerns of improper distribution of equipment to farmers. After conducting brainstorming sessions on how to solve this problem using emerging technologies, the World Bank Blockchain lab agreed with the client to create a contract and a purchase order application on blockchain as a working prototype that integrates with a live reporting dashboard. With this, all transactions, starting from signing a contract to closing a purchase order, are recorded on the blockchain. All the required actors are now able to access the transaction records instantly, and track, monitor and follow up on different equipment items separately or together based on their delivery status through the live dashboard that is integrated with the blockchain.



Prototype for Implementation of Framework Agreement via Blockchain

(This article is a summarized version of the submission entitled "Prototype for Implementation of Framework Agreement via Blockchain" made by Mr. Hidayatullah Chhajro, Project Director, Sindh Agricultural Growth Project, Karachi, Sindh, Pakistan, for the South Asia Procurement Innovation and Good Practice Awards.) In Pakistan, a Framework Agreement (FA) is used for supply of various agricultural equipment on cost sharing basis to more than 11,000 farmers throughout the province of Sindh

The consensus mechanism being used in this Ethereum blockchain is Proof-of-Authority (PoA), which eliminates the computing power needed for mining as used in Proof-of-Work consensus mechanism

Exploring the new technology and trying it for project operation will unleash great potential for success

Challenge(s) Addressed

The real challenge addressed is a trusted database with real-time information from different stakeholders. Blockchain does not depend on a central authority but restricts copying for FA to record transactions and get real time data of the farmers, which streamlines the process of procurement, improves transparency, enhances trust in data, and reduces human error. This data will be available to all the parties concerned. The implementation also has security benefits where the data is secured in the encrypted database and no single party can control the flow of information. In this regard, it may be noted that the blockchain technology is not new or untested in the market. It is a combination of already proven, tried and tested methods which help the users to own their data and maintain their privacy, security and freedom.

Impacts

Currently, there is no real-time data to track the agricultural equipment supply process. The whole cycle/process of issuing the purchase order to supplier, receiving the equipment from supplier, then delivering this equipment to farmers, and finally getting delivery confirmation from a farmer is scattered between manual and electronic forms. The absence of data linkages across the full procurement cycle increases the level of errors and incorrect reporting, which eventually reduces trust on the data. There is a great opportunity to record the complete process of equipment financing procurement on an immutable distributed ledger. With this ledger, each actor's actions would be recorded in real-time, and it can be viewed at any given time without compromising on data integrity by the participating actors.

Level of Innovation/Good Practice

Blockchain vs traditional MIS: The traditional MIS systems provide a centralized design where one entity is in control of the system and other entities using the system depend on that entity to provide transparency and integrity of information maintained by the system. This requires all other entities to trust one entity. Blockchain, however, provides transparency, integrity and immutability of the information without requiring entities to trust each other, or to even select a central control entity. The World Bank's Blockchain Lab team applied the "Blockchain Fit" framework developed by the lab to this challenge. This framework helped the team analyze whether Blockchain was a good fit for this challenge and helped us clarify the benefits of blockchain over traditional systems. The challenge focused on bringing transparency to the business transactions. Therefore, the team decided to use a permissioned Ethereum blockchain, which allows for transactions that are visible to all entities who have access to the Ethereum blockchain. The consensus mechanism being used in this Ethereum blockchain is Proof-of-Authority (PoA), which eliminates the computing power needed for mining as used in Proof-of-Work consensus mechanism.

Replicability and Sustainability

There are many projects in public sector that use FA approach for contracts where the quantity and the actual users/ beneficiaries are not defined. The use of Blockchain can help in implementing the FA-based activities in a more transparent manner. This will bring more accountability and monitoring of actual implementation and ensure that funds are utilized for intended purpose. The idea can be easily replicated to the activities under FA approach whether it is used for construction, education and skills or in healthcare. The blockchain platform transactions under FA will be an ideal combination for meeting the fiduciary requirements. Based on the use of this prototype, the World Bank Blockchain lab recently received a request from Kenya Education Unit to apply the same methodology in the context of the challenges they are facing around lack of transparency. Pakistan Government's top priority is to improve the Governance structure in the country: more transparent systems can bring trust into the current environment as part of a broader e-government



initiative. This is a step towards achieving this dimension and there is a great interest of Government in rolling out the prototype in the field. There is also a challenge fund opportunity available at the World Bank – Disruptive Technologies for Development (DT4D) for which the team intends to apply to roll out this project in the field.

Lessons Learned

Technology based solutions, especially blockchain, are sometimes perceived as a challenging task to implement. Therefore, it is good to develop use case, prototype, test the results and then take an informed decision to go with a full implementation in the field. There is great potential in these new technologies. However, due to lack of knowledge and understanding, teams are reluctant to try it. Exploring the new technology and trying it for project operation will unleash great potential for success.

Citation

This submission from the Sindh Public Procurement Regulatory Authority (SPPRA) is selected the Runner-Up from Pakistan for SAPIA 2018. This case story presents the measures taken by the Government of Sindh to professionalize procurement.

From November 1, 2017 all procurement-related committees are required to comprise professionally certified staff. Since June 2017, SPPRA coordinated with 10 provincial, public sector universities and placed with four of them a five-day procurement training session for mid-level officers who conduct major procurements. A half-day training session was also developed for senior management members. SPPRA also signed an MOU with the World Bank to use the customized version of MOOC as a zero-level session to provide certification for the procurement staff conducting small procurements. SPPRA has developed PPMS that covers the entire procurement portfolio of the province of Sindh. This good practice is already being replicated by other departments in the country.

Summary

As Pakistan does not have a procurement cadre or formal procurement training in the public sector, public officials are expected to learn on the job. Procurement workshops and seminars are held but these are random efforts and do not necessarily ensure that the trained staff use their skills properly. A training needs assessment conducted in 2014 showed that Sindh has 10,526 administrative positions that are required to conduct procurement as stipulated in their job description. Of these, 6,723 positions undertake substantive procurement work. The Government of Sindh, on the instance of Sindh Public Procurement Regulatory Authority (SPPRA), issued a mandatory procurement certification notification on 20th April 2017. Accordingly, from 1st November 2017, all procurement-related committees are required to comprise professionally certified staff. Since June 2017, SPPRA coordinated with 10 provincial, public sector universities and placed with four of them a five-day procurement training session for mid-level officers who conduct major procurements. A half-day training session was also developed for senior management members. SPPRA also signed an MOU with the World Bank to use the customized version of MOOC as a zero-level session to provide certification for the procurement staff conducting small procurements. Absence of credible procurement data is a major obstacle in taking prudent strategic decisions. This creates a dilemma for the planning and management functionaries. E-procurement is considered as an efficient solution, but it is generally limited to covering larger contracts in a few departments. While e-procurement is being designed in the country to be launched in a phased approach for large contracts, SPPRA has developed PPMS that covers the entire procurement portfolio of the province of Sindh.





C SAPI182302 - PAKISTAN

Professionalization of Procurement Functions and Creation of Primary Database for Realizing System Efficiencies

(This article is a summarized version of the submission entitled "Professionalization of Procurement Functions and Creation of Primary Database for Realizing System Efficiencies" made by Mr. Muhammad Aslam Ghauri, Managing Director, Sindh Public Procurement Regulatory Authority, for the South Asia Procurement Innovation and Good Practice Awards.) A training needs assessment conducted in 2014 showed that Sindh has 10,526 administrative positions that are required to conduct procurement as stipulated in their job description. Of these, 6,723 positions undertake substantive procurement work

SPPRA has developed PPMS that covers the entire procurement portfolio of the province of Sindh

Other PPRAs in the country can use the procurement certification and PPMS system with minimal changes and time efforts.

Challenge(s) Addressed

The two major areas of nationwide attention were absence of procurement cadre and lack of readily available procurement data. The above two initiatives have addressed these aspects. SPPRA is in a position to analyze the size of procurement outlays, split among goods, works and services, overall timelines of procurement cycle, delays and uncommitted allocated amounts. This also helps SPPRA to improve monitoring and oversight, envisaged under the law as the system has some built-in checks for compliance of rules.

Impacts

The baseline study established the procurement life cycle of the five departments as 82 days, which has now been reduced to 73 days. These interventions have not only provided procurement data, which was earlier missing but have also reduced the procurement cycle timelines. The database also helps procuring agencies in their procurement decisions by providing them easy access to information regarding past contracts, performance of contractors and suppliers, prices paid by other procuring agencies for the same procurements, and information about blacklisted suppliers and vendors. Above all, procuring agencies are making informed decisions for adopting market aligned procurement strategies. The procurement officers/personnel, which has resulted in marked improvements in compliance of rules. Procurement documentation is made public as per requirement of law and rules. As a result, the confidence of private market/bidders has increased in bidding

process. As a next step, SPPRA would draw analysis to determine the efficacy of rules and identifying areas of improvement.

Level of Innovation/Good Practice

The system has demonstrated its usefulness in bringing efficiency and improved transparency, which are among the core principles of public procurement. Earlier, procurement related scanned documents were hosted on the website of SPPRA, which did serve the purpose of transparency, but not useful in gathering data, as the concept of open data was not followed. As such, there was no database of procurement activities in the Province prior to launching of PPMS. Therefore, introduction of the PPMS is an innovative action and would help increase transparency, economy and efficiency, which will ultimately translate into value for money. E-procurement covers only a section of procurements. While that is being implemented separately, the PPMS covers the entire procurement portfolio of the province of Sindh. The mandatory certification notification and associated training plan are also innovations as there are no ways to ensure a minimum level in procurement competencies of implementing agencies.

Replicability and Sustainability

The National Procurement Strategy outlines the requirement for developing procurement professionalization and developing sustainable competency of the procurement professionals. It is meaningfully implemented only in Sindh. Other provinces as well as federal government within the country can benefit from this success story. Regional countries, where absence of procurement cadre is an issue, can also replicate this system. PPMS concept has already been borrowed by two of the PPRAs in the country and have started working on developing the Procurement MIS. The above interventions can also be replicated in other provinces of the country as well.

South Asia Procurement Innovation & Good Practice Awards 2018



Lessons Learned

- · PPMS is a step towards paperless environment;
- The PPMS is the first step towards e-procurement, as the system can also be upgraded to e-procurement model;
- The system should have been implemented gradually, as the weaknesses of the system actually surface after practicing it in real life situation; and
- The other PPRAs in the country can use the procurement certification and PPMS system with minimal changes and time efforts.

Citation

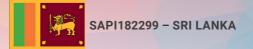
This submission from the Department of Public Finance, Ministry of Finance, is awarded as the Winner for Sri Lanka for SAPIA 2018. It deals with ways and means of reducing procurement delays.

Summary

Statistics show that approximately 25 percent of the total government expenditure in Sri Lanka represents procurement related expenses. As such, in an economy where government expenditure is significantly high in provision of essential infrastructure, undue delay in public procurement has resulted in serious negative repercussions to the economic and social development in the country. The public procurement process is often delayed for different reasons. Such delays may damage the Procuring Entity's (PE) reputation causing a waste of scarce public resources; non-delivery of key economic infrastructure facilities to the society, and poor delivery of public goods and services etc. Recently, the Department of Public Finance has brought it to the notice of the Cabinet of Ministers, instances where undue delays have occurred in finalizing the bidding process affecting the efficient and timely implementation of government infrastructure projects. Having considered the reasons for such delays in finalizing the bidding process, the Cabinet of Ministers has observed that most procurement entities do not follow the respective guidelines in the Government Procurement Guidelines-2006 (Goods & Works) especially in respect of procurement preparatory works including consultancy arrangements, preparation of Bills of Quantities (BOQs), Procurement Time Schedules (PTS), bidding documents and specifications and bid evaluation. As a result, making recommendations for contract awards is also not in compliance with the scheduled timelines for each activity. Therefore, in accordance with the directives of the Cabinet of Ministers, action has been taken by the Department of Public Finance to issue several Supplements to the National Procurement Guidelines-2006 by way of Public Finance Circulars giving necessary instructions to overcome those deficiencies and ensure that all the procurements are finalized and awarded within the scheduled time targets. The respective Supplements to the National Procurement Guidelines which were prepared by the Department of Public Finance in consultation with the National Procurement Commission (NPC) and the other stakeholders have addressed number of procurement-related issues as per the available evidence.







Addressing the Delays in Public Sector Infrastructure Procurement

(This article is a summarized version of the submission entitled "Addressing the Delays in Public Sector Infrastructure Procurement" made by Mr. E. A. Rathnaseela, Director, Department of Public Finance, Ministry of Finance, Colombo, Sri Lanka, for the South Asia Procurement Innovation and Good Practice Awards.) Statistics show that approximately 25 percent of the total government expenditure in Sri Lanka represents procurement related expenses

The public procurement process is often delayed for different reasons

It is observed that increasing number of PEs are keen to adopt the new measures, thereby signaling an anticipated efficiency improvement in the government procurement process in Sri Lanka

Challenge(s) Addressed

The challenges addressed include the need for completeness in technical specifications, plans, drawings, accuracy of BOQs and realistic cost estimates, the importance of adhering to Procurement Time Schedules (PTS), and the need for accuracy and complete nature of bid documents. They also include use of appropriate procurement method, revising the minimum time period for bidding, adhering to procurement plan, expediting appeal process, timely award of contracts, initiating the preparedness activities in advance and publication of advance notices on government procurement.

Impacts

Since the government expenditure on public procurement is significantly high, undue delays have resulted in serious negative repercussions to the entire economy. As such, it is expected that the broad measures that have been introduced will bring about far reaching efficiency improvements in the implementation of public sector infrastructure projects. Thereby, they will have a significant impact on the entire economy by way of savings in time and resources. At the same time, apart from efficiency improvements, new measures have enhanced the transparency of public sector infrastructure projects which inter-alia facilitate healthy competition among larger cross section of prospective bidders who were previously almost ignored. A help desk also has been established at the Department to assist Procuring Entities (PEs) on the new procurement reforms. Based on the numerous queries received by the help desk so far, it is observed that increasing number of PEs are keen to adopt the new measures, thereby signaling an anticipated efficiency improvement in the government procurement process in Sri Lanka.

Level of Innovation/Good Practice

As stated earlier, several important areas have been identified by the Department of Public Finance (DPF) as the major factors affecting the timely completion of public sector projects. Actions that are necessary to overcome these challenges were also identified in consultation with the relevant stakeholder organizations. In addressing the above issues, apart from issuing a number of supplements to the government procurement guidelines, the DPF in collaboration with USAID Short Term Assistance Project has also organized a series of training programs in Public Procurement, i.e., Training of Trainers, Public Private Partnership (PPP), Contract Administration and Project Management. Nearly four thousand officials both from public and private sector involve in procurement were trained.

Replicability and Sustainability

Based on the positive feedback received so far from various stakeholders, success of the adoption of new measures is almost visible. While there is a growing interest among PEs to adopt the new measures, credibility of the government procurement process also has been enhanced significantly due to the policy actions taken by the DPF as explained above. The practice is replicable in other countries on a sustainable basis.





Lessons Learned

The DPF has been able to identify a number of important issues. The solutions provided with the concurrence of the Cabinet of Ministers proved to be well accepted by most stakeholders. More importantly, the measures taken have helped to enhance the reliability and the transparency of the government procurement. Accordingly, the key lesson to be learned from the said exercise is the need to maintain a constant dialogue by the government sector with the rest of the stakeholders in public procurement. This will help provide speedy solutions then and there. At the same time, the action taken by the DPF to conduct awareness programs on procurement-related regulations has largely helped to enhance the understanding of both public and private sector persons who are involved in procurement-related activities.