

Khyber Pakhtunkhwa Public Procurement Regulatory Authority (KPPRA)

KPPRA M&E Framework

M&E Framework and the Indicators

1. Introduction

1.1. Background

KP Public Procurement Regulatory Authority (PPRA) is a provincial regulatory authority entrusted with the role of regulating the matters of public procurement of goods, Works and Services in the in those procurements which are made through Public Fund at provincial level. The Authority was constituted under the Act No. XI of 2012 (titled as *The Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act, 2012*) promulgated in September 2012. Section 05 of the KPPRA Act 2012 relates to the functions and powers of the Authority, which are reproduced in Box 1.

Box 1: Functions and Powers of the KPPRA

5. *The Authority shall perform following functions and exercise powers as follows:*
- a. *Hear and dispose of appeals against the orders of procuring entity*
 - b. *Formulate standard bidding documents, separately for procurement of Goods, Works and services, for all procuring entities to emulate as the format for bid solicitation documents for submission of proposals and bids by the bidders in a public procurement process;*
 - c. *Shall assist the major procuring entities to engineer/ re-engineer their business procedures and design their Procurement Manuals in compliance with this Act;*
 - d. *Ensure that all the procuring entities organize and maintain a system for the publication of or posting on departmental official website of data on Public Procurement opportunities, award and any other relevant information;*
 - e. *Ensure that all procuring entities organize and manage database and web site which shall warehouse information and publications on public procurement;*
 - f. *Conduct performance review based on pre determined indicators and benchmarks through third party validation by State Bank of Pakistan certified category 'A' chartered accountant firms;*
 - g. *Organize and manage capacity-building of procurement personnel in all the procurement entities in the Province;*
 - h. *Conduct research and take measures to further principles of public procurement enunciated in this Act;*
 - i. *Recommend to the Government, measures necessary to improve the quality of public procurement in the Province;*
 - j. *Recommend to the Government, measures necessary to enhance accountability in the public procurement process in the Province;*
 - k. *Advise Government on all matters pertaining to public procurement; and*
 - l. *Perform such other functions and exercise such powers as may be necessary to further objectives of this Act and perform such other functions as assigned by the Government from time to time.*

1.2. Need of the M&E System

Government procurement accounts for about 15% of the world's GDP. In the province KP too, government procurement consists of billions of rupees each year. By improving the efficiency and effectiveness of the public procurement system through effective monitoring and evaluation practices, substantial savings and value for public money can be achieved. The KPPRA Act provides sufficient mandate to the KPPRA to monitor and evaluate the overall procurement process in the country and inform stakeholders on the state of transparency, accountability and value for money of public procurements (*see Clause 5(h) of the Act*). It is however, not possible without placement of an effective M&E system within the Authority having a clear framework to gather, analyze and report critical information regarding procurement practices by the agencies. The need of such a system has been raised many times by the senior management of KPPRA on modern lines. The need for placing such a framework is of paramount importance from the perspective of the other party “Men across the desk” i.e. Contractors/Suppliers/Consultants and the End Users i.e. general public at large .

1.3. Approach of the proposed M&E framework

The proposed M&E framework will be result-based in nature. It is expected that it will help the Authority to improve its efficiency and effectiveness as a regulator, set targets for its own performance and achieve higher levels of effectiveness.

Results based management approach has a strategic orientation, aiming at strategic goals of the organizations. It helps to put in place a mechanism for ensuring accountability. In RBM, inputs and the activities are considered a means for achieving desirable end results. The approach helps us to develop a causal chain:

- How activities would transform into outputs?
- How outputs would transform into outcomes?
- How outcomes would transform into impact (goal)?
- How impact/goal would lead to future policy orientation?

1.4. M&E Framework

Khyber Pakhtunkhwa Public Procurement Regulatory Authority's (KPPRA) M&E Framework is described as below:

1.5. Goal

Goal: The goal of KPPRA is :”To achieve the state of efficient, effective, fair, transparent and accountable public procurement management system ensuring a key linkage for integration of public procurement with National Budgeting procedures and an attractive investment climate by reducing waste and corruption”.

The goal is in alignment with the goals given in the National Procurement Strategy (NPS) 2013-16, as stated below.

- a) Harmonization of procurement laws, rules and procedures including nomenclatures;*
- b) Improving and updating laws, rules and procedures and making use of technology to facilitate transparency, fairness, competition and achieve value for money;*
- c) Improving governance and institutional capacity of KPPRAs and procuring agencies;*
- d) Strengthening monitoring and oversight capacity of procurement regulatory authorities;*
- e) Capacity building of procuring entities and suppliers.*

The UNESCAP defines the term governance as¹, “the process of decision-making and the process by which decisions are implemented (or not implemented)”. It has identified eight characteristics of good governance:

1. Participatory
2. Consensus oriented
3. Accountable
4. Transparent
5. Responsive
6. Effective and Efficient
7. Equitable and Inclusive
8. Follows the Rule of law

The procurement governance efficiency of Government of KP (GoKP) institutions will be measured through two indicators i.e.:

- % Change in the Procurement Governance Index (PGI) ranking
- % Change in the Contractors’ satisfaction level
- % Change in the public satisfaction level

1.6. Outcomes and outputs

¹ The UNESCAP [United Nations Economic and Social Commission for Asia and the Pacific] (u.d). *What is good governance?* Retrieved 4 November 2014, from <http://www.unescap.org/sites/default/files/good-governance.pdf>

1.6.1. Outcome 1

Outcome 1: Improved and updated laws, rules and regulations

Outcome 1 is critical as KPPRA is responsible for updating the laws, rules and regulations of procurement. These three i.e. laws, rules and regulations constitute the legal framework of the KPPRA. While monitoring violations and other aspects, the need of new laws, new rules and new regulations will be addressed by KPPRA. This outcome is to contribute to the achievement of procurement governance in general and the Goals 'a' and 'b' of the NPS in particular. Outcome 1 will be measured with following indicators:

- Number of amendments made in the law
- Number of amendments made in the rules issued
- Number of new regulations issued

Outcome 1 will be achieved through two outputs:

Output 1.1: Amendments in the Law and the rules drafted

Output 1.2: New Regulations drafted

As a result of the activities, the KPPRA will identify areas for improvement in the law, rules and regulations, and draft new rules or amend existing rules. Hence, Output 1.1 will relate to amendments in the law and rules. It will be measured by using following indicator:

- Number of new ideas taken from PPRAs Advisory Group
- Number of amendments in the laws drafted
- Number of amendments in the rules drafted

Output 1.2 pertains to drafting regulations, which will be measured by following indicator;

- Number of new regulations drafted

1.6.2. Outcome 2

Outcome 2: Increased compliance of laws, rules and regulations. It will contribute to the achievement of the Goal 'c' of the National Procurement Strategy (NPS). It also relates with all five principles for procurement. Outcome will be measured by using following indicators:

- Violations rate
- % Change in the Violations in the tender notices

- % Response issued by KPPRA for these violations
- % Increase in uploading procurement plans
- % Increase in uploading tenders
- % Increase in uploading Evaluation results i.e. Bid Evaluation Reports (BERs)
- % Increase in number of websites developed by Procuring Entities (PEs)
- % Increase in number of Notices for Inviting Tenders (NITs) uploaded on PEs websites
- % Increase in compliance against notices issued
- % Change in unplanned procurements
- Number of blacklisted firms notified
- Number of PAs adhering to Code of Ethics
- Number of integrity pacts signed
- % Of cases, in which payments made within defined period
- Number of contracts in which standard bid documents followed

Outcome 2 will be achieved through two outputs:

- Output 2.1: Effective review mechanism in place
- Output 2.2: Compliance requirements communicated

Output 2.1: Compliance of the laws, rule and regulations will be ensured through placing an effective review mechanism. Review mechanism's effectiveness will be measured through following indicators:

- Number of tenders/cases reviewed
- Number of audit reports reviewed
- Number of contracts in which standard bid/tender documents followed
- Number of violations identified
- Number of cases heard and disposed off under GRR Rules (Appellate functions of the KPPRA)
- Number of cases where KPPRA has done any procurement performance audit of any PE through Third Party Validation (TPV) as provided in the law.

Output 2.2 relates to communication of compliance requirements. It will be measured by using following indicators:

- Number of violations communicated to PEs
- Number of issues highlighted in Annual reports and Newsletters

1.6.3. Outcome 3

Outcome 3: Effective competition ensured. It also relates with all five principles of procurement. It will be measured with following indicator:

- % Change in competition index (CI)
- Average number of bids received per contract
- %age of contracts awarded through open competitive bidding
- % increase in value of contracts awarded through open competitive bidding
- Number of PEs opting for Alternate method instead of open competition
- Number of exemptions awarded
- Total cost of all exemptions granted during the year

Here CI relates to the degree of variation among lowest three bids. Low variation among lowest three bids would imply that competition is strong, and if variation is large, it would imply that competition is weak. It would be supplemented by another indicator i.e. average number of bids received per contract or procurement.

Outcome 3 will be achieved through one output:

- Output 3.1: Competition analysis conducted by KPPRA

Output 3.1 pertains to the Competition analysis conducted by the KPPRA. Multiple indicators will be used to measure it.

- Number of contracts reviewed by PPRA staff
- Number of exemption cases processed by PPRA
- Number of BERs analyzed
- Number of news items having procurement issues, identified

1.6.4. Outcome 4

Outcome 4: Capacities enhanced in public procurement. Outcome 4 has three components i.e. 1) enhanced capacities of the PPRA staff; 2) enhanced capacities of the PEs staff; and 3) enhanced capacities of the vendors/suppliers/contractors.

Indicators to be used for measuring performance on Outcome 4 are listed below:

- Enhanced capacities of the PPRA staff
 - Improved performance rating [pre and post]
 - Enhanced skill levels (as rated by the supervisors)

- Number of training/exposure opportunities availed by KPPRA staff
- Number of new practices/tools adopted by the KPPRA officials
- Number of new practices/tools suggested by the PPRA officials
- Number of training session hours conducted by the PPRA to PEs officials
- Enhanced capacities of the PAs staff
 - Increase in the knowledge of the PEs staff
 - % Of participants securing at least 70% score in the post-training test
 - Number of PEs having developed procurement manuals
 - % Of the procurement bids cancelled
 - % Of the procurement opportunities retendered
- Enhanced capacities of the vendors (suppliers/contractors)
 - Increase in the knowledge of the participants representing the vendors in the trainings (pre and post training test)
 - %age of participants securing at least 70% score in the post-training test
 - Improvement in performance of the trained staff

Outcome 4 will be achieved through four outputs, which include:

- Output 4.1: Capacity building interventions for PEs and vendors initiated
- Output 4.2: Capacity building initiatives of other organizations supported
- Output 4.3: Capacity building interventions for PPRA staff initiated
- Output 4.4: PEs supported in developing procurement manuals
- Output 4.5: PEs supported in developing Business Plans

Output-wise indicators are:

- Output 4.1: Capacity building interventions for PEs and vendors initiated
 - Number of trainings conducted organized
 - Number of participants from PEs completing training
 - Number of queries of PEs addressed and advices issued
 - Number of PEs which represented in the training courses;
 - Number of vendor organizations which represented in the training courses;
 - Number of trainings of PPRA, participated by the vendors
 - Number of officials of the vendor organizations who participated in the training courses
- Output 4.2: Capacity building initiatives of other organizations supported
 - Number of lectures delivered by PPRA faculty in other organizations;

- Number of practical exercise and case studies conducted by KPPRA
- Number of NITs/PQ Notices vetted by KPPRA staff.
- Output 4.3: Capacity building interventions for PPRA staff initiated
 - Number of training courses participated by the PPRA officials
 - Average number of training days/annum participated by PPRA officials
 - Number of seminars/conferences attended by the PPRA staff
 - Training investment/employee/annum (Rs.)
- Output 4.4: PEs supported in developing procurement manuals
 - Number of PEs assisted by KPPRA in developing procurement manuals/Business Plans

1.6.5. Outcome 5

Outcome 5: Stakeholders more satisfied. This outcome relates to three (of five) principles of procurement (ethics and fair dealing, accountability and reporting and equity). Outcome 5 will be measured by using two indicators, which are:

- % Grievance cases redressed by Grievances Redressal Committee
- % Grievance cases redressed by the review committee
- Number of court cases settled (decided)
- % Of cases referred to Court and why
- % Decrease in time taken to get a case settled in the court
- % Of cases decided against the PEs
- % Of cases where Integrity Pact was not submitted

Outcome 5 will be achieved through one output:

- Output 5.1: Complaint System/ Grievance Redressal system established

Complain system establishment will be measured through following indicators:

- Number of complaints registered at KPPRA level
- Number of PEs which have notified Grievances Redressal Committees
- Number of departmental grievance redressal hearings.
- Number of departmental grievance redressal appeals disposed off.
- Number of cases decided within stipulated time at PEs level
- Number of cases decided within stipulated time at KPPRA's level.
- Number of Court cases attended both by PEs and KPPRA

1.7.M&E Framework

The M&E framework is presented in the following diagram.
At the end of each indicator, relevant reference is provided:

Goal: Procurement Governance improved (A14A)

- Indicator 1: % change in the Procurement Governance Index (PGI)
- Indicator 2: % change in the Contractors' satisfaction level
- Indicator 3: % change in the public satisfaction level



