

Global Procurement Summit (GPS 2016), New Delhi, India urges better use of Procurement Big Data and transformational capacity development efforts using ICT

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Global Procurement Summit (GPS) 2016, organized by All India Management association (AIMA) in partnership with Govt. of India and the Governance Global Practice of the World Bank, exhorted policy makers and practitioners for concerted efforts for attaining better but sustainable, economic competitiveness in public procurement, through use of real time Procurement Big data; launching technology driven transformational capacity

building programs and innovations that would facilitate better and longer engagement with private sector without compromising spirit of competition. The Summit held at New Delhi India from 21-22 April 2016, also highlighted the need for Governments to analyses the impact and cost benefits before introducing and implementing preferential procurement policies. Summit attracted over 230 senior procurement policy makers and practitioners from over 14 countries. World Bank also launched the Hindi language version of its flagship Certificate Program in Public Procurement (CPPP), offered as Massive Open Online Course through its dedicated learning and networking portal www.procurementlearning.org

The Summit was inaugurated by Mr. Madhav Lal, former Secretary, Govt. of India and the session was attended by Mr. Abduljabbar AlQuathab, Lead Procurement Specialist, World Bank; Mr. Sandeep Verma, Secretary Govt. of Rajasthan, India; and Mr.



Dwarakanath, Member AIMA Governing Council. Mr. Lal highlighted the strategic role gained by Procurement at senior Govt. levels and shared his experience in developing the preferential procurement policies for small and medium enterprises that thrown up the challenges of lack of data analytics and adequate capacity in the system. He mentioned the Summit a very timely event with India's procurement growing faster and the need for using the same for economic development.



Subsequently Mr. Sandeep Verma, set the context for the Summit and the themes through his analysis of Procurement Myths and Realities. Mr. Abduljabbar emphasized that procurement forms a significant part of public expenditure where about 17% to 20% of the GDP is spent on procurement of goods, works and services for public programs and projects. He also mentioned that

World Bank is proactively acting as a Knowledge Partner for developing Capacity Building in procurement and has developed different procurement courses and delivering them with major institutions one of which is AIMA. Mr. Kalesh Kumar, World Bank introduced the Hindi MOOC on Certificate Program in Public Procurement and Mr. Madhav Lal launched the program cutting the electronic ribbon and offering one of the Tablet version of the Hindi CPPP to Mr. Ashutosh Vajpei representing the Govt. of Rajasthan, India. Mr. Abduljabbar handed over another tablet to Prof. Samir Srivastava of IIM Lucknow for the U P Procurement Observatory.

Post the Inaugural, the first Plenary Session was on **“Capacity Building :Enabling Procurement Transformation”** Chaired by Mr. Abduljabbar H. Al-Qathab, Lead Procurement Specialist, WB, Washington. The speakers in the session were Mr. A K Kalesh Kumar (Capacity Building Coordinator , South Asia Procurement World Bank), Dr Krishan Batra (President & CEO at Institute of Supply Management, India), Mr. Sanjay Agarwal (Director , PPD , Department of Public Expenditure, Ministry of Finance , Govt of India) and Mr. Ranen Banerjee (Partner – Public Sector & Governance - GRID - PricewaterhouseCoopers Private Limited).



The session was initiated by the speaker Mr. A K Kalesh Kumar who provided insight on the World Bank initiatives in the area of capacity building in procurement. World Bank has developed three procurement courses; this initiative was started in February 2012 with the target of Capacity Building of 10 Million Public Officials involved in Procurement in South Asia. He explained that CPPP course is also being developed in Arabic,

French, Hindi, Russian, Portuguese and Spanish. World Bank has also launched 3PNet an online directory to facilitate a worldwide network of Procurement Professionals and link them to potential Public and Private sector clients. Dr Krishan Batra gave a presentation on “Procurement Transformation” focusing on changing the existing processes in procurement and using technology wisely. He also emphasized that procurement has shifted from just Automation to Strategic sourcing that is the structured and collaborative process of critically analyzing an organization’s spending patterns to better leverage its purchasing power, reduce costs, and improve overall performance. Mr. Sanjay Agarwal shared the initiatives taken by Public Procurement Division in the area of Procurement. These initiatives are developing Public Procurement Bill, 2012 and developing centralized public procurement portal CPPP publicizing Central and State Government Tenders. He also acknowledged the need of procurement reform and strained to consider it as a specialized and dedicated function involving officials having expertise in this area. He also focused on that it is equally important that the procurement rules and regulations should be simplified. Thereafter, Mr. Ranen Banerjee shared his viewpoint on Public Procurement. He suggested foreseeing the quantum of procurement, public procurement reforms can be used as a tool for improving expenditure efficiency and it should be considered as core aspect of Public Financial Management. He suggested on developing Procurement Middle Office, kind of a



dedicated cell helping in procurement process, reducing time, increasing efficiency, resulting in saving at Govt. level. He also highlighted on the increase in procurement of services and the speed of increase in technological disruptions.

Plenary Session 2

The second Plenary Session was on **“Procurement Big Data for policy and Decision Making”** which was headed by Chairperson Ms. Usha Saxena, Sr. Technical Director, e-Procurement Division, NIC, Govt. of India. The speakers in the session were Ms. Swayamsiddha Mohanty, Sr. Procurement Specialist, World Bank; Mr. Pravin K Purang, Management Advisor & Group head of Procurement & Supply Chain Management, Jindal Steel & Power Ltd.; Ms. Irina Goncharova, World Bank, Kyrgyz Republic; Prof. Samir K Srivastava, Chairman (Research Strategy & Policy Committee) and Professor (operations Management), and Prof. Amit Agrahari, Indian Institute of Management, Lucknow



The session began with speaker Ms. Swayamsiddha Mohanty who informed that most of the States in India are now using centralized e-Government Procurement (e-GP) platform to process tenders of multiple government agencies in the State. She also shared the insights on the World Bank Study conducted on Procurement Data Analysis for few Govt States. She shared that the insights at the aggregated level are good, but does not provide much actionable data. Analyzing the data from Indian states over a period of years, Ms. Mohanty stressed the need for codification and up front design of use of data for management decision making. Mr. Pravin Purang shared the importance of using Procurement big data for decision making. He also spoke about the need to use big data to create global competitive value which would otherwise force companies into obscurity. He recommended on the use of big data by Indian companies across sectors to be globally competitive. Ms. Irina Goncharova shared the experience of using procurement data for arriving at decisions on procurement policies, rules and procedures through case studies on 3 central Asian economies. At the end of the session Prof. Samir and Prof. Amit from IIM Lucknow shared the relevance of the analysis of small data before analyzing and moving on to analysis of big data. They also shared various Key performance indicators related to procurement and how they should be analyzed separately. They also provided brief on how the Public Procurement Observatory established by their institution is using data for advocacy and capacity building.

Plenary Session 3

The third Plenary Session on **“Procurement for Development : Preferential Policies and Rebuilding the Level Playing Field”** was chaired by Mr. Ved Prakash, CMD, MMTC. The speakers in the session were Mr. Ashutosh Vajpeyi, Joint Secretary, MOF, Govt of Rajasthan and Ms. Lina Fathallah Rajoub, World Bank, West Bank and Gaza.

The session was initiated by Mr. Ashutosh Vajpeyi who informed that countries and states have been using preferential procurement processes and policies in one or other form for a long time. He also



explained that globally procurement preferences are provided majorly through Geographic Preference, Set-aside programs, Mandatory Purchase Programs. Implementing preferential procurement clauses provides a common perception that the governments purchase goods and services of lower quality compromising on equity and impartiality and

Governments end up paying higher price (taxpayer's money) to meet preference requirements. However the fact is that some countries follow preferential policies and other countries only track the award of contracts to SMEs. Advocating the need to use procurement for local development, Mr. Vajpeyi, however also raised the problems in implementing these policies effectively.

Ms. Lina then shared some good practices of participation of SMEs in public procurement in MENA countries. She also shared that with the support of the MENA MSMEs Facility (of the Regional Fund), the MENA Network of Public Procurement Experts has initiated an innovative training program aiming at enhancing the capacities of the SMEs to successfully participate in public procurement. Under this 73 trainings have been delivered in 22 cities across 8 countries, reaching 1400 SMEs. SME trainees came from a variety of sectors ranging from IT services, industry, design, pharmaceutical, and banking. The panel and the audience emphasized the need for further research to assess practical impact of preferential procurement programs and policies, procurement processes, overall benefits to involved beneficiaries and businesses. Additional research is also warranted to make thorough assessment of costs involved in preferential public procurements and their ratio of benefits derived. It was recommended that Government before implementing any preferential policy should analyze success rates and cost benefit analysis for specific preference programs is highly needed.

Plenary Session 4

The second day of the Summit started with the fourth Plenary Session on **“Role of procurement in Sustainable Development”** chaired by **Dr. Chaiyod Bunyagidj**, Vice President. Thailand Environment Institute. The speakers in the session were Mr. Shanker Lal, Country Focal Point-Procurement, World Bank; Mr. Sanjay Kumar, Additional General Manager, DFCCIL, Ministry of Railway; and Mr. Shantanu Roy, Sustainability Professional and Hon. Secretary General, Green Purchasing Network India.



Dr. Chaiyod Bunyagidj mapped the common issues highlighting the importance of Sustainable/ Green Public Procurement. He informed that there are 62 countries following Sustainable/ Green Public Procurement including India. He also highlighted about the Global Ecolabelling Network (GEN) which is a non-profit association of third-party, environmental performance recognition, certification and labelling organizations founded in 1994 to improve, promote, and develop the ecolabelling of products and



services. Mr. Shanker Lal from World Bank highlighted the significance World Bank has attached to Sustainable Procurement in its guidelines for procurement by Borrowers as well as in corporate procurement policies. He also informed that World Bank is taking initiative on Sustainable Procurement by introducing the provisions in New

Procurement Framework of the Bank. Mr. Shantanu Roy initiated the discussion with a mention that it is challenging to transform Sustainable Development into procurement. It is important that sustainable products should be customer oriented. If we have to achieve the goal of sustainable procurement than it is important to account for Life Cycle Costing which consists of environmental and social benefit in a long run. He also stressed that public procurement might lead to great impact in sustainable development due to its huge purchasing capacity. He also mentioned that developing a sustainable product is an ideal situation but we should aim to develop a sustainable product to a greater extent keeping in mind the market for the product. Mr. Sanjay Kumar shared his view on using Public Procurement as a tool for leveraging Sustainable Development. He highlighted Sustainable Public Procurement can be achieved by minimizing impacts of supply chain (Social & Environmental benefits), minimizing impacts of product/ services (Waste minimization and renewable energy) and buying resource efficient products (recycling content products, energy-efficient appliances and fuel-efficient vehicles). He also shared key enablers for implementing Sustainable Public Procurement (SPP) at Country level, Organization level and Market level. He also shared the SWOT analysis for implementing SPP in India.

Plenary Session 5



The fifth Plenary Session was on “**Competition Issues in Public Procurement**” chaired by **Mr. Madhu Sudan Sahoo**, Member, Competition Commission of India. The speakers of the session were Mr. R. Poornalingam, Retd. IAS, Former Secretary, Govt of India, Ms. Suvi Rautio ,Chief Supply & Procurement Section, UNICEF and Mr. V Sudhakar Rao, Chief Material Manager IRSS, Chennai

Mr. V Sudhakar Rao started the discussion with Challenges faced in Competition for public procurement. He detailed the regulatory and institutional challenges in the Competition and about common forms of collusive tendering like Cover Bidding, Bid Suppression, Bid Rotation, Market allocation on geographical basis. He also recommended preventive measures to avoid collusive tendering like increasing the opportunity for potential bidders, avoiding restrictive eligibility criteria, submission of independent bid certificates along with bids etc. Mr. R. Poornalingam highlighted the challenges of procurement in health sector and the need of revamping the procurement rules and procedures in this area. The main challenge in this sector is absence of Supply Chain Management, less use of IT in maintaining the inventory of drugs and

equipment. Based on a recent research study, he shared the good practice of Tamil Nadu Medical Services Corporation (TNMSC) setup in 1995. The achievements of the organization was elimination of shortage of drugs, reduced wastages by installing a pull system- buying (what is needed), creating supply chain infrastructure by setting up warehouses in districts, interconnecting warehouses through IT system and all batches are tested



for quality post-delivery. He also informed that similar model was followed by Rajasthan Medical Services Corporation (RMSC) in 2011 wherein they are also trying to achieve monitoring of inventory of drugs at sub-stores level. Ms. Suvi Ratio explained about the UNICEF procurement procedures and how the procurement principles of UNICEF ensure (i) Fairness, Integrity & Transparency through competition, (ii) Economy and Effectiveness, (iii) Best value for money and (iv) Promotion of Objectives of UNICEF. She also strained that through influencing markets through fair competitive practices, better prices can be achieved resulting in enormous savings. UNICEF saved \$ 197 Million in 2012, \$ 170 Million in 2013 and \$263 Million in 2014 by achieving better prices. She highlighted UNICEF Long term arrangements (LTA) for procurement a strong tool towards achieving efficiency through a competitive process.

Plenary Session 6

The sixth Plenary Session was on **“Curbing corruption: Promoting Transparency, Integrity & Accountability in Public Procurement”** chaired by **Dr. Raju Narayana Swamy**, Secretary to Govt. of Kerala. The speakers in the session were Ms. Anna Pinto Herbert, Sr Operations Officer, Integrity Vice Presidency, World Bank, Washington; Mr. Devender Madan Director, Burning Brain Management Systems Private Ltd., and Mr. Mohan Raj S, Dy. General Manger, Bharat Electricals Limited, India.



Ms. Anna Pinto highlighted that Corruption is not only related to procurement but it also impacts services to poor people. World Bank focuses on integrity in projects/ programs as there are lot of programs wherein deliverables are completed only on documents but there might be no physical progress. Bank also conducts outreach with bilateral donors, competition committees, inspectors general, auditors-general, ombudsservices. UNCAC, Prevention Network. World Bank uses Sanctions System to

curb corruption which means suspension and debarment. In year 2010 they have also added provision of Cross-Debarment across five other Multilateral Development Banks (MDBs) which means if a firm is debarred by World Bank it can't participate in ADB contracts and vice versa. Thereafter Mr. Devender Madan provided his viewpoint on Corruption in procurement. He started with defining Corruption as abuse of entrusted power or private gain or a simple equation **“Corruption= Monopoly (M) + Discretion (D) – Accountability (A)”**. Corruption has financial impact, health & safety impact (sub-standard constructions, products increasing health & safety risks), innovation impact, also erodes of value ad trust in government. He stressed on three areas which will

help in curbing corruption are Transparency, Integrity (adhere to higher standards) and Accountable. Mr. Mohan Raju S also shared the impact of transparency, integrity and accountability in removing corruption. At the same time these might be good practices but faces a challenge in implementation. He shared that it is difficult to draw accountability in the entire procurement cycle as there are lot of stakeholders involved in the cycle. He also recommended that there is a need to focus on developing innovative solutions for deriving rules and procedures in area of transparency, integrity and accountability to curb corruption in entirety.

Valedictory Session

Dr. Raj Agrawal, Director Centre for Management Education (CME), AIMA chaired the valedictory session. Felicitations were made by dignitaries including Mr. Michael Haney, Acting Country Director, World Bank India; Mr. Sanjay Aggarwal, Director, Public Procurement Division, Dept. of Expenditure, Govt. of India and Mr. Md. Sohail Kakkar, Procurement Strategy Advisor, Govt. of Afghanistan. Dr. Agrawal thanked the Govt of India, Ministry of Micro, Small and Medium Enterprises and the World Bank for



partnering with AIMA for conducting the Summit. He also thanked all sponsors: Bharat Electricals Limited, MMTC Ltd., Procurementlearning.org, PwC India, Jindal Steel and Power, Artemis Foundation, FCS Travel Solutions, Blooms Rooms, etc. for their valuable support. Mr. Haney appreciated the successful conclusion of the summit and reiterated the need for such dialogue between policy makers practitioners and researchers on such topical issues. He extended further support of World Bank in taking forward the key recommendations from the Summit. Mr. Aggarwal thanked the forum and organizers and welcomed all key suggestions made in the Summit by the Govt. of India. Mr. Kakkar appreciated the concept of bringing leading procurement experts from around the world and thanked AIMA and World Bank for organizing the summit.



The session also presented a summary of the proceedings and major recommendations by Prof. Gurbandini Kaur, Program Coordinator, AIMA. She highlighted the topicality and relevance stressed by policy makers, senior practitioners, researchers and academia that participated in the deliberations. The participants from across the nations that engaged over the two days called upon the public entities as well as private sector bidders to recognize the changing world order with the advent of technology and make use of these in more efficient management of public procurement. Ms. Gurbandini listed the following important recommendations made by the Summit for the consideration of Governments and other public and private sector entities for making public procurement a more efficient and strategic tool for achieving economic development:

- ❖ With universal adaption of e-Procurement, data has come to the central stage in procurement decision making. The Summit calls upon all public entities to (i) scientifically organize data

captured using standardization and codification (ii) design and implement data analytics as part of the e-procurement system development and (iii) make available the data and engage academia and research institutions for quantitative and qualitative analysis for big data as well as the smaller insights inferences can bring about

- ❖ With newer techniques emerging with advent of technology, procurement shall become a function that requires defined minimum levels of knowledge at entry levels and continues professional capacity development. The Summit calls upon public and private entities to (i) encourage and mandate Continuous Professional Development (CPD) of their procurement staff; (ii) use ICT with blended learning programs (mix of long term online and short term offline face to face) for mass scaling the reach and for continuous engagement with the procurement community
- ❖ The Summit while recognizing the effectiveness of preferential procurement policies for social and economic development of targeted disadvantaged groups calls upon Governments and public entities to be informed of the difficulties posed by implementation of such programs. Detailed impact assessment and cost benefit analysis requires to be undertaken as part of launching such schemes. Summit also highlighted many significant initiatives including dedicated funds for enhancing the capacity and competitiveness of MSME sector which would be better alternatives for restricting items and price preference operations for longer term sustainability
- ❖ The Summit recognized the inevitability of considering environmental, social and economic sustainability in Government Procurement, given its huge value and thus high impact. Summit calls upon Governments and public entities to mandate life cycle costing and other sustainability factors as part of procurement evaluations and selections
- ❖ The Summit identified that efficient and transparent procurement organizations can achieve competitiveness and better value for money and fighting corruption. Efforts shall be made towards automation and simplifying processes in procurement entities. Summit calls upon Governments and public entities to consider sector level technology enabled centralized operations for demand forecasting, establishing framework agreements and managing logistics and delivery. Concepts like Procurement Middle Offices extending professional support to large no of institutions shall be considered.