
Global Procurement Summit 2017

“Good Procurement For Good Governance”

– A Report

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Procurement is moving ahead from the compliance based mentality to performance based mentality, where there is now an increasing role of data usage and innovation with smarter tools, time based results and public reforms. The Global Procurement Summit (GPS) 2017, organised by All India Management association (AIMA) in partnership with Government of India and the Governance Global Practice of the World Bank on 27th & 28th February 2017 served as a great platform for policy makers, business leaders, academicians and procurement professionals to deliberate on this. They exchanged notes and experiences on how to improve efficiency, encourage sustainable procurement practices, use of technology in building capacities, use of comparable data and structured information to streamline and make well informed procurement decisions. Attracting 220 delegates representing 10 countries, the Summit emerged as an international arena to highlight some of the challenges and their possible solutions which procurement specialist face in different industries and well as in Government institutions. On the sidelines of the event, AIMA also launched the Certificate Programme in Contractual Dispute Resolution with technical support from The World Bank.

Inaugural Session

On the first day of the Summit the inaugural session began with Director General, AIMA, Ms. Rekha Sethi and President of AIMA, Mr. Sunil Kant Munjal welcoming the dignitaries and the delegates. They emphasized on the need of cross-learning among procurement professionals together with the use of technology to promote effective procurement management. The two day Summit was inaugurated by Hon'ble Minister of Railways, Mr. Suresh Prabhu who congratulated AIMA on leading the thought process not just in the management space but also on some very key important issues that the country is facing and which directly concerns the citizens of India. The minister said GPS 2017 would be a step towards putting a good system in place in India to improvise the public procurement system where he also requested AIMA, The World Bank and the experts to share concrete suggestions on how India can improve its procurement practices and strengthen the framework. The minister also released the digital souvenir.

The inaugural session was addressed by Mr. Felipe Goya, Practice Manager- Governance, The World Bank, who on setting the context of the Summit said that India is doing well but the situation in



Mr Suresh Prabhu, Minister of Railways, Government of India addressing inaugural session

the country was diverse with many opportunities for improvement too. He stressed on the linkage between policy making and the use of information in the e-procurement database highlighting the fact that there needs to be a culture of measurement too. His words was followed by a special address by Mr. Ashwajit Singh, Managing Director, IPE Global Limited who said procurement is like the foundation of a building which needs to be good to build a strong and robust structure. The vote of thanks was extended by Dr. Raj Agrawal, Director-CME, AIMA who thanked all the dignitaries and the delegates.



(L-R) Rekha Sethi, Director General, AIMA; Sunil Kant Munjal, President AIMA & Chairman, Hero Corporate Service; Felipe Goya, Practice Manager-Governance, World Bank; Ashwajit Singh, Managing Director, IPE Global Limited and Dr Raj Agarwal, Director, AIMA CME

Plenary Session 1



Binoy Kumar, IAS Director General, Directorate General of Supplies & Disposals addressing

The first Plenary Session of the Summit on **'Role of ICT in ensuring Good Governance'** was chaired by Mr. Binoy Kumar, IAS Director General, Directorate General of Supplies & Disposals. The speakers in the session were - Ms. S.Radha Chauhan (IAS, President & Chief Executive Officer, National e-Governance Division), Ms. Lindsey Marchessault (Director, Data & Engagement, Open Contracting Partnership), Mr. Anil Kumar Bhardwaj (Director, Department of Telecommunications, Ministry of Communication & IT), Mr. Kalesh Kumar (Capacity Building Coordinator, Solutions and Innovations in Procurement, The World Bank) and Ms. Amita Sharma (Senior Technical Adviser, Social and Economic Empowerment at IPE Global).

Ms. S.Radha Chauhan initiating the proceedings of the session talked about her experience of setting up the first digital marketplace for the government which offers a real time dynamic pricing, fully integrated from registration to payment, facility of e-bidding & reverse auction, no paperwork, complete document management with audit trail. She emphasized that role of ICT is no more an option, but imperative and by default, important now for the government. She added that the challenge was is in reimagining the roles, realigning them to deliver the services to the stakeholders and making it sustainable in nature.

Building on the momentum, the next speaker Ms. Lindsey Marchessault in her presentation elaborated on Open contracting data standard (OCDS) which forms standardized data, offers the ability to join data, get real-time reports, structured information which is very important for getting value for money, detecting any fraud, monitoring the projects, encouraging

transparency and competition. She gave examples from Ukraine, Paraguay, Mexico, Nepal and UK in the presentation where remarkable changes were noticed. After her, the next speaker Mr. Anil Kumar Bhardwaj addressed the delegates and mentioned that ICT was a catalyst in governance bringing the government of the day closer to the common man. He highlighted that they were facing few challenges of getting the data which can then be analysed by researchers and once that is done, it would throw surprises in encouraging good and sustainable procurement practices. Highlighting the importance of information sharing, Mr. Kalesh Kumar said procurement governance becomes good when there is information sharing, procurement entities, bidders and consultants are able to form business relationships. There is knowledge and learning opportunities which ensures that transactions and outcome in procurement are uniform and predictable. He added that the World Bank is also committed as it reaches out to 63,000+ members from over 180 countries through iNET by sharing news, views, country notes, blogs, etc and by maintaining a repository of procurement regulations, toolkits, reports and publications. The last speaker of this session, Ms. Amita Sharma emphasized on the governance aspect where she highlighted that it was very critical to understand that ICT for Governance has implications not just for efficiency and effectiveness in a narrow techno-managerial sense, but also there can be risks of exclusion and imposition. She said that for Good governance it was important to have affordable, robust devices, good content, guided by the needs of the 'Last person in the row' and research (social processes) to design ICT interventions.



S. Radha Chauhan (IAS, President & Chief Executive Officer, National e-Governance Division) addressing the session

Plenary Session 2

In the second session, “**Procurement Reforms- Drivers and Barriers**” chaired by Mr. Felipe Goya, Practice Manager- Governance, The World Bank, the speakers were Mr. Sanjay Aggarwal (Director, Public Procurement Division, Ministry of Finance), Mr. Ashutosh Vajpeyi (Joint Secretary, Economic Affairs, Finance Department, Government of Rajasthan), Ms. Laura K Siegrist Fouche (Chief Supply and procurement Section, UNICEF India Country Office), and Ms. Christine Jackson (Principal Consultant Procurement, Crown Agents).



Felipe Goya, Practice Manager- Governance, The World Bank

Mr. Sanjay Aggarwal highlighted the recent developments in procurement in India by giving an overview of General Financial Rules, the proposed modifications in 2017, evolution of central public procurement portal and the year wise growth in value of tenders in electronic mode. In his presentation he also mentioned that Procurement scenario in India was improving, Regular procurement trainings were held at the National Institute of Financial Management (NIFM), Faridabad where around 2000 officers are trained every year and that NIFM was also tying up with other institutions

across India for training. The next speaker, Mr. Ashutosh Vajpeyi, gave the delegates an overview of Public Procurement Reforms in the Indian state of Rajasthan. He mentioned in his presentation on how in 2009 with the support of the World Bank the state of Rajasthan took initiatives like revising its budget manual, the treasury rules, conducting a study on quality of audit, in improving the Public Procurement outcomes and how this support from world bank continues through other initiatives. Ms. Laura K Siegrist Fouche, the next panelist elaborated on



(L-R) Christine Jackson (Principal Consultant Procurement, Crown Agents); Ashutosh Vajpeyi (Joint Secretary, Economic Affairs, Finance Department, Government of Rajasthan) ; Felipe Goya, Practice Manager- Governance, The World Bank; Sanjay Aggarwal (Director, Public Procurement Division, Ministry of Finance); Laura K Siegrist Fouche (Chief Supply and procurement Section, UNICEF India Country Office)



Sanjay Aggarwal (Director, Public Procurement Division, Ministry of Finance) addressing

the fact that Procurement was fast moving from a delivery-based support function to a strategic, cross-sectoral role in capacity development, innovation and market influencing. She added there needs to be more investment in professionalization of the procurement role, learning opportunities with informed risk mitigation. The last speaker of this session, Ms. Christine Jackson, Principal Consultant Procurement, Crown Agents shared an interesting case study from Ukraine on their procurement management system, “PROZORRO” where she mentioned that it had caught the public imagination and people believe in it in Ukraine.

Plenary Session 3

The third and last session on the first day of the Summit on **Managing Disputes – Improving Procurement Outcomes** was chaired by Mr. Rajesh Bhushan, IAS, Joint Secretary, MoRD & Director General, NRRDA where the speakers were Mr. Shanker Lal (Country Focal Point-Procurement, World Bank), Dr. Ajit Patwardhan, (World Bank, Pune), Mr. Ashok Sharma (Advocate, Founder President ICCA) and Mr. O P Goel, Retd. DG, CPWD, Indian council for Arbitration.

Beginning with the proceedings of the session, Mr. Shanker Lal in his presentation shared the World Bank's perspective on Contractual Dispute Resolution. He elaborated how Contractual Disputes ultimately delay implementation of the contracts and increase total costs, thus adversely impacting development outcomes of the projects. Mr. Lal also added that the World Bank encourages use of Dispute Boards (DB) since many international studies show, that DBs have been successful in resolving even the most complex disputes with an almost 99% success rate, avoiding costly litigation or arbitration. Dr. Ajit Patwardhan, who presented his presentation after Mr. Lal shared his thoughts on how to reduce



Shanker Lal (Country Focal Point- Procurement, World Bank) and Rajesh Bhushan, IAS, Joint Secretary, MoRD & Director General, NRRDA

the prospect of dispute occurrence and resolve the disputes if they do occur. The next speaker Mr. Ashok Sharma gave an over view of history of the law of arbitration in India elaborating on Arbitration and Conciliation Act 1996 which came into force by repealing the Act of 1940. The last speaker in the session, Mr. O P Goel, Rtd. DG, CPWD, Indian council for Arbitration, elaborated on what are the different actions which can be undertaken at Pre Tender stage, project execution stage and post completion stage of the project to avoid or mitigate conflicts and disputes.



(L-R) Shanker Lal (Country Focal Point- Procurement, World Bank); O P Goel, Retd. DG, CPWD, Indian council for Arbitration; Rajesh Bhushan, IAS, Joint Secretary, MoRD & Director General, NRRDA; Ashok Sharma (Advocate, Founder President ICCA) and Ajit Patwardhan, (World Bank, Pune)

Plenary Session 4



Ian Nightingale (Asian Infrastructure Investment Bank (AIIB), China)

The second Day at the GPS 2017 Summit started with the fourth plenary session on **Improving Transparency and Accountability in Procurement** chaired by Mr. S Shiva Kumar, Chief Vigilance Officer, Bharat Electronics Limited where all the speakers Mr. Ian Nightingale (Asian Infrastructure Investment Bank (AIIB), China), Mr. Samir K Srivastava and Mr. Amit Agrahari (IIM Lucknow), Mr. Ajay Gupta (Deputy Chief Business Officer, Northern Railways) gave more examples on how transparency and accountability has strengthened their respective procurement models.

The First speaker, Mr. Ian Nightingale started by giving a short introduction of Asian Infrastructure

investment bank and highlighted the fact that around three decades ago, there was not much scope of transparency as there was no internet, no digital procurement and mostly because procurement was not seen as profession but with new initiatives that help improve transparency – e procurement, e tendering, OCDS, the situation has changed. He elaborated on the apps for reporting corruption, mentioning the World Bank integrity App where you can take a photograph and using your GPS location where it can go to IT department in Washington offering quick assistance.

Post his presentation Samir K Srivastava and Amit Agrahari gave a joint presentation introducing the Observatory in IIM – Lucknow which they mentioned, started in 2013 with support from The World Bank. It functions as a portal in public procurement in India and also as a platform for capacity building of institutions. They added that as a portal it offers cost estimation, serve as a repository of all procurement documents in India of all authorities, procurement data visualization tool, procurement observation and as a platform it serves the awareness agenda on public procurement, advocating good procurement practices.



(L-R) Ajay Gupta (Deputy Chief Business Officer, Northern Railways); Ian Nightingale (Asian Infrastructure Investment Bank (AIIB), China); S Shiva Kumar, Chief Vigilance Officer, Bharat Electronics Limited; Samir K Srivastava and Amit Agrahari, (IIM Lucknow)



Ajay Gupta (Deputy Chief Business Officer, Northern Railways) and S Shiva Kumar, Chief Vigilance Officer, Bharat Electronics Limited

The last speaker in the session, Mr. Ajay Gupta, spoke about the initiatives that have been undertaken in IREPS, emphasising on the need to focus on new procurement reforms. He added there is need for skill training, execution of contract is a grey area, lack of enabled environment like in rural areas. He also mentioned that there are some factors which are not in favour of transparency which need to be addressed – like increasing cost of procurement kills risk based approach of officials and there are social and economic and technological factors which restrict them.

Plenary Session 5

In the fifth plenary session on **Innovative Practices in Public Procurement** chaired by Dr. Vivek Joshi, Joint Secretary, Ministry of Finance, Government of India, the speakers Mr. S K Chowdhury (Head – Integrated Support Function, Central Procurement Organisation, HPCL), Mr. Rajesh Bhushan (IAS, Joint Secretary, MoRD & Director General, NRRDA), Mr. Siddharth Singh (IAS, State Project Director, ARIAS Society), and Ms. Selvi Apoorva (IAS, The Managing Director, Tamil Nadu Medical Services Corporation Limited) shared the different innovative interventions they had undertaken in public procurement at the states and central level which have greatly improved the scenario in public procurement in India.

The session began with Mr. S K Chowdhury who mentioned in his presentation that at HPCL, the size of Operation, vast network, multiple businesses and growing footprint, demanded a robust procurement set-up which was critical to ensure business continuity and growth. He added that the annual procurement plan at HPCL is made on the basis of historical spend data, taking into consideration the future plans and projects, consolidated plan for the year to help CPO plan procurement accordingly. This he informed led to some great achievements like 97% E-Procurement in 2015-16 compared to 45% in 2012-13, saving of 8-10% against Historical / Bench Mark Price



Rajesh Bhushan, IAS, Joint Secretary, MoRD & Director General, NRRDA and Vivek Joshi, Joint Secretary, Ministry of Finance, Government of India

and 30% reduction in Tender Lead Time. Post his presentation Mr. Rajesh Bhushan, the next speaker elaborated on citizen monitoring of roads by looking at PMGSY scheme where he shared his experiences and learning with the audiences. After Mr. Bhushan, Mr. Siddharth Singh the third panelist elaborated on a case study of procurement model from north eastern state of Assam where he mentioned that they gave innovative solutions to farmers for Shallow tubewells procurement. The last speaker of the session Ms. Apoorva shared another case study of generic drug procurement model developed in the state of Tamil Nadu which has benefited the state in a big way and making sure the cost comes down in a big way.



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Plenary Session 6

The last session of the Summit on day two was on **Effective Knowledge Management in Procurement** chaired by Ramesh Kumar Sharma, a retired secretary, public procurement monitoring office, Nepal where the speakers were Mr. Dev Arora (Vice President Commercial -Moserbaer India Ltd), Mr. Amitabh Datta, (Adjunct Professor, National Institute of Financial Management) Ms. Lauren Ziegler, (Manager for Global Programs, U.S. Trade and Development Agency) and Mr. Amarendra Kumar, (General Manager, Contract & Procurement, GAIL).

Starting the session, Mr. Dev Arora presented his views on how Knowledge Management was so important to aid procurement where he highlighted the need for internal job rotation is a must with a culture of training by the senior leaders of the organisation etc. He was supported in his statements by the next speaker, Mr. Amitabh Datta, procurement professionals need to have demonstrated capacity to meet the stiff challenges of difficult risk management, procurement disaster, anti-competitive behavior of vendors, environmental, social and energy related issues. Ms. Lauren Ziegler, the next speaker of the session,



Lauren Ziegler, (Manager for Global Programs, U.S. Trade and Development Agency)

shared a presentation on Global Procurement Initiative where they are working with emerging economy partners to establish procurement practices that integrates life-cycle cost analysis and best value determinations in a fair, transparent manner. She added that they are committed to the culture of learning. Mr. Amarendra Kumar, the last speaker, beginning his presentation by giving a brief introduction on GAIL said that the knowledge management practices in GAIL has shown some great results in strengthening the procurement framework and practice.



(L-R) Amarendra Kumar, (General Manager, Contract & Procurement, GAIL) ;Lauren Ziegler, (Manager, Global Programs, U.S. Trade and Development Agency) ; Ramesh Kumar Sharma, Retired Secretary, Public Procurement Monitoring office, Nepal ; Amitabh Datta, (Adjunct Professor, National Institute of Financial Management) ; Dev Arora (Vice President Commercial -Moserbaer India Ltd)

Summing of the Summit

Dr. Gurbandini Kaur, Programme Director-GPS, AIMA, presented a summary and major highlights of the six sessions in the two-day GPS 2017 where she congratulated the delegates of the Summit for the encouraging discussions, responses, discourses on such an important topic. She too acknowledged the need for cross learning, more use of technology and big data in strengthening the procurement practices, initiatives, models across the board. In her address Dr.Kaur thanked Ministry of Electronics and Information Technology, Digital India and Ministry of Micro, Small & Medium Enterprises and the World Bank for their support. She also thanked all sponsors: UNICEF, IPE Global Limited, MMTC, National e Governance Division, GAIL, iNET, BACE, Bloom rooms, Crown Agents, and Lawrence & Mayo.

Dr. Kaur listed the following important recommendations made by the Summit for further consideration:

- The Summit calls for a shift from compliance based Procurement mentality to performance based practice to drive efficiency and



Dr Raj Agarwal, Director, AIMA - CME

innovation as **Smart Procurement** not just saves money but saves litigation too

- There should be linkage between policy making and the use of information in the e-procurement database with a strong culture of measurement, which is missing right now. This should also be aided by connecting the 7 million public procurement officials working in India. As connecting all these individuals, connecting the community so that there is



- cross learning and good management for better public procurement would yield good results
- Accountability and decision making needs to be decentralized with one stop end to end procurement solutions to ensure that multiple agencies which are working together know each step, and everything is open and market driven in nature
 - The Summit acknowledges the need for data usage which warrants innovation, smarter tools and better solutions for public reforms addressing the gaps. This also requires continues professional capacity development with extensive use of ICT in the learning programmes
 - The Summit calls for information sharing-procurement entities, bidders, consultants establishing business relationships, knowledge and learning opportunities and transactions and outcome in Procurement to uniform systems and address common concerns. Use of ICT for facilitating Two-way and Interactive Information Flows and also revolutionize networking possibilities, making Procurement Education affordable and anywhere to access
 - The summit calls for Procurement professionals to meet the stiff challenges of difficult risk management, procurement disaster, anti-competitive behavior of vendors, environmental, social and energy related issues