



KHYBER PAKHTUNKHWA PUBLIC PROCUREMENT REGULATORY AUTHORITY

GUIDELINES FOR PREPARATION OF ANNUAL PROCUREMENT PLANS

1 Introduction

Khyber Pakhtunkhwa Public Procurement Regulatory Authority Act, 2012 and Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014 along with Standard Bidding Documents provide a comprehensive procedure for public procurement and related matters. The procedure starts with procurement planning and covering various steps for bidding, culminates in award of contract, followed by its execution and closure. The preparation of Annual Procurement Plans (APPs) is the first step to organize the intended procurement along appropriate timelines to meet the requirements of the Procuring Entity. The following guidelines have been framed to elaborate, streamline and regulate the preparation of Annual Procurement Plans by the Procuring Entity.

2 Objectives

Annual Procurement Plans are prepared to achieve the following objectives:

- As per Constitution of Islamic Republic of Pakistan, grants to provide funds for public expenditures, including public procurement are allocated, in respect of every financial year, in the form of Annual Budget Statement, Schedule of Authorized Expenditure and Supplementary or Excess Budget Statement. Allocation of funds for public procurement in autonomous and semi-autonomous bodies and public sector corporations and companies are also made through annual budgets, in the prescribed manner. The allocation of funds, if not utilized, lapse normally on closing of the financial

year. Therefore, it is imperative to timely put in place a procurement plan to properly utilize the allocated funds for the specified purposes and avoid its lapsing.

- Various procurement items or objects are needed by the Procuring Entity or end-user units to execute the work plans for performance of specified functions within assigned time periods, marked frequently with critical time points. Procurement Plan is one of the basic instruments to meet such time lines and critical time points.
- Procurement Plans help to proceed in accordance with general principles of economy, efficiency and value for money in public procurement, enhance transparency and accountability of the proceedings and promote fair competition, with equal opportunities to all prospective bidders.
- Procurement Plans facilitate the prospective bidders, suppliers, contractors and consultants to make due preparations for participation in public procurement and attract enhanced competition.
- Procurement Plans, at the out-set, indicate the procurement method to be adopted for the procurement and the timelines for its application, which facilitate initiation of the requisite steps in coordinated manner.
- Procurement Plans help the Procurement Entity in organizing its work in systematic manner and enable its efficient and effective implementation with proper monitoring.

3 Scope and application

The scope of these guidelines is confined to preparation of Annual Procurement Plans by the Procuring Entities and its periodic reviews. The guidelines are applicable to all cases of public procurement.

4 Legal provisions

- (1) The procurement planning is governed by Section 22 of Khyber Pakhtunkhwa Public Procurement Authority Act, 2012 (the Procurement Act), as reproduced below:

"22. Procurement planning. --- (1) Each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timelines, and shall ensure equal opportunities to all prospective bidders.

(2) All procurement requirements must be documented and approved by the procuring entity prior to commencement of procurement proceedings.

(3) In specified circumstances, a procuring entity may proceed with the procurement proceedings except for award of contract when the availability of funding in the full amount over the required period remains to be confirmed / approved by the competent authority:

Provided that the project has been approved or has received anticipatory approval from the competent authority/forum or is otherwise within the competence of the procuring entity and budget provision exists."

- (2) The significance of provisions in Sub-Section (1) of Section 22 above are emphasized by its reproduction in rule 30 of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014 (the Procurement Rules), while rule 31 of the Procurement Rules puts limitation on splitting or regrouping of proposed procurement. The provisions of the two rules are reproduced below:

"30. Procurement planning. ---Each procuring entity shall plan its procurements with due consideration to transparency, economy, efficiency and timeliness, and shall ensure equal opportunities to all prospective bidders in accordance with section 22 of the Act."

"31. Limitation on splitting or regrouping of proposed procurement. ---A procuring entity shall announce in an appropriate manner, all proposed annual procurements and shall proceed accordingly without any splitting or regrouping of the procurements so planned."

5 Preparation of Annual Procurement Plan

- (1) Each Procuring Entity, as defined in Section 2 (1) (q) of the Procurement Act, should prepare its Annual Procurement Plan (APP) in accordance with above mentioned provisions of the Act and the principles of public procurement enunciated in Sections 3, 14-A, 14-B and Sub-Section (1) of Section 22 of the Procurement Act, as reproduced below:

"3. General principles of public procurement. --- All public procurement shall be conducted in such a manner as provided in this Act, rules and regulations made under this Act and shall promote the principles of transparency, economy, value for money, accountability and swift grievance handling."

"14A. Transparency, accountability and fairness. --- All procurement shall be conducted in a manner which promotes transparency, accountability and fairness."

"14B. Competition. ---Except as otherwise provided for in this Act and the rules, all procurement shall be conducted so as to maximize competition and to achieve value for

money: Provided that the exception shall be made only for acquisition of services for reasons to be recorded in writing by the procuring entity."

- (2) The Procuring Entity should prepare the APP for all goods, works and services to meet its requirements as end-user as well as for other end-user units for which it is acting as Procuring Entity, keeping in view the budget estimates and budget allocations for the purpose.
- (3) The preparation of APP should normally be kept in sync with annual budget cycle and finalized within two weeks of the start of the financial year.
- (4) While adhering to the provisions of rule 31 of the Procurement rules, the APP should be reviewed on quarterly basis, and revised if needed, to account for unforeseen factors, including:
 - short fall in release of allocated or anticipated funds;
 - availability of additional or supplementary funds;
 - changes in work plans;
 - initiation of non-ADP schemes;
 - emergency needs;
 - failure or cancellation of bidding process;
 - delays in award of contracts or its execution;
 - failure and termination of contracts;
 - undertaking of rebidding; and
 - drastic changes in market conditions.
- (5) The APP, and its revised versions, if any, should be approved by Head of the Procuring Entity, and posted on web sites of the Procuring Entity and KPPRA, where the same shall remain posted till completion of its execution.
- (6) The APP should be properly monitored for implementation by the Procuring Entity by using Gantt charts or other suitable techniques.

6 Contents of APP

The APP should reflect the essential information about the procurement to be undertaken by the Procuring Entity during the financial year. Such information includes brief description of the items or objects to be procured in form of suitable packages, estimated cost of the packages, method of procurement,

including indication of requirement of enlistment, pre-qualification or post-qualification, as the case may be, and timelines and critical time points of the procurement. A standard format for the APP is appended to these guidelines.

7 Procurement items or objects and its packaging

- (1) The APP charts down broader features of the procurement process for the items or objects, including goods, works and services, to be procured in the financial year. The list of such items or objects is prepared with the help of information furnished by the end-user units or requirements of the relevant work plans and related documents and harmonized with budgetary resources.
- (2) The following sources may be used to collect the information for preparation of a list of procurement items or objects for compilation of APP:
 - Records of past procurement, usage or consumption
 - Forecasts of future procurement, usage or consumption
 - Estimates for requirements to meet recurring natural calamities and emergencies
 - Specific demands or requisitions of end-user units
 - Market survey reports
 - Changes in technology or specifications of procurement items or objects
 - Requirements of development projects and programs, including both on-going and new
 - Information on inflation and price trends
 - Information on budget trends
- (3) The list of procurement items or objects and quantities required may be adjusted against stock inventory position, if any, to determine requirement for fresh procurement.
- (4) The requirements for fresh procurement may be organized into suitable packages, each constituting a separate contract.
- (5) The packages may be constituted by taking into account the following factors:
 - Budget allocation in particular head of accounts for the procurement

- Broader category of procurement items or objects, i.e., goods, works, non-consulting services or consultancy services. The incidental services to goods and allied services to works, if their values do not exceed the values of respective goods and works should be clubbed together with such goods and works.
- Type or class of procurement items or objects, e.g., stationery, books, maps, office equipments (computer, printer, photocopier, etc.), furniture, crockery, sports goods, survey and engineering tools, laboratory equipments, vehicles, POL, plants and machinery, raw materials, spare parts, food grains, seeds, nursery stock, fertilizer, pesticide, class room consumables, drugs, vaccines, medical and surgical instruments, uniform items, weapons and ammunition, construction, renovation, repairs and maintenance (buildings, roads, canals,, dams, tunnels, embankments, protection walls, water supply and sanitation, drainage and pavements, parks, monuments, power houses, transmission lines, etc.), tendering of various services, including legal, banking, security, management, accountancy, logistic, etc., surveys, preparation of plans, programs, projects, technical documents, over sight functions, etc.
- Estimated cost of procurement items or objects
- Practicability of segmentation or clustering of procurement items or objects by territory, time, components, functions, cost, etc.
- Initiation and completion dates of procurement
- Urgency of procurement
- Number of prospective suppliers, contractors and consultants for the procurement items or objects in the market
- Shelf or storage life of procurement items or objects
- Storage capacity of procurement items or objects and cost of storage
- Specific provisions of agreements of foreign aided projects regarding procurement

(6) Separate packages should normally be constituted for goods, works, non-consulting services and consultancy services.

(7) Separate packages may be constituted for each type or class of procurement items or objects, provided that conforms to the general principles of public procurement of economy, efficiency and value for

money. However, if justified on the same criteria, procurement items or objects of the same type or class may be sliced into separate packages or procurement items or objects of different types and classes may be clustered into one package.

- (8) Save as provided otherwise in the Procurement Act or the Procurement Rules, or constrained by other factors, financial values of the packages should be kept above the minimum threshold of open competitive bidding.
- (9) Procurement through rate agreement, running contract or call-off contract, if permissible and justified otherwise, should be assessed for tentative estimated cost and planned in conformity with these guidelines.

Estimated cost of procurement items or objects

- (1) The estimated cost of procurement items or objects should be determined by taking into account the following information:
 - Prevailing market rates of goods
 - Companies price bulletins
 - Prices information on mass media
 - Information obtained from market surveys
 - Information obtained from responses to Request for Information
 - Average prices of similar procurements in last year and changes in the prices during the last three years
 - Consolidated Schedule of Rates or Schedule of Market Rates System
 - Cost estimates in project or program documents
 - Expert estimates of costs
 - Engineer estimates of works
 - Minimum wages
 - Market based packages for professionals and consultants
- (2) Advantage should be taken of securing discount through bulk procurement and estimated cost may be adjusted accordingly.
- (3) The estimated cost should be adjusted for any changes in the taxation on procurement items or objects.

9 Method of procurement

The Procuring Entity should select the method of procurement to be adopted as per provisions of Section 33 of the Procurement Act, relevant provisions of the Procurement Rules and these guidelines.

10 Timelines and critical time points of procurement

- (1) The procurement items or objects are needed for execution of various plans, projects, programs and service delivery, normally with defined timelines. Some of the procurement items or objects may be utilized more or less uniformly through the year while others may be needed on fixed or critical time points. In all cases, however, there is a starting point when requisite quantities of the procurement items or objects should be available to the Procuring Entity or end-user units. To meet this requirement, the procurement process should be planned and executed in timely manner.
- (2) The timelines and critical time points of availability and utilization of the procurement items or objects should be determined by the Procuring Entity as end-user or other relevant end-user units in view of their work plans and programs, and based on such timelines and critical time points, the dates for initiation of procurement process, award of contract and completion of contract should be set by the Procuring Entity, keeping in view the provisions of the Procurement Act and the Procurement Rules, including mandatory and practical time requirements for advertisement, Enlistment, Pre-qualification, short-listing, preparation of bidding documents, bids solicitation process, response time, bids evaluation, post-bids negotiation, time lag between announcement of evaluation report and award of contract, approval of contract award and entry into force of the contract.
- (3) The Procuring Entity should schedule the initiation date of the procurement process at the earliest possible, and may schedule the date even prior to the date of release of funds for the purpose. The date for award of contract should be aligned with availability of requisite funds. The completion date of procurement and contract should be determined by giving due consideration to the lead time

involved in the case. The lead time would comprise the time required for administrative processing of goods, construction activities, service delivery and delivery of the finished procurement items or objects.

Annual Procurement Plan* for the period.....

(Reference Section 22 of the Procurement Act, Rule 30 of the Procurement Rules and Guidelines for preparation of Annual Procurement Plans)

Name of Procuring Entity.....

Serial No.	Brief description of procurement items/objects/package	Estimated Cost	Procurement Method**	Date of initiation of procurement process***	Date of award of contract ***	Date of completion of contract ***	Remarks (if any)

* The APP may be prepared on the assumption that total allocated budget will be released.

** Procurement method means Open Competitive Bidding/Petty Purchase/ /Request for Quotation/Direct Contracting, including indication of requirement of enlistment, pre-qualification or post-qualification, as the case may be.

*** Dates mentioned are tentative.

Prepared by

Approved by

(Sd.)

(Sd.)

Procurement Officer
(Name & designation)

Head of Procuring Entity
(Name & designation)