

Procurement Efficiency Project

Project Evaluation

There are different narratives from which the interventions being evaluated in this project have been derived. The first is that procurement officers may not have sufficient incentives to exert the right effort. The second narrative is that the rules governing public procurement may be generating low value for money.

In order to address both these, the project introduces two major reform packages:

First Reform

Introduction of financial incentives for drawing and disbursement officers to improve procurement effectiveness.

Data collected through Punjab Online Procurement System is evaluated for cost effectiveness controlling for different attributes and based on a rigorous econometric design methodology. This is complemented through an exercise of Physical Verification across Cost Centers that also surveys the staff and collects additional information on procurement processes and purchases.

Second Reform

Through this intervention by effecting required changes in the financial rules disbursement autonomy is being provided to drawing and disbursement officers.

The effect would be generated by:

1. Releasing procurement budgets earlier and in larger chunks,
2. Promoting transparency and reducing undue delays by oversight-authorities (by providing a streamlined procedure at the Accountant General's office to approve and release payments to vendors expeditiously)

"Guide to Pre-Audit Requirements" has been circulated amongst DDOs part of the 'Constraints' and 'Constraints and Rules' Group to help prepare documents for quick clearance at A.G. Office / DAOs.

1. Empowering the procuring public body by authorizing it to make payments directly to suppliers / vendors (by increasing the cash in hand).

The project then aims to evaluate these two policy interventions and compare the effect of increased autonomy (change in rules) and more aligned incentives.

Policy Implication

To achieve 'better value for money' by incentivizing procuring officers and making procurement procedures more efficient

Objectives

1. Identifying which policies are most effective at aligning interests of different stakeholders and reducing red tape to make procurement more efficient,
2. Analyzing how procuring officers utilize greater autonomy in achieving better value for money.
3. Identifying motivational factors that drive bureaucrats in more proactively driving the procurement process.