

Innovating to Procure for Cities

Combining competition and collaboration for sourcing the best talent and solutions while optimising resources, buying for smart cities must also engage with end users who will be the ultimate beneficiaries



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PRIME Minister Narendra Modi's vision to create 100 Smart Cities will be a reality if smart collaborative procurement is explored immediately. It is also the perfect time to discuss the subject, especially now that the Public Procurement Bill has been tabled in parliament and the smart cities project – after being approved by the Expenditure Finance Committee – has finally been cleared by the Union Cabinet.

In time, the project will start rolling out. Cities will gear up for the race as a 'Smart City Challenge' will identify those that are ready from a bunch of aspirants. Cities with demonstrated capabilities and a futuristic vision at hand will be selected.

Post selection, the chosen cities will have to identify infrastructural, institutional and technological requirements for realising their vision. They have to go scouting for vendors in the market place – a place packed with a plethora of players, of varying sizes and calibre.

Let me elaborate a little. A shortlisted city should identify, via technical dialogue or by other means, what is actually available in the market place before deciding whether to buy or not. The city should then work closely with some companies to explain its vision to help them tailor their services as per requirements. Vendors should be in a position to understand the city's objectives, strategies and vision and must be able

to turn them into 'business cases'.

Procurement must also take into account the engagement of end-users. It is but necessary to inform citizens about their involvement in the overall strategy. Therefore, cities not only have to identify and procure the best smart solutions for their communities and businesses but also demonstrate the local economic benefit of that procurement.

The current process, as initially proposed by the Ministry of Urban Development, assumes that cities are equipped with all these competencies – technical skills, process know-how, due diligence abilities and knowledge of innovative financing models to attract and recruit the right vendors.

But the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) of the United Progressive Alliance (UPA) did expose the ground realities of Indian cities – urban local bodies (ULBs) have no capacities whatsoever and consultants usually drive the agenda. Needless to say, in the current context, the tenets of efficiency and effectiveness in procurement that the nation is hoping to achieve are not possible. Given this scenario, there is a compelling need to explore a collaborative procurement process that is transparent, open and innovative.

The process itself can pose yet another challenge – a challenge not between cities but amongst various consortia of vendors. These Consortia consist of infrastructure, technology, urban design and management consulting firms. A nation-wide challenge where each consortium can choose its cities and propose projects can allow projects to be evaluated by city leaders and experts – to be put up for public vote later. This can help each city identify its long-term consortium partner. This procurement innovation is primarily meant to reduce the pain and long cycle times in sourcing the best talent at affordable costs – in a transparent and exciting manner.

Essentially such procurement combines competition and collaboration for sourcing the best talent available while optimising resources. It makes the procurement process transparent, innovative, cost effective and exciting even as it embeds best practices from around the world while supporting local talent and economic devel-



Minimum amount (in rupees million) for the Public Procurement Bill to apply to any Ministry, Department, CPSUs or companies with 50 percent government stake

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opment. While not totally “centralising public procurement”, the process aims to standardise solutions for universal application and removes the ambiguity in demonstrated competencies of the solution providers, establishing what is actually available in the market that has worked.

This process can be made to comply with General Financial Rules (GFR) and Delegation of Financial Powers (DFPR) of government guidelines on procurements. It can also be aligned with the Competition Commission of India (CCI) that is addressing issues of collusive bidding, bid rotation and other forms of violations in a fair bidding process.

Subject matter experts on Smart Cities should be invited to quickly correct the lack of up-to-date knowledge of the best technical solutions in the Indian context. Their help should be solicited not only to create a library of innovative technical

solutions with an evaluation of costs and benefits but also to help in accreditation, standardisation and labelling. This process should be part of an “India Smart Book” – a practical guidance document on Smart Cities.

This innovative process will not only maximise economic efficiency and effectiveness in procurement for smart cities but will adequately support the PM’s ambition to maximise governance. ■

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