



NATIONAL INSURANCE COMPANY LIMITED

(OWNED BY THE GOVERNMENT OF PAKISTAN)

October 13, 2009
No. NICL/LD/HO/169

Mr. Adil Gilani
Chairman
Transparency International - Pakistan
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase-VII, DHA,
Karachi.

Subject: Clarification of PPRA Rules 2004 regarding Procurement for Replacement of Installed HVAC Equipment with the New Equipment at NICL Building, Karachi.

Reference: Your Office Letter dated October 8, 2009 addressed to Chairman, NICL

Dear Sir,

We have gone through the contents of your letter carefully and surly, we also appreciate your deep concerns about corruption and we also acknowledge your efforts taken to curb corruption in country of Pakistan. We know our responsibilities and all prevalent laws and, we assure you that we will leave no stone unturned towards award of contracts in transparent manners.

Although stepping into the line of fire is harder than watching from a long distance, as we are procuring agency and we are on direct hit from different contractors who were disqualified on different grounds by the "consultants" who were engaged to perform the task in neat and clean way in accordance to PPRA Rules and also PEC Act No.(V) 1976 and its bye-laws. In such cases, one of constructors/contractors had made a serious attempt to put whole system of award in jeopardy after sensing that he had failed in technical proposal and, according to requirements under PPRA rules his sealed financial bid was returned to him unopened, after receipt a letter of information from us M/s. ELEKTRA SYSTEMS; might have changed financial proposal to a much lower price to make an issue against us. We have to harmonize both PEC and PPRA Rules in order to get a qualified contractor for specified job on lowest bid evaluated (We strictly follow both the books available with us) and we are watching over it that no mistake is committed or error made by "consultants".

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The "consultants" who are engaged for this work by our company have informed that its but natural that one contractor among others has to succeed on both sides, ability and lowest bid basis, and other Constructors might cross the lines and join the undesirable/enemy forces to allege corruption against our Company.

PPRA has rules for methods of procurement and as such, we have adopted single stage two envelopes method on recommendations of consultants. In event of one successful bidder an event of award of work is granted to them, its but natural that other contractors will try and use other tactics and we know that they have influence in various organizations as they have plenty of money and other resources.

We have received your letter in utter surprise as the contents of same are amazingly almost identical to those allegations which are being leveled by one of the contractor M/s. Elektra Systems who failed to qualify in technical proposal, but let us assure that such type of tactics being adopted to halt the development work can not be considered and we will continue developing our Company and, no one's mala fide intentions to hamper the development activities with no real justification will be entertained.

Your letter allegedly describes the rejection of bids called in June 2009 as violation of PPRA Rules and you have quoted Rule No.33 for our information. Kindly read it once again as it gives cover to procuring agency/authority and does not bound it to give justification for rejection of same how ever we may inform the contractors/constructors on their request about the grounds of rejection, coincidently only one of the contractors asked for grounds for rejection and we replied him well in time.

As regard to your other allegation for not changing our assessing criteria and our specification, we being procuring agency are not supposed to change anything because we did not want to compromise on quality of work, instead of that we called for bids again giving contractors enough time to sort out their short falls and other things in comparison to our requirement given in tender documents. This action is itself an evidence for transparency.

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The bids are under evaluation in accordance to PPRA Rules and you should rest assured that the work will be awarded to the bona fide contractor/constructor who's bid is evaluated as "lowest evaluated bid" by the consultants in accordance to PPRA Rules and work shall be awarded. Once again we want to reiterate that all the prevailing laws in our Country will be abided and no infringement of any of these can be allowed at any cost as it will not only tarnish the image of our integrity but also our code of ethics. Kindly review your letter under your own code of conduct "*Politically non-partisan, TI does not undertake investigations of alleged corruption or expose individual cases, but at times will work in coalition with organizations that do*".

Thanks and regards,

Ijaz Ahmad Sheikh,
General Manager (Law)

c.c to:

1. All Chapters of TI International
2. Chairman, Public Accounts Committee, National Assembly, Islamabad
3. Auditor General Pakistan, Islamabad
4. Chairman NAB, Islamabad
5. Managing Director PPRA, Islamabad
6. PS to Chairman