



23rd October, 2009

Chairman,
National Insurance Company Limited,
3rd Floor, NIC Building,
Abbasi Shaheed Road,
Karachi.

Sub: Violation of Public Procurement Rules, 2004 NIC Procurement for Replacement of Installed HVAC Equipment with The New Equipment at NIC Building
Expected loss due to corrupt practice to exchequer of Rs 100 million

Dear Sir,

Transparency International Pakistan refers to your reply dated 13th October 2009 and expresses its appreciation that NIC has committed to perform all procurements in accordance with the Public Procurement Rules 2004.

The clarification to your reply that NIC has engaged Consultants in accordance with PPRA Rules and PEC Act No (V) 1976, in contradictory to Rules No. 51. Overriding effect.- The provisions of these rules shall have effect notwithstanding anything to the contrary contained in any other rules concerning public procurements. PEC is no more a regulatory authority for Public Procurement Rules. Any harmonization of rules contradictory to the Public Procurement Rules 2004 is not allowed under rule no. 23, quoted below;

23 (4) Procuring agencies shall use standard bidding documents as and when notified by regulation by the Authority: Provided that bidding documents already in use of procuring agencies may be retained in their respective usage to the extent they are not inconsistent with these rules, and till such time that the standard bidding documents are specified by regulations.

TI Pakistan did state in its letter dated 8th October 2009 that it has received a complaint.

NIC objection that TI is not involved in exposing individual corruption cases, is not relevant in this case of a complaint. TI Pakistan accepts complaints of corruption and this information is available on our website www.transparency.org.pk.

If you are Victim of Corruption
Call for Free Legal Advice
(92-21)-35381481, 35390450,
0800-84711

TI Pakistan again request for clarification of following issues.

The tender were re-invited on 1st September 2009, without any modification in the bidding documents. This is gross violation of Rules No 33 & 34. NIC should have revised the evaluation criteria, as only two firms could qualify in the tender.



33. **Rejection of bids.-** (1) *The procuring agency may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The procuring agency shall upon request communicate to any supplier or contractor*

who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, but is not required to justify those grounds.

Re-bidding -

If the procuring agency has rejected all bids under rule 33 it may call for a re-bidding.

The procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary.

The reason of discharge of all bids were not given to bidders, inspite of the provision and requests made by bidders. This rule is for facilitating bidders to know their shortcomings, so that they may rectify it in the next bidding. Also it is an anti collusive measure, as inside information may be provided to favorite bidder.

Transparency International Pakistan again requests you to kindly send your clarification on the allegations. You are also requested to provide the Evaluation report and Contract Agreement of the Consultants appointed by NIC for this assignment to verify weather this selection is based on PPRA Rules or any other rules, as PEC Rules are not complaint to PPRA Rules.

Kindly note that Public Procurement Rules, 2004 has eliminated all discretions in procurement process and made corruption low profit and high risk business.

Yours Sincerely,

Syed Adil Gilani
Chairman

Copy forwarded for the information of;

1. Chairman Public Accounts Committee, National Assembly, Islamabad.
2. Auditor General Pakistan, Islamabad
3. Chairman, NAB, Islamabad.
4. Managing Director PPRA, Islamabad