



30th November 2011

Mr. Muhammad Ali,
Chairman,
Securities and Exchange Commission of Pakistan,
National Insurance Corporation Building, Jinnah Avenue,
Islamabad.

1st REMINDER

Subject: Violation of Public Procurement Rules 2004 by OGDCL under assumed exception from Public Procurement Regulatory Authority Ordinance 2002 and Public Procurement Rules 2004 under Companies Ordinance 1984, with the blessings of SECP- TIP Letter dated 12th November 2011 and PPRA Letter dated 21st November 2011.

Dear Sir,

Please find attached copy of our letter dated 12th November 2011 and PPRA's letter dated 21st November 2011, which had been sent to you earlier.

We would greatly appreciate if you would kindly expedite the process and reply to our attached letter within 07 days as the 15 day response time has already ended and any delay would result in the award of tender by violating the Public Procurement Rules 2004.

TI Pakistan is striving to have Rule of Law in Pakistan.

Regards,

Syed Adil Gilani
Adviser

Copies forwarded for the information of:

1. Chairman, Public Accounts Committee, Islamabad.
2. Chairman, NAB, Islamabad.
3. Registrar, Supreme Court.
4. Auditor General, Islamabad.
5. Managing Director, PPRA, Islamabad.

No. F. 1(103)/DD-II/PPRA/2011
GOVERNMENT OF PAKISTAN
PUBLIC PROCUREMENT REGULATORY AUTHORITY
(CABINET DIVISION)
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Islamabad, the dated 21st November, 2011

SUBJECT: VIOLATION OF PUBLIC PROCUREMENT RULES 2004 BY OGDCL UNDER ASSUMED EXCEPTION FROM PUBLIC PROCUREMENT REGULATORY AUTHORITY ORDINANCE 2002 AND PUBLIC PROCUREMENT RULES 2004 UNDER COMPANIES ORDINANCE, 1984.

Reference Public Procurement Regulatory Authority's letter No. Nil dated 15.11.2011 on the above noted subject.

2. Your request was forwarded to Securities & Exchange Commission of Pakistan, Islamabad for disposal under Rule – 48 of Public Procurement Rule, 2004. The comments of Procuring Agency are enclosed for kind consideration as it may be deemed appropriate.

(**Naeem Ahmed**)
Deputy Director-II

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



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

No. EMD/233/293/02 -418

November 17, 2011


Mr. Nadeem Ahmed
Deputy Director - II
Public Procurement Regulatory Authority (PPRA)
Cabinet Division
Government of Pakistan
Islamabad

Dear Sir,

Re: Violation of Public Procurement Rules 2004 by OGDCL under assumed exception from public Procurement Regulatory Authority Ordinance 2002 and Public Procurement Rules 2004 under Companies Ordinance, 1984

With reference to your letter No.F.1(103)DD-II/PPRA/2011 dated 15.11.2011 related to the captioned subject, you are informed that the related letter of Transparency International Pakistan (TIP) is already under the active consideration of this Commission and upon reply to TIP, Public Procurement Regulatory Authority (PPRA) shall be intimated of the same accordingly.

Yours faithfully,


Haris Bin Tipoo
Deputy Director (Enforcement)



TRANSPARENCY INTERNATIONAL-PAKISTAN

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Defence Housing Authority, Karachi.
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E-mail: ti.pakistan@gmail.com
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Advisory Committee

12th November 2011

Mr. Muhammad Ali,
Chairman,
Securities & Exchange Commission of Pakistan,
National Insurance Corporation Building, Jinnah Avenue,
Islamabad.

Sub: Violation of Public Procurement Rules 2004 by OGDCL under assumed exception from Public Procurement Regulatory Authority Ordinance 2002 and Public Procurement Rules 2004 under Companies Ordinance 1984, with the blessings of SECP.

Dear Sir,

Transparency International Pakistan has been informing the Securities & Exchange Commission of Pakistan that Public Procurement Regulatory Authority Ordinance 2002 and Public Procurement Rules 2004 are not being followed by SECP, as well as by government corporations registered with SECP under the Companies Ordinance 1984.

Award of contracts without open competitive bidding to directors, auditors, commercial companies of directors has been allowed by SECP in case of public listed companies.

This is to inform you that Oil & Gas Development Company Limited is one of the public listed companies, which is misusing SECP rules, to award contracts to audit firms without inviting public tenders, as required under Rule 21 of the Public Procurement Rules 2004.

TI-Pakistan refers to the Supreme Court order given on 28th April 2010 in case of disputed award of multibillion dollar LNG contract to GDF-Suez, in which the Supreme Court has announced that **“Here we may observe that it is duty of the court to ensure that the Public Procurement Regulatory Authority Ordinance 2002 read with the Public Procurement Rules 2004 are adhered strictly to exhibit transparency”**.

TI-Pakistan requests the Chairman to inform OGDCL that SECP/ Companies Ordinance 1984 doesn't supersede the Public Procurement Regulatory Authority Ordinance 2002 and the Public Procurement Rules 2004 for OGDCL and other Government companies, so that SECP is not blamed for this mis-procurement being committed by the OGDCL which comes under the purview of Rule 2(f) of the Public Procurement Rules 2004. The rule is quoted below for your reference;

2(f) “corrupt and fraudulent practices” includes the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after



bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty;

With Regards,

Syed Adil Gilani
Adviser

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2. Chairman, NAB, Islamabad.
3. Registrar, Supreme Court.
4. Auditor General, Islamabad.
5. Managing Director, PPRA, Islamabad.