



TRANSPARENCY INTERNATIONAL-PAKISTAN

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31 January 2011,

Director General,
Civil Aviation Authority,
HQ, Civil Aviation Authority,
Terminal No. 1,
Jinnah International Airport,
Karachi

Sub: Violation of Public Procurement Rules 2004 in Procurements of 5 MW Power Plant at Lahore
Airport by CAA

Dear Sir,

The tender notice published in Dawn of 30 January 2011 for the Procurements of 5 MW Power Plant at Lahore Airport by CAA, where sealed tenders are to be submitted by 2 February 2011, is violating Rule No 13, as bidders shall be allowed minimum 15 days time from the date of publication of the tender Notice in newspapers, whereas CAA is providing only 3 Days for this Tender. It is also not posted on PPRA website, and is against Rule No 12, under which this Tender Notice shall also be published on PPRA website.

Transparency International Pakistan has also pointed out in its letter of 5 Nov. 2010 that CAA has violated PPRA Rules in award of Rs 90 million Contract for Advertisement in Karachi without tender, which was also accepted by CAA.

It is also pointed out that since 30-12-2010, CAA has not posted any Tender Notice on PPRA website. (a copy of CAA Tenders on PPRA website as on 31 January 2011 is enclosed).

CAA is also not posting contract of over Rs 50 million awarded on PPRA's website on the proformas as set out in Annexure-I and Annexure-II which is mandatory for all procuring agencies under PPRA Notification of July 2008. TIP would also like to know the compliance of CAA in abiding with Rule No 7, for signing of no-bribery commitment "Integrity Pact" by all Contractors/suppliers/consultants in more than Rs 10 million contracts.

All such procurement are deemed to be Mis-procurement under the Rule no 50, and such mis-procurements are to be dealt under the Rule No 2 (f), Corruption and fraudulent practice.

Rule 2. (f) "corrupt and fraudulent practices" includes 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.











Regards,


Syed Adil Chani,
Chairman.

Copy forwarded for the action as per rules, read with the Supreme Court of Pakistan's orders on 28th April 2010 in case of LNG contract to GDF-Suez, "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."

1. Chairman, PAC, Islamabad
2. Chairman, NAB, Islamabad
3. Registrar, Supreme Court of Pakistan, Islamabad.
4. Mr. Tanwir Ali Agha, Auditor General Pakistan, Islamabad
5. Managing Director, PPRA, Islamabad.

Organization Name: Civil Aviation Authority

Tender No	Tender Title	Download	Advertised Date	Closing Date
TS122567E	Civil Aviation Authority, Karachi TENDER NOTICE FOR REMOVING OF DUNES (EARTH) TO MAKE CLEAR VI TENDER NOTICE		30/12/2010	10/1/2011 11:00:00 AM
TS122569E	Civil Aviation Authority, Karachi TENDER NOTICE FOR RENOVATION OF STAFF TOILETS AT LEVEL-4 OFI TENDER NOTICE		30/12/2010	10/1/2011 11:00:00 AM
TS122306E	Civil Aviation Authority, Karachi EXTENSION OF DATE OF OPENING™ I/T NO.HQCAA/2176/1/2021/SUP(P Extension of Date of Opening		24/12/2010	4/1/2011 11:30:00 AM
TS122305E	Civil Aviation Authority, Karachi TENDER NOTICE FOR REHABILITATION / RE-ENFORCEMENT OF CHILLED TENDER NOTICE		24/12/2010	10/1/2011 11:00:00 AM
TS122303E	Civil Aviation Authority, Rawalpindi Supply of Mechanical Items Supply of tubewell..		24/12/2010	5/1/2011 11:00:00 AM
TS122248E	Civil Aviation Authority, Karachi TENDER NOTICE FOR RENOVATION OF CAA STAFF TOILET AT LEVEL-6 TENDER NOTICE		23/12/2010	5/1/2011 11:00:00 AM
TS122175E	Civil Aviation Authority, Peshawar Civil Works Constrictive works...		23/12/2010	10/1/2011 11:00:00 AM
TS122250E	Civil Aviation Authority, Karachi TENDER NOTICE FOR RECARPETING OF RUNWAY AT GILGIT AIRPORT (B TENDER NOTICE		23/12/2010	7/1/2011 11:00:00 AM
TS122252E	Civil Aviation Authority, Karachi TENDER NOTICE FOR REPLACEMENT OF OLD PUMPS AND ALLIED EQUIPM TENDER NOTICE		23/12/2010	6/1/2011 10:30:00 AM
TS122172E	Civil Aviation Authority, Karachi Civil Works Establishment of commercial building...		23/12/2010	4/1/2011 11:00:00 AM
TS121719E	Civil Aviation Authority, Karachi TENDER NOTICE FOR REHABILITATION OF GED SOUTH AND RENOVATION TENDER NOTICE		14/12/2010	28/12/2010 11:00:00 AM
TS121718E	Civil Aviation Authority, Karachi TENDER NOTICE FOR PROVISION OF CAR PARKING SHED AT SOGEA BUI TENDER NOTICE		14/12/2010	28/12/2010 11:30:00 AM
TS121717E	Civil Aviation Authority, Karachi TENDER NOTICE FOR MODIFICATION		14/12/2010	28/12/2010

5th November, 2010

Director General,
Civil Aviation Authority,
HQ, Civil Aviation Authority,
Terminal No. 1,
Jinnah International Airport,
Karachi

Sub: Allegation of Award of Rs 90 million Advertising Contract at Jinnah Terminal, Karachi without Tender & Increase in Car Parking fee by 33%
TIP letters dated 30-9-2010 and Reminder 26-10-2010. PAC Letter to CAA dated 6-10-2010.
PPRA letter to CAA dated 5-10-2010 and 21-10-2010

Dear Sir,

Transparency International Pakistan has received your reply dated 3-11-2010. Along with CAA letter sent to Ministry of Defence on 14 October 2010.

The clarification given by CAA to the Ministry of Defence, that both the Contracts were awarded on the negotiation basis, is a violation of Public Procurement Rules 2004, Rule No 40, as the rule strictly forbid CAA to hold any financial negotiations. The Rule is quoted below.

40. Limitation on negotiations.-

*Save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder:
Provided that the extent of negotiation permissible shall be subject to the regulations issued by the Authority.*

These two Contracts are therefore deemed to be declared as mis-procurement under Rule No 50, **Mis-procurement**-Any unauthorized breach of these rules shall amount to mis-procurement.

Such an act of violation, if found to be true, is also liable to be dealt with under Rule No 2(f), **"corrupt and fraudulent practices"***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"*.

The following statement of CAA given in its letter to MoD on 14-10-2010, is against the Law of the Land.

"This office on the receipt of the PPRA letters sought comments/input from Legal Dte on applicability of PPRA rules on Commercial Dte and legal opinion that the PPRA rules are not applicable on Commercial Dte."

This is a new stand taken by CAA, may be after your taking over as the DR CAA, as till 22 February 2010, CAA was not challenging application of PPRA Ordinance 2002 and Public Procurement Rules, 2004. We enclose CAA letter to PPAR and TIP dated 22-2-2010 which confirms that CAA accepted application of Public Procurement Rules, 2004 on CAA.

Transparency International Pakistan request the Director General CAA to observe compliance of Public Procurement Rules, 2004.

Transparency International Pakistan is for the across the board application of Rule of Law.

Your sincerely,

Syed Adil Gilani,
Chairman,

Copy forwarded for necessary action as per rules read with the Supreme Court of Pakistan's following orders.

Supreme Court announced in the ordered on 28th April 2010 in case of disputed award of multibillion dollar LNG contract to GDF-Suez, "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".

6. Chairman, PAC, Islamabad
7. Ch. Ahmad Mukhtar , Federal Minister for Defence, Ministry of Defence, Rawalpindi.
8. Registrar, Supreme Court of Pakistan, Islamabad.
9. Mr. Tanwir Ali Agha, Auditor General Pakistan, Islamabad
10. Secretary, Defence Division, Pak Secretariat – II, Rawalpindi
11. Managing Director, PPRA, Islamabad.