



27<sup>th</sup> May 2010

Mr. Fazal ur Rehman  
Administrator,  
CDGK,  
Civic Centre,  
Gulshan-e-Iqbal,  
Karachi

Subject: Complaint against EDO (Works & Services) on the corruption in Tendering

Dear Sir,

Transparency International Pakistan on 26<sup>th</sup> April 2010 sent copy of a serious complaint lodged by the Karachi Contractors Association dated 21 April 2010 against EDO (Works & Services) on the Award of Contracts, in violation of Public Procurement Rules 2004 and SPPRA Public Procurement Rules 2010. SPPRA vide its letters No Dir (CBC-0001)/SPPRA/37-1/(CDGK)/08-09/3468 directed you to submit your views/comments to SPPRA by 7<sup>th</sup> May 2010. On your failure to respond, SPPRA sent you another reminder vide its letters No Dir (CBC-0001)/SPPRA/37-1/(CDGK)/08-09/3055 on 14<sup>th</sup> May 2010.

It seems that CDGK administration is not ready to abide with the SPPAR Public Procurement Rules 2010, nor to respond to TI Pakistan a Board Member SPPAR, nor to SPPRA.

Your failure to take required actions to ensure that Sindh Public Procurement Rules, 2010 are fully observed by EDO Works CDGK, has resulted in encouraging Mr. Rashid A Maghal, EDO Works, to continue to commit further violations of Sindh Public Procurement Rules, 2010.

It has been reported to TIP that CDGK HAS invited Tenders for 5 Bridges and Road Works worth Rs 45.3 Million to Rs 350 million, on Single Stage 2 Envelope Procedure (copy enclosed).

This is not allowed under Rule No 47 of SPPRA Rules, as the tendered works are routine nature of Works and no innovation is required, and are to be processed under Single Stage One Envelope Bidding Procedure. Rule 47 for your information is quoted below;

**47. Conditions for Use of Various Procedures**

*(1) Single Stage One Envelope Bidding Procedure shall be used as the standard bidding procedure for procurement of goods, works and services of simple and routine nature and where no technical complexity or innovation is involved;*

*(2) Single Stage Two Envelope Bidding Procedure shall be used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation;*

TI Pakistan would like to point out that Single Stage Two Envelope Bidding Procedure has never before been applied in Pakistan, on Civil Works Procurements viz. on Bridges, Overpass, Underpass, buildings and Road Works, which are routine nature of Works.



These 5 procurements under a wrong rule also amounts to mis-procurement as the procedures violated Rule No 44

**44. Discriminatory and difficult conditions** - *Save as otherwise provided, no procuring agency shall introduce any condition which discriminates among bidders. In ascertaining the discriminatory nature of any condition reference shall be made to the ordinary practices of that trade, manufacturing, construction business or service to which that particular procurement is related.*

Moreover, it has also been reported that Tenders for Serial No 4 & 5, Nos. 107/10 and 108/10 are not opened on the due date, i.e. 26 May 2010 and no information to this non opening has been communicated to bidders.

TI Pakistan would like to inform you that the misusing the SPPRA by manipulating the Rules, is a collusive, corrupt & fraudulent practice under Rule No 2 "Corrupt and Fraudulent Practices" (q), quoted below:

2 q (i) **"Collusive Practice"** means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, noncompetitive levels for any wrongful gain;

2 q (ii) **"Corrupt Practice"** means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence the acts of another party for wrongful gain;

2 q (iii) **"Fraudulent Practice"** means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

TIP would like to advise the Administrator that it is in your own interest that CDGK shall observe Public Procurement Rules 2004, revised to Sindh Public Procurement Rules, 2010 in March 2010 in all its procurements. We quote the Supreme Court order given on 28th April 2010, in the case of award of multibillion dollar LNG contract to GDF-Suez, in which the **SC has announced that it is the duty of the Court to ensure the application of Public Procurement Rules 2004.**

Mis use of Single Stage Two Envelope Bidding Procedure in these 5 tender needs to be fully investigated and, action taken against the officers held responsible in the inquiry to be conducted on the complain lodged by TI Pakistan. In the meanwhile these procurements may be scrapped and re invited on the prescribed **Single Stage One Envelope Bidding Procedure.**

With regards,

  
Syed Adil Gilani  
Chairman

Copy forwarded for the information and application of Rule of Law to,

1. Minister of Local Bodies, Government of Sindh, Karachi,
2. Registrar, Supreme Court, Islamabad
3. Chief Secretary, Govt of Sindh, Karachi,
4. Director General NAB, Sindh, Karachi
5. Managing Director Sindh PPRRA, Karachi

SAWN → 10/05/10 → 105 Reserve Pl. Bldg. 2/15



# CITY DISTRICT GOVERNMENT KARACHI



## NOTICE INVITING TENDERS

**(Single Stage – Two Envelopes Procedure as per S.P.P.R Rules, 2010)**

Notice is invited for Single Stage – Two Envelopes Procedure for the separate works comprising the following items and the other conditions as mentioned below. Proposal for the following items invited through Procurement Authority Karachi Package No. 102 of 2010. The work will be executed under the supervision of the City District Government Karachi. The work will be executed under the supervision of the City District Government Karachi. The work will be executed under the supervision of the City District Government Karachi. The work will be executed under the supervision of the City District Government Karachi.

No.	Slender Reference No.	Name of the work	Estimate Cost (Rs.)	Est. Security (Rs.)	Trade Tax (Rs.)	Deposit (Rs.)
1	CGK/CPWD/2010/102	Construction of 02 Lanes (Khanpur) along Dr. Zulfikar Ali Bhutto Road at P.O. Industrial, Karachi. (Civil and Electrical works)	142274 (M/R)	As mentioned above	10000	100000000
2	CGK/CPWD/2010/103	Construction and Lane System in (Khanpur) along Dr. Zulfikar Ali Bhutto Road at P.O. Industrial, Karachi. (Civil and Electrical works)	260140 (M/R)	As mentioned above	10000	100000000
3	CGK/CPWD/2010/104	Construction of 02 Lanes (Khanpur) along Dr. Zulfikar Ali Bhutto Road at P.O. Industrial, Karachi. (Civil and Electrical works)	163127 (M/R)	As mentioned above	10000	100000000
4	CGK/CPWD/2010/105	Construction of 02 Lanes (Khanpur) along Dr. Zulfikar Ali Bhutto Road at P.O. Industrial, Karachi. (Civil and Electrical works)	45322 (M/R)	As mentioned above	10000	100000000
5	CGK/CPWD/2010/106	Construction of 02 Lanes (Khanpur) along Dr. Zulfikar Ali Bhutto Road at P.O. Industrial, Karachi. (Civil and Electrical works)	45322 (M/R)	As mentioned above	10000	100000000

**TERMS & CONDITIONS**

1. The terms and conditions of the tender shall be as per the S.P.P.R Rules, 2010.
2. The tenderer shall be required to submit a bank guarantee for the full amount of the tender.
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10. The tenderer shall be required to submit a bank guarantee for the full amount of the tender.

**Keop, A. Mansoor Mujtaba  
EGD (Works & Services), CDGK.**

**RECONSTRUCTION OF KARACHI – CITY GOVERNMENT'S RESOLVE**