



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

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1st October, 2019

TL19/0110/7A

Project Director,
Project Implementation Unit,
Burns & Trauma Center, Hayatabad,
Peshawar.

Sub: Violation of Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules 2014, Complaint received against Burns & Trauma Center, Hayatabad Regarding Tender of Purchase of 25 Units Toyota Hiace High Roof Ambulances for Malakand Division.

Transparency International Pakistan has received a complaint from M/s AhmadMedix (Pvt.) Ltd., against Burns & Trauma Center, Hayatabad regarding Tender of Purchase of 25 Units Toyota Hiace High Roof Ambulances for Malakand Division. The complaint is enclosed for your ready reference and is self-explanatory.

The complainant has alleged that the opening of financial proposals regarding subject vehicles took place on September 6, 2019 at 10am without informing them well before time about the opening date & time for financial bid to all the bidders through proper letter or email which is against KPPRA Rules and for that reason they were unable to participate in the financial opening directly.

According to KPPRA Rules 2014, following are TI-Pakistan's comments.

This act is violation of KPPRA Rules 2014, Rule No.45, stated as under;

45. Announcement of evaluation reports.—Procuring entities shall announce the results of technical bid evaluation in the form of a report before opening of the financial bids, to all bidders. The procuring entity shall also announce the final results of a bid evaluation giving justification for acceptance or rejection of bids at least ten days prior to the award of a contract and place the same on its and Authority website.

If the department does not comply with the KPPRA Rules 2014, Rule No.45, then Rule No. 54 is applicable.

54. Mis-procurement.--Any breach of these rules shall account to mis-procurement and the person responsible for such breach shall be liable to be proceeded under the relevant law.

Project Director is requested to kindly examine the complaint, and if found genuine direct the concerned department to re-invite the tender as per KPPRA Rules 2014 and take necessary action against all those officers involved in corrupt practices.



Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

Justice (R) Dr. Ghous Muhammad
Trustee
TI-Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Chief Minister, Khyber Pakhtunkhwa.
2. Director General, NAB, Khyber Pakhtunkhwa.
3. Chief Secretary, Khyber Pakhtunkhwa.
4. Registrar, Peshawar High Court.
5. Managing Director, KPPPRA, Peshawar.

To,
Project Director,
Project Implementation Unit,
Burns & Trauma Center, Hayatabad,
Peshawar.

Subject: Tender Notice of Supply of Ambulances for Malakand Division

Dear Sir,

This is reference to your tender advertisement published in Daily Newspaper Akhbar Khyber Peshawar on dated 30-05-2019 regarding purchase of 25 units Toyota Hlacc High Roof Ambulances for Malakand Division.


We, M/s Ahmad Medix (Pvt) Ltd, Lahore, having more than 25 years working experience in fabrication of Ambulances and other specialised vehicles in Pakistan, participated in the subject tender and submitted our both proposals Technical & Financial according to your terms & conditions mentioned in the Standard Bidding Documents. The Technical proposal was opened on June 22, 2019 in presence of our representative and other bidders. There were following five companies were participated in bidding process


1. Toyota Khyber Motors, Peshawar
2. Allmed Solutions, Islamabad/Karachi
3. Collaborative Heavy Industries Ltd., Lahore
4. Total Technologies
5. Ahmad Medix Pvt. Ltd.,

Through this letter we would like to draw your kind attention towards some irregularities which we observed during & after technical evaluation process by your technical committee regarding purchase of subject vehicles. Therefore we have following grievances in respect of technical evaluation of subject vehicles.


1. First of all we are surprised and came to know on the same day from other source about opening of Financial Proposals regarding subject vehicles which was held on September 6, 2019 at 10am. As per KPPRA Rules the purchaser will inform well before time about opening date & time of financial bid to all bidders through proper letter or email, which is not, did in subject case and we couldn't able to participate in the financial opening directly. To fulfil formality and in hurry we depute our local representative from Peshawar office to attend the financial meeting to get information only.


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2. Being an experienced and reputed firm we are disqualified from the subject tender and because of non-competency of our local representative and due to short time our concern representative couldn't able to attend financial opening we couldn't able to get information at the time of financial opening that why we are disqualified from this bidding? Later on we came to know from other sources that there are only two firms i.e. Total Technologies & Allmed Solutions are qualified for imported ambulances whereas the remaining three firms including us disqualified because we are quoted old models Toyota Hiace Vans. The both qualified firms are not registered with Khyber Pakhtunkhwa Revenue Authority (KPRA) as per notification para 37 (A).

This is to inform you that there are many wrong decisions are made during technical evaluation of this tender and violated the terms & conditions of Standard Bidding documents.


- a. According to your bidding documents under sub heading product technical evaluation description M/s Total Technology do not fulfil these criteria. He neither has fabrication facility in Peshawar nor in any other city of Pakistan. He hasn't any experience in supply / fabrication of ambulances. He is only dealer of different electro medical equipment (Copy of their website is attached for your ready reference). He supplied major junk of medical equipment to Burn & Trauma Centre, Peshawar but he didn't participate in 03 units Ambulances bidding which were purchased by B&TC last year. The same position is with M/s Allmed Solutions (copy of their website is attached for your ready reference). The Allmed Solutions supplied only imported ambulances to those customers who were exempted from duties.
- b. The Toyota Hiace Vans (fabricated outside Pakistan) quoted by both firms are domestic models which are not made for Pakistan, therefore the Toyota Distributor In Pakistan M/s Indus Motor Company Ltd., & its dealers does not honour warranty claims of these vehicles. Currently there are two Generations Toyota Hiace High Roof Diesel simultaneously are selling by Indus Motor Company Ltd., in Pakistan 1. Current Generation Hiace (Model Code: KDH222R-LEMDY) & 2. New Generation Toyota Hiace Deluxe (Model Code: GDH301R-GDYDY). The brochures of both vehicles are attached herewith for your reference. The manufacturer warranty period which offered by Distributor in Pakistan is 02 years OR 100,000km, whichever comes first and properly documented whereas the manufacturer warranty is become invalid of Toyota Hiace Vans which are offered by these two firms when they are exported to other country. Secondly, the both firms which are qualified doesn't have Toyota distributor or its dealer authorization for Toyota Hiace High Roof Chassis in Pakistan therefore being mandatory requirement of vehicle comprehensive warranty there is no doubt remain for disqualification of these two firms.


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- c. The main reason for disqualification of three firms who are quoted current generation Toyota Hiace Model Code KDH222R-LEMDY which is marketed by Indus Motor Company Ltd., in Pakistan that these vehicles are old model. There is one thing which is ignored by your procurement specialist that it is obvious when someone import vehicle the model what so ever of the vehicle when it is landed on the port the date & year on Goods Declaration (GD) & invoice shall be of current year. The exact year of manufacturing of vehicle will be verified from those documents through which the vehicle imported from Japan to that particular country from where the vehicle on ward comes to Pakistan. May be the Toyota Hiace which the other two bidders quoted are imported to Dubai in early months of 2018. Therefore kindly check those documents & invoice through which the vehicles are imported to Dubai from Japan. There are separate procedure for different countries of booking & delivery of Toyota vehicles from Japan. For Pakistan where the costs of imported especially Japanese vehicles are very expensive due to higher duties therefore the vehicles are ordered after each six months for few units. Therefore the Toyota Hiace vans (Current Generation Hiace) which we offered were imported in 2018 but Model 2019 is mentioned on invoice by Distributor Indus Motor Company Ltd., Karachi. All three bidders who quoted Pakistan Model Toyota Hiace give same reply against your inquiry of Year on GD & invoice. This is not a big issue for which the three firms having Toyota Dealer's authorizations are disqualified. There are many local assembled vehicles which are manufactured by Distributor in November or December but in invoice manufacturer or Distributor mentioned Model 2019 manufactured 2018.
- d. The last but not the least the biggest mishap which we observed during financial opening are prices quoted by both qualified firms

ALLMED SOLUTION:

Toyota imported Ambulance per unit price C&F US\$74,000
(Approx. In Rs.11,618,000)


The above quoted price is without duties & taxes and the purchaser shall be responsible for clearance of vehicles when they will arrive at Karachi Port.


TOTAL TECHNOLOGIES:

Toyota imported Ambulance per unit price C&F US\$125,000
(Approx. in Rs.19,625,000)
F.O.R Price Ex-Peshawar with Duties Rs.27,500,000


As per your Standard Bidding Documents the M/s ALLMED Solution should be disqualified during technical evaluation because of his offer is non-responsive due to conditional.
Dear Sir, we wanted to inform your good self that your procurement section is not fully aware of regarding import of motor vehicles and we are observing that they are dealing

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import of Ambulances like import of other electro medical equipment whereas the import of vehicle / ambulance is total different subject.


This is very important point to be noted that there is no such information or details are mentioned in your Standard-Bidding Documents that the purchaser is exempted from duties & taxes. Only mentioning that "bids must be submitted on DDP and Cost & freight basis-(C&F) is not enough. There is certain procedure for import of duty free vehicle which have to follow by purchaser, if he wanted to purchase duty free vehicle. Keep in mind that this purchase is for whole Malakand division & not for individual institution. There is no need of tender advertisement for duty free vehicle from purchaser who is exempted from duties & taxes. Before duty free procedure there is one thing more which has to be mentioned here that prior to approval from Ministry of Commerce for import of duty free vehicle, the institution or department can't advertise tender for duty free vehicle. The procedure for import of duty free vehicle is as follows, which can be verified from relevant Ministry or custom authorities:

- a) First, the department will get permission from Ministry of Commerce, - Islamabad for import of duty free vehicle by giving them complete information about the institution and source of foreign currency funds. It is at Ministry of Commerce discretion for giving exemption of all duties & taxes or give exemption for few taxes to institution.
- b) After time taking procedure & thing working luckily Ministry of Commerce issue permission letter to particular department, the department will contact authorised dealer with complete documents including foreign currency for getting quotation & proforma invoice for desired vehicle. The authorised dealer will book vehicle against advance full payment of C&F value.
- c) When the vehicle is booked and dispatch from manufacturing country the department will receive Bill of Lading & original invoice from authorised dealer which will be again submitted to Ministry of Commerce for issuance of exemption letter with Engine & Chassis number on it of that particular vehicle addressed to Custom authorities for clearance of vehicle.
- d) The department will get the services of custom clearing agent for clearance of vehicle from Port and onward dispatch to final destination.


There is information which we wanted to share with you that recently Directorate General Emergency Rescue Service (Rescue 1122), Khyber Pakhtunkhwa, Peshawar open financial proposal on September 13, 2019 for purchase of 53 units Toyota Ambulances. They get the price of local fabricated Toyota Hiace (Next Generation) Ambulance from local Toyota dealer according to your Specifications of Rs.11,489,000 F.O.R Peshawar (Delivered duty paid). On the other hand you are going to purchase Toyota Hiace previous model without

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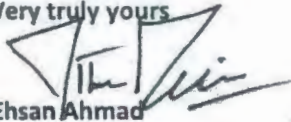
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duties at Rs.11,618,000. This procurement process causing huge financial loss to your department, as there is no competition and many potential bidders are excluded. As per KPPRA rules 30, equal opportunities shall be provided to all bidders, which we are not getting. It is also a violation of KPPRA rule 40, termed as "discriminatory and difficult conditions"

We hope you will consider our above mentioned grievances and observations thoroughly and re-advertised the tender to save millions of Government funds by healthy and proper competition.

Thanking you, we remain

Very truly yours




Ehsan Ahmad
General Manager

C.C.


1. PSO to Chief Minister, CM Secretariat, Khyber Pakhtunkhwa, Peshawar.
2. Chief Secretary to Govt. of Khyber Pakhtunkhwa, Civil Secretariat, Peshawar.
3. Additional Chief Secretary to Govt. of Khyber Pakhtunkhwa, Civil Secretariat, Peshawar.
4. Secretary to Govt. of Khyber Pakhtunkhwa, Health Department, Peshawar.
5. Secretary to Govt. of Khyber Pakhtunkhwa, Relief, Rehabilitation & Settlement Department, Peshawar.
6. Managing Director, Khyber Pakhtunkhwa Public Procurement Regulatory Authority, (KPPRA) Peshawar.
7. USAID/Pakistan, 5-C, 2nd floor, Khayaban-e-Ittehad, Phase VII, DHA, Karachi.
8. Party Chief, HALCROW-USAID, Peshawar Office
9. Party Chief, HALCROW-USAID, Islamabad Office


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