



15<sup>th</sup> March 2011

Chairperson,  
Karachi Port Trust,  
Karachi.

Subject: Reservation on inviting Prequalification of Specialist Consultant for Port District  
Project by KPT

Dear Sirs,

TI Pakistan has noticed that KPT has advertised Specialist Consultant for Port District Project in dawn of 15<sup>th</sup> March 2011.


The method of Selection announced by KPT is 3 B(i) based on Procurement of Consultancy Services Regulations 2010, which is cost is of secondary consideration. Kindly note that this particular assignment is a routine assignment and many Pakistani Firma has the experience to prepare Tender Documents, JV Agreement, evaluation and contract negotiations.

The Regulations for Procurement of Consultancy Services issued by PPRA has Five different Methods of Selection of Consultants, as the Least Cost Selection Method has been in use under the Public Procurement Rules 2004, since 2004. The NACS 2002, which are the basis of PPRA Rules the procurement rules has been approved by the Government for implementation. ( Pages No 113 and 114 enclosed). One of the approved recommendations is quoted below.

*All consultancy contracts except single source selection of engineering experts, should be processed on the two envelope system, evaluated on the basis of technical competence with minimum passing marks of 75%. The financial proposals of firms lower than 75% should be returned unopened, the remaining financial proposals should be publicly opened, and the contract awarded to the lowest bidder*

Transparency International Pakistan request KPT to reconsider the use of LCS Method in this assignments, as this particular Project has been tendered for two times in last 3 years and did not include any consultants before.

Yours sincerely,

  
Syed Adil Gilani  
Chairman

### Executive: Development, procurement and contracting

Systemic weakness	Proposed strategy	Actions already taken	Proposed measures	Proposed timetable	Responsibility	Resource implications
Lack of clear, standard, coherent and transparent set of laws and procedures	Create standard, coherent and transparent set of laws and procedures	PPRA has mandate to prepare laws and procedures	PPRA to establish timetable and plan for implementing procurement reforms, and specifically for revised procurement procedures, and for integrity pacts, and integrity premiums	Quick win; March 2003	PPRA	
			Comprehensive and transparent public procurement law	Priority in 1st year	PPRA, Ministry of Law	
			Either the Pakistan Engineering Council (PEC) byelaws or the World Bank guidelines should be uniformly implemented until such time the Public Procurement Regulatory Authority prepares its own laws and procedures	Quick win	GoP	
			Creation of standard clear procedures for procurement of works, goods, and consultants, removing anti-competitive conditions, and requiring clear audit trail of justification of decisions. Develop via participative process with involvement of stakeholders	Priority in 1st year	PPRA, Ministry of Law, FPCCI, American Business Council, Overseas Investment Chamber of Commerce and Industry	
Procurement rules and practices outdated, anti-competitive, non-transparent	Ensure that new law and procedures facilitate fair competition, transparency and public participation	World Bank, FIDIC, ADB and PEC have reviewed and amended procedures, but they need further revisions	World Bank. FIDIC (International Federation of National Associations of Consulting Engineers), Asian Development Bank, Pakistan Engineering Council and other donor agencies and IFIs to review their procurement procedures, and revise them accordingly to reduce potential for corruption	Priority in 1st year	Donor agencies and IFIs	
			High value and high profile procurements in particular, above Rs 5 Million for procurement of services, and over Rs 50 Million for procurement of works, goods and equipment, to be based on Integrity Pacts. These shall serve as model for inclusion in law	Quick win	All concerned organizations	
			All consultancy contracts except single source selection of engineering experts, should be processed on the two envelope system, evaluated on the basis of technical competence with minimum passing marks of 75%. The financial proposals of firms lower than 75% should be returned unopened, the remaining financial proposals should be publicly opened, and the contract awarded to the lowest bidder	Mar-03	PPRA	

**Executive: Development, procurement and contracting**

Systemic weakness	Proposed strategy	Actions already taken	Proposed measures	Proposed timetable	Responsibility	Resource implications
			Project specifications to be widely publicised/circulated/advertised with defined minimum period before invitations to bid	Mar-03	PPRA	
			Advertisement requirements for changes in bids tenders to be at the same level as the original invitation	Mar-03	PPRA	
			Procurement process (requirements, deadlines etc) to be widely publicised, generally and at time of invitation to bid	Mar-03	PPRA	
			Bill of Quantity (BOQ) Format requires change, to include breakdown against each BOQ item cost of material, equipment, labour & overhead costs	Mar-03	PPRA	
			Evaluations should be on pre-determined and pre-publicised criteria	Mar-03	PPRA	
			Evaluation committees for pre-qualification, shortlisting and award of each contract should be established	Mar-03	PPRA	
			Evaluation committees for procurement over defined amount should include members of civil society, for example from Institute of Chartered Accountants, PEC and FPCCI	Mar-03	PPRA	
			Evaluation reports should be made public, e.g. by placing on website or locally by the clients 10 days prior to award of contracts to invite any objections from any sector for the purpose of making any re-evaluation, if needed	Mar-03	PPRA	
			Final contract awards and major revisions also to be notified widely and publicly	Mar-03	PPRA	
			Introduce standard systems of required documentation, reasons for decisions and procedures for audit	Mar-03	PPRA	
Foreign governments, multinational/national companies and donor agencies encourage or fail to prevent corruption	Build the willingness, capacity and confidence of the governments/multinational/donor agencies to fight corruption		Provide further support and impetus for the coalition of multinational/national companies and governments convened to implement the OECD Convention to Combat Bribery of Foreign Public officials. Coalition to meet regularly to determine ways of reducing corruption in procurement (and indeed all government business interactions)	Priority in 1st year	Transparency International (TI) embassies, donor agencies and PPRA	