



TRANSPARENCY INTERNATIONAL-PAKISTAN

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18th October 2010

Managing Director,
Sindh Public Procurement Regulatory Authority,
8 Secretariat 4A Court Road,
Karachi.

Sub: Implementation of Sindh Public Procurement Rules, 2010 Allegation of Award of Rs. 60
Million Contracts without Tenders

Dear Sir,

Reference letter No. Dir (CB-C0039)/SPPRA/35-1(KW&SB)/10-11/1231 dated 8 October 2010. Transparency International Pakistan has examined the clarification given by Managing Director Karachi Water & Sewerage Board dated 5 October 2010, attached with PPRA letter.

First of all it is admitted by the MD that many contracts were recommended to be awarded without tenders. It is further clarified by the MD that due to objections from the finance department, these works have been tendered on 2 October 2010.

Kindly note that TI Pakistan objections for the alleged illegal awards were sent to MD KWSB on 21 September 2010, and 29 September 2010, and after these objections were received, on 2 October 2010 KWSB advertised the tenders for 11 Water Pumps.

The explanation given by MD that these works were being awarded on emergency basis, is against the Rule No. 2(1) (r). Emergency is defined in the rule **is for operational breakdown, which may give rise to abnormal situation**. TI Pakistan is of the view that 11 water pumps can not have a simultaneous breakdown, requiring immediate replacement on quotation basis.

Second point to be noted is that the Procurement of 11 water pumps of an unknown make "Majeed Pumps", on quotation basis, in which 3 firms participated in all the tenders, and same contractor M/s Khyber Builder was the lowest in all the 6 tenders for 11 pumps.

We enclose a copy of a document provided to TIP by a complainant confirming the above position. If the position as stated above is correct, Transparency International Pakistan consider this act of KW&SB as a act of Corrupt and Fraudulent Practice under Rule 2 (1)(q), and an effort to defraud KW&SB as defined in the sub rule 2 of Rule 2 (1)(q), quoted below:

(ii) "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;

We request MD PPRA to immediately put up this case for the consideration of Subcommittee of SPPRA, for inquiry formed on 21st July 2010, headed by Mr. Zubair Motiwala, with the request that the Sub-Committee may immediately conduct a detailed inquiry and visit the sites where these pumps are reported to have been installed and complete the inquiry within 7 days as required under Rule No. 31 (14). The Sub-Committee may also hold officers responsible for the violation of Rules by recommendation an illegal award of Contracts without public tendering for to establish prices at artificial, noncompetitive level.

With Regards,


Syed Adil Gilani
Chairman

Copy forwarded for information of,

1. Registrar, Sindh High Court Karachi.
2. Managing Director, KW&SB, Karachi
- 3.

