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1st March, 2010

Mr. S. Ali Raza
President
National bank of Pakistan
NBP Head Office Building
I.I. Chundrigar Road,
Karachi.

Sub: Frequent Violations of Public Procurement Rules 2004 in NBP

Dear Sir,

Reference to EVP, PSO to President NBP letter dated February 19, 2010, to TI Pakistan, informing that NBP has completed investigations as directed by PPRA, requesting TIP to withdraw NBP name from TIP website .

The factual discrepancies and violations of PPRA Rules being committed by NBP are detailed below;

1. TIP has pointed out about M/s Decent Trading Company and M/s MARCO Builders & Developers are being awarded various contracts, on which it was indicated in your report of August 1, 2009 that NBP has prequalified contractors/refurbishment of its offices and branches. Comparative tenders are invited through press and website from Bank's prequalified firms as well as from those experienced contractors who are enlisted with PEC having valid license the relevant categories.

TIP would like to point out that M/s MARCO Builders & Developers, and M/s Afeef Trading who were awarded contracts in 2009 are not valid PEC valid license holders. NBP reply is therefore not correct.

2. NBP provision for enlistment may only be carried out for works falling within the prescribed financial limit of Rs 0.5 (M), but for higher values procurement prequalification has to be carried out for individual project, and not for many projects and for a period of 1 year, as has been practice on NBP. PPRA Rule No 15 is quoted to confirm above fact.

15. Pre-qualification of suppliers and contractors.-

- (1) *A procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.*



3. NBP has not replied on the award of Service Provider Contract for Share Registrar Services, in June 2009 at the highest quoted prices to M/s Central Depository Company of Pakistan, using 70:30 weight age system, which is against Rule No 37 (b), which makes it mandatory on NBP to award the contract to the lowest bidder. There is no provision for weight age system in PPRA Rules, once the bid is technically responsive, the financials are to be opened and the lowest priced bid shall be awarded the contract, case in point CDC procurement in June 2009 in which the lowest financial bidder was not awarded the contract in violation of PPRA Rules.

37 (b) (vii) the financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance;

(viii) after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders; and

ix) the bid found to be the lowest evaluated bid shall be accepted

Therefore this procurement is also deemed as mis-procurement.

4. Reference to your tender number NBP/ITG/PU/150ATMS/07022010 (ATM Expansion) wherein NBP states

“...Interested vendors may collect the bidding documents/RFP from undersigned after submitting a Non-Disclosure Agreement valid for 5 years (specimen of NDA may be obtained from the undersigned office).”

Public Procurement Rules 2004 does not permit above restriction, which make the procurement process opaque.

47. Public access and transparency:-

As soon as a contract has been awarded the procuring agency shall make all documents related to the evaluation of the bid and award of contract public: Provided that where the disclosure of any information related to the award of a contract is of proprietary nature or where the procuring agency is convinced that such disclosure shall be against the public interest, it can withhold only such information from public disclosure subject to the prior approval of the Authority.

It has been noted that in multiple tenders of NBP are required to sign an NDA for 5 years, and this provision is in violation of the PPRA Rule 47 as mentioned above.

5. Reference to your tender LNK-BRN-1003082007 (NBP online Connectivity) opened on July 9, 2009 it has been observed that only 1 bidder Future Technologies, was a sole contractor, and prices are mentioned while the prices of others are not disclosed in the evaluation report published on Dec, 12, 2009.



Note:- According to Rule 35, NBP is required to published the detailed evaluation report for all bidders, which is being manipulated by NBP.

Later on, a corrigendum was issued on January 16, 2010 by NBP on its website, where NBP has added a JV partner (PTCL) with M/s Future Technologies).

It is obvious from these facts that PTCL was never a JV in the initial tender submitted by M/s Future Technologies, and PTCL addition after the tender submission date, is a clear violation of PPRA Rule 36(b) Single stage – two envelope procedure.-

36 b (vi) during the technical evaluation no amendments in the technical proposal shall be permitted:

It is obvious that this procurement is a mis-procurement under PPRA Rules and Regulations.

6. PPRA has directed all procuring agencies to form Redressal Grievances Committee under PPRA Rules to address complaints. PPRA has also directed all procuring agencies vide their letter dated 10th February 2010, to send the findings of the Redressal Grievances Committee to the Principal Accounting Officer, (in your case Secretary Ministry of Finance, Islamabad), to conduct an administrative review on the finding of complaint and take action in accordance with conduct rules in the event of unfair and non-transparent procurement process., and the decision of the administrative decision shall be communicated to the PPRA.

TIP has quoted few of the cases of violation of NBP, and most of these procurements relates to SEVP, CRBG, and SEVP Operations, and TIP is apprehensive of the NBP capabilities to apply PPRA Rules in its procurements.

With regards,

Syed Adil Gilani
Chairman,

Copy forwarded for the information and necessary actions to

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.