



25th March, 2013

Dr Asif A Brohi,
President,
National Bank of Pakistan,
NBP Head Office, I.I. Chundrigar Road,
Karachi.

Sub: Violation of Public Procurement Rules 2004, by NBP in Tier III Data Center Project awarded against PPRA Rules to highest bidder at 8% more than the cost of lowest bidder causing loss of approx. Rs 40,000,000 to exchequer

Dear Sir,

Transparency International Pakistan has received a complaint that NBP has totally violated Public Procurement Rules 2004 and awarded Contract in March 2013, after receiving tenders invited 2-1/2 years ago in November 2010 and opened on 24th March 2011, to a company which was not the bidder, and at higher cost, and with changed tendered conditions, as the new company M/s AGCN, which alleged to be related to a director of NBP.

The complaints are;

1. That the tenders to build a data center in Karachi head office (RFP REF# NBP/ITD/PW/06022011) were invited in November 2010, opened on 20th May 2011, and Contract awarded in March 2013, which is against Rule No 26, as the contract could not be awarded after one extension in bid validity period, which also expired March 2012.
2. That Technical evaluation was manipulated in favour of Getronix Pvt Ltd .
3. That M/s NCR price was \$6,589,032, and Getronix Pvt Ltd price was \$6,185,986, but the contract is awarded at \$6,185,986 to a different company M/s AGCN, as Getronix has closed its business in Pakistan.
4. That Getronix Pvt Ltd did not comply with many Tendered Conditions, and instead of declaring them as non-responsive, they were allowed to participate.
5. That the technical solution of Getronix Pvt Ltd which was made basis of the vendor qualification was found totally different from the financial BOQ which was extremely vague and clear quantities were not mentioned.
6. That the Contract awarded includes changed conditions favoring contractor, which were not part of the Tendered Documents.
7. That M/S Getronics (Pvt.) Ltd in 2010 (time of bidding) was a subsidiary of Getronics worldwide a company owned by KPN a multinational originating out of Nederland. In 2012, KPN sold Getronics to a group named Aurelius Switzerland, once Aurelius took over they rebranded Getronics to Connectis and instead of rebranding Getronics Pakistan to Connectis Pakistan they pulled out their shares from Getronics Pakistan due to bad financial health, mismanagement of Getronics Pakistan's management.
8. That the owners of M/s Getronics Pakistan then renamed as AGCN, subsidiary of a small company originating out of Saudi Arabia, having no information technology back ground.
9. That M/S Getronics (Pvt.) Ltd no more exists in Pakistan and its business is sold to new company named M/s AGCN Pakistan and only for sake of this contract for



- Data Center with NBP they will carry this name, raising serious concerns on the veracity of the contracting organization.
10. That all the experience and references used to secure the project were either projects completed by Getronics worldwide or by their expected sub-contractors and AGCN Pakistan does not have any past experience and capability to design or build a data center.
 11. That even the partners of the consortium of M/S Getronics (Pvt.) Ltd have been changed from the original submission, and NBP team has suppressed all these information from NBP Board.

The 11 allegations quoted above are very serious, and the most blatant violation are; Rule 26, as the two years old quotations are not only disallowed under the rules,

- In IT, the development of technology in 2 years effects the project credibility,
- Additional payments are made in the same contract to accommodate new technology. How can NBP even consider M/s AGCN Pakistan, who were not the bidders, and has no past experience.
- Tender Conditions which were part of the RFP cannot be changed, after submission of bids, as other are deprived of the benefit, and it is violation of Rule 30, . Evaluation of bids.- (1) All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Save as provided for in clause (iv) of sub-rule (3) of rule 36 **no evaluation criteria shall be used** for evaluation of bids that had not been specified in the bidding documents.
- Rs 40,000,000 loss to exchequer is a corrupt act under Section 6 of national Accountability Bureau Ordinance 1999.

The President is therefore requested to examine the complaint, which prima facia seems to be correct, and **if this complaint is found true, the contract may be rescinded, and new tenders invited.** Also action against those responsible shall be taken as this procurement is deemed to be declared as mis-procurement under Rule 50. This is a case of "corrupt and fraudulent practices" defined in Rule 2(f), which includes misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition

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

With regards,

Syed Adil Gilani,
Adviser

Copy forwarded for information with request to take action under the Rules and Regulations to;

1. Chairman, NAB, Islamabad.
2. Registrar, Supreme Court of Pakistan.
3. Governor State bank of Pakistan, Karavchi
4. Auditor General, Islamabad.
5. Managing Director, PPRA, Islamabad.