



24<sup>th</sup> December, 2009

Mr. Tariq Jamil,  
EVP- Group Chief,  
National Bank of Pakistan,  
NBP Head Office Building,  
I.I. Chundriger Road,  
Karachi.

**Sub: Frequent Violations of Public Procurement Rules 2004 in NBP**  
**Reference Your letter dated 19<sup>th</sup> December 2009**

Dear Sir,

Transparency International Pakistan has been reporting regularly the violations of Public Procurement Rules 2004 by NBP, and frequent misuse of prequalification provision and the Single stage – two envelope procedure of tendering, which may amounts to collusive practices as defined in Rule No 2. The last letter sent to NBP on 22 July 2009 was not responded to PPRA on their letter sent to you on 27<sup>th</sup> July 2009.

The responses give on 7<sup>th</sup> July 2009 about withdrawal of complaint by the company director was highly controversial, and the report was made to ICAP by TI Pakistan on that issue. The reply was also incomplete and NBP has stated that the clarifications on the following allegations made by Mr. Kamran Hafiz, relating to contents to the CBA Hardware Tender .

*“On May 03, 2009, copy of the CONFIDENTIAL Customer Environment Analysis (CEA) report issues by the Fidelity Information Systems (FIS), the CBA vendor, was issued to us by Mr. Atif H. Khan to review, assess gaps and make the necessary recommendations. Despite stringent timelines a summary of our Preliminary findings of the CEA gap analysis was submitted on May 18, 2009, where we submitted our reservations on the completeness of the CEA report. Mr. Khan subsequently ignored these reservations and despite that facilitated the approval of the CEA document as it is a billing milestone for FIS.”*

*We were also issued a copy of the highly confidential CBA hardware tender and our comments were forwarded on April 25, 2009, where we ensured that the procurement specifications for hardware are fair and vendor neutral. However these specifications were not followed and changes were made to ensure that only*





one vendor may qualify and therefore none of the other vendors participated in protest.

NBP clarifications on the following procurements which have been objected by TI Pakistan without getting justifications of the violations committed by NBP are still being awaited:

1. Prequalification of PR Agency, refer TIP letter dated 2 July, 2009.
2. The issue of one vendor specific requirements made in the Draft tender documents of hardware by Fidelity Information Systems (FIS), the CBA vendor. Refer TIP letters 20.6.2009, 24.6.2009 and 2.7.2009. NBP reply dated 7 July stated that a clarification will be sent separately, which is still awaited.

TI Pakistan refers to the following procurements made by NBP which shows that few selected firms have been enlisted in multiple categories as contractors and suppliers, and procurements are made not complying competitive bidding. TIP is not objecting on the application of PPRA Rules by NBP, but indicating the violations of the Rules by NBP.

1. Construction of Boundary Wall at Rs 983,990 at NBP Hut No.N-38 Sandspit Karachi. awarded in July 2009 to M/s Ghulam Company, where M/s S.A Enterprises was the 2<sup>nd</sup> lowest bidder and M/s. Decent Trading Co was the highest bidder. ( Copy of NMP report attached).
2. Supply of furniture at NBP Guest House DHA Karachi in Feb 2009, awarded to M/s MARCO Builders & Developers Rs.738.000.00, where M/s S.A Enterprises was the 2<sup>nd</sup> lowest bidder and M/s. Decent Trading Co was the highest bidder (copy of NBP report attached).
3. Supply of furniture at 5th. Floor IT Group NBP HO Karachi awarded in Feb 2009 to M/s. Decent Trading Co at Rs 710,000.
4. Repair, Renovation and Refurbishment of NBP Branch at Sindh Sectt. Karachi awarded in Feb 2009 to M/s. Decent Trading Co at Rs 1,638,739.

The above four procurements indicates that M/s Decent Trading Company is a Furniture Manufacturer, a Civil Contractors, and a General Contractor.

Following procurements are based on technical and financial scoring system, not allowed in the Public Procurement Rules 2004. No clarification is given by NBP on these alleged mis procurements.

1. Selection of Service Provider for Share Registrar Services, awarded in June 2009 at the highest quoted prices to M/s Central Depository Company of Pakistan,



using 70:30 weight age system, and that too in wrong manner ( Prices not declared by NBP for reason best known to NBP).

2. ATM Expansion and Service Improvement awarded to M/S. WEBDNAWORKS (PVT) LTD, without any competition.( Price not declared in Report for reason best known to NBP IT Department)

With Regards,

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Copy forwarded for the information and necessary actions to

1. Chairman, PAC, Islamabad
2. Mr. Tanwir Ali Agha, Auditor General Pakistan, Islamabad
3. Managing Director, PPRA, Islamabad .