

NO : 1(18)/DD-4/PPRA/2010  
 GOVERNMENT OF PAKISTAN  
 PUBLIC PROCUREMENT REGULATORY AUTHORITY  
 (CABINET DIVISION)

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Islamabad, the May 10, 2010.

Subject: CORRUPTION OF NHA'S BY BLATANT VIOLATION OF PUBLIC PROCUREMENT RULES, 2004 IN ALMOST ALL PROCUREMENTS.

Reference Complaint received from M/s Transparency International (TI) Pakistan's dated 07<sup>th</sup> May 2010 on the subject cited above (copy enclosed) and press clipping appeared in DAWN 7<sup>th</sup> May 2010 (copy enclosed).

2. The TI Pakistan in its letters stated;

- (a) The National Highway Authority has cancelled the award of multi-billion contract for collection of toll on motorways after the bids had been processed, allegedly to accommodate a new company – Transflow. Toll Link – The foreign firm was selected earlier after it offered the highest bid, but authorities called off the process on grounds that a foreign company could not be awarded the contract because of "strategic reasons".
- (b) Two companies out of 11 were pre-qualified by the Authority. Pre-qualified companies submitted technical and financial bids to the NHA on January 15 this year. Two bidders were Frontier Works Organization and a foreign firm – Toll Link. However, the sources said NHA was all set to accommodate another company that even did not take part in the bidding process.

3. TI further said, Public Procurement Rules, 2004 have eliminated all discretions in procurement process, and NHA does not have any authority to cancel a tender on lame excuse like "on strategic reasons" nor has any option to induct new bidder once the bids have been invited and opened. Rule 2(f) is quoted states;

*(f) "corrupt and fraudulent practices" includes the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or 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 and any request for, or solicitation of anything of value by any public officials in the course of the exercise of this duty;*

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It is requested to provide para-wise comments on all the allegations pointed out by Transparency International-Pakistan (TIP) news published in DAWN dated 7<sup>th</sup> May 2010 at the earliest.



( Naeem Ahmed )  
Deputy Director-II

Chairman,  
National Highway Authority,  
NHA, Headquarter, 27-Mauve Area, G-9/1,  
Islamabad

CC: Syed Adil Gilani, Chairman, Transparency International-Pakistan, 5-C,  
2<sup>nd</sup> Floor, Khayaban-e-Ittihad, Phase-VII, Defence Housing Authority,  
Karachi