



18th January 2011

Dr. Nadeem Ul Haque,
Deputy Chairman,
Planning Commission,
Rawal Rest House, Kashmir Chowk,
Islamabad

Subject: Measures to Control Corruption in Donors projects.

Dear Sir,

Refer to our telephonic discussion of 16th January 2011, on ways and measures to reduce pilferage in donor funded projects in Pakistan.

Following three measures are recommended by TI-P to be taken by the Government of Pakistan.

1. Loans Agreement with all Donors viz World Bank, ADB, JAICA etc , shall be based on Procurements to be processed under Public Procurement Rules 2004, and not under donor agencies procurement guidelines.
2. Independent Observers shall be appointed in all procurement processes to ensure that the Public Procurement Regulatory Authority Rules are being followed. They may be chosen for project to project, from credible NGOs/ IEP/ICAP/PEC/ FPCCI, as has been done by the World Bank in the case of 176 million Sind Water Sector Improvement Project Phase-1 (WSIP-1) Loan/Credit No 4358-PK, in which TI-P is to observe:
 - (a) bid opening is done according to the schedule;
 - (b) bid opening venue is accessible to all prospective bidders;
 - (c) bid documents are made available to all interested parties and they are also available on the procurement website;
 - (d) bids are received in sealed forms, opened publicly and kept in verifiably safe place after opening till the evaluation is complete to avoid any tempering after opening;
 - (e) bid evaluations are carried out confidentially and intermediate working reports are kept safely with access to only the evaluators;
 - (f) complaints are received, entered into the system processed through the established complaint Redressal system; and



(g) Report to PMCA, any issues or anomalies in procurement process and if necessary bring to the attention of PSC and P&D Department; Bank will be copied on all such correspondence. TI-P would carry out such reviews or participate in bidding procedures for contracts that are above threshold for prior review and on a random basis for contract subject to post review as defined in the section below.

3. Anti Corruption hotline to be established by the Planning Commission, on the model of TI-P, USAID Anti-Fraud Hotline. All Complaints received by the Planning Commission on this Anti-Corruption Hotline shall be forwarded to NAB for inquiry.

US Agency for International Development (USAID) and TI Pakistan signed a co-operative agreement on September 22 2010 in Islamabad for the "Anti-Fraud Hotline" Project. The objective of the project is to ensure transparency and prevention of corruption in the utilization of grant to be provided to Pakistan by USAID, including the \$ 7.5 billion of Kerry Lugar Bill.

Chairman Transparency International Pakistan will hold a brief discussion with you on Monday 24 January 2011, at 3:00 pm, at your office.

Kindly confirm the appointment.

With Regards,

Saad Rashid
Executive Director