

INTERNATIONAL THE NEWS

TIP raises serious issues of corruption in PIA

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ISLAMABAD: Transparency International has raised serious allegations regarding the Pakistan International Airlines with the defence secretary requesting to probe the bribery issue in procurement of gifts for Hujjaj in 2010 and procurement of two aircraft on lease for 2011 Haj, which have not been used in the operation.

In a letter, written by Adviser to the Transparency International, Pakistan, Syed Adil Gilani to Lt Gen (r) Syed Athar Ali, Defence Secretary, dated November 5, 2011, TIP has raised a list of allegations that were received by it and has also attached the official documents of PIA to support the allegations. The letters says, "Transparency International, Pakistan, refers to its letter sent to the PIA MD dated October 16, 2011, on violation of UNCAC Article 16." "Bribery of foreign public officials and officials of public international organizations" in procurement of gifts valued over Rs10 million for the purpose of bribing Saudi officials, which has not been responded by PIA.

PPRA has also asked for comprehensive report from the PIA MD vide their letter dated October 19, 2011, under the power vested to PPRA through Section 5 (2) (i) of section Public Procurement Ordinance 2002.

Failure of PIA to respond to PPRA as well as TIP raises the serious doubts on the PIA management and conforms to establish that these allegations are correct. TIP has received a complaint in which the complainant has sent copies of PIA own admission that these procurements of SR337,100 were made as give away gifts, with the approval of PIA Director Marketing, CFO and MD. PIA has also admitted that these gifts were also given to offset Extra Flight PK 7412 sponsored by Rehman Malik which landed in Jeddah on November 11, 2010, and resulting in a fine of SR200,000 as PIA has operated the flight after the deadline against the request of the Embassy of Pakistan vide their letter No PoI-II/28/2010. These alleged violations of bribing were committed by the PIA management on the recommendations of the PIA manager dated September 10 and 11, 2010, to bribe officials and staff of Saudi Arabia Authorities viz Customs, GACA, PPNDFC, NHS Immigrations. It is also alleged by the complainant that many invoices are fake, and many purchases were made much before that funds were released by PIA.

Another violation reported to TIP by a complainant is about the procurement for wet leasing of to 2 aero planes by PIA for Haj operations in violation of Public Procurement Rules 2004 in Haj 2010. It is reported that PIA has invoked Rule No 42 (c) Director Contracting, under emergency for Haj Operations.

This is to state that according to Rule No 2 (g) Haj operations as well as Umra operations in Ramzan are regular and routine annual special service of PIA since its inception in 1950's. Kindly confirm whether the Ministry of Defence or Cabinet has declared Haj operation 2011 as "Emergency" or not.

The agreement signed for Boeing B 747 with Hellenic Imperial Airways, Greece on September 29, 2011, was specially for Haj flights as per Article 5.6, but these planes are reported never to have been used for Haj operations, as they were not approved by GACA of Saudi Government. PIA has to pay guaranteed 400 hours at \$ 6500/hr ie \$2.6 million to each plane and total advance payment of 2.25 million at start of Haj Operations (within 15 days, and payable \$1.2 million) total minimum cost \$3.35 million, which were never used for Haj Operations. PIA, therefore, paid like RPP, rental & 5.2 million without using the plane for the Haj Operations, and violated the PPRA Ordinance and Public Procurement Rules 2004.

This is also alleged by the complainant that out of total planned 305 Haj flight, PIA had to cancel 42 Haj flights for non availability of planes and 76 flights were delayed.

These allegations, if determined true by MoD, may result in application of Rule No 7, (Integrity Pact on suppliers, and fine of Ten Times of \$5.2 million, i.e. \$ 52 million from suppliers, in addition to action under NAO 1999 by NAB. This act is also violation of UNCAC Article 16. "Bribery of foreign public officials and officials of public international organizations". Kindly note that UNAC was ratified by Pakistan on 11 August 2007.

We request the Defence secretary, who is also a PIA director, to check points raised by TI, Pakistan, and if the allegations of violations are correct, take action against the officers responsible for these serious acts, which not only may have caused loss to exchequer of SR337,000 and \$5.2 million but also may cause serious diplomatic issues between Pakistan and Saudi Arabia the most friendly country of Pakistan, on issues of PIA, putting allegations of corruption on Saudi Government officials/staff of the General Authority of Civil Aviation (GACA), PPMDC and Immigration and Customs.