



# TRANSPARENCY INTERNATIONAL-PAKISTAN

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Muhammad Akhlaque Rana,  
Chairman/Director General,  
Pakistan Post,  
Islamabad

Sub: Allegations of violation of PPRA Rules in award of unsolicited Contract for HBL for Digitalization of Financial Services with an investment portfolio of Rs.118 billion spanning a period of 20 years

Dear Sir,

Transparency International Pakistan has received a complaint on the allegations of violation of PPRA Rules in award of unsolicited contract to HBL for the Digitalization of Financial Services with an investment portfolio of Rs.118 billion, spanning a period of 20 years.

The complainant has made following allegations.

That,

1. Pakistan Post has awarded a 20 years unsolicited contract to Habib Bank Ltd, for Digitalization of Financial Services, with an investment portfolio of Rs.118 billion.
2. No public Tenders were invited by Pakistan Post for this Project, which in violation of the Public Procurement Rules 2004.
3. HBL will provide investments in the form of technology, infrastructure and capacity enhancement to the Pakistan Post Office Department, with the objective of enabling, technology based and regulatory compliant digital, financial services in far flung areas of Pakistan and to help propel Pakistan Post into a modern logistics company in the long run.
4. Pakistan Post Office Department shall provide branch-less banking services to its customers using HBL Konnect, the bank's branch less banking platform at selected locations across the Pakistan Post network, HBL will also place Automated Teller Machines (ATMs) and Cash Deposit Machines (CDMs) to further support customers and enhance the digital financial service capabilities available at Pakistan Post locations.
5. HBL will assist to distribute pension of Federal Government by the Pakistan Post Office Department through HBL Konnect, the bank's branch less banking platform, which is about Rs 465 billion annually.
6. If 10 days pension circulates through HBL, at 6% profit rate, it will get an annual income to HBL of Rs about 116 million, which period. will be about Rs 2 Billion in 20 years contract period.
7. The Evaluation Report required under Rule 35 and Contract Document under Rule No 47 are also not posted on PPRA website, Rule 47 **Public access and transparency**.-As soon as a contract has been awarded the procuring agency shall make all documents related to the evaluation of the bid and award of contract public.



Following are the observations of TI Pakistan and recommendations.

- a. This complaint requires a detailed inquiry on the correctness of the allegations of the award of unsolicited contract to HBL.
- b. There is mention of investment portfolio of Rs 118 Billion in this project, and according to PPRA Rule No 7, signing of Integrity Pact is mandatory.
- c. If these allegations are proved to be correct, action may be taken to cancel the contract, as such contract may be declared as mis procurement under PPRA Rule 50.
- d. Public Tenders may be invited under PPRA Rules to allow all Banks to participate in the bidding process.

Transparency International, Pakistan request the Chairman/DG Pakistan Post to examine the complainant, and TI Pakistan observations and recommendations.

This letter is being sent for remedy by the Adviser to PM under the Article 19A of Constitution of Pakistan, which is interpreted in 2010 by Justice Syed Mansoor Ali Shah (now Supreme Court Judge) in his landmark Judgment Ataullah Malik v. Federation of Pakistani (PLD 2010 Lahore 605) as under:

*“Right to information is another corrective tool which allows public access to the working and decision making of the public authorities. It opens the working of public administration to public scrutiny. This necessitates transparent and structured exercise of discretion by the public functionaries. **Article 19-A empowers the civil society of this county to seek information from public institutions and hold them answerable**”*

TI Pakistan is striving to have Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

With Regards,

Sohail Muzaffar

Chairman

Transparency International Pakistan .

**Copies forwarded for the information and for action under rules to:**

1. PSPM, PM House, Islamabad.
2. Chairman NAB, Islamabad.
3. Minister, Communications, Islamabad
4. Register, Supreme Court of Pakistan, Islamabad
5. MD, PPRA, Islamabad