



PORT QASIM AUTHORITY

NO.PQA/LEG/01

Dated: 1st June, 2010

Syed Adil Gilani,
Chairman,
Transparency International Pakistan,
5-C, 2nd Floor, Khayaban-e-Itehad,
Phase-VII, DHA,
Karachi.

SUBJECT: USE OF PEC STANDARD BIDDING DOCUMENT OF WORKS - COMPLAINT AGAINST PQA.

Kindly refer to your letter dated 17th May, 2010. It is stated that the interpretation of Clause 10.1 "Performance Security" of Conditions of Contract, as indicated in your letter referred to above, does not appear correct. The Clause explicitly mentions that the Performance Security shall, at the option of bidder, be in the form of:-

- (a) Bank guarantee from and schedule bank in Pakistan, or
- (b) Bank guarantee from a bank located outside Pakistan, duly counter guaranteed by a scheduled Bank in Pakistan or an insurance company having at least AA rating from PACRA/JCR.

2. The scope of Insurance Company, as an option to bidder, only comes in case of a bank guarantee from a schedule bank outside Pakistan for / as "Counter Guarantee" only. The Insurance Company in itself is not an option available to bidders as a sole guarantee; particularly when bidder is a Pakistani firm having access to scheduled banks in Pakistan. Hence, TIP's opinion that Performance Security by an insurance company is an option available to bidder, is not correct. Had it been an option, it would have appeared as a separate option No (c) in Clause 10.1 mentioned above.

3. It may be appreciated that this Authority is following the PPRA Rules alongwith PEC Standard Bidding documents in letter and spirit. Nevertheless, your letter referred to above, containing the advice to accept Performance Security by an insurance company having AA (PACRA/JCR) rating, is being referred to PEC for necessary guidance in the matter.


(MIRAN MOHIUDDIN)
SECRETARY