



22 June 2012

Vice Admiral (R) Muhammad Shafi
Chairman,
Port Qasim Authority,
Port Qasim,
Karachi.

Secretary,
Ministry of Defence,
Government of Pakistan,
Islamabad

Engineering Consultants International Ltd,
29 Block 7/8, ,D.C.H.S.
(Darul-Aman Co-Operative Housing
Society),
Sharea Faisal,
Karachi
Major General Junaid Rehmat
Director General,
National Logistics Cell,
R.A Bazar Gate # 7, GHQ ,
Rawalpindi

**Sub: Complaint of manipulated award of Contracts for Package II without inviting
Open Tenders to M/S NLC and M/S FWO**

Dear Sir,

Transparency International Pakistan has not received PQA response to its letter dated 17 May 2012, in which TIP has asked PQA on why PQA has allowed illegal concessions of M/s FWO and with regards to Bid Bond, Performance Bond, Insurances, as the Ministry of Defense via its letter dated 15 May 2012 has declared that M/s FWO is providing these bondings when asked by Clients.

In view of above clarification of MoD, all documents of exemptions quoted by PQA from Ministry of Ports and Shipping and from others thus becomes infectious and redundant, and PQA shall follow the law of land, and PPRA requirements. .

Secondly, PQA , Consultants, and Contactors are committing violations of PPRA Ordinance 2002, Public Procurement Rules 2004 and PPRA Regulation 2008, amounting of Collusive practice under Rule (f), for depriving PQA of the benefit of competitive bidding, by not following open bidding process. Loss to exchequer will be responsibility of all parties .

Rule 15 quoted below, is for each and every contract to be Tendered by Procuring Agency, **in case it feels that prequalification is needed.** Otherwise, all Tenders shall be issued to allow all contractors with valid license of PEC to participate in Tenders.

15. Pre-qualification of suppliers and contractors.- (1) *A procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.*



PQA saying that prequalification process in 2007/8 while tendering for Two Works of EIZ, are valid indefinitely for all times is against PPRA. How can PQA continue 207/8 list of prequalified bidders as valid till 2012 when each and every year, Contractors are required to renew their license with PEC also.

This is to point out that prequalification as per Rule 15 also requires to evaluate for each individual tender, the relevant experience and past performance; capabilities with respect to personnel, equipment, and plant; financial position; and appropriate managerial capability; which have been changed for NLC and FWO and all other 30 firms in last 5 years.

Another issue is the Rs 500 million additional cost paid by PQA to NLC and FWO on the use of imported water supply pipes, whereas locally manufactured water supply pipes approved by same consultants have been used in Karachi and Pakistan. It has also been reported that vested parties involved in imported pipe supplied last time are working for this illegal act.

TIP quote the following order from the Landmark Judgment announced by the Chief Justice of Pakistan on 30 March 2012 in the Human Rights Case No.7734-G/2009 & 1003-G/2010, Alleged Corruption in Rental Power Plants, Human Rights Case No. 56712/2010, Fraud in payment of Rental Power Plants detected by NEPRA.

The words 'transparency' and 'accountability' are of high importance and cast a duty upon the Authority who had invited the bids to ensure openness of the transaction without withholding any information. The competition to establish transparency between the interested parties is in fact the theme of the PEPPRA Ordinance as well as the Rules framed thereunder (Public Procurement Rules, 2004). The bidders have to compete with each other by filing their respective bids,

TI Pakistan therefore request the Chairman to kindly direct the department that this as well and all tenders shall be invited on individual tenders prequalification, if PQA needs prequalification, or otherwise Invite Public Tenders from all PERC licensed contractors, and also comply with the mandatory requirements of PPRA Ordinance 2002, Public Procurement Rules 2004 and PPRA Regulation 2008, in order to avoid allegation of mis-procurement under Rule No 50.

Transparency International Pakistan is striving for the Rule of Law in Pakistan.

Yours sincerely,

Syed Adil Gilani
Adviser