



PORT QASIM
THE GATEWAY TO NATIONAL PROSPERITY

PORT QASIM AUTHORITY

No: PQA/XEN (P)/48/2014

Dated: 23rd June, 2014

Mr. Sohail Muzaffar, Chairman,
Transparency International Pakistan.
5-C, 2nd Floor, Khayaben-e-Ittehad,
Phase-VII, Defence Housing Authority,
Karachi

**SUBJECT:-VIOLATION OF PUBLIC PROCUREMENT RULES 2004,
PORT QASIM AUTHORITY (PQA), KARACHI'S INVITATION OF
BID CONSTRUCTION OF MEHRAN HIGHWAY PHASE - III.**

Reference Transparency International Pakistan's letter No. Nil dated 30th April, 2014, Para wise replies of observation are as follows:

2. **Para-III** Procurement under single stage one envelope bidding procedure is not mandatory under PPRA Rule 37. Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for **most** of the procurement as mentioned in clause 37 of PPRA. Other procedure of open competitive bidding such as single stage two envelope and two stage bidding are also allowed.

3. **Para-IV** In fourth paragraph TIP has stated that single stage two envelope bidding procedure used by PQA for the abovementioned project is not allowed according to Rule 37(a) of PPRA.

a. Please note that Rule 37(a) of PPRA clearly allows the use of single stage two envelope bidding procedure wherein the bids are to be evaluated on technical and financial ground and price is taken into account after technical evaluation.

b. PQA has adopted the same procedure where the technical evaluation including the various capabilities of the contractors are initially evaluated as per the criteria stated in the qualification documents. The technical evaluation will first be conveyed to all bidders and would be posted on relevant website. The financial proposal(s) of the bidder(s) who fail to qualify shall be returned unopened. After technical evaluation, the financial proposals of only technically qualified bidders will be opened and considered. The same is clearly mentioned in the invitation of bid. Hence we do not consider it as a violation of PPRA Rule 37(a).

c. The assertion of Transparency International that single stage two envelope bidding procedure is valid only for consultancy Services or BOT/ BOO Projects could not be verified from any PPRA document and as such we do not agree with TIP's statement.

Cont:

4. **Para-V&VI** Relevant documents were uploaded on PQA & PPRA websites.

5. Moreover, Pakistan Engineering Council has recommended using single stage two envelope bidding procedure mainly for EPC/ Turnkey projects. However PEC very clearly authorizes in 'instruction to Users of this Document' to use other procurement procedures including Two Stage- Two Envelope or Two Stage bidding procedures for the same EPC/ Turnkey type Projects. Accordingly, it is implied that different procurement procedures may be adopted by the procurement agencies according to their requirements.

6. The matter of utmost importance is that the Rule 4 of PPRA should not be violated. Rule 4 state that "Procuring agencies, while engaging in procurements shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

7. Single stage two envelope procedure was adopted keeping in view the urgency of donor agency Japan funded Project, there was not enough time for initial prequalification and then subsequently inviting bids from prequalified contractors. The procedure was adopted to save time and avoid lapse of foreign funds and at the same time ensuring fair and competitive procurement process.

8. In view of the above, it is requested that before communicating any observation, TIP may go through the entire relevant rules and procedures adopted for procurements to avoid inconvenience to initiating agency / authority.


(Muhammad Saqib)
Secretary

C.c to:

1. Secretary to Prime Minister, Islamabad
2. Chairman, NAB, Islamabad.
3. Chairman, PAC, Islamabad.
4. Secretary, Ports & Shipping, Islamabad.
5. Registrar, supreme Court of Pakistan, Islamabad.
6. Managing Director, PPRA, Islamabad
7. TIP, International