



# TRANSPARENCY INTERNATIONAL-PAKISTAN

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**Advisory Committee**

14<sup>th</sup> May, 2012

Major General (Retd.) Muhammad Javed,  
Chief Executive Officer,  
Pakistan Steel,  
Bin Qasim,  
Karachi.

**Sub: Award of Consulting Contract for Technical Audit to M/S VO TYAHPROMEXPORT**

Dear Sir,

Transparency International Pakistan is in receipt of Secretary Pakistan Steel's letter No. Sec./PPRA-224/2012/926 dated 03<sup>rd</sup> May 2012 on the subject of award of Consulting Contract for technical audit to M/S VO TYAHPROMEXPORT in violation of the Public Procurement Rules 2004.

Pakistan Steel has stated that "Pakistan Steel being a public sector organization has the right to approach PPRA for seeking its advice in any matter covered under PPRA Rule 2004, which may include waiver of any clause...".

Transparency International Pakistan would like to point out that PPRA does not allow the same firms to be a Consultant/Auditor and Contactor based on the feasibility report made by them.

PPRA allows exemptions only on "**National Interest**", and award of any contract without tender is not in the national interest.

TI-P would also refer to the Supreme Court of Pakistan Judgment given in the Rental Power Plants Case on 30<sup>th</sup> March 2012, where it had stated that "...with a view to achieving the goal of transparency in awarding contract or in making procurement, open competition is pre-requisite under the PPRA Rules". The Honorable Court has also stated that "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 Supreme Court in the same Order has also said that Internationally, the following factors have been considered key features in procurement of public contracts, which also included abiding with federal procurement laws, (1) Upholding competition among firms; (2) Promoting best value for money; (3) Encouraging more firms to bid on work; (4) Maintaining openness and transparency in the bidding process; (5) Executing contracts quickly; (6) Ensuring quality of goods and services; and (7) Meeting other obligations required for federal procurement.

However, this particular act of Pakistan Steel may amount to collusive practice which may lead to the award of contract which may be 2 to 3 times costlier than the competitive market rates.

TI-Pakistan again suggests Pakistan Steel management not to violate the PPRA Ordinance 2002 and the Public Procurement Rules 2004 in its procurements to ensure value of money and Rule of Law.

With regards,

Syed Adil Gilani,  
Adviser

Copies forwarded for the information of;

1. Chairman, Public Accounts Committee, Islamabad.
2. Chairman, NAB, Islamabad,
3. Registrar, Supreme Court of Pakistan, Islamabad
4. Auditor General, Government of Pakistan, Islamabad.
5. Managing Director PPRA, Islamabad.