



20th May 2010

Project Director,
SME Subcontracting Exchange (SMX)
Small & Medium Enterprises Development Authority (SMEDA)
6th Floor, LDA Plaza, Egerton Road, Lahore

Subj: Allegations of violation of PPRA Rules in procurement of firm for the
Development of Web-based Database Application

Dear Sir,

Transparency International Pakistan has noted from PPRA website the invitation notice published on 18th May 2010, for Development of Web-based Database Application SME Subcontracting Exchange (SMX) for developing inter-firm linkages to achieve small enterprises' competitiveness and growth.

SMEDA is informed that in this procurement they are committing a number of violations of the Public Procurement Rules 2004, and they shall immediately cancel the tender notice and reissue it after addressing to the violations.

1. Only 13 days are given to bidders by SMEDA, i.e. from 18th May to 1st June 2010. According to Rule No 13, minimum time to be allowed is 15 days for national competitive bidding.
2. Bid Evaluation Criteria does not include sub criteria, like on how 30 marks will be awarded on experience, or 40 marks will be awarded on methodology and work plan, and as such it is an ambiguous criteria. This is a serious violation of Ruler 29, Procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to misprocurement.
3. The method prescribed that final evaluation would be carried out on the basis of composite score comprising 70% weightage for technical and 30% for financial factors is violation of Rule No 36 (b) which is quoted by SMEDA as the Method of Evaluation. This method states that after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only and the financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders; and
4. the bid found to be the lowest evaluated bid shall be accepted.

Not: Kindly note that after technical evaluation, the financial proposals of firms who did not pass technical evaluation are not be opened, and are mandatory to be returned to bidders.

TIP would like to inform SMEDA that it shall observe Public Procurement Rules 2004 if all its procurements, and quote the Supreme Court order given on 28th April 2010, in the case of award of multibillion dollar LNG contract to GDF-Suez, in which the **SC has announced that it is the duty of the Court to ensure the application of Public Procurement Rules 2004.**



TI Pakistan therefore request for a clarification of the above violations, so that matter may be resolved in accordance with Public Procurement Rules 2004, as according to Rule No 50, any unauthorized breach of these rules shall amount to mis-procurement.

With regards,


Syed Adil Gilani,
Chairman,
Transparency International Pakistan

Copies forwarded for information and necessary action to:

1. Chairman, Public Accounts Committee, Islamabad.
2. Auditor General Pakistan, Islamabad, with request to kindly Audit EOBI on these accounts.
3. Chairman, NAB, Islamabad
4. Managing Director PPRA, Islamabad.