



13<sup>th</sup> May 2010

Mr. Rehan Hyder  
Co. Director  
Business Support Services Department  
(Procurement Division)  
State Bank of Pakistan  
I. I. Chundrigar Road, Karachi

Sub: Violation of Public Procurement Rules, 2004 – Procurement of Services of  
Insurance Company

Dear Sir,

Transparency International Pakistan refers to its letter dated 8 May 2010, with regards to SBP's illegal practice of using weightage method of evaluation for Services of Consultants for undertaking Independent Review of Procurement Functions.

No response was given by SBP, and instead in another Tender Notice corrigendum published in Dawn of 13 May 2010, for Procurement of Services of Insurance Company for GTA Coverage of SBP & SBP-BSC Employees, you have used weightage method to Technical and Financial proposals, Technical = [60%] and Financial = [40%].

Rule No 36 (b), in 2 Stage Method, once the technical evaluation is completed, SBP shall return the proposals of non responsive firms. And after public opening of only technically qualified firms, the bids are to be evaluated financially, and the lowest financially evaluated bid shall be accepted.

The PPRA method to be used is quoted below:

36(b) (viii) 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. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders, and

(ix) the bid found to be the lowest evaluated bid shall be accepted.

TIP would like to inform SBP that all such procurements which have been processed under the wrong weightage method are liable to be declared as mis-procurement, and action to be taken for corrupt and fraudulent practices by SBP for collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels, under Rule 2(f):

2 f) "corrupt and fraudulent practices" includes the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the



procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty;

Transparency International Pakistan request SBP, which itself is a regulatory authority, to observe the compliance of Public Procurement Rules, 2004 which has eliminated all discretions in procurement process.

Your sincerely,



Syed Adil Bilal,  
Chairman.

Copies forwarded for the information of :

- 1 Chairman, Public Accounts Committee, Islamabad.
- 2 Auditor General Pakistan, Islamabad.
- 3, Registrar Supreme Court of Pakistan, Islamabad
4. Chairman, NAB, Islamabad.
- 5 Governor, State Bank of Pakistan Karachi.

6 MD, PPRA, Islamabad. We request PPRA to kindly direct all procuring agencies, not to use weightage method, as it is not allowed under rules. It is in fact a collusive practice. CDA, NHA and many other procuring agencies are violating this rule.

# Corrigendum

IFB No: BSSD. (Proc)/ 532

Date: May 11, 2010

## Procurement of Services of Insurance Company for GTA Coverage of SBP & SBP-BSC Employees

With reference to advertisement of Request for Proposal for captioned services published in daily Dawn and Jang on April 25, 2010 last date of submission of proposals has been extended from Friday May 14, 2010 at 3.00 pm to Friday May, 21, 2010 at 3.00 p.m.

Modifications have also been made in following qualification criteria while all other conditions remain unchanged:

- a. Having at least ten (10) years experience of providing insurance services in local / international organizations of similar scale and standing with at least three (03) similar assignments with total / aggregate premium earnings of Rs. 75 million and above.
- b. Having documented evidence of expeditious and unencumbered settlement of substantive claims within seven (7) to fifteen (15) days of lodgment. Substantive claims are defined as claims of over Rs. 1.5 million pertaining to firms paying yearly premium of Rs 30 million or more.
- c. Should submit details of unsettled / litigation claims of over Rs 1.5 million in the last one year; alongwith number of unsettled claims of upto Rs 1.5 million for same period.
- d. Minimum Life Fund of Rs. 7 billion
- e. The weights given to Technical and Financial proposals were amended as follows:  
Technical = [60%]  
Financial = [40%]

### **Mandatory Requirement**

At least 10 years experience and minimum BBB rating.

The eligible Insurer must have obtained the Certificate of Registration for 'Life Insurance Business' as well as 'Non Life Insurance Business', as per the Insurance Ordinance 2000. Must be registered with relevant tax authorities

**Rehan Hyder**

Co- Director, BSSD

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