



8<sup>th</sup> May 2010

Mr. Hasan Abbas,  
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Sub; Violation of Public Procurement Rules, 2004 –RFO for Services of Consultants  
for undertaking Independent Review of Procurement Functions

Dear Sir,

Transparency International Pakistan refers to your letter dated 6 May 2010, in response to TIP dated 11 March 2010. The response has been given after almost two months, and the procurement process must have been completed or almost completed.

The lowest evaluated bid has been clearly defined as having the lowest evaluated cost in Public Procurement Rule 2 (h), which do not required any interpretation, as is being given by you.

2 (h) "lowest evaluated bid" means,-

- i) *a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and*
- ii) **having lowest evaluated cost;**

In order to amend this rule for Consultants , PPRA in 2006 prepared Public Procurement Regulations for Procurement of Consultancy Services, which is posted on PPRA website, and are not approved since last 4 years, as TI Pakistan has raised serious objections on these draft rules, which negate the whole concept of Transparent Procurement. .

In these draft rules, PPRA under Rule 9 (4) has tried to changed the definition of lowest bid as

*“ The bidder whose technical and financial proposal is the most advantageous shall be ranked highest and his bid shall be treated as lowest evaluated bid.”.*

This draft amendment itself proves that the definition lowest bid in Rule 2 (h) means the responsive bid with the lowest evaluated cost.



For the information of SBP we are enclosing a table which proves that marking system is a discretionary system and a firm quoting 100% higher cost than the lowest responsive firm is awarded the Contract.

TIP would like to inform SBP that Public Procurement Rules 2004 are mandatory on SBP as has been admitted by you also, but now onwards the Supreme Court of Pakistan has taken the responsibility to ensure across the board application of these rules. We quote Supreme Court order given on 28<sup>th</sup> 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.

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

Your sincerely,

Syed Adil Gilani,  
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. MD, PPRA, Islamabad
5. Chairman, NAB, Islamabad.
- 6 Governor, State Bank of Pakistan Karachi.