

11th December, 2018

TL18/1112/6A

The President,
National Bank of Pakistan,
Karachi.

Sub: Persistent Violation of Public Procurement Rules, by National Bank of Pakistan since 2016 for Illegally Asking Bidders to Sign Non-Disclosure Agreement (NDA).

Dear Sir,

Transparency International Pakistan has received a complaint from M/s Pakistan Office Automation (POA) regarding NBP Tender ID# NT- 11/26/2018-1 who have objected on signing of the NBP Non-Disclosure Agreement (NDA).

NBP has been trying to outsource Queue Management System, which was objected by TI-Pakistan vide letter TL16/0609/13A dated 6th September, 2016 and TL16/2410/9A dated 24th October, 2016 (Copy Enclosed).


TI-Pakistan's letters are self-explanatory, which confirms that there is something wrong with procurement department, who is insisting again and again for outsourcing an existing Queue Management System which may be additional cost to the ex-chequer.

The NDA is in violation of the following PPRA Rules 2004, Rule No 8. Procurement planning:- PPRA Rule No 10. Specifications:- PPRA Rule No. 35. Announcement of Evaluation Reports:- PPRA Rule No. 47. Public Access and Transparency.- etc. under which all the information about the contract are to be provided to bidder as well as to be posted on the PPRA website for public information.

The President is requested to investigate the complaint, and if found correct take action under relevant section of NAO 1999 against the officers responsible for these violations.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,



Justice Zia Perwez
Former Judge of Supreme Court of Pakistan and High Court of Sindh
Trustee- TI-Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad.
2. Chairman, NAB, Islamabad.
3. Chairman, Prime Minister's Inspection Commission, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Managing Director, PPRA, Islamabad. ■



TRANSPARENCY
INTERNATIONAL-PAKISTAN

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk

6th September, 2016

TL16/0609/13A

Mr. Iqbal Ashraf,
President,
National Bank of Pakistan,
NBP Head Office Building,
I.I. Chundrigar Road,
Karachi.

Sub: Complaint of Violation of Public Procurement Rules 2004 by NBP in Tender No. SSW/STY/01/2016 ID Ref NT-08/22/2016-2 NBP dated 22nd August 2016.

Dear Sir,

Transparency International Pakistan has received a complaint of violation of Public Procurement Rules 2004 by NBP in Tender No. SSW/STY/01/2016 ID Ref NT-08/22/2016-2 NBP dated 22nd August 2016 for Queue Management and Customer Feedback System.

The complainant has made following allegations;

1. NBP invited 3rd Tender announced on 22-08-16, which carries the same violations of Rule Nos. 10 (Specifications), 37 (b, Two envelope bidding process), 50 (mis-procurement) and 16(2) iii (Pre-qualification process) as per PPRA 2004 has been put in this tender which is the continuity of last 2 Tenders.
2. The two tenders were designed and fabricated in a way to give benefit to a particular vendor which puts the other stakeholders at a disadvantage and not providing level playing field to other competitors which is also a violation of Rule No. 32 ibid.
3. 1st Tender PPRA rules violated while formulating the tender. The document prepared is in complete violation of Rule Nos. 10 (specifications), 16 (2/IV (Pre-qualification process/Exceeding original procurement) 37 (b, Two envelope bidding process) and 50 (Mis-procurement) as per S.R.O 432/1/2004 section 26 of the public procurement regulatory authority ordinance 2002 (XXII of 2002).
4. 2nd Tender announced on 16th May 2016 and the same violation of rule Nos. 10 (Specifications), 37 (b, Two envelope bidding process) and 50 (mis-procurement) as per S.R.O. 432/1/2004 (XXII of 2002) has been put in this tender which is the continuity of the previous tender. The tender is designed and fabricated in a way to give benefit to particular vendor which puts the other stakeholders at a disadvantage and not providing level playing field to other competitors.
5. The 2nd tender was for 300 machines, yet the experience required was for the installation of 50 machines only by the prospective bidders and that too was given highest points in the point system mentioned in the tender giving an impression of unjustified advantage to a particular company.



6. Now NBP has increased the number to 250 for performance whereas the tender is for 300 machines now.
7. Most of the requirements mentioned in the tender are cosmetic like size of display, display digit colors (multicolor) which does not create any impact on the effectiveness and working of the product as display digit colours and size which may vary from other vendor, but the basic functionality is to display the queue number remain the same. The mandatory colour specs are to favor one particular vendor and the specs have been taken directly from its brochure (attached for your ready reference). It will cost over Rs 50 million to NBP to procure the new equipment.
8. Technical Requirements:
Most of the hardware requirements are not based on the functionality of the device instead color and appearance is the criteria, for example multicolor, scrolling text on counter display which main function is to display queue number not scrolling messages.
Product Specification are derived from information of one particular vendor's brochure and not evaluating other available choices in the market and this can be gauged when we start looking at the 1st tender to the latest Tender (3rd) all the requirements remain the same except the manipulation of words. This is the reason that the 2 tender was also cancelled.
Service Contract should be maximum 3 Years as per PPRA Rules but in tender they asked for 5 year prices, which is a direct violation.
9. Having won two tenders of NBP for the Queue management system in 2010-2011, we have installed 200 machines till date. Out of those 200, 135 are working perfectly and are even being maintained by us even though NBP has refused to pay us the yearly contract since last 7 months. Those which are out of order because of missing machines or parts are already communicated to the bank with no response from NBP.
10. The service agreement in our opinion is held back so that we stop servicing the branches providing a chance to the bank to blacklist us on account of non-performance.
11. We feel that all three tenders mentioned above are unnecessary since there is no training for optimum utility of the system. Our company has time and again offered to provide free training and install free software but there is no response whatsoever from the bank's side.
12. In a nutshell, something which the bank can get in less than Rs. 5.0 million, they are spending over 50 million for the same, which may cause a huge loss to the National Exchequer.
13. Most of the hardware requirements mentioned in the tenders have little or no functionality value as the criteria set is just cosmetic like color and appearance. The Colour specs are to favour one particular vendor and the specs have been taken directly from brochure of a pre-selected company.
14. The third tender has been advertised even though the second tender which was postponed and not cancelled as per the corrigendum attached.
15. The fact of the matter is that the machines currently installed have all the features mentioned in the new tender but NBP is not willing to make use of them in spite of our offer to install Centralized Branch Monitoring software free of any charge. The



free training is also not availed which was offered time and again to provide but no response from the bank. In a nutshell something which can be done at a fraction of the cost, an unnecessary expense is being planned which will result in the loss to the National Exchequer.

The complaint and documents submitted by the complainant have been examined. On the allegation of tailor made bidding documents, PPRA letters dated 9.5.2016 confirms that on PPRA asking, NBP has informed PPRA that the project tender has been withdrawn, and will be launched in near future. Also it is noted that NBP is discarding the equipment instated in 2011, though it is reported to be functioning properly, and if only operation and maintenance bidding will cost NBP in approx. Rs 5 million. Whereas, specifications for the new equipment have been taken directly from brochure of a pre-selected company, and will cost ten time more, i.e. over Rs 50 million.

Prima facie, this is a collusive bidding, and may be declared as mis-procurement under PPRA Rule 50.

TI Pakistan again request the President NBP to investigate this issue, and if the complaint is correct, discharge the tenders, take action against officers found responsible for collusion, and re-invite the tender in the best interest of NBP with wider specifications for current equipment or new equipment, so that least cost is spent by NBP.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,


Sohail Muzzafar
Chairman

Copy forwarded for the information and necessary actions to;

1. Chairman, National Accountability Bureau, Islamabad
2. Registrar, Supreme Court of Pakistan, Islamabad
3. Managing Director, PPRA, Islamabad.
4. Auditor General Pakistan, Islamabad.



24th October, 2016

TL16/2410/9A

Mr. Iqbal Ashraf,
President,
National Bank of Pakistan,
Karachi.

**Sub: Complaint of Violation of Public Procurement Rules 2004 by NBP in Tender
No. SSW/STY/01/2016 ID Ref NT-08/22/2016-2 NBP dated 22nd August 2016.**

Dear Sir,

This is with reference to Vice President of National Bank of Pakistan's reply dated 18th October, 2016 on TI- Pakistan's letter dated 6th September, 2016 on the cited subject.

The reply received, is unsatisfactory and is not addressing the issues pointed out by TI- Pakistan, is stated as under;

"It is encouraging to note that your legal department is involved now to provide assistance in ensuring that rules are followed and also the fact that you do realize the importance of Queue Management System in the banking industry. It is noteworthy that instead of increasing this, you seem to be replacing the existing installed systems, which means that instead of adding new branches to facilitate more customers, you are only focusing on existing branches where the systems are already installed. This will be a huge loss to the National exchequer without adding any customer base.

"We are also in receipt of letters from one of your vendors who have offered a number of times free training for optimal benefit of the queue system but till date National Bank has not accepted free training either. This shows that Bank is only interested in buying new machines without fully using the existing ones. In your response you failed to mention why there is a need to buy new ones when Bank has yet to fully train its staff on the existing ones."

The revised tender has been issued on 07-10-2016 to be opened on 27-10-2016 but the documents were not given to the complainant on 18-10-2016 as mentioned in tender advertisement. As they were not issued the documents on 18-10-2016 it is in a violation of Public Procurement Rules 2004, Rule No. 23(1). Stated as under;

23. Bidding Documents:- (1) Procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid.



In view of above prima facie the NBP officers seems to be involved in collusion which may cause loss of billions of Rupees to the National Bank, with this particular tender.

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With Regards,


Sohail Muzzafar
Chairman

Copy forwarded for the information and necessary actions to;

1. Chairman, National Accountability Bureau, Islamabad
2. Registrar, Supreme Court of Pakistan, Islamabad
3. Managing Director, PPRA, Islamabad.
4. Auditor General Pakistan, Islamabad.

October 24th, 2016

Mr Syed Adil Gilani,
Advisor,
Transparency International – Pakistan,
DHA, Karachi.

**SUB: Violation of PPRA rules in Tender No. SSW/STY/01/2016 ID Ref NT-08/22/2016-2
National Bank of Pakistan dated 22nd August 2016**

Dear Sir,

Further to the response received from National Bank, we have failed to understand that they have not replied to any of the queries raised in your letter and sent a standard response instead. The response has come from a person who is not in the whole chain to whom you had addressed and the response is not copied even within the bank and no department mentioned of the signatory either.

Moreover if we have been lodging false complaints then why National Bank had to cancel its previous 3 tenders on false complaints and postpone the 4th one through corrigendum.

It is good that they have realized the importance of Queue Management System in the banking industry but still instead of increasing the installation of these systems in other branches they are hell bent on replacing the existing installed systems, which means that instead of adding new branches to facilitate more customers, they are only focusing on existing branches where the systems are already installed. This will be a huge loss to the National exchequer as there is no addition to customer base.

We would also like to reiterate that in spite of free training offered a number of times to the staff to ensure optimal benefit of the queue system to the bank till date they have not accepted even free training offer. This shows that Bank is only interested in buying new machines without fully using the existing ones. They have also failed to mention why there is a need to buy new ones when Bank has yet to fully train its staff on the existing ones.

In view of the aforementioned facts, I fail to understand when bank is claiming to maintain transparency and strict adherence to PPRA rules why they did not respond to our queries and just staked a claim that all is well.

Pakistan Office Automation (Private) Limited

NTN# 2498723-9

STRN# 1700249872316

Head Office:

Suite No: B1, 2-C, 36th, Commercial Street,

Tauheed Commercial Area, Phase V, DHA Karachi.

Tel: 92-21-35294827, 35294819 Fax: 92-21-35294819

Lahore: Al-Hafeez View, 4th Floor, Room # 17, Sir Syed Road, Liberty Commercial Zone, Gulberg-III, Lahore Pakistan. Tel : 92-42-35774730 Fax : 92-42-32401007

Islamabad: Office # M-2, First Floor, Midway Centrum, Murree Road, Rawalpindi

Peshawar: Deans Trade Centre, First Floor, Office # 867, Peshawar Cantt.

The fact of the matter is that the machines currently installed have all the features mentioned in the new tender but NBP is not willing to make use of them in spite of our offer to install **Centralized Branch Monitoring software free of any charge**. The free training is also not availed which was offered time and again to provide but no response from the bank. In a nutshell something which can be done at a fraction of the cost, an unnecessary expense is being planned which will result in the loss to the National Exchequer.

We hope this loss to the National Exchequer is averted and new tender is floated once the existing machines are fully used to get maximum mileage with training rather than changing the machines for cosmetic reasons.

Sincerely yours,



Syed Hashim Hasan

Director

0302 8208566