



24 November 2021

TL2021/1125/1A

Mr. Azam Khan Sahib,
Principal Secretary to the Prime Minister,
Government of Pakistan,
PM House,
Islamabad

**Sub: IMF Condition, Consistently Reminded by TI Pakistan since May 2020 for the
Publication of COVID-19 Procurement Contracts on PPRA website under Public
Procurement Rules 2004, Rule 47**

Dear Sir,

Transparency International Pakistan refers to the IMF Staff Concluding Statement of the 2021 Article IV Mission and Staff-Level Agreement on the Sixth Review under the Extended Fund Facility dated 21 November 2021 for Pakistan.

PPRA Rules 2004 Rule No. 47 makes it mandatory on all the procuring agencies to publish awarded contracts information, along with BOQ rates on the website of the Pakistan Public Procurement Regulatory Authority.

As announced by the Adviser to the Prime Minister on Finance and Revenue, Mr. Shaukat Tarin, **“government would also complete the post-facto audit of Covid-related expenditures and make public the beneficial owners of suppliers of vaccines and related procurements as part of the IMF agreement” (Annex-A).**

TI Pakistan has consistently informed Special Assistant to the Prime Minister on Health and the office of the Honorable Prime Minister through its earlier five letters (first letter No.TL2020/05/21/1D dated 21st May 2020 is attached as **Annex-B**), that none of the department of federal government is following the Pakistan Public Procurement Rules 2014 Rules No. 47, and the mandatory requirement of IMF under its 11 new structural benchmarks for Extended Fund Facility (EFF) Programme for Pakistan (**Annex – C**), which raises serious concerns regarding the transparency in the utilization of Covid-related funds.

It may also be pointed that the Auditor General of Pakistan (AGP) audit report for the year 2020-2021 on the expenditure incurred on Covid-19 by the federal government has also unearthed various irregularities in the Covid expenditure.

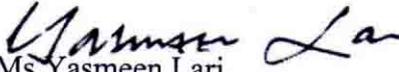
However, the Ministry of National Health Services, Regulations and Coordination vide letter No. 6-37/2021-DDP-IV-MISC dated 2nd September, 2021 informed TI Pakistan that all Covid commodities have been received as in kind support from various donors/counties and that MNHS&RC has not made any procurement under PPRA Rules 2004, therefore MNHS&RC did not upload any contract information on PPRA website as required under PPRA Rules 2004, Rule 47 (**Annex-D**).



The Honorable Prime Minister is again requested to issue directives for the compliance of **PPRA Rule No. 47** and the disclosure of contract information along with BOQ rates for all Covid-19 spending as required by the IMF in its Sixth Review under the Extended Fund Facility for Pakistan, to ensure transparency in the procurement of Covid related supplies.

TI Pakistan is striving for across the board application of **Rule of Law**, which is the only way to stop corruption and achieve zero tolerance against Corruption.

With Regards,


Ms Yasmeen Lari
Sitara-e-Imtiaz, Hilal-e-Imtiaz,
Fukuoka & Jane Drew Prize Laureate,
Chairperson
Transparency International Pakistan


Justice (R) Nasira Iqbal
Vice Chair, Sitara-e-Imtiaz
Transparency International Pakistan

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

1. Chief, National Command Operation Centre, Islamabad
2. Dr. Faisal Sultan, Special Assistant to Prime Minister on Health, Ministry of National Health Services Regulations and Coordination, Islamabad
3. Managing Director, Public Procurement Regulatory Authority (PPRA), Islamabad
4. Chairman, National Accountability Bureau (NAB), Islamabad
5. Registrar, Supreme Court of Pakistan

DAWN

Austerity plan for revival of IMF package outlined

Published November 23, 2021

ISLAMABAD: Adviser to the Prime Minister on Finance Shaukat Tarin and Minister for Energy Hammad Azhar addressing a press conference on Monday.—White Star

- **Supplementary budget to be introduced**
- **Fiscal adjustment requires cut in uplift funds, increase in tax target, Rs4 per litre monthly hike in petroleum levy**
- **Tarin says govt to ensure parliamentary approval to grant SBP autonomy**
- **IMF wants audit of Covid funds, names of contractors**

ISLAMABAD: The government on Monday committed to introducing a supplementary budget as part of an [agreement](#) with the International Monetary Fund (IMF) for a net fiscal adjustment of almost Rs550 billion during the remaining part of the current fiscal year through a 22 per cent cut in development funds, about Rs300bn increase in tax target and a Rs4 per litre monthly hike in petroleum levy on major petroleum products.

Making an upfront announcement about '[five prior actions](#)' to secure approval of the IMF board for disbursement of about \$1.06bn and revival of the Fund programme in January, Adviser to the Prime Minister on Finance and Revenue Shaukat Tarin said the government would also ensure "approval" of parliament to grant autonomy on matters of monetary policy, exchange rate and recruitments to the State Bank of Pakistan (SBP) that would remain answerable to parliament as it is now.

Speaking at a joint news conference with Energy Minister Hammad Azhar, Mr Tarin said the government would also get completed the post-facto audit of Covid-related expenditures and make public the beneficial owners of suppliers of vaccines and related procurements as part of the IMF agreement.

As such, five prior actions he listed include about Rs350bn worth of general sales tax exemptions through supplementary finance bill, Rs4 per litre increase in petroleum levy every month, autonomy to the SBP, audit of Covid-19 funds and declaration of their beneficial owners and Rs200bn reduction in the Public Sector Development Programme to Rs700bn. About Rs50bn cut has also been imposed on grants.

The revenue target has now been set at Rs6.1 trillion instead of Rs5.8tr in the original budget for 2021-22, Mr Tarin said, adding that the Federal Board of Revenue had already collected Rs225bn higher than the target in the first four months of the current fiscal year. The IMF was, however, unimpressed by the revenue collection and wanted implementation of policy actions to remove distortions like different GST rates for various sectors, he added.

Earlier in the morning, the IMF said its staff and the Pakistani authorities had "reached a staff-level agreement on policies and reforms needed to complete the sixth review" under the \$6bn Extended Fund Facility (EFF). "The agreement is subject to approval by the Executive Board, following the implementation of prior actions, notably on fiscal and institutional reforms," it added.

This will enable disbursement of \$1.059bn, bringing total disbursements under the EFF to about \$3.027bn.

An official said the legislative part of the IMF deal — SBP amendment bill and supplementary finance bill for withdrawal of tax exemptions — would be introduced in parliament next week.

Shaukat Tarin said the IMF board meeting would be called after Xmas holidays, most probably on January 12, to approve the agreement and the authorities would have the time until then to complete prior actions and ensure approval of the SBP amendment law by parliament.

He said the government would increase the rate of petroleum levy to Rs30 per litre through monthly increase of Rs4 to secure Rs356bn against a budgeted target of Rs610bn which was no more achievable.

Without directly naming former finance adviser Dr Hafeez Shaikh and incumbent SBP Governor Dr Baqir Reza, Mr Tarin said the IMF talks had prolonged because "we started the journey from where it was left in March-April with a commitment to withdraw Rs700bn tax exemptions, Rs4.95 per unit increase in electricity tariff and autonomy to the SBP against the constitutional provisions".

"Let bygone be bygone, we have tackled whatever was wrong," he said while responding to a question about accountability for such tough conditions as some of them were against the Constitution.

Mr Tarin said he remained steadfast against increasing taxes and energy tariff like a pyramid because that would have made the industry uncompetitive and affected the common man. He said he also insisted on 'rationalising' the SBP law in a manner that it was not seen as an outside institution. "The IMF team was in a fix because we had made commitments and got \$500 million and it was difficult for them to go back to the IMF board to justify why commitments were made when these were against the Constitution."

The adviser said the team of officials he led was "not experienced" as some people described them unlike 'experienced teams' earlier, but they worked hard and "succeeded in major relaxations through give and take". He said he was able to protect agriculture, tractors, food items, pesticides from sales tax, besides increase in tax rates and slabs for income tax and tax on provident fund. "Instead of Rs700bn worth of fiscal adjustment, we were able to save almost half and brought it down to Rs350bn," he said.

Mr Tarin said he fully supported the SBP independence and its accountability as was for judges and other similar institutions. The central bank should not look like an alien institution and the applicability of accountability through the National Accountability Bureau or the Federal Investigation Agency would be like on it was the prime minister, parliamentarians and judges.

Additionally, there would be no monetary and fiscal policy board where the finance secretary used to have a say, but this has now to be replaced with a liaison between the finance minister and the SBP governor.

Responding to a question, Mr Tarin said the government would appoint the SBP governor and board of directors who would be completely free in monetary policy decisions, exchange rate adjustments and price determination. The governor and the board would have the powers to appoint deputy governors and the finance ministry would have no role in approving foreign visits of deputy governors and other senior officials.

Mr Tarin said the economic growth exceeded the government's expectations in the first four months of the current fiscal year owing to expansionary fiscal and monetary policies and both the central bank and the government would now tighten them up as the economy had started overheating and such a growth rate was unsustainable. The SBP, he said, had already started mopping up excess money in the market through cash margins and monetary policy that would also slow down inflation.

Energy Minister Hammad Azhar said the base power tariff would not be increased for the time being and seasonal winter tariff and industrial support tariff of Rs12.96 for domestic, commercial and industrial consumers would remain protected.

The IMF appreciated the government for policy actions during Covid-19 period and as required under the Fund programme, but warned that external pressures had started emerging and needed to be addressed.

These include widening of the current account deficit and depreciation pressures on the exchange rate — mainly reflecting the compound effects of the stronger economic activity, an expansionary macroeconomic policy mix, and higher international commodity prices. In response, the authorities have started adjusting policies, including by gradually unwinding Covid-related stimulus measures.

Published in Dawn, November 23rd, 2021



21st May 2020

TL2020/0521/1D

Azam Khan Sahib,
Principal Secretary to the Prime Minister,
Government of Pakistan,
PM House,
Islamabad

(For attention of the Prime Minister)

**Sub: Publication of the Contracts awarded without Tender, as Direct Contract, on
PPRA Website under Public Procurement Rules, 2004, Rule 47**

Dear Sir,

Transparency International Pakistan has noted that procurement are being made by Ministries and Department of the Federal Government and Provincial Governments based on Emergency, using Direct Contracting, under the Public Procurement Rules.2004 for Fed Govt. and respective Public Procurement Rules by the four provinces.

No time can be wasted in public tendering, and rules are made that in such situation, when Emergency is declared, direct contracting is permissible under emergency as defined in these rules and procurement specified under sub-rule 42 (c) of, Public Procurement Rules, 2004.

However, there is no exemption allowed to any procuring agency from Rule 47 (quoted below). This Rule has been incorporated in order that the rates and prices are known to public, whereby public can scrutinize any overpriced rate/purchase by comparing prices for similar procurements by different departments.

47. Public access and transparency.- As soon as a contract has been awarded the procuring agency shall make all documents related to the evaluation of the bid and award of contract public:

It is noted that all departments of Federal government are violating Rule 47, and no contract awarded under rules as direct contract is uploaded on the website of PPRA.

As a result of TI Pakistan's advocacy, the provincial government of Sindh has issued the notification to all the procuring agencies in Sindh who are selecting "alternative methods of procurement – Direct Contracting" advising to hoist the contract award information of all the contracts award on the Authority's website. The notification also requires the procuring agencies that in future the contract award information be hoisted on PMSSPPRA website: https://ppms.pprasindh.gov.pk/PPMS/public/portal/contract_list

Transparency International Pakistan request the Prime Minister to consider application of this rule in all Federal Ministries by the Managing Director of PPRA, by to issuing Notifications that all the procuring agencies who are selecting "alternative methods of



procurement – Direct Contracting" to also host the contract award information of all the contracts award on the Authority's website, for past and future contracts.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve against Zero tolerance against Corruption,

With Regards,

Sohail Muzaffar,
Chairman
Transparency International Pakistan

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

1. Chairman NAB, Islamabad.
2. Registrar Supreme Court Of Pakistan, Islamabad.
3. MD PPRA, Islamabad

BUSINESS RECORDER

IMF sets 11 new structural benchmarks

Tahir Amin Updated 09-Apr 2021

ISLAMABAD: The International Monetary Fund (IMF) has set 11 new structural benchmarks (SBs), reset the delayed and merged the two Financial Action Task Force (FATF) related benchmarks for ongoing reforms under the **Extended Fund Facility (EFF) programme.**

IMF in its latest report second, third, fourth, and fifth reviews under the extended fund facility arrangement and request for rephrasing of access released on Thursday noted that 11 new SBs had been set. The new SBs include: (i) establishment of the single treasury account (TSA-1) (end-May 2021) i.e. minister of finance will establish and make functional the TSA-1 by end May 2021, (ii) reintroduction of the track-and-trace system for tobacco products (end-June 2021); (iii) publication of awarded Covid-spending related contracts and beneficial ownership information of bidding and awarded legal persons on a centralized website (end-April 2021); (iv) publication of the Auditor General's ex-post audit of the procurement of urgently needed medical supplies related to Covid-19 (end-April 2021); (v) reduction in CPPA-G payables to power producers through a payment up to Rs 180 billion (end-May 2021) with no more than one third in cash and remainder in debt instruments; (vi) completion of the fiscal year 2021 annual rebasing of the electricity tariff (June 1, 2021); (vii) finalization of the energy cross-subsidy reform for the fiscal year 2022 budget (end-June 2021); (viii) notification of the fiscal year 2020 Q4 electricity tariff adjustments for capacity payments (end-September 2021); (ix) parliamentary adoption of the OGRA Act amendments (end-June 2021); (x) publication of an external audit of the Utility Stores Corporation (USC) (end-April 2021) base on fiscal year 2020 financial; and (xi) establishment of a robust asset declaration system (end-June 2021).

Reflecting capacity constraints and Covid-related difficulties, the government has experienced delays on three much-advanced reforms, including the: (i) GST and Personal Income Tax (PIT) reforms; (ii) full implementation of FATF actions 9 and 10 to improve the effectiveness of their AML/CFT regime (reset for end-June 2021); and (iii) update of the BISP beneficiaries' database (reset for end-June 2021). They also missed the two continuous SBs on the

avoidance of further tax amnesties and new preferential tax treatments after launching a temporary tax amnesty for construction in July 2020 (extended for one year in December 2020).

The report noted that notwithstanding the challenges from the Covid-19 crisis, the authorities have continued to advance the programme's structural reform agenda and achieved most of the SBs that fell due during this relatively long review period, albeit many with delays and supported by five prior actions (PAs), which are critical to ensure achieving programme fiscal objectives, financial viability of the power sector, and institutional strengthening. Parliament was scheduled to convene to adopt a corporate tax reform in March 2021 (PA) and the National Assembly received a mid-year budget review on time in February 2020. The amendments to the SBP Act were submitted to parliament in March 2021 (PA). In the energy sector, parliament was scheduled to convene to adopt amendments to the National Electric Power Regulatory Authority (NEPRA) Act (PA) and the cabinet approved a circular debt management plan (PA).

The authorities also adjusted electricity prices and took first steps to reform energy subsidies (PA). Moreover, they submitted a new SOE law to parliament and published a triage of all SOEs in March 2021. They also published audits of key SOEs: Pakistan International Airlines and Pakistan Steel Mills in January and July 2020, respectively.

The programme sets performance criteria and indicative targets for defined test dates as well as defines continuous performance criteria that apply throughout the programme period.

The programme sets the following performance criteria: (i) floor on the net international reserves (NIR) of the State Bank of Pakistan (SBP) (millions of US dollars); (ii) ceiling on the net domestic assets (NDA) of the SBP (stock, billions of Pakistani rupees); (iii) ceiling on SBP's stock of net foreign currency swap/forward position (millions of US dollars); (iv) ceiling on the general government primary budget deficit excluding grants (cumulative flows, billions of Pakistani rupees); (v) ceiling on net government budgetary borrowing from the SBP (including provincial governments) (stock, billions of Pakistani rupees); and (vi) ceiling on the amount of government guarantees (stock, billions of Pakistani rupees).

Continuous performance criteria include no new flow of SBP's credit to general government and zero ceiling on the accumulation of external payment arrears by the general government.

Indicative targets include floor on targeted cash transfers spending (BISP) (cumulative, billions of Pakistani rupees); floor on general government budgetary health and education spending (cumulative, billions of Pakistani rupees); floor on net tax revenues collected by the Federal Board of Revenue (FBR) (cumulative, billions of Pakistani rupees); ceiling on net accumulation of tax refund arrears (flow, billions of Pakistani rupees) and ceiling on power sector payment arrears (flow, billions of Pakistani rupees).

Between end-December 2019 and end-September 2020, the last date for which indicative targets (Its) were set prior to the crisis, the authorities met several targets by large margins, including those on net international reserves, net domestic assets of the central bank, and no government borrowing from the SBP. They also met the target on targeted cash transfer spending at end-June 2020. However, they missed other fiscal targets, set prior to the pandemic, because of the need to make room for essential mitigation and support measures. Furthermore, they missed the target on government guarantees after conducting significant improvements in the database, with World Bank assistance, and identifying some previously omitted guarantees.

Government of Pakistan
Ministry of National Health Services, Regulations and Coordination
3rd Floor, Kohsar Block, TUV Complex, Islamabad.

File No: 6-37/2021-DDP-IV-MISC

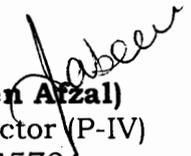
Islamabad, 2nd September, 2021

Subject: **PUBLICATION OF COVID-19 PROCUREMENT CONTRACTS ON PPRA WEBSITE UNDER PUBLIC PROCUREMENT RULES 2004, RULE 47**

The undersigned is directed to refer to Vice chairperson Transparency International -Pakistan letter No. TL2021/08/20/1A dated 20th August, 2021 addressed to Principal Secretary to Prime Minister on the subject cited above and apprise as under:

- i. All the Covid commodities like PPE, Testing kits etc. were received as in kind support from various donors/counties and as such no procurement made directly by this Ministry.
- ii. With regards to vaccines, the Ministry has signed non-disclosure agreements as required by the manufacturers of Covid-19 vaccine. Any disclosure shall invalidate the agreement(s) and disrupt the vaccine supply chain which is against public interest. Therefore, copies of agreements/ contracts cannot be shared or uploaded on the PPRA web site.

2. It is further to inform that Federal Cabinet has already accorded exemption from PPRA Ordinance, 2002, for procurement of vaccines. It is however assured that an efficient oversight mechanism is in place. Cabinet has constituted a Special Committee of the Cabinet for procurement of Covid-19 vaccine in terms of Rule 17 (2) of Rules of Business 1973. The Committee supervises the procurement of the corona virus vaccine and takes all decision related to administration and management of the Vaccine.


(Dr. Sabeen Afzal)
Deputy Director (P-IV)
051-9245734

(Justice (R) Nasira Iqbal)
Vice Chairperson
Transparency International Pakistan,
Karachi