



9<sup>th</sup> August, 2021

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TIP21/08/09/1A

Mr. Khalid Javed,  
Chairman/Director General,  
Pakistan Post,  
Islamabad

**Sub: Allegation of violation of PPRA Rules 2004 by Pakistan Post in the Contract for Digitalization of Financial Services awarded on 3 June 2020 to HBL with conditional investment of Rs.118 billion in violation of PPRA Rules 2004, and also in the Tenders invited on 13.2.2021 for Agency Partnership with a Public Private Sector Organization for Integration of Postal Services in the Digital Platform.**

Dear Sir,

Transparency International Pakistan has received a complaint on the allegation of violation of PPRA Rules 2004 by Pakistan Post in the Contract for Digitalization of Financial Services awarded on **3 June 2020** to HBL with conditional investment of Rs.118 billion and also Tenders invited on **13.2.2021** for Agency Partnership with a Public Private Sector Organization for Integration of Postal Services in the Digital Platform

The complainant has made following allegations.

That,

1. Pakistan Post on 3 June 2020 awarded a 20 years contract to Habib Bank Ltd, for Digitalization of Financial Services, with an investment portfolio of Rs.118 billion.
2. Though the Expression of Interest were invited by Pakistan Post for this Project in January 2020 in accordance with PPRA Rule 2004 as stated in the EOI, and proposals were submitted on 31 January 2020, but in violation of PPRA Rules 2004, no date and time of Bid Opening was given in the Advertisement, and thus no public opening of the EOIs was conducted in presence of bidders by Pakistan Post. **Annex-A.**
3. After strong public protest on this illegal awarded contract was exposed in media, Pakistan Post conducted an inhouse inquiry to find out whether the PPRA Rules 2004 were applicable on the project, and whether the contract awarded as per as advised by the Ministry of Law's note to DG Pakistan Post, dated 29 May 2020, which clearly directed Pakistan Post to complete all codal formalities, (formalities also includes signing of Integrity Pact as per Rule 7 PPRA Rules, , Rule 10, Rule 12, Rule 21, Rule 23, Rule 28, Rule 29, Rule 30, Rule 32, Rule 35, Rule 36, Rule 39, Rule 41, Rule 47 and NAO 1999 section 33 D).
4. These findings of in house inquiry report of Pakistan Post on the process used for the Contract award, was shared by Pakistan Post with Auditor General Pakistan Public Accounts Committee, PPRA.





5. Finally inquiry report, and the PPRA observations which concluded that the Project falls under PPRA Ordinance 2002 and PPRA Rules 2004, were discussed in the Federal Cabinet meeting, where Pakistan Post failed to justify the process used by them for the award of contract to HBL.

6. Resultantly Pakistan Post held the contract in abeyance since last one year, but did not terminate the Contract.

7. On 13.2.2021 Pakistan Post invited Expression of Interest for Agency Partnership with a Public Private Sector Organization for Integration of Postal Services in the Digital Platform to be submitted as per PPRA Rules **Annex-B & C.**

7. Without terminating the illegal Contract with HBL awarded on 3 June 2020, inviting of new EOI clearly indicates that Pakistan Post is violating PPRA Rules 2004 again. And it appears that Pakistan Post is again carrying out the exercises in opaque manner to award the new contract to the same preselected bidder.

8. The EOI issued on 13.2.2021 by Pakistan post is also not in accordance with requirement of Sample EOI of PPRA **Annex-D.**

#### **TI Pakistan Observations and Comments.**

- I. A complaint was also received by TI Pakistan in 2020 on the award of contract to Habib Bank Ltd, for Digitalization of Financial Services, with an investment portfolio of Rs.118 billion, and TIP reported it to Pakistan Post on 15 July 2020. Pakistan Post, vide its letter dated 17 July 2020, claimed that the PPRA Ordinance 2002 and PPRA Rules 2004 were not applicable on the Tender and Contract with HBL. On 10 August 2020 vide letter No TIP20/0810/1A, TI Pakistan replied to Pakistan Post that HBL sharing of Pakistan Post Revenue, which is federal government fund, and Investment of Rs 118 Billion is conditional, and HBL has not provided the performance security nor the Integrity pact (required under MoF D.O.No.F.3 (7)/2002/PPRA dated 05.10.2002) and that Pakistan Post clarifications dated 17 July 2020 are contradictory to the allegations of this complaint **Annex-E.**
- II. If the complainant statement that the HBL and Pakistan Post Contract has been declared by PPRA, AGP, PAC in violation of PPRA Ordinance 2002 and PPRA Rules 2004, the Contract attracts application of PPRA Rule 50 (mis-procurement) and Rule No 2 (f) ("corrupt and fraudulent practices" collusive practice), PPRA Rule 2 (b) Blacklisted on HBL, on those responsible for these violations and also NAO1999 section 9 (vi).
- III. The New EOI issued by Pakistan Post on 13.2 2021 is not complying with PPRA Rules, Regulations, SBDs and Instruction. Following are the mandatory information which was not disclosed to bidders in the EOI by Pakistan Post.
  - a) *Mention the Method of Procurement i.e. Quality Based Selection/ Quality and Cost Based Selection/ Least Cost/ Single Source or Direct Selection/ Fixed Budget*
  - b) *Containing -----and evaluation criteria*
  - c) *Price of the EOI documents is {mention price, if any, as per Rule 23(5) of Public Procurement Rules, 2004}. EOI documents can also be downloaded from (web address of procuring agency) free of cost.*



- IV. Even after 5 months of receipt of EOI on 18 March 2021, Pakistan Post has not posted the evaluation report on the PPRA website, as per requirement of Rule No 35.

**TI Pakistan Recommendations.**

- A. Prima facie, Pakistan Post EOI dated 13.2.2021 and advertised Extension of EOI till 18.3.2021 Annex-F, are in violation of PPRA Rules.
- B. Proper Tendering process shall be used by Pakistan Post to invite Open tenders as per PPRA Rules, and the serious allegations of the complainant that it appears that Pakistan Post is again carrying out the exercises in opaque manner to award the new contract to the same preselected bidder needs to be investigated by Pakistan Post thoroughly.

TI Pakistan is striving to have Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

With Regards,

Ms. Yasmeen Lari  
*Sitara-e-Imtiaz, Hilal-i-Imtiaz*  
Chairperson  
Transparency International Pakistan

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

Encl: Annexes A to E.

**Copies forwarded for the information and for action under rules to:**

1. PSPM, PM House, Islamabad.
2. Chairman PAC, National Assembly, Islamabad,
3. Chairman NAB, Islamabad,
4. Minister, Communications, Islamabad,
5. Auditor General Pakistan, Islamabad.
5. Register, Supreme Court of Pakistan, Islamabad
6. MD, PPRA, Islamabad



ANEX A

**SAY NO TO CORRUPTION**

**PAKISTAN POST**

**GOVERNMENT OF PAKISTAN**

**MINISTRY OF COMMUNICATIONS**

**DIRECTORATE GENERAL PAKISTAN POST OFFICE, ISLAMABAD**

**REQUEST FOR EXPRESSION OF INTEREST**  
**FOR REVAMPING & EXTENSION OF DIGITAL FINANCIAL SERVICES**

As part of the strategic vision, Pakistan Post intends to revamp its financial services, re-engineer and re-visit its processes and procedures to make these FATF compliant and extend its services to all post offices through a core digital financial solution. Pakistan Post also intends to integrate its financial services with Card Management System and offer access to State Bank approved payment gateway/scheme through Post Debit Card. It intends to enter in an agency partnership with an eligible partner/consortium eg. Commercial Bank/Micro-finance Bank duly licensed by the State Bank of Pakistan. The eligible partner/consortium will leverage Post network to extend its entire digital financial services menu to:

<b>General Post Offices</b>	<b>Departmental Post Offices</b>
<b>Branch Post Offices</b>	<b>Postmen / Delivery Staff</b>

The complete EOI Documents having the details of the services/ solutions & the Evaluation Criteria as well as other relevant information/Terms & Conditions may be obtained from the office of the undersigned during office hours i.e 9:00 am to 5:00 pm till 27-01-2020 on production of original receipt for Rs 10000/- per set (non-refundable) deposited in any Post Office under head "Unclassified Receipt" in form ACG-67. Interested parties are requested to furnish the requisite information till 31-01-2020 at 5:00 pm. Pakistan Post reserves the right to reject or accept any or all EOI in accordance with PPR-2004. This EOI is also available on Pak Post website: [www.pakpost.gov.pk](http://www.pakpost.gov.pk) and PPRA website: [www.ppra.org.pk](http://www.ppra.org.pk)

**NIDA ANUM**  
**Assistant Dy. Director General (Special Initiative)**  
**Directorate General, Pakistan Post, G-8/4, Islamabad.**  
**Tel: 051-9263273**

PID(1)3804/19

**"SAY NO TO DRUGS"**



**Government of Pakistan  
Ministry of Communications**

**EXPRESSION OF INTEREST (EOI)**

**AGENCY PARTNERSHIP WITH A PUBLIC PRIVATE SECTOR ORGANIZATION  
FOR INTEGRATION OF POSTAL SERVICES IN THE DIGITAL PLATFORM**

Pakistan Post is a national service provider and as a public sector operator, provides variety of mail and logistics services across the country through a wide network comprising of Departmental/Extra Departmental Post Offices.

Pakistan Post invites proposal / profiles from Public sector organizations and Private Firms / Companies for digitization of Postal Services. The Firms / Parties / Companies should have a digitized platform with an established Agent network across the country. The Digital platform should also include postal services digital solution or have the ability to integrate with a readily available postal solution covering first mile to last mile delivery. The organization/firm could also develop postal services digital solution at its own. Digital platform shall be fully compliant with AML/CFT regulations. The details regarding name and number of postal products, their volumes, footprint etc can be had from Director (SI), Dte-General, Pakistan Post, G-8/4, Islamabad during working days/hours. The interested firms / organizations may submit their proposal in pursuance of PPR-2004.

The interested organization/firm fulfilling the following conditions can participate in the process:

- Company profile along with registration certificates.
- Companies / Private firms must be registered with Income Tax/Sales Tax Department.
- Must be on active tax payers list of FBR.
- Own and operate digital platform with the ability/flexibility to get integrated/add postal services/develop its own postal solution
- Own and operate network of locations –country-wide- equipped with functional digital platform.
- Access to liquidity to run/operate digitally enabled postal products/services through its digital platform.
- Possess/arrange biometric verification services
- Ability to verify customer data through access to national data registry
- Company profile concerning Professional, Technical, Financial or Managerial Competence and Experience in the relevant field.

Interested parties who meet the above criteria/qualifications may send their profiles/proposals on or before **03-03-2021** during office hours to the undersigned through registered mail/UMS.

The competent authority reserves the right to reject any or all proposals as per PPR-2004. This EOI will also be available at official websites of Pakistan Post and PPRA.

**Rizwan Javed Hashmi**  
Director (Special Initiatives)  
Headquarters Pakistan Post, G-8/4, Islamabad  
Tel: + 92 51 9261087

PR. 1-3/2021



Government of Pakistan  
Ministry of Communications  
HEADQUARTERS PAKISTAN POST G-8/4, ISLAMABAD

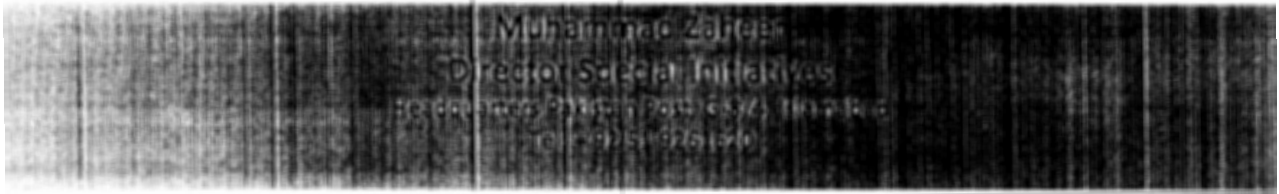
## **CORRIGENDUM**

### **EXPRESSION OF INTEREST (EOI)**

### **AGENCY PARTNERSHIP WITH A PUBLIC PRIVATE SECTOR ORGANIZATION FOR INTEGRATION OF POSTAL SERVICES IN THE DIGITAL PLATFORM**

Reference to Advertisement No. PID (I) 4333/20 dated 13-02-2021. The date of receipt of profiles has been extended up to 18<sup>th</sup> March-2021 till 12:00 p.m which will be opened at 12:30 p.m. on the same day. All other

terms and conditions will remain unchanged.



Sample  
[For Consulting Services]  
Request for Expression of Interest  
(EOI)

\_\_\_\_\_ (Name of the procuring agency) a (brief introduction of the procuring agency) invites Expression Of Interest (EOI) from the consultant firms / consultants for the services of (description of consulting services). Method of selection \_\_\_\_\_ (Mention the Method of Procurement i.e. Quality Based Selection/ Quality and Cost Based Selection/ Least Cost/ Single Source or Direct Selection/ Fixed Budget). will be used.

2. Expression of Interest documents, (containing name and address of procuring agency, appropriate description of assignment providing scope of the intellectual and professional services required, deadline and place of the submission of the expression of interest and evaluation criteria) are available for the interested bidders at \_\_\_\_\_ (mention the name and complete address from where EOI documents can be collected). Price of the EOI documents is {mention price, if any, as per Rule 23(5) of Public Procurement Rules, 2004}. EOI documents can also be downloaded from (web address of procuring agency) free of cost.

3. The expression of interest, prepared in accordance with the instructions in the EOI documents, must reach at \_\_\_\_\_ (mention name and complete address) on or before \_\_\_\_\_ (mention the closing date and time). The expression will be opened the same day at \_\_\_\_\_ (mention opening time at least 30 minutes after closing time). This advertisement is also available on PPRA website at [www.ppra.org.pk](http://www.ppra.org.pk).

Name & Designation  
Address  
Phone/Fax Number  
Email address:



# TRANSPARENCY INTERNATIONAL-PAKISTAN

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Defence Housing Authority, Karachi.  
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Website: www.transparency.org.pk

10<sup>th</sup> August, 2020

TIP20/0810/1A

Muhammad Akhlaque Rana,  
Chairman/Director General,  
Pakistan Post,  
Islamabad

Sub: Allegations in award of Contract for Digitalization of Financial Services with to HBL in violation of complying with codal formalities i.e. Public Procurement Rules 2004, with conditional investment of Rs.118 billion ( subject to Pakistan Post projected revenue collection ) in a period of 20 years

Dear Sir,

Transparency International Pakistan refers to its letter dated 15 July, 2020, and appreciates the Pakistan Post clarification vide letter No DG/Misc/2020, dated 17 July 2020.

The Pakistan Post important clarifications were that this Contract does not attract PPRA Rules 2004, no public funds/government equity is involved, HBL is making investment in Technology etc. ( Rs 118 billion), Pensions will be credited directly in Pensioner's Bank Accounts ( i.e. not deposited first in HBL Accounts), and that the draft of PPOD-HBL agreement was also got vetted from M/o Law & Justice Division.

The above clarifications also published in newspapers, though not supported with documents, were taken in good faith as correct.

However, Transparency International Pakistan has received another complaint with allegations of irregular award of Contract for Digitalization of Financial Services with to HBL in violation of complying with codal formalities i.e. Public Procurement Rules 2004, with conditional investment of Rs.118 billion ( subject to Pakistan Post projected revenue collection ) in a period of 20 years.

The complainant has made following allegations.

That;

1. The same Project was initiated in 2017/18 also, in name of Financial Inclusion, under the Reform Agenda of Pakistan Post. The E.O.I was floated in newspapers under PPRA Rules, to call for the interest of interested parties. Tender of RFP was floated a per PPRA Rules. Bids were received, and technical evaluations as well as financial evaluation were carried out. But finally the project was eventually shelved.
2. The case again was taken up by Ministry of Communications, and the department just Floated EOI interested parties directed to submit proposals by 31<sup>st</sup> January 2020, at 5 p.m. The EOI was also posted on PPRA Website, and Pakistan Post website. **Annex-A**.
3. It is worth mentioning that the proposals once received was allowed to be amended numbers of time, in clear violation to PPRA rules. The committee evaluated on what Method, QCBS, QBS, Least Cost etc., and what was the Technical/Financial Evaluations Criteria given to bidders as required under PPRA Rules. There were lapses of some basic procedures and many question answers were over looked. Like Rs. 1.9 Trillion float of Post, under what formula and mandate Post has to





evaluate it and agreed to share the profit with private Bank. Whereas, the float belongs to Ministry of Finance, where is feasibility, did Post prepared any feasibility or hire any. Where is feasibility, did Post prepared any

feasibility or hire any consultant or firm ( hired by open bidding as per PPRA Rules) on the basis of which they have included the monitoring benefits for Post and eventually concluded an agreement.

4. PPOD falsely claim that no funds of PPOD are involved, as a matter of fact Pakistan Post shall be sharing its commission from its core agency functions like Pension, Saving bank, Bill collections and many other functions. What is security grantee against default. Did PPOD has fault for any performance guarantee ( as per PPRA Rules 2004) are surety bonds against non-performance from the part of partner Banks.

5. Out of five participants PPOD called for proposal from only three whereas, two was not ask for any proposal. What was criteria for rejection of two bidders.

6. The proposal which were initially received were allowed to be rectified / amended number of times and parties were allowed to alter! resubmit their proposal, which is in clear violation to PPRA rules.

7. This is purely revenue sharing model where in, post is sharing its Revenue with Bank from all Businesses which it currently is doing; including pensions, saving Banks.

8. H.B.L is acknowledging PPOD as super-agent, can Government department become Super-Agent to any private organization. H.B.L is giving Commissions to its HBL Connect agent's upto 85-90, whereas, in case of Post merely 50% is offered, is there any market survey or evaluation by PPOD in this regards. In agreement it is clearly mentioned that H.B.L shall invest depending on Revenue earned, it shall invest Rs 4 Billion on earning of 10 billion and similarly 118 billion in 20 years has same parameter. The whole concept is no way an agency function. Rather, is revenue sharing model of public private partnership" which fall in ambit of PPP (Authority) or privatization commission. But ironically they haven't completed the requirement of PPRA even. Neither they floated any tender, nor received any technical or financial proposal and awarded contract for 20 years, HBL proposal was for 20 years whereas UBL proposal was for 10 Years. HBL Annual Profit after Tax for 2019 was shown, in report as Rs 15 Billion, and UBL annual Profit after Tax for 2019 was shown as Rs 5 Billion, against actual of Rs 20.7 Billion. This indicates that no time frame of Contract Period was fixed in the EOI /RFP to bidders by Pakistan Post, and false figures for UBL were stated in report, which is clear indications of illegal Tendered Conditions. The Contract was awarded on Sweet discretion and will of Minister/ Secretary and Management of Post. **Annex-B, Annex-C, Annex D.**

9. According to Agreement private Bank shall utilize space, name, good will and Business of post without spending a penny. According to proposal H.B.L, shall spend 4 billion initially, out of which Rs. 2.13 billion is for extension of software which H.B.L already has. Who has evaluated the value of this software as Rs 2.13 billion? Rs 482 for Human Resources development and Rs 200 Million for training which implicitly means that all expenditures were evaluated and kept by partner bank and remaining amount to be spend for up lift and branding which infect is Branding and Advertisement of Bank itself and they have virtually purchased one of Pakistan biggest institute without spending penny

10. Ministry of LAW was sent draft Agreement with EOI (**Annex-A, Annex-E**) vide letter No 15-6/2020-P.O.I dated 29.05.2020. Ministry of Law after one day, on Friday 01.06.2020, vide U.O. No. 1(159)/2020, sent the reply, stating " The **Text** of the draft Agreement has been vetted from legal point of view, as in pencil, and is clear, **subject to the fulfilment of all codal formalities**". This clearly confirms that Ministry of Law has only vetted the Text of the Draft Agreement, and also conditioned



that its vetting is subject to the fulfilment of all codal formalities by Pakistan Post and Ministry of Communications.

Following are the observations of TI Pakistan.

- a. According to EOI, and MoL vetting as stated by the complainant in allegation No 10 above, this contract was processed under PPRA Rules 2004.
- b. HBL proposal was for 20 years whereas UBL proposal was for 10 Years. HBL Annual Profit after Tax for 2019 was shown in report as Rs 15 Billion, and UBL annual Profit after Tax for 2019 was shown as Rs 5 Billion, against **actual profit of Rs 20.7 Billion**. This seems violation of Rule 29, which states Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement. These anomalies also comes under PPRA Rule 2 (f). "**corrupt and fraudulent practices**" includes .....**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
- c. HBL sharing of Pakistan Post Revue, which is federal government fund, and Investment of Rs 118 Billion is conditional, and HBL has not provided the performance security nor the Integrity pact (required under MoF D.O.No.F.3(7)/2002/PPRA dated 05.10.2002).
- d. Pakistan Post clarifications dated 17 July 2020 are contradictory to the allegations of this complaint.

**Recommendations;**

1. Allegations of this complaint requires verifications and if they are correct, this procurement comes under PPRA Rule 2004.
2. Pakistan Post was therefore required to comply with all PPRA Rules, specially Rule 7, Rule 10, Rule 12, Rule 21, Rule 23, Rule 28, Rule 29, Rule 30, Rule 32, Rule 35, Rule 36, Rule 39, Rule 4i, Rule 47 and NAO 1999 section 33 D.
3. In case of noncompliance of any of the 50 Rules of PPRA Rules 2004, this contract may be declared as mis procurement under Rule No. 50.

Transparency International, Pakistan request the Chairman/DG Pakistan Post to examine the complainant, TI Pakistan observations and recommendations.

TI Pakistan is striving to have Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

With Regards,

Sohail Muzaffar  
Chairman

Transparency International Pakistan .

**Copies forwarded for the information and for action under rules to:**

1. Dr. Arif Alvi, President of Pakistan, President House, Islamabad.
2. PSPM, PM House, Islamabad,
3. Chairman NAB, Islamabad.
4. Secretary, Ministry of Communications, Islamabad
5. Register, Supreme Court of Pakistan, Islamabad
6. MD, PPRA, Islamabad



Chairman  
Director General



No. DG/Misc/2020

Dated, at Islamabad, the 17<sup>th</sup> July, 2020

**Mr. Sohail Muzaffar,**  
Chairman,  
Transparency International Pakistan,  
4-C, Mezzanine Floor, Khayaban-e-Ittehad,  
Phase VII (DHA),  
**KARACHI.**

SUBJECT: - **ALLEGATIONS OF VIOLATION OF PPRA RULES IN AWARD OF UNSOLICITED CONTRACT FOR HBL FOR DIGITALIZATION OF FINANCIAL SERVICES WITH AN INVESTMENT PORTFOLIO OF RS. 118 BILLION SPANNING A PERIOD OF 20 YEARS.**

Reference: letter No. TIP20/0715/IA Dated 15-07-2020.

Dear Sir,

At the very outset, PPOD is constrained to mention that it is very distressing to receive the aforementioned complaint as the facts narrated in the complaint appears to be either misunderstood or misconceived. The complainant is unable to fully comprehend the spirit of the agreement and also has bothered the august forum, Transparency International Pakistan. PPOD - HBL agreement in question has been inked after fulfilling all the legal and procedural requirements.

2. It is important to mention that during the previous years, Pakistan Post due to various reasons was continuously showing deficit. On one hand the total expenditure each year was beefing-up whereas the corresponding revenues were not showing the same incremental increase. This state of affairs has left PPOD in dire straits. At the same time, PPOD competitors have been continuously capturing the whole market which was once the monopoly function of Pakistan Post. In this grim scenario, PPOD was in no position either to regain the market nor to match the needs / requirements of our clients both in urban and rural segments.

3. The new Government from last two years have launched all-comprehensive reform initiatives in PPOD in order to increase revenue and to bring in innovation in products and services commensurate to the customer choices. The emphasis was also to recapture the lost market and to bring structural and functional modernization in PPOD in line with international best practices. The hectic efforts resulted in increase of revenue from 11.7 billion to 19.6 billion (includes receivable Rs.4.2 billion) in two years.

4. Despite the new initiatives, the situation went from bad to worse when FATF placed Pakistan under the grey list which resulted in serious repercussions on country's economy. Out of a total of 40 FATF recommendations, 13 related to Pakistan Post which attracts all the financial services rendered by PPOD. The FATF observations made it obligatory on PPOD that all Financial Services shall be compliant to AML-CFT regulations whereby each transaction of each client must pass through digital screening process. For this purpose, a complete digital platform was the need of the Hour whereas at present Pakistan Post processes are manually operated.



5. The present Government has also underlined the need to extend National Financial Inclusion Strategy (NFIS) as a measure to alleviate poverty in the rural areas. Thereafter, the PPOD has been assigned the task to champion this cause of providing financial products and services' access to the downtrodden segments of the society, especially in the rural settings. It goes without saying that PPOD has the largest footprint all over the country with 85% presence in rural areas.

6. PPOD looked into various possibilities to address the aforesaid challenges as the remedial measures not only required huge investment (billions were required to develop a digital platform) but also the action was to be taken within the given timelines as biggest challenge was to save Pakistan from falling into FATF blacklist on being non-compliant. Various international practices / experiences were also studied. Hence, EOI was floated whereby financial institutions were asked to submit business proposals under agency function whereby arrangement could be clinched which not only fully address AML/CFT requirements of digital platform, improvement in product and services but also does not entail any Government investment.

7. Thereafter, twenty-seven (27) Financial Institutions (FIs) showed their interest and ten (10) FIs submitted their business proposals. Five FIs finally submitted detailed business proposals which included 3 leading Banks and 2 Telcos. Three Banks were shortlisted for final consideration by the Scrutiny Committee, having members from Finance Division, M/o IT / NITB, M/o Communications and Senior Technical Officers from PPOD. The best two proposals were considered and discussed in Pakistan Postal Services Management Board (PPSMB). Finally, HBL proposal was accepted on merits and its third-party financial evaluation, risk assessment and legal vetting was undertaken by the Consultant, M/s. Sidaat Hyder Morshed. The draft agreement between PPOD and HBL was also got vetted from M/o Law & Justice Division. It is pertinent to mention that Pakistan is a signatory of UPU, the UN agency which emphasis that Post Office may enter into partnership with financial agencies / FIs to achieve SDGs in light of UN Resolution. The 91% postal operators throughout the world have followed this principle and out of 201 member countries 183 countries provide financial services either directly or in partnership with other leading FIs.

8. The PPOD - HBL agreement fulfills all those requirements which was mandatory for Pakistan Post to become AML-CFT compliant. Furthermore, it is based on a business plan of next 20-years whereby, not only Pakistan Post revenues will increase in manifold fashion, but will also improve its products and services in line with customers need and will also ensure the cause of NFIS to provide better and affordable services delivery to the rural population, making them bankable. This agreement will also provide various value additions which are part and parcel of all the competitors, product and services, thereby helping PPOD to recapture the market and provide a competitive umbrella of services for the common man. This includes ATM services, e-commerce platform and widening the base of international and domestic remittances through proper banking channel.

#### **PARA-WISE REPLY TO THE ALLEGATIONS BY THE COMPLAINANT**

Para	Complainant Allegations	Reply
1	Pakistan Post has awarded a 20 years unsolicited contract to Habib Bank Ltd. For Digitalization of Financial Services, with an investment portfolio of Rs.118 billion	Pakistan Post agreement with HBL is not an unsolicited contract. It is actually a strategic alliance under Agency Function regime which PPOD is exercising since, 1890
2	No public Tenders were invited by Pakistan Post for this Project, which in violation of the Public Procurement Rules 2004.	This strategic alliance does not attract PPRA Rules 2004 as no public fund / Government equity is involved.

3	HBL will provide investments in the form of technology, infrastructure and capacity enhancement to the Pakistan Post Office Department, with the objective of enabling, technology based and regulatory compliant digital, financial services in far flung areas of Pakistan and to help propel Pakistan Post into a modern logistics company in the long run.	Pakistan Post under agency function will be adopting a role of Super-Agent of HBL under SBP Branchless Banking Regulations 2008. The HBL is making investment in technology etc., to make the Super-Agent digitally-enabled.
4	Pakistan Post Office Department shall provide branch-less banking services to its customers using HBL Konnect, the bank's branch less banking platform at selected locations across the Pakistan Post network, HBL will also place Automated Teller Machines (ATMs) and Cash Deposit Machines (CDMs) to further support customers and enhance the digital financial service capabilities available at Pakistan Post locations.	PPOD - HBL agreement will help the 80% unbanked rural population to become bankable and to extend NFIS for betterment of common man and fulfill SDGs set under UN General Assembly Resolution for Vision-2030.
5	HBL will assist to distribute pension of Federal Government by the Pakistan Post Office Department through HBL Konnect, the bank's branchless banking platform, which is about Rs.465 billion annually.	Pursuant to Supreme Court's Order dated 17-09-2007 in case of <i>suo moto</i> notice in respect of pensioners in Human Rights Case No. 2492 of 2007 and Circular No. 11 dated 6 <sup>th</sup> June 2009 of SBP, it has been decided to credit pension directly in Pensioner's Bank Accounts for which M/o Finance has issued SOPs and made it compulsory for all pension disbursing agencies to follow the order of the apex Court.
6	If 10 days pension circulates through HBL, at 6% profit rate, it will get an annual income to HBL of Rs. about 116 million, which period will be about Rs.2 billion in 20 years contract period.	The amount of pension would reside in the Pensioner's bank account under Direct Credit System (DCS) and profit, if any, belongs to the pensioner. These pensioner's account will remain part of PPOD's Savings Bank accounts.
7	The Evaluation Report required under Rule 35 and Contract Document under Rule No. 47 are also not posted on PPRA website, Rule 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.	This strategic alliance does not attract PPRA Rules 2004 as no public fund / Government equity is involved.
<b>OBSERVATIONS OF THE PAKISTAN &amp; RECOMMENDATIONS</b>		
a.	This complaint requires a detailed inquiry on the correctness of the allegations of the award of unsolicited contract to HBL.	All allegations of the complainant have been replied above.

b.	There is mention of investment portfolio of Rs.118 billion in this project, and according to PPRA Rule No. 7, signing of Integrity Pact is mandatory.	This strategic alliance does not attract PPRA Rules 2004 as no public fund / Government equity is involved.
c.	If these allegations are proved to be correct, action may be taken to cancel the contract, as such contract may be declared as mis procurement under PPRA Rule 50.	The allegations levelled against PPOD are false.
d.	Public Tenders may be invited under PPRA Rules to allow all Banks to participate in the bidding process.	This strategic alliance does not attract PPRA Rules 2004 as no public fund / Government equity is involved.

9. It may be mentioned that PPOD has entered into strategic alliance with HBL in good faith and after fulfilling all the legal / codal formalities. All efforts have been made to ensure adoption of foolproof methodology and provide transparent, fair and competitive opportunity to all FIs.

Best regards,

  
(MUHAMMAD ARIF RANA)