

17 February 2022

TL2022/0217/1A

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

(For attention of Prime Minister)

**Sub: IMF Condition under Sixth Review of Pakistan Extended Fund Facility Program,
to Publish all COVID-related awarded procurement contracts on the Public
Procurement Regulatory Authority (PPRA) website under Rule 47 PPRA Rules 2004.**

Dear Sir,

Transparency International Pakistan refers to the IMF Country Report No. 22/27 dated February 2022 for Pakistan.

Since the outset of Covid pandemic in March 2020, TI Pakistan has consistently reminded the federal and provincial governments that 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. The most recent letter of TI Pakistan to the office of Honorable PM is enclosed (**Annex-A**).

The Memorandum of Economic and Financial Policies submitted to the IMF by the Adviser to the Prime Minister on Finance and Revenue, Mr. Shaukat Tarin, and Dr. Reza Baqir, Governor of the State Bank of Pakistan states *“to help safeguard the quality of emergency spending in the health sector through the transparency of COVID-related spending (by the executing agencies), we are publishing key information of all COVID-related awarded procurement contracts on the Public Procurement Regulatory Authority (PPRA) website”* (**Annex-B**).

Since last two years, TI Pakistan has been informing the federal and provincial governments of the failure of compliance to PPRA Rules 2004. The Ministry of National Health Services, Regulations and Coordination vide letter No: 6-37/2021-DDP-IV-MISC had informed TI Pakistan that *“All the Covid commodities like PPE, Testing kits, etc were received as in kind support from various donors/countries and that with regard to vaccines, the Ministry has signed non-disclosure agreements as required by the manufacturers of Covid-19 vaccine”* (**Annex-C**).

TI Pakistan’s monitoring suggests that while some departments of the federal government have uploaded awarded contracts information such as Expanded Program on Immunization on PPRA Authority website, many departments such as Federal Ministries, Departments, Public Sector Organizations and Public Hospitals working in Islamabad Capital Territory, which must have made Covid related procurements, have failed to comply with PPRA Rules 2004 Rule No. 47. Similarly, none of the provincial government has published Covid related contract award information, 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 of Rs.40 Billion in the Covid expenditure.

The Honorable Prime Minister is again requested to issue directives to all the departments of federal government and provincial governments 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 Minister Punjab, CM House, Lahore
2. Chief Minister Sindh, CM House, Karachi
3. Chief Minister KP, CM House, Peshawar
4. Chief Minister Balochistan, CM House, Quetta
5. Chief, National Command Operation Centre, Islamabad
6. Dr. Faisal Sultan, Special Assistant to Prime Minister on Health, Ministry of National Health Services Regulations and Coordination, Islamabad
7. Managing Director, Public Procurement Regulatory Authority (PPRA), Islamabad
8. Managing Director, Sindh Public Procurement Regulatory Authority (SPPRA), Karachi
9. Managing Director, Punjab Procurement Regulatory Authority, Lahore
10. Managing Director, KP Procurement Regulatory Authority (KPPRA), Peshawar
11. Managing Director, Balochistan Public Procurement Regulatory Authority (BPPRA), Quetta
12. Chairman, National Accountability Bureau (NAB), Islamabad
13. Auditor General of Pakistan, Islamabad
14. Registrar, Supreme Court of Pakistan, Islamabad
15. Country Head IMF, Islamabad
16. Managing Director IMF, Washington D.C. USA



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.

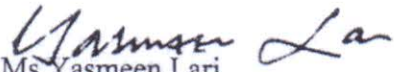
However, the Ministry of National Health Services, Regulations and Coordination vide letter No. 6-37/2021-DDP-IV-MISC dated 2nd September, 2021 informed TI Pakistan that all Covid commodities have been received as in kind support from various donors/counties and that MNHS&RC has not made any procurement 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**).

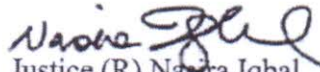


The Honorable Prime Minister is again requested to issue directives for the compliance of **PPRA Rule No. 47** and the disclosure of contract information along with BOQ rates for all Covid-19 spending as required by the IMF in its Sixth Review under the Extended Fund Facility for Pakistan, to ensure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

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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

2021 we launched a *Collectible Tax Debt Campaign* to redress the high percentage of outstanding debt. We also reintroduced and rolled out the track-and-trace system for tobacco products in one company in October 2021 (**end-June 2021 SB**). Going forward, the track and trace system is likely to cover the full tobacco as well as cement, sugar, and fertilizer sectors. However, given technical capacity issues, we cannot commit to finalizing a full rollout of the track-and-trace system to all companies within the program period and therefore request to drop this SB. To support GST harmonization, we will establish the single filing portal by December 2021, which will remove filing with five different tax administrations and simplify with a single tax base, which would improve the ease of doing business and enhance the trust of taxpayers.

9. We continue to aspire to achieving the highest levels of quality and transparency in all COVID-related spending programs in line with international best practices. The enacted emergency measures will remain targeted and temporary and will not result in permanent distortions of the overall fiscal envelope. To help safeguard the quality of emergency spending in the health sector through the transparency of COVID-related spending (by the executing agencies), we are publishing key information of all COVID-related awarded procurement contracts on the Public Procurement Regulatory Authority (PPRA) website (<https://www.ppra.org.pk/pcontract.asp>) (**end-April 2021 SB, PA for completion of the review**). To further deepen transparency reforms, the PPRA and SECP will enter into an agreement enabling PPRA direct and full access to beneficial ownership information of companies bidding for public contracts. The PPRA will issue regulations to require collection for publication of beneficial ownership information from companies which are awarded public procurement contracts for PRs 50 million and above (**new end-March 2022 SB**). With support from the World Bank, we will also pilot by end-June 2022 an e-procurement system that would support transparency and accountability of procurement contracts and link with beneficial ownership, tax and national ID registries. The Auditor General of Pakistan (AGP) also completed an ex-post audit of the procurement of COVID-related supplies and social payments made during FY 2020, which identifies shortcomings and proposed recommendations for improvement. The report was submitted to the national assembly in September 2021 for review and published in full on November 19, 2021 on the website of the AGP and Ministry of Finance (MoF) (**end-April 2021 SB, PA for completion of the review**).² The audit of all COVID-related spending and social payments for FY 2021 is underway, and the AGP is expected to complete the audit report by end-April 2022 with submission to the national assembly by end-July 2022.

10. Notwithstanding progress achieved over the past year, public debt remains high and a key source of vulnerability, and together with our fiscal consolidation efforts, we will continue to take actions to strengthen debt sustainability. Despite the unprecedented COVID-19 shock and supported by uninterrupted fiscal consolidation, our debt—excluding government guarantees—fell to 83.5 percent of GDP at end-FY 2021, down more than 4 percentage points compared to FY 2020, on the back of the nominal appreciation of the PRs/US\$ during the year and a

² <https://www.agp.gov.pk/SiteImage/Policy/53.%20Covid-19%20Audit%20Report%2008.06.2021.pdf>

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.


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