



TRANSPARENCY INTERNATIONAL PAKISTAN

Strives to build a better country to live in

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is signed on the 11th day of October 2005 between Transparency International Pakistan (TIP) and the Central Board of Revenue, Government of Pakistan (CBR) for the Implementation of the "Integrity Pact" and Transparency in its Procurement Systems.

Transparency International, is a non-governmental organisation, dedicated to government accountability, and curbing the international and national corruption. Through over 98 independent National Chapters, Transparency International bring together people of integrity in civil society, business and government, to work as coalitions for Systemic reforms. Transparency International do not "name names" or attack individuals or investigate, but focus on building systems that combat corruption.

Transparency International national chapter Transparency International Pakistan aims at Building a coherent National Integrity System, to institutionalize efforts to curb corruption. The ultimate goal of this system is to make corruption a "high risk" and "low return" undertaking. It is designed to prevent corruption from occurring in the first phase, rather than resting on punishment after the event. Because corruption tends to be the result of SYSTEMATIC failures. The primary emphasis of Transparency International Pakistan is on reforming the system, rather than blaming the individuals.

The "Integrity Pact" is an Integral Part of the National Accountability Bureau initiative towards Shafaff Pakistan, the National Anti Corruption Strategy approved by the Cabinet on 20th September 2002 & 5th October 2002, its Implementation mechanism approved by the President 24th October 2002. The Integrity Pact is a tool developed by Transparency International, which ensures that all activities and decisions of public offices are transparent and that the projects/works are implemented, services are provided or taken, and goods/materials are supplied without giving taking or allowing for any kind of benefit, financial or otherwise. Justification of the decisions taken is provided without discrimination to all parties concerned or to any individual or institution/organization.

Considering that all Companies and Organizations in Pakistan share a responsibility to combat bribery in all forms and manifestations, it is agreed:

That Public Procurement Rules 2004 and World Bank's "Guidelines for procurement under IBRD loans and IDA credit" and "Selection and employment of consultant by World Bank Borrowers" are applicable in CBR including "Integrity Pact" prescribed by PPRA.

To sign this Memorandum of Understanding between Transparency International Pakistan (TI-Pakistan) and the Central Board of Revenue, Government of Pakistan (CBR) for the Implementation of the "Integrity Pact" and Transparency in its Procurement Systems.

That CBR along with TI-Pakistan will work jointly for the implementation of the PEC & World Bank SBDs which is a recommendation of the NACS, and those recommendations in the NACS involving Transparency in procurement, and Public

1

2



Procurement Rules 2004. It is also agreed that the CBR will establish an accountability mechanism in all its dealings and try to provide all the necessary Checks and Balances in its effort towards a Transparent Procurement System.

A Coordination Committee of CBR & TIP members will be formed. to implement "Integrity Pact" and Transparency in its Procurement Systems.

The Coordinating Committee.

This committee to be set up by CBR, shall consist of a three members comprising Officials of CBR, with responsibilities related to Law, Finance and Technical (Procurement & Contracts) Departments, and two Representative of TI-Pakistan. The Vice Chairman TI Pakistan shall act as its Chairman.

The Coordinating Committee will:

1. Identify and list all issues of transparency and evaluation of tenders criteria in the procurement bidding documents, including the discretionary conditions existing in the contract documents and make the necessary changes where necessary.
2. Prepare ways and means to be included in Contract Documents to eliminate/reduce delays to a bare minimum (Time base decisions with predictable milestones) and in approvals by providing mandatory time frames for submissions by consultants/contractors and approvals by client/consultants.
3. Introduce approval systems to process and award contracts, as well as complete the Projects at the most economical cost and within the scheduled time.
4. Incorporate the Directives of the NACS, PPRA & World Bank with regards to Procurement and Contracting, as the case may be.

Herein after it is agreed that;

- ☐ All important decisions be made public.
- ☐ Information on all important activities including auditor's report should be made easily accessible to all.
- ☐ CBR has the responsibility to inform the local public and all interested individuals / institutions / organizations / Vendors and others about the activities carried out under this Agreement.
- ☐ In accordance with the proposed Pact, Transparency International Pakistan will provide experts' services for 3-months beginning from 11th October, 2005, which may be renewed on mutual understanding.
- ☐ Team of Experts of TI Pakistan and CBR will prepare "CBR's Procurement Manual" for all its procurement related activities in the CBR and its field offices except donor funded projects and TARP for which the procurement will be made strictly in accordance with World Bank "Guidelines for procurement under IBRD loans and IDA credit" and "Selection and employment of consultant by World Bank Borrowers".



- ☐ The "CBR Procurement Manual" will comprise of all the Standard Bidding Documents on procurement of Works, Goods & Services, based on International Standards, World Bank, DIFID and Pakistan Engineering Council, duly amended to comply with the Transparent Procurement Procedures, recommended by the National Accountability Bureau in the National Anticorruption Strategy 2002, and fully compliant to the Public Procurement Rules 2004. Procurement under DFID and World Bank funding will be in accordance with World Bank "Guidelines for procurement under IBRD loans and IDA credit" and "Selection and employment of consultant by World Bank Borrowers".
- ☐ TIP agree to vet all tender documents, which CBR prepares on the basis of Procurement Manual for 6 months w.e.f. the date a directive is issued by the Chairman CBR.
- ☐ CBR will hold a press conference/seminar to declare application of CBR Procurement Manual.
- ☐ TIP under its charter will not participate in the CBR tendering process in any capacity, not even as observer.
- ☐ Transparency International Pakistan will provide experts' services on request to CBR without any cost to the CBR.
- ☐ That all information relevant to providing Transparency Procurement procedures shall be provided to the Coordination Committee by the CBR and all its related departments. It shall include documents which are in addition to those that are allowed under the Freedom of Information. Ordinance 2002.
- ☐ That in case one of the parties fails to carry out the above agreed-upon recommendations, the other has the right to withdraw from this Memorandum of Understanding and declare the same through a public announcement. Such withdrawal shall be effective 30-days after the date of the receipt of a notification given by TI-Pakistan to the CBR or vice versa.

M. Abdullah Yusuf,
Chairman
Central Board of Revenue

Syed Adil Gilani,
Vice Chairman/Chief Executing Officer,
Transparency International Pakistan

Witness

Khawaja Tanveer Ahmed,
Member (Tax Policy & Reforms)
Central Board of Revenue

Witness

Iftikhar Ahmed
Member (Administration)
Central Board of Revenue