

Memorandum of Understanding.

Pakistan International Airlines (PIA) and Transparency International Pakistan (TIP) had signed a Memorandum of Understanding (MoU) on June 1, 2005, and a subsequent understanding on February 3, 2010, whereby both the esteemed organizations showed their commitment to work together and enhance the element of transparency in PIA's procurement process.

PIA intends to maintain complete transparency in its processes and would like to avail TI-P's expertise to adopt best practices while following the rules of the Government.

By signing this MOU, on Friday October 12, 2012 both parties hereby agree to that:

TIP will provide assistance to PIA gratis, which will encompass the following:

- Bring to the knowledge of the MD, the anomalies in different departments along with recommendations to address them resulting in savings to PIA.
- Ensuring tender procedure comply with Public Procurement Rules 2004;
- Tender documents are made available to all qualified interested parties;
- Formation of transparent tender evaluation criteria;
- Complaints, If any, received from the aggrieved party are addressed on merit by a grievance committee as per rules ;
- In case any anomalies are identified during the procurement process by TIP as observer, it shall inform Managing Director PIA on the same.
- PIA will ensure that TIP's observations are addressed promptly.

Signed on behalf of PIA

Muhammad Junaid Yunus
Managing Director

Signed on behalf of TIP

Syed Adil Gilani
Advisor

Witness
Justice (R) Dr. Ghaus Muhammad
Trustee

Standard Operating Procedure (SOP)

A-PIA shall Immediately comply with following requirements of PPRA and NAB

1. All procurements will be conducted in accordance with Public Procurement Rules 2004.
2. PIA will post all Procurement Contracts of over Rs 50 million awarded in last 2 years on PPRA website.
3. PIA will post all Evaluation Reports of contracts awarded in last 2 years on PPRA website.
4. PIA will post Annual Procurement Planning on PPRA website.
5. PIA will post Procurement Report on PPRA website.
6. PIA will form a new Redressal of Grievances Committee and post it on PPRA website.
7. Copies of all Contracts of over Rs 50 million with Annexures A & B shall be sent to NAB under NAO Section 33-B.
8. PIA will not extend the bid validity period.

B- Transparency International Pakistan Role .

1. All tender documents of over Rs 10 million procurement will be checked and corrected to comply with PPRA Rules if required by TIP prior to issue to bidders.
2. TIP will be provided copies of tender documents of less than Rs 10 million for its comments, which will be sent to MD PIA. *Mane*
3. In the Tender Opening, TIP expert will be a member of committees, only as Observer .
4. All Technical Evaluation Reports and Financial Evaluation Reports will be reviewed by TIP expert, and TIP observations will be given to MD PIA .
5. Capacity building workshops for PIA procurement personals will be held as and when required.
6. TIP will suggest how to increase bidders participation and fair competition.
7. TIP will suggest measures to introduce culture or Merit and good governance.
8. User departments will not become procuring department in any case.
9. Any other aspect on which PIA need suggestions, TIP will provide international standards suitable for PIA.

ppr Oman 12/22/2012
[Signature]
15/12/12