

February 21<sup>st</sup>, 2022

TIP22/0221/1A

The Chairman,  
Faisalabad Industrial Estate Development and Management Company  
Faisalabad.

**Subject: Complaint against illegal award of 2 contracts of Rs 1.5 Billion to M/s NLC by  
M/s FIEDMC**

Dear Sir,

Transparency International Pakistan received a complaint against illegal award of contract to M/s NLC by M/s Faisalabad Industrial Estate Development and Management Company (FIEDMC).

The complainant has made the following allegations/objections:

That,

1. The FIEDMC has directly awarded two contracts amounting approximately Rs.1.5 billion to M/s NLC, without following proper bidding process.
2. The direct contract to any organization could only be awarded if the project is sensitive in nature, time bound and of emergency. Moreover, it has to be declared by the competent authority.
3. FIEDMC has started this project in 2019 and has enough time for proper bidding process thus providing opportunity to all the bidders to participate and complete the contract as per PPRA Rules.
4. The direct award of the contract at such exorbitant price will cause in loss of millions of rupees to Government of Punjab.
5. Additionally, M/s NLC has further awarded the project of a private developer who is partner with the technical head of FIEDMC.

**TI Pakistan Comments:**

PPRA Rule 2004, Rule No 46 (5), do provide Direct Contracting with State Owned Entities. But compliance of the following condition are mandatory on M/s FIEDMC for this Procurement.

Rule 45 (5) Subject to sub-rule (6), a procuring agency may, **in a complex project**, engage, through direct contracting, an organization owned or controlled by the Government, the Federal Government or any other Provincial Government with the prior approval of:

1. (a) *Provincial Development Working Party (PDWP) of Planning and Development Department in case of the administrative departments or attached departments or agencies of the Government*]; and



2. (b) PDWP and the governing body, by whatever name called, in case of an autonomous body, company, authority or institution.

(6) In case of engagement of an organization under sub-rule (5), the procuring agency shall:

1. (a) record reasons in writing for direct contracting and shall issue a certificate of reason-ability of the negotiated price of consultancy based on the principles of procurement contained in rule 4; and
2. (b) obtain approval of the Authority to the extent of declaring the project as complex project.

### TI Pakistan Recommendations

In case the allegations of non compliance of Rule 45 sub rule (5) and (6) are correct, and these procurements are **not declared as complex project** by the Authority ( **Rule No 2 (e) defines Authority as Punjab Procurement Regulatory Authority**), and also approval of Provincial Development Working Party (PDWP) was not taken, this procurement prima facie is **mis-procurement** under PPRA Rule 69, and needs to be cancelled.

The Chairman IEDMC is requested to examine the complaint, TI Pakistan comments, and recommendations, and if the allegations are found correct, take action against those who are responsible for this mis procurement, under NAO 1999.

TI Pakistan recommends in such situation the procurement shall be re tendered.

Regards

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

Justice (Rtd) 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. PSPM, Prime Minister's House, Islamabad
2. Chairman, Public Accounts Committee
3. Chairman NAB, Islamabad
4. Chief Minister, Punjab
5. Registrar, Supreme Court of Pakistan, Islamabad
6. MD PPRA, Lahore