



13th September, 2021

TL2021/0913/1A

Syed Murad Ali Shah,
Chief Minister Sindh,
CM House,
Karachi.

Sub: Allegations of loss of about Rs 3.3 Billion due to violation of SPPRA Rules 2010 in the Award of Contract for "Supply & Delivery of Duel Desks in Public Sector Schools of Sindh" by School Education & Literacy Department Govt. of Sindh

Dear Sir,

Transparency International Pakistan has received a complaint on the allegations of violation of SPPRA Rules 2010 in the Award of Contracts for "Supply & Delivery of Duel Desks in Public Sector Schools of Sindh" by School Education & Literacy Department Govt. of Sindh on 10th June 2021 at 3 times more than the market price, causing loss to exchequer of about Rs 3.3 Billion.

The complainant has made the following allegations;

That,

1. The School Education & Literacy Department Govt. of Sindh on 10th June 2021, (i.e. in last month of the fiscal year 2020-2021), awarded four contracts for the "Supply & Delivery of Duel Desks in Public Sector Schools of Sindh" worth Rs. 5 Billion at the rates varied between Rs 23, 985/ desk to Rs. 29,500/ desk inclusive of all taxes. (Annex-A)
2. The previous Tenders for the same procurement of the duel desk furniture were invited by the School Education & Literacy Department Govt. of Sindh 2 years ago, precisely on 17th Feb 2019, for a smaller quantity. The lowest evaluated tender prices received from responsive bidders for these tenders varied between Rs. 5,700/desk to Rs. 6,860//desk, inclusive of all taxes. However, School Education & Literacy Department for unknown reasons did not award the contracts.
3. Keeping in view the difference of minimum cost of Rs. 5,700/desk and Rs. 23,985/-desk, the current tenders are awarded at 320% higher prices, which is estimated to have caused a loss of about Rs. 3.3 billion to the exchequer.
4. The School Education & Literacy Department prepared highly inflated Engineering estimates as Rs. 24,500 per desk, as market price, though the same desks were offered in Open Bidding to School Education & Literacy Department in 2019 at maximum price of Rs 6860/desk.
5. Keeping in 10 % annual escalation in prices, the maximum estimated cost should have been Rs 9000/desk which included 2-1/2 years escalation of 30%. The bidders knowing the estimated prices, thus quoted on avg. Rs 27,000/desk. .
6. The action against the officers of the School Education & Literacy Department and the contractors shall be taken for committing a loss worth billions of rupees to the exchequer.

TI Pakistan has examined the allegations of the complainant



TI Pakistan comments.

1. Prima facie the allegations seem to be correct.
2. The procurement process for the "Supply & Delivery of Duel Desks in Public Sector Schools of Sindh" was started by the department 3 times in the past, once in 2019, second in 2020 and now 3rd time in 2021. Representative of TI Pakistan was also included as observer in the Evaluation Committee.
3. The reasons for not awarding the contract in 2019 by the School Education & Literacy Department to the lowest bidder was protested by Transparency International Pakistan representative, and also a vide letter No. TL19/22/04/1A dated 22nd April 2019, was sent a to the Chief Secretary Sindh. The Chief Secretary was informed about failure of School Education & Literacy Department in not awarding these contracts at about Rs 300 million, which half the approved estimated cost of Rs. 600 million, and that School Education & Literacy Department was causing a loss of Rs. 30 crores to the exchequer. **(Annex-B).**
4. Again on August 23, 2019, TI Pakistan informed the Secretary Education & Literacy Department that TI Pakistan will not participate as observer in the evaluation committee, in the re-tender, due to the non-transparent methods of the School Education & Literacy Department in the tendering process of the previous tender for the same goods **(Annex-C).**

TI Pakistan Recommendations.

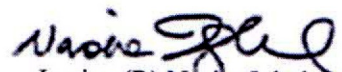
Chief Minster Sindh is requested to examine the allegations, and if they are found correct, take action against the gross irregularities in the award of contracts for "Supply & Delivery of Duel Desks in Public Sector Schools of Sindh" by School Education & Literacy Department Govt. of Sindh in violation of SPPRA Rules 2010 causing alleged loss of Rs. 3.3 billion to the exchequer.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,


Ms Yasmeen Lari

Sitara-e-Imtiaz, Hilal-e- Imtiaz
Chairperson
Transparency International Pakistan


Justice (R) Nasira Iqbal

Sitara-e-Imtiaz
Vice Chair,
Transparency International Pakistan

Encl: Annex-A, B, C

Copies forwarded for the information with request to take action under their mandate,

1. PSPM, Prime Minister's House, Islamabad.
2. Chief Secretary, Government of Sindh, Karachi
3. Secretary Education, SELD Govt of Sindh, Karachi
4. Chief Justice, Sindh High Court, Karachi
5. Director General, NAB, Karachi
6. Managing Director, SPPRA, Karachi

Annex-A



No SO(G-I)/SE&LD/PROCUREMENT/2020-21
GOVERNMENT OF SINDH
SCHOOL EDUCATION & LITERACY DEPARTMENT

Karachi, dated the 10th June, 2021

APPROVAL – MINUTES OF THE MEETING (FINANCIAL OPENING)
PROCUREMENT OF SELD SCHOOL FURNITURE AGAINST TENDER
NO.SELD-PROC/DUEL-DESKS/2020-21 DURING THE CURRENT FINANCIAL YEAR
2020-21.

A meeting was held on 10th June, 2021 at 11:00 am in Committee Room of Education & Literacy Department, Government of Sindh, Tughlak House, Sindh Secretariat, Karachi, for Bids for 04 (Four) technically responsive bidders were opened on 03-06-2021 at 11.00 am. The members of the Central Procurement Committee carried out due diligence and arguments in favor and against the disparate rates quoted by the 04 technically qualified bidders. The unit prices after volunteer rebates offered rebate by the two firms i.e M/S Spirit Industries, M/S Sam Traders and the lot wise rates offered by all the participants firms/companies in comparison to our Engineering rates worked out by a subcommittee formed by CPC are as under:-

Description of Duel Desks	Engineering Estimate of Department	M/S Sieger Industries Pvt Ltd (Lot# 03A & 03B Hyderabad Region)	M/S Spirit Industries Pvt Ltd (Lot#02 Larkana Region)	M/S Analytical Solution (Pvt) Limited – JV (Lot# 09 Mirpurkhas Region)	M/S Sam Traders (Lot# 10 Shaheed Banazirabad Region)
	Unit Rate	Unit Rate	Unit Rate	Unit Rate	Unit Rate
Class 01 to 05	24,500	23,985	26,401.05	26,969	26,325
Class 06 to 10	29,500	26,986.05	29,250	29,000	29,413.80

The prices of M/s Sieger are lower than the Engineering estimates prepared by the Sub Committee formed under CPC. It was discussed that M/s Sieger might have missed out few cost components in its price calculations since they are supplying furniture for the first time in remote areas of Sindh Province far flung areas. M/S Sieger Industries may have omitted certain cost ingredients (direct/indirect having impact on supplying and distribution cost) if we compare it with other three bidders due to fact that Engineering Estimates is Rs.691(Million) whereas its bid is Rs.662 million. Therefore, the price of M/s Sieger cannot be taken as the bench mark. The Engineering estimates prepared are based on market rates and not the schedule rates, they represent the actual rates of the manufacturer of Pipes i.e IIL or equivalent and type of wood i.e Sheesham or Mahogany to be used as raw material in manufacturing of these duel desks. Which represent that its value Rs.662 million can't be taken as bench mark/reasonable price in comparison to Engineering Estimates and other three qualified bids.

Another reason for rates of M/s Sieger can be because of economies' of scale. The firm has quoted for more than one LOT. The cost of production and factory overheads when distributed over double the quantity would have a reasonable impact in terms of price.

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Rami
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The other three Contractors have submitted rates approximately 4% above our Engineering estimates prepared considering their voluntary rebates in their financial bids as visible from the comparison table mentioned above.

The other contractors may have also included the price inflation experienced in last one year due to COVID-19 and the rebate withdrawn by the china Government to Pakistan on steel products, since it is a firm fixed price contract and prices once quoted cannot be changed or withdrawn by the successful bidders.

It was further deliberated that the number of schools, their distance, terrain is different from each LOT. This can be a valid reason for price variance. A separate contract will be made against each LOT. The profit margins of each firm are different based on their work force, cost of material, sourcing, type of machinery held and the different locations, demographics and Insurance cost with various strategic risks, cost of financing etc.

In comparison of Engineering Estimate, bids of three firms are approximately 04% higher which seems to be justifiable keeping in view that Current inflation rate is 10% to 16 % as per Govt Statistics.


The CPC worked out the cost of each dual desk based on the concept of whole life costing/value for money. These dual desks will have an approximate life of more than 15 years. The SPPRA does bars the award of contract based on the engineering estimates.

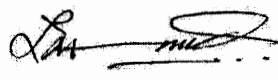
The firm wise final price breakdown with rebates offered is attached as Annexure-A.

DECISION:


Based on the due diligence, justifications and Engineering Estimates prepared on open market rates, the committee recommended the notification of award to the following technically responsive lowest bidders in their respective lots.

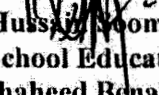
S. No	Name of Firm	Total Bid Price inclusive of all taxes/rebate
01	M/S Sieger Industries, Rawalpindi (Lot-03A &03B Hyderabad Region-I &II))	662,009,400
02	M/S Spirit Industries Pvt. Ltd, Lahore (Lot-08 Larkana Region-II)	725,059,530
03	M/S Analytical Solutions – M/S GM Khan Furniture – M/S Hassan Trading & Construction – M/S Kashmir Pre Engineering Construction – JV. (Lot-09 Mirpurkhas Region-I)	733,611,060
04	M/S Sam Traders, Gujrat (Lot-10 Shaheed Benazirabad Region)	724,955,400



Musarrat Mokhtar (Member)
Dy. Director (Inspection) Industries Department
Government of Sindh

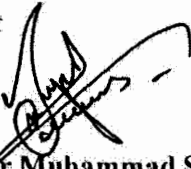

Zahid Ahmed (Member)
SO (Information Science
& Technology Department)
Government of Sindh


APPROVAL - MINUTES OF THE MEETING (FINANCIAL OPENING)
PROCUREMENT OF SELD SCHOOL FURNITURE AGAINST TENDER
NO.SELD-PROC/DUEL-DESKS/2020-21 DURING THE CURRENT FINANCIAL YEAR
2020-21.



Syed Rasool Bux Shah
Director School Education (Secondary)
Hyderabad

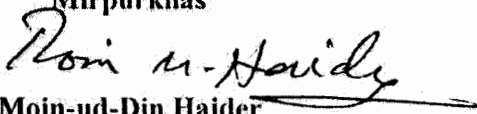

Nadir Hussain Moomro (Member)
Director School Education (Secondary)
Shaheed Benazirabad


Muhammad Nadeem (Member)
Additional Secretary (G/A)/
Secretary Central Procurement Committee
School Education & Literacy Department
Government of Sindh


Dr. Syed Mir Muhammad Shah
VC IBA University, Sukkur/
Chairman Central Procurement Committee


Maqsood-ul-Haq Qureshi (Member)
Director School Education (Secondary)
Larkana


Iqbal Ahmed Memon (Member)
Director School Education (Secondary)
Mirpurkhas


Moin-ud-Din Haider
(Rtd.) LT. General
Co-Opted Member

Bid Evaluation Report

1. Name of Procuring Agency: School Education & Literacy Department Govt. of Sindh.
2. Tender Reference No: SELD-PROC/DUEL-DESKS/2020-21 (LOT WISE)
3. Tender Description/Name of work/item: Supply & Delivery of Duel Desks in Public Sector Schools of Sindh
4. Method of Procurement: National Competitive Bidding
5. Tender Published: in Daily News Paper JANG, DWAN & Kawish dated 17-03-2021 AND SPPRA ID T01319-20-0002 DATED 18-03-2021.
6. Total Bid documents Sold; 18 Bids were purchased
7. Total Bids Received: 10 Bids Received
8. Technical Bid Opening date: (if applicable) 22nd April, 2021 (Provide details in separate form)
9. No. of Bid technically qualified (if applicable): 04 Bidder
10. Bid(s) Rejected: 06 Bids Rejected/Disqualified
11. Financial Bid Opening date: 03rd June, 2021
12. Bid Evaluation Report:


<i>S No</i>	<i>Name of Firm or Bidder</i>	<i>Cost offered by the Bidder</i>	<i>Ranking in terms of cost</i>	<i>Comparison with Estimated cost</i>	<i>Reasons for acceptance/rejection</i>	<i>Remarks</i>
0	1	2	3	4	5	6
1.	M/S Spirit Industries Pvt. Ltd, Lahore	725,059,530	First	700,000,000	Technically responsive, lowest bidder	Lowest and recommended for Contract award
2.	M/S Sieger Industries Pvt. Ltd, Rawalpindi	662,009,400	First	700,000,000	Technically responsive, lowest bidder	Lowest and recommended for Contract award
3.	M/S Sieger Industries Pvt. Ltd, Rawalpindi	662,009,400	First	700,000,000	Technically responsive, lowest bidder	Lowest and recommended for Contract award
4	M/S Analytical Solutions – M/S GM Khan Furniture – M/S	733,611,060	First	700,000,000	Technically responsive, lowest bidder	Lowest and recommended for Contract award


Handwritten signatures and initials are present below the table.


	Hassan Trading & Construction – M/S Kashmir Pre Engineering Construction – JV.					
4.	M/S Sam Traders, Gujrat.	724,955,400	First	700,000,000	Technically responsive, lowest bidder	Lowest and recommended for Contract award


Signatures of the Members of the Committee.



Musarrat Mokhtar (Member)
 Dy. Director (Inspection) Industries Department
 Government of Sindh



Zahid Ahmed (Member)
 SO (Information Science & Technology Department)
 Government of Sindh

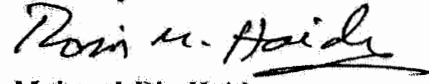

Syed Rasool Bux Shah
 Director School Education (Secondary)
 Hyderabad

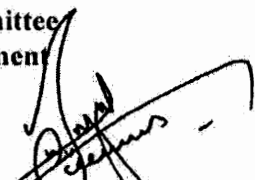

Maqsood-ul-Haq Qureshi (Member)
 Director School Education (Secondary)
 Larkana


Nadir Hussain Vairo (Member)
 Director School Education (Secondary)
 Shaheed Benazirabad


Iqbal Ahmed Memon (Member)
 Director School Education (Secondary)
 Mirpurkhas


Muhammad Nadeem (Member)
 Additional Secretary (G/A)/
 Secretary Central Procurement Committee
 School Education & Literacy Department
 Government of Sindh


Moin-ud-Din Haider
 (Rtd.) LT. General
 Co-Opted Member


Dr. Syed Mir Muhammad Shah
 VC IBA University, Sukkur/
 Chairman Central Procurement Committee



22nd April, 2019

TL19/2204/1A

Syed Mumtaz Shah,
Chief Secretary Sindh,
Government of Sindh,
Karachi.

Sub: Tender for Procurement of School Furniture for Public Sector Schools.

Dear Sir,

School Education & Literacy Department, Government of Sindh formed a tender committee for Procurement of School Furniture under school specific budget in September, 2018 in which representative of Transparency International Pakistan was also co-opted as member, by the Secretary Education Govt. of Sindh.

2. After various meetings tender floated for the procurement of 37120 and 14060 dual desk for various schools on 17th February, 2019.
3. The approved estimate cost of procurement is stated to be Rs. 600 Million.
4. On 19th March, 2019 technical proposals were opened and it was decided that the financial proposals shall be opened urgently after evaluation of technical proposals is completed.
5. On 28th March, 2019 financial proposals were opened.

Prior to opening of financial proposals there were two issues which intended to be resolved. One was, a bidder submitted his bid by TCS, which was received by department 4 days prior to closing date, and was not included by the department in the tender opening, and bidder complained to SPPRA. Second, was a bidder who did not submit the samples, which was asked by the department 4 days prior to financial opening, with excuse given by bidder that he did not receive the letter on time.

In order to avoid to any controversy, the committee agreed to include both bidders in tendering process and opened the financial bids.

Fortunately both bidders' financial bids were higher than the lowest bidders.

6. Following were the results of the bid opening

Lot No.	Vendor	Description	Quantity	Unit Rate Including Taxes	Total Amount
1	M/s Rizwan	Dual Desk for class 1 to 05	37120	Rs. 5,700/-	Rs.211,584,000
2	M/s M. Jamil	Dual Desk for class 6 to 10	14060	Rs. 6,860/-	Rs. 96,451,600



Two separate companies were the lowest in Lot No. 1 and Lot No. 2, and the total cost of procurement is almost half of the approved estimated cost of the procurement, which is about Rs. 308 Million, against approved estimated budget of Rs. 600 Million.

7. In the meeting the Chairman desired to cancel tender due to shortage of time. The Chairman of the committee was of the view that the time is short and contractor will not be able to supply the dual desks by 30th June, 2019 and the quantity of 51,180 is very huge for any contractor.

8. The committee asked the two successful bidders to confirm if they would be able to supply the dual desks in time. Both bidders confirmed that they will be able to supply in time, and in case of delay, the provision of Liquidity damages be imposed on them.

9. In the meeting the representative of TI- Pakistan and General (R) Moin Haider, another co-opted member insisted that the contract should be awarded, as over 600 schools are in operation since last 2 years without school furniture in various parts of Sindh.

10. But on 18th April, 2019, the School Education & Literacy Department, posted a tender of cancellation notice, without informing the tender committee co-opted members.

11. The Chief Secretary, Sindh is requested to consider following and issue directions to stop such delaying tactics by department, which is causing millions of rupees losses to nation;

1. Why 50% high estimated cost in dual benches was prepared and approved by the department?
2. Why Contracts to two lowest bidder, is not awarded, though the cost saving is 50%
3. Who will pay the escalated cost in case future tender are at higher rates, as annual escalation of 6.5% is already prescribed by the Planning Commission?
4. Who is responsible for keeping 600 classes of Sindh schools in effective, due to non-availability of dual desk?
5. When the tenders were invited in February 2018, and full process finalized in March 2019, why the Chairman of the Committee opposed the award of Contract?

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

Justice Zia Perwez

Former Judge of Supreme Court of Pakistan and High Court of Sindh
Trustee- TI-Pakistan

Annexure: Evaluation Report and Tender Cancellation Notice attached.

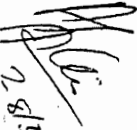
Copies forwarded for the information with request to take action under their mandate to:

1. Chief Minister, Government of Sindh, Karachi.
2. Chief Justice, Sindh High Court, Karachi
3. Director General, NAB, Karachi.
4. Managing Director, SPPRA, Karachi.
5. Prof Nisar Ahmed Siddique, Vice Chancellor, Sukkur, IBA University.
6. Lt. General Moinuddin Hyder (Rtd.), Member Steering Committee, Adopt a School Program. Se& LD.
7. Mr. Khalid Hussain, Senior Manager, Information Science Technology Dept. Govt. of Sindh.
8. Mr. Musarrat Mukhtar, Deputy Director, Industries Dept, Govt. of Sindh.
9. Director (Primary/ Secondary), School Education & Literacy Department.
10. Mr. Abdul Jabbar, Project Director, Sukkur, IBA University.
11. Assistant Director, Sindh Public Procurement Regulatory.

**PROCUREMENT OF SCHOOL FURNITURE FOR PUBLIC SECTOR SCHOOLS,
SCHOOL EDUCATION & LITERACY DEPARTMENT,
Comparative Statement of Financial Bids For Lot #02**

SNO	VENDOR'S NAME	ITEM'S DETAILS	QUANTITY	UNIT COST IN RS (including 17% GST)	TOTAL COST IN RS	BID SECURITY AMOUNT	RANK	REMARKS/COMMENTS
1	MS Oriental Furniture Works	Dual Desk for Class 06 to 10	14,060	10,764.00	151,341,840.00	4,600,000.00	7	
2	MS New Apex Woodworks	Dual Desk for Class 06 to 10	14,060	8,783.00	123,488,980.00	6,180,000.00	4	
3	MS Fine Woodworks	Dual Desk for Class 06 to 10	14,060	8,410.00	118,244,600.00	6,180,000.00	3	
4	MS Rizwan Furniture	Dual Desk for Class 06 to 10	14,060	7,000.00	98,420,000.00	4,011,160.00	2	
5	MS M. Janil Furniture Mart	Dual Desk for Class 06 to 10	14,060	6,860.00	96,451,600.00	3,618,596.00	1	
6	MS Faiz Scientific Company	Dual Desk for Class 06 to 10	14,060	9,886.50	139,004,190.00	1,400,000.00	6	
7	MS PAKSON	Dual Desk for Class 06 to 10	14,060	9,540.00	134,132,400.00	1,341,350.00	5	

M. Nisar


28/12/2019



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

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Website: www.transparency.org.pk

August 23, 2019

Secretary Education
School Education & Literacy Department
Government of Sindh.

Subject: - **MEETING TO REVIEW BIDDING DOCUMENTS FOR PROCUREMENT OF SCHOOL FURNITURE
SD&LD DURING THE FINANCIAL YEAR 2019-20**

We have received a notice of the meeting for review to be held on Friday 23rd August 2019 SE&LD dated August 19, 2019.

The board of trustee of Transparency International – Pakistan (TIP) has decided that being member of SPPRA board, which oversees all procurements of the Sindh Government, TIP cannot be a member of any procurement committee in view of the conflict of interest.

In the previous tender our organization participated as a member of education committee. The chairman of the procurement committee neither followed PPRA rules, nor the decision of the procurement committee and unilaterally discharged all the tenders, though the lowest bidders were ready to supply the benches at half the approved estimated cost of Rs. 60 crores, which could have saved the Sindh Government Rs. 30 crores.

Letter in this regard was sent to Chief Secretary on 22nd April 2019 informing the ambiguity and irregularity of the chairman of the procurement committee.

A copy of the letter is enclosed which may be considered by the new committee in taking further decision.

Best regards,

Saad Rashid
Executive Director