TRANSPARENCY INTERNATIONAL - PAKISTAN

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July 16, 2026 TL2026/0716/1A

Advisor to Prime Minister
PM House
Islamabad

(For Attention of Honorable Prime Minister)
Subject: Complaint Against Serious Allegations of Serious Violations of PPRA Rules 2004, Misuse of PPRA Rule 42(f) by Pakistan Airports Authority in the Award of Rs. 20 billion PAA E-Gate Project to M/S AXI Systems (Pvt) Ltd

Dear Sir,

Transparency International Pakistan has received a serious complaint against allegations of violation of PPRA Rules 2004, misuse of PPRA Rule 42(f) by Pakistan Airports Authority in the Award of Rs. 20 Billion PAA E-Gate Project to M/S AXI Systems (Pvt) Ltd.

The complainant has made the following allegations:

1. In 2020, Civil Aviation Authority (CAA) invited International Competitive Bids for E-Gates, Biometric Verification and Passport Authentication Systems. Technical evaluation was completed, but no contract was awarded.

2. In 2024, Pakistan Airports Authority (PAA) floated a fresh Expression of Interest (EOI) which after due process, shortlisted three firms for further consideration.

3. PAA has now unilaterally abandoned the open international competitive bidding route and shifted the procurement to Rule 42(f) of PPRA Rules, 2004 - Direct Contracting / Inter-Governmental / State-Owned Entity - in favour of a single entity, M/s AXI Systems (Private) Limited.

4. In January 2026, PAA appointed a consultant JV comprising M/s M2P Consultants, Germany in JV with M/s Indus Associates Consultants Pvt. Ltd. and M/s Comrade Planning and Design Consultants Pvt. Ltd. to prepare technical specifications.

5. However, in March 2026, the same consultant recommended that the tender be issued only to M/S AXI Systems (Pvt) Ltd by invoking PPRA Rule 42(f). The recommendation is serious violation of PPRA Rule 42 (f) due to the following:

    a. Rule 42(f) is applicable only to procurements that are emergent, time-sensitive and in overriding public interest, involving Government-to-Government or state-owned entities with proven capacity.
    b. The contract itself, as per tender documents is for a period of 24 months, which negates any claim of time-sensitivity or emergency.
    c. No justification has been recorded as to how awarding a technically complex border security project to a single private entity without competition serves public interest or satisfies Rule 42(f).

6. It is alleged that the preliminary checks of public databases show that M/s AXI Systems Pvt Ltd does not meet the mandatory legal and technical eligibility under PPRA Rule 15 due to the following:

    a. Not traceable in SECP records as a registered company under the Companies Act, 2017 which is mandatory under Section 42 of the Companies Act.
    b. No NTN found in FBR Active Taxpayer List (ATL) which is mandatory for any public procurement.
    c. No Sales Tax Registration Number (STRN) traceable on FBR portal.
    d. Not registered with Pakistan Engineering Council (PEC) as a licensed contractor / engineering firm for such highly technical works.

7. Under PPRA Rule 15, for technically complex projects, the procuring agency is bound to invite only experienced, qualified and legally competent bidders who have the demonstrable capacity to perform the work. Award to an entity that reportedly lacks legal existence and relevant experience amounts to mis-procurement.

8. The complainant also alleges that a US firm, M/s Securiport LLC has submitted an unsolicited proposal for Advanced Passenger Information (API) and Passenger Name Record (PNR) systems, offering to fund upfront investment of approx. USD 2.4 billion over 25 years, to be recovered via a passenger security surcharge.

9. If accepted, this would impose an additional financial burden of over Rs. 50 billion per annum on passengers. There is an ambiguity as to under which legal framework, PAA is entertaining such parallel unsolicited proposals outside PPRA Rules.

Transparency International Pakistan Comments

Transparency International Pakistan has reviewed the allegations of the complaint, prima facie, the allegations seem correct. Following are TI Pakistan's comments:

1. Given that the project involves national border security, immigration data sovereignty and Rs. 20 Billion of public money, and that briefings are reportedly being made to the Senate Committee on Defence and the Prime Minister's Office presenting this as a fait accompli. TI Pakistan recommends the following actions

    a) Immediate suspension of the procurement process under Rule 42(f) till inquiry is completed

    b) Constitution of a high-level inquiry committee to verify:

    - Legal existence of M/s AXI Systems (Private) Limited from SECP, FBR and PEC;
    - Justification recorded by PAA for invoking Rule 42(f) instead of open international bidding;
    - Role and TORs of M/S M2P Consultants JV in recommending a single firm without verifying its legal status; with no past experience of similar assignment, nor any past financial performance/standing, as under the Agreement Consultants are required to follow Pakistani Law such as PPRA, PEC, SECP, FBR, while providing services to PAA.

    c) Direct PAA to proceed only through open, transparent, international competitive bidding under PPRA Rule 21, as originally envisaged in 2020 and 2024

    d) If violations are established, action must be taken against those responsible under PPRA Ordinance, 2002 to deter future circumvention of procurement laws.

Transparency International Pakistan Recommendations

Transparency International Pakistan requests the Honorable Prime Minister that if inquiry proves the violations are true, recommend action against the consultants and officers held responsible and issue directives to invite the tender through open competition in compliance with PPRA Rules to avoid mis-procurement under PPRA Rules 2004.

Transparency International 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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Continuation Sheet No..........

Regards,

Advocate Daniyal Muzaffar,
Trustee/Legal Advisor
Transparency International Pakistan
Copies forwarded for the information with request to take action under their mandate to:

1. DG, PAA, Karachi
2. Secretary, Ministry of Defence, Islamabad
3. Chairman, Senate Standing Committee on Defence, Islamabad
4. MD, PPRA, Islamabad
5. Chairman, Prime Minister Inspection Commission (PMIC), Islamabad.
6. Chairman, NAB, Islamabad
7. DG, FIA, Islamabad
8. Registrar, Supreme Court of Pakistan, Islamabad.

Note:

This is to clarify that Transparency International Pakistan is not a complainant, it acts as a whistleblower and operate under Article 19-A, of the Constitution of Pakistan which gives the right to public to know how government is being run by public officers. Article 19-A makes the right to access of information pertaining to a public authority a fundamental right, and a three member bench in case of Mukhtar Ahmad Ali vs the Registrar, Supreme Court of Pakistan, Islamabad, headed by Chief Justice Qazi Faez Isa in the landmark judgment on 16 October 2023, in CP No. 3532/2023, has declared that

> "What previously may have been on a need-to-know basis Article 19A of the Constitution has transformed it to a right-to-know, and the Access to information is no longer a discretion granted through occasional benevolence, <u>but is now a fundamental right available with every Pakistani which right may be invoked under Article 19A of the Constitution"</u>