TRANSPARENCY
INTERNATIONAL - PAKISTAN

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August 22, 2025

TIP2025/0822/1A

Principal Secretary to Prime Minister
PM House
Islamabad

Subject: Complaint Against Allegations of Violation of Public Procurement Regulatory Authority (PPRA) Rules 2004 by Multan Electric Power Company (MEPCO) in Hiring of Contractor/Firm for the Procurement of Human Resource Services, Tender No. 38/26

Dear Sir,

Transparency International Pakistan has received a complaint against allegations of violation of Public Procurement Regulatory Authority (PPRA) Rules 2004 by MEPCO in hiring of contractor/firm for the procurement of human resource services, tender No. 38/26 **(Annex A).**

The complainant has made the following allegations:

That,

1. MEPCO has required firms to have a registered office with MEPCO's operational jurisdiction, imposing restrictive criteria in violation of PPRA Rule 4.
2. MEPCO has required an excessively high amount of bid security and high financial proof, which excludes many potential local firms, resulting in suboptimal value for money.
3. MEPCO has required bidding firms to be registered with Punjab Employee Social Security Institution (PESSI) along with 3-month contributions. The PESSI registration excludes firms from other provinces, contributing discriminatory practices in violation of PPRA Rule 10 and 33.
4. To favor pre-selected bidder, MEPCO has required firms to provide proof of Group Life Insurance (GLI) agreement with 3-month contribution. Such requirements typically required at a post-award stage to encourage wider competition.

Transparency International Pakistan's Comments

Transparency International Pakistan has reviewed the allegations of the complaint, prima facie, the allegations seem correct.

Following are TI Pakistan's comments:

1. Proper Tendering process shall be used by MEPCO to invite Open tenders as per PPRRA Rules 2004, and the serious allegations of the complainant that the requirements have been tailored to benefit a particular firm and minimize open and competitive bidding needs to be investigated by MEPCO.
2. The requirement for firms to have main office in MEPCO's geographic jurisdiction, registration with PSSI and prior GLI agreement impose restrictive criteria which can potentially exclude many eligible firms. It is to be noted that PPRA Rule 10 clearly require procuring agencies to define specifications/requirements in a way to allow for the widest competition, bringing value for money for the procuring agencies and the exchequer, as quoted below

   Rule 10: Specifications- *The procuring agency shall allow the widest possible competition by defining such specifications that shall not favour any single contractor or supplier nor put others at a disadvantage.*

3. Procuring agency may include a condition that all regulatory regulations are to be followed by successful bidder after award of contract within a specified time
4. Any violation of PPRA Rules 2004 amounts to Mis-Procurement under Rule 50 of PPRA Rules.

Transparency International Pakistan's Recommendations

Transparency International Pakistan requests the Honorable Prime Minister to look into the allegations of the complaint, and if found correct, issue directives to the MEPCO to re-advertise tender in compliance with PPRA Rules 2004 to avoid mis-procurement under Rule 50.

TI Pakistan is striving for the across-the-board application of the rule of law, which is the only way to stop corruption and achieve zero tolerance against corruption.

Regards,

Advocate Daniyal Muzaffar,
Trustee/Legal Advisor
Transparency International Pakistan

Copies forwarded for action under the mandate to:

1. Chief Minister, Government of Punjab, Lahore
2. Federal Secretary, Ministry of Energy (Power Division), Government of Pakistan, Islamabad
3. Prime Minister's Inspection Commission, Islamabad
4. Managing Director, Public Procurement Regulatory Authority (PPRA), Islamabad.
5. 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 operates under Article 19-A of the Constitution of Pakistan which gives the right to the public to know how the government is being run by public officers. Article 19-A makes the right to access information pertaining to a public authority a fundamental right, and a three-member bench in the 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>*

Annex-A

Enterprises
Government Contractor

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Deal in: Gernal Order Supplier I.T Equipment Bio Matric CCTV Cameras H.R services Electrical & Electronics Item Supply Mantinacne & Services Provider

Ref : AFE/PPRA/0016 Date : 18-08-2025

To:

The Managing Director
Public Procurement Regulatory Authority (PPRA)
1st Floor, Federal Bank for Cooperatives Building
Sector G-5/2, Islamabad.

Subject: **Grievance under Rule 48 of PPRA Rules 2004 - Request for Investigation and Cancellation of MEPCO Tender No. 38/26 for Hiring of Contractor/Firm for Provision of Skilled & Unskilled Outsourced Labour due to Violations of PPRA Rules.**

Dear Sir,

I am writing on behalf of M/s Al-Farooque Enterprises Pvt. Ltd. Registered firm with over 15 years' experience in various field in government departments active in providing manpower outsourcing services. We are submitting this grievance under Rule 48 of the Public Procurement Rules, 2004 (as amended), seeking an urgent investigation into the restrictive and discriminatory eligibility criteria in Multan Electric Power Company (MEPCO) Tender No. 38/26, on EPAD, for the provision of 491 skilled and unskilled workers.

We previously submitted a representation to MEPCO vide our letter No. AFE/MPC/HQ/026 dated 11.08.2025, highlighting violations of PPRA Rules, which was rejected vide MEPCO's letter No. 1146-50 dated 15.08.2025. We believe the rejection is unjustified, as the criteria unduly limit competition, discriminate against national firms outside MEPCO's jurisdiction, and contravene the principles of transparency, fairness, and maximum participation enshrined in PPRA Rules.

Key Violations in MEPCO Tender No. 38/26

The eligibility and evaluation criteria outlined in the tender documents (Page 5 and Page 8) include the following restrictive conditions:

1. Requirement for Main or Branch Office in MEPCO Jurisdiction (Southern Punjab's 13 Districts)
This geographic restriction excludes capable firms from other provinces, such as Sindh, where our firm is based. While MEPCO claims this ensures effective liaison, such a condition is unnecessary in the era of digital communication and national logistics, and it limits broad participation, violating Rule 16 (pre-qualification criteria must be fair, non-discriminatory, and promote maximum competition) and Rule 4 (principles of procurement require broad participation for value for money). Furthermore, this condition could alternatively be imposed at the time of signing the service agreement, requiring the selected firm to open a branch office in Multan, which would allow wider participation.

AL-FAROOQUE HYD ENTERPRISES PRIVATE LIMITED

2. Mandatory Punjab Employee Social Security Institution (PESSI) Affiliation with 3-Month Contribution Proof:

As a Sindh-based firm, we are registered with the Sindh Employees Social Security Institution (SESSI), which is equivalent. Insisting on PESSI excludes firms from other provinces, constituting discriminatory treatment under Rule 16 and Rule 13 (specifications must be non-restrictive).

3. Group Life Insurance (GLI) Agreement with 3-Month Contribution Proof:

GLI is typically arranged post-contract award, as it pertains to the specific workforce under the tender. Requiring pre-bid proof is premature and restrictive, particularly for new entrants, violating Rule 33 (evaluation criteria must be objective and relevant). Furthermore, this condition could alternatively be imposed at the time of signing the service agreement, requiring the selected firm.

4. Fixed Bid Security of Rs. 7,070,400/- and Financial Position Requirement (Up to 4-Month Salary in Bank Statement for Scoring)

While the bid security amount may comply with Rule 25 limits, its fixed nature combined with the stringent financial proof (e.g., 4-month salary balance for full points) favors established local firms and burdens smaller or national players, reducing competition and contravening Rule 4's emphasis on economical procurement.

These conditions appear designed to favor specific local firms, potentially leading to favoritism and suboptimal value for money, as fewer bidders result in higher costs and lower quality.

<u>References to Similar Cases:</u>

This is not an isolated issue. Similar restrictive criteria have been challenged and addressed by PPRA in the past:

TDAP Case (2025): Transparency International Pakistan filed a complaint on April 8, 2025, against the Trade Development Authority of Pakistan (TDAP) for imposing local jurisdiction requirements and excessive financial criteria in an event management tender. PPRA found these violative of Rules 16 and 4, directing TDAP to revise the criteria to allow national participation. (Reference: PPRA Complaint Records, 2025).

NADRA Case (2022): On July 1, 2022, Transparency International challenged NADRA's smart card procurement tender for geographic restrictions and high bid security, which PPRA deemed restrictive under Rule 16. The matter was escalated to court, resulting in inclusion of national bidders. (Reference: PPRA Case Files and Transparency International Reports, 2022).

In both cases, PPRA intervened to ensure compliance, emphasizing that procurement must promote competition rather than limit it. We urge PPRA to apply the same standards here.

<u>Comparison with Other Power Distribution Companies.</u>

Furthermore, similar manpower outsourcing tenders by other power distribution companies (DISCOs) under the same regulatory framework demonstrate that such restrictions are unnecessary and inconsistent:

SEPCO Manpower Outsourcing Tender (April 9, 2025): Sukkur Electric Power Company (SEPCO) issued a tender for hiring a firm for manpower outsourcing (Tender Notice dated April 9, 2025, closing April 17, 2025). Upon review, the eligibility criteria did not include mandatory local office requirements, province-specific social security affiliations (e.g., PESSI), pre-bid GLI proofs, or excessively stringent financial balances. This allowed participation from firms across Pakistan, ensuring broader competition and better value. (Reference: SEPCO Website and Tender Service Pakistan).

HESCO Recruitment/Outsourcing Tenders (2024): Hyderabad Electric Supply Company (HESCO) tenders, such as HESCO/A9/2024/02 for recruitment of officers on contract and other procurement notices (e.g., dated May 6, 2024), focused on standard criteria like NTN/GST registration, and tax compliance, without geographic restrictions or specific provincial social security mandates. National firms participated freely, aligning with PPRA's principles. (Reference: HESCO Website and PPRA Listings).

As HESCO and SEPCO are also DISCOs operating under the same PPRA Rules and NEPRA guidelines, the disparity in MEPCO's approach highlights potential favoritism and warrants investigation.

Request for Action

We request PPRA to:

1. Immediately investigate the tender under Rule 48 and suspend proceedings pending review.
2. Direct (MEPCO) cancel the tender to remove restrictive criteria and ensure compliance with Rules 4, 16, 13, and 33.
3. Impose appropriate measures if violations are confirmed, to uphold transparency in public procurement.

We are available for any clarification or submission of additional documents. Thank you for your attention to this matter.

AL-FAROOQUE HYD ENTERPRISES LIMITED

Yours sincerely,

Muhammad Waqas Khan
Director Operation
M/s Al-Farooque Enterprises Pvt. Ltd.
Contact: 0304-3320650
Email: waqqaskhan@6699@hotmail.com

Enclosures:

1. Copy of our representation to MEPCO dated 11.08.2025.
2. MEPCO's rejection letter dated 15.08.2025.
3. Relevant excerpts from MEPCO Tender Documents.
4. References to TDAP and NADRA cases.
5. Details of SEPCO and HESCO tenders.