



**TRANSPARENCY INTERNATIONAL PAKISTAN**  
**Strives to build a better country to live in**

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding is signed on this 12th day of April 2010 between Transparency International Pakistan (TIP) functioning under the laws of Pakistan Trust Act 1886 having its registered office at 5-C, 2<sup>nd</sup> Floor, Khayaban-e-Ittehad, Phase VII, D.H.A. Karachi and the Pakistan State Oil Company Limited (PSO) functioning under Companies Ordinance, 1980 having its registered office at PSO House, Khayaban-e-Iqbal, Clifton, Karachi for the Implementation of the **"Integrity Pact"** as defined herein below and Transparency in its Procurement Systems.

Transparency International is a non-governmental organization, dedicated to government accountability, with the object to curb corruption at the international and national level through over 98 independent National Chapters. Transparency International brings together people of integrity in civil society, business and government, to work as coalitions for Systemic reforms. Transparency International do not "name names" or attach individuals or investigate, but focus on building systems that combat corruption.

Transparency International national chapter Transparency International Pakistan aims at Building a coherent National Integrity System, to institutionalize efforts to curb corruption. The ultimate goal of this system is to make corruption a "high risk" and "low return" undertaking. It is designed to prevent corruption from occurring in the first phase, rather than resting on punishment after the event. Because corruption tends to be the result of SYSTEMATIC failures. The primary emphasis of Transparency International Pakistan is on reforming the system, rather than blaming the individuals.

The Integrity Part is a tool developed by Transparency International, which ensures that all activities and decisions of public offices are transparent and that the projects/works are implemented, services are provided or taken, and goods/materials are supplied without giving taking or allowing for any kind of benefit, financial or otherwise. Justification of the decisions taken is provided without discrimination to all parties concerned or to any individual or institution/organization. The "Integrity Pact" is an Integral Part of the Public Procurement Rules 2004.

Considering that all Companies and Organizations in Pakistan share a responsibility to combat bribery in all forms and manifestations, it is agreed:

That Public Procurement Rules 2004 are applicable in PSO including "Integrity Pact" prescribed by PPRA with all the provision and exception herein.

To sign this Memorandum of Understanding between Transparency International Pakistan (TI Pakistan) and the Pakistan State Oil Company Limited (PSOCL) for the Implementation of the "Integrity Pact" and Transparency in its Procurement Systems.

That PSO along with TI-Pakistan will work jointly for the implementation of the Public Procurement Rules 2004, on PSO's functions above Public Procurement Rules 2004 are applicable.

It is also agreed that the PSO will establish and accountability in all its dealings and try to provide all the necessary Checks and Balances in its effort towards a Transparent Procurement System.



A Coordination Committee of PSO & TIP members will be formed, to implement "Integrity Pact" and Transparency in its Procurement Systems.

**The Coordinating Committee.**

This committee to be set up by PSO, shall consist of a three members comprising Officials of PSO, with responsibilities related to Law, Finance and Technical (Procurement & Contracts) Departments, and two Representative of TI-Pakistan. The Chairman TI-Pakistan shall act as its Chairman.

B. With Prior Approval Of PSO's Management the coordinating Committee will:

1. Identify and list all issues of transparency and evaluation of PSO tenders' criteria in the procurement bidding documents, including the discretionary conditions existing in the contract documents and make the necessary changes where necessary.
2. Prepare ways and means to be included in Contract Documents to eliminate/reduce delays to a bare minimum (Time base decisions with predictable milestones) and in approvals by providing mandatory time frames for submittals by consultants/contractors and approvals by client/consultants.
3. Introduce approval systems to process and award contracts, as well as complete the Projects at the most economical cost and within the scheduled time.
4. Incorporate the Directives of the PPRA with regards to Procurement and Contracting.

C. Herein after it is agreed that:

1. All important decisions be made public as per requirement of Public Laws:
2. Information on all important activities including auditor's report should be made easily accessible to all, as required by law
3. In accordance with the proposed Pact, Transparency International Pakistan will provide experts' services for 3-months beginning from 12<sup>th</sup> April 2010, which may be renewed on mutual understanding, in accordance with clause C (9) and C (12).
4. Team of Experts of TI Pakistan and PSO will prepare "PSO Procurement Manual".
5. The "PSO Procurement Manual" will comprise of all the Standard Bidding Documents on procurement of Works, Goods & Services, based on International Standards, World Bank, FIDIC and Pakistan Engineering Council, duly amended to comply with the Transparent Procurement Procedures, and fully compliant to the Public Procurement Rules 2004.
6. TIP agrees to vet all tender documents which PSO prepares on the basis of Procurement Manual for 3 months w.e.f., the date of directive is issued by Managing Director PSO.
7. PSO may hold a press conference/seminar to declare application of PSO Procurement Manual.



8. TIP under its charter will not participate in the PSO tendering process in any capacity, not even as observer.
9. Transparency International Pakistan will provide experts' services to PSO without any cost to the PSO.
10. That all information relevant to providing Transparency Procurement procedures shall be provided to the Coordination Committee by the PSO and all its related departments,. It shall include documents which are in addition to those that are allowed under the Freedom of Information. Ordinance 2002.
11. That in case PSO FAILS TO CARRY OUT THE ABOVE AGREED-UPON RECOMMENDATIONS Transparency International Pakistan has the right to withdraw from this Memorandum of Understanding and declare the same through a public announcement. Such withdrawal shall be effective 30-days after the date of the receipt of a notification given by TI-Pakistan to the PSO to this effect.
12. TIP agrees not to charge any kind of professional/service fee in respect of its services rendered under this Memorandum of Understanding.
13. TIP will include E-Procurement rules for future online bidding by PSO and incorporate procedure laid by PSO. However some clauses can be added or delete with prior written consent of PSO if deemed necessary by the TIP to meet requirement of Public Procurement Rule 2004.

Mr. Irfan K Qureshi,  
Managing Director,  
Pakistan State Oil Co. Ltd.,

Witness

Syed Adil Gilani,  
Chairman  
Transparency International Pakistan

Mr. Arif Nasib  
GM, Procurement & Services  
Pakistan State Oil Co. Ltd.,

Saad Rashid  
Executive Director,  
Transparency International Pakistan