

**PS saved over Rs 1.5bn with 'Transparency International' help**  
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ISLAMABAD: Improved procurement system with Transparency International- Pakistan's (TIP) assistance saved Pakistan Steel (PS) over Rs. 1.5 billion on procurement of 0.1 million tons metallurgical coke in 2005, according to Managing Director, Public Procurement Regulatory Authority (PPRA), Muhammad Khalid Javed. He quoted a case study of TIP during an interview with Business Recorder, emphasising the need of setting up a regulatory authority. According to details, Pakistan Steel had urgently required metallurgical coke to enhance its production to 90 percent, as it had dropped to 35 percent, due to under-performance of 'Coke Oven Batteries', which required major overhauling. Because of urgency to meet its production requirements, Pakistan Steel issued tender enquiry for metallurgical coke, claiming availability of one supplier only, who quoted \$ 400 per ton. The steel mill was prepared to purchase the material, but the case was then referred to TIP for handling it, in accordance with Pakistan Procurement Rules (PPR) 2004. TIP in 2004, had signed an MoU with Pakistan Steel for application of Integrity Pact (IP) and compliance of Pakistan Procurement Rules (PPR) 2004, and prepared a 'Procurement Manual' for Pakistan Steel, comprising bidding processes, and other formalities, i.e., Services, Works, Goods, Equipment and IT. Under the MoU, Transparency International Pakistan also provided the services of procurement experts, who prepared the Procurement Manual for Pakistan Steel free of cost. TIP also vetted all tender documents, initially for three months, but afterwards extended them up to the end of December 2005. TIP vetted and amended over 500 tender documents. Pakistan Steel also referred special cases of Procurement for advice to confirm application of PPR 2004. Accordingly, TIP prepared fresh tender notices and documents and advertised internationally in three lots. It also advised PS to send the tender notice to Pakistan embassies to contact suppliers there to participate in the bidding process. This procedure attracted 15 bidders. The successful bidder from Germany came out with an offer of \$176 per ton, showing a difference in cost of \$ 224 per ton from the initial quoted price of \$400 per ton. The TIP claims that good response was because of transparent tendering and signing of IP. The process assured the suppliers that the contract would be awarded on merit. In September 2005, Pakistan Steel floated a second tender for 70,000 tons, and again 15 bids were received. A Chinese company offered the lowest price of \$145 per ton, thus making a saving of \$255 per ton. According to this, the estimated cost, which was \$42 million for total 105,000 tons of material, dropped by 60 percent, which saved Pakistan Steel net amount of \$25.7 million, or Rs. 1.54 billion.