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## CCP orders fresh bidding of USC's tender

By Our Staff Reporter

ISLAMABAD: The Competition Commission of Pakistan (CCP) has passed an order declaring a tender, issued by the Utility Stores Corporation of Pakistan (USC) for the procurement of Enterprise Resource Planning (ERP), in violation of the Competition Act 2010 and directed the USC to hold fresh bidding after addressing the commission's concerns.
The CCP action was based on a complaint by M/s Digital Research Labs (Pvt) Ltd about USC's tender of May 19, 2016, inviting bids for the purchase of an ERP software and related hardware implementation services.

According to the complaint, unfair terms and conditions had been imposed through certain clauses in the Request for Proposal (RFP) to exclude, discriminate and restrict fair participation of local vendors in the bidding process.

It was alleged that the RFP was tailor-made to select only specific international vendors.

The CCP's enquiry report into the matter saw prima facie violation of Section-3 of the Competition Act in the USC's tender and identified certain anti-competitive clauses in the RFP to the disadvantage of local vendors as against the international ones.

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# CCP declares USC's tender illegal for ERP procurement 


#### Abstract

ISLAMABAD: Competition Commission of Pakistan (CCP) has passed an order declaring a tender issued by the Utility Stores Corporation of Pakistan (USC) for the procurement of Enterprise Resource Planning (ERP) in violation of the Competition Act, 2010 and directed the USC to hold fresh bidding after addressing the competition concerns. Digital Research Labs (Pvt) Ltd sent a complaint to CCP about USC's tender of 19 May 2016 inviting bids for the purchase of an ERP Software and related hardware implementation services. According to the complaint, unfair terms and conditions had been imposed through certain clauses in the Request for Proposal (RFP) to exclude, discriminate and restrict fair participation of local vendors in the bidding process.

The Furthermore, the RFP was tai-lor-made to select only specific international vendors. The CCP's enquiry report into the matter saw prima facie violation of Section 3 of the Competition Act in the USC's tender and identified certain anti-competitive clauses in the RFP to the disadvantage of local vendors as against the international ones. It further stated that the mandatory pre-qualification criteria designed by USC focused on experience in managing cloud services, which was only a small part of the project. Similarly, two clauses of the Solution/Product Evaluation Criteria placed local vendors at a competitive disadvantage. On the recommendations of the enquiry report, a show cause notice was issued and hearings were held in the matter. In its final order, the CCP's bench observed that USC was the dominant player in the market for procurement of customised ERP solutions for large scale retail outlets in Pakistan by virtue of operating the largest retails chain of stores providing household commodities. Declaring the USC's RFP null and void for being in violation of Section 3 of the Competition Act, the order stated that the USC may re-advertise the RFP and start the bidding process afresh, ensuring a fair opportunity for prospective bidders. In view of the compliance by USC with the CCP's interim order of January 2017 into the matter, no penalties have been imposed. Referring to the procurement laws of Pakistan and international standards, the order stated that the technical specifications by procuring agencies must allow widest possible competition in the bidding process.-PR


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## CCP directs fresh bidding in procurement of USC'S ERP

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STAFF REPORT

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## CCP directs fresh bidding in procurement of USC's ERP

## Staff Reporter

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The Morning Mail

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## Competition Commission casts off utility stores' tender, orders new bidding

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ISLAMABAD
The Competition Commission of Pakistan (CCP) has passed an order declaring a tender issued by the Utility Stores Corporation of Pakistan (USC) for the procurement of Enterprise Resource Planning (ERP) in violation of the Competition Act, 2010 and directed the USC to hold fresh bidding after addressing the competition concerns.

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22 December 2017

## Nepotism charges in USC automation project's RFP proved


#### Abstract

By Abrar Hamza KARACHI: The Competition of Commission of Pakistan (CCP) annulled the Request for Proposal (RFP) for multi-bil-lion-rupee automation project of Utility Stores Corporation (USC) declaring it illegal.

The CCP has passed an order declaring a tender issued by the USC for the procurement of Enterprise Resource Planning (ERP) in violation of the Competition Act, 2010 and directed the USC to hold fresh bidding after addressing the competition concerns.

USC is a state owned corporation established in 1971 by taking over 20 retail outlets from the Staff Welfare Organization. USC is engaged in the business of operating the


retail chain stores providing basic commodities to the general public at lower rates then the open market and other vendors. Currently, the USC is operating around 6000 stores throughout Pakistan and is prima-facie the largest retail chain operator in Pakistan. The USC floated an advertisement issuing RFP for the purchase/procurement of ERP software and related hardware implementation services.

The Digital Research Labs (DRL) challenged the RFP before the High Court, Islamabad and filed complaint against USC with the CCP alleging that unfair terms and conditions had been imposed through certain clauses in the RFP to exclude, discriminate and restrict fair participation of local vendors in the bidding process.

The complainant further alleged that the RFP is tailor-made so as to select only a specific international vendor, which, directly or indirectly, excludes local vendors from the market. The DRL also highlighted its concerns in the pre-bid meeting held by the USC and also before the Ministry of Industries and Production, where-alter the USC did make certain changes in the RF P, but the same remains inconsequential.

The CCP initiated an enquiry by appointing the Enquiry Committee to investigate the matter for possible violations of the Act, and to submit a report to the Commission. The CCP's enquiry report into the matter saw prima facie violation of Section 3 of the Competition Act in the USC's
tender and identified certain anti-competitive clauses in the RFP to the disadvantage of local vendors as against the international ones.

The CCP said financial penalties up to Rs 75 million or $10 \%$ of the annual turnover of undertakings concerned might have been imposed on USC. However, in view of the compliance oriented approach of the USC and the fact that the contract has not been awarded, the CCP is of the considered view not to impose any financial penalty on the USC in this instance. "If the USC fails to comply with the directions given in order, the CCP may impose financial penalties that may extend to Rs 25 million and an additional penalty of Rs 5 , 00,000 per day on USC, it added.



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## يوثّيليثى اسثورز كاريوريشن كو اى آر پی يروكيورمنت كى ازسرنو بدّنگ كران كا حكم

كرإی(اسثاف ريورثر)سى سى پی كا يوثيليثى اسثورز كاريوريشن كو ای آر پی پروكيورمنث كى از سر نو



 ريسرج ليبز كى جانب سه شكايت موصول بوئى تهى جس ميل يوثيليليثى اسثورز كاريوريشن كـي 19 مئى 2016 كو شائع شده اشتهار كا حوالـ ديا گيا تها جس ميـ ای آر يـى سوفت وئير اور اس سم متعلق

 شموليت ميل ركاوثيّ دُالى گئيس اور ان كِ ساته امتيازى سلوك كيا گيا.اس طرح مخصوص بين الـي الاقوامى



 شرائط ميي كالائودٌ سروسز كى مينيجنگ كح تجري كو غير ضرورى ابميت دى گئى . اسى طرح سلوشن ' پراذّكت ايويليوايشن جيسى شقون سع بهى مقامى بولى دبندكان كو مسابقتى توازن نهير ملاـا.انكوائري




 دبندكان كو بدننگ مي حصص لينغ كا برابر موقع مل سكـ .

