



Pakistan Medical Commission

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Dated: 08th July, 2021

Justice (R) Nasira Iqbal,
Vice-Chairperson
Transparency International Pakistan

Subject : Complaint on the allegations of violation of PPRA 2004 Rules

Dear Madam,

We are in receipt of your letter of 28th June 2021 on the above subject. While we hold yourself personally and Transparency International Pakistan (TIP) in the highest esteem, it was surprising to receive the communication containing prima facie adverse conclusions on the part of TIP reached without having at any time inquired from us in advance as to the actual facts pertaining to the transaction in question while apparently relying solely on a one sided version presumably presented by some un-identified complainant.

The Pakistan Medical Commission believes in absolute transparency which is represented by our conduct in that every relevant act of the Commission including detailed minutes of all Council meetings are made available publicly on our website (www.pmc.gov.pk). Hence, it was a reasonable expectation that prior to reaching even prima facie adverse comments, TIP would have sought details from the Pakistan Medical Commission. Furthermore, as you would be aware in recent times many vested interests who oppose the overall reforms being introduced by the Commission have been indulging in a vicious and slanderous public attack on the Commission albeit without any basis whatsoever. Many of these vested interests want to ensure that the Commission is publicly depicted as a controversial entity so as to put pressure on the Commission and the Council from undertaking and enforcing the reforms which will undoubtedly adversely affect the years of abuse of the system enjoyed by these vested groups. It appears that the apparent complaint filed with TIP is also part of this public campaign being indulged in by vested groups and for that reason we would request that the identity of the complainant is made known as clearly the same is motivated and the Commission has a right to take appropriate action.

As to the facts pertaining to the transaction in question, the correct and detailed facts are narrated below for your consideration.

1. Under Section 16(1)(f) of the Pakistan Medical Commission Act 2020 (PMC Act) the National Medical Authority is empowered to conduct all examinations provide for under the PMC Act. Furthermore, under Section 18(1) of the PMC Act the National Medical Authority is mandated to conduct the MDCAT entrance exam for medical and dental colleges and under Section 20(1) of the PMC Act it is also mandated to conduct the NLE being the licensing exam for medical and dental licensing in Pakistan, which is mandatorily required to be a computer based exam.
2. The Medical and Dental Council pursuant to Section 8(2)(f) of the PMC Act is empowered to approve the examination structure and standards of the MDCAT and NLE exams as well as to frame regulations for the conduct of such exams. The Medical and Dental Council pursuant to such powers and pursuant to recommendations of the National Medical and Dental Academic Board under Section 10 of the PMC Act, approved the holding of both the MDCAT and NLE as well as the later National Equivalence Exam for transferring foreign students and such exams to be held on a computer based system to ensure the integrity and transparency of the exam. In addition the Council also directed the Authority to ensure that the MDCAT and NLE exams were offered internationally as a large number of Overseas Pakistanis applied for admissions each year and in the past they were permitted to use SAT II scores however, with SAT II being discontinued and MDCAT being a mandatory requirement, it was essential to offer the exam internationally. The Council also has approved and promulgated the PMC Conduct of Examination Regulations 2021 in this regard which includes the manner in which the MDCAT and NLE would be conducted by the Authority.
3. As the examinations to be conducted, as mandated by law, were to be held on a computer based system for the first time in Pakistan and at such a large scale with the MDCAT representing the largest and most competitive professional entrance exam, the Authority has been working for the last six months on reviewing all possible solutions to conduct the computer based examination.
4. The Authority initially undertook a study to setup a quality standard computer based examination structure which would include; exclusive and secure exam centers in designated locations nationwide and internationally, hardware to conduct the examination and security systems, examination conduct software solutions, question bank development software solutions and management of post exam analytics as also a latter phase of conversion of the practical component of the NLE to a 3D AI based computer examination as per international standards. The study showed that it would cost the Commission over a few million US dollars in direct investment to develop the required solutions as at least 20 exam centers would have to be developed along with 3000-5000 computer exam terminals to manage the conduct of the examinations as well as an extremely high end bundle of soft solutions. Furthermore, in view of the restricted technical and human resources of the Commission developing the examination system on its own would be a daunting challenge.

5. As a result the Authority proceeded to make inquiries from two of the known international examination service providers operating in Pakistan; Pearson VUE and Prometric. Both are international entities who conduct some international exams for Pakistani students in Pakistan. However, after detailed discussions neither was able to confirm the requirements especially in terms of handling 150,000-175,000 MDCAT students taking the exam within a maximum 30 day window. Both companies had available in Pakistan small computer centers managed and operated by third parties as agents of the two international entities and in view of the limited capacity represented their inability to handle an exam the size of the MDCAT specially.
6. In view of the above, the Authority initiated a review of the local market testing service providers to see whether a suitable partner could be available to the Authority for conduct of the examinations. It was in this regard that the public advertisement requesting proposals from interested parties was published on 4th May 2021. The minimum mandatory requirements were identified in the advertisement in the absence of which a party would not be able to partner with the Authority in the conduct of the examination. The date provided for a response was initially 7 days however, was later extended to 17th May 2021. The advertisement was at no time a 'tender' or sought 'bids' for procurement of any goods or services. It was only to determine if there were parties interested with the minimum and mandatory capabilities and capacities required by the Authority to conduct the examination.
7. A total of 14 companies submitted their proposals which were reviewed and meetings held with each company in response to discuss the proposal. Each company was transparently informed that the Commission was seeking a joint venture partner to conduct the examination as per the structure and mechanism decided by the Council and the Authority. A record of all the proposals submitted and the evaluations are available with the Commission.
8. Other than two companies all others either offered to hold the exams on a paper and pen base or on a computer based system which would use third party computers mainly located in college and university campuses across Pakistan and the use of which would be acquired for a short term basis. The said proposals therefore, failed to meet the minimum mandatory standards as without control of the computer systems and exam centers as well as capacity to hold the exam internationally the conduct of the examination was not possible as was required to be done by the Authority.
9. Two companies out of the responders fulfilled the basic requirements however, one of the two unfortunately did not have the capacity to conduct the exam internationally and further in view of having an ownership / control interest in a medical college and teaching hospital represented a potential conflict of interest. Therefore, the only party amongst the responders remaining was SOAR Education (Private) Limited, a private limited company registered with the SECP and operating the highly innovative STEM Schools for the last some years in Pakistan. The group has further extensive interests in information technology in Pakistan and the USA including the development of what are now billion

dollar companies in education and technology, providing services to the public and private sector in Pakistan and internationally.

10. As a result negotiations were held with SOAR Education (Private) Limited for a joint venture to set up a permanent state of the art computer based examination and testing system across Pakistan required by the Authority to conduct its examinations. As part of the requirements of a joint venture SOAR Education (Private) Limited offered a special purpose vehicle to enter into the joint venture agreement with PMC to ensure that the joint venture partner would not have any other conflicting business under the joint venture in view of the parent company having other business interests in education and information technology. It also ensures that the joint venture special purpose vehicle does not undertake any other business resulting in ring fencing the revenues generated from the testing facilities and providing absolute transparency to PMC and its auditors at all times. SOAR Education (Private) Limited put forward a group associated entity registered with the SECP under the name SOAR TESTING AND EVALUATION PLATFORM (SMC-Private) Limited ("TEPS") as the special purpose vehicle having common management and located at the groups common address in Islamabad.
11. The Joint Venture Agreement was thereafter executed between PMC and SOAR TESTING AND EVALUATION PLATFORM (SMC-Private) Limited ("TEPS"). SOAR Education (Private) Limited, the lead group company is specifically referred to in the Agreement as the associated company operating in Pakistan. This joint venture project represents the ability to undertake long term innovation and consistently enhance the computer based examination system including development of a 3D skills examination over the next one year.
12. Under the joint venture partner TEPS will be investing the entire initial capital required to set up 21 independent and exclusive computer based examination centers across Pakistan with over 3,000 terminals and making available multiple centers internationally corresponding to location of international applicants, using a state of the art examination system. The Commission under the joint venture is not be required to invest or pay any amount towards the initial setting up or operation of the examination centers and systems and nor will the Commission be making any payment to TEPS or acquiring any goods or services.
13. The proposal was subsequent to being evaluated and the proposed joint venture agreement negotiated, the same was duly approved by the Medical & Dental Council after detailed scrutiny. It is also clarified that no member of the Council, Academic Board or the Authority have any relationship or interest in SOAR TESTING AND EVALUATION PLATFORM (SMC-Private) Limited, SOAR Education (Private) Limited or any of its group companies.
14. The Commission requires the examination system on a long term basis to conduct its MDCAT, NLE and NEB exams as well as revalidation exams in the future. It was therefore, necessary to establish independent centers under a joint venture to ensure a controlled environment and absolute security to guarantee the integrity of the exam and flexibility of scheduling.

15. The examination fees for the exams to be conducted through the system are collected by the Commission through its online payment mechanisms already established with the proceeds being deposited in a secure escrow bank account from where the component of the fee stipulated to cover the costs of each of two joint venture partners as per the agreement are further paid to each.
16. The alleged advance payment made to the joint venture partner was not a payment made by the Commission's from its funds. It was the first payment representing the joint venture partners component share from the fees received from registered students as provided for under the joint venture agreement. All fees received and payments made are duly accounted for and would be audited accordingly.

In furtherance to the detailed facts set out above pertaining to the project, certain issues relating to the Joint Venture Agreement and PPRA Rules have been highlighted in your letter under response. In this regard we would like to clarify and correct the incorrect presumptions contained in your letter as below;

- A) A consistent reference is made to terms of the 'Contract' referring to the Joint Venture Agreement, however it is abundantly clear that TIP has not seen the Joint Venture Agreement, and apparently proceeded on the basis of verbal allegations made by some individual without having at any time verified the same.
- B) There was no 'tender' issued for 'Public Procurement' of goods or services as defined under Section 2(l) of the Public Procurement Regulatory Authority Ordinance, 2002 as the same was not required. In fact the Joint Venture does not strictly fall under the definition of Public Procurement.
- C) There was no acquisition made by the Commission and nor were any 'Public Fund' as defined under Section 2(k) of the Public Procurement Regulatory Authority Ordinance, 2002 utilized or involved.
- D) Even otherwise, no payment under the Joint Venture is made by the Commission from its funds to TEPS.
- E) For the above reasons the fundamental erroneous presumption made by TIP is that the Joint Venture Agreement represents a public procurement or the Public Procurement Rules 2004 apply to the same. Therefore, all the allegations contained in your letter as to the application off or reference to the Public Procurement Rules 2004, including but not limited to Rule 13, Rule 23, Rule 35 and Rule 47, are misplaced and incorrect.

- F) Notwithstanding that the Public Procurement Rules 2004 do not apply to the transaction in question, the allegation that only 7 days were given is incorrect. The date of response was extended to 17th May 2021 from 10th May 2021.
- G) Without prejudice to the above, even if the Joint Venture is deemed to fall under the PPRA Rules the same would be subject to the exemptions on account of only one entity available fulfilling the requirements and secondly this being an emergency requirement
- H) hence negotiated contract being permissible. The alternative would have been a failure to conduct the national MDCAT and NLE examinations which are critical to hundreds of thousands of students aspiring to enter medical schools and graduates who require licensing as well as being mandated by law.
- I) The payment of Rs.115,500,000 made to TEPS under the Joint Venture Agreement as referred by you is from the examination fees already received and represents TEPS component of such fees under the Joint Venture Agreement. It is provided for specifically under the Joint Venture Agreement. This was not a payment made by the Commission from its own funds towards any procurement.
- J) Withholding tax is deducted on payments made by an entity for procurement and acquisition of goods or services. As neither any goods or services were procured or acquired by PMC, no withholding tax is deductible from the portion of the examination fee received by TEPS or PMC. Both entities are individually and independently liable to payment of tax directly on their independent receipts. Your allegation as to non-deduction of withholding tax is again grossly misplaced.
- K) Your allegation that TEPS was incorporated "on May 5, 2021, five days after the deadline of the advertisement which was May 10, 2021" prima facie is erroneous as 5th May is five days before not after 10th May. Notwithstanding the same, as stated herein before and reasons elaborated, TEPS is a special purpose vehicle for the exclusive purpose of the joint venture with PMC and is part of the group led by SOAR Education (Private) Limited which is a company which has operating businesses in Pakistan for many years and also represents the principle investment by an Overseas Pakistani in the Information Technology Sector with international repute. The profile of SOAR Group is extensive and is founded by one of the leading Pakistani technology and education personality based in the USA.

For the reasons stated above it is categorically clear that TIP has without any basis and on a gross presumption of incorrect and incomplete facts issued the letter in question containing highly prejudicial and erroneous allegations, conclusions and recommendations. We expect and request that at the least the letter under reply will be formally withdrawn on an immediate basis.

As stated earlier, we expected that an organization of TIP's stature would have sought to obtain authentic facts from PMC directly before issuing a communication in haste and circulating the same. Such haste unfortunately creates an adverse public image of a regulator such as the PMC and lends to supporting the vested interests who are intent on discrediting any entity which seeks to initiate reforms and improve the system. In addition such baseless allegations have a seriously detrimental and negative impact on investment by Overseas Pakistani's in aid of the public and education sector in Pakistan. Accountability and transparency are key and fundamental principles however, there exist norms and principles for the enforcement of the same and hasty actions by entities such as TIP who are represented publicly as forebears of transparency as you well appreciate result in the grave situation of creating false controversy and destroying the reputation of entire organizations without any basis. In view of the highest esteem we hold yourself and the Chairperson of TIP, we can only presume that you were not properly informed of all relevant facts by your organization and relevant officers.

We would also like to state unequivocally that we are available to yourself at any time to explain the entire project and transaction to satisfy any questions you may have as transparency is a fundamental principle we follow and there is nothing that we need to hide.

It is also pertinent that we are audited not only by our external auditors but also by the Auditor General of Pakistan, hence we are obligated to not only follow the strictest standards of accounting and law but also satisfy both our auditing entities.

Lastly, we have also forwarded the Joint Venture Agreement to the National Accountability Bureau for their independent review as part of our policy of transparency and accountability.

In view of the fact that the record clearly bears out that a false complaint / information was provided to TIP in this matter, and with clear malicious intent to defame PMC, we believe it is the legal right of PMC and in the interest of transparency and accountability to be provided the name and identity of the complainant so that appropriate legal action can be initiated against such person, for not only providing false information but also apparently obtaining confidential documents illegally from PMC. We are certain that TIP does not subscribe to or encourage illegal acquisition of documents when legal means to request for records is available.

We would like to reiterate that the computer based examination system project being setup by PMC in collaboration is a state of the art first time facility in Pakistan and PMC has already offered to the Ministry of Education and HEC the facility for use for other public exams during the period the facility will not be required for PMC examinations for the benefit of students in all areas and not only medicine. The need to have a proper computer based examination and testing facility is essential to ensure that the integrity of our professional exams are universally certified and the constant allegations of cheating and manipulation in public competitive examinations is brought to an end while protecting the actual merit of students.

In summation, the TIP letter under reply is not only extremely prejudicial and defamatory to the Pakistan Medical Commission but also consists of factually erroneous statements. Therefore, once again we reiterate our request and expect that the letter under reply shall be

withdrawn on an urgent and immediate basis. Meanwhile in the interest of transparency and accountability TIP is welcome to review the process properly based on authentic documentation and record which we will without hesitation present to yourself.

Sincerely,



Dr. Arshad Taqi
President
Pakistan Medical Commission

C.C PSPM, Prime Ministers House, Islamabad
Chairman, National Accountability Bureau
Auditor General of Pakistan, Islamabad
MD, PPRA, Islamabad
Registrar, Supreme Court of Pakistan, Islamabad
SAPM, Ministry of National Health Services, Regulation and Coordination, Islamabad
Chairperson, Transparency International e.V., Germany
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