



TRANSPARENCY INTERNATIONAL-PAKISTAN

18th August 2011

Mr. Faisal Saleh Hayat,
Minister of Housing & Works,
Block B,
Pak Secretariat,
Islamabad.

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk
Advisory Committee

Sub: Complaint of Violation of Public Procurement Rules, 2004 in Award of Renovation Works for office of Mr Faisal Saleh Hayat Minister of Housing and Works

Dear Sir,

Transparency International Pakistan has received reply of its complaint of 4th July 2011 on Violation of Public Procurement Rules, 2004 in Award of Works for office of Mr Faisal Saleh Hayat Minister of Housing and Works, from Dy. Secretary Ministry of Housing and Works, from Dy. Secretary Ministry of Housing and Works vide letter dated 19 July 2011, received in TIP office on 9 August 2011.

In its letter TI Pakistan had requested the Minister MOH& W to examine, and confirm to TI Pakistan whether the complaint is true or false.

TI Pakistan observes that the response given by your Dy. Secretary states that the allegations about award of Renovation Works for office of Mr Faisal Saleh Hayat Minister of Housing and Works are not correct.

However, we would like to inform you that the complaint about renovation works without calling public tenders, and estimated cost of over Rs 10 million, vehemently denied by the Dy. Secretary as being incorrect, not based on facts is contested by TI Pakistan.

The allegations were actually based on the contents of complaint, received at TIP office, which included two letters, one of Chief Engineer addressed to Director General Pak PWD dated 10 May 2011 (Annex-A), and another Letter of Director General Pak PWD addressed to the Secretary Ministry of Housing and Works dated 10th May 2011 (Annex-B). These letters contained following facts/details/information on the request of exemption from tendering rules of PPRA and Estimated cost of Rs 11.2 Million ;

Chief Engineer Letter to Director General: It has been decided to carry-out emergent type of repair / renovation work of 1st and 2nd floor of B Block, Pak. Secretariat presently occupied by Ministry of Housing & Works. Capital Development Authority being executing agency, was asked for the needful and in this connection, Joint Secretary (Works) had a meeting with Mr. Murad, Director, CDA in works Division on 06.05.2011. In the meeting, CDA shown reservations to carry out major of scope of said work due to paucity of funds. Therefore, it has been decided to execute the said work through the agency of Pak. PWD.

Ministry of Housing and Works deals with the Estate and Housing sector and a lot of people do visit the building on daily basis; therefore the renovation work cannot be allowed to continue for a long period. Therefore, Competent Authority has instructed to complete the work within 15-days. Preliminarily estimates amounting to Rs. 11.2 Million have been framed and a copy of the same is forwarded to you for the issue of Administrative Approval and Expenditure Sanctioned for this work.

In the view of urgency as explained above, it is proposed that permission for negotiated tendering on the basis of technical sanctioned estimate, may kindly be accorded as per rule 42 (d) iii of PPRA Rules which is also in line with 7.12(g) of Pak. PWD Code wherein Works Division may allow departure from open tendering to meet the urgent situations.

Director General letter to Secretary : It is, therefore, requested to kindly issue Administrative Approval and Expenditure Sanction to take up the work in hand. The reasons just forward in support of urgency are fully justified, therefore, permission for negotiated



tendering on the basis of technical sanctioned estimate as per Rule 42 (d) iii of PPRA Rules which is also line with 7.12 (g) of Pak PWD Code may kindly be accorded.

Another issue pointed out by the Dy. Secretary is about going to press on this allegation. This is to inform you that all such TI Pakistan letters are posted on TIP website, and also copies are also sent for taking action to Chairman Public Accounts Committee, National Assembly, Islamabad, Registrar, Supreme Court of Pakistan, Islamabad, Auditor General Pakistan, Islamabad and Managing Director PPRA, Islamabad, Chairman, CDA, Islamabad.

In this context this is to inform that you have yourself used TI Pakistan website, and such letters in case of RPP Case and submitted TI Pakistan letters in the Supreme Court on 26 October 2010. I quote following press report to prove TIP transparent process of handling complaints ;

"The PML-Q leader told the court that a top government functionary had favoured his kith and kin and awarded them RPPs contract, ignoring the national interest altogether. To his remarks, Justice Chaudhry asked him not to level allegations as the court only hears cases that are based on merit supported by proper legal evidence. He observed that the relatives of the top government functionary might have fulfilled all the conditions of the agreement and advised him not to blame anybody without legal proof.

Hayat said the current power crisis in the country was created with a view to paving way for setting up RPPs, adding that five companies were awarded contracts in the absence of proper bidding procedure while bids were called for 14 others just to fill the files of the government.

He claimed that although oil prices in the international market touched a historic peak in 2007, the prices of electricity remained stable. However, he added, an increase of 40 percent was witnessed in per kilowatt tariff of electricity - from Rs 6. 62 to Rs 10. 50 per KW - recently. He told the bench said that RPPs set up in the country had already completed their functioning period and were lying as scrap

Citing the situation of Naudero power plant, he said, it was 23 years old plant and it had already completed 111,000 hours running capacity. He also produced before the court the copies of reports of Asian Development Bank, Auditor General of Pakistan and Transparency International in favour of his argument. He told the bench that Pepco did not enter into agreements with RPPs directly but it was done through Jenco, a power generation company.

The PML-Q leader also complained that he was denied access to information on RPPs by the concerned authorities, although it was his right to have access to information in accordance with the 18th Constitutional Amendment."

If above fact are true, TI Pakistan request the Minister to order an inquiry on the violations of Rules, and actions under the rules against the officer responsible for these violations, and recover the loss to exchequer from the violators/suppliers, and report the case for action NAO 1999.

Your sincerely,


Syed Adil Gilani,
Adviser & Procurement Specialist

Copies forwarded for the information of,

Chairman Public Accounts Committee, National Assembly, Islamabad
Registrar, Supreme Court of Pakistan, Islamabad
Auditor General Pakistan, Islamabad
Managing Director PPRA, Islamabad,
Chairman, CDA, Islamabad

MOST IMMEDIATE

**GOVERNMENT OF PAKISTAN
PAKISTAN PUBLIC WORKS DEPARTMENT**

No. CENWW-3/1437

Islamabad the 10th May, 2011.

The Director General,
Pak. PWD, Islamabad.

Subject: **REPAIR/ RENOVATION OF 1ST AND 2ND FLOOR, B-BLOCK AT PAK. SECRETARIAT.**

Dear Sir,

It has been decided to carry-out emergent type of repair / renovation work of 1st and 2nd floor of B-Block, Pak. Secretariat presently occupied by Ministry of Housing & Works. Capital Development Authority being executing agency, was asked for the needful and in this connection, Joint Secretary (Works) had a meeting with Mr. Murad, Director, CDA in Works Division on 06.05.2011. In the meeting, CDA shown reservations to carry out major of scope of said work due to paucity of funds. Therefore, it has been decided to execute the said work through the agency of Pak. PWD.

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Yours faithfully,

(ATA-UL-HAQUE AKHTAR)
Chief Engineer (North)
Pak PWD, Islamabad

Distribution:

1. Secretary, Ministry of Housing & Works, Islamabad alongwith copy of estimate.
2. Superintending Engineer, Central Civil Circle-I, Pak. PWD, Islamabad.
3. Superintending Engineer, Central E/M Circle No. I, Pak. PWD, Islamabad.
- ✓ 4. Master File.

BBLOCK.DOC


CHIEF ENGINEER (NORTH)


Most Immediate

Government of Pakistan
Pakistan Public Works Department

No: DG - W. II / 244 (A)

Islamabad the 10th May, 2011

To

The Secretary,
Ministry of Housing and Works,
Government of Pakistan,
Islamabdd.


Subject: REPAIR RENOVATION OF 1ST & 2ND FLOOR, B - BLOCK AT PAK. SECRETARIAT.

Dear Sir,

I have the honour to enclose herewith a copy of letter No. CEN / W - 3 / 1437 dated 10th May, 2011 alongwith its enclosure received from Chief Engineer (North) Pak P.W.D., Islamabad on the subject cited above whose contents are self explicit.

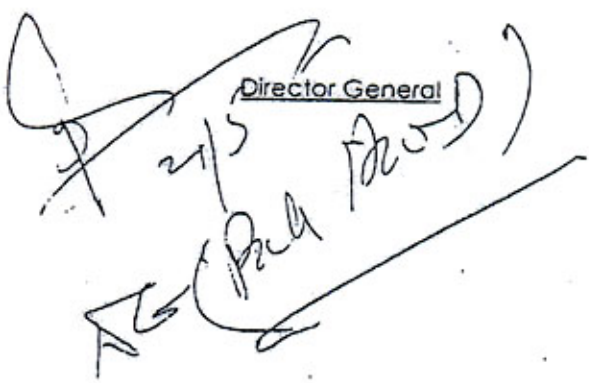
It is, therefore, requested to kindly issue Administrative Approval and Expenditure Sanction to take up the work in hand. The reasons just forward in support of urgency are fully justified, therefore, permission for negotiated tendering on the basis of technical sanctioned estimate as per Rule 42 (d) iii of PPRA Rules which is also line with 7.12 (g) of Pak PWD Code may kindly be accorded.

Encl: As stated.


(SHAH DIN SHEIKH)
Director General

Pakistan P.W.D., Islamabad.
Phone # 051 - 9260844

Copy forwarded for information to the Chief Engineer (North), Pak P.W.D., Islamabad with reference to his letter referred to above.


Director General