



ALAC
Pakistan

72 F / II, 1st Floor, Jami Commercial
Street No 9, Phase VI, D.H.A, Karachi.
Tel: (92-21) 5381481, 5390450
Toll Free : 0900-84711
E-mail: alacpakistan@gmail.com
Website: www.alacpakistan.com

1st February, 2010

Gwadar Port Authority,
GPA Complex,
Gwadar,
Fax 0864-210075

Sub: Complaints on Corrupt Practices in Gwadar Port Authority(GPA)

Dear Sir,

Transparency International Pakistan has received a complaint from M/s Port Protection Forum, Gwadar, regarding allegations of corruption in award of purchase of navigational channel buoys and dredging contract for maintenance of navigation channel.

Copy of the complaint is enclosed for your comments.

The main issues objected in the complaint are that though the 11 buoys designed and installed by China have a life of more than 16 years, why they are being increased to 17 and being replaced within 5 years. The other allegation is that the market price of 1 buoys is Rs 1,650,000, whereas GPA is buying them at Rs 3,940,000, at loss of Rs 38,900,000.

The second item dredging contract for maintenance of navigation channel involves a lump sum quantity of 1 million cubic meter without carrying out survey, which is not normal practice in such works, as the quantities are to be measured and paid according to the works done. The allegation amounts to corruption of Rs 297 million on this item.

The complaint is being forwarded for your information and clarification whether the allegations are true or false. Kindly respond to the complaint to us so that the complainant may be informed accordingly.

With Regards,

Saad Rashid
Executive Director
Transparency International Pakistan

Fax: 021-5390410

Copy forwarded for the information and necessary actions to

1. Chairman, PAC, Islamabad
2. Federal Secretary, Ministry of Ports & Shipping, Islamabad
3. Mr. Tanwir Ali Agha, Auditor General Pakistan, Islamabad
4. Managing Director, PPRA, Islamabad.

Mr Syed Adil Gilani
Transparency International – Pakistan Chapter
5 C, 2nd Floor Khayaban e Ittehad
Phase 8, Defence Housing Authority
Karachi

Dear Sir,

Subject: Corrupt Practices in Gwadar Port Authority (GPA)

We would like to register a complaint with Transparency International to bring to the attention of the relevant authorities the following corrupt practices of Gwadar Port Authority.

a) Corruption in award of purchase of Navigation Channel Buoys

GPA has ordered installation of 17 new channel buoys at an exorbitant cost of Rs 67 million. The cost of each buoy comes to Rs 3.94m each as against the market price of Rs1.65m (Inclusive of solar light). However, there is no need to replace the channel buoys since the technical life of the buoys is 16 years, and the current buoys were placed in the Gwadar port channel in 2007. Thus the buoys are due for replacement not before 2022. This can be confirmed from the fact that Karachi Port Trust (KPT) replaces the buoys every 15 years.

On top of all this, what is important to note is that the channel designed by the Chinese has at present 11 buoys, so why GPA is so eager to buy 17 buoys to replace the existing 11? The blatant corruption of GPA is also evident from the fact that the Chinese contractor had supplied 6 buoys as spares, which are lying unused, and GPA wants to acquire more. GPA has never carried any maintenance work on the buoys in the last 5 years, and instead wants to replace them a decade before the expiry of their useful lives. This is an act of misuse of public funds and a criminal breach of trust in misappropriating funds from the national exchequer.

b) Corruption in award of dredging contract for maintenance of Navigation Channel

GPA has contracted a local dredging company to do maintenance dredging of the Gwadar port channel with conditions that are against the interest of GPA and constitutes corrupt practices. One of the terms of the contract is that the payment is to be made on the basis of minimum 1 million cubic meters (CBM) of dredging. GPA has assigned a minimum quantity so that the dredging company can over bill GPA and share the loot with its officials, since the actual quantity of sedimentation can be much lower.

The point to be noted is that GPA has arbitrarily fixed the 1 million CBM quantities without determining the siltation pattern in the Gwadar harbour. GPA has been negligent in conducting the pre and post-monsoon surveys in the last 3 years, which could have determined this pattern. Also before issuing the tender no survey was done to establish a base-line for comparison with any earlier survey to determine the quantity of sedimentation. GPA has not relied on any historical data or statistics to confirm and support its assumption of the 1 million CBM quantities.

In this regard, it is pertinent to compare GPA assessed quantities with the sedimentation rates at KPT. In the Karachi harbour the annual average sedimentation is less than 20 centimetres (cms), and that too in patches, while the total average maintenance dredging quantity is not more than 1 million CBM. The first important point to note is that the KPT inner and outer harbour's channels' total length is approximately 15 kms compared to GPA's 4.5 kms. Secondly, the sedimentation rates in KPT are much higher due to its location in the Lyari river estuary and also because of the effect of the south west monsoon – during which heavy sedimentation is deposited in the entrance channel off Manora. In comparison Gwadar does not receive sediments from any creek system as in Karachi port, nor is it affected by the monsoon in a similar manner as it is near the Straits of Hormuz – also it is located inside a bay where the tidal current pattern are such that the sediments are naturally carried out of the harbour approach channel. Based upon above it can be estimated that the Gwadar port dredging quantities cannot be more than 10% of Karachi's i.e. approximately 100,000 CBM and not 1,000,000 CBM. Thus there is a corruption to the tune of Rs 297 million in the award of the dredging contract.

Had GPA consulted with relevant stakeholders and experts they could have averted this situation. We appeal to you, in view of national interest, to inform all official quarters to stop these corrupt practices in Gwadar port. In the past, naval officer posted in Gwadar Port Authority have stopped us from entering and examining the issues at the Port, they are the ones responsible for the loot and plunder of Baloch nation's resources.