



TRANSPARENCY INTERNATIONAL-PAKISTAN

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12th October 2012

Chairman,
Karachi Port Trust, (KPT),
Edujee Dinshaw Road,
Karachi -74000

Subject: News Report of KPT alleged irregularities in Tenders of over Rs 1.5 Billion Two
giant tugs of 75 tons bollard pull Tenders etc

Second Reminder

Dear Sir,

Transparency International Pakistan refers its letters dated 10th September 2012, and 20th September 2012 where the allegations of irregularities in KPT reported by newspaper Dawn on 8th and 9th September 2012 were questioned, which have not yet been clarified by KPT.

In respect of Two giant tugs of 75 tons bollard pull tenders were conditioned to be supplied within 3 months of Award of Contract, and none of the bidders complied with this condition. Another complaint has been received which is reported as under;

1. That this tender was tailor made for one particular supplier who already had Tugs for ready delivery for some other buyer, who had cancelled the order.
2. The Tugs were not as per requirement of KPT, which had categorically tendered in June 2012 for 2 Tugs of 65 Ton bollard pull.

Karachi Port Trust (KPT) invites bids on C&F basis from reputable firms / manufacturers / suppliers / shipyards for supply of Ex-Shelf 02 Nos. ASD multipurpose Shipping Tugs each of bollard pull capacity 65 tons, through open competitive bidding i.e. "Single Stage-Two envelope Procedure" under rule 36 (b) of PPRA-2004. The tenders shall be received up to 12-06-2012 to 1130 hrs.

3. That this tender was discharged, and fresh tenders were invited by KPT.
4. That the requirement of Tugs were all of sudden changed from 65 Ton bollard pull to 75 tons bollard pull due to one Mr. Imrans's efforts.
5. That Dawn newspaper also has reported that the Karachi Port is purchasing two giant tugs of 75 tons bollard pull, normally used by the salvaging companies all over the world.
6. That the oversized Tugs will cost KPT higher price, as well as higher operation and maintenance cost.
7. That the favored bidder's local agent Mr Imran was also involved in Rs 1.5 billion debris contract for berths 10-14 though the KPT's sitting Contractors M/s. Ssangyong & Usmani Joint Venture who had earlier quoted only Rs 800 million for the same work, were got declared as non-responsive. For Causing loss to Exchequer of over Rs 700, determined in KPT's own Inquiry Report, is also under investigation at FIA and Auditor General Pakistan.
8. That KPT has no technical grounds to change the specification of Tugs in one months, from 65 tons to 75 tons, but due to collusion between Mr. Imran and KPT.
9. That Rule 32 do not allow such difficult conditions " Supply of 2 75 Tons Bollard Pull Tugs within 3 Months", which has proved to be met only by one bidder,
1. That this collusion comes under Rule No 2 (f), corrupt and fraudulent practices collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition



2. That the Tender document was not made in accordance with Public Procurement Rules 2004, which required all bidders to submit Bid Bond/Security along with the Bids, valid for the period of time specified in the bidding document.
3. That on the request of the favored bidder Bid Bond/Security was changed to be submitted after the technical evaluation report by those bidders whose bids stands technically complaint.
4. That in history of Tendering in KPT this in requirement of Bid Security has never been done.
5. That the KPT teams visited Turkey and Vietnam on Contractors expense, which is not allowed by the government policy, as it amounts of "Conflict of Interest" and invites disciplinary actions to be taken against all those who violated government orders.
6. That only two bid with one from the favored bidder was received by KPT.

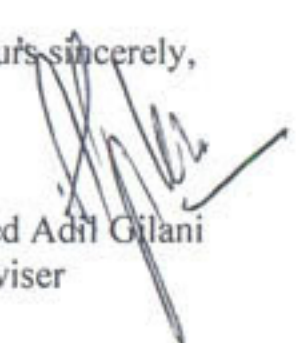
Chairman KPT is requested to examine the complaint, to know that this particular tender **may cost KPT hundred percent additional cost** due to the difficult specification, over requirements, various irregularities and violations has resulted in a single Bid, and the prices can not be evaluated due to non-competition. This bidding is not only violates the requirements of Public Procurement Rules 2004, but also the Supreme Court of Pakistan decision quoted in Rental Power Plants case.

TI-P also refers to the key factors to be considered in the procurement of public contracts identified by the Supreme Court of Pakistan in its judgment given in the Rental Power Plants Case. The features include (1) upholding competition among firms (2) promoting best value for money (3) encouraging more firms to bid on work (4) maintaining openness and transparency in the bidding process (5) executing contracts quickly (6) ensuring quality of goods and services and (7) meeting other obligations required for federal procurement.

This single tender is therefore not even allowed to be considered under the Public Procurement Rules 2004 due to non compliances of multiple Rules, and is deemed to be treated as mis-procurement under Rule 50.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

Yours sincerely,


Syed Adil Gilani
Adviser

Copy forwarded for information with request to take action under their mandate to as sate land is being dolled out against rules,

1. Chairman Public Accounts Committee, Islamabad
2. Chairman, NAB, Islamabad,
3. Secretary, Ministry of Ports & Shipping, Islamabad
4. Registrar, Supreme Court of Pakistan, Islamabad
5. MD, PPRA, Islamabad, to take action under section 5(2) (a) and section 5(2) (i) of the PPRA Ordinance 2002.
6. All KPT Trustees with request to strictly follow Rule of Law.