



16th January, 2014

Rear Adm. R. Azhar Hayat  
Acting Chairman,  
Karachi Port Trust (KPT)  
Edujee Dinshaw Road,  
Karachi - 74000

**Sub: Complaint of violation of PPRA Rules in Tendering of Road Project, Mai Kolachi**

Dear Sir,

Transparency International Pakistan refers to your letter dated 10th January 2014.

The response given that a report has been sent to the Ministry of Ports and Shipping and no further process on this tender is intended till the ministry clears it, indicates that the complaint is not correct, and all the allegations of the complaints are wrong.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption. Only last week on 9th January 2014 the Prime Minister Nawaz Sharif has said he would ensure rule of law in the country at all costs.

Kindly note that this procurement since last two months is being referred to the Chairman NAB . as well as to the Sec to PM, SC. and PPRA for taking action under according to their mandate. Refer to TIP letters dated 11 November 2013 and 2nd December 2013, and on 3 October 2013 to the Minister P&S. In the copies of both letters, you were requested that if the allegations are correct, kindly cancel the procurement.

The matter was also discussed with the Secretary P&S in the meeting held on 6 January 2014 at the PNSC Office. It was informed that besides allegation of other violation of PPRA Rules, the Bidder a Joint Venture never applied for pre-qualification for this project in May 2013. And M/s Zahir Khan & Brother informed KPT on 23 September that they are not capable to perform to complete the Works in time. And a JV of /s Zahir Khan & Brother and M/s Maqbool Associated Ltd who were not prequalified by KPT in May 2013 for this very Project) have submitted a Bid , which under PPRA Rules is a non-responsive bid.

On 10th January 2014, during our adviser's discussions with you, he had also informed you that another complaint is received on this Road Tender, which reveals that at the time of inviting request for prequalification for this the Project in May 2013, the estimated cost of the project was Rs 2.5 billion. And that in July 2013, the Federal Government had approved this Project in the Budget for 2013-14, at the project cost of Rs 2.5 billion, to be completed in 2 years. The bid received by KPT for this project has been confirmed by you to be about Rs 5 billion. On this TIP adviser had told you that a project approved by the Federal Gov. for Rs 2.5 Billion in July 2013, quoted at about Rs 5 billion two months later in September 2013 cannot be awarded as the approval was for half the quoted cost. The only option is to cancel the procurement, prepare a realistic project, resolving KPT officer society land grabbing case, and after taking the new approval of Federal Government, invite prequalification for bidders capable to carry



out a Rs 5 Billion project , and then invite tenders according to PPRA Rules on single stage one envelop method as per Rule 36.

The statement of KPT is not correct that all Mega projects of construction of works were awarded on two envelop method and may amounts to misguiding the Ministry. It has been reported to TI Pakistan that all Construction Project in KPT in the past have been processed under single stage one envelop Method .

KPT Mega Construction of Works Projects worth over Billions of rupees viz Construction of Berths 6-9, 10-14 and 14-17 , OP-I, OP-II, OP-V, Jinnah Bridge Phase II , were all processed under single stage one envelop method. Only BOT Contracts , which are in fact turnkey contracts, of Terminal in KPT were awarded on Two Envelop system.

You were also informed by the adviser to immediately withdraw illegal the facilities causing monthly expenses of tens of millions of rupees given by KPT of one/two cars to three Ex Chairmen of KPT, and even providing 10-14 security guards to one ex-chairman, and even petrol monthly quota of 1,500 litter to a car in the Ministry of Ports & Shipping Islamabad, which is illegal and exchequers funds are being misappropriated by KPT.

Here, I would like to inform you that personal secretary of the Minister P&S, Mr Noman Bashir (a PNSC employee) , who accompanied the Minister on his 12 days UK trip, through a port user, sent a message to the TI Pakistan adviser that the Minister wants TI Pakistan to let the Road Contract be awarded to the non- responsive bidder. Kindly also note that an ex Minister of Ports & Shipping had called the TI Pakistan Adviser and told him not to send any complaints received against Mr Noman Bashir to any forum.

TI Pakistan request you to kindly examine this complaint, and if the allegations are found correct, kindly cancel the procurement .

With Regards,

  
Sohail Muzaffar,  
Chairman

Copies forwarded for the action under rules, and information of:

- 1.Secretary to the Prime Minister, Islamabad
- 2.Chairman, NAB, Islamabad.
- 3.Federal Secretary, Ports & Shipping, Islamabad, with request to take action as Principal Accounting Officer, as these allegations were also discussed by Mr Gilani with you on 6th January 2014 at you PNSC Office .
- 4.Registrar SC, Islamabad.
- 5.Chairman, PAC, Islamabad
- 6.MD, PPRA, Islamabad with reference to PPRA letter no. F20-2/Complaints/2013-14, dated 2-11-2013.