



TRANSPARENCY INTERNATIONAL-PAKISTAN

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3rd June, 2010

Chairperson,
Karachi Port Trust,
Head Office,
Edujee Dinshaw Road,
Karachi

Sub: Violation of Public Procurement Rules, 2004 by M/s China International
Water & Electric Corp. (CWE)

Dear Sir,

KPT attention is invited to the reported gross violation of Public Procurement Rules 2004 by M/s China International Water & Electric Corp. (CWE), who were awarded Rs. 19.288 billion capital dredging contract in July 2008.

It has been reported to TI Pakistan that M/s China International Water & Electric Corp. (CWE) have not paid the stamp duty on the contract, which on Rs. 19.288 billion is Rs 38.576, under Rule No 15 of Sindh Government Schedule of Stamp Duty under Stamp Act 1899, and instead produced a letter No CIS-6/CWE-786/2008 dated 2 July 2008, of Chief Inspector (Stamps), Board of revenue, Sindh, Government of Sindh. The letter advises International Water & Electric Corp, CWE House, House No 4, St. 17,F-7/2, Islamabad to deposit Rs 8.5 million in the stamp office, Government of Sindh., City Courts, Karachi under intimation to this office. The letter of GoS is reported to be fake, and allegations are made that China International Water & Electric Corp. (CWE) with connivance of Sindh Government and KPT officers has manipulated avoiding payment of Rs 38.576 million to GoS.

According to Rule No 7, they must have signed "Integrity Pact", without which the contract is rendered mis-procurement. According to following clause of IP, any act of damaged incurred to GoP for any loss incurred due to corrupt practice by the contractor, the Contractor has agreed to pay the loss incurred, as well as pay 10 times the compensation for the corruption incurred.

"Notwithstanding any rights and remedies exercised by GoP in this regard, [the Seller/Supplier/Contractor] agrees to indemnify GoP for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to GoP in an amount equivalent to ten times the sum of any commission, gratification, bribe, finder's fee or kickback given by [the Seller/Supplier/Contractor] as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP."



TI Pakistan request KPT to kindly look into this complaints, an if the complaint if found to be true, according to IP, beside payment of dues of Rs 38.576 million to GoS, the Contractors is also liable to pay 10 times this amount to KPT for indulging into corrupt & fraudulent practices, which comes to Rs 385.76 Million.

With regards,

Syed Adil Gilani,
Chairman
Transparency International Pakistan

Copies forwarded for information and action rules to;

- 1 Chairman, Public Accounts Committee, Islamabad.
2. Auditor General Pakistan, Islamabad.
3. Chief Secretary, GoS, Karachi
4. Registrar Supreme Court of Pakistan, Islamabad
5. MD, PPRA, Islamabad
6. Chairman, NAB, Islamabad.
7. Member Board of Revenue, Government of Sindh, Karachi