



GOVERNMENT OF PAKISTAN
NATIONAL ACCOUNTABILITY BUREAU
ATTA TURK AVENUE, G-5/2
ISLAMABAD

AWARENESS & PREVENTION DIVISION

Mandated to educate, advise, assist and instruct in Prevention of Corruption and Corrupt Practices
(Section 33B & C of NAO 1999)

No.5-3(5)Proj/A&P/NABHQ/2013 (1190)
November 05, 2013

To **Karachi Port Trust (KPT),
Karachi.**

Subject: **KPT issues at non compliance with Government Rules (PPRA) and
mis-procurements / contract malfeasances.**

1. Further to number of letters and meetings held with KPT (Details at Annexure-A), a high level meeting was held in NAB to assess reasons for KPT's procrastinations and non compliance with NABs instructions. Briefing was given by New Chairman KPT (List of attendees Annex-B).
2. DG (A&P) in his introductory remarks highlighted once again the role of Prevention and Awareness under Section 33C. He emphasized that compliance with Government Rules in all procurement processes in KPT is mandatory failing which recourse to enforcement would follow. In this regard he reminded the KPT officials that issues under consideration were highlighted to KPT 18 months back and response of KPT was always unprofessional, dilatory and centered on protecting involved individuals and collective misdeemeanors. Chairman KPT acknowledged earlier non responsiveness of KPT and gave a detailed briefing on issues brought out by NAB with an assurance that prompt action will now be forth coming to correct the situation.
3. Following issues and decision were considered / formalized in the briefing: -
 - a. Land Lord Port Strategy: Chairman KPT confirmed that Land Lord Port Strategy approved by the Government of Pakistan (Planning Commission) has not been followed in letter and spirit with major violations in tuggage and pilotage inductions, real estate usage and manpower issues. He confirmed that no amendments to change Land Lord Port Strategy were processed or done by the Government. The role of Planning Commission in this context was discussed. Despite repeated efforts the planning

Commission has not responded on the issue as a policy making and regulatory body.

4. Decision: It was decided that Ministry of Port and Shipping will process clarifications from Planning Commission and NAB will separately interact with Planning Commission to confirm status of Land Lord Port Strategy. Further KPT will provide following information to NAB relating to violations of "Land Lord Port Strategy" by 15th November, 2013: -

- a. The status of manpower including Dock Labour Board employees that was to be relieved by a "Golden Hand Shake Scheme" under funding of World Bank between 1998-2002.
- b. List of new manpower inducted in KPT against Land Lord Port Strategy since year 2002 and individuals responsible for same alongwith procedure / systems followed.
- c. Detail of procurements of dredgers, tug boats, pilot boats and other equipment alongwith approvals of Government (PC-I) and their methodology of procurement.
- d. Status of Commercial and Welfare activities that were to be curbed / outsourced in view of the KPT redefined role of a regulatory organization under the Land Lord Port Strategy.
- e. List of officials including Board members responsible for violation of Govt. policy stipulations and violation of rules.

5. Procurement of 75 Tons Tugs by KPT: Chairman KPT explained that for security and other reasons and demands of Deep Water Port and turning limitation in channel, integral and larger Horse Power Tugs needed to be included in KPT. The Chairman was advised that in case, outsourcing of tuggage and pilotage was imperative, the same must follow approval of Government and processed in accordance with PPRA Rules. Chairman KPT was also informed that all earlier procurement processes including one in hand violated PPRA Rules and this practice must stop forthwith.

6. Decision: Following was decided:

- a. The reasons for inducting 75 tons Bollard Pull be explained in depth alongwith consultants reports.

- b. The process of procurement details be provided alongwith prequalification and bidding processes and evaluation report in an executive summary.
 - c. The procurements of tugs and pilot boats should not be "off shelf" but be undertaken as new built from bonafide pre-qualified dockyards.
7. Status of Enquiry relating to KPT Deep Water Port: Chairman KPT agreed with NAB team that follow up actions on Enquiry for major failure in Contract Award of Deep Water Port and subsequent / implementation has not been done. He was informed that the serious issues in this national mega project must be sorted out under a proactive strategy i.e. action against all individuals responsible for violation of rule and malafide contract actions and subsequent decisions as per contract and agreement. Immediate measures be taken to revive the project.
8. Decision:
 - a. KPT will formalize its investigation notwithstanding Admiral Azhar Siddique enquiry report on mis-procurement in award of Deep Water Contract. The progress to this effect will be intimated to NAB for action under enforcement.
 - b. The "Arbitration proceedings" initiated by contractor must be contested robustly by KPT to protect its interests. Individuals responsible for not invoking the LD clause and reason for same be intimated to NAB.
 - c. Project interest must be paramount and Chairman KPT should ensure that no efforts spared to ensure that project is revived protecting project, client and contractors interest.
9. Dredging Contract of CWEC: Chairman KPT was explained the present status of dredging contract which had faulty selection of contractor and malafide decision making thereafter.
10. Decision
 - a. Both arbitration and informal dispute mechanism must be used to resolve the issue protecting KPTs interests.
 - b. No out of rules or out of court settlement should be undertaken without formal approval of competent authority.
11. Real estate Policy: The Chairman was explained the allotment policy of commercial / lease and other plots needed a serious review. All illegal allotments and individual responsible for same must be identified.

12. Decision:
- Policy of leased out plots without following Government Rules must stop forthwith. No plot will be leased out from now on under private lease arrangement.
 - Details of all plot allottees and their leases will be reviewed and illegal allotment will be cancelled forthwith. Report to this effect will be submitted to NAB by 15th November 2013.
 - Under Land Lord Port Strategy real estate will not be used for non port related commercial activities.
13. Additionally under Awareness and Prevention Regime, Chairman KPT was advised following: -
- Induction on merit with requisite technical qualification in Grade 17/18 should be done to reinforce KPT management team at mid tier levels.
 - Only specialized port consultants should be pre-qualified for port work and policy of counterpart personal (Ex-KPT employees) with consultant must be discouraged.
 - KPT port development plans must be synergized with PQA and Gwader Ports so that an integrated cost efficient policy is implemented.
14. DG (A&P) appreciated KPT Chairman's stand and stated that for the first time a positive response from KPT Administration seems forthcoming. He also stated that consequent upon receiving KPT response and action on points highlighted above, the next meeting will be held on 25th November 2013 to formalize further course of action.
15. Mr. Sajid Ali, Assistant Director (A&P), National Accountability Bureau, Islamabad may be contacted on 051-9245537 for further coordination.
16. This issues with approval of DG (A&P) President Prevention Committee Constituted under Section 33C of NAO by Chairman NAB.



Muhammad Tahir
Additional Director
(A&P Division) NAB HQ
Ph: 051-9208279
Fax: 051-9245098

Copy to:

- Secretary, Ministry of Ports & Shipping
- Deputy Chairman, Planning Commission
- Additional Director (Staff), NAB (Sindh) Karachi