



28th November. 2016

TL16/2809/1A

Managing Director,
Karachi Water & Sewerage Board,
Karachi.

Sub: Complaint on Tender for Award of Water Supply for Rs 4.2 Billion/year from Six Water Hydrants, being against the Transparent Criteria for Selection of Companies owning Water Tankers, and also handing over the Operation of Water Hydrant to same Tanker Water Tankers who is awarded the Supply Contract, which is non compliance of Supreme Court Order dated 8.9.2016 in H.R.C. 28963-S of 2014 & various CMAs.

Dear Sir,

Transparency International Pakistan has received a Complaint on Tender for Award of Water Supply Rs 4.2 Billion/year from Six Water Hydrants, being against the Transparent Criteria for Selection of Companies owning Water Tankers, and also handing over the Operation of Water Hydrant to same Tanker Water Tankers who is awarded the Supply Contract, which is non compliance of the Supreme Court Order dated 8.9.2016 in H.R.C. 28963-S of 2014 & various CMAs.

The complainant has reported following irregularities in the Tendering Process by KW&SB:

That:

1. Tanker Mafia is operating in Karachi for many decades in collusion with KWSB, and police, and charging exorbitant process from public, and also causing loses to billions of rupees revenue of KWSB.
2. In order to address this Mega Corruption of Water Tanker Mafia in Karachi, the Honorable Supreme Court of Pakistan took Suo Moto Notice in 2014, and took up H.R.C. 28963-S of 2014.
3. In the last hearing of H.R.C. 28963-S of 2014 & various CMAs held on the 8th September 2016, Supreme Court Ordered KWSB for certain actions, quoted below:

Para 2. According to the M.D Water Board, he intends to stop all the hydrants According to him, presently 13 hydrants are functional and he wants to retain only six hydrants, one for each District within Karachi besides one hydrant M.C, which needs to remain operational on account of strategic like M.D of Water Board thinks that six hydrants will serve the need of Karachi emergent conditions, he may close down the remaining hydrants. According to the M.D Water Board, the proposed hydrants, which he wants to operate need to be retendered. He may take steps in this regard and finalize the mode by which it can be contacted out in a transparent manner.

Para 5. We are informed by the M.D. Water Board that the hydrants were contacted out by the officials of the Board without complying with codal formalities. We enquired as to whether any action has been taken against such officials. He



responded in negative. We are informed that one Reshid Siddiqui was one of the official of Water Board, who was responsible for contracting out hydrants unauthorizedly and the said officials was transferred. This is not sufficient. The Board should have proceeded against him departmentally.

Para 6. We direct the M.D Water Board to ensure presence of Rashid Siddiqui on the next date of hearing with his Service profile along with the alleged charges. The M.D Water Board shall also offer explanation as to why departmental proceedings were not initiated against high for extending favours in contracting out the hydrants.

Rashid Siddiqui himself shall also submit which the were contracted out through him.

4. In compliance of the Honorable Supreme Court Order in para 5, that “ He may take steps in this regard and finalize the mode by which it can be contracted out in a transparent manner”. Water Board issued Tender Notice in newspapers on 15th November 2016 . inviting Six Tenders.

5. According to Para 2, these Six Hydrants were committed by the MD of KWSB in the Honorable Supreme Court, **will be operated only in case of an emergency, such as last year’s heat wave, or in case of water scarcity.** But the Tender Documents prepared for full fledged Supply from the Six Hydrants , day and night, in full swing carrying, 1.3 MGD from each Hydrant, annually 2.947 MGD, at fixed cost of Rs 1,500/1000 gallon., i.e. **Rs 4.2 Billion/year**, contrary to what the MD has informed the Honorable Supreme Court, that it will only be operated in EMREGENCY.

6. Another provision made in the Tenders, is that the Six Hydrants will not be operated by KWSB, but will be awarded for Operation also to the Company who is awarded the Water Supply from the Hydrant. How can KWSB control the theft of KWSB revenue if the Operation is also hand over the Contractors of Supply from Hydrant.

7. The Cartel of Six Companies is also evident from the criteria that age of Tanker shall not be more than 10 years, and minimum 30 tankers shall be owned by company. And Shah Enterprises, Ghulam Nabi, Jamshed Awan, M. .S. Tariq, AA Builders and Shero of Sakhi Hasan have recently added tanker of 2006 or later makes. The useful life of Water Tanker is over 30 Years, and under SPPRA Rules this is a restrictive condition imposed by KWSB.

8. This condition is to eliminate NLC from the Bidding, as it is the only corporate Operator of Water Tanker in Karachi and owns hundreds of Tankers, but most of them are made prior to 2006 .

8. And what will happen to operator/owners of over 9000/11000 tankers operating in Karachi?

9. It appears that using Honorable Supreme Court’s name, a scheme prepared to handover the six hydrants along with operations, to six favored companies Shah Enterprises, Ghulam Nabi, Jamshed Awan, M. .S. Tariq, AA Builders and Shero of Sakhi Hasan.

10. The main purpose of H.R.C. 28963-S of 2014 is to make sure that KWSB supply line water to Karachi, and stop all supply through Tankers.



10. The Tenders by KWSB therefore should be scrapped, and with the permission of Honorable Supreme Court, a procedure should be prepared to allow all Tanker Operator of Karachi including NLC to buy Water at the prices fixed by KWSB, from the six hydrants, in case of Emergency only.

Transparency International Pakistan Observations

- a. Honorable Supreme Court orders are not being complied by inviting Six Tenders in the format prepared by KWSB.
- b. KWSB may consider complainant suggestion that the six tenders by KWSB are therefore may be scrapped, and with the permission of Honorable Supreme Court, a procedure shall be prepared to allow all Tanker Operators of Karachi, including NLC to buy water at the prices fixed by KWSB, from the Six Hydrants, in case of Emergency only.
- c. The Managing Director is requested to act in accordance with the provisions of the Sindh Public Procurement (Amended) Act 2013 and SPPRA Rules 2010, and if Honorable Supreme Court Orders, invite open tenders for fixing the rates of Water Supply from the Six Hydrants only.

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

With Regards,

Sohail Muzaffar
Chairman

Copies forwarded for the action under rules to immediate address this serious complaint:

1. Secretary to Prime Minister, PM House, Islamabad,
2. Chief Secretary Sindh, Karachi.
3. Registrar Supreme Court of Pakistan, to include in H.R.C. 28963-S of 2014
4. DG, NAB, Karachi.
5. MD, SPPRA, Karachi.