



TRANSPARENCY INTERNATIONAL-PAKISTAN

25th August 2016

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TL16/2508/1A

Mr. Khalid Pervez,
Federal Secretary,
Minister of Ports & Shipping,
Government of Pakistan,
Secretariat Block D,
Islamabad.

**Subject: PQA Violation of PPRA Ordinance and Public Procurement Rules
2014 in inviting tender of Two Tugs of 75 tons bollard pull**

Dear Sir,

Transparency International Pakistan refers to its letter 19-7-2014 to PQA, and letter sent to Secretary P&S dated 2-10-2014 and 31.10.201, 4 in which it is reported that PQA and the Ministry are trying to create a situation of urgency, so that PQA can hire from a predetermined supplier, the 4 Tugs at higher rental cost reported to be U \$ 10-13 million per years.

Finally on 17.11.2014 PQA issued documents for Four LNG Compatible ASD Tugs on Lease-Purchase or Hire., and again on 18.11.2014 PQA issued documents for Four LNG Compatible ASD Tugs on Lease –Purchase basis, (a) Lease Purchase and/or (b) Hire basis. Three (03) Tugs should have bollard pull capacity of 75 tons and one (01) Tug with additional escort notation/facility having bollard pull capacity of 85 tons.

As apprehended by TIP in its earlier letters, pre selected 4 tugs were taken on hire, somewhere in March 2015, at exorbitant cost of about US \$ 35,000 per day for 2 years (US \$ 12.5 million/year), whereby PQA will end up paying US \$ 25 million on hire only. Against this 4 tugs new could have being procured at cost of only US \$ 30-35 million.

Now PQA on 25 August 2016 has again advertised for Two Tugs 75 Ton Bollard pull for LNG Ship, New or Old, to be supplied within 12 months.

This Tender is ambiguous.

1. Why 2 Tugs are now being procured by PQA, when it hired 4 Tugs for 2 years, and that contract is expiring in approx.. March2017.?
2. Why PQA delayed the tender for 2 years, till the time of expiry of contract of 4 hired tugs is approaching in six months?
3. This delay is a clear case of collusion between PQA and Supplier of 4 Tugs, so that the US \$ 35,000 per day contract at of hire can be extended for next 2 years also, and may be additional cost will also be paid due to escalation claims.
4. When PQA thinks it appropriate that 2 Tugs now are enough to handle LNG vessels, why 4 Tugs on hires were contracted at US \$ 35,000 per day in 2015.?



5. There can not be any one evaluation criteria for New and Old Tug to be supplied in 12 months, and PQA seems to have pre selected party, who has the two 75 tons Tugs and is ready to supply to PQA, and no other supplier in world can meet PQA tendered requirements. . This is a perfect case of cartelization under PPRA Rules 2004 2(f). "corrupt and fraudulent practices" includes the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, 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 and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty;

The Secretary is requested to examine the TIP observations, and direct PQA to clarify these allegations of 4 Tugs hired at about US \$ 35,000/day and why not new tugs were purchased since last two years when it was Mandatory for PQA under LNG Contract, and why now and 2 Tugs are being procured against 4 Tugs, and why ambiguous tender is advertised. Immediate action to invite proper Tenders shall also be taken by the ministry.

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 address this manipulation by PQA;

1. Secretary to Prime Minister, Islamabad,
2. DG, NAB, Karachi
3. Minister, P&S, Islamabad
4. MD, PPRA, Islamabad.
5. Registrar SC, Islamabad.



**Notice Inviting Tender for Supply/Construction
of Two ASD TUGS (LNG COMPATIBLE) and
One Pilot Boat**

1. Port Qasim Authority (PQA) invites proposals from local and international firms/suppliers/shipbuilding yards as per requirements specified in the Tender Documents for the Supply/Construction of Two (02) ASD Tugs (LNG compatible) of 75 Ton Bollard Pull having escort notation and One Pilot Boat of 20 Knots speed (All weather Sea Going class, Beaufort Scale-6).
2. (i) The Tugs should be new readily available/to be constructed for deployment at Port Qasim for operations and should comply with certification, documentation, construction requirements of Classification Societies either by Lloyd's, BV, DNV, GL, NK or ABS.
(ii) Both the new readily available/ to be constructed Tugs shall have to be delivered at Port Qasim, Karachi, Pakistan not later than 12 months from the signing of the agreement.
(iii) The Pilot Boat should be of new readily available/ to be constructed for deployment at Port Qasim for operations and should comply with certification, documentation, construction requirements of Classification Societies either by Lloyd's, BV, DNV, GL, NK or ABS.
(iv) The new readily available/ to be constructed Pilot Boat shall have to be delivered at Port Qasim, Karachi, Pakistan not later than 12 months from the signing of the agreement.
3. Separate tender documents for the Tugs and Pilot Boat may be obtained separately (Tug & Pilot Boat) by the firm/Suppliers/shipbuilding yard on written request by submitting a payment of **Rs. 20,000/-** each tender (non-refundable) in the form of Pay Order(s) drawn in favour of Port Qasim Authority. Tender documents may be collected from the office of the Director (Ops. Maintenance) during office hours 0900 to 1500 hours. The tender documents has been uploaded on PQA and Public Supply Regulatory Authority (PPRA) website. A bidder may submit bid for either or both tenders (i.e Tugs and/or Pilot Boat).
4. All Firms/Suppliers/Shipbuilding yard shall submit separate bids for Two ASD Tugs LNG Compatible and/or Pilot Boat according to Single Stage Two Envelopes method under Rule 36(b) of Public Procurement Rules, 2004 (PPR-2004). Each Bid to be in a single package containing two envelopes. Each envelope shall contain the Financial and the Technical proposal separately.
5. Bids are to be submitted with Bid Securities (Earnest Money) in the form of Pay Orders in favour of Port Qasim Authority amounting to **US\$ 250,000/-** for Tugs and **US\$ 50,000/-** for Pilot Boat, issued by Pakistani Scheduled Bank having a minimum AA rating, located in Pakistan or Foreign Bank Guarantee with Counter Bank Guarantee of Scheduled Bank of Pakistan with minimum AA rating. Bid Securities shall be enclosed with the Technical proposal in separate envelope. The tenders without Bid Security will be rejected.
6. A pre-bid meeting will be held at Port Qasim on **20th September, 2016 at 1130 hours** for Tugs and 1400 hours for Pilot Boat.
7. The Bids are to be submitted in the Office of Director (Operations Maintenance) Port Qasim Authority, Bin Qasim Karachi 75020 by 1200 hours on **12th October, 2016** for Tugs and by 1400 hours for Pilot Boat. The Technical Proposals for the supply/construction of Tugs and Pilot Boat will be opened at Port Qasim, Chairman Secretariat Conference Room on the same day at 1230 hours for Tugs and later at 1430 hours for Pilot Boat, in the presence of Bidders/Representatives who wish to attend. The Financial Proposals of the technically qualified firms/bids will be opened on a later date & time to be initiated accordingly. The Financial Proposals of the technically unqualified Bidders will be returned unopened.
8. PQA reserves the right to accept or reject any or all proposals as per PPRA-2004 and no claims whatsoever in this respect shall be entertained. PQA's decision in this respect shall be final and binding upon all bidders. Bids received after due date and time shall not be entertained.

Muhammad Saqib
Secretary

PQA Website: www.pqa.gov.pk
PPRA Website: www.ppra.org.pk

PID (K) 605/16