



24th October 2012

Mrs. Nargis Sethi,
Secretary,
Ministry of Water and Power,
Room 202- 203, Block A, Pak Secretariat,
Islamabad.

Sub: Complaint about Violation of Public Procurement Rules 2004 in GENCOs

Dear Ma'am,

Transparency International Pakistan is in receipt of another complaint about special leverages given to a single contractor (M/S Al- Tariq) at all GENCOs by their CEOs / Plant Managers. The complaint is attached for your ready reference. **(Annex A)**

The earlier complaint, forwarded by TI-Pakistan to the Chairman WAPDA vide its letter dated 19th September 2012, remains unanswered. **(Annex B)**

In the latest complaint, the complainant has alleged that the management of GENCOs is deliberately grouping the work of "Installation and Commissioning" of Air- Pre Heaters / Element Baskets, so they are able to extend leverage to M/S Al- Tariq. It has also been alleged by the complainant that the Installation and Commissioning of the equipment is being clubbed only with the purpose of creating a special place for M/S Al-Tariq at Thermal Stations.

It has also been pointed by the complainant that in order to ensure maximum favor to AL-TARIQ, all GENCOs have started to invite bids on Turn-Key basis in Foreign Currency as AL-TARIQ has sufficient contacts at GENCO to alone win the contracts, whereas other bidders/contractors do not have such edge to get the contracts.

According to the complainant, following tenders are an example of benefits and margin being given to M/S Al- Tariq:

1. NPGCL - GENCO-III's tender No. GMT/ICB/DPSSO/MZG/32 for Unit 5 & 6.
2. JPCL GENCO-I's tender for HP Heaters & other jobs.
3. CPGCL - GENCO-I's tender No. CPGCL/ICB/ PM-II (M-B)T-47 for supplying of APH.

It may be noted by the Ministry that such acts, if correct, are a collusive practice as defined under Rule 2(f) of the Public Procurement Rules 2004 and may deem the procurements by GENCOs declared as mis-procurement under Rule 50.

The Ministry is requested to look into the matter and take action against the involved officers, if the complaint is found to be correct. You are also requested, under Article 19-A of the constitution, to provide copy of Bidding Documents of the above mentioned tenders to TI-Pakistan.



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

With regards,


Syed Adil Gilani,
Adviser

Copies forwarded for information with request to take action under the Rules and Regulations to:

1. Principal Secretary to the Prime Minister, Islamabad.
2. Chairman, Public Accounts Committee, Islamabad.
3. Chairman, NAB, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Auditor General, Islamabad.
6. Managing Director, PPRA, Islamabad - *with a request to take an action under section 5(2)(a) " monitor application of the laws, rules, regulations, policies and procedures in respect of, or relating to, procurement' and under section (5)(2)(i) of PPRA Ordinance 2002.*

ANNEX-A

Dear Sir,

All GENCOs are virtually controlled by Al-Tariq Traders where all CEOs/Plant Managers deliberately involving the term of Installation & Commissioning of Air-Pre-Heaters/Elements Baskets etc. at Thermal Power Stations in order to create a special space for ALT where the same facility is not available to other contractors/bidders. ***Ironically, Engineers at PEPCO's power plants used to do all these Installation & Commissioning works by themselves or seldom used to invite separate bids for "installation & commissioning" in local rupees after arrival of imported components/equipments.***

As of today, all such Installation & Commissioning jobs are done by the in house engineers at IPPs where they simply import the APH/Element Baskets on FOB/C&F basis and rest of the installation & Commissioning is performed by the engineers at Plant Sites (without involving any outside contractors). None IPPs invite Turn-Key jobs in FOREIGN CURRENCIES for local installation jobs.

In case PEPCO did not have in-house engineers to install & Commission the APH/Elements Baskets etc, PEPCO used to hire little services by inviting separate tenders in local currency yet PEPCO used to buy APH/Elements Basket etc. on FOB in Foreign Currency only in order to save the foreign exchange funds.

In order to ensure maximum favor to AL-TARIQ, all GENCOs invite bids on Turn-Key basis in Foreign Currency where Al-TARIQ has already deep inside setup at GENCO to alone win the contracts. (Other bidders/contractors do not have such edge to do the jobs in fair manner).

Again NPGCL GENCO-III has invited bids on Turn-Key basis wide tender No. GMT/ICB/DPSSO/MZG/32 for Unit 5 & 6.

JPCL GENCO-I is going to invite bids for HP Heaters & other jobs while purposely combining the "Installation & Commissioning" job which is most suitable mode to favor Al-Tariq in all Tenders.

GENCO-1 CPGCL is going to re-float her Tender No. NO/CPGCL/ICB/ PM-II (M-B)T-47 under the guise of Rehabilitation as Turn-Key job for supplying of APH which also include the scope of "Installation & Commission" for Al-Tariq Traders as Al-Tariq has streamlined arrangements with all engineers at plant site.

Instead simply offers are to be invited for APH on FOB basis and rest of the local job at plant site is to be performed by employed engineers as the practice in all IPPs in Pakistan.

Alternately, GHCL/GENCO may invite separate bids for "installation & commissioning jobs" in local currency if GENCO engineers are incapable to do such minor jobs by themselves.

Sir, please call the all record that shall reveal the award of all jobs to Al-Tariq Alone because ALT has developed deep roots to manipulate under the guise of FOB Supplies combined with Turn-Key Jobs.

Should special favor to Al-Tariq Trader are not stopped, Al-Tariq will be become owner of all GENCOs.

Sultan Zafar Sb is also under clutching of Al-Tariq. Aslam Sheikh, CEO Ishtiaq Mehar, Abdul-Raheem Jam, are regular beneficiaries of Al-Tariq Traders.

Knowingly by Sultan Zafar, the Harbin Integrated, P.R. China. Is a merely self owned trading company planted in China by Al-Tariq Traders, Sultan sb recommend the case for award of Major overhauling of Unit No. 4 to trading company whereas Sultan Sb used to firmly in favor of getting services/support from the OEM but OEN ignored for Al-Tariq Traders. Benefits from OEM are always well obvious like GE was awarded on OEM basis at Guddu but who cares at GHCL except personal interests of individual officials.

If aforesaid corruption, malafide, favoritism and frauds are not eliminated during your stay as CEO of GHCL then it shall never be eradicated ever in ages.

In addition, all upcoming Rehabilitation jobs under ADB Financing at Jamshoro, Muzagargarh & Guddu are designed by the Plant Managers on Turn-Key basis again to make best suitability for AL-TARIQ Traders as other local companies are rightly lined up with Plant Managers & Mechanical Engineers to clinch any business/contract except Al-Tariq Traders only.

Moreover, above said measures will strengthen your position before BOD, Ministry and people of Pakistan.

Regards,

Engr. M.Memon



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INTERNATIONAL-PAKISTAN**

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Website: www.transparency.org.pk

19th September 2012

Mr. Syed Raghیب Abbas Shah,
Chairman,
Water and Power Development Authority,
703 WAPDA House,
Lahore.

Sub: Complaint on Violation of Public Procurement Rules 2004, International Tender for Design, Supply, Installation, Testing and Commissioning of Natural Gas Booster Compressor Station & Laying of about 2km Gas Pipeline for supply of Gas to 747 MW (Gross) CCPP, Guddu, WAPDA.

Dear Sir,

Transparency International Pakistan is in receipt of a complaint regarding violation of Rules by WAPDA in its International Tender for Design, Supply, Installation, Testing and Commissioning of Natural Gas Booster Compressor Station and Laying of about 2km Gas Pipeline for supply of Gas to 747MW (Gross) CCPP at Guddu.

The complainant has alleged that:

- The Minutes of Meeting, signed on 03rd May 2012, were provided to the bidders (other than M/S Al-Tariq Construction) just 07 days prior to bid opening whereas M/S Al-Tariq were given the relevant documents on 03rd May 2012 only.
- Level playing field was not provided to all interested bidders, as the above information may have been provided to other bidders also.

The complaint has been examined by TI-Pakistan and the following reasons of discrimination and collusion between WAPDA and the single bidder (M/S Al-Tariq Construction) have been observed:

- The land where the compressor is to be installed, was not identified to the bidders. This information is needed for following works, which are to be priced by the bidders and included in their Tender:
 - ✓ Soil bearing capacity is to be determined to design the RCC foundations of Compressor and Gas Plants.
 - ✓ If there are underground services in the area, viz gas pipeline, water supply pipes, drainage pipes, electricity pipes, etc., the cost of diverting these services are to be calculated and added in Tender.
 - ✓ Access to compressor and drainage design of compressor area is to be designed based on the topography of the area, and calculated accordingly, to be added in the tendered cost.
- The clarification was sought by the complainant, regarding the provision of plot plan and other related specifications, at least a month prior to the bid opening. However, WAPDA did not reply to the letters, which is in violation of IB 6 "Clarification of Bidding Documents". The relevant clause makes it mandatory on the procuring agency to issue the clarification /amendment of the Bidding Documents at least fourteen (14) days before the date of submission of Bids when the request for clarification is received not later than 28 days prior to the deadline for the submission of bids.



TI-Pakistan refers to the key factors to be considered in the procurement of public contracts identified by the Supreme Court of Pakistan in its judgment given in the Rental Power Plants Case on 30th March 2012. The features include (1) upholding competition among firms (2) promoting best value for money (3) encouraging more firms to bid on work (4) maintaining openness and transparency in the bidding process (5) executing contracts quickly (6) ensuring quality of goods and services and (7) meeting other obligations required for federal procurement.

Transparency International Pakistan requests the Chairman WAPDA to kindly look into the matter as it appears to be a case of "corrupt and fraudulent practices" as defined under Rule 2(f) and if the complaint is found to be correct/ genuine take necessary actions under the law so that the citizen may get justice.

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With regards,

Syed Adil Gilani,
Adviser

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1. Chairman, Public Accounts Committee, Islamabad.
2. Secretary, Ministry of Water & Power, Islamabad.
3. Chairman, NAB, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Auditor General, Islamabad.
6. General Manager (D&D), Thermal, WAPDA, Lahore.
7. Managing Director, PPRA, Islamabad - *with a request to take an action under section 5(2)(a) "monitor application of the laws, rules, regulations, policies and procedures in respect of, or relating to, procurement" and under section (5)(2)(i) of PPRA Ordinance 2002.*