

Most Immediate
By Fax

No.GPI-9(8)/12
Government of Pakistan
Ministry of Water & Power

--:--:--

Islamabad, October 9, 2013

The Managing Director
Project Management Unit (PMU)
425 MW CCPP Nandipur,
WAPDA House, Lahore

Sub:- **CRITICAL REVIEW BY TIP ON RESUMPTION OF 425-525 MW CCPP
NANDIPUR DISTRICT GUJRANWALA**

I am directed to refer to the subject cited above and to state that the Minister for Water & Power has desired you to visit office of Adviser Transparency International Pakistan (TIP), Karachi on Friday, 11th October, 2013 at 1100 hrs alongwith your team and consultant.

2. You are therefore, requested to make yourself prepared with the following:

- i. Procedure adopted for the appointment of NESPAK as consultant of the project, and the evaluation report of award of the Consultancy Project in compliance to Public Procurement Rules 2004.
- ii. The original contract awarded at US\$ 385 million included items cost of US\$ 114.16 million for erection/commissioning/engineering. Against these the Engineers' estimate for erection/commissioning/engineering in the PC-I was only US\$ 14.08 million. The action taken by the WAPDA/NESPAK and Ministry of Water & Power at the time of contract award in 2008, to resolve this discrepancy and the justification of 700% higher tender cost, prior to award of the contract.
- iii. On the contract of Rs.21.59 billion awarded in 2008, under local financing charges and annual interest being paid in the Revised PC-I is Rs.223.58 million in the year 2008-09, Rs.1131.51 million in the year 2009-10, Rs.2,321.59 million in the year 2010-11, Rs.2,254.05 million in the year 2011-12, and future Rs.2272.94 million 2012-13, Rs.3,664.27 million in the year 2013-14 and Rs.764.55 million in the year 2014-15 has to be clarified. It seems that these charges are paid to the contractor. Claim and documentation shall be provided to TI-

Pakistan for e.g. an interest being paid for the year 2013-2014 of Rs. 3,664.27 million which does not seem realistic. Documents of consortium of foreign and local lenders, terms of loan, and breakdown of yearly interest.

iv. Detail / clarification of insurance premium charge of Rs.1.2 billion in the year 2008-09, which is almost 5% of the Contract value.

3. You are further directed not to leave the office of TI-Pakistan before clarifying all the subject queries.



(Sajeel Saeed)
Section Officer (GENCOs)
Ph. 9223090

Cc:

- i. ✓ Syed Adil Gilani, Adviser, Transparency International Pakistan, Karachi
- ii. PS to Minister for Water & Power
- iii. SPS to Secretary, Water & Power
- iv. The General Manger, NESPAK, Lahore
- v. The Project Director, 425 MW CCPP Nandipur, Gujranwala
- vi. The Finance Director, NPGCL, Muzaffargarh