



6th July 2010

Mr. Tahir Basharat Cheema,
Managing Director,
PEPCO,
WAPDA House,
Lahore

Sub: Complaint on the Tender for the Procurement of Construction Equipment under ADB
Loan No. 2439-PAK (Bidding Documents . ADB-PEPCO-01-2010)

Dear Sir,

Transparency International Pakistan has received PEPCO clarification vide GM(C&M) letter no. 2937-39/MD/PEPCO/GM(C&M)/CFLs dated 30 July 2010, against the complaint sent on 27 June 2010 on the Tender for the Procurement of Construction Equipment under ADB Loan No. 2439-PAK (Bidding Documents . ADB-PEPCO-01-2010).

TIP appreciate PEPCO dedication in applying rules, but would like to point out that following observations are very serious and must be addressed by PEPCO as well as Asian Development Bank.

1. PEPCO has allowed bidders to quote for 120 tons all terrain cranes. However, it has been reported that Truck Mounted Cranes as specified in the Bid Documents by PEPCO are only manufactured by KATO Japan, and there is no other manufacturer in world, as these types of cranes are obsolete and uneconomical. TIP question is why such a Crane has been included in the ADB-PEPCO Requirement. And if this is a justified requirement, under the ADB procurement rules, when there is only one manufacture is available in market, public tendering is not required, and direct negotiations may be carried out. PEPCO & ADB may examine and either alter the specifications so that KATO Cranes are not allowed evaluation benefit, or delete this item from tendering.

If not already included, please also include evaluation of life cycle cost of the equipment in evaluation criteria, as TIP could not find it in the bid documents. This is an essential item in order to obtain the value on money advantage.

2. In Lot-III, 4 Ton Truck Mounted Cranes 32 Nos, 12 Tons Heavy Duty Trucks 8 Nos. and 6 Tons Heavy Duty Trucks 24 Nos have been combined as one lot, though manufacturer of 4 Ton Truck Mounted Cranes are not more than a dozen in world, whereas, there are hundred of Truck manufacturer available.

PEPCO has clarified that ADB rules does not allow partial lot.

In such a case TIP request PEPCO-ADB to make two lots of Lot-III, one for **4 Ton Truck Mounted Cranes**, and other for **12 Tons and 6 Tons Trucks**.



TI Pakistan request PEPCO & ADB to examine above issues and resolve them in order to have transparency in these procurements.

TI Pakistan is striving top have Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in the country.

With Regards

Syed Adil Gilani
Chairman

Copy forwarded for the information and appropriate action to,

1. Chairman Public Accounts Committee, Islamabad
2. President, Asian Development Bank, Manila, Philippine. Kindly ensure that any violation of Rules are not tolerated by ADB.
3. Country Head, ADB, Islamabad
4. Auditor General Pakistan, Islamabad
5. Chairman, NAB, Islamabad
6. Registrar, Supreme Court of Pakistan, Islamabad
7. Managing Director PPRA , Islamabad
8. Chairman, WAPDA, Lahore.