



22nd October 2011

Vice Admiral (R) Muhammad Shafi
Chairman,
Port Qasim Authority,
Port Qasim,
Karachi.

Sub: : Tender Documents of Channel Maintenance Dredging Works 2010-2011 and also of Channel Maintenance Dredging Works 2010-2011 and Capital Dredging Works for Turning Basin, does not comply with PPRA Notification July 2008

Dear Sir,

Transparency International Pakistan received a complaint on the unauthorized modification in the Tender Documents of Channel Maintenance Dredging Works 2010-2011 and also of Channel Maintenance Dredging Works 2010-2011 and Capital Dredging Works for Turning Basin, does not comply with PPRA Notification July 2008.

In 2010 the Draft Tender Documents of Channel Maintenance Dredging Works 2010-2011 and Capital Dredging Works for Turning Basin were vetted by TI Pakistan, and PQA & ECIL Consultants were advised to amend the draft bidding documents, and prepares them as per PPRA requirements. However, following clauses were amended by PQA in 2010, without the approval of PPRA & PEC. TI Pakistan had advised PQA to follow the rules as were required under Notification No. 8(60)WR/PC/2008 Dated 12th February, 2008 read with PPRA S. R. O. 805(I)/2008, and in case it wanted any changes, PQA shall obtain the approval of PPRA and PEC.

47.3 Bonus for Early Completion of Works

The Contractor shall in case of earlier completion for either whole or part(s) of the Works pursuant to Sub-Clauses 48.1 and 48.2(a) respectively of the General Conditions of Contract, be paid bonus up-to a limit and at a rate equivalent to 50% of the relevant limit and rate of liquidated damages prescribed in Appendix-A to Bid "Special Stipulations".

60.10 Time for Payment

The text is deleted and substituted with the following:

The amount due to the Contractor under any Interim Payment Certificate issued by the Engineer pursuant to this Clause, or to any other terms of the



Contract, shall, subject to Clause 47, be paid by the Employer to the Contractor within 30 days after such Interim Payment Certificate has been jointly verified by Employer and Contractor, or, in the case of the Final Certificate referred to in Sub Clause 60.8, within 60 days after such Final Payment Certificate has been jointly verified by Employer and Contractor; Provided that the Interim Payment shall be caused in 42 days and Final Payment in 60 days in case of foreign funded project. In the event of the failure of the Employer to make payment within the times stated, the Employer shall pay to the Contractor compensation at the 28 days rate of KIBOR+2% per annum for local currency and LIBOR+1% for foreign currency, upon all sums unpaid from the date by which the same should have been paid. The provisions of this Sub-Clause are without prejudice to the Contractor's entitlement under Clause 69.

According to Public Procurement Regulations, 2008, notified by PPRA vide S. R. O. 805(I)/2008, PEC Standard Bidding Document for Procurement of Works are mandatory on PQA. Please note that no other PEC documents are approved by PPRA.

3. Bidding documents.- A Procuring agency when engaged in procurement of works, shall use the standard form of bidding documents prescribed by the Pakistan Engineering Council constituted under the Pakistan Engineering Council Act, 1975 (V of 1976).

The Bonus clause, and interest on delayed payment at rate of KIBOR+2% per annum for local currency have been deleted by PQA.

Under the Notification No. 8(60)WR/PC/2008 Dated 12th February, 2008, PART II - Particular Conditions of Contract, on delayed payments and bonus, as Mandatory Provisions not to be Amended / Substituted except as instructed by PEC.

TI Pakistan request the Chairman to follow the PEC Standard Bidding Document for Procurement of Works without any changes, and amend all the current contracts where above two provisions have been amended by PQA without approval of PPAR & PEC, and also issue addendum to the on going tender of the Channel Maintenance Dredging Works 2010-2011

Transparency International Pakistan is striving for the Rule of Law in Pakistan.

Yours sincerely,

Syed Adil Gilani
Adviser