



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

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1st February, 2016

Managing Director,
Solid Sindh Waste Management Board,
Government of Sindh,
Karachi.

SUB: Six Tenders for Front End Collection and Disposal of Municipal Solid Waste

Dear Sir,

This is with reference to the TI Pakistan letter dated 20.10.2015, minutes of meeting held on held on 01.11.2015 dated 1.1.2015, clarification given by MD in the Comparison of Rates for Front End Collection and Disposal of Municipal Solid Waste-DMC East Zone 2015-2016, with similar contract of Lahore Waste Management Company, and World Bank estimate, **Annex-A**, and balance sheet indicating net worth of M/s Chamgyi Kanhjje Sanitation Engineering Company Ltd, China of US \$ 79.21 million. **Annex-B**.

Based on the documents provided by Solid Sindh Waste Management Board, following are the details of estimated costs of similar contract of Lahore Waste Management Company, awarded in 2013/14 and financial worth of M/s Chamgyi Kanhjje Sanitation Engineering Company Ltd.

- a. Total cost of Front End Collection and Disposal in Lahore awarded to Lahore Waste Management Company upto Landfill Sits is **US \$ 46.47/ton**.
- b. World Bank Estimate is **US \$ 100.150/ton**.
- c. M/s Changyi Kanhjje Sanitation Engineering Company Ltd, China rates of DMC East to GTS is US \$ 29.94/ton excluding transport to Landfill sites.

Transport from GTS to Landfill site is estimated to be US \$ 3/ton.

Gross Cost to Landfill site is US \$ 32.94/ton.

- d. M/s Changyi Kanhjje Sanitation Engineering Company Ltd total assets are US \$ 138 Million out of which US \$ 45million are quoted as receivables.

Following are the Recommendations of Transparency International Pakistan.

1. The financial bid for South may be opened, and if the rates quoted are above 5% of the rates received for DMC East, the tenders shall be discharged, and re-invited, to comply with the requirements of comparable prices of SPPRA rules No 48.



2. After issue of LOI, Letter of Intent and prior to signing of the Contract Agreement, M/s Changyi Kanhjje Sanitation Engineering Company Ltd shall be visited by a team for confirmations of experience as submitted in the technical proposal.
3. The team of 3 which shall confirm and verify the experience, will comprise of two experts of SWMB and one member of the Pakistan Embassy in China, .
4. SSWMB shall ensure that M/s Changyi Kanhjje Sanitation Engineering Company Ltd will not be awarded more than 2/3 as their net worth is less than US \$ 80 million (total owners equity).
5. In the last two Tenders for Front End Collection and Disposal of Municipal Solid Waste- DMC Zone West and DMC Zone Malir, disposal shall not be to the GTS, but all the disposal shall be in the Landfill Sites.

Managing Director is requested to confirm acceptance of above suggestions.

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

Annex-A

**COMPARISON OF RATES FOR FRONT END COLLECTION AND DISPOSAL OF SOLID WASTE – DMC ESAT ZONE
2015-16**

S. NO.	Company	Waste collection Transportation	Waste collection cost	Labour Management cost	Total	Income Tax (8%)	Sales / Service Tax	Total with Tax
1.	Lahore Waste Management Company	23.13	9.05	5.291228118	37.48	3.00	(16%)6.00	*46.47
2.	Changyi Kangjie Sanitation Engineering Co. Ltd. (Bid for Karachi East)			All inclusive	24.54	1.96	14% 3.4356	**29.94
3.	World Bank Estimate							***100-150

Rate in US \$

- * - The price does NOT include services like Mechanical Sweeping, Washing of the Roads, Sweeping of squares, parks etc. which shall be charged extra
- ** - The price is inclusive of services like Mechanical Sweeping, Washing of the Roads, Sweeping of squares, parks etc. – No extra charges
- *** - Aide-Memoire of the World Bank Mission in Karachi June 29 – July 2, 2015



1.5 Turnover Statement

Auditor's Report

Wei Guang (2015) Audit No.113

To the shareholders of Changyi Kangjie Sanitation Engineering Co., Ltd.:

We have audited the accompanying financial statement of Changyi Kangjie Sanitation Engineering Co., Ltd. (the "Company"), including balance sheet as of June 30, 2015, income statement and cash flow statement for January-June of 2015 and a summary of significant accounting policies and other explanatory notes.

1. Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (a)Preparation and fair presentation of these financial statements in accordance with the Accounting Standards for Business Enterprises; (b)Designing, implementing and maintaining internal control relevant for the preparation and fair presentation of financial statements to guarantee them free from material misstatement, whether due to fraud or error.

2. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance to whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud

