



TRANSPARENCY INTERNATIONAL-PAKISTAN

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk

15th December, 2014

The Chairman,
Water and Power Development Authority,
WAPDA House,
Lahore.

Sub: Violation of Public Procurement Rules 2004 in Keyal Khwar Hydropower project of Wapda.

Dear Sir,

Transparency International Pakistan has received a complaint, dated 9th December, 2014.

The complainant has also alleged the following;

1. Only single bid was received from Sinohydro-Hajvairy JV which was excessively high as compared to Engineer's Estimate prepared by the Consultants.
2. The Consultants recommended to cancel the Bidding Procedure and then to negotiate price with the Bidder as per clause 2.39 of Procurement Guidelines of KfW (Project Sponsor).
3. According to PPRA rules clause 5, if PPRA rules are in conflict with an obligation or commitment of the Federal Government arising out of an agreement, the provisions of that agreement shall prevail.
4. WAPDA had signed a loan Agreement with KfW, according to which WAPDA had to follow Procurement Guidelines of KfW.
5. But due to collusion between WAPDA higher authorities (including Chairman Raghbir Ali Shah, Member Husnain Afzal and GM Shoaib Iqbal) and Sinohydro Chinese firm, KfW rule was violated and the tendered cost was negotiated, without cancelling the Bidding Process.
6. Now the situation is worse, as the Letter of Award was issued in Feb 2014 and Contract was signed in Sept 2014 but the commencement of the works is still pending because the Sinohydro has changed its name and they are also not submitting the Advance Payment Bond according to the given format in the Bidding Document which is a requisite for commencement.
7. Due to this, this project will also run in delays and high cost will be incurred and the end sufferer will be the country and nation of Pakistan.

Chairman, WAPDA is requested to immediately examine the complaint and the violation which may jeopardize the KfW future loan, due to default of WAPDA, and also other issues which were created by this apparently mis-procured contract.

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

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad.
2. Mr. Khurshid Shah, Leader of Opposition & Chairman, PAC, National Assembly, Islamabad.
3. Chairman, NAB, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Managing Director, PPRA, Islamabad.