



29<sup>th</sup> November 2014

Chairman  
Water and Power Development authority  
703 Wapda House  
Lahore

**Sub: Violation of PPRA Rules in Tender for 122 MW Keyal Khwar Hydropower  
Project - Contract No. KKHPP-03 (E&M Wroks)**

Dear Sir,

Transparency International Pakistan has received another complaint regarding the efforts of WAPDA in the Tender mentioned above, to favour a non responsive firm, M/s ANDRITZ Hydro Austria who has not submitted Bid Security for the full period as required, and another firm M/s Dongfeng Electric Corp Consortium, which is a debarred / blacklisted company by PPRA.

Following discrepancies and violation has been reported by the complainant, in the bidding process:

- i. WAPDA had restricted qualification to only 2 no. of bidders;
    - a. ANDRITZ Hydro Austria
    - b. DONGFENG VOITH CONSORTIRUM
  - ii. Both the bidders are non-responsive due to following reasons.:
- a) As per the bid opening result 2% bid bond of ANDRITZ Hydro which was submitted along with the bid pursuant to Sub-clause ITB 20.1 of BDS, the bid security was required to be valid up to 12-06-2015, while the bid guarantee submitted by ANDRITZ was 12-05-2015, short by 27 days which is almost a month shorter, now certain elements in WAPDA specially the General Manager (Projects) who has vested interest is trying to waive this short coming by declaring it a minor discrepancy and interim short coming which is evident from attached letter sent to funding agency, KFW Germany.

This is in no way justified because in the past WAPDA has rejected bids whose validity in the bid bond had a short coming of even few days, it is not justified to give a waiver to a certain manufacturer.

The same bidder ANDRITZ Hydro has also a serious short coming with regards to the offered currencies because the allowed currencies were only 2 foreign currencies along with Pakistani Rupees, they have offered 3 foreign currencies. *h*



This is a clear violation of the terms of the bidding documents because ANDRITZ Hydro have saved a huge amount in the hedging cost in the Chinese Yuan portion of the contract, this has been pointed out by its competing bidder DONGFENG ELECTRIC through their letter.

b. The other bidder DONGFENG ELECTRIC CORP CONSORTIUM is a debarred / blacklisted company by PPRA as Pakistan Railways has clearly blacklisted them. WAPDA has not only allowed them to pre-qualify but is also evaluating their bid.

This is the second case in one month of WAPDA, in which TI Pakistan is reporting efforts of WAPDA to process the tenders in violation of PPRA Rules, as well as all rules of IFIs, by processing the non-responsive bids.

Chairman is requested to discharge the tenders, and reinvite the bids. And also to take action against all those responsible for these irregularities, as well as irregularities committed in in this Project, so that such violations are not repeated.

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 Muzzafar  
Chairman

Copy forwarded for information with request to take action under the Rules and Regulations to;

1. Secretary to Prime Minister, PM House, Islamabad
2. Chairman, Public Accounts Committee, Islamabad.
3. Chairman, NAB, Islamabad.
4. Minister, Ministry of Water & Power, Islamabad.
5. Registrar, Supreme Court of Pakistan, Islamabad.
6. Chairman, PMIC, PM House, Islamabad.
7. Managing Director, PPRA, Islamabad.



Research (R), Lahore	<b>Pakistan</b>	Quinberg II, Lahore			generator.	
n Steel Mills (S), Karachi	<b>M/S Noble Resources Pte. Ltd. Singapore</b>	M/S Pacific Charting & Trading Pvt. Ltd. (Local Rep) Pacific House C-17, block II Kehkashan, Clifton Karachi	13-09-2013	-	Fraudulently manipulated the supply of 50,000 metric tons of coal at extremely exorbitant price.	Permanent
uthern Gas Company Limited (SSGC)	<b>M/S Fatemi Traders</b>	29, Kanchwala Building Opp. Risala Police Station Nishtar Road, Karachi	07-08-2013	-	Non Supply of material within the order validity period.	Permanent
an Railways (R) for I/11, Islamabad	<b>M/S Dongfang Electric Corporation</b>	45-B Habib Road Lahore Cantt.	21-06-2013	-	Failed to fulfill the contractual obligations and solve the chronic technical problems against the contract agreement.	Till further orders
uthern Gas Company Limited (SSGC)	<b>M/S Habibullah Associates (Pvt) Ltd.</b>	3rd Floor, Progressive Plaza Beaumont Road Civil Lines Karachi	21-06-2013	-	Failed to submit required documents for preparation of formal contract.	Permanent
ntier Corps (KPK)	<b>M/S Dewan Mushtaq Motor Company Pvt. Ltd.</b>	Block-A 7th Floor Finance & Trade Centre (FTC), Mian Shahra-e-Faisal Karachi .	31-05-2013	-	Non Delivery of 113 x Double Cabin L-300 Mitsubishi.	Permanent
n Petroleum Limited	<b>M/S JS Air</b>	Suit No. 403, Trade Tower Abdullad Haroon Road Karachi	29-06-2012	-	Consistently failure to Provide Satisfactory Flight Services.	Permanent
State Oil	<b>M/S EAL Oil</b>	P.O Box No. 5600,			Delay/Non Performance in	





**PAKISTAN  
WATER AND POWER DEVELOPMENT AUTHORITY**

Phone # 92-57-2640628  
Fax # 92-57-2640629  
E-Mail: [gmpna@yahoo.com](mailto:gmpna@yahoo.com)

Office of the  
General Manager Projects (Northern Areas),  
GBHP Colony, G.T Road, Hattian  
PO Box # 27, District Attock.

No. GMP(NA)/K-32/1705-09

Dated: 31.10.2014.

Mrs. Brit Horschke  
Principal Project Manager  
KfW, PalmongantenstraBe 5-9,  
60325 Frankfurt,  
Germany.  
Tel # 49 69 7431 4799  
Fax # 49 69 7431 3609

**Subject: Keyal Khwar Hydropower Project - Contract No. KKHPP-03 (E&M Works) Submission of Bids on 15.10.2014**

The bids for E&M Contract No. KKHPP-03 were opened on 15.10.2014. Both the pre-qualified bidders, namely M/s Andritz Hydro of Austria and M/s. Dongfang-Voith Consortium submitted their bids.

Our initial / preliminary examination of the bids lead to following observations:

Observation No. 1

M/s. Andritz Hydro, Austria initially submitted the required bid security, issued from a scheduled Bank of Pakistan, with validity up to 15-04-2015, whereas pursuant to Sub-Clause ITB 20.1 of the BDS, the bid security is required to have a validity up to 12.05.2015 (182 + 28 = 210 days). As such, the validity of the bid security of M/s. Andritz Hydro is short by 27 days. However, on the date of bid opening, i.e. 15.10.2014, aforesaid bidder extended bid security up to the due date, i.e. 15.06.2015 and submitted the same on 16.10.2014 (Copy enclosed).

The recommendation of Project Manager (KHPC) on the said issues is as under:

**Quote:** .....“we have scrutinized the particular issues, as raised by CCC (WAPDA), and addressed in your aforementioned correspondence, and have concluded and hereby recommend, that in view of these irregularities being of minor nature, no further actions are recommended to be undertaken by the Client against one or the other pre-qualified bidders” **Unquote.** Copy of PM, KHPC letter dated 30.10.2014 is enclosed.

In view of the above, it is presumed, that this interim shortcoming is merely an oversight on the part of the bidder, and hence has neither a contractual nor a financial impact on the bid and / or the proceedings towards the possible future Contract.

Observation No. 2

M/s. Andritz Hydro pointed out vide their letter, dated 15.10.2014, that the bidder, M/s. Dongfang-Voith Consortium, has not affected the simultaneous submission of the required copy of their bid to KfW, as stipulated in the Sub-clause 21.1 of Vol-I of bidding documents, i.e. one copy of the bid had not been dispatched by courier to KfW prior to / at the time of the public bid opening on 15.10.2014, at Wapda House, Lahore.

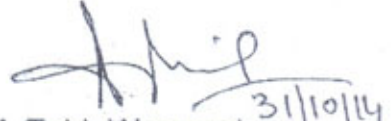
However, upon our request for clarification of the aforementioned allegation, M/s. Dongfang-Voith Consortium through their communication of 16.10.2014 (copy enclosed), responded that they had, with courier tracking No. 596165445441,

dispatched one set of their Bid to KfW bank on the due date 15.10.2014 (w/ copy of tracking record as attached).

However, whilst the date of the dispatch matches the bid opening date, it is observed, that the time of receipt of the shipment by the courier services (FedEx), stands recorded as post-bid opening time (i.e. at a time delay of some eight hours). Whilst the existence of the aforementioned time delay stands indisputably established, such delay, in due consideration of the timely submission of the original Bid during the bid opening, may be considered as a matter of minor importance.

Further on, your kind confirmation of receipt of the bids from each of the pre-qualified bidders is hereby requested.

In conclusion of the above, it may be stated, that since both the issues, as raised under our aforementioned observations are of minor nature and the Contract No. KKHPP-02 for Civil Works, Hydraulic Steel Structures and 11kV Overhead Line, for the Keyal Khwar Hydropower Project, has already been awarded, we hereby recommend for these issues to be considered as minor, and request to confirm your concurrence with our recommendation and continuation of the evaluation of these two bids, as any other alternative would result in considerable, detrimental impact in the Project and its implementation.



(M. Tahir Waseem)

General Manager Projects (NA)

Copy to:-

1. General Manager (CCC) WAPDA, Wapda House, Lahore.
2. SO to Member (Water), WAPDA, Wapda House, Lahore.
3. Dr. Parvaiz Naim, Senior Country Advisor, KfW Office, House 23 Street-55, F-7/4, Islamabad. Fax # 051-2656380.
4. Project Director, Keyal Khwar HPP, WAPDA, Sunny View, Lahore.