



TRANSPARENCY INTERNATIONAL-PAKISTAN

June 01, 2020

Syed Mumtaz Ali Shah,
Chief Secretary,
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TL20/0601/1A

Sub: Allegation of Illegal Award of unsolicited Contract for feasibility report of 135 MGD Project to NESPAK in the KWSB Board meeting held on 20 May 2020

Dear Sir,

Transparency International Pakistan has received a complaint on the allegation of illegal Award of unsolicited Contract for feasibility report of 135 MGD Project to NESPAK in the KWSB Board meeting held on 20 May 2020.

The complainant has made the following allegations.

1. NESPAK has been awarded the feasibility report of 135 MGD Project of KWSB project without open bidding, in violation of SPPRA Rules.
2. NESPAK in 2019 was also awarded third party vetting of K IV Project at reported cost of Rs 130 Million project without open bidding, but the Chief Minister gave exemption for Open Bidding. Moreover, KWSB has grossly violated SPPRA Rule 10 (referenced below) for not uploading the Contract.

"SPPRA Rule 10: Transparency - The procuring agency shall, immediately upon award of contract, make the evaluation report of the bid, and the contract agreement public through hoisting on the Authority's website as well as on procuring agency's website, if the procuring agency has such a website".

3. 135 MGD Project of KWSB is for constructing a parallel conduit adjacent to K III, to transport 135 MGD water to Karachi.
4. However, K III Conduit completed in 2006, was designed for capacity to accommodate additional 65 MGD water to carry it to Karachi.
5. In January 2018, Karachi Water and Sewerage Board (KWSB) awarded a component of civil work on open canal and 20-kilometre-long conduit to National Logistic Cell (NLC) in an open tender bid. The Rs 6 billion drinking water project from Haleji Lake to Gharoo (Pipri) comprises four components and was approved in 2015 by the Sindh government.
6. NLC won first of the four contract as lowest bidder at Rs 172 million, for the construction of an open canal and water conduit in 15 months after starting work while tender period of the completion was set 18 months. This project when completed was to carry out additional water supply link work with existing water supply pipelines systems of Malir, Bin Qasim, Landhi, Korangi, new Malir Scheme, Malir Development Authority and DHA.
7. On 16 February 2020, Sindh Chief Minister Syed Murad Ali Shah, in a meeting ordered to start a water supply project to provide the people of Karachi with an additional 65 million gallons a day (mgd) by reviving the KB (Kalri Baghar) Feeder's lower canal



through the Haleji Lake at a cost of Rs.6 billion. The CM also informed by Minister LG that 65 per cent of the work has been completed, following which the CM directed the Minister LG to get the work swiftly completed so that its benefits can be passed on to the people of the city.

8. On 15 April 2020, KWSB clarified in press report that 65 MGD project has four packages and work on Package One and Package Three has been completed up to 25% and 35% respectively. However, due to disapproval of the revised PC-I, development work on Package Two and Package Four could never be started. "Development work on Package One is closed from 6 months while work on Package 3 was halted 2 months ago due to untimely release funds by the Sindh Government from the approved PC-I. KWSB Managing Director Asadullah Khan clarified that there has been no hindrance in the release of funds, although, all development work on the 65 MGD Surplus Water Project has remained suspended for over a month now. "Where certain estimates suggest the city suffers from a deficit of 135 MGD others say it receives a total of 65 MGD of water. However, an actual figure on Karachi's water supply can only be confirmed after NESPAK's study report," And that the Work has been quite affected with the outbreak of coronavirus and an official letter is yet to be issued to NESPAK for the study.

TI Pakistan has scrutinized the complaint, and has made the following observations.

- A. NESPAK has violated SPPRA Rules by not hoisting Contract Agreement with BOQ for K-IV Project.
- B. KWSB has violated SPPRA Rules by awarding unsolicited Contract for feasibility of 135 MGD Project.
- C. KWSB has delayed 65 MGD Project, awarded to NLC in January 2018, and not tendered 2 Packages due to shortage of funds or approval of PCI. Thereby denying Karachi 65 MGD, which was to be commissioned in 15 Months by NLC by April 2019.
- D. Mr. Suleman Chandio Ex MD Water Board had objected that the Board of KWSB is neither technically competent to approve KIV Report of NESPAK nor to award an unsolicited contract to NESPAK, on the proposal submitted by Mr. Ayub Shaikh, PD 135 MGD Project. In response, the Board of KWSB took two decisions contradicting each other: it rejected the recommendations of Mr. Suleman Chandio and awarded unsolicited contract to NESPAK, and accepted the objection on KIV Report and sent it to the Steering Committee of Government of Sindh.

Violation of SPPAR Rules in two Consultancy Contract awarded to NESPAK and the delays caused due to these awards in 65 MGD and KIV Projects need to be investigated for getting to the bottom of its reasons, as it has caused Rs 30 to Rs 40 Billion loss to exchequer, resulting in the delay in supply of 250 MGD and 65 MGD Water to Karachi.

The Chief Secretary Sindh is requested to examine the complaint, and the observations of TI Pakistan, and if find the allegations as correct, take immediate action, as K-IV Project and 65 MGD Project must be completed as soon as possible, without further delay, and all packages of K IV and 65 MGD Projects shall be tendered.



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Continuation Sheet No.....

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve the on going Zero tolerance against Corruption policy of the Prime Minister of Pakistan.

With Regards,

Sohail Muzaffar
Chairman

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

1. Chief Minister, Sindh, Karachi,
2. Managing Director, KWSB, Karachi.
3. DG NAB, Karachi