



3rd September, 2020

TL2020/0903/1B

Chief Executive Officer,
Flt.Lt. (Retd.) Khaqan Murtaza,
SIDCL – Sindh Infrastructure Development Co. Ltd.
6th Floor, Extension Block, Bahria Complex IV,
Navy Housing Society,
Karachi

Sub: Complaint against Sindh Infrastructure Development Company Limited (SIDCL) RFP/Project Titled “Bus Rapid Transit System of Orange & Green Lines, Karachi”, for violation of PPRA Rules 2004

Dear Sir,

Transparency International Pakistan has received a complaint from ANHUI ANKAI Automobile Co. LTD (ANKAI), China.

The complainant has raised the following serious objections.

That,

1. ANHUI ANKAI AUTOMOBILE CO., LTD. (ANKAI) is one of the largest companies which is manufacturing buses in China territory. Using annual production numbers as a gauge, ANKAI is second largest company **in China manufacturing over 30,000+ buses and coaches annually**. The forerunner to ANKAI, Ankai signed technology transfer agreement with Kassbohrer of Germany in 1993. In 1997, ANKAI was founded and listed on the Shenzhen Stock Exchange, and also remains partially state-owned enterprise. As well as four separate manufacturing plants in China, we can also boast top-rated R&D department. AACL have recorded export sales of buses to over 100 countries and territories across the globe including the Mass Transit Project for CNG buses in Lahore, Pakistan.
2. Despite the considerable size of ANKAI's financial and manufacturing operations, we have been surprised by the extremely stringent qualifying criteria set down in the Sindh Infrastructure Development Company Limited (SIDCL) tender document titled as "BUS RAPID TRANSIT SYSTEM OF ORANGE & GREEN LINES, KARACHI". **It is our concern that the project qualifying criteria can only be met by the # 1 ranked bus manufacturer. Every other firm including ANKAI will be rejected accordingly.**
3. Please note that we do not wish to cast any direct aspersions or accusations as regards the reason why this maybe so, however, it cannot be ideal that such a **prestigious project may**



only facilitate one particular firm to the exclusion of all others. Consequently, SIDCL will not be able to operationalise a bidding process that is as competitive as was possible. We understand why it is important to gauge the financial strength and production and sales experience of bidders, yet other Bus Rapid Transit (BRT) projects of similar size have not mandated such elevated and strict criteria.

4. It is our experience from over two decades of operations that such BRT projects prefer to attract the maximum numbers of bidders to drive down prices and achieve the optimum value for money. It is also our experience that qualifying criteria are set down to do likewise. For instance, please note the comparison below:

Minimum Requirement	Lahore BRT	SIDCL/Karachi BRT
Average Annual Turnover of Transport Business	PKR 1.5 Billion (Approx. USD \$ 9 Million)	app Rs 120 Billion (USD \$ 750 Million)
Net Worth of Transport Business	PKR 0,3 Billion (Approx. USD \$ 1.8 Million)	App Rs 33 Billion (USD \$ 200 Million)

5. The difference is obvious for everyone to note. We have already requested SIDCL to revise the qualifying criteria in line with other similar size BRT projects in Pakistan, to allow more manufacturers to feel sufficient level of comfort that they will submit bid/proposal for the project.

Transparency International Pakistan has examined the allegations and following are its Comments and Recommendations:

Comments:

1. The specifications should follow Rule 10 of PPRA Rules 2004. The rule is quoted below for your reference:

Rule 10. Specifications: “Specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage....”

2. Similarly, **Rule 32. Discriminatory and Difficult Conditions** states the following “Save as otherwise provided, no procuring agency shall introduce any condition, which discriminates between bidders or that is considered to be met with difficulty”.
3. The allegations have been examined by TI Pakistan, and prima facie it appears that the allegations are correct

Recommendations :

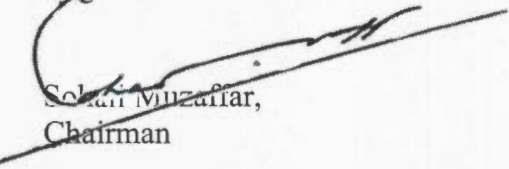
1. The complaint may be examined in the light of the PPRA Rules 2004 especially the PPRA Rules 2004 cited above and the Departments may review the tender documents in light of the



allegations, TI Pakistan comments, and if allegations are found to be genuine/correct, the tender conditions may be amended through an addendum.

TI Pakistan is striving to have Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

Resurds


Sohail Muzaffar,
Chairman

Copy forwarded for the information and for action under rules:

1. Principal Secretary to the Prime Minister, PM House Islamabad.
2. MD PPRA, Islamabad.
3. Chairman, NAB Islamabad.
4. Registrar, Supreme Court, Islamabad.