



TRANSPARENCY INTERNATIONAL - PAKISTAN

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18th October, 2021

TL21/10/18/1A

The Federal Secretary
Ministry of Communications
Islamabad

Sub: National Highway Authority, refutes the statements given in a joint press conference of 26th September 2021, by the Minister of Communications and Minister of Information of over Rs 1,000 Billion Corruption in Contracts awarded during 2013 to 2018 as confirmed by Prime Minister's Citizen Portal

Dear Sir,

In response to Transparency International Pakistan letter on the briefing given publically in a press conference held on 26 September 2021, by the Minister of Communications and Information on the alleged over Rs 1,000 Billion Corruption in Contracts awarded by NHA during 2013 to 2018 referred above, and your office response dated 7 October 2021, directing Chairman NHA to submit views/comments, and also that the official website should be updated with the relevant information at the earliest (**Annex-A**).

On 17th October 2021, Prime Minister's Citizen Portal sent following email to TI Pakistan.

Following Officer (**Member Planning, NHA HQ, Islamabad**) closed your complaint code (IS151021-89208797) with following status (**Relief Granted**). Please see the remarks

Officer Remarks:

Dear Complainant, **There is no corruption**, NHA awarded all the contracts as per PPRA Rules following open bidding under wide circulation. All the bids are and were evaluated and bids are awarded to lowest bidder. Please note the awarded projects referred are average 15% below the estimates thus causing savings to national exchequer. Now in current regime, due to COVID and other economic factors, not much work was available for first two years. Now when work is tendered, under demand and supply principle, the bidders are quoting -20 to -40 percent. NHA again award to lowest evaluated bidder following same procedures as followed earlier. Market dynamics change with time, we may see upward trend in future when work will be in abundance.

Unfortunately our higher ups need to understand and should not make such statements. NHA Audit is done multiple times and no such issue is raised other than normal observations in routine. (Annex-B)

The NHA reply to the PM's Citizen Portal, and the acceptance by PM's Citizen Portal of the NHA clarification and closing the complaint, confirms that, the Minister of Communications announcement was wrong, that the motorway contracts awarded from 2013-2018 were at 3 times higher costs than the cost of motorway contracts being awarded in 2020/21 under his ministership and caused loss of over Rs 1,000 billion due to corruption.

The Secretary Communication is requested to update the Prime Minister, that the statement of the Minister that the motorway contracts awarded from 2013-2018 were at 3 times higher costs than the



cost of motorway contracts being awarded in 2020/21 under his minister-ship and caused loss of over Rs 1,000 billion due to corruption, was wrong.

Accordingly following comments of TI Pakistan in its letter dated 4 October 2021 are proved correct by NHA reply to Prime Minister's Citizen Portal.

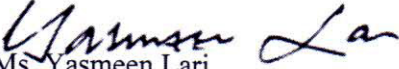
- A. The allegation of violation of PPRA Rules 2004, Rule No 47, is correct, and the NHA has not uploaded on the PPRA website the awarded Contracts documents of all contracts, from 2013 to 2021, viz. BOQ, Contract Agreements, Conditions of Contracts, and Specifications etc.
- B. It is to be noted that the cost of construction for roads depends on various factors, such as design parameters, specifications, terrain/filling/cutting/designed load/embankment protection/sizes of lane, depth of base and sub base, carpeting thickness, culverts and bridges etc. The prices escalation and rupee depreciation during last 9 years is also very high. The prices of MS Bars in 2013 was Rs 80,000/ton, in 2021 it is Rs 145,000/ton, and US \$ vs Pak Rupee rates in 2013 were Rs 100/\$ and in 2021 it US \$ is at Rs 165, which has to be checked/verified from 2013 Contracts of NHA.
- C. One example of this cost variation of Road Contracts due to design/drainage structures/terrain/spec and etc. factors, is in the recently awarded two contracts by NHA in 2021, for the construction of Ziarat Mor-Kach Hrnai Road and Harnai-Sanjavi Road. The Ziarat Mor-Kach Harnai Road is 109.882 KM long and its contract is awarded at Rs 2,404,338,786/- which means **Rs. 21.88 million per KM**. Whereas the Harnai-Sanjavi Road is 55.834 KM long and its contract is awarded at Rs. 2,551,684,210/- which means **Rs. 45.7 million/KM**. This shows that the per kilo meter for Harnai-Sanjavi Road is awarded at twice the price for per KM cost of Ziarat Mor-Kach Hrnai Road.

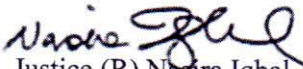
Note: NHA reply dated 17 October 2021, also confirms that the two Contracts were awarded in 2021, at 40% and 20% lower than NHA's owns Engineers' Estimate of 2021, and not lower than the costs of 2013 awarded contracts.

This is also to inform the Secretary that NHA has not updated the PPRA website, in compliance with Rule No. 47 of PPRA Rules 2004, for immediate posting of all motorway and other contracts under CPEC and non CPEC awarded during 2013-2018 as well as during 2018-2021, along with rates/prices quoted/BOQ, on PPRA website, which may kindly be expedited.

TI Pakistan is striving for across the board application of **Rule of Law**, which is the only way to stop corruption and achieve zero tolerance against Corruption,

With Regards,


Ms. Yasmeen Lari
Sitara-e-Imtiaz, Hilal-e-Imtiaz
Chairperson
Transparency International Pakistan


Justice (R) Nasira Iqbal,
Sitara-e-Imtiaz
Vice-Chairperson
Transparency International Pakistan

Encl: Annex-A & B.

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



1. **PSPM, Prime Minister House, Islamabad, with request to the Prime Minister to order an inquiry on who mis-guided the PM, which resulted in PM announcing fake figures of cost saving in 2021 than 2013, and make the responsible officers accountable under law.**
2. **Chairman, Public Accounts Committee, NA, Islamabad,**
3. **Minister of Communications, Islamabad, with request to refrain from making false claims of corruption in Motorway Contracts, most of which were awarded under CPEC.**
4. **Auditor General Pakistan, Islamabad**
5. **Chairman National Highway Authority (NHA), Islamabad, with request to update contracts on NHA website.**
6. **MD, PPRA, Islamabad**
7. **Registrar, Supreme Court of Pakistan**

GOVERNMENT OF PAKISTAN
MINISTRY OF COMMUNICATIONS

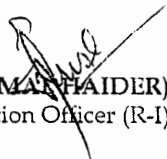
MOST IMMEDIATE

N. 6(3)/2020-R-I

Islamabad, the 07th October, 2021

Subject: COMPLAINT ON THE ALLEGATION OF OVER RS 1,000 BILLION CORRUPTION, CLAIMED BY THE MINISTER OF COMMUNICATIONS IN THE MOTORWAY CONTRACTS AWARDED FROM 2013-18, STATED TO BE AT 3 TIMES HIGHER COSTS THAN THE COST OF MOTORWAY CONTRACTS AWARDED IN 2020/21 UNDER HIS MINISTERSHIP.

I am directed to refer to the Transparency International Pakistan's Letter No. TL21/10/04/1A dated 04th October, 2021 on the subject noted above (copy enclosed), and to state that necessary views/comments may kindly be furnished. It is also requested that the official website should be updated with relevant information, at the earliest.


(JAMIL HAIDER)
Section Officer (R-I)

The Chairman,
National Highway Authority,
Islamabad.

C C to: -

- PSO to Federal Minister for Communications, Islamabad.
- PS to Secretary Communications, Islamabad.
- ✓ Transparency International Pakistan, Islamabad.

Pakistan Citizen
Portal <support.pmdu@pmo.gov.pk
>

to: ti.pakistan@gmail.com

date: 17 Oct 2021, 15:36

subject: Your Citizen Portal
Complaint is Resolved
آپ کے سٹیزن پورٹل کی |
شکایت حل ہوگئی ہے

mailed-by: googlemail.com

Signed by: pmo.gov.pk

Respected Citizen! / محترم شہری

Following Officer (**Member Planning, NHA HQ, Islamabad**) closed your complaint code (**IS151021-89208797**) with following status (**Relief Granted**). Please see the remarks.

Officer Remarks:

Dear Complainant, There is no corruption, NHA awarded all the contracts as per PPRA Rules following open bidding under wide circulation. All the bids are and were evaluated and bids are awarded to lowest bidder. Please note the awarded projects referred are average 15% below the estimates thus causing savings to national exchequer. Now in current regime, due to COVID and other economic factors, not much work was available for first two years. Now when work is tendered, under demand and supply principle, the bidders are quoting -20 to -40 percent. NHA again award to lowest evaluated bidder following same procedures as followed earlier. Market dynamics change with time, we may see upward trend in future when work will be in abundance. Unfortunately our higher ups need to understand and should not make such statements. NHA Audit is done multiple times and no such issue is raised other than normal observations in routine.

Email: support.pmdu@pmo.gov.pk
Pakistan Citizen Portal
PMDU|PMO|Islamabad, Pakistan