

No.2(2)/2017-HP
GOVERNMENT OF PAKISTAN
MINISTRY OF WATER RESOURCES

Islamabad, 8th July, 2021

Justice (Retd.) Nasira Iqbal,
Vice Chair,
Transparency International Pakistan,
Karachi.

SUBJECT: ALLEGATIONS TOTAL LOSS OF \$753.7 MILLION (AROUND RS. 100 BILLION) CAUSED TO EXCHEQUER DURING THE EXECUTION OF THE PROJECT BY CHAIRMAN WAPDA IN TUNNEL-4 OF TARBELA DAM PROJECT.

I am directed to refer to Transparency International Pakistan's (TIP) letter No. TL21/00624/1A dated 24th June, 2021, through which the Ministry of Water Resources has been requested to examine the veracity of several allegations levelled by some complainant against WAPDA regarding the subject project. While appreciating TIP's efforts for establishing rule of law in the country, it is highlighted that the Ministry of Water Resources has been fully cognizant of every aspect of the project, right from its inception. After perusal of the allegations, this Ministry is of the considered opinion that these are baseless, unfounded, frivolous and have no grounds to stand upon. Response to each of the allegation is given hereunder to clarify and substantiate this Ministry's stance:

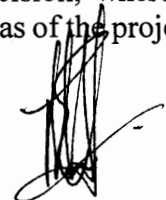
Premature Inauguration and the resulting loss to the national exchequer:

2. An Investigation Committee was constituted on 5th September, 2018, under Prime Minister's orders, headed by the Secretary Water Resources and including Secretary Planning, Development & Reforms, Additional Director General (FIA), representative of Pakistan Engineering Council, representative of NESPAK, and Joint Secretary MOWR as its members, to inquire into the matter of premature inauguration. The Committee in its report dated 22nd February, 2019, unequivocally established that the inauguration of the Project was carried out having fulfilled all contractual formalities. The question of premature inauguration, therefore, does not arise.

3. It is worth-mentioning that during 1st year of its operation, the project was able to generate 10% more energy than that envisaged in the approved PC-I, which speaks volumes of the project's performance. The World Bank's Implementation Review Mission, in its Aide Memoire dated 16th December, 2020, has appraised the project's performance in the following words, which is an irrefutable evidence of the Project's success:

"The T4HP is now fully operational and over 12,000 Giga Watt-hours (GWh) have been generated since its commissioning in 2018. The value of electricity generated for the country is over US\$ 1,560 million using a value of US Cents 13/ kilo Watt-hour (kWh), which is the cost of generation from Liquefied Natural Gas (LNG) plants. The benefit is about twice the capital cost of the project which is expected to be US\$ 750 million (physical works and supervision and management excluding Interest During Construction (IDC)). The Project has been very successful, and it started generation on time. The cost of the Project (excluding IDC) is about 10 percent less than the budget estimated at the time of approval by the Bank) – very rare for hydropower projects worldwide."

4. Regarding ascertainment of loss to the national exchequer, it is pointed out that the paras relating to the Performance Audit of the project are at various forums for decision, whereas importantly in the last PAC held in June 2021, the Committee settled one of the paras of the project



after considering the response of WAPDA as satisfactory as against the contention forwarded by the audit.

5. It is important to highlight that the Investigation Committee was constituted on Prime Minister's orders, who instead of approving the Committee's above-mentioned recommendations, returned the report in original, on 8th May, 2019, without any directions, which implied closure of the case. Initiating any further action on the recommendations was thus beyond this Ministry's mandate.

CDWP and ECNEC's Directions:

6. As a subsequent development, the ECNEC, while approving the revised PC-I of the project, directed on the recommendations of the CDWP, that the Ministry of Water Resources will refer the project to Auditor General for Pakistan to carry out a comprehensive Performance Audit of the project. The said directions stand complied, as the Ministry of Water Resources, vide letter dated 12th February, 2020, shared the Performance Audit Report conducted by the Auditor General for Pakistan, with the Ministry of Planning, Development & Special Initiatives. The findings of the Auditor General for Pakistan, whether in the report ibid or in some other audit, will take its due course through DAC and PAC, as per applicable rules / laws.

Age Limit of Chairman WAPDA:

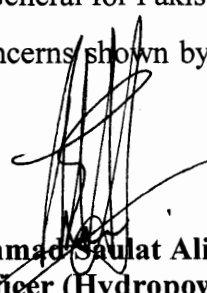
7. Regarding upper age limit for Chairman WAPDA, it is pointed out that neither WAPDA Act, 1958 and the regulations made thereunder, nor decisions of the Apex Court put any such bar for appointment in the public sector organizations. This Ministry's position on this aspect has already been furnished to the TIP, in response to its letter dated 27th June, 2021, vide this Ministry's letter No. 2(11)/2017-Admn, dated 7th July, 2021.

News Report regarding Chairman WAPDA's appointment:

8. As mentioned at para 6 above, there is a prescribed procedure for addressing audit observations, which takes its course through DAC, PAC etc. In case the relevant forums find any discrepancy, it would be dealt in accordance with applicable law, rules and policy.

9. In the light of the above-mentioned facts, it is established beyond any reasonable doubt that the allegations referred to by the complainant do not merit serious consideration, as they have already been probed into by the Prime Minister's Office, Ministry of Water Resources, Investigation Committee constituted by the Prime Minister and the Auditor General for Pakistan.

10. The above clarifications of the Ministry may have addressed the concerns shown by the TIP. The Ministry will remain available for any future query in this regard.


(Muhammad Saulat Ali)
Section Officer (Hydropower)

Copy to:

1. PS to Secretary Ministry of Water Resources, **Islamabad**.
2. APS to Joint Secretary (Water), Ministry of Water Resources, **Islamabad**.