



# TRANSPARENCY INTERNATIONAL-PAKISTAN

24<sup>th</sup> January 2017

4-C, Mezzanine Floor, Khayaban-e-Ittehad, Phase VII,  
Defence Housing Authority, Karachi.  
Tel: (92-21) 35390408, 35311897-8,  
Fax: (92-21) 35390410  
E-mail: ti.pakistan@gmail.com  
Website: www.transparency.org.pk

T/17/2401/9A

Chairman,  
National Accountability Bureau,  
Islamabad,

## Amended Letter

### Sub: Complaint on the allegation of corruption in Award of Six Road Construction Contracts by Sindh Local Government Department

Dear Sir,

Transparency International Pakistan has received a complaint on the allegation of corruption in Award of Six Road Construction Contracts by Sindh Local Government Department .

The complainant has made the following allegations;

That;

1. Out of 73 applicants, only 9 firms were prequalified, by M/s EA, which is not transparent, and amounts to selective bidding by eliminating experienced bidders. And in all the Six tenders, 3 or 4 bidders participated and not all Nine pre-qualified in turn, which seems to be a cartel and collusion between bidders and department.

2. Sindh Local Government Department has awarded Contract for Construction of University Road from Hasan Square to NIPA at Rs. 884.22 million on 22.12.2016, to M/s Sardar Ashraf D Baloch Pvt Ltd, Karachi, Construction of University Road from NED University to Safoora Chowrangi at Rs 832,0 million on 13.12.2016 to M/s Umar Jan & Co, Sukkar, Re-construction of Tariq Road from Shaheed-e-Millat to Shara-e-Quaideen, at Rs 569.85 million on 9.12.2016 to M/s Sher Jan Musa Khalil & Sons, Karachi, Re-construction of Shahra-e-Faisal (both sides) at Rs 933.33 million on 19.12.2016 to M/s Sachal Engineering Works Pvt Ltd, Karachi, Construction of Hub River Road, Balance Portion at Rs. 658.20 million on 16.12.2016 to M.s Sulatn Mahmood & Co, Karachi and Re-Construction/Re-Habilitation of Road from Surjani Town to Madina tul Hikmat at Rs 912.22 million on 15.12.2016 to M/s Fazal & Brother, Hyderabad,

3. Project Directorate of Local Government Department had violated all rules and regulations in connection with awarding the tenders of Six Mega Development Projects.

4. All the Six Projects are to be completed in 6 Months Time. **The amount of Liquidated Damages is 10%**, which according to the prescribed terms of the SPPRA Bidding Documents Clause C Form of Bid, and Appendices to Bid, Clause (2)(c) , **shall be recovered in case of delay within 1-1/2 months.**

It means in Case of Habilitation of Road from Surjani Town to Madina tul Hikmat awarded at Rs 912,22 million daily rate of LD shall be Rs 91 million, i.e. Rs 2.2 million /day. But in all Six Contracts the daily rate of deduction is only Rs 3,000/day, and in this contract it will allowed Contractor to pay LD of 10% in 83 years. This is gross violation of SPPRA Rules, and amounts to mis-procurement, as well as collusive tendering.

5. The BOQ quantities are inflated and more than required.



6. On 5<sup>th</sup> December 2016, Chief Secretary Mr. Rizwan Memon, vide Notification No. SORI(SGA&CD)2-30/2010 changed Rule 45, reducing the time period for Announcement of Evaluation report from 7 days to 3 days. And just only 14 days, on 19<sup>th</sup> December 2016 announced the Evaluation report of Re-construction of Shahra-e-Faisal (both sides) awarded at Rs 933.33 million on 19.12.2016 to M/s Sachal Engineering Works Pvt Ltd, Karachi, which was Friday. 20 and 21 were holidays being Saturday & Sunday. Thus without giving opportunity to bidders to complaint, the contract was awarded. Similarly, Construction of University Road from NED University to Safoora Chowrangi at Rs 832,0 million was awarded on Tuesday 13.12.2016 to M/s Umar Jan & Co, Sukkar, giving only one day for bidders to submit complaints. The reason of issuing the non transparent Notification No. SORI(SGA&CD)2-30/2010 changed Rule 45 order of Chief Secretary is proved, which is to stop bidders to object, which is cruse of SPPRA Rules. In Federal Government, Punjab and KPK, bidders are allowed to complaint within 10 days.

7. The ambiguity is also seen from the Evaluation Report of Six Projects, which were signed by three members, who forgot to put date of signing the evaluation reports. The column of Date on TOP RIGHT is EMPTY in all Six Evaluation reports. **Annex-A.**

8. The Local Govt Department/Consultants did not design/ plan appropriate traffic diversion to accommodate city traffic, which has caused chaos of constants traffic jams of over 3-4 hours in evening in whole of Karachi.

9. The selection and appointment of Consultants M/s Engineering Associates is in violation of SPPRA Rules.

The complaint has been examined, and prima facie the complaint is true, by issuing tender Documents non complaint to the prescribed SPPRA Bidding Documents, and the rejection of 62 bidders in pre qualification, defective traffic diversions. and award of projects to favored bidders.

TI Pakistan requests Chairman to examine the complaint, and take notice of these allegations. And if the complaint is found correct, all these illegal acts may be reverted back, and action may be taken against all those who are responsible for the mis-use of authority for private gain, under NATO 1999, Section 9.

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 Muzaffar  
Chairman

Copy forwarded for necessary action as per rules to,

1. Chief Minister, Sindh, Karachi
2. Chief Justice Sindh High Court, Karachi,
3. Chief Secretary, Government of Sindh, Karachi
4. DG NAB, Karachi
5. Registrar, Supreme Court of Pakistan, Islamabad

**OFFICE OF THE PROJECT DIRECTOR  
LOCAL GOVERNMENT PROJECT  
GOVERNMENT OF SINDH**

Address: Ground Floor, Sindh Secretariat Building No.5, Tughlaq House Kamal Attaturk Avenue, Karachi, Phone No.021-99212314

No.

Dated:


**BID EVALUATION REPORT**

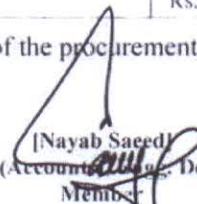
(In Compliance of Clause 45 SPP Rules 2010)

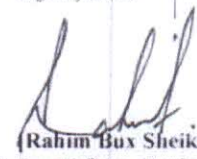
1. Name of Procuring Agency: Project Director, Local Government Project, GOS
2. Tender Reference No: Project Director(LGP)/Director Accounts/32/2016 dated 11-08-2016
3. Tender Description/Name of work/item: CONSTRUCTION OF UNIVERSITY ROAD FROM HASAN SQUARE TO NIPA, KARACHI.
4. Method of Procurement: Prequalification Procedure
5. Tender Published: Daily Nawaile-Waqt Dt. 21-08-2016, Daily Dawn Dailt Kawish dated 22-08-2016 & SPPRA Website S.No.29718.
6. Total Bid documents Sold: 09 Nos.
7. Total Bids Received: 03 Nos.
8. Technical Bid Opening date: (if applicable) 07-09-2016 (Provide details in separate form)
9. No. of Bid technically qualified (if applicable): 09 Nos.
10. Bid (s) Rejected: NIL (Did not meet Minimum Qualification Criteria)
11. Financial Bid Opening date: 24-11-2016
12. Bid Evaluation Report:

S/N	Name of Firm or Bidder	Cost offered by the Bidder	Ranking in terms of cost	Comparison with Estimated cost	Reasons for acceptance/ rejection	Remarks
0	1	2	3	4	5	6
1	M/s Sardar Muhammad Ashraf D.Baloch (Pvt) Ltd	884230897	1 <sup>st</sup> Lowest	14.84% Above the Estimated cost of Rs.770.000 Million	Qualified as per Minimum Qualification Eligibility Criteria	Recommended for award of work
2	M/s Sachal Engineering Works (Pvt.) Ltd	955161390	2 <sup>nd</sup> Lowest	24.05% Above the Estimated cost of Rs.770.000 Million	Qualified as per Minimum Qualification Eligibility Criteria	Not recommended due to higher rates
3	M/s Umar Jan & Co. Engineers & Contractor	1029380832	3 <sup>rd</sup> Lowest	33.69% Above the Estimated cost of Rs.770.000 Million	Qualified as per Minimum Qualification Eligibility Criteria	Not recommended due to higher rates

This issued with the approval of the members of the procurement committee.

  
[Naveed Izhar]  
S.E. (T&B), KDA  
Member

  
[Nayab Saeed]  
Director (Accounts), Dept. KMC  
Member

  
[Rahim Bux Sheikh]  
C.E. (Local Govt. Project), GOS  
Chairman

**Director (CB), SPPRA, GOS**  
(With a request to upload on SPPRA Website)

C.C. to:

1. Secretary Local Government, GOS
2. Project Director, LGP, Govt. of Sindh
3. Chief Engineer, Local Government Project, GOS
4. Director Accounts, LGP, GOS

OFFICE OF THE PROJECT DIRECTOR  
LOCAL GOVERNMENT PROJECT  
GOVERNMENT OF SINDH

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No.

Dated:


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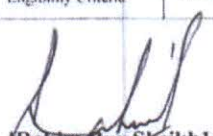
- Name of Procuring Agency: Project Director, Local Government Project, GOS
- Tender Reference No: Project Director(LGP)/Director Accounts/32/2016 dated 11-08-2016
- Tender Description/Name of work/item: RE-HABILITATION / RECONSTRUCTION OF TARIQ ROAD FROM SHAHEED-E-MILLAT ROAD TO SHAHRAH-E-QAIDEEN.
- Method of Procurement: Prequalification Procedure
- Tender Published: Daily Nawai-e-Waqat dated 21-08-2016, Daily Dawn Daily Kawish dated 22-08-2016 & SPPRA Website S.No.29718.
- Total Bid documents Sold: 09 Nos.
- Total Bids Received: 04 Nos.
- Technical Bid Opening date: (if applicable) 07-09-2016 (Provide details in separate form)
- No. of Bid technically qualified (if applicable): 09 Nos.
- Bid (s) Rejected: NIL (Did not meet Minimum Qualification Criteria)
- Financial Bid Opening date: 24-11-2016
- Bid Evaluation Report:

SN	Name of Firm or Bidder	Cost offered by the Bidder	Ranking in terms of cost	Comparison with Estimated cost	Reasons for acceptance/rejection	Remarks
0	1	2	3	4	5	6
1	M/s Sher Jan Mosa Khail & Sons	569819948	1 <sup>st</sup> Lowest	14.75% Above the Estimated cost of Rs.496.575 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Recommended for award of work
2	M/s Qasim Khan & Co.	615753146	2 <sup>nd</sup> Lowest	24.00% Above the Estimated cost of Rs.496.575 Million	Bids not conforming to the requirements of the criteria given in the NIT and Tender Documents	Non Responsive Pay Order not attached
3	M/s Naseeb Khan & Brothers	642468888	3 <sup>rd</sup> Lowest	29.38% Above the Estimated cost of Rs.496.575 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates
4	M/s Fazal & Brothers	655479155.76	4 <sup>th</sup> Lowest	32.00% Above the Estimated cost of Rs.496.575 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates

This issued with the approval of the members of the procurement committee.

  
[Naveed Izhar]  
S.E. (T&B), KDA  
Member

  
[Nayab Saeed]  
Director (Accounts), Dept. KMC  
Member

  
[Raftar Bux Sheikh]  
C.E. (Local Govt. Project), GOS  
Chairman

**Director (CB), SPPRA, GOS**  
(With a request to upload on SPPRA Website)

C.C. to:

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- Project Director, LGP, Govt. of Sindh
- Chief Engineer, Local Government Project, GOS
- Director Accounts, LGP, GOS

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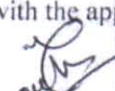
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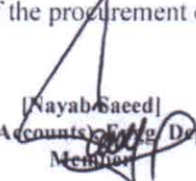
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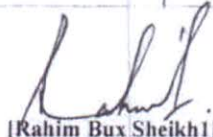
1. Name of Procuring Agency: Project Director, Local Government Project, GOS
2. Tender Reference No: Project Director(LGP)/Director Accounts/32/2016 dated 11-08-2016
3. Tender Description/Name of work/item: CONSTRUCTION OF HUB RIVER ROAD (BALANCE PORTION).
4. Method of Procurement: Prequalification Procedure
5. Tender Published: Daily Nawai-e-Waqat dated 21-08-2016, Daily Dawn  
Daily Kawish dated 22-08-2016 & SPPRA Website  
S.No.29718.
6. Total Bid documents Sold: 09 Nos.
7. Total Bids Received: 03 Nos.
8. Technical Bid Opening date: (if applicable) 07-09-2016 (Provide details in separate form)
9. No. of Bid technically qualified (if applicable): 09 Nos.
10. Bid (s) Rejected: NIL (Did not meet Minimum Qualification Criteria)
11. Financial Bid Opening date: 24-11-2016
12. Bid Evaluation Report:

SN	Name of Firm or Bidder	Cost offered by the Bidder	Ranking in terms of cost	Comparison with Estimated cost	Reasons for acceptance/rejection	Remarks
0	1	2	3	4	5	6
1	M/s Sultan Mehmood & Co.	658295489	1 <sup>st</sup> Lowest	14.98% Above the Estimated cost of Rs.572.509 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Recommended for award of work
2	M/s Qasim Khan & Co.	749952219	2 <sup>nd</sup> Lowest	30.99% Above the Estimated cost of Rs. 572.509 Million	* Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates
3	M/s Fazal & Brothers	767892317	3 <sup>rd</sup> Lowest	34.13% Above the Estimated cost of Rs. 572.509 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates

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Member

  
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Director (Accounts) Engg Dept. KMC  
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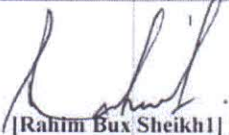
1. Name of Procuring Agency: Project Director, Local Government Project, GOS
2. Tender Reference No: Project Director(LGP)/Director Accounts/32/2016 dated 11-08-2016
3. Tender Description/Name of work/item: RE-CONSTRUCTION/ REHABILITATION OF ROAD FROM SURJANI TO MADINATUL HIKMAT, KARACHI.
4. Method of Procurement: Prequalification Procedure
5. Tender Published: Daily Nawai-e-Waqat dated 21-08-2016, Daily Dawn Daily Kawish dated 22-08-2016 & SPPRA Website S.No.29718.
6. Total Bid documents Sold: 09 Nos.
7. Total Bids Received: 03 Nos.
8. Technical Bid Opening date: (if applicable) 07-09-2016 (Provide details in separate form)
9. No. of Bid technically qualified (if applicable): 09 Nos.
10. Bid (s) Rejected: NIL (Did not meet Minimum Qualification Criteria)
11. Financial Bid Opening date: 24-11-2016
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0	1	2	3	4	5	6
1	M/s Fazal & Brothers	912254278.87	1 <sup>st</sup> Lowest	13.90% Above the Estimated cost of Rs.800.926 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Recommended for award of work
2	M/s Umar Jan & Co.	932491081	2 <sup>nd</sup> Lowest	16.43% Above the Estimated cost of Rs.800.926 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates
3	M/s Sultan Mehmood & Co.	947296945	3 <sup>rd</sup> Lowest	18.28% Above the Estimated cost of Rs.800.926 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates

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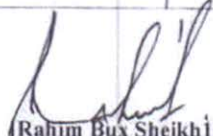
1. Name of Procuring Agency: Project Director, Local Government Project, GOS
2. Tender Reference No: Project Director(LGP)/Director Accounts/32/2016 dated 11-08-2016
3. Tender Description/Name of work/item: WIDENING OF SHAHRAH-E-FAISAL ON BOTH SIDES FROM METROPOLE TO STAR GATE.
4. Method of Procurement: Prequalification Procedure
5. Tender Published: Daily Nawai-e-Waqat dated 21-08-2016, Daily Dawn Daily Kawish dated 22-08-2016 & SPPRA Website S.No.29718.
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0	1	2	3	4	5	6
1	M/s Sachal Engineering Works (Pvt.) Ltd.	933381062.60	1 <sup>st</sup> Lowest	14.96% Above the Estimated cost of Rs.811.904 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Recommended for award of work
2	M/s Umer Jan & Co.	1010655039	2 <sup>nd</sup> Lowest	24.48% Above the Estimated cost of Rs.811.904 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates
3	M/s Sardar Mohammad Ashraf D. Baloch (Pvt) Ltd	1037352307	3 <sup>rd</sup> Lowest	27.77% Above the Estimated cost of Rs.811.904 Million	Qualified as per Minimum Qualification / Eligibility Criteria	Not recommended due to higher rates

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[Naveed Izhar]  
S.E. (T&B), KDA  
Member

  
[Nayan Saeed]  
Director (Accounts) Dept. KMC  
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