



3rd January, 2019

TL19/0301/9A

Chairman WAPDA,
701- WAPDA House,
The Mall,
Lahore.

Sub: Complaint on Violation of Public Procurement Rules 2004, On Award of Rs300 billion
Mohmand Dam to China Gezhouba, Voith Hydro & Descon on Single Bid Basis.

Dear Sir,

Transparency International Pakistan has received a complaint Violation of Public Procurement
Rules 2004, on award of Rs300 billion Mohmand Dam to China Gezhouba, Voith Hydro &
Descon on Single Bid Basis.

The complainant has made following allegations;
That,

1. WAPDA issued tender documents for construction of the main dam in November 2017 and in response two bidders – CGGC/Voith-Descon joint venture and FWO-PC joint venture – submitted bids by June 26, 2018.

Background of Gezhouba Group Company

- a) The World Bank Group on 29 May 2015 had announced the debarment of Gezhouba No. 1 Engineering Co. Ltd., Gezhouba No. 5 Engineering Co. Ltd., and Gezhouba No. 6 Engineering Co. Ltd. and their affiliates for a period of 18 months. In addition, China Gezhouba Three Gorges Engineering Co. Ltd. and its affiliates are also debarred for a period of six months.
 - b) On 13 November 2017, Nepal Cabinet scrapped a \$2.5 billion deal with China Gezhouba Group Corporation to build the country's biggest hydropower plant, on lapses in the award process.
 - c) On 9 March 2017, WAPDA awarded Rs180 billion worth of two contracts to a Chinese firm China Gezhouba Group Company (CGGC) for carrying out main civil works in the first stage of the Dasu hydropower project. But till today, no work is started and Contractor has made extra ordinary claims.
2. According to PPRA Rules 2004, single bid is not allowed to be considered, unless WAPDA has awarded a contract on competitive basis, similar product, in same fiscal



year, to another contractor, and the single bidders prices is comparable to last awarded contract.

3. LNG Terminal at Port Qasim was awarded in 2014 to single bidder, EPTL at tooling charges US \$ 0.6601 /MMCFD. This contract is presently under NAB Inquiry, for alleged illegal award.

The second LNG Terminal at Port Qasim was awarded in 2016 based on competitive bids, to JV of FOTCO and Gas Port at competitive price of tooling charges 0.4177/MMCFD. The result of competitive bid indicates that the actual market rate is 36% less than the rates of single bidder.

The complaint has been examined by TI Pakistan and prima fascia the award of contract of single bid amounts to mis-procurement under Rule 50, **Mis-procurement**. - Any unauthorized breach of these rules shall amount to mis-procurement.

It is also noticed that WAPDA has not posted on PPRA website the Evaluation Report on prescribed preform issued by PPRA according to Rule 35.

Chairman WAPDA is requested to examine the complaint, in view of PPRA Rules, and also the credibility of China Gezhouba Group Company due to past irregularities in World Bank, Nepal and other contracts. In case the allegations are correct, cancel the tendering process, and re-invite the tender in compliance with PPRA Rules, and also take action against those who are found responsible for this alleged mis-procurement.

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.

With Regards,

Justice Zia Perwez
Former Judge of Supreme Court of Pakistan and High Court of Sindh
Trustee- TI-Pakistan

Copies forwarded for the information and for action under rules:

1. PSPM, Prime Minister Office, Islamabad.
2. Chairman PAC, Islamabad.
3. Chairman, NAB, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Managing Director, PPRA, Islamabad.