



# TRANSPARENCY INTERNATIONAL-PAKISTAN

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8<sup>th</sup> January, 2019

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

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

Dear Sir,

Transparency International Pakistan has received a reply from WAPDA on 4<sup>th</sup> January 2019, on TI Pakistan letter dated 3 Jan 2019. (Copy Enclosed).

- A. WAPDA has confirmed that China Gezhouba Group Company (CGGC) was debarred by WB in 2016 for 18 months only, but that WAPDA only restrict Bidders who are presently debarred in Pakistan.
- B. No clarification is given on the following
- Why on 13 November 2017, Nepal Cabinet scrapped a \$2.5 billion contract hydropower plant of CGGC, on lapses in the award process.
  - Why WAPDA did not examine their performance in Pakistan on Neelum Jehlum Project, resulting in 4 times contracted cost for the project, while qualifying the firm for this Project.
  - Why Dasu Dam was awarded in January 2017, when till today work has not started at site, and the same bidder has reportedly submitted compensation claims in this Project..
- C. WAPDA has Clarified that According to Rule 42 of PPRA Rules, Alternative methods of procurements is Single Bid Method, and it has used Rule 20 single stage two envelope procedure, thus allegation of sole bid is totally baseless.

This is to inform that WAPDA is wrong on both account, quoting Rule 47 and Rule 20.

- a) PPRA Rule 42 is 'Alternative methods of procurements'. Nowhere in this rule has it been written that this is a method for (single bid). The four procedures under this rule are for restricted bidding, under specific conditions only.
- b) Rule 20 is not relevant. Rule 37 prescribes that Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for most of the procurement.

It also describes other procedures including Conditions for use of single stage two envelope, two stage and two stage two envelope bidding procedures,

Procurement of Works Tenders of WAPDA under World Bank funding are based on Single stage one envelope bidding procedure. Dasu Dam Project was processed on Single stage one envelope bidding procedure and the first Prequalification was invited. 3 or 4 prequalified JVs, submitted bids, which were opened publically and prices of all bidders were announced at the same time.



WAPDA not following the same PPRA Procedure in this Project, as was followed in Dasu Dam is beyond comprehension?

However, TI Pakistan is only informing WAPDA about the complaint, and is only requesting it to follow PPRA Rules, in order to avoid mis-procurement charges at a later stage,

On Single Bid, we quote following clarification as given on PPRA website, which must be followed by all procuring agencies.

- i. Public Procurement Rules, 2004 don't put any limit on number of tenders/ bids received in response to tender notices provided that the procurement opportunity has been advertised in the prescribed manner. The single bid may be considered if it meets the evaluation criteria expressed in tender notice and is not in conflict with any other rules, regulations or policy of the Federal Government. However the procuring agency should make a decision with due diligence and in the light of Rule 4 "Principles of Procurement".
- ii. Whenever a procuring agency is confronted with such a situation whereby the rate quoted by the single bidder cannot be compared so as to declare it as the lowest rate or otherwise it may make a prudent decision. While making a decision, the following factors may be kept in view: -
  - a. The comparison of price of the goods works or services if procured during the current financial year.
  - b. Market price of the goods works and services to be procured.
  - c. In case abnormal Increase in prices is observed, the procuring agency may like to re-advertise the procurement opportunity, if time permits.
- iii Re-advertisement would be a preferred option. Direct contracting could also be used provided it meets the prescribed condition for direct contracting.

Based on PPRA Rules , the Board of Director of SSGCL in September 2013 refused to award the contract for LNG Terminal at PQA to M/s 4Gas Asia at tooling charges US \$ 0.80 /MMCFD, being single bid, as two other bids were declared non responsive.

And ECC in September 2013 finally rejected M/s 4Gas Asia tender, being a single tender.

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 Mister Office, Islamabad.
2. Chairman PAC, Islamabad.
3. Chairman, NAB, Islamabad.
4. Register, Supreme Court of Pakistan, Islamabad.
5. Managing Director, PPRA, Islamabad.



**PAKISTAN  
WATER AND POWER DEVELOPMENT AUTHORITY  
Central Contracts Cell**

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Office of the  
General Manager (CCC)  
631-Wapda House, Lahore

No.CCC/APS/1193-98

Dated: January 04, 2019

Justice Zia Perwez  
Former Judge of Supreme Court of  
Pakistan and High Court of Sindh  
Trustee – TI – Pakistan  
4-C Mezzanine Floor, Khayaban-e-Ittehad,  
Phase-VII, DHA, Karachi

**SUB: COMPLAINT ON VIOLATION OF PUBLIC PROCUREMENT RULES 2004, ON  
AWARD OF RS.300 BILLION MOHMAND DAM TO CHINA GEZHOUBA, VOITH  
HYDRO & DESCON ON SINGLE BID BASIS.**

**Ref: Letter No.TL19/0301/9A dated 3<sup>rd</sup> January, 2019**

Parawise comments are as under:

1. (a) M/s China Gezhouba Group Company has never been debarred by any Pakistani regulatory authority including PEC, PPRA etc.
- (b) In 2015 the World Bank debarred them for 18 months and thereafter there was no objection of the World Bank on the company while awarding Dasu Hydropower Project which is being funded by them.
- (c) WAPDA does not restrict any company for participation in bids unless it has been debarred by Pakistani regulatory authorities in accordance with their rules.
2. PPRA rules allow two kinds of bids:
  - a. Open competitive bidding
  - b. Alternate method of bidding Procurement (single bid)
    - i. Petty Purchases
    - ii. Quotations
    - iii. Direct Contracting
    - iv. Negotiated tendering

WAPDA has not adopted the single bid procedure in this case. It was an open competition wherein 23 firms purchased the bidding documents. Two JVs comprising five firms participated in the bidding process and one of JV was declared technically non-responsive while the other was declared as substantially responsive bidder after

evaluation by the consultant. Single stage two envelopes procedure was adopted according to PPRA rule 20 and thus the allegation of sole bid is totally baseless.

3. The financial proposal of M/s CGGC-Descon JV is being evaluated and report will be uploaded ten days before the award of the contract as per PPRA rules in case the bidder is declared as "successful bidder".

Therefore, WAPDA has not committed any mis-procurement.

  
General Manager (CCC)

Copy to:

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
6. SO to Chairman WAPDA
7. SO to Member (Water)