

24th May, 2023

TIP23/0524/1A

Lt Gen Sajjad Ghani (Retd),
Chairman WAPDA,
WAPDA House,
Lahore.

Subject: Complaint Against Allegation of Violation of World Bank Guidelines in Procurement of Design, Supply, Installation, Testing & Commissioning of 765 kV Double Circuit Transmission Lines from Dasu to Mansehra (Lot 1) and from Mansehra to Islamabad (Lot 2). World Bank Project- IDA Credit No. 5497- PK & 5498- PK & IBRD Loan No. 9076- PK, RFB- DASU- TL- 01; PK- DASU TL- 149818-CW-RFB

Dear Sir,

Transparency International Pakistan has received a complaint on the allegation of violation of World Bank Guidelines in Procurement of Design, Supply, Installation, Testing & Commissioning of 765 kV Double Circuit Transmission Line from Dasu to Mansehra (Lot 1) and from Mansehra to Islamabad (Lot 2). World Bank Project- IDA Credit No. 5497- PK & 5498- PK & IBRD Loan No. 9076- PK, RFB- DASU- TL- 01; PK- DASU TL- 149818-CW-RFB.

The complainant has made the following allegations (**Annex-A**):

That;

1. The contract for the tender Design, Supply, Installation, Testing and Commissioning of 765kV Double Circuit Transmission Line, Dasu- Mansehra- Islamabad (LOT-1 & II) and Design, Supply, Installation, Testing and Commissioning of 765kV Mansehra Substation (LOT-III) has been awarded to M/s SINOHYDRO, HEI and SEPCO- I.
2. In Price Schedule the quantity for several items was kept as zero (0) by the NTDC in the bidding documents because consultant, M/s GOPA Intec Germany) was directly involved in tender level design for the subject tender.
3. The quantities under various items of the Bill of Quantities were either kept low or zero at the stage of the bidding document to favour the 'informed Bidders'.
4. The bidder was informed about the BoQ items which were to be dropped later on (or reduced to minimum quantity) as well as of the BoQ items which were to be kept at minimum at the bidding time but will be increased later, amounting to "Corrupt Procurement Practices", Secret Arrangement and unbalanced Bidding identified in World Bank "Fraud and Corruption Awareness Handbook".

Transparency International Pakistan Comments

Transparency International Pakistan has reviewed the allegations of the complaint, which are very serious in nature. Following are TI Pakistan comments;

1. Unbalanced bidding, Secret arrangement and inside information are deemed to be "**Corrupt Procurement Practices**", as per World Bank Rules. Referenced Case 3: Secret Arrangement Allowed Bidder to "Low Ball" Item that would later be dropped, under Unbalanced Bidding Schemes, detailed in "Fraud and Corruption Awareness Handbook" published by Integrity Vice Presidency the World Bank Group, is quoted below.

Unbalanced bidding: Under this scheme, project officials provide a favored bidder with inside information that is not made available to other bidders, for example, that one of several line items in



a request for bids will not be called for after the contract has been awarded to that a certain low-cost solution will be acceptable." (Annex-B)

2. Neelum- Jhelum Hydropower project was awarded by WAPDA in 2007 at the cost of Rs. 90.90 Billion Rupees and due to various questionable reasons it was completed in year 2022 at the cost of over Rs. 500 Billion Rupees. Neelum - Jhelum was also World Bank funded project awarded to the same contractor who is again awarded DASU Dam project as well as Mohmand Dam project by WAPDA.

Transparency International Pakistan Recommendations

Transparency International Pakistan requests the Chairman WAPDA to examine the allegations of the complaint and establish an inquiry committee to investigate into the allegations and to determine if the items of the Bill of Quantities were either kept low or zero at the stage of the bidding documents to favour the 'informed Bidders' and subsequently increased after the contract award.

If the allegations are found correct, WAPDA must take appropriate action in compliance with World Bank Anti-Corruption Policies, to avoid loss of Billions of Rupees on the project Design, Supply, Installation, Testing & Commissioning of 765 kV Double Circuit Transmission Lines from Dasu to Mansehra (Lot 1) and from Mansehra to Islamabad (Lot 2).

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve against Zero tolerance against corruption

Regards

Advocate Daniyal Muzaffar,
Trustee/Legal Advisor
Transparency International Pakistan

1. Principal Secretary to PM, PM House, Islamabad
2. Secretary, Ministry of Power, Islamabad
3. Chairman, NTDC, Islamabad
4. Chairman Public Accounts Committee, National Assembly, Islamabad
5. Chairman, NAB, Islamabad
6. Chairman, Prime Minister Inspection Commission, PMIC, Islamabad
7. Registrar Supreme Court of Pakistan, Islamabad
8. President, The World Bank Group, Washington DC
9. Country President, The World Bank Group, Islamabad

Note:

This is to clarify that Transparency International Pakistan is not a complainant, it acts as a whistleblower and operate under Article 19-A, of the Constitution of Pakistan which gives the right to public to know how government is being run by public officers. Article 19-A makes the right to access of information pertaining to a public authority a fundamental right, Justice Syed Mansoor Ali Shah in his landmark judgment in case of Ataulah Malik v. Federation of Pakistan includes following order.

Right to information is another corrective tool which allows public access to the working and decision making of the public authorities. It opens the working of public administration to public scrutiny. This necessitates transparent and structured exercise of discretion by the public functionaries. Article 19-A empowers the civil society of this country to seek information from public institutions and hold them answerable. PLD 2010 Lahore 605.

**TOPER CONSULTANTS PVT., LTD.**

Ref: TCPL-N901

Date: 08-05-2023

Honorable Mr. Sohail Muzaffar,
Chairman Transparency International Pakistan
4-C. Mezzanine Floor. Khayaban-e-Ittehad.
Phase-VII. D.H.A
Karachi

**Subject: IDA Credit No. 5497-PK & 5498-PK & IBRD Loan No. 9076-PK
RFB-DASU-TL-01; PK-DASU TL-149818-CW-RFB**

**DESIGN, SUPPLY, INSTALLATION, TESTING & COMMISSIONING OF 765kV
D/C TRANSMISSION LINE FROM DASU HYDROPOWER PLANT TO
MANSEHRA SUBSTATION**

**BREEDING MEGA-SCAM IN NTDC 765KV DASU T/LINE TENDER WORTH
BILLIONS OF PKR**

Respected Sir.

It is to record that we have once before pointed-out willful concealment of facts by NTDC to World Bank team on the subject Project which helped them to maneuver & rig this 765kV dasu t/line bidding process. It was our complaint which triggered the inquiry by NTDC management and then by Ministry of Energy; both of which separately established that NTDC had wrongly awarded the subject contracts and intentionally misled the whole team of World Bank by hiding such inquiry committee reports and associated findings. Now, as second step of their precisely calculated strategy to loot National Exchequer, the ill-formed corrupt power nexus now wants to drive the project execution in a direction to fulfill their earlier made promises to increase the Contract Prices of their blue-eyed wrongly selected Contractors citing numerous technicalities of the contract. **THIS IS A CLASSIC CASE OF WHITE-COLLORED TECHNICAL CORRUPTION INVOLVING BILLIONS OF RUPEES AND MAY REACH UPTO 30-40% OF THE CONTRACT VALUE WITH THE HELP OF EXTREMELY SHAMEFUL & CORRUPT OFFICERS UNDER THE UMBRELLA OF THE POWER DIVISION.**

The details are provided below:

It is known that the contract against *Design, Supply, Installation, Testing & Commissioning of 765kV Double Circuit Transmission Line, Dasu- Mansehra- Islamabad (LOT-I & II) and Design, Supply, Installation, Testing & Commissioning of 765kV Manshera Substation (LOT-III)* has been awarded to M/s SINOHYDRO, HEI and SEPCO-I.

This is with reference to several items in Price Schedule where the quantity was kept as zero (0) by the Employer. (NTDC) in the bidding documents because consultant, (M/s GOPA Intec Germany), of the subject project had only carried out tender level design. While the

requirement for Consultant to be complied was to carry out the detail design including detailed design of towers that would be used in DTL and should carry out the structural design of each

tower and their foundation as well as to estimate the quantities for each type of tower as well as quantities for the whole project as a whole in line with Sub-Clause 2.7 (viii) of Section 7, Term of Reference (TOR) of Request for Proposal DASU Transmission Line Project Consultancy Services.

However, allegedly due to the fact that a common power nexus was acting as the backbone of both the Consultants and the majority of the winning Bidders, a massive maneuvering was planned to rig/exploit the bidding process in a manner that the bidder was informed about the BoQ items which were to be dropped later on (or reduced to minimum quantity) as well as of the BoQ items which were to be kept at minimum at the bidding time but will be increased later on. This has also been identified as “Corrupt Procurement Practices”, referenced Case 3: Secret Arrangement Allowed Bidder to “Low Ball” Item that would later be dropped, under Unbalanced Bidding Schemes, detailed in “Fraud and Corruption Awareness Handbook” published by Integrity Vice Presidency the World Bank Group, excerpt also attached as Annex-2.

In the above purview, it is reported that the quantities under various items of the Bill of Quantities were either kept low or zero at the stage of the Bidding Document to favour the “informed Bidders”. This instigates the following two scenarios:

- 1- Extreme caution must be exercised to stop the Consultants from changing the quantities of several BoQ items during the contract execution. It is apprehended that several excuses may be lamented in support of changing quantities of several BoQ items e.g. as a result of transmission line route survey or environmental aspects etc. But it is reminded that any act of change of quantities of BoQ items must be arrested immediately as also warned by World Bank Integrity Vice Presidency under Fraudulent Implementation Practices titled “Questionable Deviations from the Bidding Documents and Bids/Proposals” as “any changes to quality, quantity or specification both to goods and services in the contract deviating from the bidding document” (excerpts attached as Annex-3).
- 2- As a second scenario, it is apprehended that the Consultants may introduce/specify the quantities of several BoQ items which were initially kept as “Zero” in the Bidding Document and the “informed Bidders” intentionally did not quote their price against those items ***(This is also completely contradictory to Pre Bid Clarification response issued by NTDC under serial no. 27 that “All Unit Prices shall be inserted”, excerpt attached as Annex-4)*** so that a negotiating / exploitation platform can be hatched during the execution stage and the Contractor can exploit the situation to its benefit while bypassing every competitive aspect of the Project, thus pulling enormous illegal benefit for the alleged power nexus but incurring substantial loss to NTDC & national exchequer.

In this regard, it is sternly reminded that as per Sub-Clause ITB 17.1 of Section-I Instructions to Bidders of the Bidding Document, *"Items against which no price is entered by the Bidder will not be paid for by the Employer when executed and shall be deemed to be covered by the prices for other items."* Therefore, the Contractor is not eligible to any additional financial claim against these items and it is requested that any such practice must be immediately arrested as enforced by World Bank regulations.

In view of the above, it is requested that an advance cautionary order must be issued to the Consultants (M/s Gopa Intec Germany) and concerned NTDC formations and an independent review committee must be constituted with the mandate to strictly adhere to the above referred World Bank regulations and to sternly avoid any of above practices which have been gravely termed as "Corrupt & Fraudulent Practices" and to deal every such action according to World Bank Integrity Vice Presidency guidelines.

An advance action and strict investigation is also required due to the fact that the Consultant Gopa Intec Germany, the Client NTDC and World Bank staff assigned on this Project have established an illegal mutually beneficial power nexus and have set the entire field to loot billions of PKR by twisting various clauses of the contract document in their unlawful favour (as established from above), as a clear case of technical corporate crime, and must be stopped immediately & forcefully.

Seeking your just & kind attention.


Ali Zaib

Director Toper Consultants Pvt., Ltd

Enclosure:

Annex-1: Tower Quantities Mentioned as Zero

Annex-2: Unbalanced Bidding Schemes, excerpts from "Fraud and Corruption Awareness Handbook" World Bank

Annex-3: Fraudulent Implementation Practices, excerpts from "Fraud and Corruption Awareness Handbook" World Bank

Annex-4: Pre-Bid Clarifications & NTDC Responses

INTEGRITY

FRAUD AND CORRUPTION AWARENESS HANDBOOK

HOW IT WORKS AND WHAT TO LOOK FOR: A HANDBOOK FOR STAFF

Red flags indicating rigged specifications	
Tailored specifications	<ul style="list-style-type: none"> • Close similarity between the specifications and the winning bidder's product or services • Specifications stipulate the use of a brand name without stating "or equivalent", contrary to Bank procurement rules • Complaints from other bidders that the specifications match too closely those of a single competitor, or that a bidder prepared the contract specifications
Poor specifications	<ul style="list-style-type: none"> • Vague, ambiguous or incomplete specifications • Specifications are significantly narrower or broader than in previous similar procurement actions
Few bids	<ul style="list-style-type: none"> • Only a few of the companies that purchase the bidding documents submit bids, especially if more than half drop out • Relatively few companies submit bids, compared to prior similar tenders • Fewer than the normal or expected number of potential bidders apply for prequalification

Scheme: Biased evaluation criteria. Instituting biased evaluation and qualification criteria is another method used to steer contracts to a favored bidder. In one ICB contract for the procurement of computers, it was required that the goods must be delivered within three weeks of contract effectiveness. This requirement inappropriately excluded all international bidders since any overseas shipments would take longer than three weeks.

Scheme: Unbalanced bidding. Under this scheme, project officials provide a favored bidder with inside information that is not made available to other bidders, for example, that one of several line items in a request for bids will not be called for after the contract has been awarded or that a certain low-cost solution will be acceptable. This information invariably gives the bidder an unfair advantage and by allowing the company to lower its price or otherwise tailor its bid to defeat its uninformed competitors. Project officials can facilitate the scheme by drafting vague specifications to further disadvantage competitors (see Case 3).

Case 3: Secret arrangement allowed bidder to "low ball" item that would later be dropped

A "representative" of a Project Implementation Unit (PIU) promised an international bidder for a US\$25 million agricultural testing laboratory that it would win the contract, if it would hire him as a "consultant" to help prepare its bid. The consulting fee would be 20 percent of the contract value, which he would share with project officials. Intrigued, the bidder wondered how he would be able to pay the bribe and still be the lowest qualified bidder. The representative said that the project would remove certain line items that called for expensive humidity and temperature control equipment once the contract had been awarded. The bidder could thus "low ball" this item in its bid, be the lowest bidder, and still have sufficient funds to pay the bribe. Additional contract amendments would be processed as necessary. The bidder agreed to the scheme, but lost the contract after the representative negotiated an even more lucrative deal with another bidder.

Unbalanced bidding is also used to describe the practice of bidders quoting prices significantly below cost for some line items and prices significantly above cost for others, in the expectation that the Borrower will request many more items for which prices have been inflated. As a result, the lowest responsive bidder as determined at the time of contract award may not constitute the lowest-cost solution.