

16th February, 2022

2022/0216/1A

Managing Director,
National Transmission & Despatch Company (NTDC),
2nd Floor, Hall No. 2, Shaheer Complex,
Egerton Road, Lahore

Sub: Complaint on allegation of Rs 1.2 Billion loss due to violation of PPRA Rules 2004 in ADB-301C: Procurement of Plant – Design, Supply, Installation, Testing and Commissioning of 220kV Overhead and Underground Transmission Lines (Lot-I and Lot-II)

Dear Sir,

Transparency International Pakistan has received a complaint on the allegations of violation of PPRA Rules 2004 in the tender for ADB-301C: Procurement of Plant – Design, Supply, Installation, Testing and Commissioning of 220kV Overhead and Underground Transmission Lines (Lot-I and Lot-II), causing an alleged loss of Rs. 1.2 Billion.

The complainant has made the following allegations,

That,

1. The subject tender was floated on 23rd November 2020 with deadline for submission of Bids extended to 16 February 2021, 11:00 am (PST).
2. Technical Bids were opened on 18th March 2021, where 02 bidders participated and declared as 'technically responsive'.
3. Technical Evaluation Report was finalized after 6 months, in September 2021.
4. The financial bids were opened after 1 month, on 27th October, 2021 and financial evaluation report was finalized by NTDC in November, 2021. The prices by the bidders were as under:

Bidder	Price	Rank
M/s ZRD –Demire Kablo JV, Turkey	PKR 6,473,650,228.03	1 st Lowest Responsive Bidder
M/s LS Consotium Korea	PKR 7,766,541,267.67	2 nd Lowest Responsive Bidder

5. ADB provided its concurrence on Evaluation report on 7th December 2021.
6. MD Officer/NTDC allegedly has deliberately lingered the decision making on the subject tender, despite increasing inflation rates in violation PPRA Rule 26 – Bid validity Period.
7. Chairman BOD allegedly have good relations with LS Cable, due to which board has not given the approval expeditiously due to some vested interests.
8. Local Agent of M/s ZRD allegedly has good relationship with local agent of M/s LS Cable which also induce concern for maneuvering.



9. M/s ZRD allegedly also have good relationship with M/s LS Cable and has been involved with them in many foreign projects as partner, it may be their internal arrangement to let M/s ZRD back out from the Award of contract.
10. NTDC allegedly delayed the award of the contract even after the concurrence of ADB. Board NTDC now intends to award the subject contract to second lowest evaluated bidder as 1st lowest evaluated bidder has refused to extend the validity of bid due to abnormally high time consumed by NTDC Board.
11. NTDC approval of the award of contract to the second lowest evaluated bidder is at a high cost of 20% higher than 1st lowest evaluated bidder and almost 40% higher from PC-I.
12. This is a case of a loss of Rs. 1.3 billion to the exchequer and must be investigated under NAO 1999, Section 9.

Transparency International Pakistan has examined the allegations and following are TI Pakistan comments and recommendations.

TI Pakistan Comments and Recommendations:

1. Prima facie it appears that the tender process was not completed within the stipulated bid validity period.
2. In exceptional circumstances that procuring agency is unable to proceed with the tender process within stipulated time, caused by Covid, other emergency situations, the validity has to be extended with the consent of the bidders as quoted below under PPRA Rule No. 26.

PPRA Rule 26 – Bid Validity: (3) *“However under exceptional circumstances and for reason to be recorded in writing, if an extension is considered necessary, all those who have submitted their bids shall be asked to extend their respective bid validity period. Such extension shall be for not more than the period equal to the period of the original bid validity”*. Unquoted

3. In the subject tender, it appears that during financial bid evaluation, bid validity was extended by both bidders.
4. To handle such situations, PPRA Rules 2004 Rule 26 states that extension cannot *“be more than the period equal to the period of the original bid validity”*
5. ADB has approved Final Evaluation Report by NTDC on 7th December 2021, which means that bid validity was available with ADB. However, the 1st lowest bidder refused to extend the validity of bid.
6. NTDC approval of the award of contract to the second lowest evaluated bidder was at a high cost of 20% higher than 1st lowest evaluated bidder and almost 40% higher from PC-I.
7. If NTDC award this contract to the second lowest bidder, it will cause Rs. 1.3 Billion to the exchequer.

Transparency International Pakistan recommends MD NTDC to examine the allegations and if found correct take action against those involved in deliberate maneuvering causing loss of Rs. 1.3 billion to the exchequer, and re-advertise the subject tender in accordance with PPRA Rules 2004.

TI Pakistan also recommends that the Asian Development Bank shall also take action in accordance with Anti-Corruption Policy.



TI Pakistan is striving for across the board application of **Rule of Law**, which is the only way to stop corruption and achieve zero tolerance against Corruption,

Best Regards,

Ms. Yasmeen Lari

Sitara-e-Imtiaz, Hilal-e-Imtiaz, Fukuoka & Jane Drew
Prize Laureate,
Chairperson
Transparency International Pakistan

Justice (R) Nasira Iqbal

Vice Chair, Sitara-e-Imtiaz
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate,

1. PSPM, Prime Minister's House, Islamabad,
2. Chairman NAB, Islamabad
3. Federal Secretary, Ministry of Energy (Power Division), Islamabad
4. MD PPRA, Islamabad
5. Registrar, Supreme Court of Pakistan, Islamabad
6. Country Head Asian Development Bank, G-5/1, G-5, Islamabad
7. President Asian Development Bank, 6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines, with a request to examine the complaint under its Anticorruption and Integrity (OAI).