



27<sup>th</sup> April, 2022

TL2022/10427/1A

Advocate Khalid Khursheed Khan,  
Chief Minister-Gilgit-Baltistan,  
Chief Minister's Office,  
Chinar Baag, Gilgit Baltistan  
Email: [info@cmgb.gov.pk](mailto:info@cmgb.gov.pk)

**Sub: Complaint on the allegation of violation of PPRA Rules 2004, in award of Rs 16 Billion contract of 26MW Shagharthang Hydropower project in Gilgit Baltistan to a company which has fake Project Experience of SMC-ZOEC JV used to establish qualification.**

Dear Sir,

Transparency International Pakistan has received a complaint on the allegation of violation of PPRA Rules 2004, in award of Rs 25 Billion contract of 26MW Shagharthang Hydropower project in Gilgit Baltistan to a company which has fake Project Experience of SMC-ZOEC JV used to establish qualification

The complainant has made following allegations.

That,

1. The Ministry of Kashmir Affairs and Gilgit Baltistan through Water and Power Department represented by the Project Director 26 MW Shagharthang Hydropower Project Skardu invited sealed bids from eligible bidders vide reference ICB-GB-SHPP-001 for the Engineering, Procurement and Construction of 26 MW Shagharthang Hydropower Project in October, 2021. The final deadline for submission of bids was 15-12-2021. Among four bidders, the lowest was SMC-ZOEC JV. They submitted false project experience document.
2. The department violated PPRA Rules 2004.
  - a) The documentary submission to establish qualification of the bidders with respect to documents submitted by SMC-ZOEC JV had some serious shortcomings which are ignored by the tender evaluation committee.
  - b) In Form EXP-1: General Experience and Form EXP-2 (a): Specific Experience following two projects was mentioned:  
37.7MW Muratli Hydroelectric Power plant with ARAMAHERS ELECTRIC URETIME A.S. Turkey  
22MW Camlica Hydroelectric Power plant HIDOGUC ENERJI ELEKTRIK URETIM SANAYI VE TICARET ANONIM SIRKETI Turkey.
  - c) In support of first project 37.7MW Muratli HEPP, SMC-ZOEC JV submitted the award letter dated 28<sup>th</sup> August, 2007, Taking over certificate dated 15 October, 2013 and Performance Certificate dated December 12, 2020.



- d) While in support of 22MW Camlica HEPP, SMC-ZOEC JV submitted the award letter dated March 3, 2006, Acceptance test Report dated December 22, 2017 and Performance Certificate dated December 24, 2020.
- e) During the technical evaluation stage upon clarification, SMC-ZOEC JV substituted the experience with the following two different EPC projects
- Construction of AKSU HPP EPC Project 2 x 23 MW, with an EPC cost of USD 75.6 Million.  
EPC Construction of 2 x 25.6 MW Toros Hydropower Project, with an EPC cost of USD 83.45 Million.
- f) As per the clause 23.1 of tender documents, the request for clarification and the response shall be in writing and no change in the price or substance of the Bid shall be sought, offered or permitted. Based on the above, SMC-ZOEC JV was not allowed to resubmit new projects and subsequently use them to cover any shortcomings in the already submitted project experiences with the bid.
- g) SMC-ZOEC JV submitted false information regarding their EPC experience shown in AKSU HPP EPC Project 2 x 23 MW. As per the public information available, the EPC contractor of the 46.2 MW DÜZCE AKSU HYDROELECTRIC POWER PLANT developed by BERKET ENERJI URETİM A.Ş. is EMTA Energy which is a reputable energy construction company in Turkey.
- h) In Form EXP-1: General Experience and Form EXP-2 (a): Specific Experience following two projects was submitted in SMC-ZOEC JV Bid; 37.7MW Muratli Hydroelectric Power plant with ARAMAHEŞ ELECTRICK URETIME A.S. Turkey 22MW Camlica Hydroelectric Power plant HİDOGUC ENERJİ ELEKTRİK URETİM SANAYİ VE TİCARET ANONİM SİRKETİ Turkey.
- i) As per the clause 23.1 of tender documents, the request for clarification and the response shall be in writing and no change in the price or substance of the Bid shall be sought, offered or permitted.
- j) Based on the above, SMC-ZOEC JV was not allowed to resubmit new projects and subsequently use them to cover any shortcomings in the already submitted project experiences with the bid.
- k) The work scope of ZOEC in AKSU HPP EPC Project 2 x 23 MW and 2 x 25.6 MW Toros Hydropower Project were Equipment supply only. They supplied Turbine. Generator, Excitation System, Valve, Governor, Supervision & Commissioning, which does not conform to the requirements for the experience to be considered as of EPC in nature. Both projects are listed on the following website page of the project investor and developer (copy attached)  
<https://www.aydemyenilenebilir.com.tr/renewable-generation/1/hydroelectric>  
Official contact of the company for verification purposes  
Mr Eser Bozkurt  
[eser.bozkurt@aydemenerji.com.tr](mailto:eser.bozkurt@aydemenerji.com.tr)  
[omer.keha@berketenerji.com.tr](mailto:omer.keha@berketenerji.com.tr)
- l) Type of Turbine in this Project is Pelton Type with water head of 659 m. But in qualification criteria, specific work experience was changed to any type of turbine from Pelton. This clearly shows favoritism.



- l) The misconduct and fraudulent practice by the bidder SMC-ZOEC JV should be properly addressed pursuant to the Bidding documents, procurement practice and relevant laws/Bye-Laws/Rules/Regulations.
- m) If it is proved that M/s ZOEC indulged in willful submission of wrong information for qualification, then M/s SMC-ZOEC JV should be debarred from the participate in this project. The evaluation committee of the project should also be called to question for this failure to perform the role properly.

TI Pakistan has examined the allegations of the complainant and following are TI Pakistan comments and recommendations

**TI Pakistan comments and recommendations.**

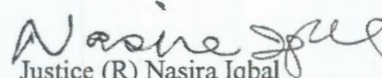
If the allegation are correct, prima facia this is a case of Mis-Procurement under PPRA Rule No 50. The Chief Minister is requested to examine the allegations, and if they are found correct, to order the cancellation of the Contract, and also to take action under rules against all those who are found responsible for these illegal acts.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,

  
Ms Yasmeen Lari

Sitara-e-Imtiaz, Hilal-e- Imtiaz  
Chairperson  
Transparency International Pakistan

  
Justice (R) Nasira Iqbal

Sitara-e-Imtiaz  
Vice Chair,  
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, PAC, National Assembly, Islamabad
3. Chairman NAB, Islamabad
4. Chief Secretary, Gilgit Baltistan
5. Additional Chief Secretary Development, Gilgit Baltistan
6. Chairman NAB, Islamabad
7. Deputy Chairman Planning Commission (DCPC), Islamabad
8. Registrar Supreme Court of Pakistan, Islamabad