

Wapda approves grant of dam's contract to firm linked to PM aide

LAHORE: Even though a controversy over the bidding process persisted, the Water and Power Development Authority (Wapda) on Friday granted approval to award of contract for the 800MW Mohmand dam project to a joint venture of China Gezhouba Group Company (CGGC) and Descon Engineering.

Wapda also instructed the project authorities to issue a letter of acceptance as per the rules, seeking mobilisation of the contractor by next month, consequent upon signing of an agreement.

“Since no contract for such a mega-hydropower project was signed during the last 50 years, thank God finally we have awarded the contract for the construction of the Mohmand dam to CGGC-Descon JV,” Wapda chairman retired Lt Gen Muzammil Hussain told Dawn.

“The JV [joint venture], after being asked to rationalise the cost, has deducted Rs18 billion from the total cost,” he claimed.

Wapda says the JV had earlier bid about Rs201bn for the project's civil, electrical and mechanical works. However, during technical negotiations the JV rationalised the cost, reducing it to Rs183bn.

Upon completion, the project will store about 1.2 million acre feet of water and generate 800MW of low-cost electricity

The civil, electrical and mechanical works include construction of the dam, other related works, and installation and successful operation of the turbines. “Actually the PPRA rules don't allow us to go into financial negotiations regarding cost of the project. However, the JV rationalised the prices during technical negotiations and finally reduced the total cost,” Lt Gen Hussain said.

The controversy over the bidding process of the project, meanwhile, continues as the media have revealed that Descon has close links to the prime minister's adviser on commerce, Abdul Razak Dawood.

Leaders of the opposition parties, including PML-N president Shahbaz Sharif, termed the government's act of cancelling the project's second bidding on technical grounds “a bid to facilitate the company of the adviser”.

They also demanded of the government to review the bidding and conduct the same afresh. On the other hand, the government defended its decision, which was based on a single bid, saying the process was lawful.

Wapda said the contract was awarded at a meeting held at the Wapda House. “Following a comprehensive bidding and evaluation process and exhaustive technical negotiations, Wapda at a meeting held here on Friday, accorded approval to award [of] contract to CGGC-Descon Joint Venture for civil and electro-mechanical works of the Mohmand Dam Hydropower Project,” reads a press release issued by a spokesperson for the authority.

Although under the PC-1 of the project its completion period is 68 months, Wapda pledges to complete it within a period of less than five years.

“If all is well [proper cash flows, enabling environment, etc], we can complete it within a period of five years or even less than that. Though the contractor will mobilise to the site next month, we have already started various preliminary works — construction of the access road, geo-tech, seismic stations, etc. There is also no issue with land acquisition since we have already acquired the priority land,” the Wapda chief maintained.

“They [landowners] are ready to surrender their land for the project. And according to them, we can start construction at any time,”

Lt Gen Hussain said the operation and maintenance of the project would be the sole responsibility of Wapda. “We will not give O&M work to anyone, as Wapda will do it on its own since it is a national property,” he said.

“The project will be considered to have been awarded to the JV when the contract will be signed in the near future,” said an official source.

The project is historic and unique as it will be constructed on Swat river in the Mohmand tribal district of Khyber Pakhtunkhwa. Upon completion, the project will store about 1.2 million acre feet of water, generate 800MW of low-cost electricity and help mitigate floods in Peshawar, Charsadda and Nowshera.

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