

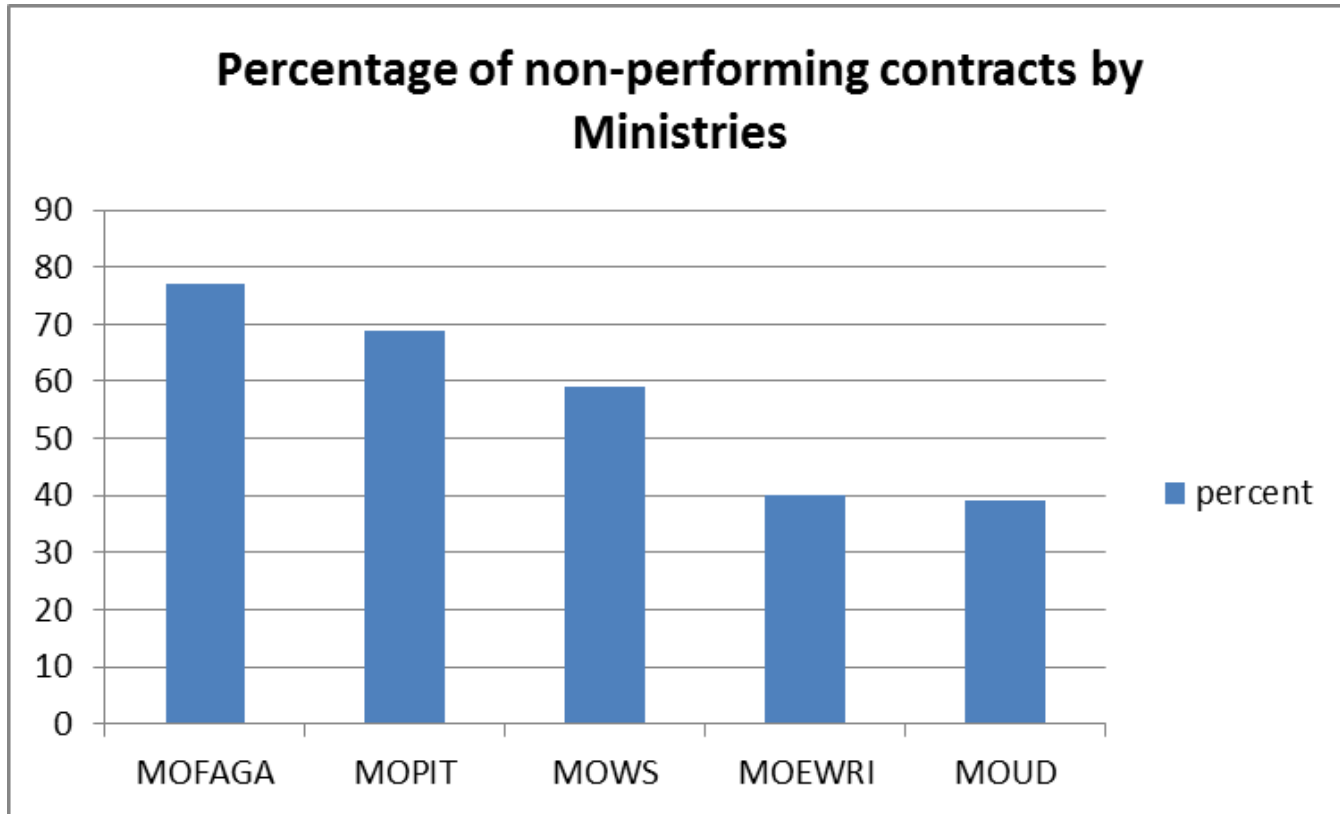
# IRREGULARITIES AND CORRUPTION IN INFRASTRUCTURE CONTRACTS

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# Introduction

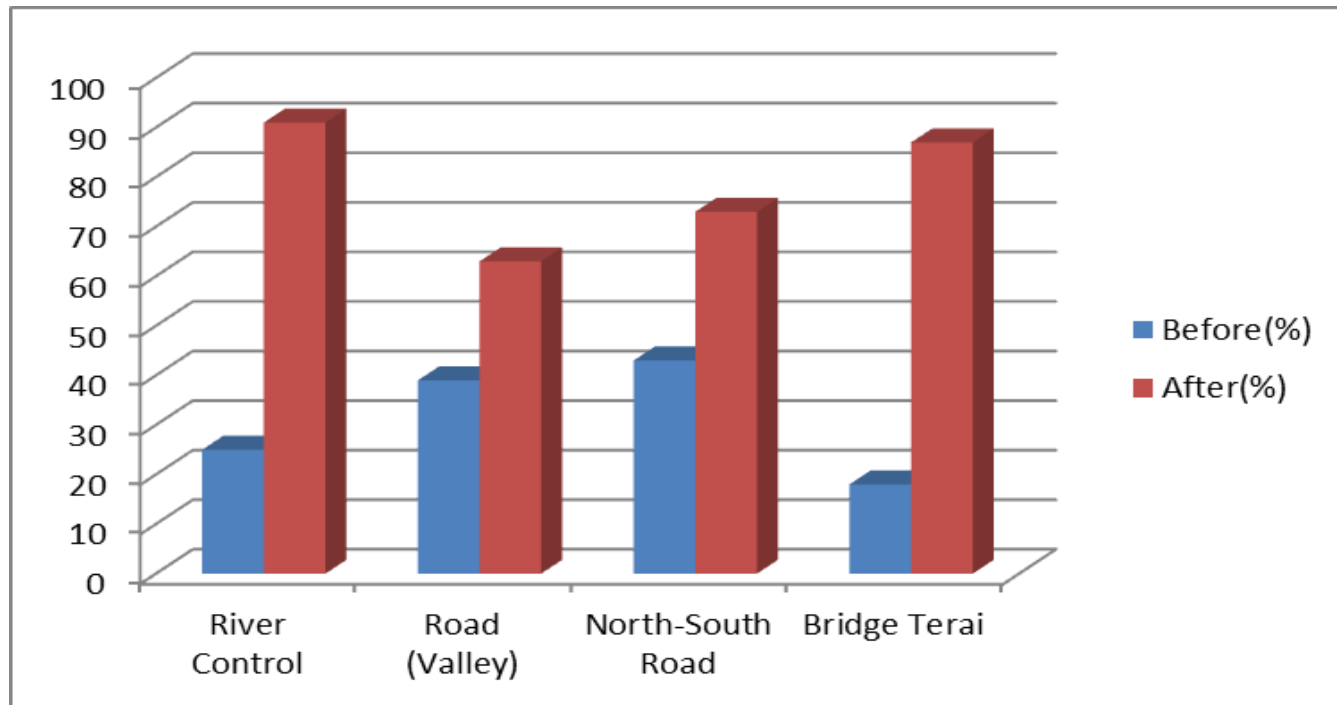
- CIAA undertook an assessment study of non-performing contracts.
- The assessment took place after receiving a large number of complaints at CIAA.
- CIAA analyzed 1848 chronic contracts (that were not completed within specified period) with a total contract amount of NRs 118 billion.
- About Rs 24 billion made as advanced payment.
- Those contracts were related with 7 development ministries.
- 1032 (i.e. 56%) contracts neither extended their time period nor completed on time.



CIAA undertook detailed investigation of 90 contracts (most chronic)

# Performance after Investigation

Overall progress (68 contracts): 34% to 62%



# Reasons for non-performance

## The common issues

- Inviting tenders without preparing Detailed Project Report (DPR)
- Making contract agreement without meeting the preparatory work such as site clearance, completion of EIA/IEE etc.
- Procuring the works suitable for a single contract is split into a number of quotations.
- Qualification criteria are set targeting specific bidders against the provision of standard bidding documents of Procurement Office.
- Monitoring is seldom done by the project authority with regard to the use of advance payment that is provided to the contractor
- No decision is made within the time limits provisioned in the contracts and in the public procurement laws and the employer does not initiate action against the Contractor when there is major breach of the provision of contract.
- Award of contract is made without adequate design and preparation leading to significant increase in time and cost in the name of design review.

# Lesson learnt

- Responsibility of contract implementation lies with Executives.
- But remained non-performing beyond their specified time.
- Large number of complaints lodged at CIAA which compelled CIAA to monitor and investigate the issue.
- Prior to this, two big contractors (one each in national pride irrigation project and bridge) were prosecuted.
- PMO has initiated the monitoring of national pride projects
- CIAA has helped Departments to develop working procedure on service delivery. This may help to minimize existing lapses.
- CIAA provided suggestions to improve Procurement Act & Regulation
- As a preventive mechanism, involvement of oversight agencies in monitoring and evaluation may speed up the implementation and ensuring quality.

THANK YOU FOR YOUR KIND  
ATTENTION