

# MISSION STATEMENT & GOALS



## **WB**

**END EXTREME POVERTY AND  
BOOST SHARED PROSPERITY**

## **ADB**

**PROSPEROUS, INCLUSIVE,  
RESILIENT AND SUSTAINABLE ASIA  
AND THE PACIFIC AND ERADICATE  
EXTREME POVERTY.**

**FOR PAKISTAN :**

**CLIMATE RESILIENCE, WOMEN  
EMPOWERMENT, IMPROVE  
INSTITUTIONAL CAPACITIES,  
PRIVATE SECTOR, FOOD  
SECURITY, TRANSPORT ETC.**

## **IsDB**

**PROMOTE HUMAN  
DEVELOPMENT, ALLEVIATING  
POVERTY, IMPROVING HEALTH  
EDUCATION AND GOVERNANCE  
AND BRINGING PROSPERITY TO  
THE PEOPLE**

# CHALLENGES



## A. CAPACITY ISSUES

1. CAPACITY TO UNDERSTAND PROC. PROCEDURES, BIDDING DOCUMENTS AND CONTRACTUAL REQUIREMENTS BY THE LOCAL FIRMS.
2. CAPACITY OF LOCAL CONTRACTORS TO FULFILL THE STRINGENT BIDDING AND EVALUATION CRITERIA.

## B. EXISTING LEVEL OF PARTICIPATION BY LOCAL FIRMS IN ADB/WB PROJECTS.

0%

2/20=1



## **C. SPECIFIC EXAMPLE- KP RAP**

- 1) AGGREGATION OF DIFFERENT ROAD PROJECTS INTO SINGLE PACKAGE WITHIN THE TENDERING PROCESS, MAKING QUALIFYING CRITERIA THAT ARE EXCESSIVELY STRINGENT FOR LOCAL CONTRACTORS.**
  
- 2) THIS RESULTS IN UNFAIR COMPETITION WITH MUCH HIGHER RATES. NORMAL ROAD WORKS IN KP ARE BEING EXECUTED AT 10% ABOVE CSR WHEREAS THESE PACKAGES ARE AT 60%-65% ABOVE CSR.**

## **D. FUNDS AFTER LOAN CLOSING**

**THE ARRANGEMENT OF FUNDS AFTER LOAN CLOSING IS A SEVERE CONSTRAINT LEADING TO DELAYED COMPLETION AND GIVING RISE TO CLAIMS OF THE CONTRACTOR.**



## **E. FINANCING FACILITIES**

- **ALL FUND AND NON-FUND BASED FACILITIES ARE OFFERED BY THE COMMERCIAL BANKS AGAINST CO-LATERALS CONSISTING OF HIGH CASH MARGINS AND MORTGAGE OF PROPERTIES AT PRIME LOCATIONS IN BIG CITIES.**
- **EVEN CONTRACTOR'S EQUIPMENT AND MACHINERY ARE NOT ACCEPTED AS PRIMARY SECURITY.**
- **NO PROJECT BASED FINANCIAL FACILITY IS CONSIDERED BY THESE BANKS.**

# CONSTRUCTION FIRMS REGISTERED WITH PEC

AS ON 31-05-2024



CATEGORY	COUNT	LIMIT Rs (Million)	%	
C-A	447	No Limit	1.81	
C-B	174	4000	0.7	
C-1	665	2500	2.69	
C-2	1484	1000	6	94.76 %
C-3	2583	500	10.45	
C-4	4661	200	18.87	
C-5	5494	65	22.24	
C-6	9187	25	37.2	
TOTAL	24695			



# **WAY FORWARD**

**TO**

## **ENHANCE PARTICIPATION OF LOCAL CONTRACTORS (SMEs)**

### **1. BY GOVERNEMENT OF PAKISTAN**

**IMPLEMENTATION OF SRO NO.8(60)WR/PC/2008 dated 12<sup>th</sup>FEB,2008.(attached)**

### **2. BY MDBs**

**A. ADOPTION OF PSBD WITH ADDITION OF SOME DECLARATIONS AND FORMS,IF REQUIRED.**

**HOW WOULD THIS FACILITATE?**

**a) LOCAL PREFERENCE OF 7.5%**

**b) INSURANCE GUARANTEES FOR BID,PERFORMANCE, AND MOB ADVANCE.**

**c) LENIENT AND FLEXIBLE JV FORMATION CRITERIA.**

**d) SHORTER PERIOD OF PAYMENT FOR IPCs AND MOB ADVANCE.**

**e) MOB ADVANCE 15%-AMORTIZATION RATE 17.5%.**

**f) FINANCIAL CHARGES FOR DELAYED PAYMENTS-KIBOR + 3%.**



**B. AGGREGATION OF SMALL PROJECT INTO LARGE PACKAGES BE DISCOURAGED. IN FACT, LARGE/ VERY LARGE PROJECTS MAY BE SLICED TO MAKE THEM ACCESSIBLE TO LOCAL COMPANIES.**

**C. EVALUATION CRITERIA TO BE MORE INCLUSIVE, RATIONAL AND CONDUCIVE TO LOCAL PARTICIPATION.**

- a) TECH CRITERIA-- QUANTITATIVE BASIS.**
- b) VALUE OF EXECUTED PROJECT-- PRESENT VALUE (INDEXED).**
- c) PREVIOUS EXPERIENCE—SINCE INCEPTION OF FIRM.**



## **D. BIDDING GRIEVANCE REDRESSAL COMMITTEE**

**NO SUCH COMMITTEE EXISTS IN THE DONOR AGENCY.**

**AN ACTIVE AND EFFECTIVE GRIEVANCE REDRESSAL COMMITTEE IS  
REQUIRED TO SETTLE BIDDING ISSUES URGENTLY BEFORE AWARD OF  
WORK.**

**THE EXISTING DEPARTMENTAL COMMITTEES ARE NOT PRODUCTIVE.**



# CONCLUSION



**WE ARE CONFIDENT THAT IF THESE PROPOSALS ARE ADOPTED THE  
DECLARED MISSION AND GOALS OF THE MDB's OF POVERTY  
REDUCTION AND SHARED PROSPERITY SHALL BE ACHIEVED IN THE  
NEAR FUTURE.**

**THANK YOU**