

March 21, 2019

The Executive Committee
Constructors Association of Pakistan
2nd Floor, Classic Complex
35-M, Model Town Extension
Lahore.

Through: The Secretary General

Subject: **CAP - ANNUAL THREE YEARS PERFORMANCE REVIEW FOR THE YEARS
ENDED JUNE 2016, 2017 & 2018**

This is in accordance with the requirements of Trade Organizations Act 2013 and Trade Organizations Rule 23(2) Annual Performance Review against the "three years plan of activities" duly approved by the Executive Committee dated December 14, 2018 for submission to the office of the Director General, Trade Organizations (DGTO), Government of Pakistan, Islamabad, as carried out by our firm and reported as under:

1. After a series of Meetings with Pakistan Engineering Council (PEC), the CAP help desk was established at the Head Quarter and the Provincial Offices of PEC. It will facilitate the issuance of the new license as well as renewal of existing PEC Licenses for the Construction Companies.
2. Issue for the import of used Specialized Construction, Off Highway, Vehicle mounted construction machinery and Transport equipment was taken with Ministry of Commerce, Engineering Development Board and Ministry of Industries for permission to allow construction machinery not older than 15 years.
3. Meetings held with Minister of Planning and Minister of Finance to improve financing for construction and housing projects.
4. Efforts have been made to replace bank guarantees with AA rating insurance guarantees. Yet actions are underway.
5. Association actively perusing resolution of disputes through ADR.
6. Due to economic situation and terrorism wave, the international business scenario in the Middle East has been under turmoil which led to slow proceeding in the industry.
7. Association continues to seek the reduction in duties and sales tax on the construction machinery not manufactured in Pakistan or being imported in Pakistan.

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8. Both government and Association working together to create one window facilitation centre for construction industry and independent construction industry authority has been suggested.
9. CAP is active and seeking affiliation with all relevant forums.
10. Follow up continue to get free land for Construction of CAP office at Islamabad.

PERFORMANCE FOR THE FINANCIAL YEAR ENDING JUNE 2016

1. The Association by complying with the Trade Laws and rules had conducted election 2016 and peacefully handed over the power to the elected representatives.
2. The Association had strived to maintain its membership level and sent necessary renewal notices and reminders for renewal of membership. 8 new Members were also enrolled during the year 2016.
3. Annual General Meeting of the Association was held in compliance with the Law and Memorandum of Articles of Association.
4. Share From the CPEC Projects: A series of Meetings were held with the Chairman, National Highway Authority (NHA) and Minister for Planning, Development and Reforms (PD&R) to allocate share in development and infrastructure Projects to the local constructors especially from the CPEC projects.
5. Al Hamd o Lillah, the Association was successful to get the **one contract** valuing over 25 Billion from CPEC western corridor.
6. The limits of the Insurance companies were relatively low and local insurance companies were not able to provide required bonding because of the size of the CPEC projects.
7. CAP has advocated all the local insurance companies to take their share of business by increasing the bonding limits and exposure of risk at the earliest.
8. **Capacity Building** of the Local Construction Industry: Meetings with NHA were held to convince the Authorities for the Following:
9. **Qualification Criteria** –Collective experience of all partners for the last ten year may be considered and Nos. of experience years according to the quantity based on quantum of work may be considered while evaluation of projects.
10. **Contract Conditions:** Contract as per PEC Bidding Documents which is approved by ECNEC harmonized with PEPRAs rules, Particularly as per Bidding Documents may be adopted. Following conditions were also agreed with NHA:

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- a) Bid Bond from AA rated Insurance Companies.
- b) Performance Guarantee from AA rated Insurance Company.
- c) Mobilization Advance 15% from AA rated Insurance Company.
- d) NHA should open L/C for import of equipment up-to 20% of Contract Value.
- e) 30% of Local participation as per PEC guide line should be followed:
- f) For GOP funded projects only local companies should be allowed to participate.
- g) Capacity of Local construction sectors is withheld in the shape of Bond and cash. Following steps were suggested.
- h) 20% of Performance Guarantees laying with NHA may be replaced with Insurance Guarantees. 80% Bond may be released.
- i) Payments may be released as per Contract Conditions it should not be tied up with audit paras.
- j) PEC registered and CAP certified Contractors may be allowed duty and Sales Tax free Import of Machinery, Plant and Equipment.
- k) The members have participated actively in the Expo held at Lahore Expo Centre on Construction and Construction related material and services on 18th to 22nd March, 2015.
- l) Meetings with the PEC, NHA, FBR and other related departments held regularly to discuss and resolve the matters in the interest of Members and industry.
- m) Meeting was arranged with the Federal Ministers and authorities on issues of importance.
- n) Capacity building events were attended by CAP members
- o) As reported by Association, due to slow down of economic activities as a result of law and order situation, energy shortage, hike in fuel prices the construction activities remained depressed and it leads to decrease in Membership of renewals.
- p) The monthly news-letter was not regularly published due to lack of funds and resources. However, information has been regularly disseminated through emails, internet, and correspondence.
- q) CAP Executive Committee held 9 meetings and discussed construction industry issues which were partially resolved.
- r) The Association has been in contact with the International market for best machinery on best prices. We have witnessed rise in quality international construction machinery especially roads, high rise buildings and industrial projects.
- s) CAP arranged annual Dinner.
- t) Association continuously pursued on PEC Standard Bidding Documents which have been improved, approved and implemented

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LONG TERM

1. Association has been playing a significant role in developing and following up Standard Bidding Documents and Federal and Provincial PPRAs.
2. Task Accomplished regarding Standard Bidding Documents to all stakeholders.
3. Association continued to explore international business avenues and local joint ventures with foreign avenues.
4. With the coordination of National Vocational & Technical Training Commission (NVTTC), the Association developed training Programs for the Un-skilled labor in the construction sector . A Sector Skill Development Council (SSDC) was formulated under the Technical Vocational Education and Training Program Financed by German NGO (GIZ).
5. The Association has been working closely with the Ministry of Planning, Development and Reforms for the establishment of Construction industry Development Board (CIDB). The Board will be instrumental to look after the administrative and statutory issues of the Association including Issue of Licenses, bidding procedures, Guarantees and recovery in many cases.
6. Follow up Meeting were held in the Pakistan Engineering Council to reduce the renewal fee of the Constructors License.
7. Efforts are continued to establish office of CAP at Islamabad.

PERFORMANCE FOR THE FINANCIAL YEAR ENDING JUNE 2017

- 1) The Association strived to maintain its membership level and send necessary renewal notices and reminders for renewal of membership. 34 new members were also enrolled in 2017.
- 2) The Association by complying with the Trade Laws and rules have conducted election 2017 and peacefully handed over the seats to the elected representatives.
- 3) Annual General Meeting of the Association was held in compliance with the Law and Memorandum of Articles of the Association on September 16, 2017 at Lahore.
- 4) The members have participated actively in the Expos held at Lahore Expo Centre on Construction and Construction related material and services.
- 5) Meetings with the PEC, NHA, FBR were held regularly to discuss and resolve the matters in the interest of Members and industry.
- 6) Follow up Meetings were held at Pakistan Engineering Council to resolved the issues of Supervisory Engineers required by PEC in-violation of PEC Act.

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- 7) Regular Meetings were attended to resolve the regulatory issue of the Constructors in the Construction Industry Regulatory Committee.
- 8) Meeting were also held in the Ministry of Science and Technology to apprise the Secretary, MOST about the illegal act of the PEC.
- 9) Meetings were arranged with the Federal Ministers and authorities on issues of importance.
- 10) Proposal was submitted for Federal Budget 2017-18 regarding the Custom duties, Sales Tax and Income Tax on the constructor sector.
- 11) Capacity building events for the Construction Industry were organized and attended.
- 12) Due to the slowdown of economic activities as a result of law and order situation energy shortage, hike in fuel prices the construction activities remained depressed and it leads to a decrease in Membership renewals.
- 13) The monthly news letter was not regularly published due to lack of funds and resources. However, information has been regularly disseminated through emails, internet and correspondence.
- 14) CAP Executive Committee met and discussed construction industry issues which were partially resolved. Seven (7) meetings of the Executive Committee were held during the year to discuss issues of mutual interest.
- 15) CAP arranged a visit to facilities and projects of members to share experience. Association has been in contact with the International market for best machinery on the best prices. We have witnessed rise in quality international construction machinery especially roads, high rise buildings, and industrial projects.
- 16) Association continuously pursued on PEC Standard Bidding Documents which have been improved, approved and implemented.
- 17) Meeting were held in the Ministry of Industries and Production to resolve the issue of Import of Used Specialized Off Highway Construction Machinery not older than 15 years instead of 5 years as was amended in the Import Policy Order (IPO) 2016.

LONG TERM

1. Association has been playing significant role in developing and following up Standard Bidding Documents and Federal and Provincial PPRAs.
2. Task Accomplished regarding Standard Bidding Documents to all stakeholders.
3. Association continued to explore international business avenues and local joint ventures with foreign avenues.

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4. The Association developed training sessions with the help of Punjab Skill Development Fund where 10 trades training sessions have been imparted to 16 construction trades and now manpower is being utilized construction companies.
5. CAP has been working closely with ACEP in formulation of policies and streamlining the construction industry.
6. Expo was jointly organized and attended by CAP members.
7. A comprehensive proposal was submitted to the concerned authorities on reducing cost of business.
8. Strengthen of CAP Help desk at PEC Offices at Islamabad, Lahore, Karachi, and Peshawar.
9. Efforts have been made to replace bank guarantees with insurance guarantees. Yet actions are underway.
10. Both government and association working together to create one window facilitation center for the construction industry and independent construction industry authority has been suggested
11. The Chairman Public Accounts Committee desired that Bank Guarantees should be taken in the Development Projects instead of Insurance cover.
12. A series of Meetings were held with the Chairman Public Accounts Committee (PAC) and requested to re-visit his decision because it will create problems for the small Constructors and increase cost of doing business in the construction sector.
13. It was finally resolved and notification was issued to accept insurance guarantees from AA rating insurance companies
14. The Association continue to seek reduction in duties and sale tax in the construction machinery not manufactured in Pakistan
15. The Association has been to establish the Pakistan Institute of Cost and Contracts (PICC) which will be instrumental for realistic cost of Items in the bidding process.
16. Association actively persuing resolution of disputes through ADR.
17. As the government has failed to increase the number of tax payers so the focus has been on taxing the existing tax payers in the net.
18. Due to economic situation and terrorism wave, the international business scenario in the middle east has been under turmoil which led to slow in the industry.
19. CAP is active and seeking affiliation with all relevant forums.
20. Follow up continue to get free land for CAP

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PERFORMANCE FOR THE FINANCIAL YEAR ENDING JUNE 2018

- 1) The Association strived to maintain its membership level and sent the necessary renewal notices and reminders for renewal of membership. 12 new members were also enrolled.
- 2) The Association by complying with the Trade Laws and rules have conducted election 2018 and peacefully handed over the seats to the elected representatives. Five meetings of the Executive Committee of the Association were held during the year 2018.
- 3) Annual General Meeting of the Association was held on September 29, 2018, in compliance with the Law and Memorandum of Articles of the Association.
- 4) The members have participated actively in the various Expo's held at Lahore Expo Centre on Construction and Construction related material and services.
- 5) Meetings with the PEC, NHA, FBR were held regularly to discuss and resolve the matters in the interest of Members and industry.
- 6) Meetings were arranged with the Federal Ministers and authorities in the Ministry of Industries and Ministry of Commerce to resolve the issue of Import of Used construction machinery/equipment while changing the IPO 2016 for import of construction machinery not older than 15 years.
- 7) Capacity building events organized.
- 8) Due to the slowdown of economic activities as a result of law and order situation, energy shortage, hike in fuel prices the construction activities remained depressed and it leads to decrease in membership renewals.
- 9) The monthly news letter was not regularly published due to lack of funds and resources. However, information had been regularly disseminated through emails, internet and correspondence.
- 10) CAP proposals for reduction in duties and sales tax on the import of construction machinery were submitted to the Government for having level playing field for the constructors and contractors.
- 11) CAP Executive Committee met with the Chairman of the Pakistan Engineering Council and Secretary Ministry of Science and technology to resolve the issue of appointment of supervisory engineers.
- 12) Meetings were also held at the Ministry of Science and Technology to highlight the changes in the bylaws of the PEC without the approval of the CIRC and the Governing body of PEC.
- 13) CAP arranged visit to various ongoing projects of the Members and industries.

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- 14) The Association has been in contact with the International market for best machinery on best prices. We have witnessed rise in quality international construction machinery especially roads, high rise buildings and industrial projects.
- 15) The Members of CAP actively participated in the Pakistan Engineering Council (PEC) election for the term 2018-21.
- 16) Association continuously pursued on PEC Standard Bidding Documents to be implemented by the Federal and Provincial departments in letter and spirit.

LONG TERM

1. Association has been playing a significant role in developing and following up Standard Bidding Documents and Federal and Provincial PPRAs.
2. Task Accomplished regarding Standard Bidding Documents to all stakeholders.
3. Association continued to explore international business avenues and local joint ventures with foreign avenues.
4. CAP has been working with the Technical Vocational training Commission and GIZ, a German NGO for the training of unskilled labour force in 16 construction trades and now manpower is being exported overseas.
5. Executive Members of CAP are also representing the Sector Skills Council of the GIZ for playing the consultative role in designing the curriculum and selection of trade required by the constructor Sector.
6. CAP has been working closely with ACEP in formulation of policies and streamlining the construction industry.
7. Expo was jointly organized and attended by CAP members
8. A comprehensive proposal was submitted to the concerned authorities on reducing the cost of business.
9. Extensive follow up and meetings with the Banks were held to improve financing for construction and housing projects.
10. Efforts have been made to replace bank guarantees with insurance guarantees. Yet actions are underway.
11. Association actively persuing resolution of disputes through ADR.
12. As the government has failed to increase the number of tax payers so the focus has been on taxing the existing tax payers in the net.
13. Due to economic situation and terrorism wave, the international business scenario in the Middle East has been under turmoil which led to slow in the industry.

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14. Association continue to seek reduction in duties and sale tax in the construction machinery not manufactured in Pakistan
15. Both government and association working together to create one window facilitation centre for construction industry and independent construction industry authority has been suggested.
16. CAP is active and seeking affiliation with all relevant forums.
17. Major plan has been chalked out by the Punjab Government for imparting vocational and trade training sessions to the unemployed work force for both national and export of labor overseas.
18. Follow up continue to get free land for CAP office, Islamabad

Three year financials are given as under:

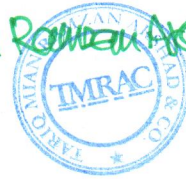
DESCRIPTION	2015-16	2016-17	2017-18
INCOME	5,709,951	5,149,336	3,993,121
Receipts From Members	4,303,000	5,140,100	2,660,000
Other Operating Income	1,406,951	9,236	1,333,121
EXPENDITURE	4,845,220	5,241,466	6,463,714
Administrative Expenses (Salaries, Admin, Bank Charges etc.)	4,845,220	5,241,466	6,463,714
SURPLUS /(DEFICIT) Before Tax	864,732	(92,130)	(2,470,593)
Taxation	-	-	-
SURPLUS AFTER TAXATION	864,732	(92,130)	(2,470,593)

This is certified that M/s. Tariq Mian Ramzan Arshad & Co (Cost & Management Accountant) has reviewed the performance of Constructors Association of Pakistan (CAP) against the plan of activities for the years 2015-2016, 16-17 and 2017-18 submitted by them for submission to the Directorate General Trade Organizations, Ministry of Commerce, at the time of renewal of license.

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We hereby confirm that they have been working on the same plan of activities and their performance has been found satisfactory within the laid down plan and criteria.

Tariq Mian Ramzan Arshad & Co.



M/s. Tariq Mian Ramzan Arshad & Co.
(Cost & Management Accountants)