

**Aslam Malik & Co.**  
Chartered Accountants



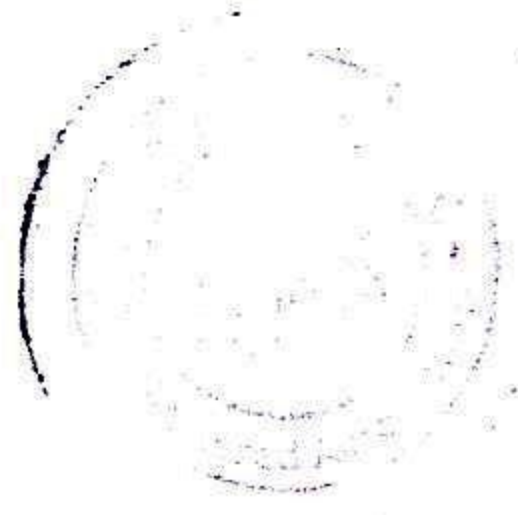
August 05, 2024

**CERTIFICATION STATEMENT**

This is certified that we have diligently reviewed the performance of Constructors Association of Pakistan (CAP) against the plan of activities for the years 2021, 2022, and 2023, as submitted by them for renewal of the license to the Directorate General of Trade Organizations, Ministry of Commerce.

We hereby confirm that CAP has consistently adhered to the outlined plan and criteria, and their performance has been found commendable within the specified framework.

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(Chartered Accountants)



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## **EXECUTIVE SUMMARY**

Subject: **CAP-ANNUAL THREE YEARS (2021, 2022 & 2023) PERFORMANCE REVIEW REPORT.**

**The Executive Committee,**

Constructors Association of Pakistan (CAP)

*Through*

**The Secretary General (CAP),**

This comprehensive report is in accordance with the Trade Organizations Act, 2013, and Trade Organizations Rule, 23 (2), outlines the Annual Performance Review of the three-year plan of activities for the Construction Association of Pakistan (CAP). This plan was duly approved by the Executive Committee in its 137th Meeting held on January 27, 2024, and is presented for onward submission to the Director General, Trade Organizations (DGTO), Government of Pakistan, Islamabad.

### **Executive Committee Initiatives (January 01, 2021- 31<sup>st</sup> December, 2023):**

#### **1. Establishment of CAP Help Desk:**

After extensive meetings with Pakistan Engineering Council (PEC), CAP successfully established a dedicated help desk at PEC Headquarters, Islamabad. This initiative aims to promptly address day-to-day grievances of constructors and has proven to be effective in facilitating them.

#### **2. Importation Policy Advocacy:**

CAP actively engaged with the Ministry of Commerce, Engineering Development Board, and Ministry of Industries to seek permission for the import of used specialized construction machinery, emphasizing a maximum age limit of 15 years. The case was discussed but still pending. However, efforts are on ways to get it approved.

#### **3. Enhancing Financing Procedures:**

Meetings with key Ministries - Planning and Development, Communication, and Finance - were held to streamline and improve financing procedures for construction projects. Further, CAP proposed to GOP that the projects without the availability of funds may not be approved by the relevant forum for floating the tenders in future.

#### **4. Bank Guarantees Replacement Advocacy:**

CAP pursued the replacement of bank guarantees with AA-rated insurance guarantees. PEC issued corresponding instructions in support of this change.

#### **5. Alternate Dispute Resolution (ADR) Implementation:**

Recognizing the importance of Alternate Dispute Resolution (ADR), CAP actively pursued the resolution of disputes through this mechanism.



## **6. International Business Challenges:**

Acknowledging the economic situation and terrorism challenges in the Middle East, CAP recognizes the impact on the international business scenario, causing a slowdown in the industry.

## **7. Reducing Duties and Sales Tax:**

CAP engaged in multiple meetings with relevant authorities, advocating for reduced duties and sales tax on both local and imported construction machinery and materials. Final Tax Regime was abolished and final Tax Regime was converted to minimum Tax.

## **8. Construction Industry Development Board (CIDB) Creation Efforts:**

Intensive efforts are underway to create the Construction Industry Development Board (CIDB), a pivotal step toward establishing a one-window facilitation center and an independent authority for the construction industry. CIDB will ensure ease of doing business for Consultants and Contractors (especially the small and medium enterprises) by eliminating, overlapping and redundant requirements. The benefits of CIDB are as under:-

- Promote the establishment of a Construction Bank which shall cater to the specialized requirements of the sector especially in facilitating project financing and provision of guarantees and bonds based on project cash flows.
- Formulate, prepare and implement Construction industry Development policy in consultation with all stakeholders on procurement with ensured transparency.
- Prepare and update cost indices and maintain a countrywide uniform schedule of composite and material rates.
- Co-ordinate with Federal and Provincial technical training institutes to establish industry linkages for determination of HR skill sets and skill level requirements.
- SMEs to become sustainable with new Construction and Consulting companies being formed.
- Change the industry from 3Ds to 3Ps (i.e. from “dirty, dangerous and demanding” to one which is “professional, productive and progressive :).

## **9. Affiliation Seeking:**

CAP remains active in seeking affiliations with relevant forums to enhance its industry influence.

## **10. Office Establishment and Expansion:**

CAP has successfully established offices in Islamabad and Lahore. Ongoing efforts involve setting up temporary offices in provincial headquarters for better member's facilitation, with a focus on acquiring free land for the construction of a permanent CAP office in Islamabad and Karachi.

## **PERFORMANCE HIGHLIGHT FOR THE YEAR 2021:**

### **1. Election Conduct:**

CAP conducted the 2021 election in compliance with trade laws and rules, ensuring a peaceful transition of power to elected representatives.

### **2. Membership Maintenance and Growth:**

CAP maintained its membership level and successfully enrolled 759 new members, a testament to its positive reputation within the construction community.

### **3. Annual General Meeting Compliance:**

The Annual General Meeting for the year ending September 30, 2021, was held in compliance with DGTO rules and the Memorandum of Articles of Association.

### **4. CPEC Project Success:**

Through meetings and negotiations, CAP secured for its members a contract for the CPEC western corridor, marking a significant achievement.

### **5. Pre-Budget Proposals:**

Proactive participation in the pre-budget process, with submissions for rebates on custom duties, sales tax, and income tax related to the construction sector.

### **6. Expo Participation-Capacity Building:**

CAP members participated in the 5<sup>th</sup> Pakistan Industry Expo held on 29<sup>th</sup> to 31<sup>st</sup> October, 2021 at Royal Palm Club, Lahore for the capacity building for exploring the business opportunity.

### **7. International Engagement:**

CAP actively participated in international conferences and industry events, fostering connections and disseminating knowledge among its members.

### **8. Challenges and Mitigations:**

CAP faced challenges such as economic slowdown, energy shortages, and fuel price hikes, impacting construction activities and membership renewals. Despite financial constraints, information dissemination was maintained through alternative channels.

### **9. Executive Committee Meetings:**

Regular meetings were held, addressing construction industry issues and partially resolving challenges. Active participation in PEC elections further demonstrated CAP's commitment to industry governance. During the year 06 Executive Committee Meetings were held on the dates, 6th February, 29th May, 5th July, 7th September, 18th September and 27th October, 2021.

## **10. International Market Awareness:**

Engaging with the international market, CAP motivated its members to import quality construction machinery, particularly for roads, high-rise buildings, and industrial projects.

## **11. Pakistan engineering Council Election 2021-2024.**

CAP actively participated in the election of Pakistan Engineering Council for the term 2021-2024 and CAP supported candidate was elected as Chairman PEC.

### **Long-Term Strategies and Achievements:**

#### **1. Standard Bidding Documents Development:**

CAP played a vital role in developing and following up on Standard Bidding Documents, contributing to industry standardization.

#### **2. Establishment CIDB and Constructions Industry Fund/Bank:**

Ongoing efforts toward CIDB creation align with CAP's commitment to administrative and statutory matters, including licensing, bidding procedures, and recovery processes. Constructions Industry Development Fund/Bank will facilitate constructors to participate in PPP projects both locally as well as internationally, Commercial Banks avoid taking any risk lending to the construction sector presently, despite a high ROI. Another major benefit is that to significant GDP Growth will be ensured through growth of construction industry locally as well as through participation in construction projects in other countries.

#### **3. Financial Overview (2020-2023):**

<b>Description</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
Total Income	7,558,000	5,242,100	7,356,200
Receipts From Members	4,208,000	2,642,100	2,556,200
Other Operating Income	3,350,000	2,600,000	4,800,000
Expenditure	7,558,000	5,242,100	7,356,200
Administration Expenses	8,747,741	11,760,214	11,019,794
Surplus / (Deficit) Before Tax	(1,189,741)	181,886	236,407
Taxation	(113,370)	(81,099)	(40,189)
Surplus After Taxation	(1,303,111)	100,788	196,217

### **Conclusion:**

In conclusion, the Constructors Association of Pakistan has showcased commendable achievements and unwavering dedication towards industry development. The initiatives undertaken, along with the financial overview, illustrate CAP's commitment to its members and the broader construction community.

## **PERFORMANCE HIGHLIGHT FOR THE YEAR 2022.**

*Submitted by:* Construction Association of Pakistan (CAP)

*Reviewed by:* M/s. [Chartered Accountants]

### **Executive Summary:**

This performance report provides an overview of the Construction Association of Pakistan's (CAP) activities during the financial year ending June 2022. The Association maintained its commitment to excellence and achieved significant milestones in various areas.

### **Financial Overview (2021-2022):**

<b>Description</b>	<b>2021-2022</b>
Total Income	5,242,100
Receipts From Members	2,642,100
Other Operating Income	2,600,000
Expenditure	5,242,100
Administration Expenses	11,760,214
Surplus / (Deficit) Before Tax	181,886
Taxation	(81,099)
Surplus After Taxation	100,788

### **Membership Management:**

#### **1. Maintenance and Growth:**

CAP strived to maintain its membership level and enrolled 99 new members during 2022, emphasizing active engagement and regular reminders for membership renewals. CAP is in continuous efforts to enhance its memberships.

#### **2. Election Conduct:**

The Association successfully conducted the 2022 election in compliance with trade laws and rules, ensuring a smooth transition of power to the elected representatives

#### **3. Annual General Meeting:**

The AGM was held on September 24, 2022, in Lahore, in strict compliance with rules and the Memorandum of Articles of Association, fostering transparency and accountability.

#### **4. Industry Engagement:**

Members actively participated in expos, showcasing the Association's commitment to industry events and staying updated on construction-related materials and services.

## **5. Stakeholder Meetings:**

Regular meetings with key stakeholders, including PEC, NHA, and FBR, were conducted to address industry matters, demonstrating CAP's commitment to its members' interests. Consultant and Contractor who are the major stakeholders and the relationship between them is governed, maintained and implemented through the contract documents/Agreements.

## **6. Issue Resolution:**

Proactive engagement included follow-up meetings at the Pakistan Engineering Council to address concerns regarding the employment of Supervisory Engineers, ensuring compliance with the PEC Act.

## **7. Pre-Budget Proposals:**

CAP submitted pre-budget proposals for the fiscal year 2021-2022, advocating for rebates on custom duties, sales tax, and income tax within the construction sector.

## **8. Capacity Building:**

The Association organized capacity-building events for the construction industry, allowing CAP members to stay informed about industry advancements. CAP members attended;

- International Seminar on construction was organized by Department of Civil Engineering of NED Karachi on 24<sup>th</sup> March, 2022.
- Build Pakistan Exhibition 26<sup>th</sup> to 28<sup>th</sup> March was held at Expo center Lahore.
- Construction Industry despite Report-2022 held on 22nd May, 2022 at PC Lahore.
- Pakistan Real estate and Construction Conference-2022 held on 16th July, 2022.
- 6<sup>th</sup> Pakistan International Expo held on 15<sup>th</sup> to 17<sup>th</sup> October, 2022, arranged by Everest International at Expo center Lahore, and
- International Conference regarding the advancing in Civil and Construction Engineering arranged by the UMT School of Engineering, Lahore on 2<sup>nd</sup> December, 2022.

## **9. Executive Committee Meetings:**

Regular meetings were held, addressing construction industry issues and partially resolving challenges. During the year 05 Executive Committee Meetings were occurred on 19<sup>th</sup> March, 23<sup>rd</sup> June, 13<sup>th</sup> July, 10<sup>th</sup> September and 25<sup>th</sup> October, 2022.

## **10. Advisory Committee Meetings:**

CAP Advisory Committee meeting was held on 07<sup>th</sup> November, 2022 and discussed the followings;

- Non Implementation of PEC escalation letter by Govt. of KPK.

- Price variation on special repair and others issues faced by the constructors of Punjab.
- Creating of C-7 category by PEC.

Similarly, the second meeting of Advisory Committee was also held on 10<sup>th</sup> December, 2022 and discussed the following issues;

- Review the progress on the agenda of the last meeting,
- Task force on Standard Bidding Documents,
- To discuss the strategy for upcoming AGM of PEC,
- To discuss the hearing at DGTO on Compulsory membership of CAP,
- To discuss the filing of Writ Petition against the higher tender fee being charged in the light of PPRA Pakistan and provinces.

## **11. International Engagements:**

Members actively participated in various international seminars, conferences, and exhibitions, demonstrating CAP's commitment to global industry knowledge and standards.

## **12. Communication Strategies:**

Despite challenges, information dissemination continued through emails, the internet, correspondence, and social media, maintaining effective communication with members.

### **Long-Term Strategies and Achievements**

#### **1. Standard Bidding Documents:**

CAP continued its significant role in developing and following up on Standard Bidding Documents, aligning with both Federal and Provincial PPRA regulations.

#### **2. International Business Explorations:**

CAP explored international business avenues and engaged in local joint ventures with foreign entities, strengthening its global footprint.

#### **3. Collaboration with ACEP:**

Close collaboration with ACEP resulted in policy formulation and streamlining efforts within the construction industry.

#### **4. Sustainability Conference:**

CAP members actively participated in the 4th Conference on Sustainability in Civil Engineering, showcasing commitment to sustainable practices.

#### **5. Cost Reduction Proposal:**

A comprehensive proposal was submitted to reduce the overall cost of doing business within the construction sector.



## **6. Help Desk Strengthening:**

Efforts were made to strengthen the CAP Help Desk at the PEC Head Office in Islamabad, ensuring enhanced support for members.

## **7. Bank Guarantees Resolution:**

A series of meetings with the Chairman Public Accounts Committee led to the resolution and issuance of a notification accepting insurance guarantees from AA-rated insurance companies.

## **8. Reducing Duties and Sale Tax Advocacy:**

CAP continued its efforts to seek reductions in duties and sales tax on construction machinery not manufactured in Pakistan.

## **9. Establishment of PICC:**

The Association actively pursued the establishment of the Pakistan Institute of Cost and Contracts (PICC) to ensure realistic cost considerations in the bidding process.

## **10. ADR Implementation:**

CAP actively pursued the resolution of disputes through Alternative Dispute Resolution (ADR), fostering a fair and efficient conflict resolution mechanism.

## **11. Affiliation and Coordination:**

CAP remained active in seeking affiliations with relevant forums, contributing to its industry influence.

## **12. District Coordinators Nomination:**

The Association increased its efforts by appointing new Chief & District Coordinators in remaining Divisions & Districts, aiming to solve problems at the root level.

## **Conclusion:**

In conclusion, the Construction Association of Pakistan demonstrated resilience, dedication, and strategic vision during the financial year ending June 2022. The achievements and efforts outlined in this report reflect CAP's commitment for advancing the construction industry in Pakistan.

## **PERFORMANCE HIGHLIGHT FOR THE YEAR 2023.**

### **Executive Summary:**

This performance report highlights the key achievements and activities of Constructors Association of Pakistan (CAP) for the financial year ending June 2023. The Association demonstrated resilience, actively engaged with stakeholders, and made notable contributions to the construction industry.

### **Financial Overview (2022-2023):**

<b>Description</b>	<b>2022-2023</b>
Total Income	7,356,200
Receipts From Members	2,556,200
Other Operating Income	4,800,000
Expenditure	7,356,200
Administration Expenses	11,019,794
Surplus / (Deficit) Before Tax	236,407
Taxation	(40,189)
Surplus After Taxation	196,217

### **Membership Management:**

#### **1. Membership Growth:**

CAP successfully maintained its membership level and enrolled 280 new members, showcasing a robust commitment to membership expansion.

#### **2. Election Conduct:**

The Association conducted the 2023 election in compliance with trade laws, maintaining a peaceful transition of power to the elected representatives. Four Executive Committee meetings were held during the year.

#### **3. Annual General Meeting:**

The AGM was conducted in adherence to legal requirements and the Memorandum of Articles of the Association, ensuring transparency and accountability.

#### **4. Industry Engagements:**

Members actively participated in various expos at Lahore Expo Centre, fostering collaboration and knowledge exchange within the construction industry.

#### **5. Stakeholder Meetings:**

Regular meetings with PEC, NHA, FBR, and federal ministers were conducted to address and resolve matters impacting members and the industry.

## **6. Executive Committee Meetings:**

Regular meetings were held, addressing construction industry issues and partially resolving challenges. During the year 03 Executive Committee Meetings were occurred on 13<sup>th</sup> July, 12<sup>th</sup> August and 7<sup>th</sup> October, 2023.

## **7. Advisory Committee Meetings:**

Advisory Committee meeting was held on 09<sup>th</sup> May, 2023 and discussed the following;

- To discuss/review the progress of CAP at PEC,
- To review the CAP membership,
- To discuss the way forward to organize the engineer's community at District level,

Similarly the last meeting of the Advisory Committee in 2023, was also held on 16<sup>th</sup> June, 2023 and discussed the following;

- To discuss the progress on the agenda of the last meeting,
- To discuss the strategy for the PEC Election 2024-2027,
- To discuss CAP membership through District Coordinators,
- To discuss CAP membership through Engineer's Owned Firms.

## **8. Capacity Building:**

CAP organized capacity-building events, including seminars and exhibitions, to enhance industry knowledge and skills.

### **Key Events and Engagements:**

#### **1. Joint Seminar with ADB and World Bank:**

- A seminar on August 23, 2023, jointly organized by ADB and World Bank at Marriot Hotel, Islamabad, for the capacity building of the constructors of Capital, Punjab, KPK, AJK and GB, highlighted CAP's participation and engagement in global discussions.
- A seminar on September 20, 2023, jointly organized by ADB and World Bank at Marriot Hotel, Karachi, for the capacity building of the constructors based at Sindh and Baluchistan, highlighted CAP's participation and engagement in global discussions.

#### **2. Expo Participation for Capacity Building:**

CAP members actively participated in various international and local exhibitions, such as Pakistan Paint & Construction Chemicals Expo, 7th International Exhibition & Conference arranged by Fakt, 7th Pakistan International Expo arranged by Everest International, 5th Conference on sustainability in Civil Engineering arranged by Capital University of Science and Technology, Islamabad and 17th Build Asia International Exhibition at Lahore.

CAP members also participated in Commonwealth Trade and Investment Summit held on 27<sup>th</sup>-28<sup>th</sup> November, 2023 on the invitation of Lord Maryland of Odstock, Chairman Commonwealth Enterprises and Investment Council at UK.

### **3. Sustainability Conference:**

The 5th Conference on Sustainability in Civil Engineering at Capital University of Science and Technology showcased CAP's commitment to sustainable construction practices.

### **4. Government Collaborations:**

Meetings with federal ministers and authorities in the Ministry of Industries and Ministry of Commerce addressed issues related to the import of used construction machinery/equipment.

### **5. Industry Challenges:**

Economic slowdown and various challenges, including law-and-order situations and energy shortages, impacted construction activities, resulting in a decrease in membership renewals.

### **6. Communication Strategies:**

Despite resource constraints, CAP ensured regular dissemination of information through emails, internet, correspondence, and social media.

### **7. Advocacy Efforts:**

CAP submitted proposals for reducing duties and sales tax on the import of construction machinery, advocating for a level playing field for constructors and contractors.

### **8 Consultative Workshop on Design Build Operate (DBO), Building for Peshawar & Kohat Cities.**

Consultative Workshop on Design Build Operate (DBO), Building for Peshawar & Kohat Cities to daylong consultative session held at Best Western Hotel, Islamabad on 12<sup>th</sup> December, 2023 in connection with resource recovery of recyclables, RDF, biogas, compost etc.

### **9 Innovative Projects:**

CAP actively participated in discussions on the incorporation of Price Adjustment provisions, contributing to the evolution of ongoing contracts.

### **10 Financial Proposals:**

Proposals for the Federal Budget 2022-23 regarding custom duties, sales tax, and income tax in the construction sector were submitted.

## **Long-Term Strategies and Achievements:**

### **1. Standard Bidding Documents:**

CAP continued its pivotal role in developing and following up on Standard Bidding Documents, aligning with Federal and Provincial PPRA regulations.

### **2. Industry Representation:**

Executive members of CAP played a consultative role in designing curricula and selecting trades required by the construction sector within the Sector Skills Council of the GIZ.

### **3. Collaboration with ACEP:**

CAP maintained close collaboration with ACEP, contributing to policy formulation and streamlining efforts within the construction industry.

### **4. Comprehensive Proposals for Cost Reduction:**

CAP submitted a comprehensive proposal to relevant authorities on reducing the overall cost of doing business within the construction sector.

### **5. Financial Engagements:**

Extensive follow-up and meetings with banks were conducted to improve financing options for construction projects, addressing a crucial aspect of industry growth.

### **6. Insurance Guarantees Advocacy:**

Efforts were made to replace bank guarantees with insurance guarantees, enhancing flexibility for constructors.

### **7. ADR Implementation:**

CAP actively pursued the resolution of disputes through Alternative Dispute Resolution (ADR), contributing to fair and efficient conflict resolution.

### **8. Taxation Advocacy:**

Due to government focus on existing taxpayers, CAP played a role in advocating for a balanced approach to taxation within the industry.

### **9. Global Business Scenario:**

Challenges arising from the international business scenario, particularly in the Middle East, were recognized, and strategies were adapted to address industry slowdown.

### **10. Affiliation and Coordination:**

CAP remained active in seeking affiliations with relevant forums, enhancing its influence within the industry.



**Conclusion:**

In conclusion, the financial year ending June 2023 marked another period of dynamic activity for Constructors Association of Pakistan. Despite challenges, CAP demonstrated resilience, achieved milestones, and actively contributed to the growth and sustainability of the construction industry in Pakistan.



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