



10 November 2020

TL 2020/11/10/1C

Chairman,
Trading Corporation of Pakistan (PVT) LTD,
4th Floor, FTC Building,
Shahrah-e-Faisal, Karachi

Sub: Import of 320,000 MT Wheat awarded on Nov 6, 2020
Additional requirement of 250,000 MT by Punjab Government

Dear Sir,

This is with reference to the TCP procurement committee meeting held on Nov 06, 2020 to award the tender for import of 320,000 MTs of Wheat, in which TCP invited Transparency International Pakistan as an observer.

Following was discussed by TI Pakistan representative Mr. Syed Adil Gilani with TCP procurement committee with regards to ease of PPRA Rules, which allow TCP to use negotiated tendering, in case of **urgency**, without inviting Tenders and also without obtaining approval of Ministry or ECC..

1. During the meeting, the General Manager Market Assessment & Imports, TCP pointed out that 550,000 MT Wheat can be procured at a rate of \$286.2 from three different bidders, as stated in Para 9 of the working paper dated 03-11-2020.
2. On the teleconference, one member from the Ministry of Commerce informed that in addition to 1.8 million MT Wheat sanction given by the federal government to be procured by TCP, Punjab government has requested for an additional 250,000MT of Wheat, and the request has been sent for the approval of ECC.
3. In the meeting, the TCP also informed that the international trend of wheat prices has an increasing trend which may continue till March 2021.
4. Keeping in view the possibility of high future prices due to the market trend as informed in the Committee meeting, TI Pakistan representative suggested that TCP can procure 230,000 MT Wheat from the current bidders, if the ministry confirms the approval of ECC for procurement of 250,000 MT Wheat within one day under PPRA Rule 42 (d) (iii).
5. But TI Pakistan suggestion was not taken into consideration under the requirement of Public Procurement Rules, 2004. TCP/Ministry was explained by TI Pakistan representative that in cases of urgency, TCP as a procuring agency, is allowed to go into negotiated tendering with one or more parties without inviting tenders.

The only requirement to use the PPRA Rule 42-D (iii) is that "the circumstances invoked to justify extreme urgency must not be attributable to the procuring agency" and that the procuring agency should put this on record.

PPRA Rules 2004, Rule 42. Alternative methods of procurements.-

(d) negotiated tendering.- "A procuring agency may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when,-



- (i) the supplies involved are manufactured purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development;
- (ii) for technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular supplier;
- (iii) for reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the procuring agency:

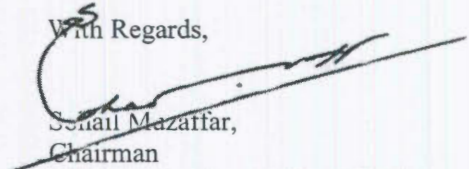
Provided that any procuring agency desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record”.

6. This may also be pointed out that PPRA Rules should not be blamed for delay in urgencies or emergency situation. The procuring agencies should take into account the appropriate prices in order to economize the cost.
7. It was explained that under this Rule there is no approval of Ministry or ECC required to apply Rule 42-D, and this provision is provided for use in cases of urgency of immediate procurement , if such direction are given to the procuring agency by government (such as wheat, sugar, other commodities shortage in country), or due to breakdown of machinery etc.
8. However, the Committee decided not to accept TI Pakistan recommendations.

Transparency International Pakistan request the Chairman TCP to examine PPRA Rule 42-D and use it in urgencies to save country from unforeseen shortage of food items etc.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve against Zero tolerance against Corruption,

With Regards,


Senail Mazaffar,
Chairman

Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Minister of commerce, Islamabad
2. MD PPRA , Islamabad

TRADING CORPORATION OF PAKISTAN (PVT) LTD
(MARKET ASSESSMENT & IMPORTS DIVISION)

No.TCP/MA&I/Wheat/20-6/2020-21

03-11-2020

Subject: WORKING PAPER FOR AWARD OF INTERNATIONAL TENDER NO.TCP/MA&ID/WHEAT/20-6/2020 DATED 25-10-2020 FOR IMPORT OF 320,000 MT (+/- 5% MOLSO) WHEAT

BACKGROUND INFORMATION:

Cabinet in its meeting held on 4th August, 2020 (**Annex-I**) decided for import of 1,500,000 MT Wheat through TCP. The Extracts of the decision of ECC of the Cabinet are reproduced as under:

"The Cabinet considered the summary titled 'Import of Wheat through Trading Corporation of Pakistan (TCP)' dated 3rd August, 2020, submitted by the National Food Security and Research Division, and approved the proposal contained in Para6(a) of the summary with the following exemptions/permissions:

- a. *Exemption of Rule-13 and 35 of Public Procurement Rules, 2004.*
- b. *Permission for negotiation with other suppliers to match the lowest price/bid option as it will help to increase competition as well as efficiency to bring commodity well within the prescribed time.*
- c. *Exemption from all duties and taxes on import of Wheat by TCP.*
- d. *Formal allocation of requisite funds or cash credit allocation for opening of L/C by TCP to be worked out between Commerce Division and Finance Division.*
- e. *Recipient agency/ies to be nominated by the MNFS&R at the earliest to ensure timely and smooth transfer from the ports, storage, logistics and supply to respective destinations.*

Recipient Agency	Qty Allocated
PASSCO	500,000 MT
KPK	300,000 MT
Punjab	700,000.MT
Total	1500,000 MT

2. Accordingly, an international tender No.TCP/MA&ID/Wheat20-1/2020 dated 07-08-2020 was issued by TCP. The Tender was opened on 19-08-2020 at 1630 Hours in the Board Room of TCP. **M/s Swiss Singapore** being the lowest bidder was awarded contract for 220,000 MT (+/- 5% MOLSO) @ USD 233.85 PMT and on matching the lowest bid option **M/s Agrocorp** was awarded quantity of 110,000 MT (+/- 5% MOLSO) @ USD 233.85 PMT. Thus total quantity awarded against the first tender comes to 330,000 MT (+/- 5% MOLSO) @ USD 233.85 PMT. Meanwhile, ECC vide its decision dated 21-08-2020 (**Annex-II**), read with MNFS&R letter dated 24-08-2020 (**Annex-III**) and dated 15-09-2020 (**Annex-IV**) revised requirement of imported wheat to 500,000 MT as per details given as below and directed to procure wheat in staggered quantities:

Recipient Agency	Qty Allocated
PASSCO	200,000 MT
KPK	150,000 MT
Sindh	150,000 MT
Total	500,000 MT

3. Since, 330,000 MT was already procured, the Second International Tender for import of 170,000 MT was floated on 04-09-2020 and opened on 15-09-2020. The tender was scrapped by BOD on 17-09-2020 due to high prices.

4. ECC vide its decision dated 17-09-2020 (**Annex-V**) decided to procure 1500,000 MT as per details given as under:

Recipient Agency	Qty Allocated
PASSCO	500,000 MT
KPK	300,000 MT
Punjab	700,000.MT
Total	1500,000 MT

5. Accordingly, Third International Tender No TCP/MA&ID/Wheat 20-3/2020 was floated for 300,000 MT on 18-09-2020 and opened on 23-09-2020. However, the same was cancelled in BoD meeting held on 26-09-2020 due to high price. Fourth International Tender No.TCP/MA&ID/Wheat/20-4/2020

dated 26-09-2020 was issued by TCP. The Tender was opened on 01-10-2020. **M/s Aston Agro Industrial** being the lowest bidder was awarded contract for 120,000 MT (+/- 5% MOLSO) @ USD 278.5 PMT and on matching the lowest bid option **M/s Grain Export SA** was awarded quantity of 100,000 MT (+/- 5% MOLSO) @ USD 278.5 PMT and also **M/s. CHS Inc.** was awarded a quantity of 110,000 MT @ USD 278.5 PMT. Thus total quantity awarded against the tender comes to 330,000 MT (+/- 5% MOLSO) @ USD 278.5 PMT.

6. In order to achieve the target of 1500,000 MT, Fifth International Tender No.TCP/MA&ID/Wheat/20-5/2020 dated 08-10-2020 was issued by TCP. The Tender was opened on 14-10-2020. **M/s. GTCS** being the lowest bidder was awarded contract for 120,000 MT (+/- 5% MOLSO) @ USD 284.00 PMT and on matching the lowest bid option **M/s. Swiss Singapore** was awarded quantity of 105,000 MT (+/- 5% MOLSO) @ USD 284.00 PMT and also **M/s. Agrocorp International** was awarded a quantity of 115,000 MT @ USD 284.00 PMT. Thus total quantity awarded against the tender comes to 340,000 MT (+/- 5% MOLSO) @ USD 284.00 PMT. Whereas, total quantity procured by TCP reached to 1,000,000 MT.

7. During the time from 17-09-2020 onwards, ECC in various meetings decided to procure 480,000 MT on G to G basis through PASSCO. Thus TCP vide its letter dated 19-10-2020 approached MNFS&R to advice whether TCP should procure any additional quantities of wheat. Thereafter, MNFS&R vide its letter dated 20-10-2020 (**Annex-VI**) directed TCP to procure anticipated remaining quantity of 320,000 MT of wheat through International bidding process by January, 2021. Accordingly, TCP floated the Sixth International Tender for 320,000 MT on 25-10-2020 (**Annex-VII**). However, TCP received letters from suppliers for increasing the shipment window in order to avoid bunching of the vessels. Accordingly, Executive Committee of Management (ECM) keeping in view the berth availability position of ports in Karachi decided to issue corrigendum and allow shipment window till 20th February, 2020 instead of 31st January, 2020 (**Annex-VIII**). The tender was opened on 03-11-2020 wherein total seven (07) bids are received. Bid opening committee vide its report (**Annex-IX**) forwarded bids to Bid Evaluation Committee, Bid Evaluation committee has evaluated bids and submitted its report as at (**Annex-X**). The brief results of evaluation are given as under:

Name of Bidder (Principal)	Name of Bidder (Local Agent)	Bulk (CFR Basis)		Remarks
		Qty Offered	Rate PMT in USD	
Louis Dreyfus Suisse Co.	Louis Dreyfus Pakistan Co.	110,000	286.20	Responsive
Agrocorp International	United Resources Corp.	115,000	287.38	Responsive
GTCS Trading	Asia Marine	120,000	288.00	Responsive
Aston Agro	Popular Enterprises	110,000	292.70	Responsive
Swiss Singapore	Fertline	100,000	294.60	Responsive
Cargill	Cargill Pakistan	112,000	296.50	Responsive
Falcobridge	Falcobridge Pakistan	100,000	309.50	Non-Responsive

8. As per evaluation results, the lowest responsive bid is from **Ms. Louis Dreyfus Suisse Company for 110,000 MT @ USD 286.20 PMT** which is **US\$ 52.35 PMT higher than the price of USD 233.85 PMT** which was awarded for the quantity of 330,000 MT on 26-08-2020, **USD 12.2 PMT higher from the lowest rate of USD 274 PMT** received against second tender on 15-09-2020, **USD 5.3 PMT higher from the lowest rate of USD 280.90 PMT** received against third tender on 23-09-2020, **USD 7.7 PMT higher than the rate of USD 278.5 PMT** which was awarded for the quantity of 330,000 on 07-10-2020 and **USD 2.2 PMT higher than the rate of USD 284.00 PMT** which was awarded for the quantity of 340,000 MT on 16-10-2020.

9. After opening of the bids, responsive bidders were approached for matching the lowest bid option and lowest bidder was asked to offer additional quantity at the same rate. In reply to our letter following bidders have so far agreed to match the lowest bid offer of USD 286.20 PMT. Accordingly, the quantities secured against the tender are given as under:

Name of Bidder (Principal)	Name of Local agent	Quantity offered
Louis Dreyfus Suisse Company	Louis Dreyfus Pakistan Company	320,000 MT
Agrocorp International	United Resources Corporation	110,000 MT
GTCS Trading	Asia Marine	120,000 MT
TOTAL		550,000 MT

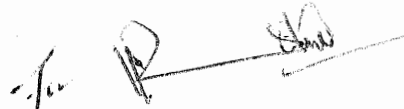
10. The results of evaluation have been forwarded to Ministry of National Food Security and Research for advice; however their response is still awaited.

11. Average freight PMT is 32-35 USD to convert in CFR KHI basis, whereas the comparison of lowest bid prices received against the previous tenders and the current tender versus International Market FOB price of Black Sea Wheat is detailed below:

Tender No.	Date of Opening	Lowest bid Price	FOB price of Black Sea Market	Difference	Status
No.TCP/MA&ID/Wheat/20-1/2020	19-08-2020	233.85	214.25	19.6	Awarded
No.TCP/MA&ID/Wheat/20-2/2020	15-09-2020	274	226	48	Scrapped
No.TCP/MA&ID/Wheat/20-3/2020	23-09-2020	280.90	234	46.9	Scrapped
No.TCP/MA&ID/Wheat/20-4/2020	05-10-2020	278.5	238	40.5	Awarded
No.TCP/MA&ID/Wheat/20-5/2020	14-10-2020	284	246.50	37.5	Awarded
No.TCP/MA&ID/Wheat/20-6/2020	03-11-2020	286.20	250.50	35.7	---

12. In view of position explained above, Board Procurement Committee (BPC) may like to deliberate and decide on award of the Tender.

13. This working paper is approved by Executive Director (Operations/Admn.) for inclusion in the forthcoming meeting of Board Procurement Committee.


(QADEER AHMED BHUTTO)
General Manager (MA&ID)

Secretary (Board Procurement Committee)