

Raza Alvi
Manager Finance



KARACHI PORT TRUST

No. GMF/Misc/07
Dated. 14. XI.07.

Mr. Asif Khan,
Deputy Director
Public Procurement Regulatory Authority
F.B.C. Building, Sector G-5/2
Islamabad.

Subject:- Reconstruction of Berths on East Wharves.

Dear Sirs,

Reference is made to your correspondence of November 06, 2007 under F. No. 2(21) DD-III/PPRA/KPT/07 and follow up meeting at Karachi Port on 10-11-2007.

1. Seriatim response to your queries is as follows:-

- a) Para 5 of letter of September 25 2007 had stated that, "The design, quantities and the works generally remain the same." The scope of the works is same that is reconstruction of the berths, the item rates are fixed through the tender. The works of berths to be reconstructed in the tender of berths 14-17A including SRB 1 and SRB 2 and in the berths 10-14 are almost the same lengths being rebuilt and thus no issue exists. Karachi Port Trust had called for tender for the reconstruction of berth 14-17A including SRB1 and SRB2, based on the Pakistan Engineering Council Standard Contract Format and through this tender process, M/s Ssangyong / Usmani Associates were evaluated to be the lowest evaluated bidder as defined in the tender documents. Whilst the tender was in the process of award that is necessary approvals of the Karachi Port Trust Board of Trustees, but due to the storm on August 10 and 11 berths 14 and 10 collapsed. These berths required immediate addressal, hence the matter was taken to the Board of Trustees KPT due to the emergency.
- b) The berths that are required to be reconstructed are berths 10 to 14, in the first phase.
- c) All these berths, from 10 to 17A & SRBs, were constructed during 1955 to 60 have out lived their design and economic life. Therefore the reconstruction of these berths have been already taken up in phases, start with Berths 14 to 17A and SRBs 1&2. But due to sudden collapse & 14 & 10 all these berths were put in quarantine, being vulnerable as advised by the design consultants after due investigations, to avoid any mishap. Thus all these berths require to be reconstructed on priority.

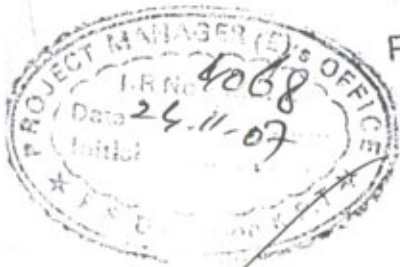
- d) As explained, Karachi Port Trust was under the process of necessary approval for the award of the works, when the berths 10 and 14 collapsed. In view of the urgency / emergency as all the berths in row from 10 to 17 & 17A became non operational the matter was brought to the Board of Trustees of the Port (to be considered as emergency committee) and the competent Authority, after their permission for change in priority of construction from berth 14-17A including SRB 1 and SRB 2 to Berth 10-14. Negotiations were conducted with the lowest bidder M/s Ssangyong / Usmani Joint Venture, who agreed to work on 10-14 berths against the contract.
- e) The exact ratio of the stake of the two joint venture partners is 50 % and it is in accordance with the Pakistan Engineering Council Bye Laws, which requires minimum 30% share of local firm or firms. In this particular case the share is more than the minimum requirement. In addition both; foreign & local firms are registered with Pakistan Engineering Council individually as well as Joint Venture . But Ssangyong is the lead firm.
- f) The evaluation criteria is well defined in the tender documents. The Tender documents have been modeled on the Pakistan Engineering Council Standard Contract format which has the evaluation criteria as an integral part of the Tender Documents. Since M/s. Ssangyong / Usmani Joint Venture were the lowest evaluated bidder and the scopes of the works, length of the berths to be constructed are almost the same.
- g) Financial status of Joint Venture Partners is as per the requirements of the pre qualification documents.
- h) The matter of experience has also been evaluated in the pre qualification and subsequently verified before the award of the works. Furthermore our letter of October 18 2007 gives details of the works being carried out by the lead firm of the joint venture(Copy attached).
2. Further more it is to bring in kind notice that the earlier tender for reconstruction of the berth No.14 to 17A & SRB 1 & 2, also included berth 14 work, where the complainant is apparently misleading PPRA by not mentioning berth 14 .
3. In the end we would like to state that Karachi Port Trust has been for many decades following the World Bank Guide lines for the procurement of Contractors, which have been subsequently adopted by the Pakistan Engineering Council and the Public Procurement Regulatory Authority and has always had a transparent process of procurement. .
4. We are confident that with the above clarifications, the PPRA would provide the necessary clearance to start of work, as the Contractor is already mobilized and any delay is against the KPT/ National interest please.

Encl: As above.


GENERAL MANAGER (F)

S.No. 60

F. No. 2(21) DD-III/PPRA/KPT/07
Government of Pakistan
Public Procurement Regulatory Authority
(Cabinet Division)
F.B.C. Building, G-5/2
Islamabad
◁◁◁◁◁



Islamabad the 22nd November, 2007

~~GM (P&D)~~
From: 24.11.07

Mr. Asif Khan
Deputy Director -I,
Public Procurement Regulatory Authority,
1st Floor, F.B.C Building, G-5/2,
Islamabad

Sign contract

To: Mr. Ghulam Raza Alvi
General Manager Finance,
Karachi Port Trust (KPT),
Karachi

PM/ET
24/11
✓ P&D / Alvi

24/11
pl. expedite the procurement - KPT's letter

Subject: RECONSTRUCTION OF BERTHS ON EAST WHARF

Kindly refer to KPT's letter No.GMF/MISC/07 dated 14th November, 2007 on the above mentioned subject. S.No. 58 Annexure A

2. It is pointed out that matter has been examined in the light of information provided by KPT vide above referred letter and information received earlier. Karachi Port Trust is of the view that berths 10-14 are required to be reconstructed in the first phase in contrast to original plan to reconstruct berths 14-17/A and SRB 1 & 2. All the berths are in a row from 10 to 17 & 17-A and hence became un-operational due to collapse of berths 10 & 14 due to heavy rains and thus the Competent Authority i.e. Board of Trustees of the Port (emergency committee) granted permission for change in priority of construction of berths from berth 14-17/A to berths 10-14. Further, an evaluation criterion was included in the tender

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documents and M/s Ssangyong / Usmani Joint Venture were the lowest evaluated bidder. The financial status of Joint Venture Partnership was as per requirement of the pre-qualification documents. The Joint Venture Partnership is on the basis of 50% whereas PEC by-laws require minimum share of local firm/firms as 30%.

3. In view of the above position it is viewed that the action taken by KPT is in accordance with Public Procurement Rules, 2004. The KPT has completed the selection process of the contractors for one part (berths 14-17/A including SRB 1 & 2) and invoked Rule-42(c)(v) i.e. emergency clause for shifting the phased out priority to berths 10-14 due to collapse of berth 10/14 which are on the other side of the berth No.14 which is included in the original 1st phase programme. Therefore the project award process is a mixture of competitive bidding and Alternative Methods of Procurement (Rule-42) of the Public Procurement Rules, 2004 and therefore no procedural violation of PP Rules, 2004 has occurred in the instant case.


(Asif Khan)