

## **Procurement of petroleum products for the year 2023 in the Soroca Directorate of Social Assistance and Family Protection (DASPF Soroca): a lot of gasoline and few contractual obligations**

The monitoring team followed this procurement procedure at different stages, but most attention was paid to the contract award stage, due to the discovery of contractual provisions that were far too lax in relation to the contractor's fulfilment of its contractual commitments, and to the contract implementation and monitoring stage, where the conduct of this procurement procedure indicates several potential red flags in relation to the volume of petrol purchased.

### What did the Soroca Social Assistance and Family Protection Directorate purchase?

Through the access to information request No 239/23 of 21.11.2023, we requested from the Directorate of Social Assistance and Family Protection Soroca copies of several contracts concluded during 2023, including the purchase of petroleum products to meet the annual needs of the Directorate.

On November 28, 2023, the Directorate of Social Assistance and Family Protection of Soroca provided us with the answer number 2223, sending us a copy of the contract for the purchase of petroleum products for 2023.

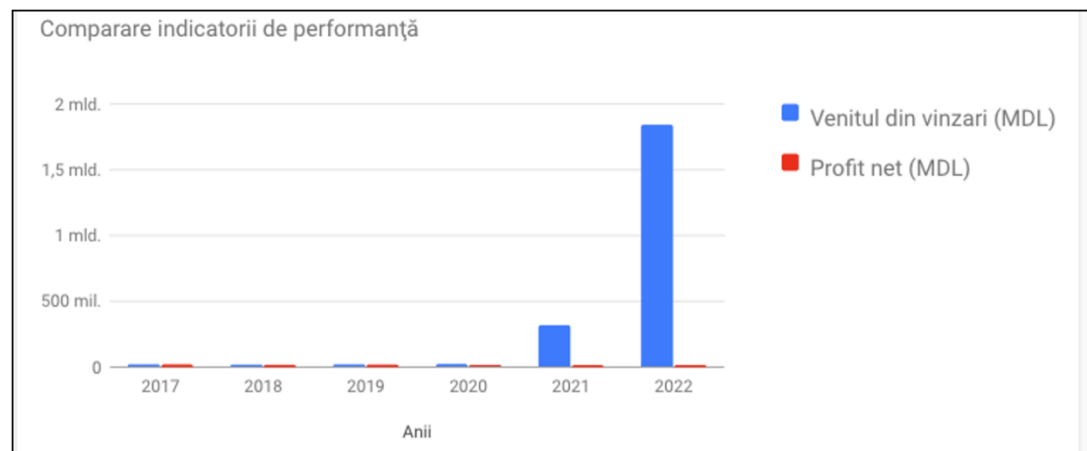


Thus, on January 4, 2023, DASPF Soroca signed contract no. 1 with the contractor VENTO RETAIL S.R.L., represented by the head of the sales department, Mrs. Lucia Gheorghiuță. The goods were purchased under a low-value contract.

VENTO RETAIL S.R.L. (1009600044712) was founded in December 2009 and employs 850 people. According to the data2b.md platform, its revenues have skyrocketed since

2020. Thus, if in 2019 the company had a number of 3 employees and a sales revenue of 26.76 million MDL (~USD 5813607) then, since 2020, the company has increased both in its number of employees and in the amount of sales revenue. In 2022, the company enjoyed a headcount of 704 employees and a record sales revenue of 1.85 mil MDL (~USD 401912)<sup>1</sup>.

Indicatorii de performanță			
Anii	Venitul din vinzari (MDL)	Profit net (MDL)	Nr. Angajati
2017	26,76 mil	20,39 mil	0
2018	24,50 mil	17,88 mil	3
2019	26,76 mil	19,82 mil	3
2020	30,07 mil	22,54 mil	3
2021	324,16 mil	16,42 mil	167
2022	1,85 mld	15,70 mil	704



Analyzing the MTender.md platform, we find that, over the last few years, VENTO RETAIL S.R.L. has concluded multiple large contracts, some of them worth millions of lei, with other local public authorities, such as the Professional School of Alexandreni, Sangerei<sup>2</sup> ; the Town Hall of Mingir, Hincesti<sup>3</sup> ; the State Enterprise "Enterprise for Forestry Iargara"<sup>4</sup> ; the M.M. "Road Repair and Construction Department Balti" etc. Only the contract with the "Balti Road Repairs and Construction Department" has an

<sup>1</sup> [VENTO RETAIL S.R.L. \(data2b.md\)](#)

<sup>2</sup> [MTender Public Portal \(gov.md\)](#)

<sup>3</sup> [MTender Public Portal \(gov.md\)](#)

<sup>4</sup> [Purchase information - MTender](#)



exorbitant value of 6 192 070 MDL (~USD 1345227) with VAT.

The total amount of the contract concluded with VENTO RETAIL S.R.L. is 170 000 MDL (~USD 36932), VAT included. This contract is considered concluded on the date of signing and is valid until December 31, 2023.

The contract provides for the following price specifications:

Cod CP V	Denumirea bunurilor/serviciilor	Unitatea de măsură	Cantitatea	Preț unitar (fără TVA)	Preț unitar (cu TVA)	Suma fără TVA	Suma cu TVA	Termenul de livrare/prestare	Clasificație bugetară (IBAN)	Discount %
1	2	3	4	5	6	7	8	9	10	11
	Benzină A-95	litru		19,43	23,32			2023		0,25%
	Motorină Euro5	litru		19,70	23,64			2023		0,25%
<b>TOTAL</b>						<b>141 666,67</b>	<b>170 000,00</b>			



**SEMĂTURILE PĂRȚILOR**

<p><b>Vânzător</b></p> <p>Digitally signed by Gheorghită Lucia Date: 2023.01.04 12:30:25 EET Reason: MoldSign Signature Location: Moldova</p> 	<p><b>Cumpărător</b></p> <p>Digitally signed by Nicuța Vladimir Date: 2023.01.04 10:38:22 EET Reason: MoldSign Signature Location: Moldova</p> 
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In addition, the following technical specifications form an integral part of the contract:

Denumirea bunurilor/serviciilor	Denumirea modelului bunului/serviciului	Țara de origine	Producătorul	Specificarea tehnică deplină solicitată de către autoritatea contractantă	Specificarea tehnică deplină propusă de către ofertant	Standarde de referință
1	2	3	4	5	6	7
<b>Bunuri/servicii</b>						
1	Lotul Benzină A-95	România	"OMV Petrom" S.A. România	Cifra octanică, COR, min 95; Aspect limpede și transparent	Cifra octanică, COR, min 95; Aspect limpede și transparent	SM SR EN 228
2	Lotul Motorină Euro5	România	"ROMPETROL RAFINARE" S.A. România	Aditivii din motorină nu trebuie să conțină compuși ai metalelor și fosforului. - Cifra cetanică, min. 51,0 - Punct de inflamabilitate, min. 55 °C - Densitatea la 20° C, max 860,0 kg/m <sup>3</sup> - Viscositate la 40 ° C 2,00-4,50 mm <sup>2</sup> /s	Aditivii din motorină nu trebuie să conțină compuși ai metalelor și fosforului. - Cifra cetanică, min. 51,0 - Punct de inflamabilitate, min. 55 °C - Densitatea la 20° C, max 860,0 kg/m <sup>3</sup> - Viscositate la 40 ° C 2,00-4,50 mm <sup>2</sup> /s	SM SR EN 590

**SEMĂTURILE PĂRȚILOR**

<p><b>Vânzător</b></p> <p>Digitally signed by Gheorghită Lucia Date: 2023.01.04 12:30:04 EET Reason: MoldSign Signature Location: Moldova</p> 	<p><b>Cumpărător</b></p> <p>Digitally signed by Nicuța Vladimir Date: 2023.01.04 11:03:17 EET Reason: MoldSign Signature Location: Moldova</p> 
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## Red flags at the award stage

From the analysis of the contract no. 1 of January 4, 2023 between DASPF Soroca and VENTO RETAIL SRL, it can be observed that the chapter on sanctions is completely lacking in specific values, repeatedly presenting a figure of 0% in all the sub-items mentioned. This may raise questions about the effectiveness and enforceability of sanctions in case one of the parties breaches the terms of the contract.

<b>10. Sancțiuni</b>	
10.1.	Garanția de bună executare a contractului agreată de Cumpărător este sub forma de garanție bancară emisă de o bancă comercială sau transfer la contul Cumpărătorului, în cuantum de <u>0</u> % din valoarea contractului.
10.2.	Pentru refuzul de a vinde Bunurile prevăzute în prezentul Contract, Vanzătorul suportă o penalitate în valoare de <u>0</u> % din suma totală a contractului.
10.3.	Pentru livrarea cu întârziere a Bunurilor, Vanzătorul poartă răspundere materială în valoare de <u>0</u> % din suma Bunurilor nelivate, pentru fiecare zi de întârziere, dar nu mai mult de <u>0</u> % din suma totală a prezentului Contract. În cazul în care întârzierea depășește 30 zile, se consideră ca fiind refuz de a vinde Bunurile prevăzute în prezentul Contract și Vanzătorului i se va reține garanția de bună executare a contractului, iar Cumpărătorul poate rezilia contractual unilateral.
10.4.	Pentru achitarea cu întârziere, Cumpărătorul poartă răspundere materială în valoare de <u>0</u> % din suma Bunurilor neachitate, pentru fiecare zi de întârziere, dar nu mai mult de <u>0</u> % din suma totală a Bunurilor neachitate.

For example, sub-paragraph 10.2 - *Penalty for refusal to sell the goods* - establishes a penalty for the seller in case of refusal to sell the agreed goods. However, the contract in question specifies an amount of 0%, which cannot be regarded as an effective penalty for breach of the terms of the contract. The same is the case for sub-item 10.3 - *Penalty for late delivery of goods* - which mentions a penalty for the seller in case of late delivery of goods. However, again, an amount of 0% of the amount of undelivered goods is specified. This may suggest a lack of incentive for the seller to meet the delivery deadlines set out in the contract.

These findings point to the contract's weakness in terms of sanctions for breaches of contract terms, which may raise risks and questions about its enforceability and effectiveness in managing potential misunderstandings or disputes between the parties. It is advisable, for similar contracts in the future, to review and complement these aspects to ensure a fairer contractual framework for both parties involved.

Other social assistance directorates in the country, such as DASPF Glodeni, include clear sanctions in similar contracts. For example, in the contract No 1 of 24 January 2023 concluded between the Directorate of Social Assistance and Family Protection of Glodeni and LUKOIL-Moldova SRL, sanctions are clearly specified for refusal to sell/provide goods, late delivery/provision of goods and late payment. For example, in the case of refusal to sell or supply goods in conformity with the contract, it is stipulated that the contract performance guarantee will be retained, and in the event that it has not been established, the supplier will bear a penalty of 5% of the total

amount of the contract.

10.2. Pentru refuzul de a vinde/presta Bunurile prevăzute în prezentul Contract, se va reține garanția de bună executare a contractului, în cazul în care ea a fost constituită în conformitate cu prevederile punctului 10.1., în caz contrar Furnizorul suportă o penalitate în valoare de 5% din suma totală a contractului.

10.3. Pentru livrarea/prestarea cu întârziere a Bunurilor, Furnizorul poartă plata despăgubirii în valoare de 0,1% din suma Bunurilor nelivate/neprestate, pentru fiecare zi de întârziere, dar nu mai mult de 5 % din suma totală a prezentului Contract. În cazul în care întârzierea depășește 10 zile, Furnizorul prezintă Cumpărătorului/Beneficiarului o explicație în formă scrisă. Dacă Cumpărătorul/Beneficiarul acceptă, Furnizorul prelungește termenul de valabilitate a garanției de bună executare, în caz contrar se consideră ca fiind refuz de a livra/presta Bunurile prevăzute în prezentul Contract și Furnizorul/Prestatorului i se va reține garanția de bună executare a Contractului, în cazul în care a fost constituită în conformitate cu prevederile pct.10.1.

10.4. Pentru achitarea cu întârziere, Cumpărătorul/Beneficiarul poartă plata despăgubirii în valoare de 0,1% din suma Bunurilor neachitate, pentru fiecare zi de întârziere, dar nu mai mult de 5% din suma totală a prezentului contract.

These penalties are expressly defined and proportionate to contractual violations, thus providing transparency and certainty in the commercial relations between the parties. This is a normal practice, which should also be followed by DASPF Soroca.

Red flags at the implementation and monitoring stage of the contract: how much petrol does a social assistance directorate need?

In 2023, DASPF Soroca set a record hard to match, purchasing enough petroleum products (gasoline and diesel) to travel, *poetically speaking*, from Moldova to Antarctica 6-9 times<sup>5</sup>. More precisely, we are talking about approximately 7200 litres of petrol/motor oil, purchased at a cost of 170 000 MDL (~USD 36932) with VAT.

With 7200 litres of petrol, a car could: make 5 return journeys from Paris to Rome<sup>6</sup>; make 20 return journeys from Berlin to Prague<sup>7</sup>; make 19 return journeys from London to Amsterdam<sup>8</sup> etc. Because this volume of petroleum products seemed exorbitant to us, we tried to analyze the purchase/consumption of petroleum products by other public authorities at the same level. Thus, by means of access to information request no. 245/23 of November 21, 2023, we requested a copy of the contract for the purchase of petroleum products for the year 2023 from the Râșcani Social Assistance and Family Protection Directorate. On November 23, 2023, I received the reply with number 1027, through which I obtained the copy of the requested contract.

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<sup>5</sup> How the figure of 3 Moldova-Antarctica trips was calculated: according to worldata.info, the distance between Moldova and Antarctica is 15,445 km. The average oil consumption per 100 km is 5-8 litres. Thus, a trip from Moldova to Antarctica would require between 772.25 litres of petrol and 1 235.6 litres of petrol. Therefore, the consumption of 7000 litres of DASPF Soroca for the year 2023 would, in this format, be equivalent to 6-9 trips from Moldova to Antarctica.

<sup>6</sup> The Paris-Rome journey covers approximately 1400 kilometres.

<sup>7</sup> The Berlin-Prague journey covers about 350 kilometres

<sup>8</sup> The London-Amsterdam journey covers approximately 360 kilometres



Thus, in accordance with the contract no. 4 of 12 January 2023 concluded between the Social Assistance and Family Protection Department Rascani and ICS LUKOIL MOLDOVA, the economic provider has undertaken to provide DASPF Rascani, during 2023, with petroleum products worth 55 000 MDL (~USD 11,948), including VAT.

3.2. Suma totală a prezentului Contract, inclusiv TVA, se stabilește în lei moldovenești și constituie: **55000 lei, Cincizeci și cinci mii lei 00 bani MD.**

We have tried to use the following reasoning to compare the two contracts: the larger the population and area of a district, the more petroleum products are needed for the proper functioning and activity of the Social Welfare and Family Protection Directorate in the district concerned.

Thus, for the year 2023, the Soroca Social Assistance and Family Protection Department purchased petroleum products worth 170 000 MDL (~USD 36932) with VAT, for a population of 99 000 inhabitants of Soroca district (2016), an area of 1043 square kilometers and a number of 68 localities<sup>9</sup>.

At the same time, the Riscani Social Welfare and Family Protection Department has purchased, for 2023, petroleum products worth only 55 000 MDL (~USD 11948) with VAT, for a district population of 65 000 inhabitants (2018), an area of 936 square kilometers and a number of 55 localities.

Thus, we can draw the following comparative conclusions between the two contracts:

1.

**Population:**

The population of Râșcani is about 34% smaller than that of Soroca.

2.

**Area of the**

**district:**

The area of Soroca district is about 11% larger than that of Rascani district.

<sup>9</sup> [https://www.undp.org/sites/g/files/zskgke326/files/migration/md/Ghid-turistic\\_Soroca-site.pdf](https://www.undp.org/sites/g/files/zskgke326/files/migration/md/Ghid-turistic_Soroca-site.pdf)

**3. Contract value:**  
The contract value for the purchase of petroleum products in Soroca is about 3 times higher than in Riscani.

**4. Ratio of contract value to population:**  
The contract value per capita in Soroca is about 1.7 times higher than in Riscani.

**5. Ratio of contract value to district area:**  
The contract value per unit area in Soroca is about 2.8 times higher than in Riscani.

Thus, despite a relatively small difference in population and area of the districts, the value of the contract for the purchase of petroleum products is significantly higher in Soroca than in Riscani.

### Conclusions and recommendations in relation to the procurement procedure concerned

#### Conclusions:

- Detailed analysis of the contract between DASPF Soroca and VENTO RETAIL SRL reveals significant shortcomings in terms of sanctions for breach of contract terms. The lack of effective sanctions may raise risks and questions about its enforceability and effectiveness in managing potential misunderstandings or disputes between the parties.
- Other social assistance directorates in the country, such as DASPF Glodeni, include clear sanctions in similar contracts. These sanctions are expressly defined and proportionate to contractual violations, providing transparency and certainty in the commercial relations between the parties.
- In 2023, DASPF Soroca set a record hard to match, purchasing enough petroleum products (gasoline and diesel) to travel, *poetically speaking*, from Moldova to Antarctica 6-9 times<sup>10</sup>. To be precise, we are talking about approximately 7200 litres of petrol/motor oil, purchased at a cost of 170 000 MDL (~USD 3 6932) with VAT.
- Comparative analysis of DASPF Soroca and DASPF Riscani contracts reveals significant differences in the value of contracts for the purchase of petroleum products in relation to the population and area of the districts. Although Râșcani is smaller than Soroca both in terms of population and area, the value of the contract concluded by DASPF Soroca is three times higher than that of the contract concluded by DASPF Râșcani.

#### Recommendations:

For similar contracts in the future, it is advisable that DASPF Soroca completes the chapter

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<sup>10</sup> How the figure of 3 Moldova-Antarctica trips was calculated: according to worldata.info, the distance between Moldova and Antarctica is 15,445 km. The average oil consumption per 100 km is 5-8 litres. Thus, a trip from Moldova to Antarctica would require between 772.25 litres of petrol and 1 235.6 litres of petrol. Therefore, the consumption of 7000 litres of DASPF Soroca for the year 2023 would, in this format, be equivalent to 6-9 trips from Moldova to Antarctica.

on sanctions in a detailed and responsible manner, in order to ensure a more robust and fair contractual framework for both parties involved.

Public authorities in the Republic of Moldova should consider extending the use of GPS systems on vehicles of public institutions, including those in the field of social assistance and family protection. This can increase transparency and efficiency in the use of public funds.

In the light of the apparently excessive volume of petroleum products purchased in 2023, a careful assessment of the real fuel needs for the activities of the Soroca Social Assistance and Family Protection Directorate is recommended. Detailed analysis of historical consumption and future projections can help optimise the use of resources and identify potential savings.

**Author: LEX 21 Human Rights Association**