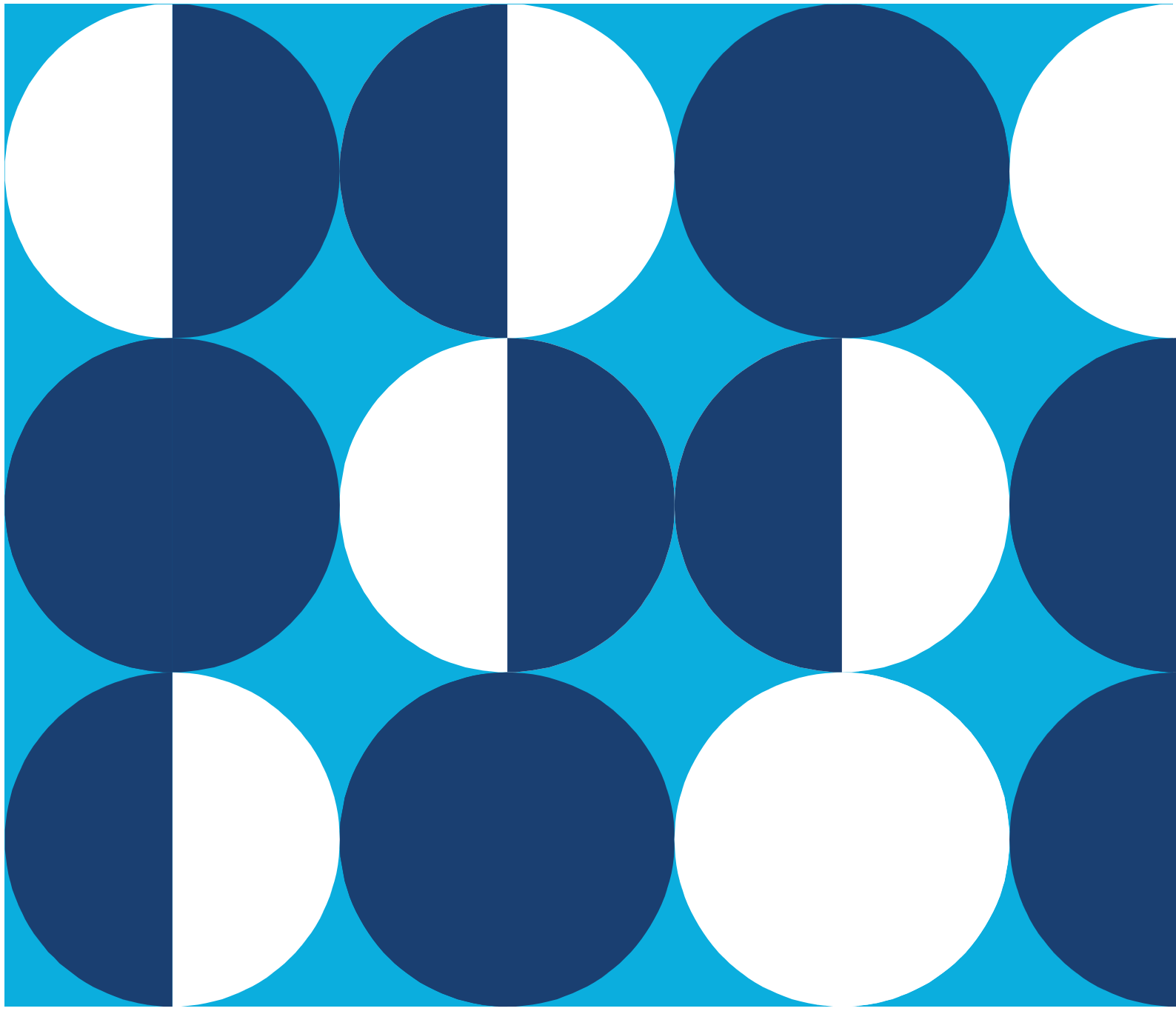




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Bid Price Scoring – An Opportunity for Abuse



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Price scoring is a procedure used in public procurement in cases where the contracting authority “does not know” the quantity of items to be ordered, therefore the quantity of each item in the price list is set at “1”. During contract implementation, orders are placed contingent on the needs that arise. The price list is divided into several categories and each of them is given a certain weight in the total of 100%. Price scoring only serves to evaluate bids, while the contract is implemented according to price per unit.

On January 28, 2021, through the price scoring procedure, the Municipality of Prizren entered into a contract with the consortium *Eurovia & Daut Gashi B.I.* for the tender *Gravel Supply for Unpaved Roads in the Municipality of Prizren*. Price per unit was tied to EUR 16.48. The contract is a framework contract for a term of 36 months. Estimated value of this tender was EUR 1.5 million. The distinctive feature of this procedure is that the limit of plus/minus 30% of the contract value cannot be applied, but the contract is implemented as long as there are funds projected for this tender. The rules for the framework contract do not specify the minimum number of orders, which means that all the projected funds will not necessarily be spent.

In this contract the scored price is EUR 2.96, while the unscored price is EUR 16.48. The incredibly low value of the scored and unscored price in a EUR 1.5 million tender is quite telling about this procurement activity. Where there is a significant difference between the scored and unscored price, the prices per unit are exceptionally low. Since in scored price tenders the quantities of items are set at “1”, this allows companies to bid low prices in positions they deem unlikely to be ordered and higher prices in positions they deem likely to be ordered. The lowest weighted price therefore does not necessarily mean that it will be the cheapest price bid. In contrast to common, unscored tenders, where the quantities are set for each item, the economic operator must bid comparable to market prices, as each position must be ordered.

The awardee consortium, from thirty positions in the Bill of Quantities, in nineteen of them bid a price of EUR 0.04. Items bid at this price include:

- Supply with concrete pipes (10 positions)
- Transportation of machinery necessary for the performance of works (excavator, bulldozer)
- Opening and cleaning of drainage canals and transportation of soil to the landfill
- Supply with concrete C25/30.

There are also positions with extremely low prices in relation to market prices:

- Supply with broken stone (or gravel) (five positions) – EUR 0.24 per m³.
- Excavation and road planning – EUR 0.24 per m³.

Out of thirty positions, only three of them have a price higher than EUR 1. The municipality has not required any clarifications from the company on how it is possible to implement the contract with such prices. Whenever prices are abnormally low, suspicions of abuse arise. It is not expected that a profit-oriented company will bid abnormally low prices and consequently operate at a loss. In price scoring tenders, institutions have the opportunity not to order a product at all. This is exactly the point where economic operators think they can cash in. They bid extremely low prices in positions that they think are less likely to be ordered and higher prices in those positions they think are more likely to be ordered. Certainly, this is a risk for companies as their forecast may turn out to be wrong and the contracting authority will order products that have abnormally low prices. However, companies tend to have inside information knowing which positions will be ordered. Whether the economic

operators have colluded with the municipality will become known only during contract implementation.

From the signing of the contract until July 8, 2021, the Municipality of Prizren has paid two invoices in the amount of EUR 99,998.45 (EUR 50,868.45 and EUR 49,130.00, respectively). Regarding the first invoice, the municipality placed an order to perform works on four different roads. Orders were made for several types of gravel (EUR 0.24 per m³), transportation thereof (EUR 8.02 per m³), and laying, planning, and compacting broken stone (EUR 1.18 per m³). Usually, these three positions in contracts of other institutions appear merged into a single position. The approach to compiling the Bill of Quantities by the municipality, means that for any order of gravel from position A1 to A5, transportation (C4) and paving and compacting (C6) must be ordered too. However, the language “Supply with broken stone” in positions A1-A5 in business lingo implies included transportation. The breakdown into separate positions has produced the effect that the tender is deemed to have abnormally low prices. However, when you add the prices of the three positions above, it turns out that the municipality has paid a remarkably high price for this service:

- A3 – Supply with broken stone Fr. 0-31.5 mm – EUR 0.24 per m³
- C4 – Transportation of materials to the designated site – EUR 8.02 per m³
- C6 – Laying, planning, and compacting broken stone to required compaction – EUR 1.18 per m³

The three positions together have a price of EUR 9.44 per m³. D+ looked at contracts in other institutions, where prices are significantly lower:

- [Municipality of Shtime](#) in its “Laying Gravel on Agricultural Roads” tender for the “Supply and processing of buffer layer (60MN/m²) of crushed limestone 0-63mm with thickness of t=15cm” position paid **EUR 2 per m³**.
- [Municipality of Vushtrri](#) in its “Construction of 4th Tier Gravel Road” tender for the “Supply, transportation, laying, and compacting of crushed limestone buffer layer 0-60mm with thickness t=15cm” position paid **EUR 3 per m³**.
- [Municipality of Lipjan](#) in its “Asphalting of Alleys in Konjuh and Graveling of Road in Branesh” tender for the “Supply, transportation, laying, and compacting of broken limestone buffer layer 0-31.5mm” position paid **EUR 4 per m³**.
- [Municipality of Lipjan](#) in its “Graveling of 4th Tier Roads in the Municipality of Lipjan” tender for the “Supply, planning, and compacting of stone-based material with diameter 0-31.5 mm” position paid **EUR 3.67 per m³**.
- [Municipality of Fushë Kosovë](#) in its “Supply of Gravel for Road Pavement” tender for the “Supply of gravel with diameter 0.31, laying with grader and compacting with 10-12-ton roller” position paid **EUR 3.75 per m³**.

All the above examples in four different municipalities show that they paid between EUR 2 and EUR 4 for the same service that the Municipality of Prizren paid EUR 9.24. In the above five cases the description of works is the same: “to supply, plan, transport and compact broken stone.” Through this contract, Municipality of Prizren will pay about three times more compared to other municipalities, especially when the value of the contract is about fifteen times higher than in the other four municipalities. In cases where the tender value is higher, price per unit should also be lower due to the large quantity to be ordered.

On the second invoice, the Municipality of Prizren paid EUR 49,131.50. Notably, for works conducted on the road designated *TA in the direction of Arbëria Petrol – Part I*, the economic operator billed the municipality EUR 21,450.12. However, the economic operator billed this amount only for the transportation of materials (C4) and site clearing (C5). So, while the

municipality paid for transportation, it has not received the gravel supply. The transportation position is in category C of the Bill of Quantities under the description *Gravel Services*. This means that transportation is valid only for gravel.

TA SH.P.K.								
e pa asfaltuara në Komunën e Prizrenit								
	Njësia Matëse	Sasia	Çmimi njësi pa TVSH	TVSH-ja 18 %	Çmimi njësi me TVSH	Totali pa TVSH	TVSH	Totali me TVSH-€
	m ³	1.0	0.20	18.00	0.24	0.20	0.04	0.24
	m ³	1.0	0.20	18.00	0.24	0.20	0.04	0.24
	m ³	1.0	0.20	18.00	0.24	0.20	0.04	0.24
	m ³	1.0	0.20	18.00	0.24	0.20	0.04	0.24
	m ³	1.0	0.20	18.00	0.24	0.20	0.04	0.24
	Njësia Matëse	Sasia	Çmimi njësi pa TVSH	TVSH-ja 18 %	Çmimi njësi me TVSH	Totali pa TVSH	TVSH	Totali me TVSH-€
	m ¹	1.0	0.03	18.00	0.04	0.03	0.01	0.04
	m ¹	1.0	0.03	18.00	0.04	0.03	0.01	0.04
	m ¹	1.0	0.03	18.00	0.04	0.03	0.01	0.04
	m ¹	1.0	0.03	18.00	0.04	0.03	0.01	0.04
	m ¹	1.0	0.03	18.00	0.04	0.03	0.01	0.04

Punimet e realizuara nga TA ne drejtim te Arberia Petrolit pjesa I-rë (a)		
Punimet nga data 08-13.04.2021	Data: 20.05.2021	
Sasia e realizuar	Çmimi njësi me TVSH	Totali me TVSH-€
0.00	0.24	0.00
0.00	0.24	0.00
0.00	0.24	0.00
0.00	0.24	0.00
0.00	0.24	0.00
0.00	0.24	0.00
TOTALI ME TVSH A :		
		-

Sasia e realizuar	Çmimi njësi me TVSH	Totali me TVSH-€
0.00	0.04	0.00
0.00	0.04	0.00
0.00	0.04	0.00
0.00	0.04	0.00
0.00	0.04	0.00

Figure 1: Situation of services ordered for works designated as TA in the direction of Arbëria Petrol. The quantity ordered for gravel supply is 0.00

In another part of the invoice, for works performed in Krusha e Vogël, Vlashne, and culverts on Muradem Street, the municipality paid EUR 3,984.20. The municipality ordered 88 m³ supply of gravel, while on the other hand for transportation the economic operator billed the municipality for 446 m³ of gravel. In this situation, there is no other product ordered that needs transportation. This is further evidenced by position C6, which is for paving and compacting of gravel quantity of 88 m³. Exactly the most expensive position in the Bill of Quantities was paid more than the real quantity. The municipality paid EUR 3,576.92, while it should have paid EUR 705.76 euros (88 * 8.02) and incurred municipal budget losses to the tune of EUR 2,871.16.

These two invoices corroborate the suspicion that the application of price scoring procedure provides greater potential for misuse. In two parts of the invoice, there was no order for supply of gravel at all, and this could have happened because of the exceptionally low price (EUR 0.24), while in another part, the quantity for the highest priced position was increased. The Municipality of Prizren, at only about 6.7% contract implementation rate, has caused harm to its budget in the amount of EUR 24,321.28.

Seeking to avoid the possibility of misuse, the Municipality of Prizren should not use the price scoring procedure in the future. Where possible, it should forecast the quantity of products needed to perform the works. Exactly in this tender it was possible to give an indicative quantity of products and then the municipality could have used the limit of plus 30% in case it would have needed additional supplies. This would make it impossible for an expensive position to be billed to the municipality by the economic operator all the time and the contract would be automatically terminated if the plus 30% limit were exceeded



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