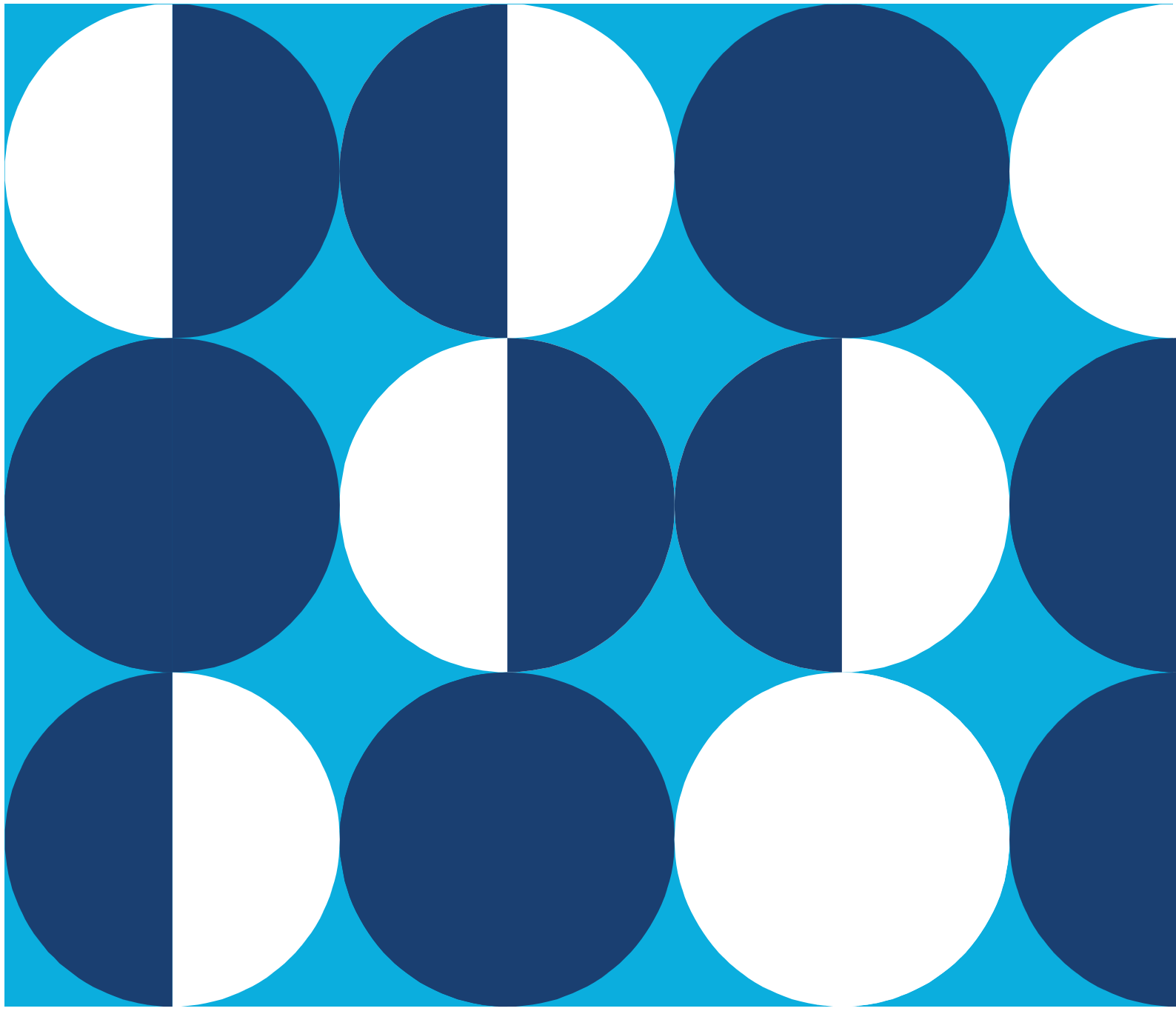




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# The Lowest Scored Price Is Not The Cheapest Tender



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Author: **Agon Hysaj**

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Price scoring is a procedure used in public procurement cases where the contracting authority “does not know” the quantity of items to be ordered, and for this reason, the quantity of each item in the price list is set at “1”. During the contract execution phase, orders are made 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.

The Municipality of Prizren is one of the municipalities that most often uses this type of procedure. Previous regulations did not allow the application of this procedure in tenders for works. In 2019, the Public Procurement Regulatory Commission (PPRC) allowed the application of this type of procedure in tenders for works. Calculating quantities is time consuming, therefore it seems that it is easier for the Municipality of Prizren to opt to use the price scoring procedure rather than any other procedure that may be more complicated but contribute to public fund stewardship. Accordingly, the Municipality risks paying more by accepting [manipulative](#) prices.

On May 17, 2021, implementing the bid price scoring procedure, the Municipality of Prizren concluded a contract with *NBT-ING LLC* on the *Refurbishment/Rehabilitation of Hallways in Collective Housing Facilities with Co-Financing*. The scored price under contract is EUR 3.86, while the un-scored price for making payments will be EUR 21.60. The contract is a framework contract for a term of 12 months. Estimated value of this tender was EUR 100,000, which does not include the co-financing amount, not indicated in the contract. The distinctive feature of this procedure is that the limit of plus/minus 30% of the contract value cannot be used, 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 to be placed, which means that it is not required to spend all the projected funds.

In addition to *NBT-ING*, six other economic operators bid in this call to tender, five of which were declared non-responsive for not meeting the requirements and one was found responsive, but at a higher price than *NBT-ING*. Actually, the bid submitted by *NBT-ING* had the lowest scored price than all other EOs.

No.	Name and Address of Economic Operator	Bid Price
1.	Alboss SH.P.K.	6.98
2.	Bajram HA.GASHI B.I. & Gashi ING	5.72
3.	NBT-ING SH.P.K.	3.86
4.	Megrant ING SH.P.K. & Risamont SH.P.K.	7.32
5.	Limit L&B SH.P.K & NPN EUROING SH.P.K.	11.96
6.	A & F Projekt SH.P.K.	45.79
7.	MBB Construction SH.P.K.	4.92

Table 1: Bid Prices for the *Refurbishment/Rehabilitation of Hallways in Collective Housing Facilities with Co-Financing* Tender

The tender dossier does not specify the number of apartments subject to renovation. Failure to specify the location and other details may have caused certain EOs to acquire insider information from the Municipality and be at an advantage over other EOs. The Municipality of Prizren acted the same in the tender for gravel supply, where likewise it failed to specify on which roads the gravel should be laid. Lacking information and the application of the bid price scoring procedure led to huge differences in the prices bid by economic operators. For example, the difference in scored price between the cheapest and most expensive bid is over tenfold.

The bid price scoring procedure allows economic operators to submit higher prices on items they think will be ordered and abnormally low prices on items they think will not be ordered. Accordingly, although the scored bid price may be exceptionally low, the economic operator still manages to profit. In this call to tender procedure, we see the same actions as in the tender for supply of gravel, both announced by the Municipality of Prizren.

Under item B.2.: “Supply, Transport, and Painting of Ceilings with (Acrylic) Dispersion Paint. Before painting, must apply primer. Price must account for three coats,” *NBT-ING* bid EUR 0.30 per square meter. The market price for this type of service is at minimum EUR 2.50.<sup>1</sup>

Under item B.3.: “Supply, Transport, and Painting of Ceilings with Oil Paint. Before painting, must apply primer. Price must account for three coats,” *NBT-ING* bid EUR 0.70 per square meter. This type of service is one of the most common on the market and costs at minimum EUR 2.50 per square meter<sup>2</sup>.

For the two items above there are different prices in the bids submitted by other EOs. For example, for item B.3, *MBB Construction* bid EUR 0.01, while *A&F Projekt* bid EUR 8.20. This shows that the bid price scoring procedure provides great opportunities for manipulations during contract execution. Each EO “tries” to guess which item the Municipality will order.

The lowest weighted price therefore does not necessarily mean that it will be the cheapest price bid. The unscored bid submitted by *NBT-ING* is EUR 21.60, while the unscored bid submitted by *Limit L&B LLC & NPN EUROING LLC* is EUR 14.10 or 35% cheaper. It should be noted that this consortium erred in its scored price calculations. The scored price of the submitted bid is EUR 11.96, but it should have been EUR 2.96. The EO erred in calculating the scored price on Part C of the Bill of Quantities weighted at 10%. On this part, the EO bid EUR 10.30, while the scored price should have been set at EUR 1.30 (10.30 \* 10%), however it set the same price, EUR 10.30. With the price of EUR 2.96, this consortium would have had the cheapest bid, however it was eliminated because it failed to submit its Tax Return Statement from the Tax Administration of Kosovo (TAK) for December 2020. Nevertheless, according to the Rules and Operational Guideline for Public Procurement, the Municipality could have asked for this document, yet it did not. The error in price was not noticed by the Evaluation Committee, which is a significant omission on their part. To avoid such issues, the Municipality of Prizren implement a Bill of Quantities form with protected formulas and fields, where all prices are calculated automatically. This would make the job easier for both the Evaluation Committee and the Economic Operators.

The other bid submitted by the consortium *Bajram HA.GASHI BI & Gashi ING* has an unscored price of EUR 14.45 or 33% cheaper. So, two EOs have bid unscored prices that are lower than the bid submitted by *NBT-ING*. However, looking at the prices submitted by *NBT-ING* on two items, which are abnormally low prices, then the other two EOs have also bid such prices, though not for the same items. For example, the price for item C.2, *Supply with material and replacement of damaged lights made of white chrome glass, 40W*, *NBT-ING* bid EUR 5.00, while *Bajram HA.GASHI BI & Gashi ING*, bid EUR 0.10.

Regarding contract execution, until September 10, 2021, the Municipality of Prizren has paid only one invoice billed at EUR 29,884.84. As in many other tenders, already becoming a regular occurrence, the Purchase Order to *NBT-ING* was issued after all the works had been completed, while the opposite should have happened. The Purchase Order should have been issued upon signing the contract. Since this contract is a framework contract then the

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<sup>1</sup> Market research conducted in September 2021. Three different economic operators were surveyed.

<sup>2</sup> Ibid.

deadline for completion of works starts running on the date of Purchase Order. In this case, the deadline is three days, but it cannot be measured.

By July 2021, there were works conducted in ten (10) buildings. Two parts of the invoice, billed at EUR 1,604.58, are the same. According to the situation report, works were conducted on *Remzi Ademaj Street*. One site does not have a building designation, while the other is *Remzi Ademaj L2/H12*. All positions on the Bill of Quantities have the same amount for both sites. This may be the same building with two entrances; however, these cannot have the same level of preparatory work in position A.1. of the Bill of Quantities, which involves cleaning walls by scrubbing and restoring damaged parts. The second part of this description implies that both entrances to the apartment building have the same level of damages.

So far, EUR 14,003 were spent under category A.1, weighted at 20% in price scoring by the Municipality. According to an interpretation by the PPRC under Frequently Asked Questions No. 68, during contract execution, the Contracting Authority must:<sup>3</sup>

*The Contracting Authority should play an active role in determining the most accurate estimated value, thus the contract value (implemented). Given the fact that the articles should be weighted based on the weight and importance of the relevant category, this means that the amount spent cannot and should not differ from the ratios according to the weight provided. For instance, if the weight has been provided to the categories of articles or services based on the quantitative ratios/importance of the category between them, then the expenses per category should maintain the same ratio.*

According to this interpretation, the Municipality of Prizren for this contract under Category A in the Bill of Quantities can spend maximum EUR 20,000, as the estimated value of the contract is EUR 100,000 and the weight of this category is 20%. Considering that about 30% of the contract has been implemented to date and considering that position A.1. is necessary in any type of works (as there is no painting/renovation without preparatory work), then the Municipality will exceed this amount by the end of the contract.

Seeking to avoid the possibility of misuse, the Municipality of Prizren should not use the price scoring procedure in the future. In the case of this tender, it would have been quite easy to measure walls and ceilings and provide an indicative quantity in the Bill of Quantities. Exactly in this tender, it was possible to provide an indicative quantity of products and then the limit of plus 30% could have been used in case the Municipality would need additional works performed.

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<sup>3</sup> Public Procurement Regulatory Commission. Frequently Asked Questions No. 68. 2019. <https://e-prokurimi.rks-gov.net/HOME/ClanakItemNew.aspx>



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