



CHAOTIC TENDERS OF MUNICIPALITIES



TRANSPARENCY AND
ANTI-CORRUPTION





CHAOTIC TENDERS OF MUNICIPALITIES

PUBLIC PROCUREMENT MONITORING REPORT
IN FIVE KOSOVO MUNICIPALITIES:
PRISHTINË, PRIZREN, GJILAN, GJAKOVË AND MAMUSHË

Prishtinë, March 2015



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Address: Rr. Bajram Kelmendi, Nr. 38,
10000, Prishtinë, Kosovë.
Tel.: +381 (0)38 248 038
E-mail: info@kdi-kosova.org
Web: www.kdi-kosova.org

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LIST OF ACRONYMS

AKR	New Alliance of Kosovo
CPACPA	Central Procurement Agency
KDI	Kosova Democratic Institute
PPRC	Public Procurement Regulatory Commission
LDK	Democratic League of Kosovo
LPP	Law on Public Procurement
LVV	Self-Determination Movement
MLSW	Ministry of Labour and Social Welfare
PRB	Public Procurement Review Body
PDK	Democratic Party of Kosovo
PIP	Public Investment Programme
MFMC	Main Family Medicine Centre
OAG	Office of the Auditor General
ZTV	Zusätzliche Technische Vorschriften (A German regulation on additional technical Standards)

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KEY TERM DEFINITIONS

Term	Definition	Example
Items of joint use	Production or service demanded by one or more contracting authorities, for which more efficient use may be achieved, as well as more cost-efficient use of public funds, through the development of a central, joint or consolidated procurement.	Fuels, paper, foods, vehicle maintenance.
Abnormally low price	The Tender price where the economic cost of production process and services offered is higher than the prices offered, and which risks to remain un-implemented	When the item price offered is lower than the production cost. For example, a framed window for five Euros
Tender Dossier	A document that describes terms and requirements for awarding a contract	
Price quotation	A tender in the amount of less than 10 000 Euros and more than a 1000 Euros.	In this type of procedure, officials do not publish an announcement for contract, but they only collect three offers from business operators and award the contract to the lowest offer
Lot	A tender divided into parts	Tendering of 30 types of essential medicaments, in a single tendering procedure
Tank	An equipment for fuel transportation	
Contract Award Notice	An announcement through which the winner of a tendering procedure is announced, and includes the price and contact information pertaining the awarded	

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	company	
Contract Announcement	An announcement for the tender on the PPRC webpage	
Economic operator	A Supplier, service provider, or contractor of works	
Pre-assessment	Estimates for certain items or works, in tenders with prices per unit	Cleaning streets from the snow, salt disposal, cleaning of sidewalks for 10 KM ¹
PLATTS	Consulting company for the price of fuels and energy	Monthly average fuel price
Premium	Company profit in fuel contracts	0.0001 Euro for every litre of fuel that is sold to the institution
Evaluation report	A report prepared by the Commission for evaluation of Offers, which is submitted to the main Procurement Officer, in the format of a recommendation	
Performance Security	Documents in which the company guarantees successful completion of the contract	Banking deposits, or insurance of the tender through insurance companies

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INTRODUCTION

As a part of public procurement monitoring for four years at the central level of governance in Kosovo, the Kosova Democratic Institute (KDI) has published a large number of reports and findings in the field of public procurement in Kosovo. Many of those cases involved elements of criminal acts related to corruption and abuse of public money. In order to increase transparency and accountability in the sector, KDI continued to expand the number of institutions which it monitored with regard to their public procurement procedures.

In 2014 KDI started the monitoring initiative in five municipalities in Kosovo, institutions which reflect diverse political affiliations. In each of them, three specific tenders were selected and monitored, and they constitute the basis for this comparative study. This was done in order that the data for the tenders of the same type may be compared with one another, with regard to efficiency that municipalities exercised in budget spending under their management. The three tenders that were analysed in each of the five municipalities include the following: tenders for fuel supply, winter road maintenance, and paving the roads with concrete paving blocks.

Public procurement in Kosovo is characterised with a large number of problems which are mainly related to favouring businesses in the awarding of contracts, abnormally low prices which do not correspond to the value of the same items in the market, and poor oversight of contracts that results in poor quality of services and supplies for the institutions. Procurement is also very often spoken as a corrupted sector, to which prosecuting institutions do not pay any special attention, mainly on the justification that public officials are not familiar with the law and that the Prosecution is not able to investigate corruption in the sector.

This report also pays attention to the findings of monitoring institutions for these budgetary organizations. A large number of institutions have supervisory role in public procurement, therefore it was of great interest to see the results of these institutions from their supervision of public procurement and prevention of spending that violates the Law on Public Procurement. Public Procurement Regulatory Commission is the main monitoring body of procurement procedures, as well as implementation of contracts by contracting authorities. The Office of Auditor General (OAG) also audits all contracting authorities and in this report special attention is paid to OAG findings in the field of public procurement for all monitored municipalities.

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corruption offenses in favouring business operators, fixing tenders, or price gouging by private companies, in order to benefit.. All these reports were submitted to the State Prosecutor's Office for possible investigation by prosecution institutions.

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WHY IT IS IMPORTANT TO MONITOR PROCUREMENT?

Every year institutions spend more than half of the state budget in capital investments and services. From the constructions of roads and schools, to supply with medicaments for health institutions, these contracts are entered through procurement procedures. The values of tenders usually are high and based on the weight that the public sector has over the , often create close relations between the businessmen and representatives of institutions. This has a direct impact on the quality and volume of services that institutions can offer for citizens.

Monitoring of public procurement by non-governmental sector, in many cases creates the opportunity to prevent corruption through civic response or in cases when a corruption offense has occurred to punish it. KDI monitors specific tenders in order to identify risks, in order to advocate about changes and structural reforms. In cases when material damages to the budget are identified, information from the report is passed to the state prosecutor. An effective procurement monitoring can have many benefits for the public and for the business sector as well, because it increases the efficiency of the institution and helps create a fair competition in winning public contracts.

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from 500 Euros as the lowest value up to 3000 Euros as the highest value, depending on the companies. The value of the fuel transportation itself affects the final price of this item. The value of fuel transportation is not part of tender evaluation, therefore during the monitoring we noticed that this could be used by business operators to increase the value of fuel prices, since they calculate different values, as a result of the lack of control by contracting authorities.

In the case of municipality of Gjilan, the municipality has to buy 10 000 litres of fuel so that the Company turns 1 Euro profit

Fuel premium price is also another issue which should to be paid attention to, since it also varies a lot, depending on the municipality that we have monitored. . From four municipalities that have Premium-based contracts, we observed that prices vary largely. In the worst case, two large municipalities of Kosovo, that are supplied by the same business operator, Petrol Company, had very different prices. In the municipality of Gjilan, premium price is 0.0001 Euro per litre, while in Prizren, it is 0.15 Euro per litre. Both of these premium values are unacceptable since they make the fuel price very low in the first instance and in the second instance the price exceeds the fuel price in retail market. In Gjilan's case, the municipality has to buy 10,000 litres of fuel for the company to turn 1 Euro profit. In this case, the municipality should be careful about a series of issues that may derive from the contract, such as the fraud with the initial monthly average price, fuel quality, quantity, etc. This is so because no company would deliver 10,000 litres of fuel to make one Euro profit.

On the other hand, Prizren pays premium price of 0.15 Euros per litre of fuel to the same business company. This price is many times higher than the average of premium in Kosovo and it results with a higher price of fuel than the price of the item in retail market. Dilemmas remain as to why it came to this high price in a large municipality that spends more quantities of fuel than all other municipalities with exception of Prishtina. Another dilemma is that how is it possible that the same municipality is not able to receive a better offer than other municipalities, and for worse it pays a higher price compared to almost all municipalities of Kosovo, who have published their premium price. Only Podujeva pays a higher premium price than Prizren at 0.60 Euros, which case should best be addressed by the prosecutor.

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are less needed. In addition to non-definition of estimated quantities that are needed, the items are also not divided into lots so that

the municipalities would get a more favourable price for diesel. Such municipalities that have not defined the quantity include Prizren, Gjakova and Mamusha.

PPRC is considered to be the institution that has the main responsibility for the existing chaos in the field of diesel procurement. Primarily, the role of the institution is in adopting regulations and guidelines to respond to challenges in the procurement process as well as to save public money and fair competition among business operators. This institution has not adopted any regulation in this respect, despite its well awareness of the problem, and for more, some procurement officers as well as representatives of private companies have been charged with indictments by the prosecution for the damage they caused to budget.³ PPRC should intervene in this type of tenders, by defining the format of tendering, drafting of framework

Regulatory institutions do not provide municipalities with access to fuel prices. Municipalities only rely on documents submitted by private companies

contracts, price calculation, and monitoring institutions in the field of tenders, since diesel is one of the most consumed supplies in public procurement.

PPRC could regulate the tendering process by setting a standard that would be applicable at all institutions, including the CPA, which has published tenders on behalf of 37 public institutions, applying the premium approach. By selecting the best practice for tendering fuels, and especially diesel, it would avoid defective and

harmful practices of not defining quantities, mixing up items, etc. Also, the institution should ensure that the municipalities have access to the diesel price in international markets. This may be done by increasing cooperation with PPRC, Customs or CPA which currently has access to diesel price internationally. PPRC, in its requirements for institutions to interpret the Law on Procurement about issues of abnormally low prices and other issues related to diesel, has avoided the legal responsibility it currently holds and it served negatively with regard to protection of the public money and competition in the procurement sector. PPRC should provide three responses with regard to this issue: first, what is the format in which diesel should be tendered; second, what is the abnormally low price, i.e. the threshold under which bids will not be considered; and third, how should diesel transportation be paid in order to avoid issues with inflating the transportation price.

³ The case of Kosovo Police tender, for the diesel supply tender in 2011. <http://gazetajnk.com/?cid=1,1018,411>

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price quotes⁴ thus violating the Law on Public Procurement.

The municipality of Gjakova has signed contracts with two business operators for road maintenance. Tender dossier, which did not define the minimum technical and professional requirements, left too much room for irresponsible operators to apply and potentially win the contract. Minimum technical and professional requirements were not defined in the tender dossier. A business operator could have been able to apply and win the tender of the municipality for road maintenance with a minimum number of equipment. The municipality did not define what type of equipment shall a company possess or have in use so that it is considered responsible, and furthermore, it did not specify what number of staff the company shall have, for example to set a minimum of 15 or 20 employees. Gjakova paid the highest price for one intervention since Çabratı Company was paid 75 Euros for one intervention in putting salt per one KM¹. Extremely high prices in Gjakova were one of the main problems in the municipality.

The municipality of Prishtina applied a dis-favourable type of contract, since it forecasted that the payments are aggregated for all contracted works, by not leaving the option to pay per unit. This made it difficult to monitor implementation of contracts and especially partial payments to companies. In every case when the works are not completed in compliance with the contract or in their entirety, the municipality was not apply to apply fines since the contract had aggregated all prices.

In road maintenance, similar to tenders for fuels, PPRC did not set any standard format of contracts, tender dossier and other issues that municipalities face as challenges. PPRC is the institution which should define standards for this tender to facilitate municipal procurement officers to run tender procedures. This would also benefit companies, which depending on the institution they apply, are faced with various formats of tender dossiers and requirements. Calculation of prices also needs to be adjusted in the format that would be considered as most accurate and so that it would create uniformity across all municipalities. Same issues are found in the Ministry of Infrastructure tenders, where the number of lots or parts of contracts are often changed, different pre-measures are developed and all this because of the lack of supervision by PPRC, which could apply order in the tender sector based on international practices.

CONSTRUCTING ROADS AND PAVEMENTS WITH CONCRETE PAVING BLOCKS

⁴ Price quoting is a tendering procedure for contracts whose amount does not exceed 10 000 Euros. Price quoting is done by collecting three offers from various business operators and then selecting the cheapest offer.

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Construction of roads and pavements with concrete paving blocks in the municipalities of Kosovo is one of the tenders with the highest competition among business operators. The competition mainly comes as a result of minimum requirements (equipment and staff) that municipalities set in the tenders. High competition in the sector produces the constant effect of bidding with very low prices, which later on affect the quality of road and pavement construction. Since municipalities do not pay attention to the quality control of concrete paving blocks and construction of roads, the majority of roads constructed in this form are of a very poor quality. Another challenge in this type of contracts was performance security which, in the majority of cases institutions apply, is 10% of the value of the contract, and in cases of abnormally low prices, this performance security is not sufficient for implementation of contracts. Gjakova was the only municipality that differed significantly with regard to the prices of concrete paving blocks. While municipalities were faced with low prices, in Gjakova the price was much higher, even higher than the price of concrete paving blocks in retail market. There were cases when prices did not match those in the market also in other items, mainly because of how the tender dossier was drafted and because pre-measures did not specify quantities of items to be used. This caused significant variation in prices of items with those in the market.

The majority of roads constructed in this way are of a very low quality as a result of abnormally low prices and lack of control

In four monitored municipalities, concrete paving blocks were contracted with very low prices. When comparing the market prices for these items (10-13 Euros per m²), it was impossible to understand how companies manage to complete the accompanying works in paving the roads with concrete paving blocks at such an abnormally low price. Such prices did not guarantee that accompanying work in construction of roads, such as levelling the road, constructing a stable ground, and so on, were completed in line with the required quality in the tender dossier.

The municipality that had the lowest price in paving roads and pavements with concrete paving blocks was Mamusha with 5.65 Euros per square metre, while for the same item, Gjakova paid 18 Euros. This large difference in prices represents the lack of regulations and instructions by PPRC, which would address this issue, either through referent prices or through the development of tender dossier.

Construction of roads or pavements with concrete paving blocks is one of the most usual projects in the municipality and it is of great interest for local businesses. Non-regulation of this type of tenders by PPRC affected municipalities in the sense the municipalities were not

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able to implement their projects efficiently. This was because it was not possible to define abnormally low prices, and there was no standardized form of tendering. In the worst case, in Gjakova, a company was selected to pave all the roads with concrete paving blocks without having any pre-measures, calculation or a plan of what areas should be paved.

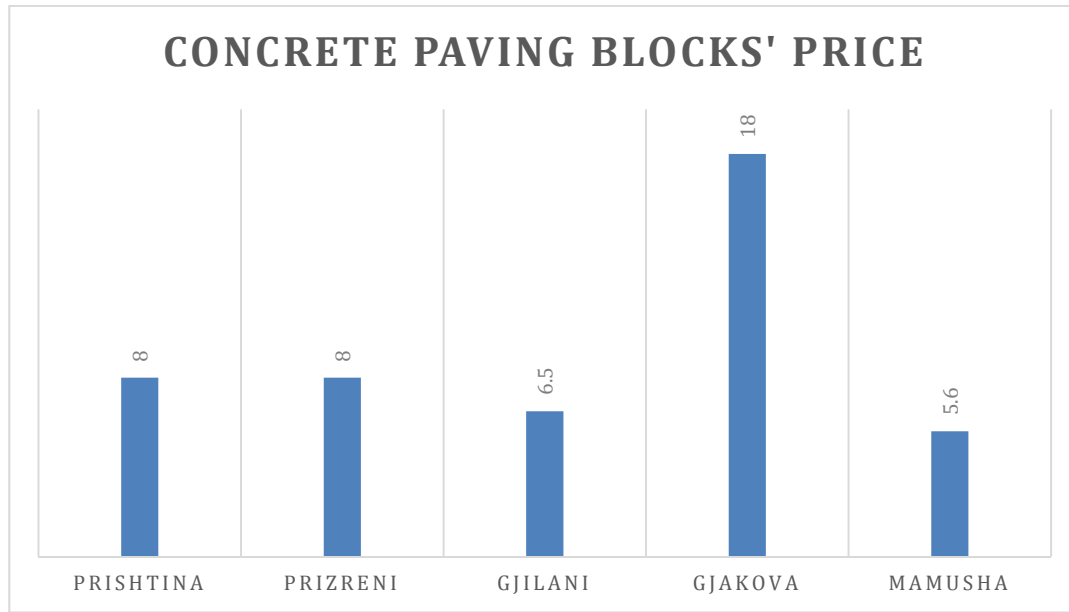
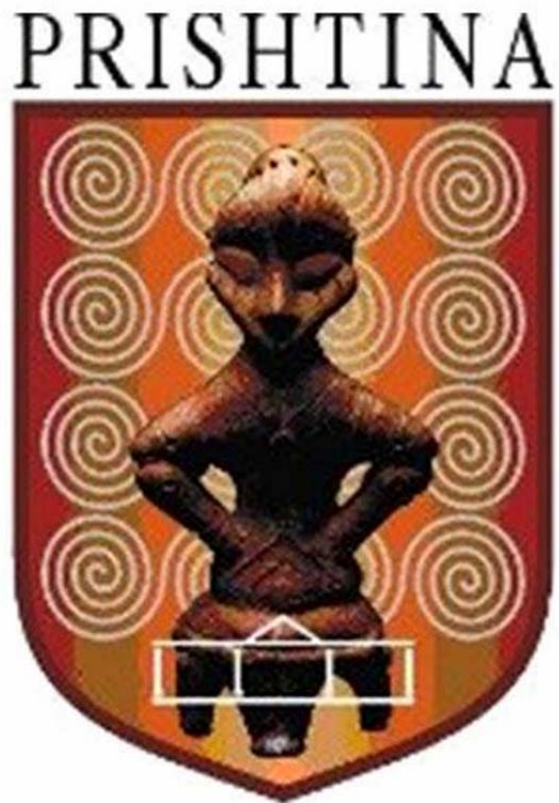


Table 2 - Graphic Chart showing the comparison of the prices for the Concrete Paving Blocks paid by the four Municipalities that were monitored

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MUNICIPALITY OF PRISHTINA



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Euros for diesel, 0.99 Euros for diesel for heating, and 0.95 Euros for gas.¹³ In February, we observe that the municipality managed the contract implementation much better and with more cost savings than CPA, which procured on behalf of 37 institutions.

What remains concerning is the very cheap price for motor oils, which were contracted at 2 Euros per litre, and this does not guarantee any quality standards. Motor oils have prices from 5-9 Euros on average, depending on the quality and producer. In this case, the municipality could be harmed by the quality of this item, since poor quality oils may increase the need for more vehicle services and maintenance costs, which indirectly increase the costs for the municipality. The justification of the municipality for this issue was that they have another contract in which they contracted the vehicle maintenance services, which in turn poses a twofold problem, since the same item cannot be an object of two different contracts and procedures.

The Municipality of Prishtina faced the claim of HIB Petrol Company related to tender for diesel supply. The company complained since in the procedure for evaluation of bids it was declared as irresponsible, precisely due to the previous contract of diesel supply for Prishtina schools. Due to fraud allegations in diesel quality, the Municipality terminated the contract with this company. In the new tender, the company applied again, while the Municipality did not take it into consideration due to allegations for cheating with fuel quality. However, at PRB, HIB Petrol won the case and the Municipality was ordered to return the tender for re-evaluation.¹⁴ The Municipality of Prishtina in the re-evaluation procedure acted in the same way and it declared the company as irresponsible, and the company complained again.¹⁵ The second time, the municipality provided more evidence to the review panel and expert, and it won the case in its favour¹⁶. However, if the municipality would accept the company as responsible, it would shed doubt on the previous procedure for termination of the contract, since if the municipality alleges that an operator cheated in quality of the supplies, they cannot be awarded another contract.

¹³ CPA, fuel prices in November: https://aqp.rks-gov.net/Uploads/Documents/01-11-2014_btfnbrvaox.pdf

¹⁴ PRB decision 453/14, dated 12 December 2014

¹⁵ Assessment report of tenders for diesel and fuel supply with number 616-14-059-111

¹⁶ PRB decision 47/15, dated 12 March 2015

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and which are not applicable in Kosovo. To apply these standards, the Municipality of Prishtina could have paraphrased quality and requirements of the regulation, but they should not have used it as a main reference in the tender dossier. The requirement that this standard applies in eight roads in the project could have posed an issue for businesses. These standards are not applicable with any law in Kosovo, and a number of interviewed businesses by KDI stated that they are not familiar with those standards. Furthermore, those standards are not translated into local languages and compared to other municipalities in Kosovo, or central institutions that we have monitored, there was never such a case of having this type of requirement in the tender dossier. We consider that the Municipality should limit itself from such requirements in other tenders since such requirements might pose issues for Kosovo companies. Quality standards may be required in the tender dossier and they may be ensured through required testing so that quality of works in the field is met.

The second issue in this tender are prices of concrete paving blocks. KDI assesses that such prices are very cheap. The contract shows that the prices, depending on the road, are in the range of 7.00 or 8.00 Euros per m².¹⁹ Such a price does not guarantee quality because it is close to the production cost of concrete paving blocks. The accompanying works and materials for putting concrete paving blocks in roads are not covered with such low prices. According to assessments and consultations that KDI had with several contractors and based on the prices in the retail market in Kosovo, concrete paving blocks may cost from 10.00 to 13.00 Euros per M² and any other price should be supervised carefully, since those works usually result in poor quality. The municipality in this case had two options: to increase the amount for the performance security, or consider the tender as irresponsible due to very low prices. It is expected that the business operator with these prices will have issues in execution of works, it would sacrifice the quality and would potentially demand another contract. To avoid these issues the Municipality had to apply the quality increase of the tender, which was forecasted in the tender dossier. This would be a guarantee for the municipality so that the works in the field are completed in line with the required quality.

Besides the concrete paving blocks, low prices compared to the market prices were also found in covers and cones, which are forecastforecastedforeseen to resist weights up to 40 tons. The price per unit offered by the business operator was 60 Euros. According to consultations with businesses, market prices for these items are significantly higher. Covers of such quality, not including the cones, cost up to 120 Euros, and when you add the price of cones for about 20

¹⁹Contract of the Municipality of Prishina with Dimi-Bau company, with number 616 14155 521

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prices are aggregated and pre-judged for operators for intervention. The contract assumes that the business operator will complete works in line with the contract, and the option of partial payments has not been considered. This could enable the Municipality to have one more mechanism to control and discipline business operators who do not complete the works in line with the contract. Supervision, in this case, with this format of payments is very difficult and this has affected that no payment is reduced for businesses, despite the fact that there was a large number of roads and pavements that were not cleared during phases of heavy snowfall in Prishtina. Furthermore, two business operators were penalized with interruption of contract on the justification of lacking efficiency in clearing roads from snow, but payments to them were never stopped for roads not cleared. This is unacceptable due to the fact that the companies in this form are paid for the works they have not done.

Other municipalities such as Gjilan, Prizren and Gjakova, pay such companies based on quantity of the completed works and not for the total of roads contracted. With this contract, the Municipality of Prishtina did not make a good choice for paying companies. This was so because the municipality removed from themselves a suitable option to pay companies in line with the monitoring of works in the field and pay them only for the roads that were cleared. However, the municipality made the right choice when it divided the tender in four lots, and with that it better distributed the work among various businesses and in this way it increased the possibility to clear roads better from snow. In other municipalities, division of tenders in lots served better to the needs of private companies, to share the contracts proportionally, rather than needs and specifics of the city.

Another issue of this contract was inefficiency of companies in clearing roads from snow in some cases of heavy snowfall.²³ In some cases, many roads had to wait for better weather to melt the snow since the companies failed to clear the snow by salting the roads. More attention was paid to main city roads, but at the same time, companies were paid for clearing all the roads. The situation was even worse in clearing pavements from snow, where the majority of them were either cleared by citizens or were not cleared at all, and companies paid very little attention to this category of the contract.²⁴ Clearing pavements was part of the contract and the companies were required to deliver this service.

The third issue in this tender is non-awarding of three contracts to Zahiri Company since it was the company with the lowest bid. However the municipality had established the minimum requirements for equipment and staff members that the company had to meet to win a contract, and this business operator was awarded only one contract since it did not meet the

²³Koha Ditore, Prishtina fajëson kompanitë për rrugët e papastruara ng bora, 15 January 2015

²⁴Daily Jeta në Kosovë, Bora paralizon vendin, Bujar Aruqaj, 26 January 2015

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minimum requirements for resources in possession. Contrary to all other municipalities that we have monitored, Prishtina paid most attention to technical and professional capacities of companies, by requiring a minimum number of staff members and equipment. The difference was more dramatic with the Municipality of Gjakova, which in fact did not require companies anything, and it only mentioned that companies need to have equipment and references. However, it seems that these were not sufficient either, considering the number of equipment, staff members, and division in four lots, and even after all this, the performance was poor. This should serve the municipality as a lesson learned for future contracts, to consider additional division in more lots and to require more equipment from companies that bid.

CONCLUSIONS

- In the diesel supply tender, the Municipality of Prishtina applied discriminatory requirements for smaller companies;
- In the tender for paving roads with concrete paving blocks, the Municipality asked for implementation of German regulation ZTV which is not applicable in Kosovo with any law or regulation;
- In the tender for paving roads with concrete paving blocks, the municipality has entered a contract with an operator that has lower prices than market prices (abnormally low prices);
- In the tender for road maintenance, the Municipality of Prishtina did not provide details in pre-measures and prices per unit and it made it more difficult for itself to monitor the contract implementation;
- In the contract for road maintenance, the Municipality faced with the lack of efficiency for clearing snow from roads.
- Monitoring of contract implementation in the Municipality of Prishtina is inefficient, especially in issues of fines for companies who did not complete the works in line with the contracts.

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THE MUNICIPALITY OF PRIZREN



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TENDER FOR ROAD MAINTENANCE

The Municipality of Prizren selected three private companies for the road, squares and pavement maintenance. This tender was divided into three lots and there were only three companies that bid. The value of this tender was about 56,000.00 Euros.²⁵ The companies that applied for the tender included Ekoregjioni, Shërbimi and Is-Company. The contract was awarded for a period of 36 months and it is a framework contract, which means that the total value of the contract is defined by the number of works in the field; therefore the value could be lower or higher, depending on the volume of works in the field. Contracts for road maintenance are very favourable for companies, since they provide financial stability. National and regional roads are of special interest, but within-city roads are also profitable for companies.

It is surprising that there was a low interest of companies to bid in the Municipality of Prizren. Only the companies that won the tender had originally applied. No other company submitted a bid. On the other hand, tender dossier was taken by five companies, and two of them did not submit their bids. Since the three business operators that applied were awarded with contracts, none of them submitted any complaint to PRB.

#	Name of the company	Number of roads	Price in €
1	Is-Company	27	16,136.00
2	Shërbimi	36	19,909.35
3	Ekoregjioni	27	16,136.00

Table 4 – Showing the Companies and the value of the Contracts they were awarded

The largest suspicion in this contract is full harmonisation of three business operators with regard to prices per unit. For clearing roads in Prizren, all companies applied with the same price, respectively 0.63 Euros per M¹ (metre in length). The second part of the contract is also identical in prices, since removal of the snow in villages was contracted at 40 Euros per hour of work. There was no difference in their bids among the three business operators in this case either. In the third part, i.e. maintenance of green areas, the price per unit is at 0.14 Euros per

²⁵Announcement for awarding the contract, with number 622 12 3171

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M² in all three contracts.²⁶

In addition to cleaning, washing and clearing the snow from roads, these companies also have identical prices in the other part of the tender related to sowing the grass, planting flowers and trimming trees. 1. Sowing grass at 1 Euro per M², planting seasonal decorative flowers at 2.5 Euros per M², planting low trees at 10 Euros per unit, trimming trees at 8 Euros per unit, and cleaning of Lumbardhi river basin at 20 Euros per M³. The only difference between these three contracts is that in the third lot there was an additional service contracted for other municipal services, i.e. services for the needs of the Municipality of Prizren for waste collection, placing flags, etc., which were very high lump sum values. For example, waste collection from the building of the municipality and their transportation to the landfills was contracted for 1,000 Euros a month, collection, transportation and deposit of solid waste from other locations in the city was contracted for 2,700 Euros per month, while placing of flags and their removal was contracted for 1,200 Euros per month.

This indicator is very concerning since it adds suspicions that the tender might have been fixed or business operators agreed in advance for applying with these prices. Whichever the case, agreement or tender set-up, both are prohibited as harmful practices. The probability that prices of all the three business operators are the same in so many categories by chance is almost impossible, since each of them got one lot, and at the same time they had same prices per unit in the main category of clearing roads. In this case there is a greater chance that businesses agreed, with or without the contracting authority being aware of it, to apply for the tender with prices and ways that are very profitable for the companies. But even if this has happened without the contracting authority being aware of it, as soon as the evaluation of offers had started, it should had been identified as a problem and the tendering procedure should have been cancelled and reopened. Since this did not happen, then subsequently it can be understood that the contracting authority agreed with the situation.

From the access to the bids of competing companies, we observed that they offered varied prices for the same works depending on the lots.²⁷ This happened to ensure that each company will win only one lot. Otherwise, it would be impossible that prices match by chance for all categories as they did. The practice of fixing prices is prohibited in public procurement, since it is in opposition with the principles of the Law on Public Procurement.

The lack of competition was also another indicator that something was wrong with this solicitation since for three lots or parts of this tender there were only three companies that

²⁶Contracts with business operators Is-Company, Shërbimi and Ekogjeni

²⁷The Municipality of Prizren has offered direct access in the bids of the business operators, i.e. in the viewing and analysis of them in the offices of the municipality, since the same, according to the municipality, were impossible to be offered as hard copies or in digital format

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problematic; therefore we made a simple comparison to prove the mismatch of data submitted by private companies to Kosovo institutions. For this sample, we compared results of the stock exchange submitted to the Municipality of Prizren by Petrol Company, and on the other hand we looked at prices from the stock exchange submitted by Graniti Petrol Company. Both companies submitted prices from the stock exchange for July, as average from PLATTS. What differentiates these two prices of stock exchange the way the price was calculated. While Petrol Company calculated the prices in the format with 11 units, where it listed initial prices, taxes, excise, etc., Graniti Petrol Company calculated the price in 15 units. The second and more important difference is the price of diesel without premium. In this case, since both companies have the same reference, i.e. PLATTS, the price should have been the same since both refer to the monthly average for July. However the difference is approximately four Euro Cents. In this case, Graniti Petrol Company has an average price of diesel at 1.14812 Euros, while Petrol Company has the diesel price without premium at 1.1092 Euros. Also, Petrol Company did not explain the transportation price, and it only refers to the charges from “UNMIK Customs Service” and it does not explain transportation fees. On the other hand, Graniti Petrol Company charges institutions with 1000 Euros fee for transportation of one fuel tank of 30.000 litres.

These data best reflects the the need for a centralized contract for fuel supply in order to avoid varied prices that budgetary organizations pay. However, until this happens through CPA, then one central public institution should be authorized to obtain and distribute the average fuel prices per month. In this way, state budgets would save a lot of money only by better coordination among state institutions and sharing of the information.

PPRC did not regulate the issue of tendering fuels and in this way there is no standard how the institutions should tender this product. Some Institutions require fix prices, some premium prices, some others premium prices which also includes the transportation price, etc. We consider that the field of tenders with diesel is somewhat chaotic due to the lack of regulations and respective legal basis to get supplies of this item, which in international markets may experiences drops and increases in prices. CPA, despite its legal responsibility, did not enter a centralized contract for diesel products, which would be easier to administer and control the price by supervisory institutions, and also get the value for the money spent.

All findings in this contract for fuels that were identified as sensitive issues in diesel also apply to the remaining portion of supply with gas, where the same premium price was applied and the same contract terms were defined.

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There was no quality defined in construction of manholes and water collectors forecasted in the tender dossier, and there was no specification with regard to the tons of weight they should be resistant to. Usually, when these issues are not defined in the tender dossier and the contract with the business operator, then products of poorer quality are used. In such cases, for the commission for technical acceptance of the works it is impossible to complete its work proportionally since the contract is not detailed enough. The value of the tender in this case is smaller and maybe this was the reason why the municipality did not pay much attention, but the works in the field should not be neglected since the costs are not investments of the municipality alone, they bear costs for businesses and citizens.

CONCLUSIONS

- Prices for the road maintenance tender in the Municipality of Prizren were fixed through agreement among the bidding companies;
- Competition in the tender for road maintenance was very low. Subsequently all three bidding companies won one lot each of the tender with same prices, for different lots;
- Diesel in the Municipality of Prizren is bought at a higher price than its price in retail market;
- Premium of the Contract for Diesel Supply is way higher compared to the price that other institutions pay for diesel;
- In the tender for diesel, there was a limited competition and it is likely that bidding companies agreed to apply with high prices;
- The contract for paving local roads with concrete paving blocks was entered at a lower price than the actual market prices. Supervision of the contract is required to guarantee the quality of the completed works, despite the lack of the standards in the technical requirements.

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CONTRACT FOR CONSTRUCTION OF PAVEMENT WITH CONCRETE PAVING BLOCKS

One of the three contracts analysed by KDI in the Municipality of Gjilan was the contract for construction of pavements, and repair of bus stop cabins in “Mulla Idrizi” street up to the primary school in Zabeli neighbourhood. This contract entered on 13th of October 2014 with an overall cost of 59,509.95 Euros³⁴, had a timeline of 60 days according to the contract for completion of works, and it is one of the three types of tenders we monitored in all municipalities.

A total number of 10 companies applied for this tendering procedure, out of which six were responsible, while four companies were declared as irresponsible by the Commission for the review of bids due to lacking documentation.³⁵ Responsible companies in this tender are as following:

Tender	Name of the bidding business company	Address	Bidding price in Euro [€]
1	NPN "VISION PROJECT"	Gjilan	82,106.00
2	COMPANY BEJTA COMERCE	Gjilan	92,062.46
3	"EL BAU" sh.p.k	Gjilan	83,656.00
4	NTP "BASS COM"	Gjilan	91,509.35
5	Sh.p.k "TEUTA-M"	Gjilan	59,590.95

Table 6 - Comparison of Bids for Concrete Paving Blocks received by the three companies in Gjilan

As it is seen in the table above, the winning company of the tender was the bid with the lowest price, i.e. TEUTA-M Company. It is concerning that the difference in price difference between the winning company and other companies that submitted bids in the tender is very high. The table shows that the difference between the winning company and the next lowest bid was 22,515.05 Euros, respectively 27.4% while the difference with the most expensive responsible bid was 32,471.51 Euros, respectively 35.3%. The difference between the other responsible bids varies in the range of 0.6% to 8.6%.

³⁴Announcement for awarding the contract with number GI 65 14 036 521

³⁵Report on assessment of tender bids with number GI 65 14 036 521

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The contract price per unit was contracted at 6.5 Euros per square metre (M²) of paving the roads with concrete paving blocks with thickness of eight centimetres (CM). This is a very low price, compared to market prices in general, where the prices for this item are on average range between 10-12 Euros per m². The cheapest price we have encountered and which was also considered as abnormally low was in the Municipality of Mamusha, where concrete paving blocks were contracted with a price of 5.6 Euros per M². On the other hand, the Municipality of Gjakova paid way higher prices for the same item at 16 and 18 Euros per M² for the same item. The price contracted by the Municipality of Gjilan does not guarantee quality and completion of works within the set timelines. However, in these cases, we recommend to the Municipality to pay special attention to the supervision of works in quality and time frame and in case of problems, they should apply forecastthe foreseen fines up to confiscation of the performance security of the tender. Furthermore, the Municipality of Gjilan currently did not hire any professional services for supervision of works and this has to be done by the municipality staff, and thus it will be more difficult to track successful completion of works and monitoring of contracts.

Meanwhile, it is worth mentioning that the tender dossier developed by the municipality was much more precise than those in other monitored municipalities. Through the dossier, the chances for companies to cheat with the prices per unit were minimized. The only issue in this case was the abnormally low price, which procurement officers and the directorate that developed the tender should have known that it does not guarantee that the contractor will perform a qualitative work and that the prices are not in line with those in the actual market.

*The Municipality of
Gjilan has two
contracts for the same
item*

CONTRACT FOR DIESEL SUPPLY FOR HEATING FOR ALL SPENDING UNITS IN THE MUNICIPALITY OF GJILAN

This is the second contract that was analysed in this report. The Municipality of Gjilan has entered two contracts for the same item with the same business company and furthermore at the same price.³⁶ The contract for diesel supply for heating for all spending units in Gjilan was entered on 10 October 2014 which will be distributed according to the orders from the Contracting Authority to: the Directorate of Education, MFMC, Mayor's Office and other spending units of the municipality. In the announcement for contract there were three bidders

³⁶ Announcement for awarding the contract with number GI 651 14 063 121

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Tabela 1. Vlerat Fikse dhe Variabile.			
Data- 30.11.2014		NENTOR / 2014	Vërejtje!
Lloji I Derivatit		EURO DIESEL	
Kursi mesatar mujor I dollarit		0.8018\$=1.2472	
Pesha specifike variabile në Kg/Litër (1,000 Kg=1,1910 L)		Litra 1.1910	25 Tx1.191L= 29,775L
Çmimi mesatar mujor I Euro Dieselit në Dollar/Ton.		\$736.76	
Akciza e Euro Dieselit për Ton.	€ 360.00/T	0.360 euro/litër	
Transporti për maune nga Dogana,rruga Shqipëri-Maqedoni-Kosove		500.00 Euro	
Premiumi I rafinerise vlera shtesë nga çmimi mesatar botëror për T		\$49.00	
Premiumi I operatorit fitues,I shprehur ne euro për litër		0.000 euro	

Tabela 2.Përlllogaritja e Çmimit kushtues për euro/diesel.

Përlllogaritja	Vlerat monetare	Njësia	Statuti	Përshkrimi
A	0.73676	/kg	Variabil	Çmimi CIF i Platts-it.
B	\$ 0.0490	/kg	Fiks	Premiumi I rafinerisë mbi Platts.
C=A+B	0.78576	/kg	-	CIF Platts+Premiumi I rafinerisë.
D	1.2472	-	Variabil	Çmimi mesatr mujor I \$/€.
E=C/D	0.63002	/kg	-	Çmimi pa transport.
F=E/1.191	€ 0.5290	/liter		Çmimi për Kg I konvertuar në Lit.
G	€ 0.0168		Fiks	Transporti € 500/29,775 L
G1	€ -		Fiks	Taksa rrugore 100€/Maune.
H=F+G+G1	€ 0.5458			Çmimi bazë pa shërbimet doganore
J	€ 0.3600	/liter	Fiks	Akciza 0.36 euro/litër.
K=H+J	€ 0.9058			Çmimi bazë për kalkulim pa TVSH
L=K*18%	0.1449		Fiks	Tvsh-ja për litër.
N=K+L	1.0507	/liter		Çmimi total pa Premium
P	0.0000	/liter	Fiks	Premiumi i operatorit për litër
O=N+P	1.0507	/liter		Çmimi kushtues

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Table 7 – A snapshot of Pertol Company's Invoice to the Municipality showing the price Calculation

TENDER FOR WINTER MAINTENANCE OF ROADS IN THE TERRITORY OF THE MUNICIPALITY OF GJILAN

The Municipality of Gjilan on 23.02.2015 entered a contract with Zuka Commerce sh.p.k from Gjilan, which was the winning company of the tender for winter road maintenance in the territory of the Municipality of Gjilan. Through this contract, the Municipality contracted the clearing of roads from snow and ice. The tender was divided into two parts, in that of maintaining roads in the city where all the asphalted city and village roads will be cleared, and the other part of the tender is that of maintaining rural roads in villages and neighbourhoods where roads are with sand. The subtotal price for the first part was 35,111.00 Euros and the subtotal price for the second part was 23,900.00 Euros. The total value of the tender is 59,011

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Municipality of Gjilan violated the legal provisions by favouring some businesses and eliminating competition, and for not treating all business operators equally.

References of Zuka Commerce company according to the contract with the Municipality of Novobërda for services that the company implemented in the previous three year period for the winter road maintenance tender. El-Bau considered this reference as invalid since they had made the request tho the Municipality of Novobërda to have access to office documents or invoices and none of these were provided. But in this case the complaint was rejected by PRB since, according to the review panel, all business operators that submitted their bids were responsible.

Winter road maintenance	Price per unit for Lot I	Price per unit for Lot II
Supply of sand, loading, transportation and distribution	3 Euro m ³	5 Euro m ³
Staying on duty call for 24 hours	20 Euro/day	35 Euro/day
Loader	30 Euro/hour	5 Euro/hour
Levelling Machinery	30 Euro/hour	50 Euro/hour

Table 8 – Showing price differences between Lot 1 and Lot 2

Even though the same business operator Zuka Commerce won the tender in both lots, the table shows there is a big difference in prices in the section for winter maintenance of roads in city versus rural areas. The section on road maintenance in the city, the sand supply, loading, transportation, and distribution has a cost per unit of 3 Euros m³, while in the second lot, road maintenance in rural areas cost 5 Euro per m³ per unit. This shows that the difference is 2 Euros per m³ per unit more expensive, respectively 40% per unit price. On the other hand, the calculation of price for the average time on duty call for 24 hours that applies to only one truck in the first lot is 20 Euros per day, while in the second lot the duty call for 24 hours applies to a vehicle and costs 35 Euros per day. The difference between the lots is 42.8% which is very high.

Also, other differences were found in the way the prices were calculated for the levelling machinery and loader. Levelling machinery per unit in the first lot is calculated at 30 Euros per hour, while in the second lot the cost is 5 Euros per hour. Here there is a large difference in

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prices since in the first lot for city roads the price is at 25 Euros per hour, respectively a difference by 80% on the unit price. The loader also is paid in the first lot for 30 Euros per hour per unit, while in the second lot for 20 Euros more, which means it is 50 Euros per hour, respectively 40% unit price difference.⁴¹

Pre-measures and estimated costs for the Municipality of Gjilan were developed in a very good way since the works are calculated on per hour or on square metre (M²) basis and these are in line with the tender dossier.

CONCLUSIONS

- The Municipality of Gjilan entered two contracts for diesel and this constitutes a harmful precedent;
- The Premium price of 0.0001 Euro per litre for both contracts for supply, the one for fuels for generators and the one for heating purposes, for all spending units of the Municipality of Gjilan is an abnormally low price;
- The low price for both contracts for diesel supply is prohibited by the procurement law;
- The contract for paving the pavement with concrete paving blocks per M² risks that the works are not completed at required quality;
- The tender for winter road maintenance had two complaints to PRB during the tendering period;
- The business operator ZUKA Commerce won both lots of the tender, but there was a large difference of unit prices in lots for the same type of works.

⁴¹Contract of the business operator Zuka Commerce with the Municipality of Gjilan for winter road maintenance 2015

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calculated for almost double the premium they pay for one litre of diesel.

The issue of diesel price calculation from municipality to municipality shows that this is an issue that is affecting municipalities to lose the value for the money and also the competition in this sector is unfair. Furthermore, central institutions of public procurement are great contributors to this issue by not specifying a detailed format of tendering diesel, by not adopting a regulation for this type of tenders, and by not giving municipalities' access to diesel prices from the international stock exchange.

The municipality in all cases leaves room to better design tender dossier, the format of evaluation and the format of charging the price. Subsequently, the majority of the Kosovo municipalities pay the item at a higher price than its actual market value. When we add to this the fact that the municipalities spend thousands of Euros for this item for heating and vehicles, the price is unreasonable. In every instance when the municipality pays for one item more than its market value, it poses a procurement failure and lost of reason to have a contract with business operators.

Scoring of business operators is also a problem in itself, which may bring the situation in which the most expensive business operator may win the tender, as a result of the game in which the tender dossier is developed as well as how the points are assigned. In this contract, in addition to diesel, gas, motor oil, and windshield water were also included. All quantities of the pre-measure were set to one. Businesses in this way could have bid with minimum prices for other items and increase the value for diesel, since this is the main article and pre-measure were not realistic. In this way, based on points a business operator might turn out to have a low price, but during the contract implementation, the municipality would lose money due to non-professional design of the tender dossier. Pre-measures would have to be forecasted with realistic amounts to be spent, based on the historical data from the previous years, and in this way the prices of business operators would reflect prices in actual units and estimated quantities. The five items should have been divided in lots, or at least in three lots, by separating diesel, gas and other items such as oils, windshield water and anti-freezing water. If this would happen, the municipality could choose among the best bids for each item, since for five items, these two companies would bid with prices that would be different and more favourable for the municipality.

However, the Municipality in this case could have included a clause in the tender dossier or in the contract with the business operator, which irrespective of the diesel price in the international stock exchange and prices for the item in wholesale market, the price that the municipality pays would not exceed the price for diesel in the retail market. In this way, regardless of the documents that the company would bring to the municipality, the

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municipality would ensure that the item is paid at least at the retail price, and not as it happens now, when the municipality pays for the item more than it costs in the retail market.

TENDER FOR CONSTRUCTION OF ROADS AND PAVEMENTS WITH CONCRETE PAVING BLOCKS

The tender of the Municipality of Gjakova for construction of roads and pavements with concrete paving blocks is a one-year contract. This tender does not refer to any project in particular. The municipality has entered a contract without having an object of the contract. The project does not have pre-measures and the value is only estimated at 500.000,00 €. ⁴⁵ Furthermore, in this project the prices for concrete paving blocks are much higher than actual market values. The commission for tender evaluation recommended that the tender is cancelled, since the prices of the bidders were not in line with market prices, but the municipal authorities went ahead and signed the contract anyway. Differences in prices is another issue that is present in the concrete paving blocks tender, since the lowest bid was at 68.20 Euros, while the most expensive bid was at 1,059.65 Euros. The difference between bids is very significant and it shows the flow of this tender.

In public procurement practices in Kosovo, all tenders for contracting works are announced for specific projects. In this way, one contract is entered for each project and subsequently this allows for competition in the sector. The Municipality of Gjakova for one year gave the monopoly to “Beni” company to pave every road that requires concrete paving blocks. This framework contract, without having specific projects, was entered to meet the needs of the mayor in order that the works in the field are executed as easy and as fast as possible, in case of electoral campaigns. In this way, the Mayor may pave any road with concrete paving blocks, without needing a specific tender. This shows that at this time the municipality operated without planned projects and works were completed according to the political needs and not according to development plans.

All pre-measures of the project are set at one, which means that actual pre-measures and the needs of the municipality are not known, i.e. how many concrete paving blocks and at what thickness and the number of other items needed for the construction of roads, which are secondary items, are not known. The business operator is given much room to manipulate with prices per unit. In this way, the prices for concrete paving blocks are very high, at 18 Euros per M² for concrete paving blocks with thickness of 6.0 centimetres (CM), while those with

⁴⁵Announcement for awarding the contract, number 632 13 003 511

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thickness of 8.0 centimetres cost 14 Euro.⁴⁶ The tender dossier has about 30 other positions which in most cases were bid at minimum price of 0.10 Euros or 0.20 Euros. This shows that the business operator has planned to pave all roads with concrete paving blocks of 6.0 cm and in this form charge the municipality as much as possible through this contract.

Compared to two previously monitored municipalities, Mamusha and Prizren, which had a price for concrete paving blocks at 5.6 and 8 Euros, Gjakova pays the highest prices for the same service. By inflating prices excessively in certain items, where the business operator knows that large quantities of the item will be used (as is the case with concrete paving blocks in this tender), the final price of the project may turn out to be way more expensive than it seems initially in the bid of the business operator. This happens because the concrete paving blocks in these cases are used way more than all other items taken together, where the company bid with 0.10 or 0.20 Euros. This means that in the cases where the prices per unit are used in the framework contracts, the competition is not fair and honest since the lowest bid actually may turn to be the most expensive.

The commission selected by the municipality recommended that the tender procedure is cancelled due to mismatch of bid prices with the actual market prices.⁴⁷ However, the commission considered that the prices are very low, avoiding the high prices in some of the categories where the municipality would spend the most. Due to wrong development of the tender dossier, with or without purpose, it allowed room for business operators to bid in such a way that the prices per unit are not necessarily the cheapest in the total price of the contract. In this way, in addition to harming the budget of the municipality, such businesses also harm the fair competition.

Business operator Beni complained to PRB for cancelling the tender and it won the case, and thus the municipality was ordered to sign the contract with this business operator, regardless of the fact that the prices were harmful.⁴⁸ Because of how the scoring system is set up, a business operator, who in all positions set realistic bid prices, in this case would be more expensive in terms of the bid. The tender dossier should forecast the quantities needed for the items, in order that the inflated prices in the categories where a lot of items are used would be reflected in the overall value of the bid. It is unheard of that there is the same number of manholes and concrete paving blocks. In a road where concrete paving blocks are used to pave it, it takes about 5 to 10 manholes on average depending on how long the road is. On the other hand, the quantity of concrete paving blocks used is way higher and this should be reflected in the pre-

⁴⁶The contract of the Municipality of Gjakova with business operator Beni

⁴⁷Report on tender evaluation, number 632 13 003 511

⁴⁸Complaint of business operator Beni to PRB, number 65/13

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measures of the tender dossier.

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TENDER FOR WINTER ROAD MAINTENANCE

The tender for winter road maintenance of the Municipality of Gjakova entered in 2012 was divided into two lots. This tender of the municipality of Gjakova, the same as the previous two tenders, had several problems associated with it, and as a result it harmed the budget of the Municipality. First, the tender dossier of the project was not designed appropriately and professionally since it left many gaps and did not have clear specifications. Pre-measures of the tender were also developed in a wrong way. The work of the companies was measured in length per kilometres and not in work hours or square meters, as it is usually applied in the tendering of road maintenance. Also, the prices of this tender are very high and do not match the market prices for road maintenance, i.e. clearing roads from snow. Furthermore, the municipality of Gjakova, in the tender dossier did not forecast the required technical equipment that companies shall possess in order to complete their work successfully.

The two winning companies were Çabрати Company, for the first lot, and Lekaj Company for the second lot. Both of these companies are from the municipality of Gjakova and it is a coincidence that the name of one of the winning companies corresponds to last name of the former Gjakova Mayor, under whose authority the contract was signed.

Roads of the Municipality of Gjakova are described in the tender dossier in square metres (M^2), however it was requested that in their responses companies bid in kilometers for clearing the roads.⁴⁹ This means that regardless the width, the company offered its price for road clearing per kilometre in two categories. The first category is for salt spreading, which is a common practice since all roads are cleared in this form, with the exception to unasphalted roads. In the second category, it was requested that an offer is submitted for clearing roads without salt spreading. The problem with this way of compiling the tender dossier is that the municipality changed the standard format of using work hours as a measuring unit, and which is applied by the Ministry of Infrastructure, or the other standard of measuring the street cleaning per square meter of services delivered. The municipality in this way invented a new way of developing premeasures in the tender dossier and scoring system for the bidders. Actually the Municipality of Gjakova was a special case in the three tenders analysed since there were essential differences with the tendering standards applied in Kosovo. The same as in two previous cases, this time too, the varied standards were damaging to the municipal budget. Furthermore, the tender dossier did not require companies to meet specific requirements regarding technical and professional suitability. There was no requirement for a certain number

⁴⁹Tender dossier for road maintenance in the Municipality of Gjakova, number 632 12 078 221

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- Out of three analysed tenders, the Municipality of Gjakova had tender dossiers that did not comply with Kosovo's standards and legislation;
- The Municipality of Gjakova had problems with high prices in three analysed tenders;
- The way the diesel price was calculated in Gjakova damaged the budget of the municipality;
- The way the scoring system and prices are calculated in tender dossiers is wrong, because the bids with lowest price may be more expensive during implementation as a result of the game played with prices per unit;
- Tender for concrete paving blocks violated the Law on Procurement, since one business operator was contracted to pave all the roads of the municipality without specific plans and without any specific value of the contract;
- Tender for concrete paving blocks is a tender with very high prices in two units
- Tender for winter maintenance of roads in the municipality of Gjakova is a tender with very high prices and it has damaged the budget of the Municipality.

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MUNICIPALITY OF MAMUŠA



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litres.⁵⁷ On the other hand, other companies calculate the price for the same service at 500 – 1000 Euros per fuel tank. At PPRC, they agree that the issue of contracts for diesel supply is not regulated sufficiently by the secondary legislation, since there are no regulations and procedures available. On the other hand, this has enabled institutions and businesses to have more room to increase the value of contracts of this nature. Institutions work with stock market prices despite the fact that they don't have access to the stock market and they trust the prices that are submitted by private companies.⁵⁸

Another company with which we compared diesel prices, "Graniti Petrol", which also won several tenders in municipalities, calculated the price for diesel transportation at 1000 Euros per 30,000 litres. The same quantity of diesel and the same service is charged to institutions are highly varied prices. The core problem with the diesel transportation price is that it is not part of the evaluation of bids. The higher the price of the diesel transportation does not harm the company and it does not diminish its chances to win the contract. On the other hand, the premium may be low or reasonable, and the diesel price could still be expensive compared to market prices. Kosovo institutions, in this case the Municipality of Mamusha, do not have access to diesel prices in the international stock market, and it is impossible to monitor price variations. Prices submitted by private companies may also be accurate and valid, due to lacking of comparable data, there is a possibility that those prices are inflated.

PPRC did not regulate this field with secondary legislation despite the high value of diesel contracts entered with all institutions. The lack of legal provisions has affected that various budgetary agencies enter various contracts; some based on premiums others in fixed prices, which may be reviewed in cases when prices in the international stock market go through big changes. CPA, despite its legal responsibility, did not enter a centralized contract for diesel products, which would be easier to supervise and control the price and quality by supervision institutions, and it would get the value for the money.

In other items of this contract, there are same issues, since the items are more expensive than the prices in retail market. The municipality in these cases shall be careful so that the products that are offered do not exceed the price of the same in the retail market. Thus, the contract for diesel supply also includes the supply with motor oils, where the price per litre is 8 Euros, the windshield water is 1 Euro per litre, and anti-freeze water is 2.5 Euros. All prices in this contract are slightly higher than prices in the retail market.

⁵⁷ Bill of payment for diesel for June 2014, together with monthly average price of the PLATS stock market

⁵⁸ Personal interview with Avdyl Limani, Department of Regulations at PPRC, on 08.10.2014

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PAVING THE LOCAL ROADS WITH CONCRETE PAVING BLOCKS

The second contract analysed by KDI in the Municipality of Mamusha was the contract for paving roads with concrete paving blocks. The purpose of analysing this contract is that through this report, the differences in prices and requirements defined in the application in the tender dossier for businesses are observed. The value of this analysed contract is 34.556,40 Euros⁵⁹, which a relatively high value for the budget of the Municipality of Mamusha.

Contrary to previous contracts, where the municipality entered a contract with a higher price of the product than its price in retail, in this tender the prices are below the average of the Kosovar market. In this case, the business operator bid with a minimum price or without any profits at all, if the pre-measure of the tender dossier represent the actual situation in the field. To have competitive prices, it seems that high interest of companies to bid for this tender had the largest influence.

For this tendering call a total number of eight companies applied, out of which five were responsible, while three company were considered as irresponsible by the commission for the review of bids, due to lack of documentation. Responsible companies in this tender included:

Bidders	Name of the business operator	Address	Price in €
1	N.N.SH. CO-ING	Prishtinë	43,186.80
2	Flori SHPK	Suharekë	34,556.40
3	NPT Bamirs	Suharekë	60,204.00
4	Erst-Bau SHPK	Suharekë	43,408.20
5	NPN Renelual Tahiri SHPK	Prizren	50,390.40

Table 9 –Comparison of Bids for Concrete Paving Blocks received by the in Mamusha

As it is shown in the above listed table, the difference between the winning company with all others that submitted bids is very large. All bids were within a competitive range although the

⁵⁹ Announcement for granting the contract, with number 626 14 010 521

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CONCLUSION

Fuel supply contract:

The contract for diesel and other fuel supplies was entered with a company that offers diesel at a higher price than the price of the item in retail in the market;

The inflated transportation price contributed to the increased diesel price, which for a fuel tank of 30,000 litres, is calculated at 3000 Euro. The same quantity of diesel and the same service is calculated at varied prices for different institutions;

The municipality of Mamusha has entered a contract with abnormally low price per M² which risks that the work in the field is not delivered qualitatively and in line with requirements set by the municipality.

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KDI is non-governmental organization (NGO) engaged to support democracy development through citizen participation in public policy making and strengthening the civil society sector with aim to increase transparency and accountability of public institutions.

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