

After winning the procurement contract with the lowest price, the economic operator is put in the situation to modify the contract, because the estimated costs do not correspond to reality

In 52% of public procurement cases, the authorities award the contract to the economic operator submitting the lowest price offer. These are the data from the study "The shortcomings of the public procurement system. Abnormally low bids in works procurement procedures", prepared by expert Vadim Turcan at the request of the National Confederation of Employers of the Republic of Moldova. The document was presented at the end of July in the framework of the working group Reduction of Informal Employment and the Phenomenon of "Wages in the Fold" of the Economic Council under the Prime Minister of the Republic of Moldova.

The author of the study argues that after winning the procurement contract with the lowest price, the economic operator is put in the position of having to amend the procurement contract because the costs in the contract do not correspond to reality, or it resorts to carrying out work of very low quality. "And this leads to a situation where the construction does not even manage to be completed, because it already needs repair," Pavel Caba, president of the Employers' Federation of Builders, Road Builders and Manufacturers of Construction Materials ("CONDRUMAT"), told the debate.

According to the same study, the lowest priced bid, at least in the construction sector, that wins the public tender contributes to the informal payment of wages to workers on site. That's because the bidder - the economic operator - includes in the offer a wage of only about 40% of the actual wage, but, say construction industry representatives, no worker will come to the site with such a remuneration. The experts assumed that the rest of the money could be paid "in an envelope".

"The main shortcomings attested to the acceptance of an "abnormally low tender" are: low capacity of contracting authorities to carry out due diligence at the tender evaluation stage, project documentation with insufficient quality of detail, shortcomings in building regulations and codes of practice with regard to the determination of the cost estimate, and high discretion for economic operators to determine the formation of the tender price," the author notes in the study summary.

The expert proposes to amend the Public Procurement Act to remedy these and other sensitive points in the public procurement law. It is proposed that for public procurement of services, which concern intellectual activities, the award criterion should be the best value for money and not the lowest price, as is currently the case. The Study's recommendations will be submitted to the authorities for consideration when drafting amendments to the law, which are currently in the process, Finance Ministry representatives announced at the meeting.

The results of the study and their recommendations can be found [here](#).

Source of information: [economic council under the prime minister of Moldova](#)