


COVID-19 PROCUREMENTS IN THE SPOTLIGHT



**First semi-annual monitoring report on public procurements
related to COVID-19 protection in 2021**

A large, light blue, stylized graphic of a virus particle, resembling a coronavirus, is centered in the background. It features a circular body with a cross-like shape in the center and several smaller circles around the perimeter, connected by lines.

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Skopje, February 2022

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KEY FINDINGS

In-depth monitoring of public procurements related to COVID-19 protection has detected a number of key problems and corruption risks, as follows:

- ▲ General conclusion from this monitoring effort is that COVID-19 public procurements in 2021 have been plagued by many problems and corruption risks, although institutions had an entire crisis year (2020) to gain relevant experience.
- ▲ Although they have procured same goods, services and works, there is no alignment/harmonization among institutions in respect to description of these procurement subjects. This was observed even among institutions that have same or similar needs (e.g., clinics, COVID centers, administration bodies, etc.).
- ▲ Prices at which goods were procured are highest in tender procedures presented with only one bid or only one acceptable bid after the bid-evaluation process resulted in exemption of other bids. This situation is best represented by tender procedures for procurement of protective gloves that were marked by competition and resulted in unit price of 2.43 MKD, while tender procedures presented with only one bid have attained unit price of 11.21 MKD.
- ▲ Often there is no correlation between the price and the quantity of procured goods in the sense of attaining lower price for higher quantities and vice versa. Hence, 5,000 respiratory masks N95 were procured at the price of 9.73 MKD, while the procurement of 60,000 masks with same specifications attained a unit price of 41 MKD.
- ▲ Oftentimes, the procurement's estimated value is several times higher than prices attained on the tender procedure or actual market prices. This is indicative of unrealistic procurement planning that could imply high risk provided that contracting authorities are purposefully leaving space for signing contracts at unrealistically high prices to accommodate corruptive behavior and action.
- ▲ Not a single public procurement from the monitoring sample has complied with the law-stipulated obligation to provide detailed elaboration of procurement needs in the sense of explaining why the institution needs goods/services/works in indicated quality and quantity.
- ▲ Some tender procedures are concealing discriminatory elements in detailed and voluminous descriptions of procurement subjects, although the standard indicated therein does not include all characteristics enlisted.
- ▲ 20% of tender procedures included exemption of bids, whereby 26 from total of 93 bidders had been exempted, accounting for around 28%.
- ▲ As regards performance of public procurement contracts, the focus is put on material and financial aspects, with little or no consideration concerning quality of delivered goods/services/works. This monitoring effort observed cases in which contracting authorities have procured quantities that are significantly higher than those planned.

INTRODUCTION



Significant corruption risks in public procurements existed before the coronavirus pandemic, mainly due the fact that states spend enormous sums of money to procure goods, services and works needed for performance of different state functions. However, these risks have multiplied under conditions of state of emergency declared in the light of the global pandemic, mainly due to general shortages of necessary goods, required speed for implementation of COVID-19 tender procedures and protection of human lives.

That has resulted in predominant organization of tender procedures with direct negotiations, most of which included negotiations with one company, and only a handful of institutions complied with legal provisions on ex-post transparency, i.e. publication of contracts signed under this type of procedures within a deadline of ten days from contract award. Way into the health crisis, monitoring of public procurements observed major differences in price paid by different institutions for procurement of identical goods. Procurement contracts are scarce in content, lack details about goods procured, quantities thereof, and individual prices attained.

Having in mind the low efficiency of institutions in respect to prevention of corruption in public procurements, monitoring performed by non-governmental organizations whose findings reached out to great portion of citizens through the media has proved to be an efficient tool for reducing abuse and malpractices. Such pressure has resulted in increased number of companies invited to participate in tender procedures with direct negotiations; decreased use of these non-transparent procedures, and increased number of tender procedures that publish relevant contracts within the law-stipulated deadline of ten days.

After the relative chaotic year of 2020, 2021 is the second consecutive year that features public procurements for COVID-19 protection. In particular, the monitoring shows continued presence of many

weaknesses in public procurements initially identified at the pandemic's onset and peak. However, old weaknesses are now complemented with new problems, some of which are specific to this type of procurements, while others are general problems that have persisted in the field of public procurements.

In the meantime, the government had failed to, directly or indirectly i.e. through the Ministry of Finance, intervene in the method applied for implementation of public procurements related to the COVID-19 crisis or in the system of public procurements during the pandemic. Efforts were not made to organize large-scale centralized procurements and there was no proactiveness in providing instructions and guidance for state institutions when procuring goods, services and works for coronavirus protection.

It seems that any country, but especially those with limited public funds such as North Macedonia, cannot afford further "loss" of significant funds under the veil of chaos, speed and human lives protection. At the beginning of the third consecutive year marked by implementation of COVID-19 public procurements it is high time for systemic measures to be taken towards more cost-effective public spending, not only in the light of the ongoing crisis, but also for possible future crisis of similar or different nature.

For that reason, this in-depth monitoring effort maps corruption risks in public procurements related to COVID-19 protection and provides a solid baseline for further activities by independent institutions in the country, such as the State Commission for Prevention of Corruption and the State Audit Office, and attempt to generate greater public pressure for improved integrity in this type of procurements. The second objective is to initiate policy dialogue on improving the process of public procurements for this purpose at times of crisis.



RESULTS FROM MONITORING PUBLIC PROCUREMENTS RELATED TO COVID-19 PROTECTION

This report is based on in-depth monitoring of 40 public procurements for goods, services and works related to COVID-19 protection whose contracts were awarded in the first half of 2021, i.e. in the period from 1 January to 30 June 2021. Targeted public procurements represent 38% of all COVID-19 tender procedures organized in the analyzed period (total of 106 tender procedures). The value of these tender procedures accounts for 5.7 million euros, i.e. 36% of cumulative value of all COVID-19 public procurements organized in the analyzed period (15.7 million euros).

This effort implied in-depth monitoring of public procurements and detection of corruption risks in all stages of public procurements, from procurement needs assessment and planning, through organization of procurement procedures, to contract award and performance.

General conclusion from this monitoring is that, after an entire crisis year (2020), COVID-19 public procurements in 2021 have been plagued by many problems and corruption risks, from start to end of public procurement cycles. An impression is gained that some institutions appear to abuse the overall vulnerable situation focused on saving human lives and organize tender procedures that do not instill confidence that all possible actions have been taken to obtain the best value for money spent.

Most problems observed during monitoring of COVID-19 public procurements are interdependent and interrelated, intentional or unintentional, and are made as part of complex tender procedures and situations, sometimes hidden in the details, and other times being clear and evident.

▲ **One of key monitoring findings concerns the fact that, although they have procured same goods, services and works, there is no alignment/harmonization among institutions in respect to description of these procurement subjects. This was observed even among institutions that have same or similar needs (e.g., clinics, COVID centers, administration bodies, etc.).**

For example, clinics or COVID centers that needed same type of protective gloves provided completely different description of this procurement subject, resulting in the impression that they are purchasing completely different protective gloves marked by major differences in price.

On the other side, two different institutions (one of which is healthcare facility and the other is state administration body) requested same type of gloves although they do not have same needs. Identical examples are also observed in respect to procurement of protective respiratory masks.

Although institutions provided different descriptions of protective gloves to be procured, prices they have attained did not depend on such descriptions, which means that detailed and more specific description of protective gloves does not necessarily imply higher price for such procurement, but rather the opposite.

Description or level of details in description of procurement subjects had no role in prices attained, which is also the case with other requirements and eligibility criteria, such as submission of samples, catalogues and photographs of relevant goods that are subject of procurement.

Such examples are noted among procurement procedures for protective gloves, one organized by hospital and another by ministry. In particular, the hospital requested 200,000 gloves and provided the following description: *medical examination single-use gloves, made of 100% nitrile (acrylonitrile-butadiene), in S, M, L and XL sizes, without talk, color blue, maximum permeability AQL ≤ 1.5 ; wall thickness in the palm area of 0.10 mm metered individually, wall thickness in the finger area of 0.13 mm, wall thickness in the wrist area of 0.7 mm, tearing strength $\geq 14N$, length of minimum 240 mm, smooth texture surface and micro granulated surface in upper finger area (ease of use /not slippery), registered as personal protective gear “pursuant to PPE Directive 89/686/EEC, third category of high risk”, anatomic shape (gloves should be easy for pitting on, the cuff should hold, i.e. gloves should not be sliding down from the wrist or from the fingers), ambidextrous and manufactured in compliance with the standard ASTM D3577/EN 455.*

On the other hand, the ministry requested 300,000 protective gloves and provided the following description: *single-use gloves, without talk (M and L) and with talk (M and L).*

On top of that, the hospital requested bidding companies to provide approval for market placement of drugs and medical aids, import certificate and glove samples, while the ministry only requested an indication of manufacturer and country of origin.

Finally, despite major differences in description of this procurement subject and requirements, both public procurements attained an identical unit price of 11.21 MKD. Both tender procedures were presented with only one bid each.

An opposite example is observed with procurement of protective gloves organized by other two institutions with different functions, i.e. clinic and state administration body. Both institutions requested almost identical gloves, but attained different prices in spite the fact that they needed identical quantities.

Both institutions needed non-sterile gloves, without talk, made of latex or nitrile, in an array of sizes. The first institution, i.e. state administration body, did not include any additional conditions for this procurement and attained unit price that is by 45% higher than the price attained by the other institution, i.e. the clinic, which requested bidding com-

panies to provide market placement decision, samples and photograph of protective gloves.

The monitoring sample included three similar tender procedures, all related to services for water supply and sewage installations at modular hospitals. Only of them included detailed description of procurement subject, while the other two included vague description in spite of the fact that they concerned procurement of construction works. Finally, two of three procurement procedures were presented with one bid each, and the third procedure was presented with four bids, but the electronic action organized as the final stage did not include additional price reduction. What is common for all three tender procedures is the fact that they attained prices that are identical or close to the procurement’s estimated value.

▲ **Some tender procedures are concealing discriminatory elements in detailed and voluminous descriptions of procurement subjects, although the standard indicated therein does not include all characteristics enlisted.**

Example of this practice is identified in the procurement organized for 200,000 single-use medical examination protective gloves where the multitude of technical specifications for protective gloves required them to be of blue color. The question about the effect of the gloves’ color on their functionality remains unanswered. This is the only monitored tender procedure that requested gloves of particular color.

Another procurement description, also concerning protective gloves, included a list of 16 specifications, one of which referred to “chlorated from the inside for ease of putting on gloves” although there are other methods for gloves to comply with such requirement. It remains unclear why this institution did not only refer to “ease of putting on gloves”, but had to refer to the method that facilitates such feature of gloves.

Nevertheless, while descriptions for each of these procurements referred to standard or certificate related to the procurement subject, corresponding technical specifications abounded in detailed characteristics that are an integral part of the referred standard or certificate. This practice exposes public procurements to manipulations and abuses. First, the multitude of details could easily conceal some discriminatory elements. Second, that would make it easier to reject particular bids that are not accompanied by sufficient evidence on fulfilment of all characteristics

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required. Third, this type of procurements are formal in the meaning that public procurement committees do not have any means to verify whether the procurement subject meets all these characteristics.

This could have been avoided if tender documents required a particular standard for relevant products and adequate certificate on standard compliance.

As regards other requirements, it should be noted that some institutions requested bidding companies to provide samples, catalogues, photos or product certificate for procurement of very small quantities, while other institutions did not request samples or other means for product inspection before they are purchased, although the quantities implied are significantly high.

Not a single public procurement from the monitoring sample has provided an elaboration on requested quantity, quality and other procurement elements.

The handful tender procedures that actually provided justification of procurement needs, which is law-stipulated obligation for contracting authorities, mainly concerned elaboration of the need for organization of public procurement as urgent procedure and the need for specific procurement subject.

As it could be expected, the urgent need concerned COVID-19 and protection of human lives. Nevertheless, these justifications are missing couple of sentences related to required quantity and quality of procurement subjects. If institutions had at least attempted to elaborate the procurement need for specific type of protection gloves, they might have understood that there is no need for all elements to be enlisted in tender specifications. In turn, tender procedures would be less liable to “rigging practices”. The same is valid for quantities requested.

Only 20% of monitored public procurements have published law-mandated notifications on contract performance, although procurement contracts have been completed long time ago. As regards performance rate of tender procedures for which relevant notifications are published, individual performance estimates range from 36% to 100%.

▲ **As regards prices, this monitoring shows they are highest in tender procedures presented with only one bid or only one acceptable bid (after the bid-evaluation process resulted in exemption of other bids).**

Example of this is seen in tender procedures for procurement of protective gloves.

Institution	Description	Specific characteristics	Requirements	Quantity	Price attained at e-auction or final price (MKD)	Number of bids
PHI General Hospital – Prilep	Nitrile gloves	Yes	Yes	200,000	11.21	1
PHI General Hospital – Prilep	Nitrile gloves	Yes	Yes	300,000	11.21	1
Ministry of Interior	Single-use protective gloves	No	No	300,000	11.21	1
PHI University Clinic for State Cardiac Surgery	Single-use protective gloves	Yes	Yes	141,000	10.03	1
Customs Administration	Protective gloves	No	No	120,000	9.44	1
PHI University Clinic for Endocrinology – Skopje	Examination gloves	Yes	Yes	42,000	8.26	1
PHI Healthcare Centre – Berovo	Gloves	No	No	45,000	7.00	4
PHI University Clinic for Urology	Non-sterile gloves without talk	No	Yes	120,000	6.49	2
Cabinet of the President of RNM	Medical gloves	No	No	3,000	2.43	11

It is evident that initially companies offer higher prices in expectation of electronic auctions when these prices are reduced for the contract to be awarded to the lowest-priced bid. However, when there is no competition, i.e. the tender procedure is presented with only one bid or one bid has remained after the bid-evaluation process, the electronic auction is not organized and initially offered prices become the final price. Therefore, institutions are recommended to think before organizing electronic auctions and reconsider whether the electronic auction would have positive or negative effect at that moment.

On the other hand, procurement procedures for goods/products of standard quality and marked by few bidders, for example, public procurements organized for medical oxygen, did not anticipate organization of electronic auctions and have therefore attained high prices.

This and other examples from the monitoring sample show that, in most cases, there is no correlation between prices attained and quantity of goods in the sense that lower prices are attained for higher quantities and vice versa. To the contrary, there are cases where prices attained are highest in public procurements for particular goods that implied high quantities.

- Ofentimes, the procurement's estimated value is several times higher than prices attained on the tender procedures or actual market prices. This is indicative of unrealistic procurement planning that could imply high risks provided that contracting authorities are purposefully leaving space for signing contracts at unrealistically high prices to accommodate corruptive behavior and action.**

As part of its tender procedure for 350,000 three-layer protective masks with elastic band, the clinic has estimated the unit price at 72.8 MKD. It was presented with 11 bids, all of which included prices that are 4 to 15 times lower than the estimated price per mask. The bid-evaluation process resulted in elimination of 9 bids, while electronic downward bidding among the remaining two bids resulted in attainment of unit price that is 6 times lower than the estimated price. In particular, the final price per mask amounted to 11.8 MKD compared to the estimated price of 72.8 MKD. In other words, the difference between the expected cost for procurement of masks and the actual cost accounts for 300,000 euros. What would have hap-

pened if there was no competition in this tender procedure, i.e. if there was only one bidder offering a price that is equal to the estimated value? These 300,000 euros would have been spent and the tender procedure would be successful.

Another example is the tender procedure organized by one ministry for procurement of 3,000,000 surgical masks with at least two layers. This tender procedure was presented with 11 bids, all of which – with the exception of one – had been eliminated in the bid-evaluation process, allowing the single acceptable bid to be awarded the contract at unit price of 11.8 MKD. This price would have remained as final price if another company had not lodged an appeal before the State Public Procurement Appeal Commission, which returned the procedure for repeated bid-evaluation. The second bid-evaluation round resulted in several bids being assessed as acceptable, followed by organization of e-auction and attainment of final price in the amount of 1.76 MKD per mask. Hence, if the appeal was not lodged and the tender was implemented in its first attempt, the ministry would have paid half a million euros more for procurement of protective masks. In particular, this public procurement amounted to only 85,000 euros, instead of 576,000 euros that would have been paid if the tender procedure was implemented in its first attempt. It should be noted that the ministry's estimated price per mask amounted to 15.73 MKD, which is much higher than the price attained and higher than actual market prices for masks at the time when this public procurement was organized.

Contrary to these example, this monitoring observed numerous tender procedures where prices bided are identical or very similar to the procurement's estimated value that is not published in advance. Most often, these tender procedures are presented with only one bid. This implies a risk of the only bidding company being privileged to information on estimated value of procurements in order to define its offer in line with that value. Of course, this is easily achieved in tender procedures with only one bid, and slightly more difficult, albeit not impossible, in tender procedures with several bids.

One clinic announced a tender procedure for procurement of 141,000 non-sterile gloves for single use. This tender was presented with one bid in the amount of 1,414,230 MKD, while the estimated value was set at 1,416,000 MKD.

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Another example is the public procurement organized by one hospital for tests, reagents and medical supplies. The estimated value was set in the amount of 3,100,000 MKD, and the only bid amounted to 3,095,000 MKD.

Similar example is the public procurement for tests and reagents organized by another hospital. As regards the procurement lot for tests, the estimated value was set in the amount of 3,650,000 MKD and the offered price was 3,500,000 MKD, while estimated value for the procurement lot on reagents amounted to 2,600,000 MKD and was presented with a bid in the amount of 2,450,000 MKD. Both procurement lots were presented with one bid each and were awarded at initially bided prices. Other procurement lots from the same tender procedure were presented with more bids and each of them attained significantly lower prices compared to the estimated value.

the e-auction and the contract was awarded to the lowest bid (980,000 MKD), whose price is identical to the estimated value.

Another procurement procedure for promotional materials in estimated value of 156,864 MKD was presented with three bids marked by identical or similar price to the estimated value, as follows: 154,000 MKD, 156,825 MKD and 156,864 MKD. One bid was exempted, but remaining two bids did not participate in electronic downward bidding, which resulted in contract award to the bid whose value was identical to the procurement's estimated value.

Same example is seen in the public procurement for services related to oxygen installations organized by one hospital in estimated value of 1,800,000 MKD. This tender procedure was presented with one bid in the amount of 1,800,000 MKD, which is identical to the estimated value.

Product	Number of bids	Estimated value (MKD)	Lowest price bided (MKD)	Final price (MKD)	Difference against the estimated value
Pipette tips	2	60,000	51,700	36,010	-67%
Pipette tips	2	110,000	105,000	72,074	-46%
Test tubes	2	20,000	17,400	17,400	-15%
Test tubes	3	60,000	80,000	54,968	-9%
Reagents	1	2,600,000	2,450,000	2,450,000	- 6%
Tests	1	3,650,000	3,500,000	3,500,000	- 4%

There are other types of examples such the public procurement for COVID-19 rapid tests organized by one clinic in estimated value of 610,000 MKD, which was presented with 4 bids offering prices in the range from 607,500 to 825,000 MKD. Three bids were rejected, leaving only one bid that was awarded the contract. It should be noted that this bid implied a price in the amount of 607,500 MKD that was closest to the estimated value.

The public procurement for water supply and sewage installations at modular hospital in estimated value of 980,000 MKD was presented with four bids in the amounts of 980,000 MKD, 1,000,000 MKD, 1,200,000 MKD and 1,500,000 MKD. Bidding companies did not lower their prices during

Unrealistic calculation of estimated values that requires both time and commitment to market research, analysis and monitoring, often leads to absurd situations.

One state administration body planned procurement of 30,000 masks at estimated price of 8.3 MKD per mask. This tender procedure was marked by high competition and attained a price of 1.59 MKD per mask. Hence, according to the contract signed, instead of the initial quantity (30,000) the institution will buy a total of 157,232 masks.

On the other hand, the procurement lot for 120,000 gloves under the same tender procedure was planned

at estimated price of 2 MKD per glove, but on the account of higher price attained (9.44 MKD) and the fact that this lot was presented with only one bid, instead of the initially planned quantity (120,000), the institution could afford only 26,483 gloves.

At the other end of the spectrum, the public procurement for N95 respiratory masks N95 organized by one clinic was rather successful in its endeavor. In particular, the clinic needed to purchase 12,000 masks under estimated price of 32.45 MKD per mask, whereby the procurement's total estimated value amounted to 389,400 MKD. The estimated value was published together with the procurement notice resulting in submission of 12 bids with prices in the range from 59 MKD to 142 MKD per mask, which could be expected in the light of the fact that initially all companies offer higher prices in expectation of downward bidding during the electronic auction. That is exactly what happened, i.e. the e-auction resulted in attainment of unit price of 18.88 MKD at which the contract was awarded. In comparison, this price belongs to the lower level of prices for such masks, ranging from 9.73 MKD to 41.18 MKD in this monitoring sample.

- ▲ As regards competition in COVID-19 tender procedures, it could be concluded that the competition level directly affects the price attained in the sense that the highest prices are attained in tender procedures presented with one bid each, and lower prices are attained in tender procedures with several bids.

Moreover, there are numerous examples of bid rejection and bidder elimination in the evaluation stage, but also examples of unequal treatment of bidding companies and eliminating criteria in tender documents and technical specifications.

One institutions has rejected as many as 14 from total of 40 bids submitted to the tender procedure for procurement of protection gear against COVID-19, all on the grounds that they included incomplete court-issued certificate from penal records. It should be noted that companies whose bids had been rejected are those that regularly participate in tender procedures and have great experience and that court-issued certificates are mandatory for all tender procedures, resulting in

Procurement of N95 respiratory masks

Institution	Description	Special characteristics	Requirements	Quantity	Price attained at e-auction or final price (MKD)	Number of bids
PHI Polyclinic "Zhelezara" Skopje	N95 respiratory masks or equivalent	Yes	Yes	5,000	9.73	9
Cabinet of the President of RNM	KN95 protective masks	Yes	No	4,000	17.39	11
PHI University Clinic for Eye Diseases – Kopje	N95 respiratory masks or equivalent	Yes	Yes	12,000	18.88	10
PHI Healthcare Centre – Berovo	KN95 protective respiratory medical masks	No	No	2,000	20.96	5
City of Skopje	KN95 protective respiratory masks	Yes	Yes	5,050	25.95	3
PHI University Clinic for Endocrinology – Skopje	FFP2/N95 respiratory masks	Yes	Yes	3,000	32.35	4
Ministry of Interior	N95 or FFP2 respiratory masks	Yes	No	60,000	41.18	3

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surprise that institutions implementing these tender procedures had assessed these certificates as improperly completed.

Nevertheless, after submission of appeal before the State Public Procurement Appeal Commission, the institution's decision was annulled and all certificates are accepted as properly completed during the repeated procedure for verification of documents.

Another, more prominent example involves an institution that needed "at least two-layer, single-use surgical masks with elastic band". All bidding companies needed to include a brief description of their product in the relevant bid forms.

In its bid form, one company indicated "at least two-layer, single-use surgical masks with elastic band", i.e. identical description with the one from the procurement notice. Nevertheless, this bid was rejected as unacceptable because "[the bidder] has simply copy-pasted technical specifications and has not provided exact parameters of offered goods".

Another bidding company in the same tender procedure enlisted "single-use, three-layer mask", which was assessed as sufficient description and the bid was not rejected, meaning that it was evaluated as offering exact parameters of required products.

Although they concerned procurement of same type of products, some tender procedures were marked by high competition, while others were presented with one bid each. Also, certain products are generally marked by low competition (e.g. procurement of oxygen), while others are marked by high competition (e.g. procurement of protective masks).

Importance of tender competition and correlation between the number of bids and prices attained are best reflected in the following example that concerns procurement of personal protection gear for COVID-19, which was organized by one clinic.

Product	Number of bids	Initially offered price (from lowest to highest)	Final price (MKD)	Difference between final and initially bided price
Surgical masks	7	4.72 to 11.8	1.93	-145%
N95 masks	4	70.8 to 118.0	32.25	-120%
Protective coats	5	90.98 to 177.00	45.63	-99%
Protective caps	3	3.54 to 12.79	2.12	-67%
Protective suits	4	177 to 472	116.68	-52%
Protective shoe covers	2	3.54 to 4.13	3.26	-8%
Gloves	1	8.26	8.26	0%

Tender competition has done its work in the public procurement for ventilators whereby the initial price of 21,344 euros per ventilator was reduced to only 7,368 euros during the fierce downward bidding at the electronic auction. Having in mind that this tender procedure included other procurement lots, the contracting authority has not enlisted the value of individual lots in any tender document and therefore it cannot be assessed how much money it had planned to spend for procurement of ventilators.

▲ **COVID-19 procurements abound in other various problems that might have been intentional or unintentional, but all of them fuel suspicions about wrongdoings.**

For example, one hospital organized an urgent negotiating procedure for procurement of medical oxygen that was justified by urgent need for oxygen supply to meet the demand for the next 60 to 90 days, i.e. until implementation of regular public procurement. Nevertheless, the hospital did not organize such procedure at later date, but again resorted to implementation of negotiating procedure without previous announcement of call for bids.

Otherwise, this urgent procurement had extended invitation for negotiations to only one bidding company that offered a price identical to the procurement's estimated value. Minutes from negotiations for all public procurements organized under this type of procedures do not include any special details about negotiations, but rather information of technical nature. Also, all of them are missing detailed elaboration of reasons that have forced the institution to organize urgent instead of regular public procurement procedure, engaging in direct negotiations with bidding companies.

No information is publicly available for these procurements until contracting authorities publish the relevant contracts. Hence, the so-called ex-post transparency is very important for this type of procurements, whereby contracting authorities need to comply with relatively short deadlines of ten days for publication of contracts signed. It seems that institutions are in haste for everything else except for publication of details about these public procurements.

Such example is identified in the public procurement for medical oxygen organized by one hospital as procedure with direct negotiations. The decision for this urgent procurement was taken on 10 May, the invitation for submitting bids was sent to only one bidding company one day later with deadline for bid submission set for 12 May when the bid was submitted, followed by negotiations, decision-making and contract signing. It means that idea to realization for this procurement took place within a period of two days. In spite of the law-stipulated deadline of ten days, this institution published the notification on contract signed together with the contract as late as 26 May.

▲ **The final stage of tender procedures, i.e. contract performance, abounds in secrecy and, consequently, in corruption risks.**

Although, in general, institutions submitted documents on contract performance for monitored tender procedures, these documents do not allow any conclusion about the most important aspect of public procurements, i.e. whether the needed and requested goods were actually procured. There are no documents that record quality satisfaction with goods/services/works that had been procured. Are gloves tearing up when being put on? Do they stay in place, i.e. do not fall off from wrists and fingers? Are masks of required air permeability (e.g. maximum 106 l/s/m²)? All these are criteria defined for products and they have possibly led to some companies not submitting bids because they were unable to meet them.

Documents obtained do not include such information, and since they were explicitly requested but were not disclosed, it could be said that such documents do not exist at all. Documents on contract performance created by contracting authorities mainly concern receipt notes that indicate product name and quantity delivered, invoices issued on the basis of such receipts and payment confirmation. These are information about material and financial aspects of public procurements, but do not include reference to goods delivered or services and works performed in the manner they had been requested and needed.

One institution needed 300,000 protective gloves, in two batches of 150,000 with and without talk. For each batch of gloves (with and without talk) the institution planned to spend 11,800,000 MKD, which means it has evaluated that single glove would cost 78.67 MKD.

Nevertheless, it was presented with unit price of 11,21 MKD, which was several times lower than the estimated price, but also several times higher than market prices at the time when this procurement was organized. Although the attained price is seven times lower, the institution signed a framework agreement in the full contract amount (11,800,000 MKD per type of gloves). It means that instead of 300,000 gloves needed, it can afford to buy more than 2,100,000 gloves, i.e. around 1,050,000 gloves of each type. Finally, based on documents provided, it could be concluded that the institution has procured 1,500,000 gloves without talk and 500,000 gloves with talk.

Several issues remain unclear. If the institution had initially calculated that it will need 300,000 gloves, why did it end up buying 2,000,000 gloves. Furthermore, based on the contract, the contract value of 11,800,000 MKD allocated for gloves without talk allows procurement of 1,052,631 gloves, how and why did the institution procure 1,500,000 gloves without talk.

Contract performance remains a grey zone which, instead of being successful finale of tender procedures, reflects the multitude of problems from previous stages, starting with imprecise and provisional needs assessment and procurement planning.

METHODOLOGY NOTES



According to the previously developed methodology, this monitoring effort started with retrieval of data from the Electronic Public Procurement System for all COVID-19 public procurements implemented in the analyzed period, followed by selection of adequate monitoring sample. The number of public procurement procedures per monitoring sample is set at 80, i.e. 40 public procurements per six-month period in 2021.

Definition of the monitoring sample took into consideration several criteria: ensuring proper ratio of procurement types (small procurements, simplified procedures, open procedures and negotiating procedures) and procurement subjects (goods, services and works); representation of different types of institutions to the extent possible and their adequate geographical distribution.

Data needed for monitored tender procedures were collected from the Electronic Public Procurement System, official websites of institutions, the State Public Procurement Appeal Commission, and directly from institutions by relying on the instrument from the Law on Free Access to Public Information. In the cases where institutions, as information holders, have not disclosed information requested or have provided incomplete information, the project team lodged appeals before the Agency for Protection of the Right to Free Access to Public Information in order to secure necessary information and data.

Information and documents collected directly from the Electronic Public Procurement System include:

1. Basic information on all public procurements related to COVID-19 protection and implemented in the period from 01.01.2021 to 31.12.2021, divided into semesters, i.e. 01.01.2021 to 30.06.2021 and 01.07.2021 to 31.12.2021, on the basis of published procurement notices and notifications on contracts signed;
2. Files from the section on public procurement plans;
3. Procurement notices (for all public procurements except those organized as negotiating procedures without previously published call for bids);
4. Tender documents per procurement (for which procurement notices are published);
5. Notifications and changes to tender documents;
6. Notifications on contract signed;
7. Public procurement contracts;
8. Notification on annulment of tender procedure; and
9. Information on possible initiation of appeal procedure.

Information related to public procurements plans and possible other information need for this monitoring (photos from public procurements, news on procurements, etc.) was collected from official website of relevant institutions.

Information on appeal procedures initiated for public procurements from the monitoring sample was collected from the State Public Procurement Appeal Commission. In particular, information on

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appeals lodged, dates and commission's decisions were collected from SPPAC's official website.

Institutions whose public procurements were included in the monitoring sample were addressed with freedom of information requests, indicating relevant documents and information that should be disclosed, as follows:

1. Decision on public procurement;
2. Elaboration of procurement reasons and need, as well as the manner in which the procurement subject's quantity and quality were defined;
3. Elaboration of the manner in which the procurement's estimated value was calculated;
4. Tender documents (for negotiating procedures without previous announcement of call for bids);
5. Statements on absence of conflict of interests in the public procurement;
6. Elaboration of the manner in which the institution selected economic operators that will be invited to submit bids (for negotiating procedures without previous announcement of call for bids);
7. Minutes from the public opening of bids;
8. Minutes from negotiations with economic operators (for negotiating procedure without previous publication of call for bids);
9. Report from the bid-evaluation process;
10. Report on implemented procurement procedure;
11. Report on the course of downward bidding during the electronic auction;
12. Decision on selection of the most favorable bid or decision on termination of procurement procedure or decision on annulment of procurement procedure;
13. Document confirming receipt of goods/services/works (delivery note, receipt note or another adequate document);

14. Document on payments made according to the public procurement contract; and

15. Decision on appointment of person responsible for contract performance (if applicable).

Collected documents and information were first inputted into matrix that facilitates data insight, arrangement and processing. This was followed by analysis that resulted in definition of relevant conclusions about state-of-play and detected weaknesses in public procurements. The last step concerned mapping corruption risks in public procurements related to COVID-19 protection in the form of summary findings and specific examples.