

MONITORING

OF PUBLIC PROCUREMENTS

Report no. 37

(July – December 2021)

Skopje, June 2022



Citizens for change!



**Publisher:**

Center for Civil Communications

Translation from Macedonian to English:

Katerina Dimishkovska

Graphic Design:

Metodija Andonov, Datapons Skopje

Print:

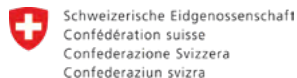
Datapons Skopje

Circulation:

250 copies

Free/non-commercial circulation

Center for Civil Communications' annual programme
is supported by Civica Mobilitas



Swiss Agency for Development
and Cooperation SDC

Civica Mobilitas is a project of the Swiss Agency for Development and Cooperation (SDC), implemented by NIRAS Denmark, the Macedonian Center for International Cooperation (MCIC) and FCG Swedish Development AB (FCS Sweden)

The content of this publication is sole responsibility of the Center for Civil Communications and cannot be taken to reflect the views of Civica Mobilitas, the Swiss Agency for Development and Cooperation (SDC) or the implementing organizations.



2021

MONITORING OF PUBLIC PROCUREMENTS

Report no. 37
(July – December 2021)

Skopje, June 2022



MONITORING OF PUBLIC PROCUREMENTS

**Report no. 37
(July - December 2021)**

TABLE OF CONTENT



● KEY FINDINGS	6
● GOALS AND METHODOLOGY	8
● ANALYSIS OF MONITORED PUBLIC PROCUREMENTS	10
● SURVEY AMONG COMPANIES ABOUT THEIR EXPERIENCES RELATED TO PARTICIPATION IN PUBLIC PROCUREMENTS	28
● ANALYSIS OF PROCEDURES LED BEFORE THE STATE COMMISSION ON PUBLIC PROCUREMENT APPEALS IN 2021	38
● RESEARCH AMONG CONTRACTING AUTHORITIES ABOUT THEIR STAFF CAPACITY FOR IMPLEMENTATION OF PUBLIC PROCUREMENTS	42



KEY FINDINGS

- » The cumulative value of contracts awarded under non-transparent negotiating procedures without previously announced call for bids has increased. Total value of such contracts awarded in 2021 accounts for 46 million EUR, which is by 16 million EUR more than the value calculated in 2020. High 80% of this amount belong to contracts awarded without call for bids by JSC Power Plants, the Ministry of Interior and the Ministry of Education and Science.
- » Institutions do not comply with the law-stipulated obligation for publishing notifications on contract performance. By May 2022, notifications on contract performance have been submitted only for one-third of all contracts signed. Based on information contained in such notifications, it could be inferred that under every fourth contract performed the relevant institution has not settled its debt towards the company.
- » Institutions are still reluctant to renounce electronic auctions in spite of all warnings that they encourage arrangements among companies and corruption. In 2021, electronic auctions were organized in high 89% of tender procedures.
- » In almost every second tender procedure, public procurement commissions have rejected company bids as unacceptable, which raises concerns whether such actions are intentional, i.e. aimed at reducing competition and discouraging bidders from participation in tender procedures.
- » In the third year from their introduction, administrative controls conducted by the Bureau of Public Procurements still fall short of becoming a mechanism for detection of illegal actions and abuses. As was the case before, in 2021 the Bureau has not initiated any misdemeanour procedures before competent authorities and has not reported certain findings to the Public Prosecution Office of RNM.
- » The research conducted among institutions and aimed at assessing their capacity for implementation of public procurements shows major differences and absence of standards and rules on the number of officers responsible for public procurements, which could lead to omissions or insufficient use of this potential.



- » In 2021, companies have lodged a total of 1,008 appeals, which represents an increase by 2.5% compared to last year. As regards decisions taken upon appeals, most of them (42.6%) have been approved. However, the share of approved appeals is by 10.7 percentile points lower compared to last year.

Findings from the survey among companies:

- » 50% of companies indicated "lowest price" as the most common problem they encounter in public procurements;
- » 82% of companies believe that the procurement's estimated value should be published in advance;
- » 91% of companies believe that electronic auctions result in attainment of unrealistic prices and undermine the quality of public procurements;
- » 62% of companies acknowledge existence of previous arrangements among them when participating in tender procedures;
- » 51% of companies believe corruption is present in public procurements. 65% of them also believe that connections are the most common form of corruption;
- » Companies have assessed the process of public procurements in the country with an average score of 2.8 (on the scale from 1 to 5), which is the same as last year.



Goals and methodology

The Center for Civil Communications (CCC) regularly monitors and analyses implementation of public procurements in the country since 2008, i.e. when the first public procurement legislation in the country drafted in compliance with the European Commission's Directives entered into effect. The overall goal of this endeavour is to assess whether and to what extent state institutions comply with underlying principles in public spending, as stipulated under the law: competition among companies, equal treatment and non-discrimination of companies, transparency and integrity in implementation of public procurements, cost-effective and efficient public spending.

Subject of monitoring efforts are public procurements implemented by all state institutions in the country, both at central and local level of government. Selection of the monitoring sample is made upon publication of procurement notices in the Electronic Public Procurement System (EPPS) and the "Official Gazette of RNM".

Monitoring activities include collection of primary and secondary data by means of CCC monitors attending public opening of bids, discussions with bidding companies, browsing and researching data available in EPPS, browsing information on appeals lodged and decisions taken by the State Commission on Public Procurement Appeals (SCPPA) available on its official website, and by submitting requests under the instrument for free access to public information inquiring about data which is otherwise unavailable. Questionnaires and other templates used for monitoring purposes are structured in a manner that facilitates the most effective method to monitor implementation of public procurements in terms of their compliance with relevant legislation in effect and the fundamental principles that govern public procurements.

Implementation of public procurements is analysed on the basis of all information and data obtained, previously structured and inputted into specially-designed matrix, in terms of compliance with above-enlisted principles and efforts to obtain the most favourable bid, including accountability for public funds spent.

Data analyses serve as baseline for development of reports that outline key findings from



monitoring and analysis of public procurements, recommendations to address problems and weaknesses identified in the system of public procurements, and detailed elaboration of the observed state-of-affairs.

This report is developed on the basis of monitoring and analysis of a selected sample comprised of 60 public procurement procedures implemented by central and local institutions in the period from 1 July to 31 December 2021.

* * *

The Center for Civil Communications (CCC) was established in April 2005 as non-governmental, non-profit and non-partisan association of citizens.

CCC monitors, analyses and strengthens societal processes in the country and the region, in the field of anticorruption and good governance, media and economic development.

Thus far, CCC has focused its work on two groups of interrelated activities: (1) monitoring performance of state institutions and recommending measures and policies aimed to advance their track record and narrow space for corruption; and (2) capacity building for journalists and promotion of the special role played by the media and non-governmental organizations in the fight against corruption.

In that regard, the Center for Civil Communications has developed and promoted several hundred specific recommendations for measures aimed to promote legislation and practices in order to ensure more transparent, accountable and responsible operation on the part of central and local authorities; has trained more than five hundred journalists from national and local media outlets and civil society representatives; and has published more than hundred analyses, research studies and manuals.



Analysis of monitored public procurements

- » ***The total value of contracts awarded under non-transparent procedures without previously announced call for bids is increased by 53%. Total value of such contracts awarded in 2021 accounts for 46 million EUR, which is by 16 million EUR more than the value calculated in 2020. At the level of individual institutions, high 80% of this amount belongs to contracts awarded without call for bids by JSC Power Plants, the Ministry of Interior and the Ministry of Education and Science. In the case of individual companies, the highest contract value under this type of procurements was awarded to the company for trading, production and services Markovski Company from Bitola, in the amount of 24 million EUR.***

Dynamics under which these contracts are awarded has been significantly intensified in the second half of 2021 when their cumulative value reached 38 million EUR compared to the value of contracts awarded in the first half of the year, which stood at 8 million EUR. Hence, the total of 300 contracts awarded in 2021 account for 46 million EUR, which is by 54% more than amount awarded under the same type of contracts in 2020. The total value calculated for these contracts does not include those organized for procurement of natural gas and signed under this type of procedure between Balkan Energy and TE-TO. In 2020, the contract's value for procurement of gas amounted to 13.3 million EUR, while in 2021 this amount reached high 60 million EUR.



Overview of the value of contracts awarded under negotiating procedures without previously announced call for bids, per year ^(*)

Year	Number of contracts signed	Value of contracts (million EUR)	Annual change in value
2017	496	29	-17 %
2018	596	33	+14 %
2019	367	16	-52 %
2020	378	30	+87 %
2021	300	46	+53 %

* The total value of these contracts does not include those awarded by „Balkan Energy“

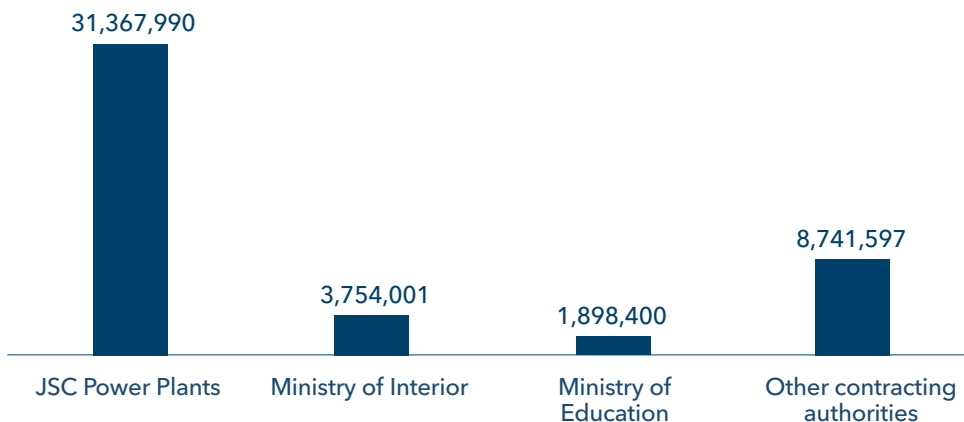
In the case of these contracts, problems are raised with the fact that majority of them are awarded as part of negotiations led only with one company, and there is no definition available for the manner in which that company has been selected. In the case of tender procedures where negotiations were led with several companies, their names are not indicated in the notification on contract signed.

An additional weakness of these procedures concerns non-publication of tender documents, which is mandatory for all other types of procurement procedures.

At the level of individual institutions, the highest value of contracts awarded without announcement of call for bids among state institutions is observed with JSC Power Plants with 18 contracts in total value of 31.3 million EUR, followed by the Ministry of Interior with 5 contracts in total value of 3.8 million EUR, and the Ministry of Education with 16 contracts awarded under negotiating procedures without previously announced call for bids in total value of 1.9 million EUR. All other institutions have spent a total of 9 million EUR and their contracts account for 20% of the cumulative value calculated for contracts awarded under this type of procedures.

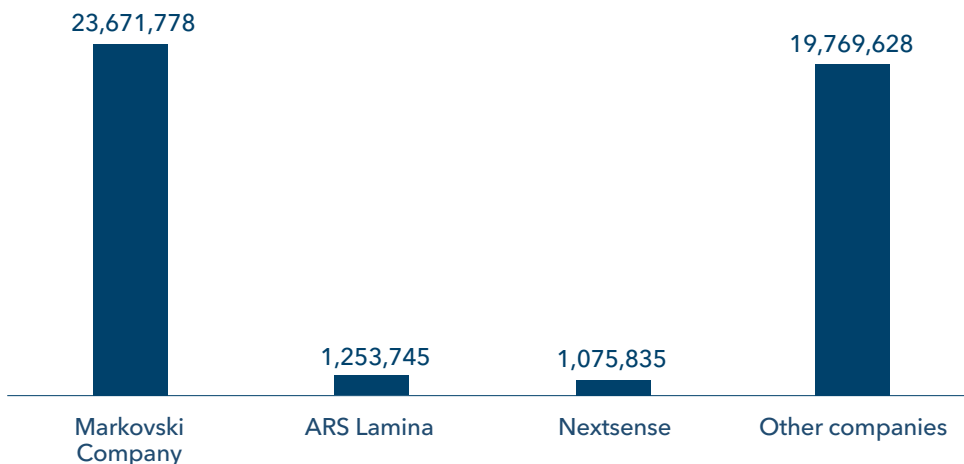


Contracting authorities with the highest value of contracts awarded without call for bids in 2021 (in EUR)



Analysed in terms of companies that were often awarded such contracts, the lead position in terms of contract value belongs to Bitola-based Markovski Company with 2 contracts in total value of 23.7 million EUR, followed by ARS Lamina with 9 contracts in total value of around 1.3 million EUR and third-ranked is Nextsense with 10 contracts in total value of around 1.1 million EUR. The remaining value of 19.8 million EUR is shared by around 200 companies.

Companies with the highest value of contracts awarded without call for bids in 2021 (in EUR)





The top 10 list of highest value contracts features as many as 6 contracts awarded by JSC Power Plants, including the highest value contract signed with Markovski Company Borche from Bitola in the amount of around 19 million EUR for expansion of construction works on separation cutting at the surface coal mining section.

Top 10 highest value contracts awarded under negotiating procedures without call for bids in 2021

Contracting authority	Company	Contract subject	Contract value (in EUR)
JSC Power Plants	Markovski Company, Bitola	Expansion of construction works on separation cutting at surface coal mining section	19 million
JSC Power Plants	Markovski Company, Bitola	Engagement of additional machinery for MEC Bitola	4.9 million
Ministry of Interior	Veridos GmbH	Support for maintenance of the system for issuance of personal documents	3.5 million
JSC Power Plants	Toplina, v. Podmolje, Ohrid	Construction of separation cutting at surface coal mining section	2.5 million
Ministry of Defence	United International, Gevgelija	Spare parts for fighting motor vehicles	1.5 million
JSC Power Plants	Flex Power, Skopje	Servicing of gas-fuelled engines	1.2 million
JSC Power Plants	MZT Engineering, Bitola	Revitalization and reconstruction of KY 300	960 thousand
JSC Power Plants	Watrostalna, Skopje	Procurement and installation of valves and...	790 thousand
Ministry of Education and Science	ARS Lamina, Skopje	Bulk purchase of textbooks and didactic materials	748 thousands
City Parking, Skopje	NEXTSENSE, Skopje	Maintenance of the zone parking system	690 thousands

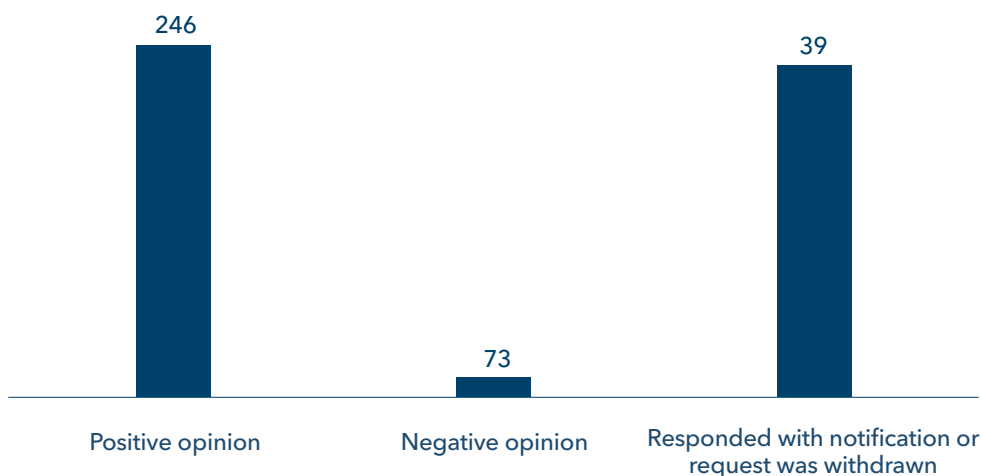
According to the Law on Public Procurements, the Bureau of Public Procurements issues an opinion on fulfilment of terms and conditions for organization of negotiating procedure without previously announced call for bids in emergency cases caused by events which the contracting authority could not have anticipate and which cannot be attributed as its fault; due to



protection of exclusive rights; and when, due to artistic or technical reasons, the contract can be signed only with particular economic operator.

The number of requests for opinion submitted to the Bureau of Public Procurements in 2021 related to organization of negotiating procedures without previously announced call for bids is increased compared to 2020. In the period January – December 2021, the Bureau was presented with 358 requests compared to 199 requests submitted in 2020. Around two-thirds of requests were given positive opinion.

Opinions issued by BPP in respect to organization of negotiating procedures without call for bids (January - December 2021)



Recommendation:

Having in mind non-transparency of these procedures, institutions need to use them only in exceptional circumstances. At the same time, aimed at increasing insight into contracts awarded under such procedures, notifications on contract signed should be published together with tender documents, including the names of all companies that participated in the negotiations, not only the company that was awarded the contract.



- » ***Institutions do not comply with the law-stipulated obligation for publishing notifications on contract performance. By May 2022, notifications on contract performance have been submitted only for one-third of all contracts signed. Based on information contained therein, it could be inferred that under every fourth contract performed the relevant institution has not settled its debt towards the company.***

While this monitoring observed certain improvement in terms of publishing notifications on contracts signed, the fact remains that institutions do not comply with their legal obligation on publishing notifications in the Electronic Public Procurement System within a deadline of 10 days from complete performance of contracts.

A total of 29,414 public procurement contracts were awarded in 2021 and by May 2022 the Electronic Public Procurement System (EPPS) was presented with notifications for only 8,881 contracts signed, accounting for only 30% of all contracts. Additional problem is identified in the fact that liabilities towards contractors have not been settled in more than 2,000 of these contracts, i.e. under every fourth contract.

Untimely submission of notifications on contract signed prevents public oversight on contract performance. Justified are concerns that reasons behind non-submission of notifications on contract performance could be located in attempts to cover up late payments, as well as low percentage in terms of contract performance. These are serious problems that could have a deferring effect on participation of companies in the market of public procurements.

Law on Public Procurements (Art. 181, par.(1), item 7) anticipates misdemeanour fines in the amount of 500 to 1,000 EUR in MKD counter-value for responsible, i.e. authorized persons at the contracting authority in cases when they fail to submit notifications on contract signed and notifications on contract performance. There is no information on fines issued on this legal ground.

Recommendation:

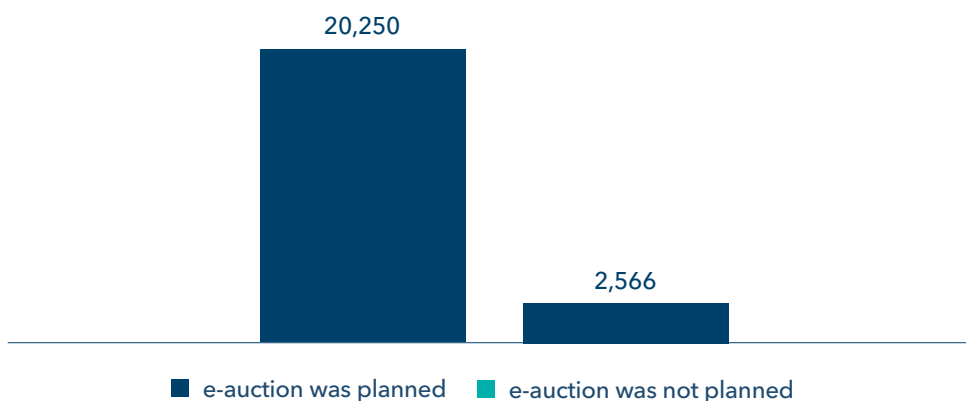
Contracting authorities must comply with deadlines stipulated in the Law on Public Procurements and the Bureau of Public Procurements must take all law-stipulated measures to initiate sanctions for contracting authorities when they have engaged in illegal actions.



- » ***Institutions are still reluctant to renounce electronic auctions in spite of all warnings that they encourage arrangements among companies and corruption. In 2021, electronic auctions were organized in high 89% of tender procedures, representing an insignificant improvement compared to 2020, when this share accounted for 92%.***

A total of 22,816 public procurement procedures were organized in 2021. Among them, as many as 20,250 (89%) anticipated organization of e-auctions, which represents a decrease by only 3 percentile points compared to 2020. These figures undoubtedly show that contracting authorities are not implementing recommendations made by competent institutions and the civil society aimed at reducing use of e-auctions in order to avoid negative effects and manipulations that arise from downward bidding.

Organization of e-auctions in 2021



Data from this monitoring show that e-auctions have not taken place in 47% of tender procedures in which they have been anticipated. Moreover, e-auctions have not resulted with new offer in 15% of tender procedures. Of course, this does not mean that price reduction under other tender procedures was significant or a result of market circumstances, but reflects the fact that prices have changed, more or less. The public opening of bids submitted by economic operators, which implies disclosure of data on participating companies and prices offered by competitors, marks the start of different processes for arrangements and influences



before organization of the electronic auction. All these raise doubts that, in most cases, prices at which contracts are awarded do not reflect the actual market conditions, but are a result of arrangements that are taking place beyond the realm of official proceedings.

Evidence in support of such concerns are found in indications from December 2021 by the Bureau of Public Procurements addressed to all participants in public procurements (contracting authorities and economic operators), wherein it is said that: *According to analyses conducted and observations from the practice in respect to organization of electronic auctions, BPP has identified certain corruptive and manipulative practices are identified that are indicative of pre-selected companies that will be awarded contracts. While they have insisted on cancellation of mandatory e-auctions and have perceived themselves the negative effects of these auctions, contracting authorities continue to frequently use them as part of their procurement procedures. Experiences have shown that, in cases where they do not have an opportunity to correct their prices after the public opening of bids, bidders engage in detailed and actual price calculations as part of their initial bids. Recommendation: contracting authorities should use "lowest price" as selection criterion without follow-up organization of electronic auctions in order to limit possibilities for correction of initially offered prices (when there is no competition - the price is not reduced; in the case of competition - there is a danger for the two bidding companies to arrange among them whether and how much the price will be reduced; and in the case of higher competition - many examples from the practice show illogical price reduction and partial performance of contracts, i.e. performance of procurement lots whose price is not significantly reduced and non-delivery of procurement lots whose price is decreased below the market level in order to win the contract, resulting in contracts not being performed in their entirety and according to technical specifications).*

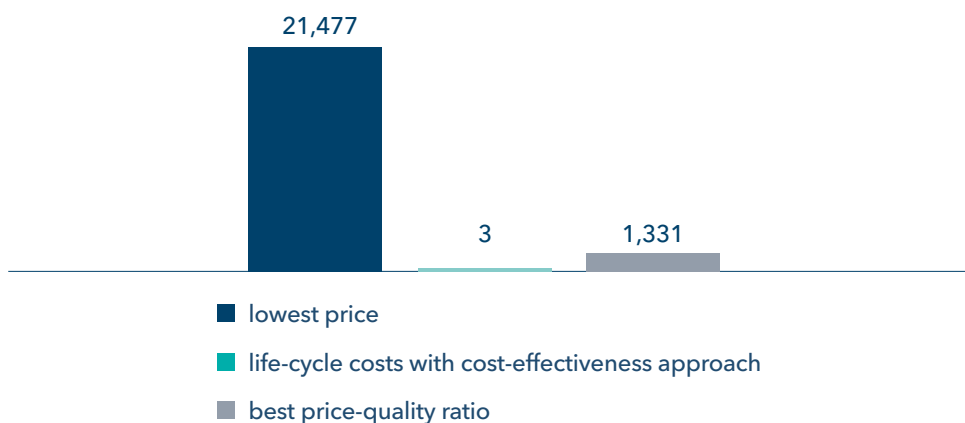
In parallel to e-auctions, institutions dominantly use "lowest price" as the single criterion for selection of the most favourable bid. More specifically, "lowest price" was used as selection criterion in 94% of tender procedures implemented in 2021, which represents a decrease by only 2 percentile points compared to 2020.

Having in mind that best bids on tender procedures continue to be selected on the basis of prices offered, there is still a high risk for procured goods, services and works to be of quality below the required level.

Among total of 22,816 procurement notices published in 2021, the criterion "economically most favourable bid" that is based on "price" was used in as many as 21,477 tender procedures, while the criterion "best price-quality ratio" was used in 1,331 public procurements, and 3 tender procedures used "life cycle costs, with cost-effectiveness approach".



Criteria used for selection of the most favourable bid in 2021



Such actions on the part of institutions are contrary to the principles of rationality, effectiveness and efficiency in public spending, defined in Art. 4, par. (2) of LPP, whereby “contracting authorities shall organize public procurements in a manner that ensures adequate quality of procurement subjects in terms of their purpose and value”.

Recommendation:

Use of electronic auctions should be an exemption and not a rule in implementation of public procurements. Institutions should apply the logic whereby e-auctions are organized only for products of known and standard quality and for those characterized by market competition. The Bureau of Public Procurements should take measures to enhance pressure on contracting authorities for reduced use of e-auctions whose consequences are more than evident. At the same time, contracting authorities should behave responsibly with public funds and should ensure these funds are spent in compliance with the principles of rationality, efficiency and effectiveness. Insistence on “lowest price” as criterion for selection of the most favourable bid might facilitate work of teams responsible for public procurements at institutions, but threatens quality of goods and services procured and ultimately harms their budgets.



- » ***In almost every second tender procedure, public procurement commissions have rejected company bids as unacceptable, which raises concerns whether such actions are intentional, i.e. aimed at reducing competition and discouraging bidding companies from participation in tender procedures.***

Exemption of bids from the evaluation process on the grounds of being incomplete or inadequate according to requirements defined under tender documents are to be expected. However, problems are raised with the frequency of such exemptions and the fact that high 45% of monitored tender procedure implied exemption of bids. Disqualification of bidding companies from tender procedures whereby two from total of three bids are rejected as unacceptable with justifications that companies have not offered adequate technical bids leads to the risk of awarding contracts to the only acceptable bid under prices that are higher than market prices. This was observed in the procurement procedure organized for stabilization and lifting rescue system in cases of natural disasters (earthquakes) and complex traffic accidents (buses, heavy freight vehicles, etc.). It is indicative that the only acceptable bid under this monitored tender procedure was by 50 MKD lower than the estimated value, which was announced in advance (12,711,864 MKD without VAT, i.e. 206 thousand EUR). Hence, the question is raised about the probability that competent persons at this contracting authority had been very precise in estimating the value of this procurement, comprised of 28 items, in the identical amount offered by bidding companies? This situation shows that the bidder has matched its offer to the price announced together with the procurement notice and therefore presents a risk of the offered price being much higher than market prices.

Another tendentious attempt to lower competition is noted in actions taken by the public procurement commission in the procurement procedure for printing services in estimated value of 6,000,000 MKD without VAT, where one bid was rejected because the economic operator's certificate from criminal records is older than 6 months counting back from the deadline for submission of bids. The question is raised why the economic operator was not asked to update this certificate? Otherwise, it could be inferred that contracting authorities are allowed to quote laws that are no longer in effect (for example, Law on Prevention of Conflict of Interests), but bidding companies must be impeccable when it comes to participation in procurement procedures and are not allowed to correct minor administrative omissions.

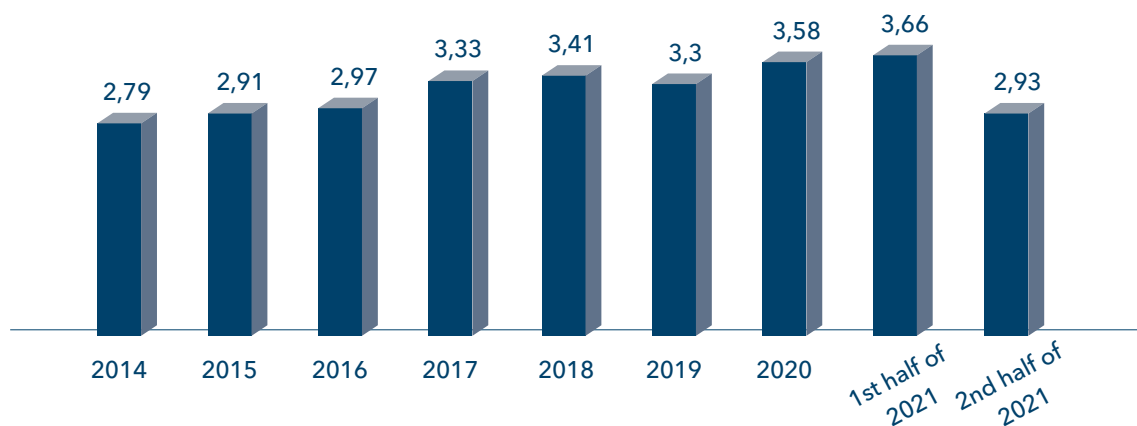
This trend on exemption of bids is identical to state-of-affairs observed in 2020 and it should be noted that it negatively affects competition in tender procedures, which is the only guarantee that awarded contracts provide the best value for the money spent. At the same time, frequent disqualification of companies creates business uncertainty for them and could have a deferring effect in terms of future participation in tender procedures.



In parallel to increased number of company disqualifications, this monitoring noted a drop in terms of competition in tender procedures compared to the second half of 2020, but also compared to the first half of 2021.

Actually, the average number of bids per tender procedure calculated for this monitoring sample stands at 2.93 bids, unlike the average number of bids per tender procedure in the second half of 2020 (3.58 bids), and the average number of bids per tender procedures in the first half of 2021 (3.66 bids).

*Average number of bids per tender procedure**



* Calculations made for the first and second half of 2021 are based on respective monitoring samples, while data for other years are taken from reports published by the Bureau of Public Procurements

In the second half of 2021, the share of tender procedures marked by satisfactory level of competition (3+ participants) accounts for 58% of monitored tender procedures. Competition between two companies is observed with 20% of monitored tender procedures, and 22% of them were presented with one bid each.

Reduced competition is observed at annual level as well. As shown in the table below, 22% of tender procedures were presented with one bid, 17% of them were presented with two bids each, and the share of tender procedures marked by solid level of competition (three or more bids) stands at 55%, which is the highest level recorded in the last five years.



Competition in tender procedures, on annual level*

Year	No participants	1 participant	2 participants	3 and more participants
2017	6%	21%	25%	48%
2018	5%	32%	15%	48%
2019	5%	24%	22%	49%
2020	5%	19%	18%	58%
2021	1%	22%	17%	55%

* Calculations are based on relevant monitoring samples

Recommendation:

Institutions must work on stimulating competition because it is the only guarantee for rational spending of public funds. On the account of high number of bid exemptions from the evaluation process, there is a need for greater education for both sides involved in public procurements, especially for companies. At the same time, clear guidelines need to be developed for enforcement of Art. 109, par. (2) of the Law on Public Procurements, aimed at ensuring equal treatment of all companies and preventing abuse of this provision to limit competition and favour certain bidders.

- » ***In the third year from their introduction, administrative controls conducted by the Bureau of Public Procurements still fall short of becoming a mechanism for detection of illegal actions and abuses. As was the case before, in 2021 the Bureau has not initiated any misdemeanour procedures before competent authorities and has not reported certain findings to the Public Prosecution Office of RNM.***

In 2021, a total of 247 tender procedures were subject of administrative controls by the Bureau of Public Procurements, accounting for an increase by 20% compared to 2020, but it should be noted that the total number of public procurements has increased as well. Small coverage of such controls is best represented by the fact that only 1% of all tender procedures implemented in the country have been subject of administrative control. In 2021, all controls performed by the Bureau of Public Procurements were based on Art. 172, par. (3) of LLP, meaning they are procurement procedures in the value exceeding 500,000 EUR for goods and services and 2 million EUR for works. Again, the Bureau has failed to initiate any controls on the basis of risk assessment for violation of provisions from the Law on Public Procurements and on the basis of random selection pursuant to Art. 172, par. (4).



Among total number of controls performed in 2021 (247), the Bureau has found irregularities in 50 tender procedures, accounting for a share of 20%. In that, after relevant irregularities were established, the Bureau issued instructions for repeated bid-evaluation in 36 tender procedures, aimed at eliminating shortcomings; in the case of 5 tender procedures the irregularities could be eliminated by repeated decision making, and in the case of 9 tender procedures the irregularities impacted procedure outcomes and could not be eliminated as part of administrative controls whereby the Bureau issued guidelines for annulment of these procurements.

Number of administrative controls, per semester

Period	Number of administrative controls	Change
April - June 2019	14	/
July - December 2019	127	+ 807%
January - June 2020	87	-31%
July - December 2020	118	+36%
January - June 2021	115	-2%
July - December 2021	132	+15%

As was the case before, in 2021 the Bureau of Public Procurements has not assessed that irregularities established as part of administrative controls imply characteristics of misdemeanour offence according to the Law on Public Procurements or criminal offence. Hence, the Bureau has not motioned any misdemeanour initiatives before competent courts and has not reported its findings to the competent prosecution service.

Having in mind the small number of tender procedures that were subject of administrative controls, as well as the manner in which their sample is selected, including no initiatives motioned before competent institutions, the dilemma is raised whether administrative controls function as they have been envisaged and how effective they are in terms of having a positive impact on reduction of risks related to abuses in public procurements.

In compliance with Art. 178, par. (3) item 2 of the Law on Public Procurements, in the period January - December 2021 the Bureau presented the State Commission on Public Procurement Appeals with five motions to take decision in procedure based on performed administrative controls.

The breakdown of decisions taken by this commission is the following: among total of five mo-



tions, SCPPA took three decisions that confirm the Bureau's decision on non-acceptance of additional elaborations, one decision on approving additional elaboration provided by the contracting authority whose procurement procedure was subject of administrative control, and one decision on partial approval.

Analysis of the content of these decisions allows the conclusion that, for most part, problems established as part of administrative controls conducted by the Bureau of Public Procurements concern omissions in the bid-evaluation stage, i.e. unjustified exemption of bids or acceptance of bids that should have been exempted from the evaluation process. In all these cases, the Bureau has established that public procurement commissions did not ensure adherent enforcement of the principle of equal treatment and non-discrimination of economic operators as part of their bid-evaluation processes.

Recommendation:

For administrative controls to yield true effects in terms of reducing abuses and corruption in public procurements, the Bureau of Public Procurements should expand the scope of its controls to tender procedures selected on the basis of risk assessment and random sample, in line with the Law on Public Procurements. Having in mind that the Bureau does not have competences and authority to assess whether certain irregularities are a result of purposeful errors or intentions to favour certain companies, relevant findings from its controls should be timely communicated to competent prosecution services.

- » ***In 2021, tender annulments were reduced by 4 percentile points compared to 2020 and stand at 29%. Two-thirds of tender annulment decisions were taken on the grounds that no bids or no acceptable bids are received. This situation is indicative of the absence of desired competition in tender procedures and reasons thereof should be sought in the manner in which procurement procedures are implemented that defer potential bidders from participation.***

Dynamics of tender annulments is more intense in the second half of 2021 compared to the first half of the year. More specifically, while every fourth tender procedure was annulled in the first half of the year, that was the case with every third tender procedure in the second half. As a result of this negative trend, especially prominent in the second half of the year, a total of 6,571 tender procedures were annulled in 2021, accounting for 29% of all procurement notices announced during the year.



Annulment of tender procedures, per year

Year	Number of procurement notices	Number of tender annulment decisions	Share of annulled tender procedures
2017	17,227	4,210	24%
2018	21,406	5,833	27%
2019	22,538	5,985	27%
2020	20,159	6,727	33%
2021	22,816	6,571	29%

Moreover, high number of tender annulment decisions, i.e. two-thirds of them (4,456), concern full annulment of tender procedures, and one-third of them (2,120) concern partial annulment of tender procedures.

As shown in the chart below, the reason indicated in high 67% of tender annulment decisions implied that no bids or no acceptable bids were submitted. This situation is indicative of the absence of desired competition in tender procedures and reasons thereof should be sought in the manner in which public procurements are implemented, which defers potential bidders from participation.

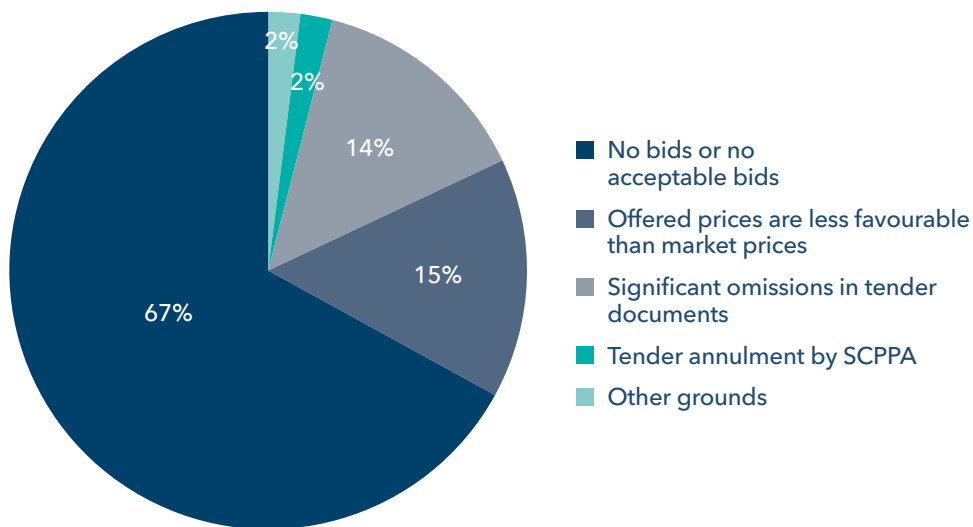
Second most frequently indicated reason for tender annulment concerns the fact that offered prices are less favourable than market prices, as noted in 15% of tender annulment decisions.

Third reason for tender annulment concerns significant omissions in tender documents and was indicated in 14% of tender annulment decisions.

The share of tender procedures annulled by means of decision taken by the State Commission on Public Procurement Appeals (SCPPA) or the Bureau of Public Procurements upon performed administrative control accounts for slightly over 2%.



Breakdown of reasons indicated for tender annulments in 2021*



* The breakdown of reasons for tender annulment is based on notifications on tender annulments submitted to EPPS for public procurements implemented in 2021

Analysed at the level of individual institutions, the Ministry of Defence has the highest number of annulled tender procedures (218), of which 127 are fully annulled and 91 are partially annulled.

Second-ranked is the Ministry of Interior with 200 annulled tender procedures, of which 134 are fully annulled and 66 are partially annulled.



Institutions with highest number of annulled tender procedures in 2021

Contracting authority	Annulled tender procedures	Total number of procurement notices	Share
Ministry of Defence – Sector for Logistic Affairs	218	355	61%
Ministry of Interior	200	257	78%
JSC Power Plants	191	472	40%
Ministry of Education and Science	72	198	36%
PHI City General Hospital “8th September” – Skopje	64	182	35%
PTE Skopje	53	121	44%

An anomaly observed by this monitoring concerns the fact that, in some cases, annulled tender procedures are not repeated by relevant contracting authorities, which raises the dilemma whether requested goods, services or construction works were actually planned or organization of these procurement procedures was only a farce. Such concerns are raised with three tender procedures from the monitoring sample. The first concerns procurement of works related to reconstruction of a waste-water treatment plant in estimated value of 15,550,848 MKD without VAT, the second tender procedure is related to procurement of road-marking paint, solvent and reflecting paint coat in estimated value of 150,000,000 MKD without VAT, and the third tender procedure concerned procurement of uniforms and shoes for prison security staff in estimated value of 23,200,000 MKD without VAT. The monitored procurement procedure for reconstruction of a waste-water treatment plan was annulled in July 2021, followed by new procurement notice and is currently featured in the institution’s 2020 annual plan for public procurements, with an indicative date for implementation in April, but was not implemented by the cut-off date for this report (31 May 2022). The public procurement related to road marking paint, solvent and reflecting paint coat was annulled twice and is not planned in the public enterprise’s 2022 annual plan for public procurements. The public procurement for uniforms and shoes intended for prison security staff was also annulled twice in 2021, and was planned to be implemented in March 2022 according to the annual plan for public procurements, but the procurement notice is still not announced (two months after its intended date).



Recommendation:

In order to reduce the number of tender annulments, institutions need to frequently engage in previous market research by the so-called technical dialogue with companies, in compliance with Art. 76 of the Law on Public Procurements. This means that, prior to announcement of procurement notices, tender documents should be shared on EPPS with potential bidders and they should be able to provide comments and remarks. Of course, organization of technical dialogue makes sense only when the contracting authority in question is truly prepared to listen to potential bidders and implement their constructive comments and proposals. That will allow timely correction of certain omissions and will improve tender documents, which should ultimately lead to successful implementation of public procurements.



Survey among companies about their experience from participation in public procurements

- » ***50% of companies indicated “lowest price” as the most common problem they encounter in public procurements;***
- » ***82% of companies believe that the procurement’s estimated value should be published in advance;***
- » ***91% of companies believe that electronic auctions result in attainment of unrealistic prices and undermine the quality of public procurements;***
- » ***62% of companies acknowledge existence of previous arrangements among them when participating in tender procedures;***
- » ***51% of companies believe corruption is present in public procurements. 65% of them also indicated connections as the most common form of corruption;***
- » ***Companies have assessed the process of public procurement in the country with an average score of 2.8 (on the scale from 1 to 5), which is the same as last year.***



The survey among companies is organized as regular annual research by the Center for Civil Communications since 2009 and is part of its public procurement monitoring effort.

This year, the survey was conducted in February 2022 and covered 284 companies from all major towns across the country. It was based on previously designed and structured questionnaire comprised of 20 questions.

Questions are structured into several groups and inquire about companies' views and opinions about the most frequent problems they have encountered when participating in public procurements, as well as their thoughts on e-auctions, appeal procedure, corruption and other challenges in public procurements. The questionnaire is structured in such manner that allows interviewed representatives of companies to individually indicate problems they are facing and to propose measures aimed to improve the system of public procurements.

This analysis includes results from the last survey conducted among companies and some comparisons against results obtained under previous rounds of surveys in order to obtain an image about the current state-of-affairs, but also about underlying trends in public procurements.

As was the case before, the survey first inquired about public procurement experiences of companies. The highest share of surveyed companies (49%) participate in up to five public procurement procedures annually, followed by companies that participate in 6 to 12 tender procedures annually (29%), those that participate in 13 to 24 tender procedures (12%) and companies that participate in more than 24 tender procedures annually (11%). The average weighted participation rate of surveyed companies is calculated at 10 procurement procedures annually.

Problems in public procurements

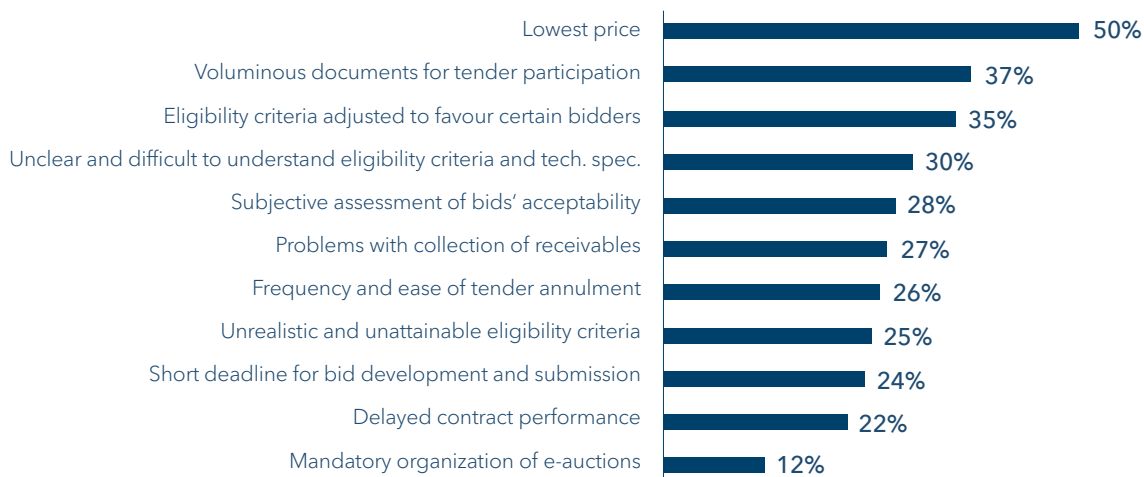
This year as well, the number one problem related to participation in public procurements is use of "lowest price" as criterion for selection of the most favourable bid. This problem was indicated by half of surveyed companies. In spite of such observations made by companies participating in tender procedures and amendments to the Law on Public Procurements whereby "lowest price" is no longer the single criterion for selection of the most favourable bid and is replaced with the criterion defined as "economically most favourable bid", state institutions continue to use "lowest price" as the single criterion in high 94% of tender procedures.

Second most frequently indicated problem is the same as the one from last year. Actually, more than one-third of companies, i.e. 37%, indicated that, in addition to "lowest price", another major problem are voluminous documents required for participation in tender procedures.



Third on the list of main problems faced by companies is another one that has persisted for years and concerns adjustment of criteria for tender participation to favour certain bidders, as indicated by 35% of companies.

Main problems faced by companies in public procurement procedures (multiple answers are allowed)

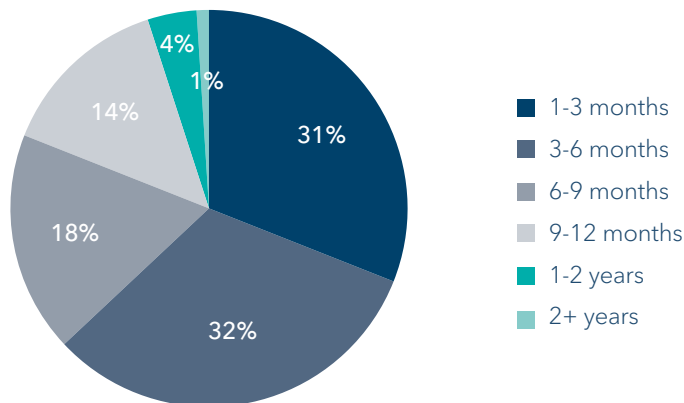


For the second consecutive year, late payment for contract performance is on the sixth place among the most acute problems. In 2019, late payment was among the top three problems in public procurements, but it is ranked sixth under this survey. This problem was indicated by 27% of surveyed companies.

Based on survey responses, on average, companies are waiting for 5 months and 18 days to collect their receivables from contracts performed, and last year the average period was calculated in duration of 6 months.



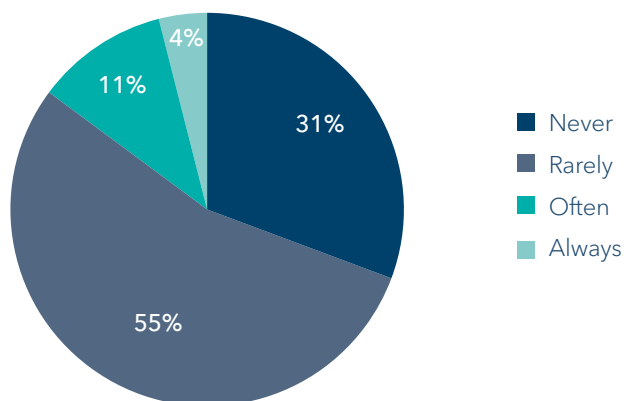
How much do you wait for collection of receivables from public procurements?



Technical specifications do not guarantee the quality of goods/services being procured. An increased number of companies believe that technical specifications are not developed in sufficient details in order to serve as guarantee for obtaining certain quality of goods/services, and this is noted under circumstances when almost all tender procedure continue to use "lowest price" for awarding procurement contracts.

High 86% of companies indicated that technical specifications rarely (55%) or never (31%) include details for precise definition of the quality of relevant procurements. Last year, this share accounted for 81%.

Do you think that technical specifications include sufficient details to guarantee the quality of public procurements?

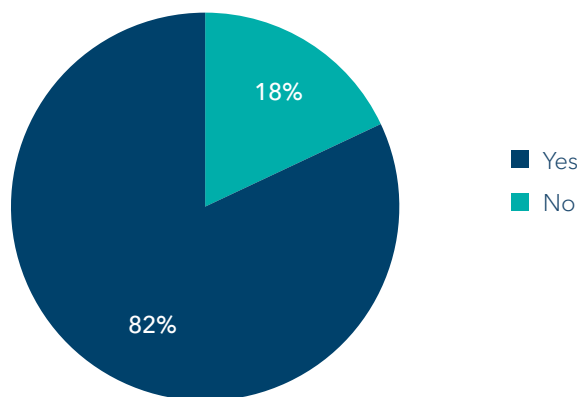




Only small share of companies (15%) believe that contracting authorities often (11%) or always (4%) provide precise definition of the quality of their procurements, whereby use of “lowest price” would make sense and would not lead to procurement of goods, services and works that are of poor quality.

Most companies are “in favour” of estimated values being published in advance. High 82% of surveyed companies believe that contracting authorities should publish the estimated value of their procurements. Actually, the new Law on Public Procurements allows contracting authorities to decide whether they will publish the procurement’s estimated value, which has become one of burning issues in the practice. Although the estimated value has not been published in advance, many tender procedures are presented with bids matching that value. Actually, for estimated values to be published in advance they need to be well calculated, which is not often the case, resulting in other problems in later stages of the procurement procedure.

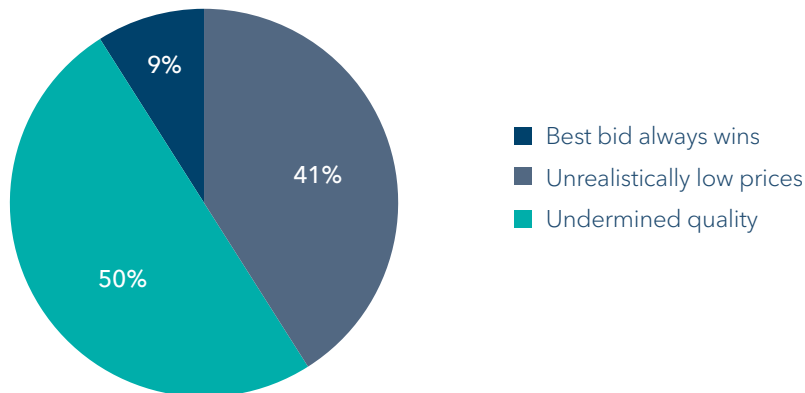
Do you think that estimated value of procurements should be published in advance?



E-auctions do not result in selection of the best bid. High 91% of surveyed companies believe that e-auctions result in attainment of unrealistically low prices (41%) and undermine the quality to the benefit of the price (50%). Modest 9% of companies believe that e-auctions result in selection of the best bid. In this respect, there are almost no changes compared to responses obtained under the last year’s survey.

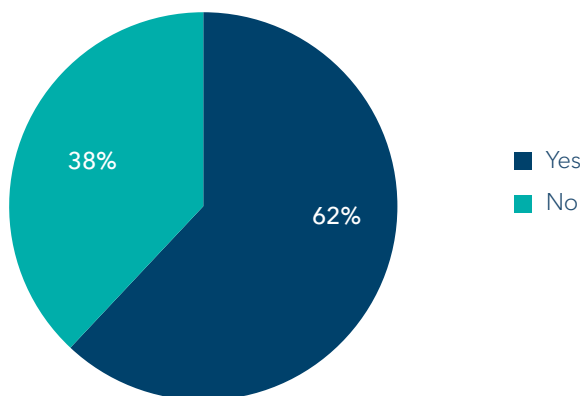


What is the best characterization of electronic auctions?



Most companies acknowledge existence of previous arrangements among them. High 91% of surveyed companies believe that e-auctions result in attainment of unrealistically low prices (41%) and undermine the quality to the benefit of the price (50%). Modest 9% of companies believe that e-auctions result in selection of the best bid. In this respect, there are almost no changes compared to responses obtained under the last year's survey.

Do you think there are previous arrangements among companies before the start of e-auctions in cases when they have resulted in price reduction?

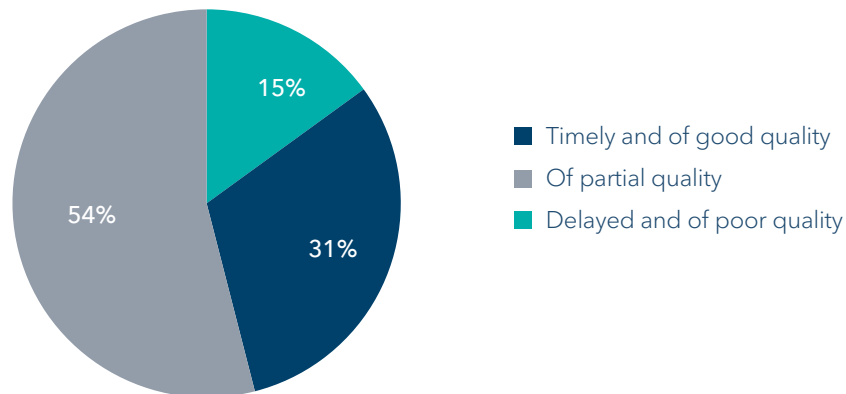


There is continued dissatisfaction among companies from communication with contracting authorities. Satisfaction of bidding companies from communication with representatives of contracting authorities in whose public procurements they participate remains low. Only 31% of



companies assessed such communications as timely and of good quality, while most of them (54%) assessed communications with contracting authorities as being of partial quality, and 15% indicated that communications are late and of poor quality. Similar situation was observed under the last year's survey.

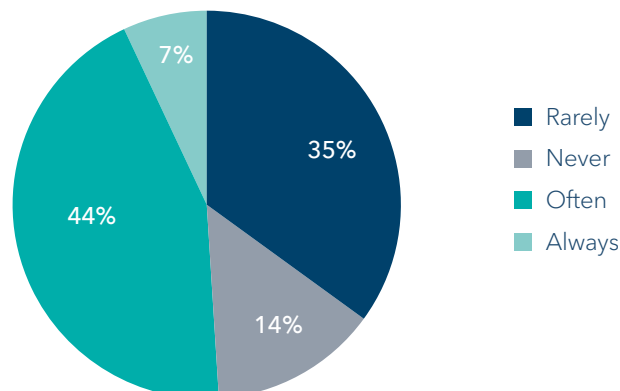
How do you assess communications with contracting authorities in public procurement procedures in which you have participated?



Increased share of companies believe that corruption is present in public procurements.

51% of surveyed companies believe that corruption is present in public procurements (last year this share was 47%). Among them, 44% believe that corruption is often and 7% believe that corruption is always present in public procurements.

Do you think that corruption is present in public procurements?





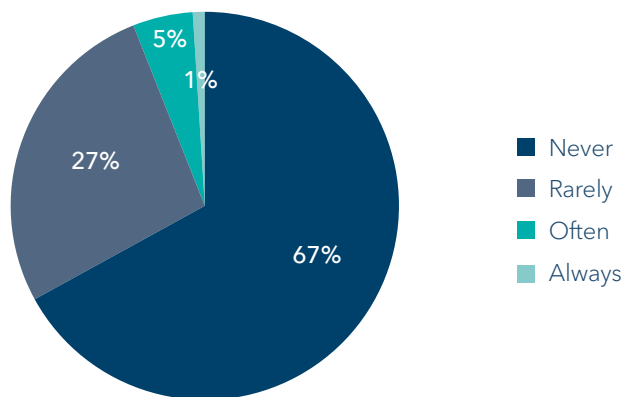
35% of surveyed companies assessed that corruption is rarely present in public procurements, while 14% of them have indicated no corruption. Last year, 18% of companies indicated there is no corruption in public procurements.

When asked to freely indicate the most common type of corruptive actions, the highest share of companies covered with this year's survey indicated political, partisan and family relations (65%), followed by kick-backs (30%). Increasing number of companies indicated that technical specifications are developed by companies that later participate in tender procedures and are awarded the contract.

Very small number of companies lodge appeals against tender procedures. Only 6% of companies reported they always (1%) or often (5%) lodge appeals before the State Commission on Public Procurement Appeals in cases when they are not satisfied with actions of contracting authorities in tender procedures in which they have participated.

Dominant 94% of surveyed companies indicated they never (67%) or rarely (27%) lodge appeals before this commission.

Have you lodged appeals before SCPPA when dissatisfied with the manner in which public procurements are implemented?

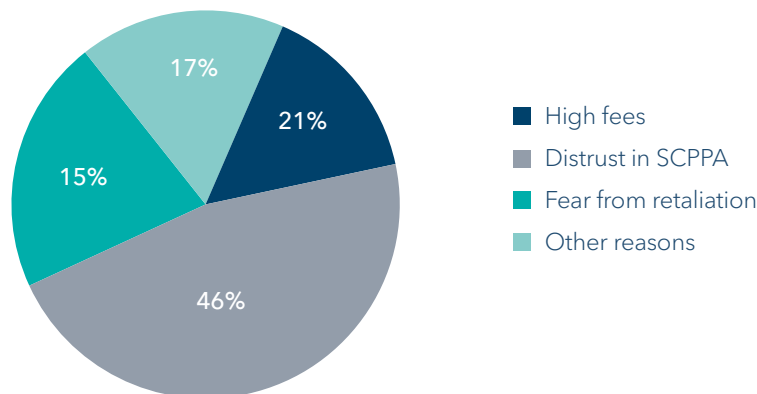


Distrust in the State Commission on Public Procurement Appeals is growing. The two most frequently indicated reasons why companies rarely or never lodge appeals concern distrust in the State Commission on Public Procurement Appeals and the amount of fees charged for initiation of appeal procedures that should be settled by companies contesting particular tender procedure. High 46% of surveyed companies reported they do not lodge appeals due to distrust in the



competent commission (last year this share was 47%). Second most frequently indicated reason concerns the amount of procedure fees, reported as problem by 21% of companies (last year this share was 26%). Fear from retaliation by contracting authorities against which appeals are lodged is the third reason, accounting for 15% of responses (last year this share was also 15%).

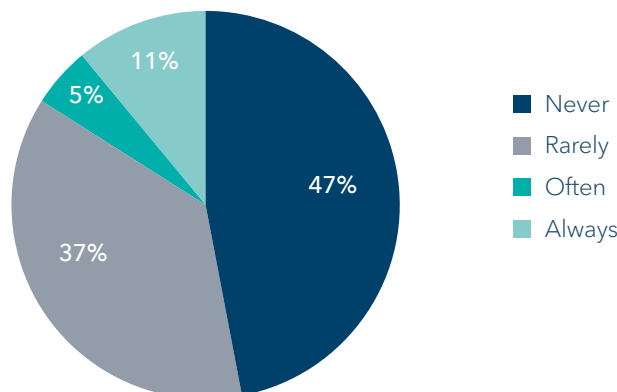
What are the reasons for never or rarely appealing tender procedures before SCPPA?



Dissatisfaction with SCPPA decisions is still present. Adequately to their distrust, companies also reported high dissatisfaction with decisions taken by the State Commission on Public Procurement Appeals when they have contested tender procedures.

Only 16% of companies reported they are often or always satisfied with decisions taken by SCPPA. Dominant 84% of surveyed companies are never or rarely satisfied with SCPPA decisions.

In the cases when you have lodged appeals, how satisfied are you with decisions taken by SCPPA?

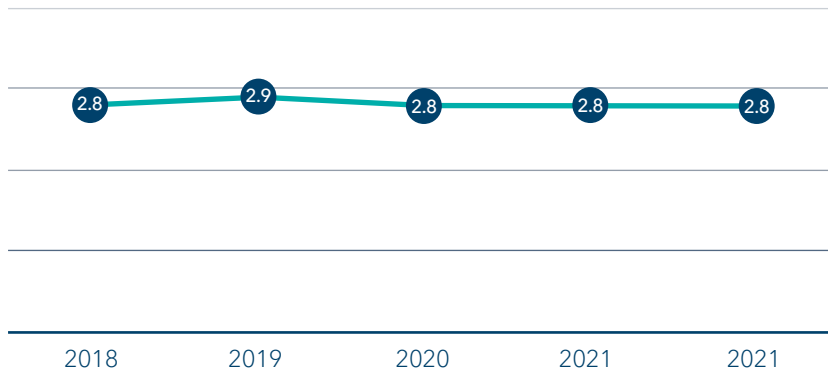




The average score assigned by companies to public procurements remains unchanged.

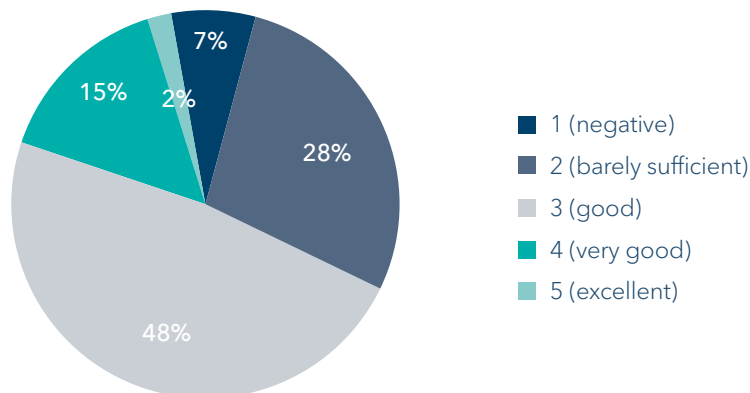
Asked to assess the overall process of public procurements in the country in the scale from 1 (negative) to 5 (excellent), companies assigned an average score of 2.8, which is identical with the last year's score.

Variations under the average score assigned by companies to the process of public procurements



In line with the average score, the highest share of surveyed companies indicated a score of 3 (48%). Small share of them (7%) assessed the system of public procurements with a score of 1, while only few of them (2%) indicated the highest score of 5.

How do you assess the overall process of public procurements in the country?





Analysis of procedures led before the state commission on public procurement appeals in 2021

- » ***The trend on increasing number of appeals lodged before the State Commission on Public Procurement Appeals continues. According to data available in the Electronic Public Procurement System, companies have lodged a total of 1,008 appeals in 2021, representing an increase by 2.5% compared to the previous year. Large share of appeals (42.6%) were approved by the commission, but their share represent a significant drop by 10.7 percentile points compared to last year.***

Among total of 22,816 tender procedures announced in EPPS over the course of 2021, companies have lodged 1,008 appeals (4.42%) before the State Commission on Public Procurement Appeals. As shown in the table below, the number of tender procedures is increased compared to last year (13.2%), followed by increased number of appeals (2.5%).



Ratio of announced tender procedures and appeals lodged by companies before SCPPA*

Year	Number of tender procedures	Change (%)	Number of appeals lodged before SCPPA	Change (%)
2016	18,444	-0.1%	557	+6.5%
2017	17,227	-6.6%	507	-9.0%
2018	21,406	+24.0%	695	+37.1%
2019	22,538	+5.3%	845	+21.6%
2020	20,159	-10.6%	983	+16.3%
2021	22,816	+13.2%	1,008	+2.5 %

* Calculations are made by processing data available on SCPPA's official website and EPPS

In 2021, the State Commission took decisions upon 1,008 appeals. Analysis of the structure of these decisions shows that in 2021 the State Commission has approved 416 appeals, while additional 13 tender procedures were annulled by SCPPA due to significant violation of provisions under the Law on Public Procurements, bringing the total number of approved appeals to 429, which represents 42,6% of all decisions. 404 appeals were rejected as unfounded, accounting for 40.1% of all decisions taken. Due to untimely or incomplete submission, failure to settle payment of procedure fees or declared non-competence by SCPPA, 78 appeals were denied, accounting for a share of 7.7%. The number of appeals withdrawn by companies or appeal procedures that were discontinued because contracting authorities had acknowledged appeal allegations prior to SCPPA decision stands at 97 and accounts for 9.6% of all decisions.



Breakdown of decisions taken by SCPPA in 2021*

Structure of appeals according to SCPPA decision	Number of appeals	Share (%)
Approved appeals	429	42.6%
Rejected appeals	404	40.1%
Denied appeals	78	7.7%
Discontinued/terminated appeal procedure	97	9.6%
Total	1,008	100.0%

* Calculations are made by processing data published in EPPS

Compared against previous years, the share of approved appeals has dropped from last year by 10.7 percentile points, while the share of rejected appeals has increased by 8.2 percentile points.

Comparison data on the structure of decisions taken in appeal procedures*

Type of decision	2017	2018	2019	2020	2021
Approved appeals	45.8%	47.6%	58.3%	53.3%	42.6%
Rejected appeals	37.5%	31.5%	27.6%	31.9%	40.1%
Denied appeals	10.2%	12.8%	9.2%	7.1%	7.7%
Discontinued/terminated appeal procedure	6.5%	8.1%	4.9%	7.7%	9.6%
Total	100%	100%	100%	100%	100%

* Calculations are made by processing data published in EPPS

As regards reasons for lodging an appeal, based on the analysed sample for 2021, dominant share of appeals (70%) contested decisions on contract award and half of them concerned selection of the bid submitted by another economic operator, while the other half of appeals concerned cases in which the bid submitted by the economic operator that lodges the appeal was rejected as unacceptable. 15% of appeals were lodged against decisions on tender annulment, 8% of them contest the content of tender documents, and 7% of appeals were lodged on other grounds.



At the level of individual institutions, the highest number of appeals (84) were lodged against the Ministry of Interior, followed by JSC Power Plants whose tender procedures were contested with 60 appeals, and PE State Roads with 27 appeals.

At the level of economic operators, the highest number of appeals were lodged by STERNA LLP import-export Skopje (24), which participates in tender procedures for procurement and lease of information equipment. Second place with 17 appeals is RACIO GROUP LLC Kumanovo, which participated in tender procedures for real estate appraisal services. Third on this list is SERVIS DAKA, Poposki Trajan from Bitola, which has lodged 15 appeals in 2021 and participated in tender procedures for sales and servicing of elevators.



Research among contracting authorities about their staff capacity for implementation of public procurements

- » ***Different ministries implement public procurements with 1 to 24 employees, while municipalities dispose with 1 to 7 employees for that purpose, except for the City of Skopje where the number of employed public procurement officers stands at 12. In that, public procurement officers at ministries implement fewer procurement procedures, but their value is much higher than the value of tender procedures implemented by their counterparts employed at municipalities. The research shows that some institutions also rely on outsourced expert assistance, without due consideration of the need to prevent potential conflict of interests.***

Data on the number of employees engaged for implementation of public procurements, the number of employees with passed exam for public procurements, and use of outsourced services by natural persons or legal entities were secured by means of information requests submitted to the Government of RNM, all ministries, all municipalities and the City of Skopje. On the other hand, data on public procurement procedures implemented in 2021 and the value of awarded contracts are secured from the Electronic Public Procurement System.



The purpose of this research is to provide an overview of the number of employees at organizational units tasked with implementation of public procurements and frequency in terms of using of outsourced services by natural persons or companies for organization of public procurements, whereby research findings should serve as baseline to advance the process of public procurements in the country.

On average, each public procurement officer employed at ministries organizes 18 tender procedures annually, and at the level of local self-government this average is calculated at 25 tender procedures annually. However, when analysed in terms of the value of these contracts, one public procurement officer employed at ministries implements tender procedures/awards contracts in average value of 3.8 million EUR annually, and this average stands at 844 thousand EUR among municipalities.

At the level of line ministries, the highest number of employees in organizational units tasked with implementation of public procurements is noted with the Ministry of Defence (24), followed by the Ministry of Interior (MoI) with 8 employees and the Ministry of Finances with 7 employees. The Ministry of Culture and the Ministry of Political System and Inter-Community Relations have one public procurement officer each. At the level of central government institutions, the number of public procurements in 2021 ranges from 15 (Ministry of Local Self-Government) to 355 (Ministry of Defence). The group of institutions with more than 200 tender procedures annually includes the Ministry of Interior (257) and the Ministry of Defence (355).

The ranking of ministries according to the scope of work performed by their public procurement officers is made by cross-referencing two parameters: average number of tender procedures annually and average value of procurement contracts per public procurement officer.

Comparisons show that the biggest scope of work is performed by 8 officers employed at the Ministry of Interior, with the Ministry of Local Self-Government and its 2 public procurement officers ranked at the bottom. Hence, in 2021, 8 public procurement officers at MoI have implemented an average of 32 tender procedures each, in average value of 6.3 million EUR. On the other hand, 2 public procurement officers at the Ministry of Local Self-Government have implemented an average of 8 tender procedures annually, in average value of around 12 thousand EUR. This shows major differences and absence of standards and rules on setting the number of officers responsible for public procurements. Larger scope of work per employee increases the risk of omissions, while lower scope of work per employee leads to insufficient use of staff capacity.



Ranking list of governmental institutions according to their scope of work on public procurements

Rank	Institution	Number of employees tasked with public procurements	Number of tender procedures per employee	Value of procurement contracts per employee (in EUR)
1	Ministry of Interior	8	32	6,350,530
2	Ministry of Education and Science	6	33	2,321,035
3	Ministry of Environment and Spatial Planning	2	27	5,181,841
4	Ministry of Transport and Communications	4	21	2,138,056
5	Ministry of Agriculture, Forestry and Water Economy	2	21	1,180,638
6	Ministry of Culture	1	26	707,536
7	Ministry of Health	3	13	42,683,687
8	Ministry of Defence	24	15	1,083,520
9	Ministry of Political System and Inter-Community Relations	1	20	654,766
10	Ministry of Justice	2	25	278,868
11	Ministry of Labour and Social Policy	3	16	370,191
12	Ministry of Information Society and Administration	5	10	573,280
13	General Secretariat of the Government of RNM	5	8	589,606
14	Ministry of Foreign Affairs	3	13	356,046
15	Ministry of Finance	7	14	211,172
16	Ministry of Economy	4	12	128,219
17	Ministry of Local Self-Government	2	8	11,761

All ministries employ one or more officers with passed exam for public procurements.

As regards outsourced services by natural persons or legal entities for organization of public procurements, the research shows that such services were used by the General Secretariat of the Government and five ministries. In that, the Ministry of Foreign Affairs, the Ministry of Agriculture, Forestry and Water Economy, the Ministry of Education and Science and the Ministry of Finance have used outsourced services for organization of specific public procurements, while the Gen-



eral Secretariat of the Government and the Ministry of Political System and Inter-Community Relations used these services for more public procurements. As regards selection of natural persons or legal entities to provide consultation services for public procurements, only the Ministry of Political System and Inter-Community Relations has organized a transparent selection process, i.e. public procurement procedure. Based on responses obtained from governmental institutions it could be established that only the Government, the Ministry of Finance and the Ministry of Education and Science paid due attention to potential conflict of interests of outsourced natural persons or legal entities and required them to sign statements on absence of conflict of interests in respect to public procurements they were engaged to organize/implement. Confidentiality statements concerning information disclosed as part of public procurements they are engaged to organize were signed by outsourced experts contracted by the Government and the Ministry of Finance.

Differences in the number of employees and the scope of work related to public procurements are even greater among local self-government units. In that, half of municipalities have only one public procurement officer. The fact that relevant systemization acts have assigned one officer for performance of the long list of obligations imposed by the Law on Public Procurements inevitably leads to other officers/employees being involved in this process, but with disputable knowledge and commitment, which ultimately implies additional risks.

As regards the number of public procurement officers employed at local level, as it could be expected, the City of Skopje employs the highest number of such officers (12), followed by Ohrid and Butel, each with 7 employees, then Bitola, Kavadarci and Zelenikovo with 6 employees each, and Karposh and Zhelino with 5 employees each. In 2021, the number of public procurements organized per local self-government unit ranges from 2 in Arachinovo, which employs one officer, to 188 public procurements in Bitola, with 6 officers employed.

The ranking of local self-government units according to the scope of work per public procurement officer is made by cross-referencing two parameters: average number of procurement procedures annually and average value of procurement contracts per public procurement officer, and shows the largest scope of work on public procurements in Kriva Palanka, which has employed one officer, but implemented 87 tender procedures in cumulative value of 2.6 million EUR for the entire 2021. At the bottom of this table is Zelenikovo, with 6 public procurement officers and average of 3 tender procedures per officer annually, in average value of 38 thousand EUR. The most absurd observation concerns the fact that none of 6 public procurement officers employed in the Municipality of Zelenikovo has passed the relevant exam.

The table below shows absence of clear parameters on the adequate number of employees at local self-government units and many absurd and impossible situations.



Ranking list of local self-government units according to the scope of work related to public procurements

Rank	Municipalities	Number of employees	Number of tender procedures per employee	Value of procurement contracts per employee (in EUR)
1	Kriva Palanka	1	87	2,601,147
2	Lipkovo	1	46	2,458,198
3	Aerodrom	2	41	2,595,456
4	Petrovec	1	51	1,723,764
5	Gjorche Petrov	2	38	1,897,759
6	Gostivar	2	31	3,981,895
7	Makedonska Kamenica	1	43	1,198,190
8	Probishtip	1	69	905,295
9	Valandovo	1	36	1,390,388
10	Berovo	1	56	789,867
11	Debar	1	36	975,409
12	Gazi Baba	3	24	2,783,877
13	Shtip	3	26	2,158,087
14	Delchevo	1	47	764,185
15	Kumanovo	4	31	1,558,296
16	Novaci	1	72	678,703
17	Tetovo	3	27	1,730,369
18	Bitola	6	31	1,063,860
19	Bogdanci	1	29	1,250,284
20	Kochani	3	31	1,050,810
21	Veles	4	39	722,654
22	Debarca	1	46	595,593
23	Bosilovo	1	52	506,594
24	Centar	4	20	2,341,005
25	Karbinci	1	31	872,239



26	Mogila	1	34	658,565
27	Mavrovo and Rostushe	1	34	525,441
28	Vinica	1	24	883,687
29	Gevgelija	2	21	951,941
30	Prilep	3	16	1,563,676
31	Ilinden	2	15	1,756,163
32	Radovish	3	25	658,874
33	Chashka	2	40	362,613
34	Krivogashtani	1	33	384,508
35	Kavadarci	6	19	904,976
36	Struga	4	18	972,444
37	Dolneni	1	25	535,797
38	Sveti Nikole	2	35	364,128
39	City of Skopje	12	12	3,861,099
40	Dojran	1	22	498,710
41	Lozovo	1	25	411,135
42	Rankovce	1	32	307,368
43	Vasilevo	1	19	634,675
44	Chair	4	18	691,820
45	Karposh	5	22	430,532
46	Kisela Voda	4	14	833,919
47	Kratovo	1	22	397,996
48	Rosoman	1	23	379,264
49	Negotino	3	19	406,541
50	Staro Nagorichane	1	22	363,325
51	Bogovinje	1	13	692,271
52	Vrapchishte	2	10	931,703
53	Pehchevo	1	21	258,520
54	Saraj	3	6	885,045
55	Kichevo	4	10	676,172
56	Strumica	4	14	489,362



57	Resen	2	19	291,129
58	Novo Selo	1	17	341,860
59	Brvenica	1	13	487,459
60	Plasnica	1	18	273,136
61	Chucher Sandevo	1	12	494,061
62	Ohrid	7	12	436,963
63	Krushevo	2	19	162,064
64	Cheshinovo-Obleshevo	1	16	283,033
65	Makedonski Brod	1	14	347,779
66	Gradsko	2	13	376,120
67	Zrnovce	1	17	160,518
68	Jegunovce	1	16	161,422
69	Centar Zhupa	1	16	165,383
70	Shuto Orizari	1	13	287,980
71	Demir Kapija	3	14	172,035
72	Vevchani	1	14	138,622
73	Sopishte	2	15	129,561
74	Studenichani	2	5	376,838
75	Butel	7	9	292,348
76	Konche	2	9	233,863
77	Demir Hisar	2	10	136,349
78	Zhelino	5	6	229,300
79	Tearce	3	7	55,182
80	Arachinovo	1	2	82,504
81	Zelenikovo	6	3	37,628

Although the Law on Public Procurements stipulates that institutions should have a certified officer for public procurements, this research shows that six municipalities have not complied with this legal obligation. In addition to Zelenikovo, this list also includes municipalities of Lozovo, Kichevo, Novo Selo, Plasnica and Shuto Orizari.



As regards outsourced services by natural persons or legal entities for implementation of public procurements, research data show that such services were used by 14 local self-government units. In that, Gazi Baba, Centar, Strumica and Resen have relied on outsourced services for specific public procurements, while Aerodrom, Arachinovo, Gjorche Petrov, Kisela Voda Lozovo, Negotino, Novaci, Sveti Nikole, Shuto Orizari and the City of Skopje have general contracts for these services, i.e. not related to specific tender procedures.

None of these institutions has organized a transparent and formal procedure for selection of outsourced natural persons or legal entities for implementation of public procurements.

As regards management of conflict of interests, only 4 from 14 local self-government units (Gazi Baba, Negotino, Resen and Strumica) disclosed information that engaged natural persons or legal entities have signed declarations on absence of conflict of interests in public procurements they were contracted to organize/implement. In the case of confidentiality statements related to information from public procurements they were contracted to organize, all municipalities reported no such needs and indicated that outsourced persons/entities were given limited access to information. Having all that in mind, the practice of local self-government units to engage outsourced persons/entities for organization of public procurements without clear procedures in place increases the risk of corruptive actions.

Analysis of data shows that lack of legal provisions that govern use of outsourced natural persons or legal entities for organization of public procurements has negative effect on implementation of these procedures by local self-government units, line ministries and the Government of RNM, because the manner in which they are selected and the absence of relevant criteria does not guarantee they will ensure proper implementation of public procurements.

Based on findings from this research, central and local authorities need to define minimum human resources needed, depending on their scope of work related to public procurements, as some form of guarantee that the institution in question disposes with necessary administrative capacity. At the same time, clear guidelines need to be developed and procedures need to be established for use of outsourced services by natural persons or legal entities for implementation of public procurements.

