



Center for Civil Communications
Центар за граѓански комуникации

MAPPING CORRUPTION RISKS IN PUBLIC PROCUREMENTS OF ENTERPRISES OWNED BY THE GOVERNMENT AND MUNICIPALITIES

RESEARCH AND ANALYSIS



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“MAPPING CORRUPTION RISK IN PUBLIC PROCUREMENTS OF ENTERPRISES OWNED BY THE GOVERNMENT AND MUNICIPALITIES”

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1. EXECUTIVE SUMMARY

- The subject of monitoring were tender procedures of 37 joint stock companies and enterprises founded by the Government, the City of Skopje and Municipalities of Kavadarci, Gostivar and Struga. In 2019, these enterprises have signed public procurement contracts in the value of 247 million EUR, accounting for 27% of all public procurements in the country.
- The monitoring observed corruption risks manifested by frequent and significant changes to public procurement plans, as well as low implementation rate of these plans. In the case of 16 from 37 analysed enterprises, implementation rate of their public procurement plans is below 50%. This is indicative of inadequate needs assessment and increases the risk of influence by external actors on decisions taken by responsible officers about what will be procured, which creates opportunities for informal arrangements.
- The practice confirms cases in which the procurement's estimated value had been changed without any justification, which is indicative of external influences and arrangements, and there are also indications that estimated values of tender procedures have been leaked in cases when this piece of information is not publicly announced.
- As many as 40% of tender procedures that were subject of monitoring for the purpose of this analysis had been presented with only one bid. The average number of bids received by targeted enterprises is calculated at 2.5 bids per tender procedure and is below the 2019 national average of 3.3 bids per tender procedure. Low competition further confirms the existence of discrimination in public procurements, as evidenced with specific examples analysed below and related to setting inadequate eligibility criteria for bidders, favouring tender specifications and selection criteria for the most favourable bid.
- Doubts are raised about previous arrangements among companies to win one or another tender procedure, which inevitably casts corruptive shadow on the process of public procurements and imposes the need for greater involvement on the part of the Commission for Protection of Competition.
- Concentration of public procurements with particular company, as one of the most relevant indicators for corruption risks, is a problem noted with large portion of analysed enterprises and joint stock companies. In the case of almost one third of them, concentration of public procurements with one company exceeds 40%.
- According to the Bureau of Public Procurements (BPP), another indicator for corruption risks concerns (non)compliance with the law-stipulated deadline for taking decisions on selection of the most favourable bid or decisions on tender annulment. As many as 29% of monitored tender procedures have not complied with this deadline.
- One third of targeted enterprises have organized non-transparent negotiation procedures without prior announcement of call for bids. High shares of such procurement procedures in the total value of all public procurements are recorded with the Official Gazette (28%) and PE City Parking – Skopje (22%).

- Large portion of analysed joint stock companies and enterprises are marked by high number of annulled tender procedures which, according to the Bureau of Public Procurements, represents a “red flag” for corruption risks. In the case of 20 from 37 targeted enterprises, the share of annulled tender procedures exceeds 20%.
- Small number of public enterprises and joint stock companies engage in the practice of appointing a person responsible to follow contract performance. This increases the risk of abuse and corruption during the stage of tender performance.
- Five indices of rationality were developed for the purpose of this analysis and they compare prices at which targeted enterprises have procured same types of goods and services (electricity, print paper, oil derivatives, physical security services for buildings, and services from temporary employment agencies).
- The index of rationality for electricity shows that this product was purchased at prices ranging from 4,738 MKD to 5,888 MKD per 1 MWh. In that, the highest price is by 24% higher than the lowest price.
- The index of rationality for print paper reveals major differences in price for this type of office supplies. In that, 1 ream of paper, A4 format, white and weighing 80 grams, was procured for 158 MKD to 349 MKD. The highest price is by 120% higher than the lowest price.
- The index of rationality for oil derivatives shows that, although contracting authorities have procured enormous quantities of oil derivatives, the prices arranged are actually the highest retail prices set by the Energy Regulatory Commission.
- The monthly price for physical security services by one person ranges from 24,255 MKD to 36,875 MKD. The highest price is by 52% higher than the lowest price attained for this service.
- Commission rates charged for engagement of temporary staff through specialized agencies amount from 0.01% to 8.90% of gross salary per employee.
- As regards transparency, in the case of high 44% of tender procedures the contracting authorities did not comply with the deadline of 10 days for submission of notifications on contracts signed to EPPS. On the other hand, the obligation for submission of notifications on contract performance to EPPS is almost fully disregarded.
- According to the Open Government Partnership’s Action Plan, all institutions should publish public procurement plans on their official websites, including amendments thereto, as well as procurement notices and notifications on contracts signed. The analysis of 37 joint stock companies and public enterprises revealed that only 4 of them have complied with this obligation, accounting for only 11% of all enterprises included.

2. INTRODUCTION

The subject of analysis is public procurements implemented by joint stock companies and public enterprises founded by the Government, the City of Skopje and Municipalities of Kavadarci, Gostivar and Struga. In the course of 2019, these 37 enterprises¹ have awarded 3,342 public procurement contracts in total value of 15.2 billion MKD, i.e. 247 million EUR. The significance of public procurements organized by these contracting authorities is best represented by the fact that annual value of their procurements in total public procurements in the Republic of North Macedonia for 2019 accounted for high share of 27%.

The purpose of this analysis is to map corruption risks in public procurements during all stages of implementation, from planning public procurements, through organization of public procurement procedures, to performance of contracts. In particular, the analysis is performed on the basis of in-depth screening that covered 103 public procurement procedures and additional verification of prices attained under additional 64 tender procedures organized by these joint stock companies and public enterprises for development of the index of rationality.

Selection of tender procedures to be subject of in-depth screening (103) was made through identification of biggest procurements organized by all analysed enterprises, implemented under the three most commonly organized types of procurement procedures, i.e. “open procedure”, “simplified open procedure” and “small-value procurement”. It is a matter of tender procedures organized in the period from 1 April 2019, i.e. when the new Law on Public Procurements (LPP) entered in effect, until 31 December 2019.

As regards tender procedures for development of the index of rationality, which is an instrument developed and used by the Center for Civil Communications since 2011, the project team made inquiries about prices attained for procurement of several types of goods and services for the period 2018–2020.

The complete sets of documents for selected tender procedures were secured under the instrument for free access to public information.

The analysis aims to detect weaknesses in the process of public procurements, starting from the standpoint that poor management of public procurements prevents competition, increases costs and reduces quality of goods and services to the detriment of public funds and resources bankrolled by taxpayers. It will be followed by screening at individual enterprises in order to identify corruption risks and to assess their capacity for implementation of public procurements (human resources and internal policies). All these analyses will be used for adequate capacity-building at targeted enterprises (training and workshops) and for introduction of sustainable mechanisms to improve implementation of public procurements and to enhance integrity of public spending under tender procedures.

¹ In 2019, a decision was taken to terminate the Inter-Municipal Public Enterprise PE Proaqua - Struga. Now, the Municipality of Struga has its own public enterprise - PE Water Supply and Sewage - Struga.

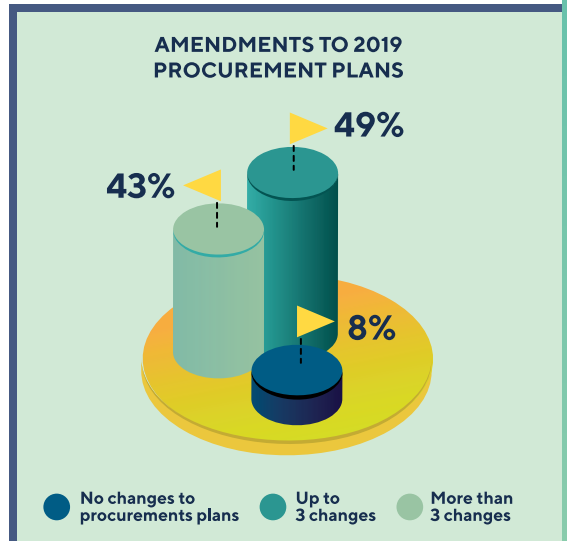
1. Stage of public procurements: PLANNING

1.1. Corruption risks related to frequent and significant changes to public procurement plans and poor implementation of these plans

All joint stock companies and public enterprises have adopted their respective 2019 public procurement plans within the law-stipulated deadline (by 31 January 2019). These plans, however, were subject to frequent and significant amendments throughout the year. Such practice on the part of contracting authorities, coupled with low implementation rate of these plans, is indicative of weaknesses in the stage on planning public procurements and, consequently, of increased corruption risks through external influences.

In the course of 2019, only three from 37 analysed enterprises have not amended their public procurement plans for the current year. Furthermore, 18 enterprises have introduced one to three changes to their plans, while 16 enterprises have adopted more than three amendments thereto.

According to documents obtained, the highest number of changes to the public procurement plan is noted with JSC Power Plants, i.e. total of 36 changes. Nevertheless, having in mind the high number of public procurements (986 tender procedures) anticipated under JSC Power Plant's annual plan, these changes are not as significant as those observed with other enterprises which have made smaller number of changes to their plans, but of more serious nature. For example, under a single amendment to its public procurement plan City Energy Systems JSC Skopje has increased the number of tender procedures from 12 to 35, while MR Transport JSC Skopje adopted three changes to its plan increasing the number of planned public procurements from 138 to 200, and PTE Skopje increased the number of tender procedures from 152 to 193 as part of 4 rounds of changes.



Precise overview of relevant percentage of changes to public procurement plans can be obtained from data in EPPS, where institutions are obliged to make publicly available their public procurement records (public procurement plans without enlisting the estimated value). According to these data, changes made by 10 enterprises to their respective plans exceed 20% of initial plans.

PERCENTAGE OF CHANGES TO 2019 PUBLIC PROCUREMENT PLAN

CONTRACTING AUTHORITY	CHANGE
PE Macedonia Road	0
JSC Water Economy of RNM	0
JSC for Management of State-Owned Commercial Property	0
JSC Postal Service of North Macedonia	0.30 %
PE Macedonian Railways – Infrastructure	1.25 %
PE National Forests	1.76 %
JSC Power Plants of North Macedonia	1.82 %
JSC Power Plants of North Macedonia	2.27 %
PE Water Supply and Sewage – Skopje	5.58 %
PE for State Roads	5.71 %
PE for Management of Pastures	5.88 %
JSC Airports of RNM	6.86 %
JSC National Energy Resources	7.29 %
PE Parks and Greenery – Skopje	7.67 %
PE Communal Hygiene – Skopje	7.82 %
PE Komunalec – Gostivar	9.68 %
PE Parking – Kavadarci	9.85 %
Sports Hall Boris Trajkovski LLC – Skopje	10.14 %
PE for Public Parking and Greenery – Gostivar	10.32 %
PE Streets and Roads – Skopje	12.42 %
PE Komunalec – Kavadarci	13.95 %
PTE Skopje	14.63 %
JSC MEPSO	14.76 %
PE Komunalno – Struga	18.63 %

PE City Parking – Skopje	18.71 %
PE Jasen	19.37 %
JSC for Construction and Management of Residential and Commercial Property of Importance for the Republic	20.56 %
JSC GTC	21.82 %
JSC M-NAV	24.70 %
JSC MIA	25.69 %
Railways of RNM – Transport JSC Skopje	26.15 %
PE Strezhevo – Bitola	29.13 %
JSC State Lottery	39.06 %
PE Agroberza	55.56 %
PE National Broadcasting	60.37 %
JSC TPP Negotino	74.50 %
JSC City Energy Systems – Skopje	89.35 %

Data used are obtained from the Electronic Public Procurement System

Another problem is that even plans undergoing frequent changes are not properly implemented. In 2019, the average implementation rate for procurement plans of analysed enterprises accounts for 54%. Only 6% of enterprises are marked by high implementation rate of their plans, accounting for 90% and above. In that, JSC Water Economy of RNM is at the bottom, with implementation rate of only 1%, while the top position is held by JSC Media Information Agency – MIA, with implementation rate of 96%.

IMPLEMENTATION RATE FOR THE LATEST VERSION OF 2019 PUBLIC PROCUREMENT PLANS

CONTRACTING AUTHORITY	IMPLEMENTATION RATE AGAINST PLANNED PUBLIC PROCUREMENTS
JSC MIA	95.8 %
PE Parking – Kavadarci	90.5 %
PE Agroberza	87.5 %
JSC State Lottery	86.7 %
JSC Power Plants of North Macedonia	82.4 %
Sports Hall Boris Trajkovski LLP – Skopje	75.7 %
PE Jasen	75.0 %
PE Macedonia Road	73.2 %
PE Strezhevo – Bitola	71.9 %
PE Komunalec – Kavadarci	71.6 %
PE City Parking – Skopje	70.8 %
PE Komunalec – Gostivar	66.1 %
PE Communal Hygiene – Skopje	65.5 %
JSC for Management of State-Owned Commercial Property	65.0 %
PTE Skopje	63.7 %
JSC for Construction and Management of Residential and Commercial Property of Importance for the Republic	61.3 %
PE Komunalno – Struga	61.3 %
PE Parks and Greenery – Skopje	59.2 %
JSC Airports of RNM	52.9 %
PE for State Roads	50.3 %
PE Streets and Roads – Skopje	50.0 %
JSC GTC	49.2 %

JSC MEPSO	49.1 %
JSC M-NAV	49.1 %
PE National Forests	48.1 %
PE Macedonian Railways – Infrastructure	47.4 %
PE Water Supply and Sewage – Skopje	39.7 %
PE for Management of Pastures	38.9 %
PE Official Gazette of RNM	34.6 %
JSC TPP Negotino	28.9 %
JSC National Energy Resources	28.1 %
PE National Broadcasting	27.7 %
JSC Postal Service of North Macedonia	25.9 %
Railways of RNM – Transport JSC Skopje	25.0 %
PE for Public Parking and Greenery – Gostivar	25.0 %
JSC City of Energy Systems – Skopje	14.3 %
JSC Water Economy of RNM	1.0 %

Calculations made on the basis of documents obtained from contracting authorities

This is indicative of inadequate needs assessment and increases the risk of influence by external actors on decisions taken by responsible officers about what will be procured, which creates an opportunity for informal arrangements.

In order to increase pressure on institutions for purposeful public spending, the Law on Public Procurements stipulates an obligation whereby the relevant decision on public procurement should include justification for the need of such procurement. Practices show that this obligation is not seriously applied and decisions on public procurements feature only formal justification.

Additionally, almost all tender procedures that were subject of monitoring do not include well-developed document on the manner in which the procurement’s estimated value has been set. Importance of this aspect of public procurements is best evidenced by data that one of eight red flags for corruption developed by the Bureau of Public Procurements concerns unrealistically high or low procurement prices. Hence, the actual estimate of costs, i.e. the procurement’s estimated value, is a piece of information which contracting authorities should have at their disposal, not only for planning their costs, but also for timely detection and prevention of possible corruption.

EXAMPLE FROM MONITORED TENDER PROCEDURES: PROBLEMS WITH SETTING REALISTIC ESTIMATED VALUE

The biggest contact in 2019 of one local public enterprise implied procurement of new earthmover. In its 2019 public procurement plan, the contracting authority anticipated procurement of such earthmover at the price of 6,000,000 MKD, VAT excluded. The justification provided by the public enterprise about the manner in which they have calculated estimated values includes: "A visual market research, based on the internet, by browsing official websites and based on [information] from the previous year, if such types of procurement had been organized". Two changes to the procurement plan in the course of May have resulted in increase of estimated value for procurement of earthmover first to 8,000,000 MKD, and later to 8,500,000 MKD. It remains unclear what new knowledge became available to this public enterprise to change the estimated value, because the decisions on amending its public procurement plan do not feature any elaboration thereof. The procurement notice made the estimated value publicly available. Bids were submitted by two Bitola-based companies, one of which offered a price of 8,500,000 MKD, VAT excluded, while the second submitted a bid in the amount of 9,780,000 MKD. During the electronic auction, the company that initially offered 8,500,000 MKD reduced its price to 8,480,000 MKD, while the second company reduced its price from 9,780,000 MKD to 8,490,000 MKD. Having in mind that the selection criterion was defined as "lowest price", the contract was awarded to the company offering a lower price by only 0.012% compared to the competitive bid. Hence, the earthmover was procured at a price of 8,480,000 MKD plus VAT, resulting in total price of 10,006,400 MKD (i.e. 162,705 EUR).

Changes to the estimated value refer to possible risk of external influences that have been exerted in non-transparent process.

EXAMPLE FROM MONITORED TENDER PROCEDURES: UNREALISTICALLY SET ESTIMATED VALUE

An analysed local enterprise has changed its 2019 public procurement plan in order to increase the estimated value for procurement of office supplies from 120,000 to 354,000 MKD, VAT excluded. This procurement procedure was presented with a total of five bids in the price range from 161,264 MKD to 274,883 MKD. After the electronic auction, the price was reduced to 132,000 MKD. Hence, the price attained is by 63% lower than the estimated value.

It should be noted that office supply procurements are traditionally marked by high competition. If this error (i.e. unrealistically set estimated value) was made in procurement procedure for goods or services marked by poor competition, the contract could have been justifiably signed under the high estimated value.

1.2. Corruption risks related to leak of insider information on estimated value

The risk of leaked insider information about the procurement's estimated value in cases when this information is not publicly shared was noted in several tender procedures from the monitoring sample.

Concerns are raised with the fact that significant portion of analysed tender procedures have not published their respective estimated values, but amazingly this amount is identical to bids received by certain economic operators. In order to prevent the risk whereby companies adjust their bids to the publicly announced estimated value, which is not always adequately set, the new Law on Public Procurements allows institutions to individually decide whether it is better to publish the estimated value or not. Practices among public enterprises and joint stock companies are divided, but in cases when the estimated value is not publicly announced, this piece of information should not be divulged to favoured bidders.

EXAMPLES FROM MONITORED TENDER PROCEDURES: ESTIMATED VALUE IS ONLY FICTITIOUSLY "SECRET INFORMATION"

Example 1

As part of its public procurement for wheat fumigation, one state-owned public enterprise did not publish the estimated value for this public procurement, set in the amount of 1,200,000 MKD (i.e. 19,512 EUR), VAT excluded. It was presented with one bid in the amount of 1,199,610 MKD, which is only 390 MKD (0.03%) lower than the estimated value. The value could not be sensed from the type of procurement procedure organized because "simplified open procedures" allow procurement of goods in the value from 10,000 to 70,000 EUR, VAT excluded, and it could not be correlated to the value of the previous tender procedure, information for which is available in the Electronic Public Procurement System. The contract was signed with the single bidder.

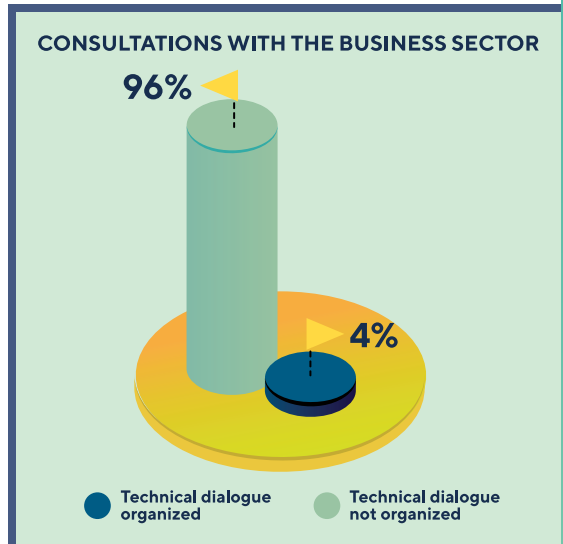
Example 2

A joint stock company estimated the value of its tender procedure for construction works in the amount of 65,262,000 MKD, VAT excluded. The estimated value was not published together with the procurement notice. Two bids were received: one in the amount of 65,220,636 MKD, i.e. only by 0.04% lower than the estimated value, and the second in the amount of 87,906,122 MKD. The bids were developed according to the bill of quantities comprised of 132 items, but concerns are raised with the observed overlap in calculations made by the joint stock company and one of the two bidders. New, reduced prices were not submitted during the electronic auction and the contract was signed with the bid of 65,220,636 MKD, VAT excluded. The total value of this contract, VAT included, amounts to 76,960,351 MKD, i.e. 1.2 million EUR.

1.3. Corruption risks related to avoidance of the consultation process with economic operators

Joint stock companies and enterprises only minimally use technical dialogue for consultations with companies in order to draft tender documents that will encourage competition and will prevent possible discrimination.

Once they have developed the annual public procurement plan, the next obligation of contracting authorities is to develop tender documents for individual procurements. According to Article 76 of the Law on Public Procurements, after adopting the decision on public procurement and prior to announcing the procurement notice, contracting authorities can organize a technical dialogue with interested companies whereby tender documents they plan to use are made publicly available in EPPS. Hence, companies are allowed to make proposals and comments about tender documents and, thereby, timely prevent use of terms and conditions that might lead to discrimination of companies and favouritism of particular bidders.



Only 4% of tender procedures from the monitoring sample have organized technical dialogue, meaning that in the case of 96% of tender procedures, relevant institutions believed there is no need for consultations with potential bidders.

Moreover, based on the monitoring sample, even in cases when technical dialogues were organized, contracting authorities have not demonstrated preparedness to accept proposals made by economic operators.

EXAMPLE FROM MONITORED TENDER PROCEDURES: TECHNICAL DIALOGUE WITHOUT ACTUAL DESIRE FOR CONSULTATIONS

One joint stock company organized technical dialogue for its public procurement of toners, cartridges, drums, etc., for a period of two years and in total amount of 4 million MKD, VAT excluded. This tender procedure was not divided into procurement lots. During the technical dialogue, one interested bidder submitted a motion for division of the tender procedure into procurement lots per toner producer. The point is that such division into procurement lots would allow participation of companies that are distributors/partners to producers of particular toners and ribbons that are subject of procurement (HP, Lexmark, Fujitsu, OKI, Epson, Panasonic and Samsung). Without providing any detailed justification, the joint stock company rejected this proposal for tender division. Otherwise, the State Commission on Public Procurement Appeals (SCPPA) took decision about this tender procedure upon appeal lodged by bidding company and concerning omissions during the bid-evaluation process. SCPPA did not make ex-officio observation about the course of the technical dialogue that would allow the public to know whether commission members believe that the joint stock company should have accepted the proposal made by the potential bidder for division of the tender procedure into procurement lots. Notably, pursuant to Article 78 of the Law on Public Procurements, contracting authorities should organize their public procurements into multiple and separate lots and in case they do not divide the tender procedure they should elaborate the reasons thereof.

In order to instil trust in the process of public procurements, tender documents must be free of all potential barriers that might raise doubts about discrimination.

Planning of public procurements is certainly the stage when enterprises should make in-depth needs assessment in respect to purposefulness of their public procurements and to estimate the effects from using goods or services provided by private companies against the possibility to develop their own capacity in respect to equipment and human resources. Such example is found in public procurements organized by JSC Power Plants for engagement of private companies for excavation of coal and interlayer mining waste (machinery and labour force), as well as public procurements organized by PE National Forests which uses private companies for performance of forest services – lumbering with transport of timber assortments, and engagement of machinery and labour from private companies for winter cleaning of streets by PE Macedonia Road and by all local public enterprises.

1.4. Corruption risks related to creation of situations for “urgent procurement”

Award of public procurement contracts without previously announced call for bids, i.e. organization of “negotiation procedures without prior announcement of call for bids” implies higher corruption risks. In the course of 2019, 37 analysed enterprises signed 8 such contracts in total value of 63,427,700 MKD, i.e. 1,031,344 EUR. This could not be assessed as high risk.

The highest value share of such procurements is noted with JSC Power Plants, which signed 4 contracts in total amount of 943,000 EUR.

CONTRACTS SIGNED WITHOUT CALL FOR BIDS DUE TO URGENCY IN 2019

CONTRACTING AUTHORITY	NUMBER OF CONTRACTS	VALUE (IN EUR)
JSC Power Plants of North Macedonia	4	943,165
PE for State Roads	1	66,130
JSC for Construction and Management of Residential and Commercial Property of Importance for the Republic	1	13,563
PTE Skopje	1	7,335
PE City Parking – Skopje	1	1,151

2. Stage of public procurements:

IMPLEMENTATION OF PROCUREMENT PROCEDURES

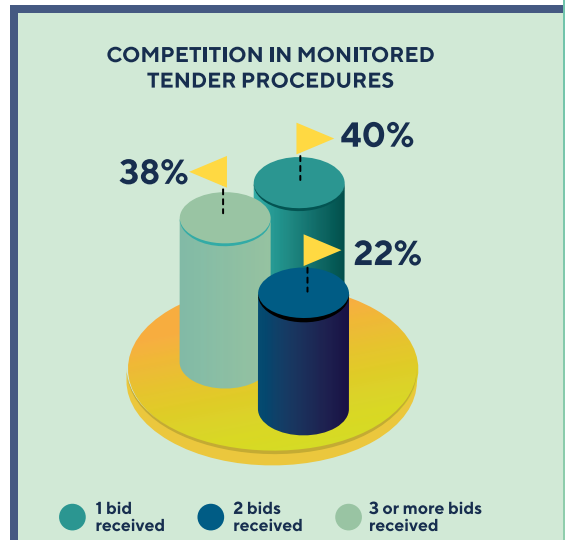
This stage covers activities that range from publication of procurement notices in EPPS and/or the Official Gazette to award of procurement contracts or tender annulment. Many corruption risks are possible in this stage, the most important of them being: definition of inadequate eligibility criteria for tender participation as method to discourage competition, definition of favouring tender documents, discouraging competition by delayed decision-making, annulling the tender procedure in order to circumvent particular bidders, etc.

2.1. Corruption risks related to setting discriminatory eligibility criteria for tender participation

High 40% of tender procedures that were subject of monitoring for the purpose of this analysis have been presented with only one bid each. Low competition refers to the risk of limiting terms and conditions in tender procedures or, when such criteria are not in place, it refers to distrust among bidders that the selection process is objective and unbiased.

The average number of bids calculated for monitored tender procedures of targeted enterprises stands at 2.5 bids per tender procedure and is significantly below the 2019 national average which, according to data obtained from the Bureau of Public Procurements, is calculated at 3.3 bids per tender procedure.

Limiting competition in public procurements is possible through eligibility criteria that bidders need to fulfil. All forms of possible discrimination are observed in the monitoring sample and they elaborated below through specific examples.



EXAMPLE FROM MONITORED TENDER PROCEDURES: INADEQUATE DEFINITION OF TERMS AND CONDITIONS IN TENDER DOCUMENTS

In the monitored tender procedure for excavation of coal and mining waste, the joint stock company requested 30 freight transport vehicles with load capacity above 20 tons, 12 freight transport vehicles with load capacity above 35 tons, 12 hydraulic dredges with two types of capacity, 2 graders with engine power of minimum 100 KW, 3 earthmovers and 2 water tankers with pump and volume capacity of minimum 8 m3 and disbursement pump. The tender procedure was estimated in the value of 280 million MKD, VAT excluded.

In order to qualify for performance of this procurement contract, bidders were requested to provide evidence on quality system standards, as follows: certificate for quality management systems ISO 9001:2008 or equivalent; certificate for environmental management systems ISO 14001 or equivalent, and certificate for health and safety OHSAS18001 or equivalent.

Contrary to detailed description of certificates, tender documents do not refer to the maximum age of machinery required and only enlist the need for submission of certificate on equipment's technical operability according to the Rulebook on the Use of Mining Technical Equipment (Official Gazette of RM no. 170 from 2010). However, that is only valid for the equipment under the mining technical equipment category.

This situation has allowed the contract to be signed with a company that offered machinery with average age of 13 years. In that, the list of equipment includes caterpillars manufactured in 1977 (42 years of use) and 1981 (38 years of use), but also water tankers manufactured in 1979 (40 years of use) and 1984 (35 years of use).

Otherwise, this tender procedure was presented with two bids marked by major difference in individual prices by 47% and both bidders did not participate in the electronic auction, whereby the contract was awarded to the company that initially offered the lower price.

Analysis of documents shows that only 30% of machinery (18 from 61) is owned by the company that was awarded the contract, while the remaining equipment was borrowed / subcontracted from other companies. At the same time, dominant share of labourers are from other companies and only 24% of requested labour force (33 from 123 labourers) is employed with the contractor. Of course, this is in compliance with the Law on Public Procurements, but most certainly imposes the need for publication of the names of other companies whose machinery and labourers are engaged for performance of this large-scale tender procedure.

This public procurement procedure was subject of administrative control performed by the Bureau of Public Procurements, but the control had only found technical omissions and requested repeated bid-evaluation to correct them.

The contract, in duration of 12 months, is signed in the amount of 330 million MKD, VAT included, i.e. around 5.4 million EUR. In the seventh month of contract performance, annex contract was signed in the maximum allowed amount set at 20% of the contract's value, increasing the total value by 66 million MKD, i.e. by around 1.1 million EUR. The justification for signing annex contract enlists the legal ground for such action as: in cases when the change is needed due to circumstances which the contracting authority could not have anticipated and which do not essentially change the nature of the procurement contract or the framework agreement (Article 119, paragraph 1, item 3, and paragraph 2 of LPP).

The subjective approach to definition of eligibility criteria for tender participation can also be seen in cases where large-scale tender procedures do not include any terms and conditions for companies to participate in public procurements.

EXAMPLE FROM MONITORED TENDER PROCEDURES: SELECTIVE APPLICATION OF ELIGIBILITY CRITERIA FOR ESTABLISHMENT OF COMPANY'S CAPACITY

One state-owned public enterprise has not defined any criteria to establish the companies' capacity for participation in the procurement procedure for two heavyweight motor-powered draisines for railway track maintenance. The possibility to participate in this tender procedure, valued at 130.000.000 MKD, VAT excluded, was not conditioned with demonstration of economic and financial ability or demonstration of technical and professional capacity. Moreover, bidding companies were not required to present any quality standards. The estimated value was not published together with the procurement notice, but it seems that the single bidder was an "ideal" match by submitting a bid in the amount of 128,523,087 MKD, which is by only 1.14% lower than the estimated value.

2.2. Corruption risks related to discriminatory technical specifications (description of goods or services that are subject of procurement)

Discrimination of bidders is also possible through technical specifications (description of services, goods or works). However, detection of this type of illegal activity is possible only with greater engagement on the part of potential bidders, which should indicate to discriminatory elements and should seek legal protection. In the Republic of North Macedonia, the level of trust in institutions and the number of lodged appeals are still very low. Therefore, identification of this type of discrimination is possible in smaller number of cases compared to its prevalence in the practice.

EXAMPLE FROM MONITORED TENDER PROCEDURES: LIMITING COMPETITION THROUGH TECHNICAL SPECIFICATIONS

In its procurement procedure for Microsoft licenses and upgrade to existing IT infrastructure, one public enterprise requested bidders to use the Veritas Enterprise Vault system. Having in mind that there are other systems in addition to the above-named which could provide the same level of quality, and maybe even better, the requirement for exclusive use of Veritas Enterprise Vault has limited competition to small number of IT companies. Hence, only one company participated in the tender procedure and was awarded the contract in the value of 2,087,213 MKD, i.e. 33,938 EUR.

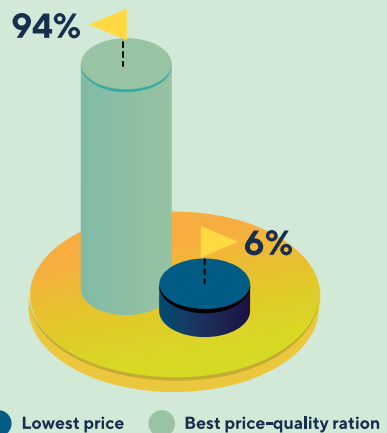
2.3. Corruption risks related to discriminatory criteria for selection of the most favourable bid

Corruption risks in the phase of bid-evaluation are determined on the basis of criteria used for selection of the most favourable bid and on the basis of evaluation elements.

Although “lowest price” is not law-mandated selection criterion, joint stock companies and public enterprises dominantly used price as single criterion for evaluation of bids they received. As high as 94% of monitored tender procedures used “lowest price” as criterion for selection of the most favourable bid.

Use of “lowest price” as selection criterion is accompanied with frequent organization of electronic auctions for downward bidding. In that, only 5% of monitored tender procedures did not anticipate organization of electronic auction. Concerns are raised with the fact that, among tender procedures that anticipated organization of downward bidding, e-auctions were more often not organized (50%) than organized (45%).

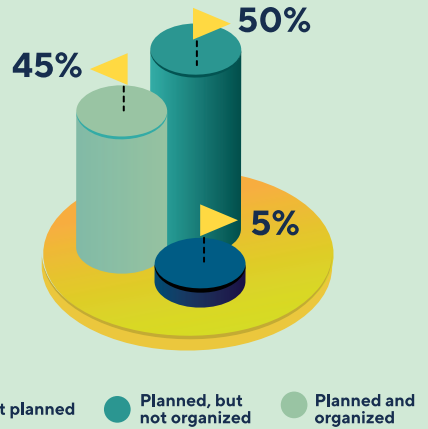
CRITERIA USED FOR SELECTION OF THE MOST FAVOURABLE BID



The risk in cases where e-auction is planned, but not organized, lies in justified doubts that contracts are signed under higher prices compared to market and realistic prices. Notably, in cases where e-auction is planned, companies - at the initial opening of bids - offer higher prices in expectation of anticipated downward bidding. The negative effect on public spending by organization of e-auctions under circumstances of low competition is confirmed by the Bureau of Public Procurements and by the State Audit Office.

Risks related to inadequate selection of the most favourable bid are increased not only due to greater use of "lowest price" as selection criterion, but also due to application of inadequate bid-evaluation elements as part of the criterion defined as "best price-quality ratio".

ORGANIZATION OF ELECTRONIC AUCTIONS



EXAMPLES FROM MONITORED TENDER PROCEDURES: USE OF INADEQUATE POINT-ASSIGNING BID-EVALUATION ELEMENTS

Example 1

In its tender procedure for completion of project documents, one state-owned public enterprise used the selection criterion "best price-quality ratio" wherein price was assigned 60, while quality was assigned 40 points. Relevant tender documents enlisted that: "The quality element is assigned 40 points. The same will be evaluated by reconsidering previous track-record on developed, revised and realized projects for construction, reconstruction or revitalization of state roads (motorways, express roads or highways) in the last three (3) years (counted from the day the tender procedure is announced), in the value of at least 9,000,000.00 MKD (VAT included). In that, the highest number of bids will be awarded to the bid of an economic operator that has submitted the highest number of certificates for services performed".

Criteria defined in this manner put the emphasis on the company's experience, but not the experience of staff members that will be engaged for the project. Hence, against voluminous experience that should be demonstrated by the company, tender documents also require the chief project engineer to be graduated civil engineer with certificate A for development of construction project documents, at least 7 years of work experience as project engineer and 5 years of work experience as project engineer for public roads.

Having in mind that points are awarded on the basis of previous contracts, all three bids were submitted by consortiums (group of bidders). The consortium awarded this contract was comprised of five companies and the contract was signed in the amount of 141,149,240 MKD (2.3 million EUR), after the other two competitive bids were rejected as unacceptable. As regards the two rejected bids, among other remarks, it had been found that they include, as indicated by the contacting authority, “false data” in respect to expertise of one expert each. There is no knowledge whether this public enterprise had alerted the competent institutions of such illegal action on the part of bidders.

Example 2

One state-owned public enterprise used the selection criterion “best price–quality ratio” for procurement and installation of solar photovoltaic systems for electricity generation, whereby quality is assigned 65 and price is assigned 35 points. Points under the quality element were calculated as sum of points assigned to sub-elements, as follows: quality of engaged staff (30 points), quality of previous track-record (30 points), and post-sale services and technical support (5 points), provided the bidder deposits a statement on minimum 5 years of post-sale services and technical support after expiration of the warranty period.

Moreover, in respect to the sub-element on quality of engaged staff, tender documents enlist that the bidder will be assigned maximum 30 points when it demonstrates availability of 1 electrical engineer with authorization B for construction, 1 mechanical engineer, 1 electrical engineer for high voltage electricity, 1 graduated engineer – architect, 1 electrical technician with minimum 5 years of experience, 10 assemblers and 3 welders. It remains unclear why this sub-element assigns points for team composition, but not their experience. Namely, it would be logical to request a team necessary for successful contract performance, but not for its composition to be subject of contest.

As regards the sub-element on quality of previous track-record, tender documents indicate that the bidder will be assigned 30 points when it provides 5 recommendations on successfully completed contracts for procurement and installation of solar photovoltaic systems for electricity generation, i.e. projects in the field of alternative, backup or renewable power sources, while in case it provides less than 5 recommendations the bidder will be assigned only 10 points.

Except for bid-evaluation elements, concerns are also raised in respect to the second sub-element marked by major difference in points whereby submission of 5 recommendations yields 30 points, but submission of 4 recommendation yields only 10 points. This is even more disproportionate when reconsidered against the third sub-element (post-sale services and technical support), which is demonstrated by depositing a statement for minimum 5 years of post-sale services and technical support after expiration of the warranty period and yields only 5 points.

This tender procedure was presented with one bid and the single bidder was awarded the contract in the value of 10,614,100 MKD (172,586 EUR).

2.4. Corruption risks related to arrangements among bidders

Assessment of behaviour demonstrated by companies that participated in tender procedures gives rise to doubts that they enter arrangements prior to submission of bids or during the procurement procedure. This concern is especially prominent in tender procedures with two participants.

EXAMPLES FROM MONITORED TENDER PROCEDURES: INADEQUATE ACTIONS ON THE PART OF BIDDERS

Example 1

One joint stock company was presented with two bids in the tender procedure for procurement of car accessories, in duration of 2 years. One bid was assessed as unacceptable because the bidder's offer included changed quantities that were previously defined by the joint stock company, which according to any logic should not be done. At the same time, total value of the rejected bid amounted to 2.3 million MKD, which is 4 times higher than the published estimated value for this tender procedure, set in the amount of 500,000 MKD, VAT excluded, thereby exceeding the procurement's threshold. All omissions from the rejected bid resemble beginner mistakes that could be made by company without any experience. In this case, according to data available in the Electronic Public Procurement System, it is a matter of company that has been awarded more than 50 contracts in the last 3 years, which means that experienced company had made a number of beginner mistakes. As a result of such action, the contract was signed with the only acceptable bidder without organization of planned e-auction, in the value of 589,091 MKD, VAT included (i.e. 9,579 EUR).

Example 2

One joint stock company, in the tender procedure for procurement and installation of panoramic elevator in estimated value of 5,000,000 MKD, was presented with 3 bids at following prices: 4,980,000 MKD, 5,067,600 MKD and 5,800,000 MKD. The selection criterion was "lowest price" and the contracting authority planned organization of e-auction. All bidders were in invited to participate in the electronic action, whereby the bidder that initially offered the lowest price made additional reduction by 2,000 MKD (0.04%), i.e. reduced its bid from 4,980,000 to 4,978,000 MKD; the bidder that initially offered a price of 5,067,600 MKD reduced its bid to 4,979,000 MKD, while the third bidder did not take part in the e-auction. The two companies participating in the e-auction made only one round of price reduction and the contract was awarded to the bidder that offered 4,978,000 MKD, which is by 1,000 MKD lower than the second bidder. Confusing is the fact that the second bidder immediately renounced further rounds of downward bidding given this small difference in prices.

Risks of arrangements among companies in order to win one or another tender procedure without actual contest casts a corruptive shadow on the process of public procurements and imposes the need for greater involvement in the future on the part of the Commission for Protection of Competition.

2.5. Corruption risks related to inadequate prevention of conflict of interests

Potential conflict of interests is followed only in formal terms. Starting from the standpoint that prevention of corruption through following potential conflict of interests is an important aspect of public procurement, relevant members of public procurement committees and the responsible person at the institution/contracting authority are obliged to sign declaration for non-existence of conflict of interests for each procurement procedure.

Formality that underlines implementation of this process is best seen by the fact that dominant share of contracting authorities still refer to the old Law on Prevention of Corruption and Conflict of Interests in their declaration template even several months after it was revoked and new Law on Prevention of Corruption and Conflict of Interests was adopted in January 2019.

2.6. Risks related to concentration of public procurements with particular company

Concentration of public procurements with particular company as one of the most relevant corruption risk indicators is a problem observed with high portion of analysed enterprises and joint stock companies.

The Bureau of Public Procurements has developed a system of "red flags" to indicate existence of corruption risks and they include cases in which, for several years in a row, the same bidder wins tender procedures for same procurement subjects and when the same bidder is awarded multiple contracts by the same contracting authority, but for different procurement subjects. Of course, both parameters can be directly identified by analysing concentration of public procurements with particular company or with small number of companies.

Theoretically, it is most adequate to determine concentration of public procurements with particular company on the basis of their value share in total value of public procurements, whereby high concentration is established when that share exceeds 40%. However, as shown in the table below, matters are not that straightforward because total value of public procurements at some joint stock companies and public enterprises is not very high and the share of 40% could be reached by one large public procurement contract. Therefore, in order to obtain the actual image about state-of-affairs it is inevitable for large portion of

data to be put in the context because, on the contrary, there is a risk of inferring erroneous conclusion, which is best shown by the situation observed with two contracting authorities, i.e. JSC Power Plants of RNM and JSC City Energy Resources Skopje, ranked at the top and bottom of this list. Notably, in terms of total value of procurement contracts, the highest total amount of single economic operator with joint stock companies and public enterprises is observed with MARKOVSKI COMPANY Borche LLC import-export Bitola under tender procedures organized by JSC Power Plants. In 2019, this company signed 11 contracts in total value of 14.5 million EUR, but its value share accounts for 16% due to number and scope of public procurements organized by JSC Power Plants. On the other hand, the bottom place according to the value share is calculated for NEOKOM JSC import-export Skopje in tender procedures of the new public enterprise founded by the City of Skopje – City Energy Systems. However, due to the small scope of public procurements, NEOKOM’s value share accounts for high 52% on the basis of single procurement contract in the amount of 20,000 EUR. Hence, in order to obtain a clear image about state-of-affairs with potential concentration and potential corruption motives, all relevant information need to be put into context, including analysis of the above-named company’s relations in the previous years.

OVERVIEW OF COMPANIES WITH HIGHEST SHARE IN PUBLIC PROCUREMENTS IN 2019, AT THE LEVEL OF INDIVIDUAL CONTRACTING AUTHORITIES

CONTRACTING AUTHORITY	COMPANY WITH HIGHEST SHARE	NO. OF CONTRACTS	VALUE OF CONTRACTS (IN EUR)	SHARE IN TOTAL PUBLIC PROCUREMENTS
JSC Power Plants of North Macedonia	MARKOVSKI COMPANY Borche LLC import-export	11	14,482,568	16 %
JSC for Construction and Management of Residential and Commercial Property of Importance for the Republic	VARDAR-GRADBA LLP, vil. Trubarevo Skopje	1	8,471,441	60 %
PE for State Roads	GRANIT JSC Skopje	3	6,379,735	15 %
PE Macedonia Road	ILINDEN JSC Struga	2	5,672,346	39 %
Railways of RNM – Transport JSC Skopje	PUCKO PETROL import-export LLC, vil. Plasnica	1	3,294,407	67 %
PTE Skopje	Macedonian Telecom	4	2,560,465	50 %
JSC MEPSO	Kolektor Etra	1	2,393,000	23 %

MAPPING CORRUPTION RISKS IN PUBLIC PROCUREMENTS OF ENTERPRISES OWNED BY THE GOVERNMENT AND MUNICIPALITIES

PE Water Supply and Sewage - Skopje	ENERGY DELIVERY SOLUTIONS ESC LLC Skopje	1	2,302,439	16 %
PE Railway Infrastructure	Teknik Raylı Sistemler Peyzaj İnşaat Mühendislik Sanayi ve Ticaret Limited Şirketi	1	2,089,806	33 %
PE Communal Hygiene - Skopje	Private Agency for Employment MOTIVI Skopje	1	1,889,919	26 %
JSC Postal Service of North Macedonia	Macedonian Telecom	3	1,266,341	33 %
PE National Broadcasting	NETRA LLP Skopje	7	1,216,391	42 %
JSC GTC	ENERGY ACTIVE import-export LLP Skopje	1	863,415	42 %
PE National Forests	MAKPETROL	2	692,230	7 %
PE Street and Roads - Skopje	ALBIMPEKS Petrika LLC import-export Ohrid	1	575,610	23 %
PE Parks and Greenery - Skopje	PERPLAST COMPANY LLP import-export, vil. Falishe Tetovo	6	345,366	15 %
PE City Parking - Skopje	CARGOMAKS LLC, Miladinovci Ilinden	1	345,366	23 %
JSC Water Economy of RNM	MAKPETROL	11	329,633	88 %
JSC State Lottery	Eagle Press Private Limited	1	287,927	26 %
JSC for Management of State-Owned Commercial Property - Skopje	VIKTORIA CONSTRUCTION Nace LLC export-import Skopje	2	287,805	66 %
PE Komunalec - Gostivar	RASIM TRANS LLC import-export vil. Zdunje Gostivar	6	286,336	21 %

MAPPING CORRUPTION RISKS IN PUBLIC PROCUREMENTS OF ENTERPRISES OWNED BY THE GOVERNMENT AND MUNICIPALITIES

JSC M-NAV	Macedonian Telecom	3	276,555	19 %
JSC National Energy Resources	RAPID BILD LLP Kumanovo	1	268,332	34 %
Sports Hall Boris Trajkovski LLC – Skopje	ENERGY ACTIVE import-export LLC Skopje	1	230,244	37 %
PE Komunalac – Kavadarci	SINPEKS LLP Bitola	4	195,319	11 %
PE for Management of Pastures	KMG EOL KVAZAR LLC import-export Skopje	1	172,587	44 %
PE Strezhevo – Bitola	COPPENS INTERNATIONAL LLP import-export Skopje	1	170,390	11 %
PE Jasen	BEOS-COMPANY BTS LLC export-import, vil.	6	166,432	37 %
JSC Airports of RNM	LANCOM COMPUTERS LLP import-export Skopje	3	130,081	34 %
PE Official Gazette of RNM	NEXTSENSE LLP Skopje	4	103,311	47 %
PE Komunalno – Struga	MAKPETROL	1	88,500	45 %
JSC TTP Negotino	MAKPETROL	1	35,897	12 %
JSC MIA	A1 MACEDONIA LLC Skopje	2	29,073	20 %
PE Agroberza	ZOTOKS LLC Skopje	1	23,017	35 %
PE Parking – Kavadarci	VISTA GROUP LLC export-import Skopje	1	22,878	24 %
JSC City Energy Systems – Skopje	NEOKOM JSC import-export Skopje	1	20,486	52 %
PE for Public Parking and Greenery – Gostivar	ELEKTRO SOFT ENGINEERING LLP export-import Skopje	1	18,228	51 %

As shown in the table, the problem of public procurement concentration with one company is an issue that should be seriously taken into account by analysed contracting authorities. In that, it is important to note that, in order to avoid concentration of public procurements with small number of companies, contracting authorities should make efforts to encourage greater competition, but also make sure their procurements are divided into lots.

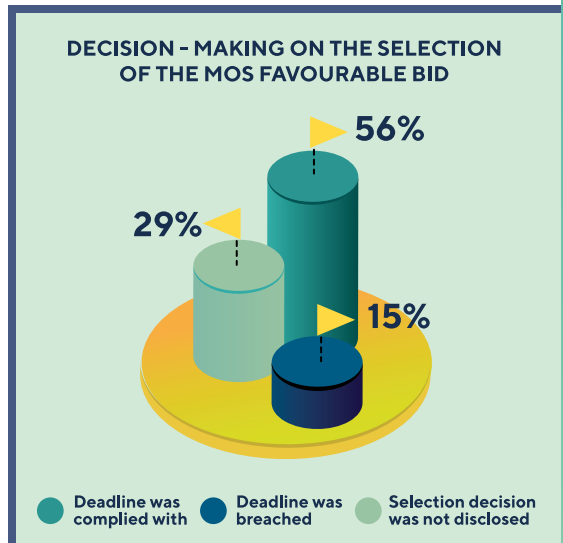
2.7. Corruption risks related to delayed selection decisions

(Non) compliance with the law-stipulated deadline for taking the decision on selection of the most favourable bid or the decision on tender annulment is yet another indicator of corruption risks according to the Bureau of Public Procurements.

According to the Law on Public Procurements, institutions are obliged to take their decisions on selection of the most favourable bid or decisions on tender annulment within a deadline that is not longer than the deadline set for submission of bids. The analysis shows that this deadline was not respected in 29% of monitored tender procedures. In that, the decision on selection of the most favourable bid, although requested, was not disclosed for 15% of monitored tender procedures and therefore it could be possible that this non-compliance with the law is even higher than detected 29%.

Misdemeanour provisions from the Law on Public Procurements anticipate fines in the amount of 1,000 to 2,000 EUR in MKD counter-value for responsible

persons at legal entities that are contracting authorities in cases when they have not taken decisions on selection of the most favourable bid within the law-stipulated deadline (Article 181, paragraph 2, item 11). However, no information is available about authority/institution responsible to monitor compliance with this law-stipulated obligation and, for the time being, there is no knowledge that any contracting authority has been fined for such misdemeanour. Non-compliance with the deadline for taking selection decisions is considered potential corruption risk because it increases the potential for calculations and pressures during the decision-making process.



2.8. Corruption risks related to tender annulments

Large share of analysed joint stock companies and enterprises are marked by high number of annulled tender procedures which, according to BPP, represents a “red flag” and indicates to existence of corruption risks.

In the course of procurement procedures, contracting authorities may also take decision on tender annulment. The law stipulates several grounds for tender annulment and, undoubtedly, there is increased corruption risk among contracting authorities that often annul their tender procedures. In 2019, the average rate of tender annulments accounted for 27%. In that, this rate is calculated at the level of all tender procedures implemented in the country. Hence, viewed against the standpoint of this relevant average on tender annulments, it was noted that 8 enterprises and joint stock companies have higher rates of tender annulments, while 28 of them are below the national average.

ANNULMENT OF PUBLIC PROCUREMENT PROCEDURES IN 2019

Contracting authority	TOTAL NUMBER OF ANNULLED TENDER PROCEDURES	SHARE OF ANNULLED TENDER PROCEDURES
Railways of RNM – Transport JSC Skopje	24	40.68 %
PE National Forests	28	39.44 %
PTE Skopje	51	35.17 %
JSC Power Plants of North Macedonia	333	33.10 %
JSC M-NAV	30	32.26 %
PE Streets and Roads – Skopje	14	28.75 %
PE Strezhevo – Bitola	28	28.00 %
JSC MEPSO	25	27.78 %
PE Water Supply and Sewage – Skopje	47	26.70 %
JSC TPP Negotino	13	26.00 %
JSC Postal Service of North Macedonia	18	25.71 %
JSC State Lottery	20	25.32 %
PE Komunalec – Gostivar	11	24.44 %
PE Official Gazette of RNM	3	23.08 %
PE for State Roads	24	22.86 %
PE National Broadcasting	14	22.58 %
PE for Management of Pastures	2	22.22 %

PE Komunalno – Struga	5	21.74 %
PE Parking – Kavadarci	5	21.74 %
JSC for Construction and Management of Residential and Commercial Property of Importance for the Republic	11	21.57 %
PE for Public Parking and Greenery – Gostivar	1	20.00 %
PE City Parking – Skopje	9	19.57 %
JSC GTC	13	19.12 %
PE Parks and Greenery – Skopje	9	18.75 %
PE Communal Hygiene – Skopje	18	16.36 %
PE Komunalec – Kavadarci	14	15.22 %
PE Macedonia Road	12	12.37 %
JSC MIA	3	12.00 %
JSC Airports of RNM	1	11.11 %
PE Jasen	2	7.14 %
PE Macedonian Railways - Infrastructure	4	5.41 %
Sports Hall Boris Trajkovski LLC – Skopje	1	3.45 %
JSC Water Economy of RNM	0	0.00
JSC for Management of State-Owned Commercial Property	0	0.00
PE Agroberza	0	0.00
JSC National Energy Resources	0	0.00
JSC City Energy Systems – Skopje	0	0.00

It is believed that when a particular institution frequently annuls its tender procedures, it is exposed to increased corruption risk, i.e. potential for motives behind such actions to be a consequence of efforts to favour certain companies, which leads to tender annulment when there are no possibilities for the contract to be signed with the favoured company. Although a portion of tender annulments could be attributed to objective circumstance, the high number and frequency of annulments should most certainly sound the alarm at the institution.

3. Stage of public procurements:

CONTRACT PERFORMANCE

3.1. Corruption risks related to non-adherent following of contract performance

Small number of public enterprises and joint stock companies comply with the practice of appointing an officer to follow contract performance.

Aimed at successful and adherent implementation of public procurement contracts, good practices require contracting authorities to appoint one or more officers to follow contract performance. Monitoring findings on tender procedures organized by analysed enterprises and joint stock companies allow the conclusion that dominant share of them do not engage in such practice. Hence, they increase the risk of abuses and corruption in the stage related to contract performance.

As regards contract performance, the monitoring sample included cases in which contracts were terminated or amended.

EXAMPLES FROM MONITORED TENDER PROCEDURES:

PROBLEMATIC COURSE OF TENDER PERFORMANCE

Example 1

A state-owned enterprise, as part of documents disclosed in relation to monitored tender procedure for painting of antennae pillars and installation of protective layer, in the value of 7.4 million MKD, informed that contract realization has still not started due to weather conditions. It is a matter of contract signed on 11 December 2019, for which requested documents were disclosed in March 2020. Documents submitted by the public enterprise do not refer to any potential problems with this public procurement contract. However, data obtained from EPPS show that annex contract was signed on 15 May under identical content except for the name of the company awarded the contract and the name of the company manager. In the notification on annex contract signed, the public enterprise refers to Article 119, paragraph 4 of LPP: when the initial contractor is replaced by another economic operator that fulfils all initially defined terms and conditions from tender documents of the implemented procurement procedure and the new entity is legal successor of the initial contractor after having completed company restructure, including company takeover, association, merger or receivership, unless that involves other significant changes to the contract and thereby does not preclude application of this law. In that, the analysis showed that the new company has same tax number and bank account, but has changed its name and manager. Based on information in the media, it seems that criminal charges have

been raised against the company under its old name and manager, implying doubts about abuses in implementation of another public procurement contract. Respecting the presumption of innocence, this situation would not represent precondition for changes to the already signed contract, but the question remains whether the public enterprise acted in ethical manner by allowing change of the contractor's name and whether Article 119, paragraph 4 of LPP allows that.

Example 2

In respect to the monitored tender procedure for bitumen, a local public enterprise disclosed documents requested in relation to the course of procurement procedure and contract performance, including receipt notes on bitumen delivery and payments made. It is a matter of framework agreement in the value of 35.4 million MKD for the period July 2019 – July 2020. Documents provided by the public enterprise show 17 receipt notes issued in the period July – November 2019 in total amount of 9 million MKD, which allows the conclusion that only one fourth of the framework agreement's value has been realized.

Documents received by the project team on 18 February 2020 did not include any indication or plan for contract termination, which happened as early as 2 March 2020.

The monitoring sample also included cases when framework agreements are signed only with one economic operator. Hence, cases in which quantity of goods or service, i.e. scope of works is unknown imply higher risk of irrational public.

EXAMPLE FROM MONITORED TENDER PROCEDURES: EFFECTS FROM PERFORMANCE OF FRAMEWORK AGREEMENTS SIGNED WITH ONE ECONOMIC OPERATOR

As part of its tender procedure for engagement of freight vehicles and construction machinery for regular and investment maintenance, one state-owned public enterprise has signed a framework agreement with the only bidder in the value of 3,540,000 MKD, i.e. 57,560 EUR. In that, the procurement procedure requested 14 types of freight vehicles and construction machinery, but there were no indications about frequency of use during the contract period (6 months). According to documents obtained in relation to contract performance, it seems that only 5 from 14 types of freight vehicles and construction machinery were put into use for total of 367.5 hours. However, at individual level, the most frequently used was also the most expensive construction machinery – asphalt finisher, which was engaged for 169.5 hours, i.e. 46%. As regards this tender procedure, problems are raised with the lack of parameters that would be used as basis to determine whether prices bided for engagement of machinery are realistic, because these parameters are not enlisted in the contract's estimated value, while the fact that only one company participated in the tender procedure shows lack of competition which could have otherwise resulted in attainment of market-based and realistic prices. In this case, it would have been much more adequate to sign the framework agreement with several economic operators and to organize repeated bid collection once the enterprise's specific needs are known.

3.2. Corruption risks related to non-transparent contract award and signing of annex contacts

Among 37 targeted enterprises, 13 have signed public procurement contracts without prior announcement of call for bids. In that, according to data from the Electronic Public Procurement System, they have signed a total of 40 contracts in total value of 254 million MKD, i.e. 4.1 million EUR.

In 2019, the highest number of contracts signed under direct negotiations with companies is noted with JSC Power Plants, which signed 12 contracts in total value of around 167 million MKD, i.e. 2.7 million EUR, but having in mind the scope of public procurements organized by this state-owned company, the value share of these contracts in total public procurements accounts for 3%. This share is below the national average calculated for non-transparent procedures in total value of public procurements for 2019, which stands at 4.1%. As shown in the table below, high shares of such procurements are observed with the Official Gazette (28%) and PE City Parking – Skopje (22%). Moreover, MIA and Airports of RNM are also marked by shares above the national average.

CONTRACTS SIGNED UNDER NEGOTIATION PROCEDURES WITHOUT PRIOR ANNOUNCEMENT OF CALL FOR BIDS

CONTRACTING AUTHORITY	NUMBER OF CONTRACTS SIGNED	VALUE (IN EUR)	SHARE IN TOTAL PROCUREMENTS
JSC Power Plants of North Macedonia	12	2,712,379	3.07 %
PE for State Roads	3	824,877	1.87 %
PE City Parking – Skopje	5	330,523	21.81 %
JSC MEPSO	1	75,000	0.71 %
PE Official Gazette of RNM	3	60,454	27.70 %
PE Water Supply and Sewage – Skopje	2	40,130	0.27 %
JSC Postal Service of North Macedonia	3	40,003	1.05 %
JSC for Construction and Management of Residential and Commercial Property of Importance for the Republic	2	15,386	0.11 %
JSC MIA	2	9,264	6.26 %
PTE Skopje	1	7,335	0.14 %
PE Communal Hygiene – Skopje	1	4,878	0.07 %
Sports Hall Boris Trajkovski LLC – Skopje	2	4,238	0.67 %
JSC Airports of RNM	3	1,727	4.45 %

As regards annex contracts, in 2019, all 36 analysed enterprises have signed only 6 annex contracts in total value of 131 million MKD, i.e. 2.2 million EUR. Hence, it could be assessed that this corruption risk is not present among this group of contracting authorities.

3.3. Corruption risks and irrational public spending

One method to assess efficiency of public procurements implemented at the level of individual institutions is to analyse individual prices attained for goods, services and works that were subject of procurement. Having in mind that the Electronic Public Procurement System provides insight in all contracts signed countrywide, and they often enlist information on unit prices, institutions are able to compare prices they pay for particular goods or services with those paid by other institutions. High prices, which in some cases could be higher than market prices, are most certainly considered “red flag” for the need to initiate in-depth analysis of particular tender procedure and circumstances therein.

Cost-effectiveness of public spending and detection of weaknesses in the system of public procurements could be measured through the “index of rationality”, which represents an instrument developed by the Center for Civil Communications.

The index of rationality is developed by comparing prices at which different institutions procure same goods, services or works. Having in mind that average prices under the index represent an average of prices attained by individual institutions and they are actual reflection of market and realistic prices, state institutions should, whenever possible, strive towards attainment of lowest prices and should engage in more cost-effective public spending because other institutions have attained more favourable prices for the same type of procurements on the market.

The index is envisaged as an indicator for state institutions which they could use as basis for improving cost-effectiveness in public procurements, i.e. public spending. The difference in prices at which institutions procure same type of goods and services is indicative of the need for more detailed market research prior to announcement of tender procedures and the need to harmonize contracting authorities’ approach to procurement of same type of goods.

Having in mind that subject of analysis for this document were only public procurements of 37 contracting authorities, the possibility for development of the index of rationality was limited to small number of goods and services. Nevertheless, the enterprises themselves could engage in this type of analyses with another 1,300 institutions in the state for all procurement subjects they have during the year. High price of procurements, on their own, could not be directly correlated to corruption, but should certainly be occasion to re-examine the manner in which certain public procurement procedures had been implemented and to investigate whether the price is a result of objective circumstances or subjective influences that are contrary to the legislation in effect.

A total of five indices of rationality were developed for the purpose of this analysis and they concern procurement of following goods: electricity, print paper and oil derivatives, and following services: physical security for buildings and services from temporary employment agencies. The indices include all tender procedures organized for these procurements by targeted enterprises.

As regards price of electricity, data were secured from 15 public enterprises and joint stock companies, of which 8 had attained one price for electricity, while 7 had attained different prices for low and high tariffs. Hence, the index was developed only with contracting authorities that have obtained a unified price, because that method allows a more objective comparison.

The index of rationality for electricity shows that this type of goods was purchased at prices in the range from 4,738 MKD to 5,888 MKD per 1 MWh. In that, it was established that 5 public enterprises and joint stock companies have purchased electricity at prices lower than the average price, while 3 of them attained higher prices.

The ratio between the lowest and highest price is 1:1.24, i.e. the highest price of 5,888 MKD per 1 MWh is by 24% higher than the lowest price of 4,738 MKD.

In that, the average price of 5,112 MKD per 1 MWh is calculated on the basis of prices paid by institutions included in the index for this type of procurement.

All procurements were organized as open procedure or simplified open procedure and all of them used lowest price as criterion for selection of the most favourable bid.

**INDEX OF RATIONALITY FOR ELECTRICITY
(PRICE PER 1 MWH ELECTRICITY)**

CONTRACTING AUTHORITY	PRICE IN MKD (VAT INCLUDED)	DIFFERENCE AGAINST THE AVERAGE
Sports Hall Boris Trajkovski LLC Skopje	4,738	-7 %
JSC for Management of Sate-Owned Commercial Property	4,766	-7 %
JSC Postal Service of North Macedonia	4,850	-5 %
JSC MEPSO	4,872	-5 %
JSC GTC	5,050	-1 %
Average*	5,112	
PE Macedonian Railways - Infrastructure	5,345	+5 %
PE Streets and Roads – Skopje	5,389	+5 %
PE National Forests	5,888	+15 %

*Average of prices paid by institutions included in the index for this type of procurement.

As shown in the table below, differences in price cannot be justified with quantities purchased. Notably, the lowest quantity was purchased by JSC for Management of State-Owned Commercial Property (207 MWh), but attained price that is by 7% lower than the average, while National Forests has purchased almost 5 time higher quantities (1,018 MWh) at price that is by 15% higher than the average.

QUANTITIES AGREED FOR PROCUREMENT OF ELECTRICITY

CONTRACTING AUTHORITY	QUANTITY (IN MWH)	DIFFERENCE OF INDIVIDUAL PRICE AGAINST THE AVERAGE
Sports Hall Boris Trajkovski LLC Skopje	2,546	-7 %
JSC for Management of Sate-Owned Commercial Property	207	-7 %
JSC Postal Service of North Macedonia	9,634	-5 %
JSC MEPSO	4,868	-5 %
JSC GTC	10,568	-1 %
PE Macedonian Railways - Infrastructure	7,068	+5 %
PE Streets and Roads - Skopje	330	+5 %
PE National Forests	1,018	+15 %

The index of rationality for print paper reveals major differences in price attained for this type of office supplies. In that, 1 ream of paper, A4 format, white and weighting 80 grams was purchased at prices from 158 MKD to 349 MKD. The ratio between the lowest and highest price is 1:2.20, i.e. the highest price is by 120% higher than the lowest.

The average price of print paper is at the level of market prices and, as shown in the table below, 8 public enterprises and joint stock companies paid prices lower than the average by 3.65% to 27.85%, while 5 public enterprises and joint stock companies paid prices higher than the average by 6.39% to 59.36%.

All tender procedures were organized with procurement notices published in EPPS and/or the Official Gazette and used lowest price as criterion for selection of the most favourable bid.

INDEX OF RATIONALITY FOR PRINT PAPER

(PRICE PER 1 REAM OF PAPER, WHITE, A4 FORMAT, MINIMUM 1/500, 80 GRAMS)

CONTRACTING AUTHORITY	PRICE IN MKD (VAT INCLUDED)	DIFFERENCE AGAINST THE AVERAGE
JSC GTC	158	-27.85 %
JSC State Lottery	159	-27.40 %
PE for Management of Pastures	167	-23.74 %
JSC MIA	170	-22.37 %
PE Strezhevo - Bitola	173	-21.00 %
JSC Water Economy of RNM	192	-12.33 %
JSC City Energy Systems - Skopje	199	-9.13 %
PE Jasen	211	-3.65 %

Average*	219	
PE Official Gazette of RNM	233	+6.39 %
JSC M-NAV	236	+7.76 %
PE Macedonian Railways - Infrastructure	254	+15.98 %
JSC for Management of State-Owned Commercial Property	340	+55.25 %
Railways of RNM - Transport JSC Skopje	349	+59.36 %

*Average of prices paid by institutions included in the index for this type of procurement.

In that, the highest price of 349 MKD, which is by 59% higher than the average, was attained by MR - Transport JSC Skopje, which had purchased the highest quantities of paper reams (8,000).

QUANTITIES AGREED FOR PROCUREMENT OF PRINT PAPER

CONTRACTING AUTHORITY	NUMBER OF PAPER REAMS PURCHASED	DIFFERENCE OF INDIVIDUAL PRICE AGAINST THE AVERAGE
JSC GTC	300	-27.85 %
JSC State Lottery	300	-27.40 %
PE for Management of Pastures	600	-23.74 %
JSC MIA	200	-22.37 %
PE Strezhevo - Bitola	550	-21.00 %
JSC Water Economy of RNM	3,632	-12.33 %
JSC City Energy Systems - Skopje	60	-9.13 %
PE Jasen	200	-3.65 %
PE Official Gazette of RNM	1,200	+6.39 %
JSC M-NAV	2,000	+7.76 %
PE Macedonian Railways - Infrastructure	2,500	+15.98 %
JSC for Management of State-Owned Commercial Property	1,000	+55.25 %
Railways of RNM - Transport JSC Skopje	8,000	+59.36 %

The index of rationality for oil derivatives reveals that despite organization of public procurement procedures that implied enormous quantities of oil derivatives, institutions have attained the highest retail prices set by the Energy Regulatory Commission. None of the tender procedures involved in this index was approved any discount from the highest retail price. All procedures are organized with announcement of procurement notices and defined lowest price as the selection criterion. Moreover, all tender procedures were presented with only one bid each.

INDEX OF RATIONALITY FOR OIL DERIVATIVES

CONTRACTING AUTHORITY	PRICE	QUANTITY (IN LITRES)	CONTRACT VALUE (IN MKD)
Railways of RNM - Transport JSC Skopje	Highest retail price	3,525,000	202,606,000
National Forests	Highest retail price	331,049	21,585,319
JSC TPP Negotino	Highest retail price	35,500	2,207,544
PE Jasen	Highest retail price	33,000	2,178,327
PE Agroberza	Highest retail price	4,900	330,730

Differences in price were noted under the index of rationality for physical security. The ratio between the lowest and highest price is 1:1.52, i.e. the highest price is by 52% higher than the lowest price for this service. More specifically, Agroberza - Skopje pays 24,255 MKD monthly per person providing physical security services for wheat silos in Prilep, while JSC Power Plants pays 36,875 MKD monthly per person providing same services for the Wind Park Bogdanci. All procurements were organized under transparent procedures, i.e. procurement notices were published in EPPS and/or the Official Gazette, and they used lowest price as the selection criterion.

In that, JSC Power Plants engaged the highest number of persons for physical security (12) compared to other contracting authorities.

INDEX OF RATIONALITY FOR PHYSICAL SECURITY (PRICE OF MONTHLY REIMBURSEMENT PER 1 PERSON PROVIDING PHYSICAL SECURITY)

CONTRACTING AUTHORITY	PRICE IN MKD (VAT INCLUDED)	DIFFERENCE AGAINST THE AVERAGE
PE Agroberza	24,255	-18.46 %
PE Parking - Kavadarci	26,875	-9.65 %
JSC TPP Negotino	28,674	-3.61 %
Average*	29,747	
PE National Broadcasting	32,056	+7.77 %
JSC Power Plants of North Macedonia	36,875	+23.96 %

*Average of prices paid by institutions involved in the index for this type of procurement.

As shown in the table below, Agroberza pays the lowest price and has engaged the lowest number of persons for physical security, which is indicative of the fact that other factors have influenced price-setting, and not scope of the contract. In that, it is important to stress that the total value of Agroberza's contract amounts to 873,200 MKD, while the contract awarded by JSC Power Plants amounts to 5,310,000 MKD.

NUMBER OF PERSONS ENGAGED FOR PHYSICAL SECURITY		
CONTRACTING AUTHORITY	NUMBER OF WORKERS	DIFFERENCE OF INDIVIDUAL PRICE AGAINST THE AVERAGE
PE Agroberza	3	-18.46 %
PE Parking – Kavadarci	4	-9.65 %
JSC TPP Negotino	8	-3.61 %
PE National Broadcasting	3	+7.77 %
JSC Power Plants of North Macedonia	12	+23.96 %

There are major differences in commission rates charged for engagement of employees through specialized agencies. In that, the absurdly low commission rate paid by MEPSO, set at 0.01% of gross salary per employee engaged, is a result of electronic downward bidding whereby the initial commission rate was reduced by 99.87% (this piece of information is publicly enlisted in the contract published in EPPS). On the other hand, the highest commission rate is charged to PE Streets and Roads - Skopje, set at 8.90% of gross salary per employee. This index should have also included PE for State Roads, but instead of applying the concept for commission rate, the service fee in that tender procedure was fixed and amounted to 900 MKD per employee.

Differences in price cannot be explained with the type of procurement procedure organized because all contracts were awarded under transparent procedures that used lowest price as the selection criterion.

**INDEX OF RATIONALITY FOR TEMPORARY EMPLOYMENTS
(AGENCY COMMISSION RATE AS SHARE OF GROSS SALARY
FOR TEMPORARY EMPLOYMENTS)**

CONTRACTING AUTHORITY	SHARE OF GROSS SALARY PER PERSON	DIFFERENCE OF INDIVIDUAL PRICE AGAINST THE AVERAGE (EXPRESSED IN PERCENTILE POINTS)
JSC MEPSO	0.01 %	-5.89 PP
PE National Broadcasting	5.00 %	-0.90 PP
Average*	5.90 %	
PE City Parking – Skopje	7.60 %	+1.70 PP
PE Communal Hygiene – Skopje	8.00 %	+2.10 PP
PE Streets and Roads – Skopje	8.90 %	+3.00 PP

*Average of prices paid by institutions included in the index for this type of procurement.

Viewed in terms of the number of employees engaged by June 2020, the lowest number of engaged employees on the basis of contracts signed is observed with JSC MEPSO, which pays the lowest commission rate, while the highest number of employees (290) was engaged by PE Communal Hygiene – Skopje, but is charged an above-average commission rate.

NUMBER OF TEMPORARY EMPLOYMENTS (STATUS BY JUNE 2020)

CONTRACTING AUTHORITY	NUMBER OF EMPLOYEES	DIFFERENCE OF INDIVIDUAL PRICE AGAINST THE AVERAGE (EXPRESSED IN PERCENTILE POINTS)
JSC MEPSO	18	-5.89 PP
PE National Broadcasting	40	-0.90 PP
PE City Parking – Skopje	27	+1.70 PP
PE Communal Hygiene – Skopje	290	+2.10 PP
PE Streets and Roads – Skopje	25	+3.00 PP

Findings under all indices of rationality confirm the observation that implementation of public procurement procedures pursuant to the Law on Public Procurements is not a guarantee for obtaining the best conditions on relevant markets for goods and services. This observation is also confirmed by knowledge that established differences cannot be explained by the type of public procurement procedure organized, the selection criterion applied or the quantities purchased. First, all procurements included in the index of rationality are organized as procedures stipulated under the Law on Public Procurements, including announcement of procurement notices. Second, all public procurement

procedures used lowest prices as the selection criterion. Third, all indices have established absence of the logic whereby quantities purchased affect unit prices attained for goods or services.

The single important difference among institutions that paid the lowest and highest price for procurement of analysed goods and services could be sought in the number of bidders. In all procedures marked by participation of one bidder there was no opportunity to organize electronic downward bidding and contracts were signed under final prices offered by the single bidder. Most often, these are the highest prices noted in the relevant indices of rationality. This state-of-affairs reiterates the need to encourage competition in public procurements, because only greater competition could lead to obtaining the best value for money spent.

Contracting authorities should view the index of rationality as useful instrument that undoubtedly indicates that the market of public procurements in the country still does not guarantee fully cost-efficient and effective public spending and there are series of challenges that should be addressed in this regard.

TRANSPARENCY AND ACCOUNTABILITY OF PUBLIC PROCUREMENTS

Transparency and accountability are some of the most effective mechanisms for reducing corruption risks. In that, transparency and accountability of public procurements in the Republic of North Macedonia should be evaluated against several indicators, as follows:

- publication of notifications on contract signed within the law-stipulated deadline;
- publication of notifications on contract performance;
- disclosure of all relevant information requested in compliance with the Law on Free Access to Public Information; and
- publication of all relevant information about public procurements on official websites of enterprises, i.e. joint stock companies.

Significant share of monitored tender procedures have complied with the law-stipulated deadline for submission of notifications on contracts signed. First and foremost obligation of contracting authorities after having signed procurement contracts is to submit notification on contract signed and the contract to EPPS, within a deadline of 10 days (Article 70 of LPP). Analysis of the monitoring sample shows that in the case of high 44% of tender procedures, the contracting authorities did not comply with the deadline of 10 days. In that, submission of such notification was delayed by several months for some tender procedures.

There is almost no compliance with the legal obligation for submission of notifications on contract performance to EPPS. In the course of 2019, joint stock companies and public enterprises founded by the Government, the City of Skopje and Municipalities of Kavadarci, Gostivar and Struga have signed 3,337 public procurement contracts. By July 2020, EPPS has been presented with only 206 notifications on contract performance, accounting for only 6% of contracts signed.

The Law on Public Procurements (Article 181, paragraph 1, item 7) stipulates misdemeanour fines in the amount of 500 to 1,000 EUR in MKD counter-value for responsible or authorized persons at legal entities acting as contracting authority in cases when they have failed to submit notifications on contract signed and notifications on contract performance. In the practice, however, there are no knowledge that from the entry in effect of the new law (April 2019) any contracting authority has been fined for violation of this legal obligation.

The group of notifications that are mandatorily published also includes notifications on tender annulment. The practice shows that in some cases this obligation is not complied with.

EXAMPLE FOR ANNULLED TENDER LOTS WITHOUT SUBMISSION OF ANY NOTIFICATION TO EPPS

Railways of the Republic of North Macedonia – Transport JSC Skopje organized its procurement for diesel fuel and oil derivatives divided into four lots, per type of fuel. In that, the procurement lots for Eurodiesel BS and Extra Light Fuel Oil EL-1 were presented with one bid, but no bids were submitted in respect to procurement lots for Mazut M-1 and Jet Fuel JET A. Relevant notifications to EPPS were submitted for procurement lots for which contracts were signed, but several months later no notifications are submitted for the two procurement lots that were annulled. In this case, it remains unclear how the concerned joint stock company has fulfilled its need for Mazut M-1 and Jet Fuel JET A, because EPPS does not host any information for repeated tender procedure or contract award without prior announcement of call for bids.

Contracting authorities generally comply with the legal obligation on disclosing requested information in regard to implemented tender procedures. For the purpose of this analysis, in the first half of 2020 the project team addressed 37 state-owned enterprises² from Skopje, Kavadarci, Struga and Gostivar with a total of 207 requests under the instrument for free access to information. This process was followed by logging appeals to PTE Skopje, JSC TPP Negotino and PE Komunalno – Struga on the grounds of incomplete responses, and to JSC M-NAV on the grounds of unsatisfactory response. In general, the long process for collection of data and documents was completed with disclosure of all information requested.

EXAMPLES OF PROBLEMS IN EXERCISING THE RIGHT TO FREE ACCESS TO PUBLIC INFORMATION WHEN MONITORING PUBLIC PROCUREMENTS

Example 1

JSC M-NAV Skopje refused to disclose requested documents (2019 public procurement plan and amendments thereto, as well as documents for three tender procedures). Notably, in response to the information request submitted by the Center for Civil Communications, JSC M-NAV indicated that it does not qualify as information holder and that this joint stock company is not featured on the list of information holders published by the Agency for Protection of the Right to Free Access to Public Information on its official website. On 13 March 2020, the Center for Civil Communications lodged an appeal before the Agency for Protection of the Right to Free Access to Public Information. The Agency approved appeal allegations made by CCC and updated the list of information holders by adding JSC M-NAV. After the new list of information holders was published, JSC M-NAV disclosed all information requested.

² Information requests were also submitted to PE Proaqua.

Example 2

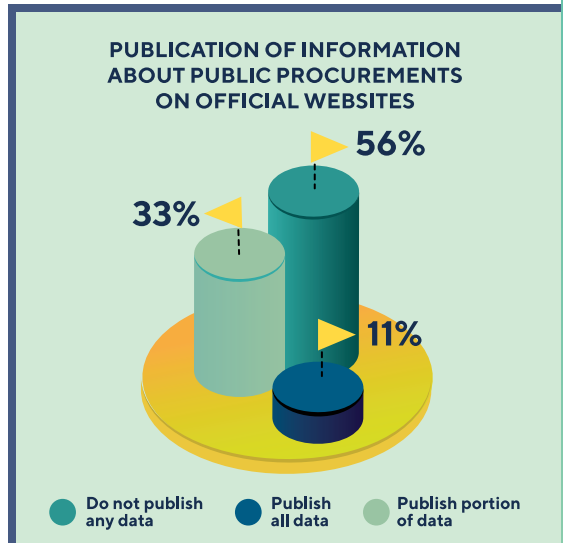
PE Communal Hygiene – Skopje was addressed with request for a series of documents related to its public procurement for services provided by temporary employment agency, including the report from administrative control in case such control was performed by the Bureau of Public Procurements. PE Communal Hygiene disclosed all information except for the report from administrative control thereby confusing the information requester that such control had not been performed. In the later stage of analysis, based on a brief decision by the State Commission on Public Procurement Appeals, it was established that the Bureau had performed administrative control and that it had a different interpretation to that of the public enterprise about the tender procedure, followed by motion before SCPC to take decision under relevant procedure about the performed administrative control. However, SCPC rejected BPP’s motion on the grounds of being incomplete.

After this new knowledge, PE Communal Hygiene was addressed with new request under the instrument for free access to public information for disclosure of the report from administrative control performed by the Bureau. By the expiration of the relevant law-stipulated deadline, the requested documents were not disclosed.

As regards publication of information on public procurements on their official websites, it could be assessed that transparency of analysed contracting authorities is very low. According to the Open Government Partnership’s Action Plan, all institutions should publish the current public procurement plan on their websites, including procurement notices and notifications on contract signed. Analysis of 37 joint stock companies and public enterprises showed that only 4 of them, i.e. 11%, have complied with this obligation.

This analysis identified key corruption risks in all stages of public procurements based on selected sample of public procurements implemented in the course of 2019 by joint stock companies and public enterprises founded by the Government, the City of Skopje and Municipalities of Kavadarci, Gostivar and Struga.

When detecting corruption, in addition to findings from monitored tender procedures the project team also relied on other relevant data, such as: implementation rate of public procurement plans and amendments thereto, concentration of public procurements with certain companies, 2019 tender annulments at the level of individual contracting authorities, establishing differences in price for most common procurements, etc.



Development of this analysis delivers the first output under the project “Toward Accountable Public Enterprises”, which anticipates identification of corruption generators in all stages of public procurements.

Weaknesses detected and presented in this analysis further confirm the need for enhancing integrity and reducing corruption risks at public enterprises and joint stock companies. In that regard, this analysis will be followed by individual screening at all 37 enterprises, including an overview of key parameters that reflect public procurements at the level of individual contracting authorities, as well as human resources and internal policies of targeted enterprises.

The overall purpose is for this screening effort to be used for adjustment of planned workshops and training sessions intended for representatives from public enterprises and joint stock companies and aimed to overcome actual weaknesses in implementation of public procurements, with the ultimate goal of maximizing effects from capacity-building of human resources and developing individual integrity plans for public procurements.

For that purpose, the Center for Civil Communications has recently signed letters of intent with the founders of targeted joint stock companies and public enterprises, i.e. the Government of RNM, the City of Skopje and Municipalities of Kavadarci, Gostivar and Struga, wherein it is enlisted that after identification of corruption generators in public procurements, activities will be implemented for setting standards to improve accountability and integrity and support will be provided for introduction of sustainable mechanisms to advance implementation of public procurements.

The founders of targeted enterprises have committed to make efforts and instruct these enterprises to take into account findings and recommendations arising from project activities and to integrate mechanism for improved implementation of public procurements..

