



Ministry of Finance
Public Procurement Bureau

2017

ANNUAL REPORT

PUBLIC PROCUREMENT BUREAU



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REPORT
on the activities of the Public Procurement Bureau
in the functioning of the public procurement system in 2016



R E P O R T

on the activities of the Public Procurement
Bureau pertaining to the functioning of the
Public Procurement System in 2017

Skopje, May 2018

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1. Legal framework in the field of Public Procurement in Republic of Macedonia

1.1. Law on Public Procurement

The Law on Public Procurement was modified throughout 2017, whereby the modification was published in the “Official Gazette of Republic of Macedonia” no. 165/2017. This modification abolished the Public Procurement Council, which started to work on the requests for obtaining consent as of May 1, 2014.

In the course of drafting the Law on Modifications and Amendments to the Law on Public Procurement, the conducted analyses by the State Audit Office and SIGMA, on the effects deriving from the existence of the Public Procurement Council, were taken into consideration. Many negative effects on the efficiency and cost-efficiency of the public procurement system were established, mainly in the prolonged preparation and the increased costs of the public procurement procedures (due to payment of fees in the consent obtaining process), and the subjective decision making. The Council failed to realize its initial goals for which it was established in the first place, i.e. the Council decisions did not cause significant increase of the competition in the procedures, since there was no significant increase of the average number of submitted tenders. At the same time, the contracting authorities almost never bothered to set up any conditions for determining the capability of the economic operators, in order to avoid the obligation for requesting consent from the Council. In such manner, the contracting authorities obtained supplies with poor quality via the conducted procurement and faced with problems in their regular work and the additional maintenance costs, and at the same time the economic operators, whose supplies and services have internationally acknowledged quality, were put in unfavourable position i.e. there was no actual competition of high quality products and solutions. That threatened the realization of the principle of rational and efficient utilization of the public means, i.e. realization of “best value for the money”.

By the end of 2017, the Public Procurement Bureau, based on the comprehensive gap analysis of the public procurement system prepared by SIGMA, started to implement preparatory activities for drafting the new Law on Public Procurement wherein the new package of EU Directives on Public Procurement will be transposed

The purpose of such modification to the Law on Public Procurement is to eliminate the unnecessary bureaucratic procedures that led to reduced efficiency and cost-efficiency of the contract award procedures that threatened the realization of the principle of rational and efficient utilization of the public means. The unnecessary overlapping of particular competences of the Public Procurement Council with other authorities and bodies having the same or similar competences in this field was also eliminated.

Based on the comprehensive gap analysis of the public procurement system prepared by SIGMA, at the end of 2017 the Public Procurement Bureau started to implement preparatory activities for drafting new Law on Public Procurement, wherein the new package of EU Directives for Public Procurement will be transposed.

1.2. Bylaws

In the course of 2017, Rulebook on the cessation of the validity of the Rulebook on the form and content of the standard technical specifications and the manner of their use by the contracting authorities was

Bylaws, as part of the legal framework regulating contract award procedures, i.e. as instruments facilitating the implementation of the Law on Public Procurement, were adopted within the envisaged deadlines and are continuously improved, at the same time being harmonized with any possible modifications and amendments to the Law.

In the course of 2017, after the entering into force of the Law on Modifications and Amendments to the Law on Public Procurement ("Official Gazette of Republic of Macedonia" no. 165/2017), Rulebook on the cessation of validity of the Rulebook on the form and content of the standard technical specifications and the manner of their use by the contracting authorities was adopted.

2. Public Procurement Bureau

2.1. Competences

Public Procurement Bureau takes care of the proper functioning of the public procurement system and, through its numerous competences, continuously strives to promote and modernize thereof, in order to enhance its efficiency and functionality.

The Bureau, for the purpose of successful realization of its competences, has established good communication with the public and private sector since its incorporation and continues to enhance such communication

In order to successfully perform its competences, the Bureau has established, from the very moment of its incorporation, good communication with both the public and private sector and it constantly enhances it. Namely, the Bureau continuously increases the transparency by promoting new communication means, which provide for better accessibility to its available information for all stakeholders.

At the end of 2012, the Certificate Issuance Secretariat of TÜV SÜD Management Service GmbH awarded ISO 9001:2008 Quality Management System Certificate to the Bureau, thus confirming the qualitative organizational setup of the working processes and the modern operation of the Bureau. In the course of 2013, as well as during 2014, the Secretariat controlled and checked the operations of the Bureau and submitted a report, proving that the Bureau continuously organized the working processes and operations in a qualitative and modern manner.

In the course of 2017, the Bureau continued to organize the Open Doors Day, an event at which both the economic operators and the contracting authorities can give their opinions about the Law and the manner of its implementation in practice

In the course of 2015, following the conducted contract award procedure, as well as the implementation of the necessary procedures, MKD CERTIFICATE AM CERT DOOEL Skopje certification authority awarded Quality Management System Certificate, in line with the MKC EN ISO 9001:2009 standard requirements, to the Public Procurement Bureau, thus confirming that the Bureau implemented quality management system in the field of public procurement system development and monitoring of its implementation. The Certificate is valid by September, 2018.

In March 2017, the Bureau prepared risk management strategy defining the goals and benefits from the risk management, risk management responsibilities and review of the framework which shall be established, thus ensuring successful risk management. The purpose of this strategy is to improve the capability for realization of the strategic goals of the Bureau by managing threats and possibilities and creating an environment contributing to higher quality, efficiency and results in all activities and levels.

2.2. Prepared opinions

One of the most significant competences of the Public Procurement Bureau is the delivery of opinions regarding the provisions and the application of the Law on Public Procurement, thus enabling both the contracting authorities and the economic operators participating in the contract award procedures to resolve the dilemmas they have when carrying out such procedures.

The Bureau carries out this advisory function in several manners: by giving opinions to the letters the contracting authorities and the economic operators submit by mail, answering questions posed through the web contact form on the Bureau's website and the ESPP, as well as by answering questions posed through the Call Centre.

In 2013, the Bureau established a practice of organizing “Open Doors Day”, an event at which both the economic operators and the contracting authorities can give their opinions about the Law and the manner of its implementation in practice. Having in mind the positive reactions of the participants, in March 2017, the Bureau organized and conducted “Open Doors Day”, an event attended by total of 4 representatives of the contracting authorities. Through such event, the Bureau directly includes the stakeholders (contracting authorities and economic operators) in the future public procurement policy making, i.e. enhancement of the public procurement system.

Throughout 2017, 173 requests for opinions were submitted to the Bureau by mail and 778 requests were submitted through its web

In the course of 2017, the Bureau continued to organize the Open Doors Day, an event at which both the economic operators and the contracting authorities can give their opinions about the Law and the manner of its implementation in practice

contact form. The Bureau has also prepared 47 opinions for the needs of the Ministry of Finance.

After the conducted analysis of the submitted requests for opinions, it can be concluded that the most frequently asked questions were the ones referring to the evaluation phase, the procedures for requesting consent from the Public Procurement Council and the implementation of electronic procedures.

The most frequently asked questions related to the evaluation are the ones referring to whether particular documents for proving the personal status, technical and professional capability should be additionally submitted, which is deemed arithmetical error, and what needs to be done in such case.

Furthermore, frequent are the questions pertaining to the additional works, surplus works, work deficit and unplanned works. In addition, like in the previous year, the contracting authorities often asked questions related to requesting consent from the Council, the cases in which consent should be requested, whether requesting consent was mandatory when standard tender documentation and technical specifications were used, whether consent should be requested when using tender documentation for which consent was granted the year before, etc.

With regards to carrying out electronic procedures, the most frequently asked questions referred to which documents were to be signed electronically, as well as what was the procedure in case when the responsible person or a member of the public procurement commission did not have a digital signature, as well as the validity of the digital certificates used by the economic operators in the procedures. However, the number of questions referring to the electronic procedures is reduced compared to the previous year which reflects on the reduction of the total number of asked questions. This is a result of the established continuity in the implementation of electronic procedures, whereby 50% of the procedures in 2017 were electronically implemented.

The Public Procurement Bureau, in order to meet the needs of the contracting authorities and the economic operators participating

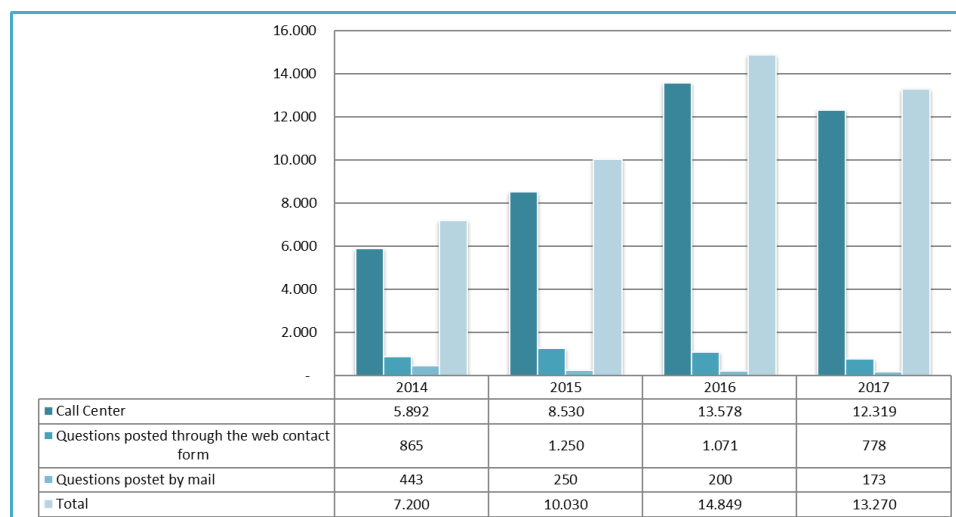
In 2017, the number of questions asked via the Call Centre increased, which is an indicator that the contracting authorities and the economic operators are interested in prompt and direct answer to the problems and uncertainties deriving in the course of the implementation of the public procurement procedures

in the implementation of the contract award procedures, continuously updates the most frequently asked questions on the Bureau's website, by adding new questions, as well as by modifying and amending the answers in line with the modifications to the Law.

In the course of 2017, like in the previous years, employees with the Bureau provided timely and prompt advices through the Call Centre with respect to carrying out the public procurement procedures, at the same time providing expert assistance to both the contracting authorities and the economic operators.

The Call Centre was available to the contracting authorities and the economic operators on a daily basis in 2017. In the period from 01.01.2017 to 31.12.2017, the Call Centre received the total of 12,319 calls. 7,566 of these calls were received by the Department for Normative Affairs, Training and International Relations, while 4,753 calls were received by the Department for Monitoring the Public Procurement System.

Chart 2.1



According to the data shown in the Chart, it can be concluded that the total number of requests for opinions submitted by the contracting authorities and economic operators to the Bureau in 2017 has dropped. Thereby, it is noticeable that the questions being asked via the Call Centre are the most used method of provisioning assistance by the Bureau employees. Such fact indicates that the

participants in the public procurement system are more interested in a fast and precise answer to the problems and the ambiguities they face in the course of carrying out the public procurement procedures.

On the other hand, the number of requests for opinions officially submitted by mail, once again has dropped compared to last year, which is in favour of the fact that the entities involved in carrying out the procedures need fast and simple solutions to their problems.

2.3. Tender Document Models and Manuals

The Bureau continuously prepares and adjusts manuals, guidelines and tender document models and makes them available to the public through its website, so that the contracting authorities and the economic operators can easily apply the Law when carrying out contract award procedures.

Like in the previous years, in the course of 2017 as well, the tender document models were continuously updated whenever needed, so as to be adjusted to and harmonized with the modifications and the amendments to the Law on Public Procurement.

In 2017 was issued the fourth edition of the Manual on Public Procurement, prepared by the Department for Normative Affairs, Training and International Relations within the Public Procurement Bureau. In addition to the inserted modifications and amendments to the Law on Public Procurement, audit of the Manual content has been done as well, in order to adapt thereof to the needs of the contracting authorities and economic operators.

In May 2017, the Bureau published new version of the Manual on Negative References, including the most frequently asked questions in relation with the negative references. The need of updating this Manual derived from the analysis of the questions asked by the contracting authorities and economic operators to the Bureau, as well as the problems they face with in the course of the application of the legal provisions for negative references in practice.

In 2017, the Public Procurement Bureau issued the fourth edition of the Rulebook on Public Procurement and prepared and issued multiple short brochures

The Bureau prepared new manuals in function of improving the knowledge of the contracting authorities

In the course of 2017, the Public Procurement Bureau also prepared and published several short brochures, so as to bring the individual stages of the contract award procedures closer to the participants in the public procurement system. Hence, the following brochures were prepared:

- Brochures on contract awarding criteria, tender evaluation and awarding public contract;
- Brochure on tender documentation, criteria for determining the capability and special contract awarding methods;
- Brochure on public procurement planning;
- Brochure on the simplified competitive procedures; and
- Brochure on negotiation procedure.

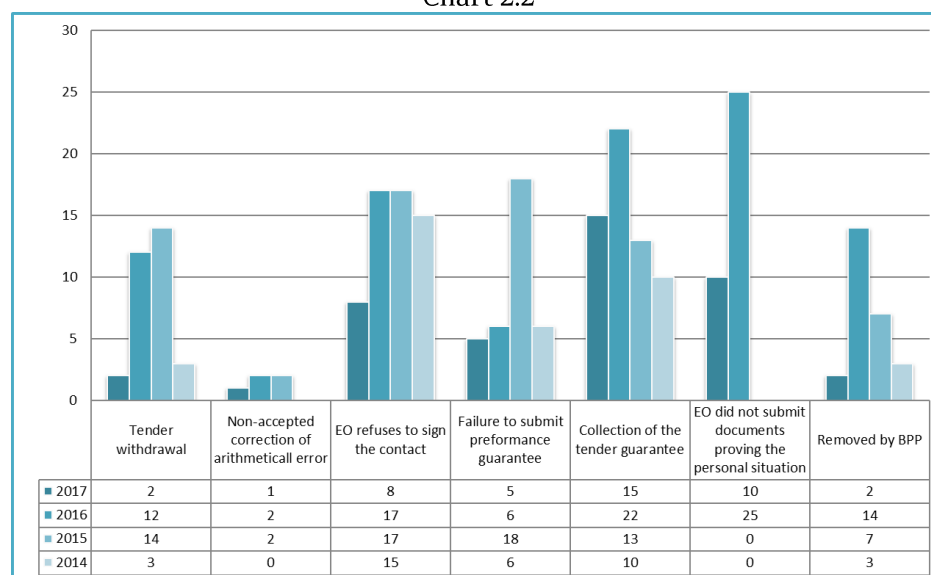
2.4. Negative references

The instrument of negative reference was introduced in 2013 in order to protect the contracting authorities from the economic operators who are not serious, i.e. who do not respect the terms and conditions they offer in their tenders, as well as from the tenderers selected as contractors who do not respect the contractual obligations.

Throughout 2017, the contracting authorities issued the total of 41 negative references and 2 negative references have been removed

Throughout 2017, the contracting authorities issued the total of 41 negative references to the economic operators. The detailed analysis of the reason due to which negative references were issued, and the comparison with the negative references issued in 2014, 2015 and 2016, is presented in the Chart below. In 2017, the Bureau removed 2 negative references, acting upon a decision adopted by a competent court or upon agreement in the capacity of enforceable document between the contracting authority and the contractor (mediation).

Chart 2.2



Throughout 2017, the contracting authorities issued the total of 41 negative references and 2 negative references have been removed.

The data presented in the Chart show that there was a drastic downward trend of issued negative references by the contracting authorities in 2017, based upon all legal bases. The comparative data show that unlike 2015 and 2016, when the number of issued negative references increased, such trend changed in the previous two years, whereby there was a decrease of the total number of issued negative references, as well as decrease upon all particular bases for issuing negative references.

The list of negative references is publicly available on ESPP, and the terms and conditions for issuing negative reference are clearly prescribed in the Law.

3. Public Procurement Training

3.1. Data on Trainings carried out in 2017

Throughout 2017, the Public Procurement Bureau, in line with the Law on Public Procurement, bylaws and internal guidelines, continued to organize and carry out public procurement training.

The main reasons to launch this system activity are the efforts of the Bureau to strengthen the capacities of both the contracting authorities and the economic operators for proper application of public procurement regulations.

The Bureau carried out the public procurement trainings on the basis of the Annual Plan prepared pursuant to Article 14 paragraph 1 indent 14 and Article 14-a of the Law, the Rulebook on Public Procurement Training Programme, Train-the-Trainer Programme, the form and content of the Certificate for Passed Exam for Public Procurement Officer and Public Procurement Trainer, as well as the amount of the fee paid by the participants in the training (“Official Gazette of Republic of Macedonia” no. 90/2012).

Normative acts based on which the training was carried out in 2017 are as follows:

- Law on Public Procurement (“Official Gazette of Republic of Macedonia” no. 136/07, 130/08, 97/10, 53/11, 185/11, 148/13, 160/13, 28/14, 43/14, 130/14, 180/14, 192/15, 27/16, 120/16 and 165/17); and
- Rulebook on Public Procurement Training Programme, Train-the-Trainer Programme, the form and content of the Certificate for Passed Exam for Public Procurement Officer and Public Procurement Trainer, as well as the amount of the fee paid by the participants in the training (“Official Gazette of Republic of Macedonia” no. 90/2012).

*Public Procurement
Bureau carries out
the public
procurement training
in line with the
internal manuals*

Pursuant to Article 14 paragraph 1 indent 16 of the Law, the Public Procurement Bureau prepares guidelines as internal manuals on preparation and carrying out public procurement training and train-the-trainer programme, posted on the Bureau's website – bjn.gov.mk. The Bureau adopted the following manuals:

- Internal Manual on preparing and carrying out public procurement training by the Public Procurement Bureau, no. 10-241/1 dated 04.02.2014, no. 10 -241/2 dated 27.10.2014, no. 11-470/1 dated 19.02.2015, no. 11-470/2 dated 07.10.2015, no. 11-270/1 dated 04.02.2016, 11-36/1 dated 11.01.2017 and 11-36/2 dated 27.02.2017;
- Internal Manual on lecturing the contents prescribed in the Public Procurement Training Programme by the Trainers and Train-The-Trainer Programme, no.10-242/1 dated 04.02.2014;
- Internal Manual on operations of the Commission members for the needs of public procurement training no.10-2074/1 dated 28.10.2014 and 11-1577/1 dated 15.12.2017;
- Internal Manual on the manner of organizing and carrying out the exam for the participants in the public procurement training no. 10-240/1 dated 04.02.2014, no. 10-240/2 dated 21.07.2014, no. 10-240/3 dated 27.10.2014, no. 11-2762/1 dated 07.10.2015, no. 11-221/1 dated 29.01.2016, no. 11-35/1 dated 11.01.2017 and no. 11-35/2 dated 27.02.2017;
- Decision on determining the amount of the fee for the members of the Commission for Training Contracting Authorities Part 1 to Part 13; and
- Decision on determining the amount of the fee for the members of the Commission for Training Contracting Authorities no.11-1588/1 dated 18.12.2017, Part 14 and Part 15.

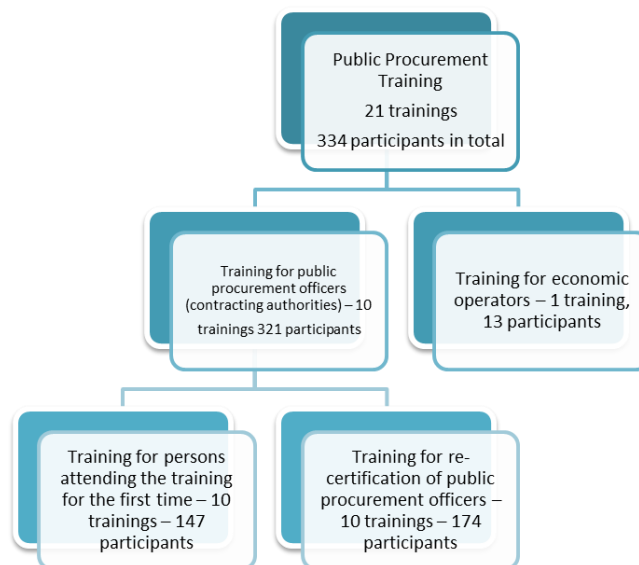
In the course of 2017, the following quality assurance procedures were adopted:

- Quality assurance procedure – public procurement training for the contracting authorities;
- Quality assurance procedure – manner of operation of the Commission for carrying out the written exam; and
- Quality assurance procedure – inspecting and objecting the written public procurement officer exam.

The 2017 Annual Plan for public procurement training was adopted on January 9, and was changed seven times throughout the year, in order to cancel schedules for training due to the lack of interest for attending such trainings

2017 Annual Plan on Public Procurement Training Realization was adopted on January 9, 2017. The Plan itself underwent seven modifications throughout the year, so as to cancel training schedules due to the lack of interest in attending such trainings. In the part referring to trainings for continuing the Certificate validity, only one schedule was changed, i.e. the date of holding such training. The trainings for continuing Certificate validity were successfully held according to the number determined in the Plan. Some of the schedules for holding trainings for acquiring Certificate for the first time for passed exam for Public Procurement Officer were cancelled.

Chart 3.1



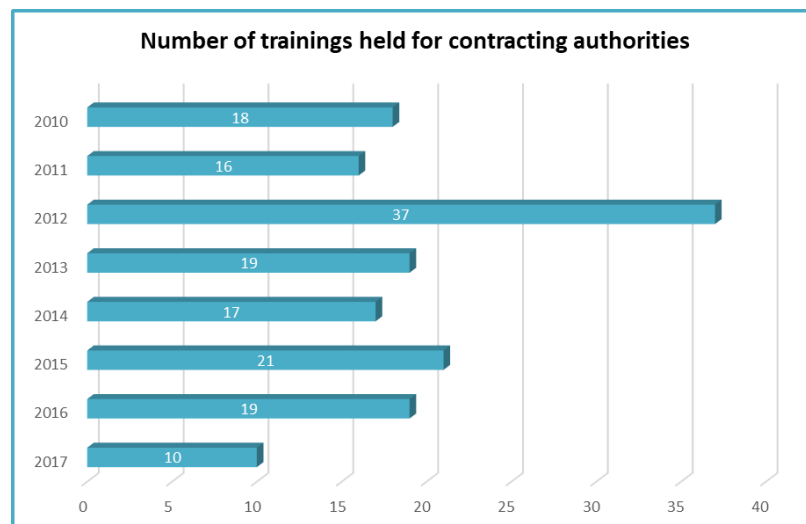
The number of trained persons at the contracting authorities who attended the training for the first time is 147 in 2017

Training for persons at the contracting authorities not having acquired the certificates for passed exam.

10 trainings for contracting authorities (regular trainings for persons working with public procurement so as to acquire the certificate for the first time) were held. The activities within the Programme were realized through lectures held by public procurement trainers with acquired trainer certificates in the course of 2016.

The Chart below gives a review of the trainings held in the past eight years:

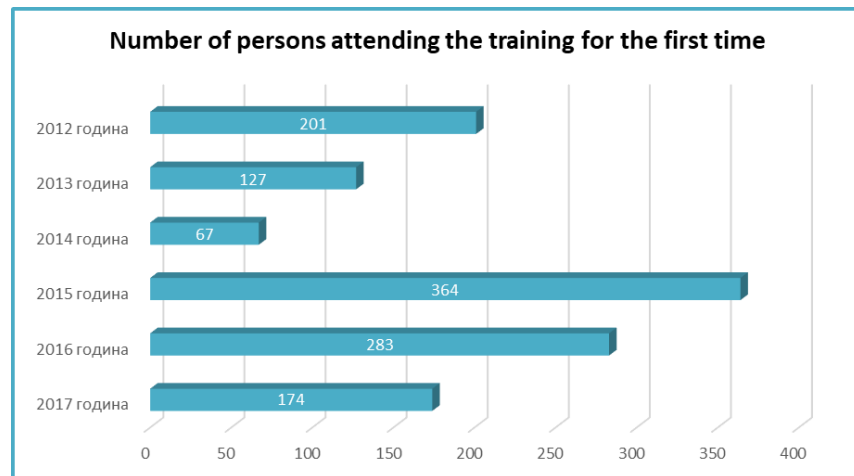
Chart 3.2



18 trainings were held in 2010, 16 trainings in 2011, 37 trainings in 2012, 19 trainings in 2013, 17 trainings in 2014, 21 trainings in 2015, 19 trainings in 2016 and 10 trainings in 2017.

In 2017, 147 persons at the contracting authorities attended the training for the first time. Chart 3.3 gives review of the persons who attended the training in the past five years:

Chart 3.3

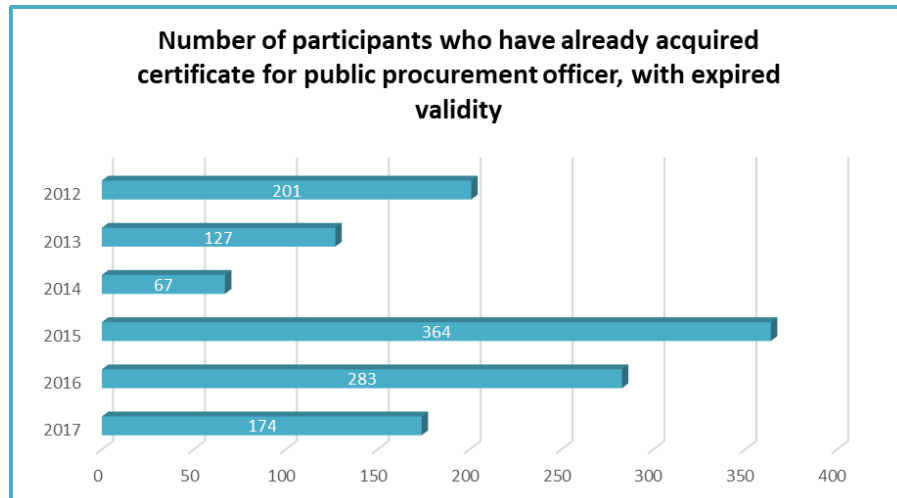


Training for the persons at the contracting authorities having acquired the certificate for public procurement officers

Pursuant to the amendments to the Law in 2011, the certificates for public procurement officers issued in line with the Law on Public Procurement (“Official Gazette of Republic of Macedonia” no. 136/07, 130/08, 97/10 and 53/11) continue to be valid for the period for which they are issued; however, no longer than the day of entering into force of the last amendments. Throughout 2017, 174 persons attended the training for Parts 14 and 15 of the Programme, while the other participants, who still had not extended the validity of the certificates, were invited to attend such training again and take the written exam for public procurement in order to acquire certificate for public procurement officers.

Comparative display for the past years, after holding trainings for renewing the knowledge of the participants who have already acquired certificate for public procurement officers is presented in Chart 3.4:

Chart 3.4



Training for economic operators

For the first time in 2013, the Bureau started organizing and carrying out trainings specialized for the economic operators. Following the conducted survey with questionnaires and answers thereto, the Bureau concluded that in order to provide more detailed information to the economic operators about questions of their interest, it was necessary to design and carry out tailor-made training solely for them. Hence, module for economic operators was planned with the Rulebook on Public Procurement Training Programme, Train-the-Trainer Programme, the form and content of the Certificate for Passed Exam for Public Procurement Officer and Public Procurement Trainer, as well as the amount of the fee paid by the participants in the training. Thus, in the course of 2017, the Bureau scheduled 3 two-day trainings for the economic operators. Just one training was held in the period March 15-16, from the scheduled trainings for the economic operators. 13 persons attended the training. All 13 persons acquired certificate for attending public procurement training for economic operators.

Analysis of the satisfaction of the participants in the training. Throughout the year, as well as periodically, the Bureau provides questionnaires to all participants in the trainings, in

In order to promote public procurement training, analysis of the satisfaction of participants in the training was conducted in the previous year, and the feedback was considered when proposing measures for further promotion of the public procurement training

order to measure their satisfaction from the trainings held and application of the gained knowledge in their daily operations.

The participants fill in such questionnaires at the end of each training, and after a certain period of time, providing an insight whether the trainings have helped them in their daily operations.

Accordingly, many participants in the training were delivered a questionnaire by the Training Unit after the end of the first six months of the year and at the end of 2017. The questionnaire was sent by e-mail and it pertained to the participants in 2017 training. The questionnaire refers to the trainings attended by the candidates and it contains several questions on the manner of conducting the trainings and their impact on their work, as persons who acquired certificates for passed exams.

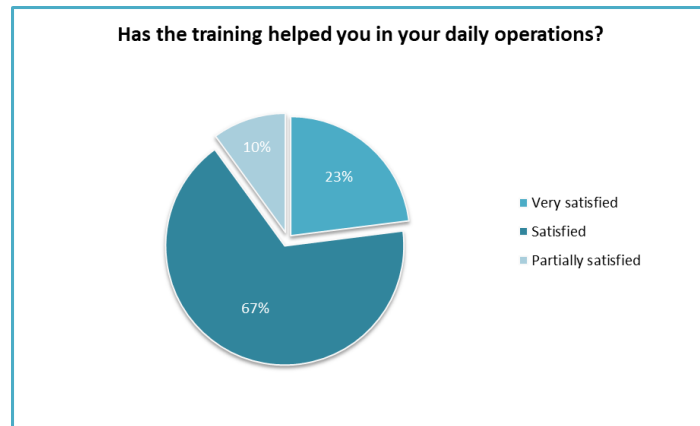
The Training Unit uses these questionnaires to check the success of the trainings so far, as well as to improve the trainings throughout the next year.

Approximately 48 participants of the training provided answers to the questionnaire.

Questions they answered, as well as the answers thereto, are as follows:

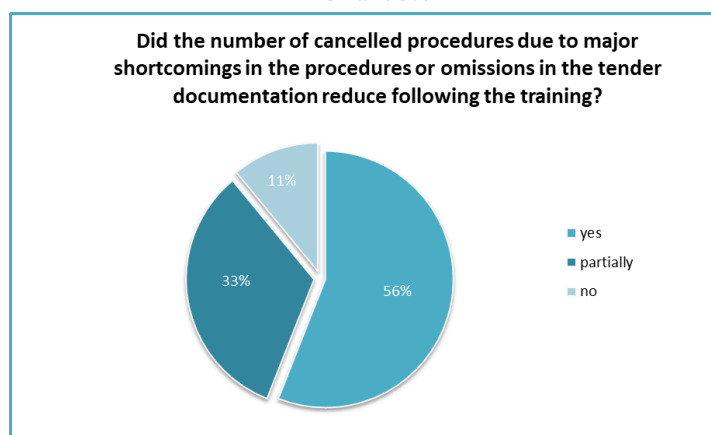
1. With regards to the question *How satisfied are you with the training quality?* 17 respondents replied that they were very satisfied, 26 were satisfied, 4 were partially satisfied and there were no unsatisfied respondents.
2. With regards to the question *How satisfied are you with the training quality?*, 15 respondents replied that they are very satisfied, 29 were satisfied, 3 were partially satisfied and there were no unsatisfied respondents.
3. With regards to the question *Has the training helped you in your daily operations?*, 11 respondents replied that they are very satisfied, 32 were satisfied, 5 were partially satisfied and there were no unsatisfied respondents.

Chart 3.5



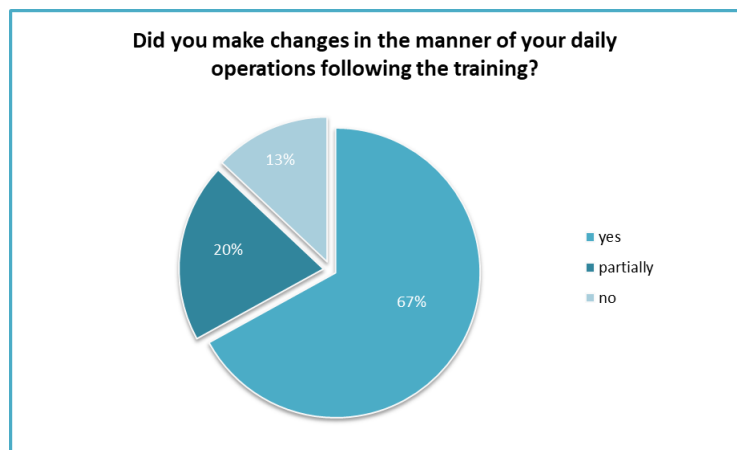
4. With regards to the question *Are you satisfied with the quality of the knowledge acquired during the training?*, 10 respondents replied that they are very satisfied, 32 were satisfied, 5 were partially satisfied and there were no unsatisfied respondents.
5. With regards to the question *Did the number of cancelled procedures due to major shortcomings in the procedures or omissions in the tender documentation reduce following the training?*, 25 respondents replied that the number reduced, 15 replied that the number of cancelled procedure partially reduced and 5 replied that the number did not reduce.

Chart 3.6



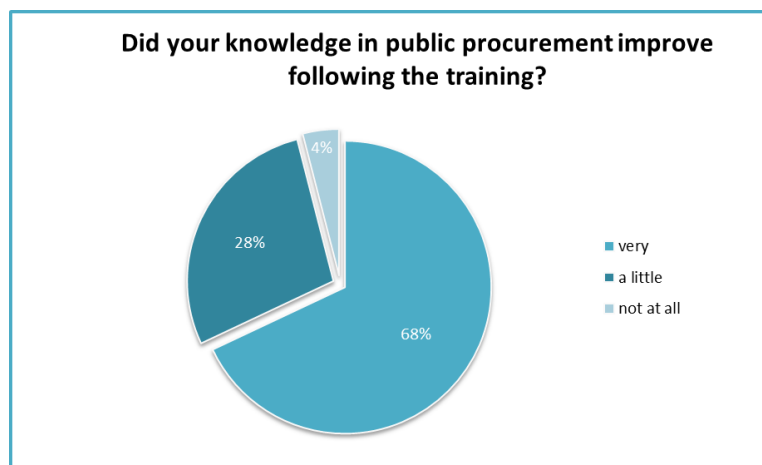
6. 37 participants in the training provided affirmative answer to the question whether they have made changes in the manner of their daily operations following the training, of whom 28 replied that they have made changes in their operations, 9 have made partial changes and 6 have not made any changes in their operation.

Chart 3.7



7. With regards to the question *Whether their knowledge in public procurement has improved following the training?*, 32 respondents replied that their knowledge has significantly improved, 31 replied that their knowledge has improved, 13 replied that their knowledge has partially improved and 2 replied that their knowledge has not improved at all following the training.

Chart 3.8



8. 16 respondents replied that they needed to attend the training again, 5 replied that they needed no training, while 27 respondents replied that they needed to attend training only in certain topics.

On the basis of the abovementioned results it can be concluded that it is particularly positive that 68% of the respondents replied that their knowledge on public procurement following the training significantly improved, as well as that they made changes in the manner of their daily operations following the training.

In addition, the fact that almost half of the respondents replied that they needed to attend training in specific topics, speaks of the need for the Bureau to carry out such training in the future.

Electronic Training System.

The Electronic Training System commenced to operate at the beginning of 2012 and its main purpose is to be used for logging in of the participants in the trainings, evaluation of the trainers, keeping records on attendance, filling in evaluation tests, uploading presentations and exercises of the trainers, as well as for taking the written exam.

The system started to apply at the end of 2012, and all trainings were conducted via this system in 2013. All trainings and exams throughout 2017 were realized via the electronic training system. The written exam is fully conducted by using electronic means and the results from the exam are available immediately after finishing the exam. In the course of 2017, the written exam was 100% conducted by using electronic means, without taking the exam on paper.

Public procurement trainers in line with the list of trainers

The public procurement training is carried out by certified trainers who possess certificate for trainers issued by the Public Procurement Bureau pursuant to Article 14-a paragraph 2 of the Law on Public Procurement. In the course of 2017, on the existing lists of trainers who acquired certificates in 2009, as well as in 2014, and the

Public Procurement Training is carried out by certified trainers having certificate for trainers issued by the Public Procurement Bureau

ones who renewed their certificates in 2016, another three employees were added from the Bureau who passed the written exam for trainers. The trainers were invited to hold lectures in alphabetical order, according to the division of the lists. The trainers were obliged to comply with the Training Plan by using all planned means for successful realization of the module material (printed materials, presentations, projector, etc.). The trainers were graded for their lecture by the participants with grades from 1 to 10, whereby 10 was considered as the highest and 1 as the lowest grade.

They were graded based on the following questions:

- 1. How would you grade the trainer with regards to his/her knowledge of the public procurement regulations?*
- 2. How would you grade the trainer with regards to his/her knowledge of the topic being lectured?*
- 3. How would you grade the trainer with regards to his/her practical knowledge?*
- 4. How would you grade the trainer with regards to the prepared materials for the lecture (presentations, exercises)?*
- 5. How would you grade the trainer with regards to his/her presentation skills?*
- 6. How would you grade the trainer with regards to his/her patience towards the participants?*
- 7. How satisfied are you from the answers provided by the lecturer to the questions asked by the participants?*
- 8. How satisfied are you from the interaction during the lecture?*
- 9. How would you grade the trainer with regards to complying with the lecture schedule throughout the day?*
- 10. What is your overall grade for the lecturer?*

Pursuant to the Internal Manual, the lecturer who has not passed the exam, i.e. received a grade lower than 8.5, has no right to hold lectures during the next round. Only one trainer had a grade

Based on the grades from the participants, there is a small decline in the satisfaction from the lectures compared to 2016; however, most of the participants are satisfied from the manner of holding such lectures

lower than 8.5 and was not invited to hold lectures in the next round. All other trainers had grades above 8.5 for all terms of held trainings.

Also, the trainers who have not responded to the invitation for training, i.e. gave negative reply, will wait until the next round of lecture in order to hold lectures.

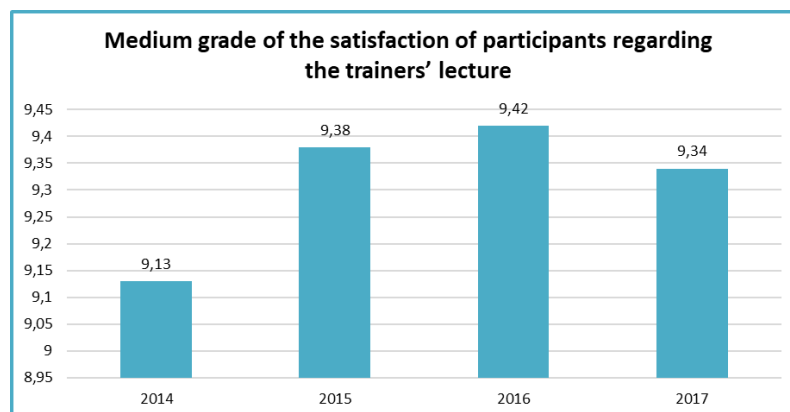
According to the grades given to the trainers, it is obvious that most of the participants were satisfied from the way they held their lectures and how they transferred their knowledge and experience about public procurement. Also, some of the trainers were not able to hold lectures on the training out of business and personal reasons. However, they are still on the list of trainers and upon their request they will be engaged as trainers in the following terms.

At the end of the training, electronic report containing the grades given by the participants was sent to the trainers by e-mail, for the day of the training when they held their lecture.

The medium grade of the satisfaction of the participants regarding the trainers' lecture in 2017 is 9.34 out of 10 as the highest grade.

Compared to the satisfaction from the way the trainers held the lecture, there is a small decline:

Chart 3.9



4.Data obtained from other institutions

4.1. State Appeals Commission for Public Procurement

According to the data from the State Appeals Commission, total of 561 cases were submitted and registered in 2017, out of which total of 548 were resolved, 13 cases were unresolved due to incomplete documentation and were transferred to be resolved in 2018

Throughout 2017, the total of 86 lawsuits were filed to the Administrative Court against decisions adopted by the State Appeals Commission

Pursuant to the Law on Public Procurement, the State Appeals Commission is competent to decide upon appeals lodged in the contract award procedures and appeals lodged in the procedures for awarding contracts for concessions and public-private partnership.

Namely, the State Appeals Commission decides on the legality of the actions and omissions to take actions, as well as the legality of the decisions adopted as individual legal acts in the contract award procedures. The Commission also decides on other requests which the parties are permitted to submit in the procedure for legal protection.

According to the data from the State Appeals Commission¹, the total of 561 cases were submitted and registered in 2017, out of which total 548 cases were resolved. 13 cases were unsolved due to incomplete documentation and were transferred to be resolved in 2018.

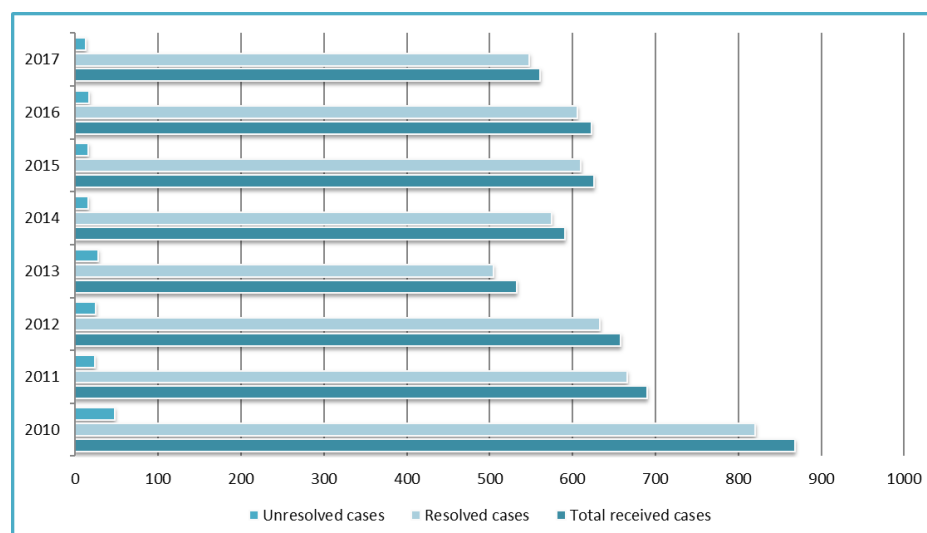
30 cases out of 548 resolved cases were appeals lodged by contracting authorities against decisions adopted by the Public Procurement Council. In addition, total of 86 lawsuits were filed to the Administrative Court in 2017 against decisions adopted by the State Appeals Commission.

The Chart 4.1 below shows the data obtained from the State Appeals Commission for Public Procurement. For comparison

¹ The data contained in this Report are obtained from the State Appeals Commission for Public Procurement

purposes, data from the previous 5 years are also included in the Chart.

Chart 4.1



The data in the Chart show a downward trend of the total number of received cases. The total number of received cases in 2017 is 561, which is significantly lower number of received cases compared to 2016 and 2015 when this number was 626, i.e. 623 cases.

The Commission also shows a downward trend of the number of unsolved cases. 13 cases were unsolved in 2017, compared to 2016 and 2015 when this number was 17, i.e. 16 cases.

Considering the fact that the Public Procurement Council was abolished in November 2017, the number of appeals lodged against decisions of the Public Procurement Council has reduced. In 2017, the number of appeals lodged by the contracting authorities against decisions of the Public Procurement Council was 30, compared to 2016 when the number of appeals against decisions of the Public Procurement Council was 41.

Also, according to the data of the State Appeals Commission for Public Procurement, total of 7 requests for continuation of the procedure were submitted in 2017. According to the data of the State Appeals Commission all 7 requests were rejected, i.e. none of the requests was accepted.

7 requests total were submitted in 2017 for continuation of the procedure and all 7 requests were rejected

Chart 4.2

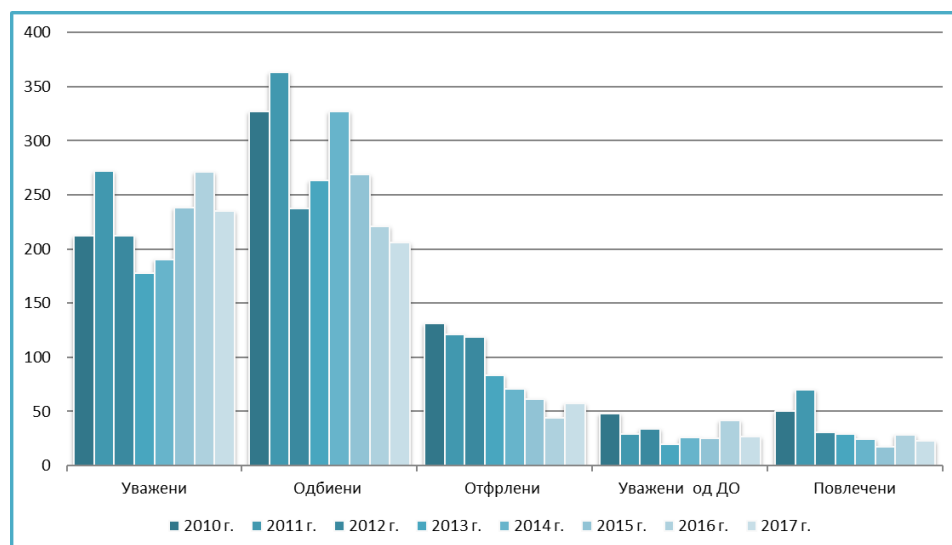
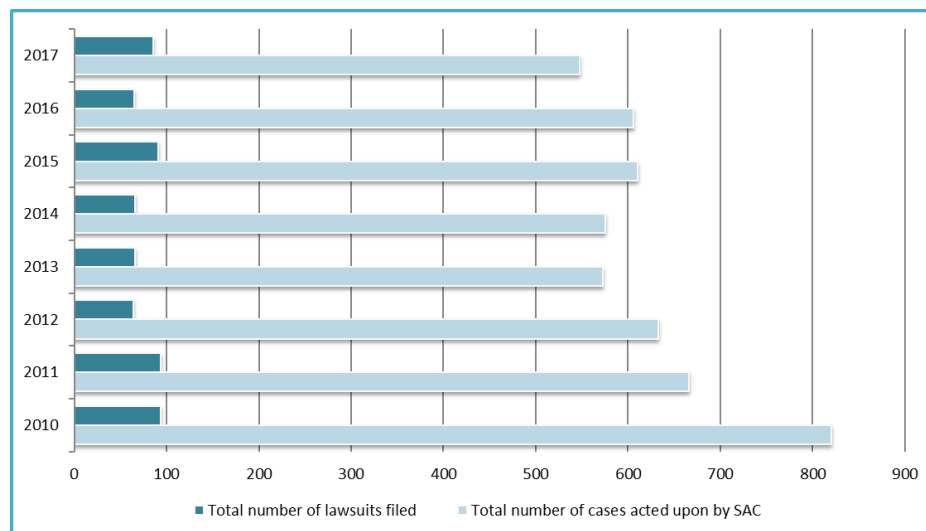


Chart 4.2 shows the data from 2011 to 2017 pertaining to the number of accepted appeals, the number of rejected appeals, the number of appeals accepted by the contracting authority, as well as the number of dropped appeals. By comparing the data, it can be noticed that the number of accepted appeals reduced and, unlike the previous year, the number of rejected appeals is also reduced.

Chart 4.3



Administrative Court of Republic of Macedonia is competent to solve the filed appeals by parties not satisfied from the decisions of the State Appeals Commission

As for the number of lawsuits filed to the Administrative Court of Republic of Macedonia against the decisions adopted by the State Appeals Commission for Public Procurement, Chart 4.3 shows the

data from 2011 to 2017, whereby it can be noticed that the total number of lawsuits filed in 2017 increased i.e. 86 lawsuits were filed, unlike 2016 when 65 lawsuits were filed.

4.2. Administrative Court of Republic of Macedonia

Administrative Court of Republic of Macedonia is in charge of acting upon lawsuits filed by the parties that are not satisfied with the decisions adopted by the State Appeals Commission. Taking this competence into account, this institution is of great importance with regards to the legal protection in the contract award procedures.

The Public Procurement Bureau includes the data on the lawsuits filed against the decisions of the State Appeals Commission to the Administrative Court in the annual reports, for the purpose of more precise insight in the efficiency and effectiveness of the legal protection in the field of public procurement. These data are presented in Chart 4.4 below²:

Chart 4.4

² These data are contained in the State Appeals Commission's Report and they are obtained from the Administrative Court upon request by the Commission.

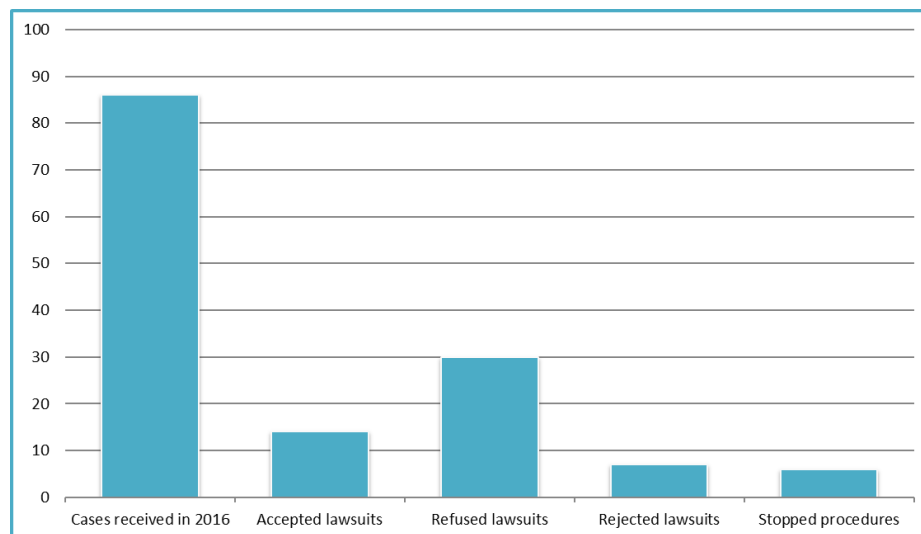
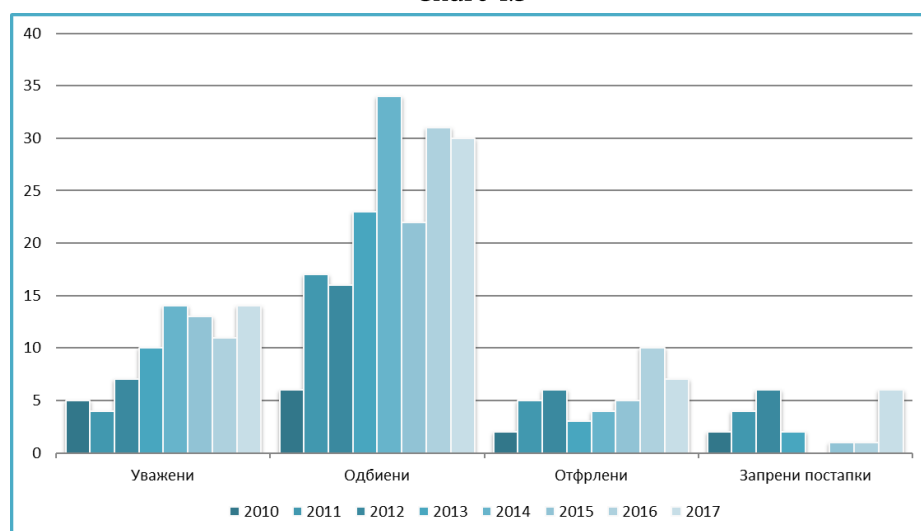


Chart 4.5



2017 data compared to 2016 data show that the number of rejected appeals dropped by one appeal, while the number of accepted appeals increased in 2017 compared to 2016

Chart 4.5 shows the data regarding the number of accepted lawsuits, rejected lawsuits and stopped procedures compared to the previous four years. 2017 data, compared to the data from 2016, indicate that the number of rejected lawsuits dropped by one, i.e. 31 lawsuits in 2016 and 30 lawsuits in 2017, while the number of accepted lawsuits in 2017 has increased compared to 2016. With regards to the

number of stopped procedures, 6 procedures were stopped in 2017, compared to 2016 when this number was 1 stopped procedure³.

4.3. High Administrative Court

The High Administrative Court decides upon appeals lodged against the decisions of the Administrative Court adopted in first instance, pertaining to annulment of the decisions reached by the State Appeals Commission.

In the course of 2017, 14 cases total were received in the High Administrative Court, from the field of public procurement

According to the data delivered by the High Administrative Court, upon request of the Public Procurement Bureau, in the course of 2017, total of 14 cases in the field of public procurement were submitted to the High Administrative Court, of which 12 were administrative appeals, while the other 2 were appeals with temporary measures.

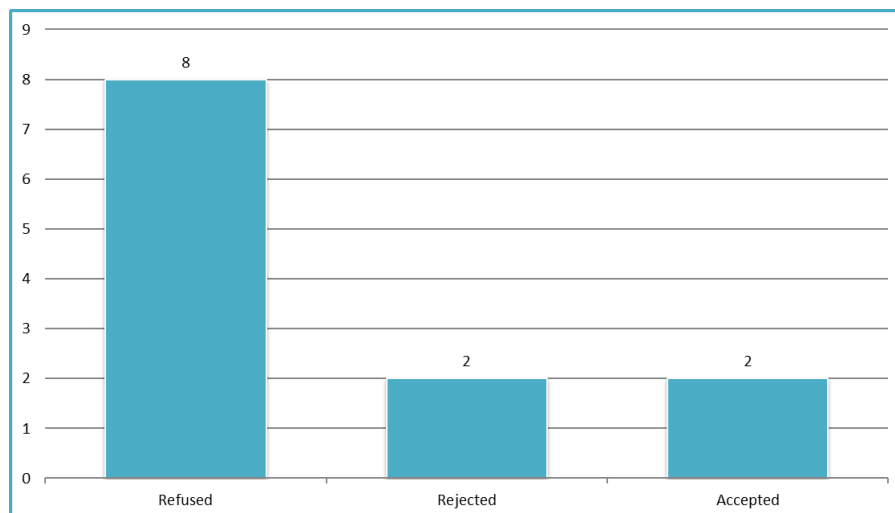
In 8 cases, decisions were reached for rejecting the appeals, in 2 (two) cases the decisions of the Administrative Court were reversed; the disputed decision of the State Appeals Commission was confirmed. In two cases, decision was reached for returning the cases for the purpose of another decision-making

In 8 cases decisions were reached to reject the appeals and the decisions of the Administrative Court were confirmed, in 2 (two) cases the decisions of the Administrative Court were reversed, the disputed decision of the State Appeals Commission was confirmed, i.e. the appeal was rejected. In two cases decision was reached for revoking the decision of the Administrative Court, whereby the cases were once again returned for the purpose of decision making.

Total of 10 cases, out of the abovementioned number of cases, were resolved in the course of 2017. These data are presented in Chart 4.6 below:

Chart 4.6

³ These data are contained in the State Appeals Commission's Report and they are obtained from the Administrative Court upon request by the Commission.



4.4. State Audit Office

State Audit Office is supreme audit institution in Republic of Macedonia carrying out regularity audit and performance audit in public procurement

The State Audit Office is supreme audit institution in the Republic of Macedonia carrying out, among other things, regularity audit and performance audit in public procurement. When carrying out regularity audit, the audit teams also examine and assess the use of funds in line with the legal regulations. In the course of carrying out such audit, they inspect the manner of planning, carrying out and implementing the public procurement procedures conducted in the period, subject to audit.

Data received from the State Audit Office are of special importance to the Bureau, which, on the basis of such data, plans to take respective measures, aimed at eliminating the detected irregularities at the contracting authorities, subject to audit. State Audit Office prepares annual report on performed audits and submits the results therefrom to the Assembly of Republic of Macedonia for consideration by June 30 in the current year at the latest for the previous year. At the moment of preparing this report, the data requested from the State Audit Office were in the phase of processing and analysis. Once the State Audit Office publishes the audit report,

In the course of 2017, the State Commission for Prevention of Corruption acted upon total of 7 charges lodged for possible corruption in the field of public procurement and concluded that the allegations in the charges were not established and decided that there are no elements for further action upon the respective cases of collusion contract

State Audit Office is supreme audit institution in Republic of Macedonia

the necessary data will be submitted to the Public Procurement Bureau.

4.5. State Commission for Preventing Corruption

In the course of 2017, the State Commission for Preventing Corruption acted upon total of 7 charges lodged for possible corruption in the field of public procurement, regarding the contract award procedures carried out by the contracting authorities.

Acting upon its competences laid down in the Law on Prevention of Corruption, after gathering the relevant information from other institutions, in order to determine the actual situation and examine the allegations in the charges, the State Commission for Preventing Corruption concluded that the accuracy of the allegations in the charges with regards to the 7 concerned cases was not established and decided that there were no elements for further action upon the respective cases.

Should one compare the previous years (2012, 2013, 2014 and 2015), it can be concluded that continuous downward trend of lodged charges is evident in relation with the previous period (45 charges were lodged in 2011). In fact, 29 charges for possible corruption were lodged in 2012, 14 charges were lodged in 2013, 25 charges were lodged in 2014, total of 10 charges were lodged in 2015, while only 3 charges for existence of suspicion for corruption in public procurement were lodged in 2016, and in 2017 this number is total of 7 charges.⁴

4.6. Commission for Protection of Competition

In 2017, in one misdemeanor procedure the Commission established the existence of collusive contract between undertakings in the process of submitting tenders in procedures for awarding public procurement contracts and for the established misdemeanor corresponding fine was pronounced to

⁴ Data are obtained from the State Commission for Preventing Corruption

Free competition is of special importance for all states, the economies of which are based on the free market principle, where distribution of funds is result of the relation between the supply and demand on the market. Right to competition, as one of the European Union and its member states internal market policies, as well as the internal market policies of all countries having established the free market principle in their economies, is aimed at preventing certain practices and business activities on the market which can place certain undertakings in an unjustifiably more favourable position in relation to other undertakings.

Such placing of certain undertakings in a more favourable position than the other undertakings when awarding public contracts, would bring into question and jeopardize the free competition among the undertakings.

The legal implementation of contract award procedures, and especially the adherence to the principle of competition among the economic operators and equal treatment and non-discrimination of economic operators, is a subject of interest to the Commission for Protection of Competition.

Since 2012, the Commission for Protection of Competition has introduced a novelty pertaining to prohibiting collusive contracts between undertakings when submitting tenders in contract award procedures. The abovementioned is especially important if considered that in 2015 and 2016 the Commission for Protection of Competition has not detected any severe or lesser offences with regards to the competition in public procurement i.e. has not detected any collusive contracts between the undertakings when submitting tenders in the contract award procedures.⁵ Unlike the data obtained in 2016 and 2015, in 2017 in one misdemeanour procedure the Commission concluded that there is a collusive contract between the undertakings

⁵The data are obtained from the State Commission for Preventing Corruption

when submitting tenders in the contract award procedures. Corresponding fine was pronounced to the perpetrators for the established misdemeanour.

It should be mentioned that the Public Procurement Bureau has been receiving the same or similar data with regards to the protection of competition from the Commission for Protection of Competition for several years in a row now. The indicated data do not fully correspond to the actual situation and the information the Bureau receives from the economic operators, which complain very often about the abnormally low prices or the limitation of the competition on other bases.

It could be concluded that a comprehensive analysis of the reason for the indicated situation is needed, whether it is a matter of the economic operators not being sufficiently informed where and whom they should address to when they believe that fair competition in the contract award procedure is prevented.

5. Cooperation with other institutions

5.1. Cooperation with institutions in Republic of Macedonia

Public Procurement Bureau cooperates with many institutions in order to improve the capacity of the contracting authorities i.e. strengthen the professionalism, expertise and responsibility of the persons working with public procurement

To the end of constantly improving the established public procurement system, the Public Procurement Bureau continuously cooperates with institutions whose scope of work has common grounds with the system, such as: Ministry of Finance, Ministry of Justice, Ministry of Economy, State Appeals Commission for Public Procurement, State Audit Office, State Commission for Preventing Corruption, Commission for Protection of Competition, Central Registry, Official Gazette and other institutions, in order to continuously promote and improve the public procurement system via exchange of mutual experiences.

Under the leadership of the Ministry of Finance, Public Finance Management Programme was adopted by the Government of the Republic of Macedonia in December 2017. It was prepared by a work group, wherein the representatives of the Bureau proposed the reforms of high priority in this field. The same work group will continue to report in the period of implementation of the Programme via annual action plans adopted by the Government of Republic of Macedonia.

In April 2017, the final report of the State Auditor was published on the topic: “Efficiency of the policies and instruments in the public procurement system and the procedure for giving consent for publishing contract notices for public procurement”. The purpose of this report is to give an answer to the question whether the policies and instruments in the public procurement system provide transparency, competition and equal treatment of the economic operators and rational and efficient utilization of the funds in the

contract award procedures. Also, based on the established conditions, the State Audit Office give recommendations for improvement of the public procurement system.

The Bureau, within the regular cooperation with the State Commission for Preventing Corruption, continued to report with regards to the realization of the “State Programme for Prevention and Reduction of the Occurrence of Conflict of Interests 2016-2019”, whose purpose is to emphasize the institutional system and legislation for prevention of corruption and conflict of interests.

The Public Procurement Bureau actively participates in the work group 23 Judiciary and Fundamental Rights, led by the Ministry of Justice, which foresees several activities for fight against corruption within the “National Programme for Adoption of the EU Legislation”.

The Academy for Judges and Public Prosecutors was one of the institutions the Bureau cooperated with throughout the previous year, which organized and implemented, in cooperation with the Bureau, three trainings on the topic “Application of the Law on Public Procurement” in accordance with the Programme for training court officials and public prosecutors. Total of 103 court officials attended the training.

The Public Procurement Bureau, in cooperation with the Official Gazette of Republic of Macedonia, enhanced the service and enabled automatic attachment of the contract notices published in the Official Gazette in the procedure dossier in the Electronic System for Public Procurement (ESPP). Once the Official Gazette publishes the contract notice, excerpt thereof is automatically attached in the File of the respective procedure in the ESPP.

In this period, the Bureau cooperated with other institutions as well, whose actions have special impact, from the aspect of strengthening the professionalism, expertise and responsibility of the persons working with public procurement, which is actually recommendation of the European Commission in the reports on the progress of Republic of Macedonia.

5.2. Cooperation with international institutions related to public procurement and international cooperation within the EU integration process

In the course of 2017, the Public Procurement Bureau realized several projects, mainly in cooperation with the European Commission, SIGMA and the World Bank, and commenced with reforms related to the development of the public procurement system.

At the request of the European Commission, and coordinated by the Ministry of Finance, the Bureau proposed the key reforms in the field of public procurement in the final and adopted Public Finance Management Programme. At the same time, the Bureau, in cooperation with SIGMA, prepared the draft of the new Law on Public Procurement, wherein 2014/24/EU Directive on Public Procurement in the Public Sector dated February 26, 2014; 2014/25/EU Directive on Procurement of Facilities working with Water Economy, Energetics, Transport and Postal Services dated February 26, 2014 and 2007/66/EC Directive on Legal Remedies, in the part referring to alternative penalties were transposed.

At the meeting of the GPA Committee, held on June 21, 2017, in the headquarters of the World Trade Organization, Republic of Macedonia gave an official statement in which it presented the public procurement system and the preparedness to intensify the negotiation process.

In this period, and within its competences for cooperation with international institutions and other foreign entities for matters related to development of the public procurement system, the representatives of the Bureau, at the invitation of certain international institutions, had the opportunity to exchange experiences with representatives of such institutions, as well as with the representatives of the remaining countries - participants.

In the period 21.02.2017 - 24.02.2017, in Bucharest, Republic of Romania, three representatives from the Public Procurement Bureau visited the Public Procurement Agency - ANAP, where they were introduced with the Agency operation, the legislation regulating the public procurement, the electronic system for public procurement and the manner of dynamic purchase via electronic catalogues.

Work visit was realized on June 27-28, 2017, in Helsinki, Finland, organized by RESPA on the topic e-catalogues and e-orders, whereby besides the representatives from Republic of Macedonia, representatives from the public procurement bodies from the neighbouring countries were present as well.

Three representatives from the Public Procurement Bureau were included in the Certification Programme of UNDP and CIPS within the SAFE Grant administered by the World Bank. The Certification Programme has four levels.

Two representatives from the Public Procurement Bureau attended the conference organized by DIGI WHIST and the European Commission on the topic: "Use of open data for improving public procurement" in the period 29-30.11.2017.

On 20-21.11.2017, a study visit was realized in Consip and Soresa in Rome, Republic of Italy, organized by TAIEX, for three representatives from the Public Procurement Bureau on the topic "Functioning of public procurement within the central bodies for public procurement".

The representatives from the Public Procurement Bureau, within their competences, participated as observers in the work group for public procurement and in the work group for e-procurement of the Advisory Committee on Public Procurement in Brussels, Kingdom of Belgium, as an advisory body of the European Commission.

In the course of 2017, the Public Procurement Bureau continued to cooperate with the institutions competent for monitoring the public procurement systems in the countries from the Western Balkans, but it also took big steps for harmonization with

the European legislation and application of the best practices in the field of public procurement.

6. Use of the Electronic System for Public Procurement

The introduction of the Electronic System for Public Procurement has provided a possibility to all contracting authorities in RM to carry out their contract award procedures electronically. In fact, contract notices are mandatorily published on ESPP, together with the tender documentation which the registered economic operators can download. In addition, when carrying out procedures through the ESPP, all procedure-related activities (submission of tenders, public opening and evaluation, decision making, notifications on decisions made, communication with economic operators) are carried out electronically.

As of January 1, 2017, the contracting authorities are obliged to carry out 50% of the procedures electronically

Pursuant to the modifications and amendments to the Law on Public Procurement (Article 13 of the Law on Modifications and Amendments to the Law on Public Procurement, published in the “Official Gazette of Republic of Macedonia” no. 78/2015), electronic public procurement will be mandatory to apply progressively in the course of the next three years. The contracting authorities are obliged to carry out the open procedures, the restricted procedures and the competitive procedures by using electronic means through the ESPP, as follows:

- in at least 30% of the published contract notices as of January 1, 2016;
- in at least 50% of the published contract notices as of January 1, 2017; and
- in 100% of the published contract notices as of January 1, 2018.

Increased use of electronic public procurement or e-procurement is one of the important goals of Europe 2020 Strategy and is in line with the new EU Directives on Public Procurement.

The Public Procurement Bureau, in line with its competences to manage and operate with the Electronic System for Public

Public Procurement Bureau continuously upgrades the Electronic System for Public Procurement with new modules and functionalities, in order to facilitate the user access and ensure more efficient implementation of electronic contract award procedures

Procurement, continuously upgrades the ESPP with new modules and functionalities, so as to facilitate the access for the users and ensure more efficient carrying out of the electronic contract award procedures. Some of the more significant improvements made to the ESPP in 2017 were the following:

- **Automatic attachment of contract notices published in the Official Gazette in the 2017 ESPP - procedure dossier – after publishing the contract notice or design contest, the contract notice is sent to be published in the Official Gazette of RM.** Once the Official Gazette publishes the contract notice, excerpt thereof is automatically attached in the Dossier of the respective procedure in the ESPP. With such upgrade, the users no longer need to scan, or manually attach the excerpt of the published contract notice from the Official Gazette of RM in the ESPP procedure dossier.
- **Redeciding (acting upon State Appeals Commission's decision) – after receiving the State Appeals Commission's decision for further action based on the submitted appeal, the contracting authorities have two options:** to re-evaluate the tenders and carry out electronic auction/submission of final price or select the button for reddeciding, after which the system gives an option to attach additional documents and send them to the responsible person for making the final decision. In both cases, the procedure ends with decision-making and sending the notifications to the tenderers. By introducing the “*Redeciding*” option, in the event of appeal procedure, complete technical harmonization of ESPP is enabled with regards to the decisions made by the State Appeals Commission.
- **Cancellation of electronic procedures - via e-cancellation module public procurement procedure can be cancelled prior to the expiry of the contract notice deadline pursuant to indent 5, 7, 8 and 9 of Article 169 of the Law on Public Procurement or if the procedure is cancelled by the State**

Appeals Commission. The system is upgraded with the option to cancel the entire procedure or part(s) of the procedure in the phase after the public opening and evaluation of the tenders.

- **Automatic supplement in the report from the carried out procedure – with regards to the procedures which are completely carried out by using electronic means, the users have the option to generate the Report from the carried out procedure from ESPP, whereby the majority of the data on particular procedure are automatically filled in.** With the new upgrade, the Report is automatically filled in in the part referring to the final ranking and scoring, i.e. with the achieved prices upon the carried out e-auction or submission of final price, thus facilitating the operation, especially with regards to procedures with large number of parts. The report from the carried out procedure is now available to be generated only after the completion of the e-auction or, if the procedure is separable, after the completion of all e-auction and/or submissions of final prices in the system.
- **Dossier for participation of procedures by economic operators – with this module every tenderer can review the documents submitted for the respective procedure, in the part referring to the questions and answers before the public opening, clarifications and supplements of the tender, clarifications and supplements of the tender in the evaluation, the attached documents for proving the personal standing (only for simplified competitive procedures), sent decision on the selection of most advantageous tender/cancellation of the procedure and explanation of the reasons for adopting a decision in the contract award procedure.** With such ESPP upgrade, the tenderers can check at any time the status of the procedure and the documents they have attached i.e. exchanged through the system.
- **Tool for announcement of the concluded public contracts – in order to increase the transparency and accountability in ESPP public procurement, an option has been introduced**

for announcing the concluded public contracts, so that the public can inspect thereof. Such upgrade allows monitoring of the public procurement procedures i.e. control of the contracts and whether they have been concluded in line with the published terms and conditions and requirements in the tender documentation and the technical specification.

As parts of the activities from the obtained grant from the World Bank via EU SAFE Funds, through the Project for Technical assistance for upgrading the electronic system for public procurement (ESPP) with new e-procurement tools, the Public Procurement Bureau performed three bigger upgrades of the Electronic System for Public Procurement, as follows:

- **Tender documentation review – all stakeholders can directly review the tender documentations of the current procedures via the browser without the need of annual subscription, registration and system login.** The expectation from such improvement is increased competition and access provided to the economic operators not being registered in the system to the technical specifications and the necessary documents for participation in the procedures. After the inspection, if the economic operators are interested and meet the conditions determined in the tender documentation, they register in ESPP and participate in the public procurement procedures.
- **Publishing contract notices from international institutions**
- **Loan/Donation/Grant module is developed in order to increase the provisioning of information and the possibility to access contract notices carried out by the World Bank, EBRD, EU Funds, and other financial institutions and donors, referring to procurement realized in Macedonia.** Such tool is implemented in order to give the opportunity to the public to get introduced with the procurement published by the international institutions pursuant to the legal

regulations, intended for Republic of Macedonia. With the application of this module, the possible tenderers (ESPP users) get timely information on the procedures carried out in RM according to the rules of the international financial institutions, thus increasing the transparency and competition.

- **Electronic invoice payment - electronic payment of the pro forma invoices for annual subscription of the economic operators and the invoices for fees for ESPP use by the contracting authorities allows automatic activation of economic operators, immediately after the effectuated payment, as well as reduction of the transaction costs of the foreign economic operators.**

The mandatory use of the electronic system in carrying out the public procurement entails future plans for system upgrade and development of new innovative tools for increasing the transparency and accountability in public procurement, facilitating the procurement of small value and standardized products, as well as more simplified and facilitated process throughout the procedure. As part of the planned bigger upgrades and new functionalities of ESPP, deriving from the new legal solution for public procurement, which is in the phase of preparation, in the short- and medium-run, are as follows:

- Publishing of the annual plans for public procurement in ESPP by the contracting authorities;
- Introduction of unique document for proving the ability;
- E-market and small value procurement concept;
- Options for E-catalogue use;
- e-appeal implementation;
- Publishing of the public contracts and monitoring their realization;
- ESPP data archiving and back up;

- Analysis of the need to introduce attaching digital certificate at application level;

With regards to the system use, and as a result of all activities implemented so far, more significant indicators for 2017 are the following ones:

- ESPP users are 1,438 contracting authorities and over 6,608 active economic operators;

- 17,227 contract notices and 27,031 contract award notices of different type and 17,220 tender documentations have been published;

- total of 43,652 carried out auctions.

Having in mind the main features of the Electronic System for Public Procurement – EASIER, FASTER, CHEAPER, we are confident to say that the e-procurement simplifies the manner of carrying out the procedures, contributes to achieving better results, facilitates and speeds up the communication between the contracting authorities and economic operators, reduces the duration of the procedures, enhances transparency and fair competition and lowers the costs by improving the efficiency of public expenditures. In addition, e-procurement increases the confidence in the public procurement system, which is noticeable through increased registration on the ESPP and the participation of SMEs.

Despite the many benefits arising from the use of ESPP, since the moment it was introduced, both the contracting authorities and the economic operators have been facing many challenges stemming from its use, which in the most of the cases refer to the following: fear of the unknown and resistance to change the well-established manner of carrying out paper-based public procurement procedures; insufficient knowledge of the information and communication technology; distrust in the new technologies to undertake actions related to public procurement procedures, etc.

In order to overcome the difficulties and the challenges the users face when using the system, the Public Procurement Bureau carries out continuous trainings for the users, which also include practical exercises on using the system, manuals on system use are being prepared for the contracting authorities and the economic operators and they are constantly updated, while the Department for Monitoring the Public Procurement System and ESPP Management extends continuous support when the system is used and develops tools for its easier mastering and usage.

As for using the system, and as a result of all activities implemented so far, the following was achieved in 2017:

- 1,438 contracting authorities (with total of 19,643 users within the contracting authorities, out of which 14,609 are active users) and 6,608 active economic operators (out of total 13,728 registered economic operators) used the system;
- over 862 answered questions through the Q&A link on ESPP asked by the contracting authorities and the economic operators pertaining to the manner of functioning and using ESPP in the course of 2017;
- total of 9,797 calls received through the Call Centre, pertaining to the ESPP;
- 17,227 contract notices and 27,031 contract award notices of different type published;
- total number of published tender documentations - 17,220;
- 43,652 auctions carried out i.e. more than 166 auctions daily in average (only working days);

With regards to the number of system visitors and use thereof in 2017, data are provided in the tables and charts below:

Table 6.1

Page browsing	
Total page browsing	13,456,704
Average page browsing per day	53,400
Average page browsing per visitor	10
Visitors	
Total visitors	1,339,323
Average number of visitors per day	5,315
Total unique IP addresses	135,225

According to the data from the Electronic System for Public Procurement, 1,339,323 visitors visited ESPP in 2017, of whom 10% (125,941 visitors) were new visitors and 90% (1,213,382 visitors) were returning visitors. Most visits were registered in December (137,939 visitors), while most visits per day were registered on 20.12.2017 – 7,855 visits.

Chart 6.1 – ESPP visits

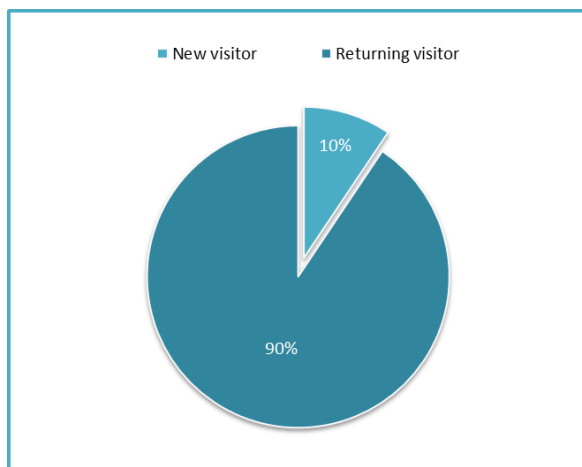


Chart 6.2 - Accesses per month

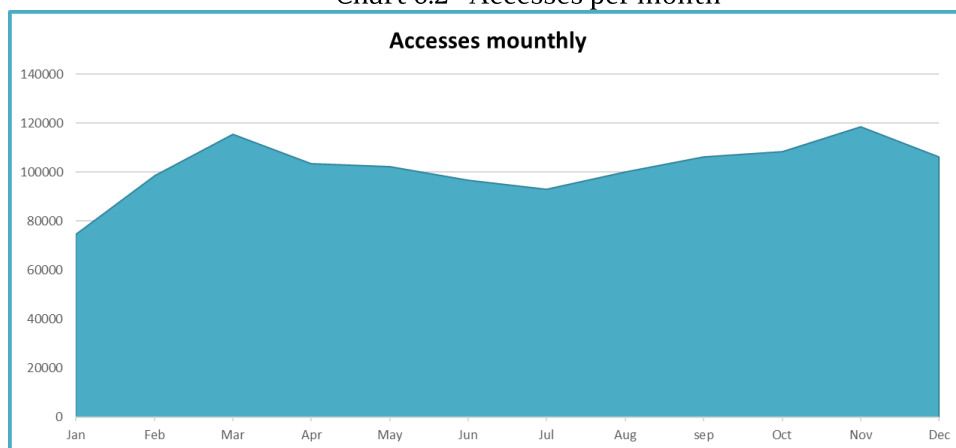


Chart 6.3 – Activities per day in the week

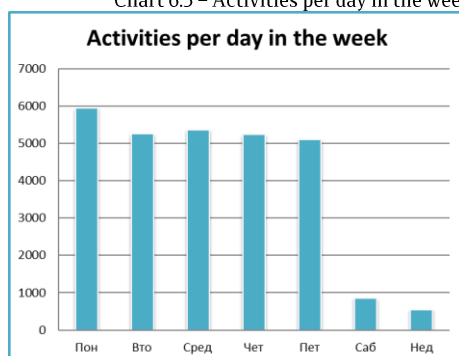


Chart 6.4 – Activities per hour in the day

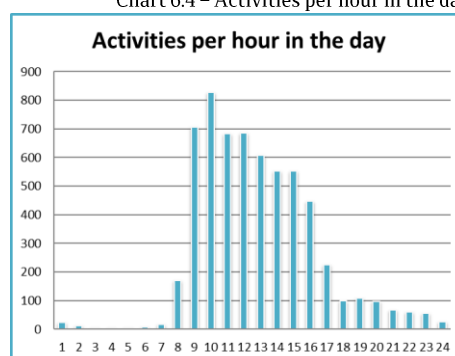


Chart 6.5 – Visitors per country

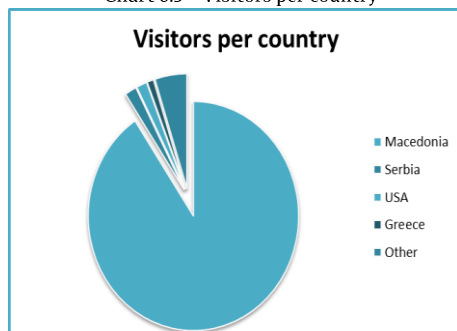


Chart 6.6 – Top affiliates of ESPP

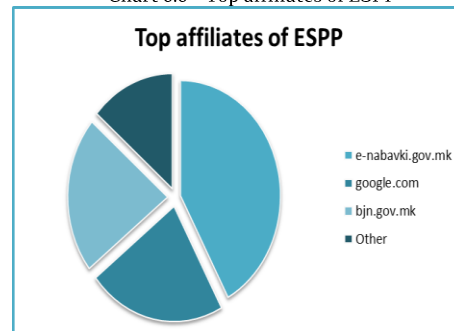


Chart 6.7 – Web browsers of visitors

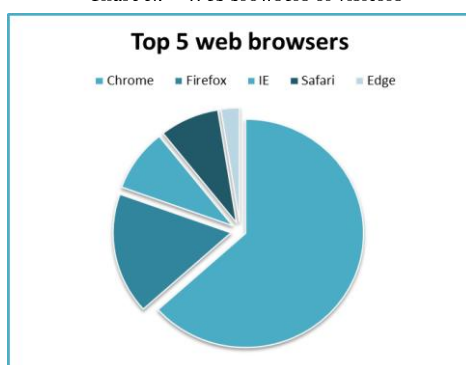
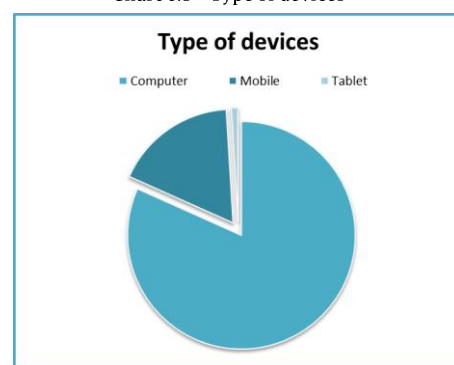


Chart 6.8 – Type of devices



7. Analysis of public procurement market in 2017

This Chapter elaborates on qualitative and quantitative analysis of the public procurement market in Republic of Macedonia in 2017. Data are categorized by different parameters and types, so as to better observe the developments in the field of public procurement, the financial trends and the implications on public spending through the carried out procedures. The data shown in this Report pertain to the contract notices, design contests, annexes, cancellations and all public procurement contracts concluded in the respective period. All listed forms are published and available to the public on ESPP.

All gathered data are analysed by applying the module on monitoring and statistical review of trends in public procurement, implemented in the Electronic System for Public Procurement. ESPP database is one of a kind in the Republic of Macedonia and it reflects the overall actual developments in the field of public procurement in the country and all analyses are conducted with the help of the tool - Business Intelligence Semantic Model (BISM) for statistical reports, which has provided for an advanced filtering, conducting numerous analyses of the public procurement process and comparing the trends for different time intervals, thus enabling for even more detailed analyses to be prepared from the ESPP database. What is worth mentioning is that the manner of evaluation and the statistical review of the reports obtained from the Electronic System for Public Procurement was amended and revised in 2014, for the purpose of introducing the new legal solutions and the obligations, such as the estimated value and the final price.

The tool for timely and mandatory submission of information on the procedures, introduced with the ESPP provides for gathering complete and relevant data and making comparative analysis of the data, which covers all contracting authorities and all public procurement procedures carried out, hence, the data presented in the

In 2017, 27,031 public procurement contracts were awarded, in the total amount of approximately 38.2 billion or more than EUR 621 million

Share of public procurement in GDP in Macedonia accounted for 6% in 2017

text below give the whole picture of the trends on the public procurement market in 2017. However, it should be mentioned that the accuracy of the data presented may fluctuate with a slight statistical error, which is due to the incorrect entering of some of the values when filling in the contract award notices on the ESPP. In fact, it is the contracting authorities' responsibility to correctly fill in the electronic forms and, due to the type and volume of the process of filling in, no automatic control or review of the forms filled in is possible to be carried out by the Bureau.

Share of public procurement in the budget of Republic of Macedonia accounted for 19% in 2017

The number of awarded public contracts for 2017, obtained from the ESPP database is – **27,031** public contracts, in total amount of **MKD 38,196,765,364** (around MKD 38,2 billion), or around EUR 621 million. The value of the public procurement in the country in 2017 is accounted for 6% of the GDP and 19% of the Budget of Republic of Macedonia. According to the data available to the Bureau, the value of the concluded contracts in 2017 compared to the previous year dropped by approximately 35%, while the number of concluded contracts (30,168 concluded contracts in the previous year) dropped by 10% compared to 2016.

Chart no. 7.1. and Chart no. 7.2 show the comparison of the number and value of the concluded contracts in the past three years. Comparative data on the volume of public procurement as share in GDP and the budget for 2017 are presented in Table 7.1.

Chart 7.1

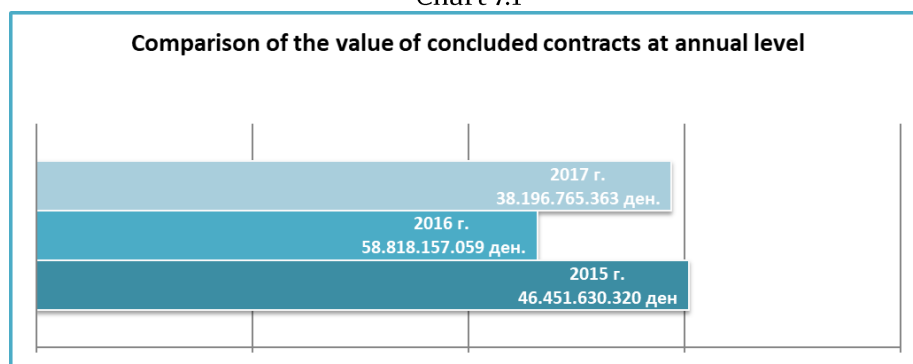


Chart 7.2

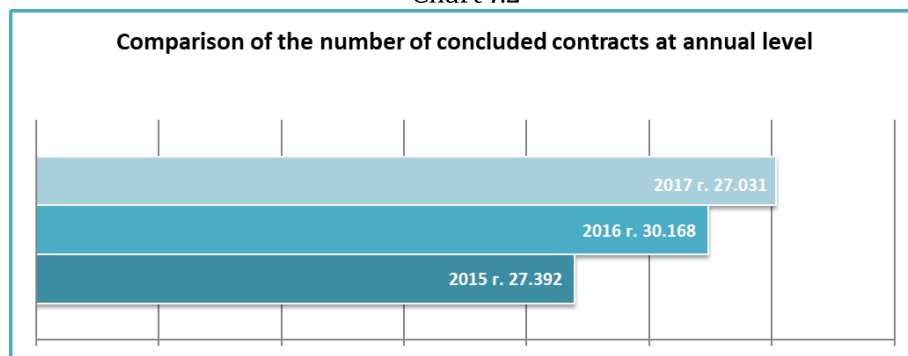


Table 7.1

Year	Value of concluded public contracts	Public procurement as % of the Budget	Public procurement as % of GDP
2017	MKD 38.2 billion	19% ⁶	6% ⁷
2016	MKD 58.8 billion	30%	10%
2015	MKD 46.5 billion	25%	8%

7.3. Data from contract notices

In 2017, 17,227 contract notices were published, 7,619 of which were notices for simplified competitive procedures with estimated value up to EUR 5,000 in MD equivalent, 5,315 were notices for simplified competitive procedures with estimated value up to EUR 20,000 in MKD equivalent for supplies and services and up to EUR 50,000 in MKD equivalent for works, 4,259 were notices for open procedure, 8 were notices for negotiated procedure with prior publication of a contract notice, 19 were announcements for establishing qualification system and 7 were notices for design contest.

17,227 contract notices were published in 2017

⁶Budget of Republic of Macedonia for 2017 – obtained from the website of the Ministry of Finance.

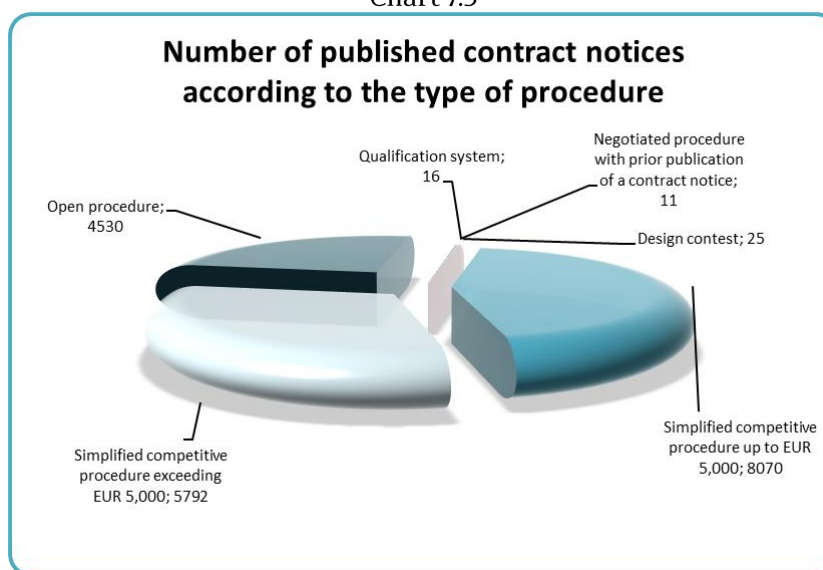
⁷Gross Domestic Product, fourth quarter of 2017 – obtained from the website of the State Statistical Office.

Table no. 7.2 and Chart no. 7.3 show the number of published contract notices according to the type of procedure.

Table 7.2

Type of procedure	Number of contract notices
Simplified competitive procedure ^m8	7,619
Simplified competitive procedure	5,315
Open procedure	4,259
Restricted procedure	0
Negotiated procedure with prior publication of contract notice	8
Qualification system	19
Design contest	7
Total	17,227

Chart 7.3



Most contract notices in 2017 were published by applying the simplified competitive procedure, total of 12,934 contract notices

Most contract notices in 2017 were published by applying the simplified competitive procedures, total of 12,934 and open procedure - 4,259 contract notices. 7,619 of the total 12,934 contract notices by

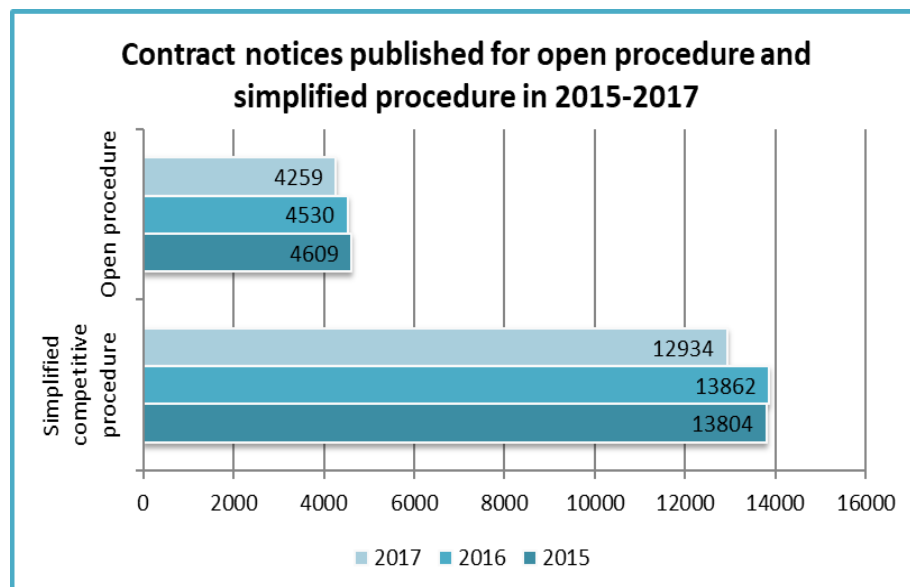
⁸ ^m - simplified competitive procedure up to EUR 5,000 in MKD equivalence

applying the simplified competitive procedure were contract notices published for procedures with estimated value of up to EUR 5,000 in MKD equivalence.

As for 2017, total of 17,227 contract notices were published, and it can be concluded that the number of published contract notices reduced, compared to 2016, when 18,444 contract notices were published. Slight decrease in the number of contract notices was also seen in the simplified competitive procedures with 12,934 published contract notices, compared to 2016 when 13,862 contract notices were published. With regards to the open procedure, 4,259 contract notices were published, compared to 2016 when 4,530 contract notices were published. Decline can be also noticed in the number of published contract notices by applying the negotiated procedure with prior publication of contract notice and also in the design contest, while the number of procedures for establishing qualification system used by the sector related contracting authorities has increased. There are no published contract notices for restricted procedure and competitive dialogue procedure in 2017. In 2017, total of 19 contract notices for qualification system were published, compared to 2016 when 16 contract notices for establishing qualification system were published. Out of the total number of published contract notices in 2017, 4 contract notices were published for establishing public-private partnership, which were awarded as public contract.

Chart 7.4 shows the ratio between published contract notices for the most applied procedures – open procedure and simplified competitive procedure – in the past three years.

Chart 7.4



In 2017, the contracting authorities published total of 593 contract notices on the system in the category *Other Contract Notices*. It is a matter of contract notices for procurement of so-called “non-priority” services⁹, pursuant to Article 17 paragraph 1 indent 2 of the Law, such as hotel, catering, recreational, cultural, educational, legal, health and other services.

Announcement for establishing public-private partnership as public works concession or as public service concession pursuant to Article 19 of the Law on Concessions and Public-Private Partnership are also published on the Electronic System for Public Procurement in a special module for public works concessions and public service concessions. Total of 4 such announcements were published in 2017.

The analysis of the number of contract notices according to the type of the subject-matter of the public contract shows that most contract notices were published for procurement of supplies – 9,383 contract notices, 6,526 contract notices were published for

⁹ Pursuant to the Law on modification and amendment to the Law on Public Procurement published in the “Official Gazette of Republic of Macedonia” no. 130/2014, temporary employment services referred to in Article 17 paragraph 1 indent 2 were shifted to indent 1

procurement of services and 1,318 contract notices for procurement of works. Contract notices published according to the type of public contract are shown in Table no. 7.3 and Chart no. 7.5. Comparative data for the past 3 years are presented in Chart no. 7.6.

Table 7.3

Type of public contract	Number of contract notices
Supplies	9,389
Services	6,526
Works	1,318
Total	17,227

Chart 7.5

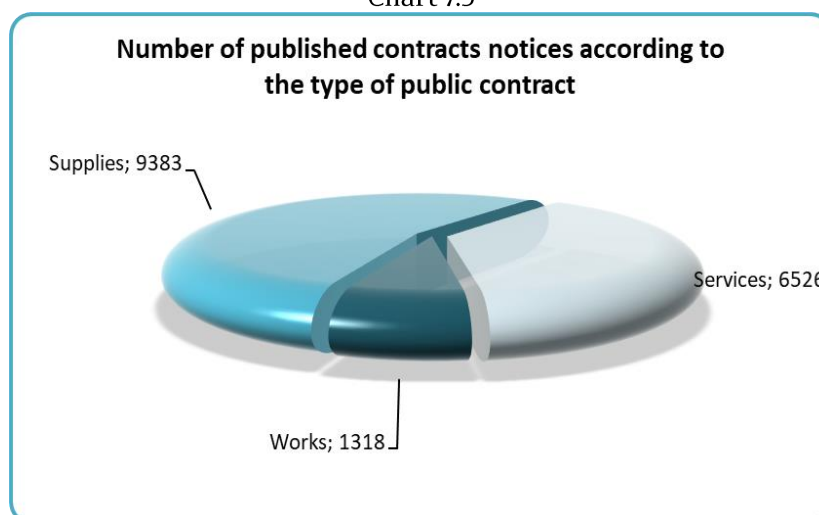
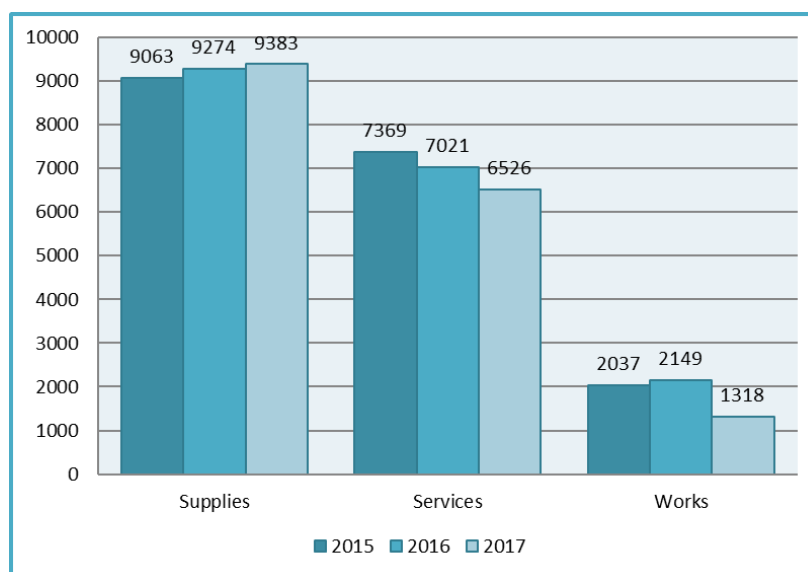


Chart 7.6

Analysis of the public procurement market in 2017



Tables below show detailed data on the published contract notices according to the type of contract and the way of its execution.

Table 74

Type of public contract - supplies	Number of contract notices
Purchasing	4,833
Hire purchase	4,517
Lease, with an option to purchase supplies	3
Lease without an option to purchase supplies	22
Combination of the above-mentioned types	8
Total	9,383

Table 75

Type of public contract – services	Number of contract notices
Maintenance and repair services	1922
Architectural and engineering services	587
Financial services	521
Telecommunication services	488
Land transport services	468
IT and related services	423
Other services	336
Publishing and printing services	335
Sewage and refuse disposal services	210

Health and social services	195
Temporary employment services	170
Accounting, auditing and bookkeeping services	157
Air transport services of travelling passengers and freight	125
Investigative and security services	114
Building cleaning services and property management services	102
Hotel and catering services	99
Services related to land and air transport of mail	40
Education and vocational education services	38
Management consulting services	35
Advertising services	34
Recreational, cultural and sporting services	32
Auxiliary transport services	31
Development and research services	29
Legal services	19
Market research and public opinion polling services	13
Combination of the abovementioned types	8
Lease, with an option to purchase supplies	3
Total	6,526

Table 7.6

Type of public contract - works	Number of contract notices
Execution	1,194
Design and execution	21
Realization, by any means	103
Total	1,318

Contracting authorities from the category of legal entities established for meeting the needs of public interest – Article 4 paragraph 1 indent b) of the Law, have the most published contract notices – 10,345 in 2017

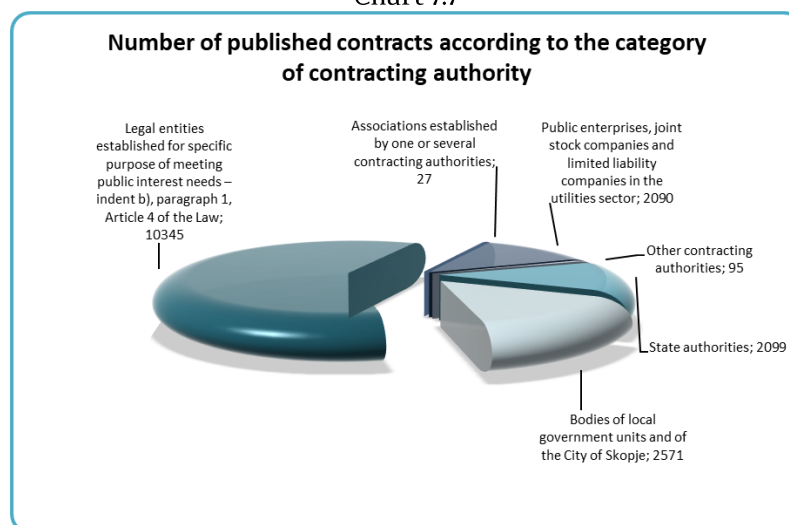
The total number of published contract notices according to the category of contracting authorities, pursuant to Article 4 of the Law on Public Procurement and the Decision on Determining the Indicative List (“Official Gazette of Republic of Macedonia” no. 159/07 and 74/09) is shown in Table no. 7.7 and Chart no. 7.7.

Table 7.7

Category of contracting authority	Number of contract notices
State authorities	2,099
Bodies of the local self-government units and the City of Skopje	2,571

Legal entities established for specific purpose of meeting public interest needs - Article 4 paragraph 1 indent b) of the Law	10,345
Associations established by one or several contracting authorities	27
Public enterprises, joint stock companies and limited liability companies in the utilities sectors	2,090
Other contracting authorities	95
Total	17,227

Chart 7.7



When analysing the data on the published contract notices according to the category of contracting authority, it can be seen that the most contract notices – 10,345 were published by contracting authorities falling under the category legal entities established for specific purpose of meeting public interest needs – Article 4 paragraph 1 indent b) of the Law and contracting authorities from the category of bodies of local self-government units and the City of Skopje - 2,571 contract notices.

When analysing the data from the contract notices, i.e. which type of contract award criterion the contracting authorities applied in the carried out procedures, it can be established that the lowest price criterion was used as mandatory in almost all contract notices compared to the economically most advantageous tender as contract award criterion. Table no. 7.8 shows data on the number of published contract notices according to the contract award criterion applied in

the procedure. Pursuant to the amendments dated 01.05.2014 ("Official Gazette of Republic of Macedonia" no. 148/2013), the lowest price criterion is to be used as mandatory when awarding public contracts, while, upon exception, the economically most advantageous tender may be used as contract award criterion.

Significant decline in the number of published contract notices can be observed where the economically most advantageous tender criterion was used. In 2016, 16 contract notices were published by using the economically most advantageous tender criterion, while in 2017 only 10 contract notices using this criterion were published. It is necessary to point out that these data do not include some of the contract notices for restricted procedure and negotiated procedure with prior publication of contract notice, because, depending on the complexity of the subject-matter of the procurement, the contracting authority publishing the contract notice did not publish the criterion in the contract notice, but rather included it in the tender documentation for the next stage of the procedure.

The lowest price criterion, as a criterion for awarding public contracts was applied in 99.9% of the total contract notices published i.e. only 10 contract notices were published by applying the economically most advantageous tender criterion

Table 7.8

Contract award criterion	Number of contract notices
Lowest price	17,210
Economically most advantageous tender	10

Table 7.9

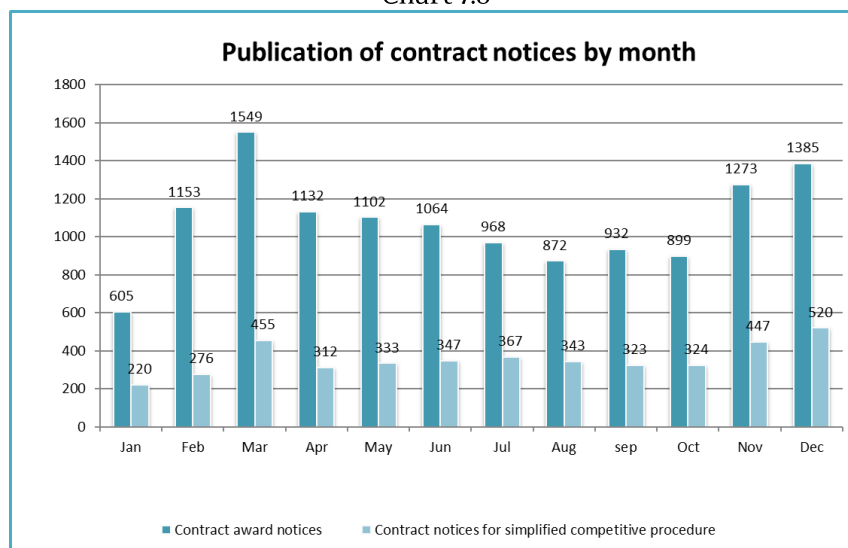
Economically most advantageous tender	
Contracting authority	Procurement subject
Central Registry	Strategy for introducing new model of services, action plan and budget for establishing single contact point with the users
PH Institute for Prevention, Treatment and Rehabilitation of Cardiovascular Diseases - Ohrid	Telecommunication services for mobile telephony
PH Institute for Prevention, Treatment and Rehabilitation of Cardiovascular Diseases - Ohrid	Telecommunication services for mobile telephony
City of Skopje	Preparation of video presentation for the City of Skopje

Analysis of the public procurement market in 2017

Republic Council for Road Traffic Safety in RM	Services for creating and realization of Council campaigns in line with the work programme and action plan for 2017
EVN Macedonia AD - Skopje	Procurement of new vehicles
JSC Macedonian Power Plants - Skopje	Consulting services in the field of electro technical and information technologies, construction, mechanical and mining engineering
Agency for Electronic Communications	Consulting services for development of test model for economic replicability of wholesale services
Municipality of Zelenikovo	Establishment of public-private partnership for construction, sales, management and maintenance of sports and recreational centre for golf fields and accompanying contents in function of the centre
Sami Frasheri Elementary School	Extra light 1 (el-1) heating oil

Chart no. 7.8 shows the dynamics of publishing contract notices per months. From this Chart it can be seen that most of the contract notices were published in March and in November and December 2017.

Chart 7.8



7.4. Concluded public contracts

The value of awarded public contracts in 2017 amounted to MKD 38.2 billion

Compared to the previous year, the value of the concluded contracts reduced for 35 %

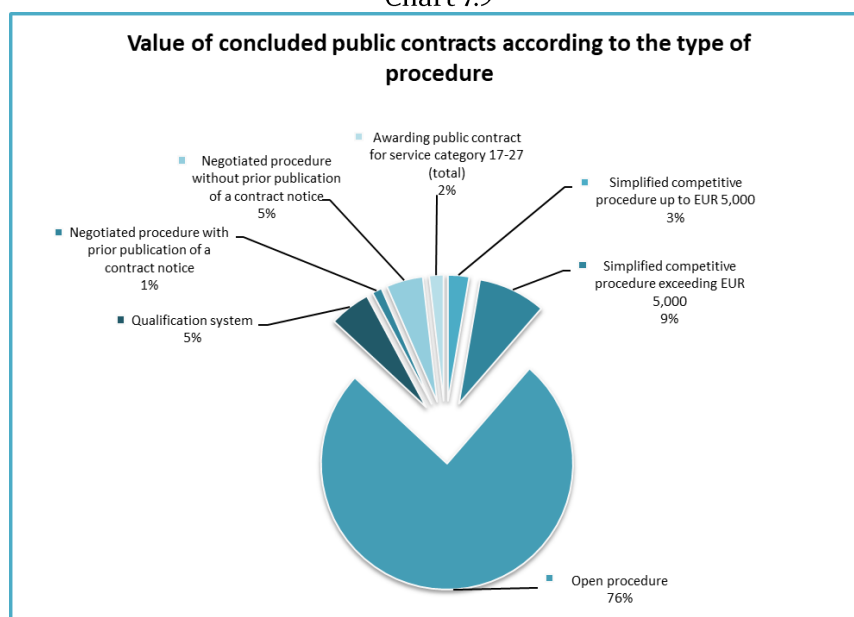
The analysis of the data on concluded public contracts includes a review of the data on public contracts concluded in 2017 on the basis of different parameters. The data mainly refer to the total number of concluded public contracts and their value; however, with respect to some parameters, due to ESPP setup (depending on whether data are received from contract award notices or from the records on simplified competitive procedures), data are grouped and refer only to the procedures - open procedure, restricted procedure, negotiated procedure with and without prior publication of a contract notice, competitive dialogue and awarding public services contract pursuant to Article 17 indent 2, exceeding EUR 20,000 in MKD equivalence, excluding VAT. Such Tables and Charts are presented below. All data regarding the concluded public contracts are published on ESPP: <https://e-nabavki.gov.mk> and are fully available to the public. The contracting authorities are responsible for the reliability and accuracy of the entered data, since they publish their contract notices, contract award notices/cancellation notices and records on simplified competitive procedure through ESPP by using their usernames and passwords.

The number and value of concluded public contracts in 2017 according to the type of contract award procedure are presented in Table no. 7.10 and Chart no. 7.9. The total value of concluded public contracts in 2017 dropped by approximately 35%, compared to 2016 and amounts in MKD 38,196,765,364. Most applied procedure according to the value of the concluded contracts was the open procedure, based on which 9,128 contracts in the amount of MKD 28,870,450,065 were concluded, i.e. 76% of the total value of the public procurement in Republic of Macedonia. The second most applied procedure was the simplified competitive procedure with a value threshold exceeding EUR 5,000 – 7,823 contracts were concluded in the amount of MKD 3,307,661,369 – 9% of the total value.

Table 7.10

Type of contract award procedure	Number of concluded contracts	Value of concluded contracts
Simplified competitive procedure ^m	7,957	MKD 1,032,298,336
Simplified competitive procedure	7,823	MKD 3,307,661,369
Open procedure	9,128	MKD 28,870,450,065
Qualification System	52	MKD 2,008,052,938
Negotiated procedure with prior publication of contract notice	11	MKD 480,551,321
Negotiated procedure without prior publication of contract notice	497	MKD 1,796,461,470
Awarding public services contract for service category 17-27 (total)	1,563	MKD 701,289,864
Total	27,031	MKD 38,196,765,365

Chart 7.9



With regards to the application of different types of procedures compared to the previous years, certain trends and minor differences were observed compared to the past two years. In fact, with respect to the value of the concluded contracts, most of them were concluded by applying the open procedure (in 2015 - 76%, in 2016 - 76%, in 2017 - 75%). The share of negotiated procedure with prior publication of contract notice is in the range of 1% of the value of concluded contracts (in 2017 - 1%, in 2016 less than 1%, in 2015 - 1%) The share of negotiated procedure without prior publication of contract notice shows minimum increase (5% in 2017), compared to the previous two years

when it was 4%. With respect to this type of procedure, 969 contracts were concluded in 2015 with value of MKD 1,802,347,717, in 2016 there were 608 contracts with higher absolute value - MKD 2,283,333,753, while in 2017 the number of concluded contracts dropped (497 contracts) as well as the value of the concluded contracts – MKD 1,796,461,470. More detailed data on the negotiated procedures will be presented further in the text of this report. The volume of the other procurement procedures is approximately the same in terms of the value of the concluded contracts. In 2017, there are no concluded contracts with restricted procedure. Comparative data are presented in Chart no. 7.10, 7.11 and 7.12.

Chart 7.10

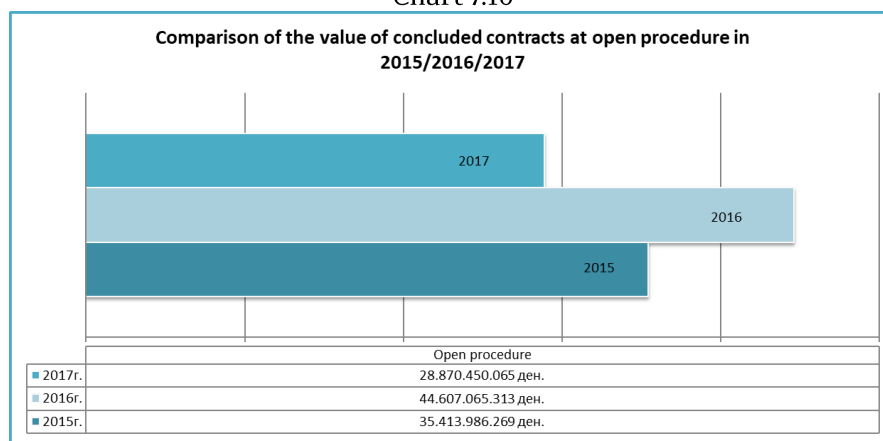


Chart 7.11

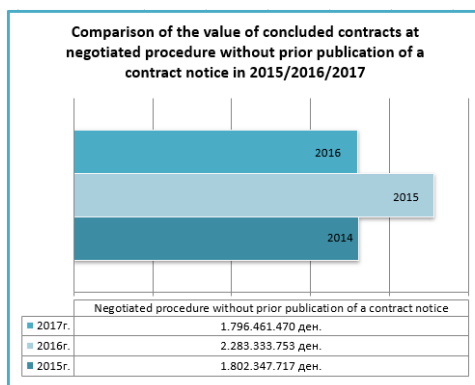
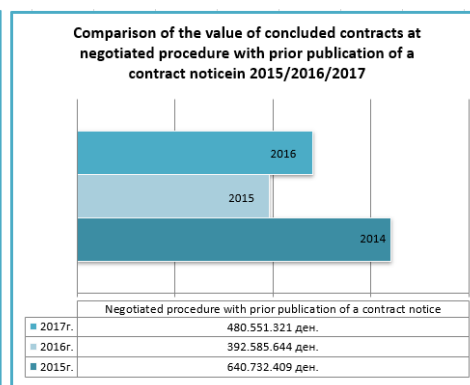


Chart 7.12



7.4.1. Data on concluded contracts according to the type of public contract

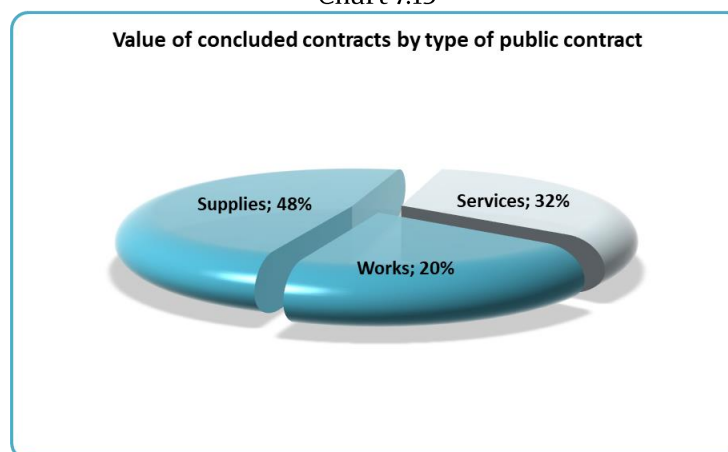
According to the subject-matter of the public contract, 16,785 supply contracts in total amount of MKD 18,508,281,093, 8,998 service contracts in total amount of MKD 12,218,816,977 and 1,248 works contracts in total amount of MKD 7,469,667,295 were concluded in 2017. Chart no. 7.13 and Table no. 7.11 show more detailed data on the number and value of concluded public contracts according to the type of subject-matter of the contract.

Table 7.11

Type of public contract	Number of concluded contracts	Value of concluded contracts
Supplies	16,785	MKD 18,508,281,093
Services	8,998	MKD 12,218,816,977
Works	1,248	MKD 7,469,667,295
Total	27,031	MKD 38,196,765,365

According to the type of public contract, the highest percentage (48%) of the value of public contracts accounted for procurement of supplies

Chart 7.13



The highest percentage (48%) of the value of public contracts accounted for procurement of supplies. Public supply contracts were most often realized through purchasing and hire purchase. By comparing the data on the value of the concluded public contracts according to the type of the contract, it is noticeable that in 2017 the

share of procurement of supplies increased by 5 percentage points, the share of procurement of services also increased by 14 percentage points, while the share of procurement of works reduced by 19 percentage points compared to the previous year. The value share of public service contracts in the total value of public procurement in 2017 was 32% (in 2016 it was 18%, while in 2015 it was 26%). Their structure shows different percentage of categories of services pursuant to the Decree on services subject-matter of public services contracts ("Official Gazette of Republic of Macedonia" no. 157/07). Major portion of the value of public services contracts accounted for public contracts for maintenance and repair services (category no. 1), other services (category no. 27) and architectural and engineering services (category no. 12). The share of public works contracts in the total value of the contracts is 20% (most often execution of works). These data show that the share of public works contracts reduced by 19 percentage points compared to 2016.

7.4.2. Data on concluded contracts according to the category of contracting authority

The number and value of contracts concluded according to the category of contracting authority and its main business activity are shown below (Table no. 7.12 and Chart no. 7.14).

Chart 7.14

Analysis of the public procurement market in 2017

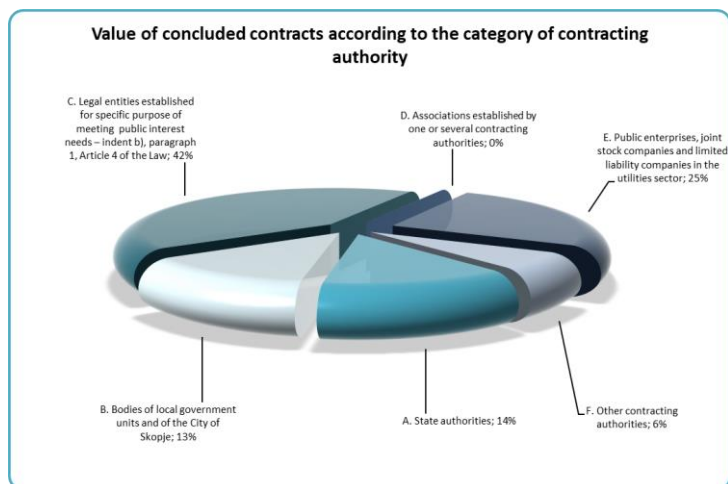


Table 7.12

Category of contracting authority	Main business activity	Number of contracts	Value of concluded contracts
A. State authorities	General public services	1.614	MKD 1,238,132,936
	Defence	201	MKD 517,301,103
	Public order and security	204	MKD 842,104,490
	Environment	33	MKD 95,398,230
	Housing, construction and transport	24	MKD 8,212,090
	Economy and finance	172	MKD 225,355,357
	Health	61	MKD 663,218,768
	Social protection	87	MKD 24,088,338
	Sports and culture	16	MKD 651,669,506
	Education	133	MKD 919,375,996
	Other	142	MKD 74,408,302
	Total A.	2,687	MKD 5,259,265,116
B. Bodies of the local self-government units and the City of Skopje	General public services	2,830	MKD 4,981,834,255
	Sports and culture	19	MKD 18,016,997
	Education	3	MKD 1,418,307
	Total B.	2,852	MKD 5,001,269,559

Analysis of the public procurement market in 2017

C. Legal entities established for specific purpose of meeting public interest needs - Article 4 paragraph 1 indent b) of the Law	General public services	3,027	MKD 4,509,124,750
	Public order and security	173	MKD 82,091,919
	Environment	309	MKD 215,167,957
	Economy and finance	12	MKD 3,214,500
	Health	7,865	MKD 7,288,271,159
	Social protection	1,583	MKD 754,415,639
	Sports and culture	584	MKD 321,222,108
	Education	4,544	MKD 2,013,189,604
	Other	310	MKD 791,131,505
	Total C.	18,407	MKD 15,977,829,141
D. Associations established by one or several contracting authorities	Sports and culture	10	MKD 5,155,821
	Other	27	MKD 10,232,362
	Total D.	37	MKD 15,388,183
E. Public enterprises, joint stock companies and limited liability companies in the utilities sectors	General public services	1,630	MKD 2,898,468,649
	Environment	15	MKD 12,533,306
	Housing, construction and transport	53	MKD 397,766,494
	Economy and finance	18	MKD 3,505,412
	Sports and culture	13	MKD 5,071,509
	Other	1,194	MKD 6,165,876,291
	Total E.	2,923	MKD 9,483,221,660
F. Other contracting authorities	General public services	1	MKD 148,250
	Social protection	17	MKD 13,584,589
	Sports and culture	8	MKD 153,690
	Education	26	MKD 72,954,847
	Other	73	MKD 2,372,950,329
	Total F.	125	MKD 2,459,791,705

Analysis of the public procurement market in 2017

Total	Total A+B+C+D+E+F	27,031	MKD 38,196,765,365
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The category Legal entities established for specific purpose of meeting public interest needs – Article 4 paragraph 1 indent b) of the Law, had the highest share in the value of concluded contracts accounting for 42% of the value of public procurement

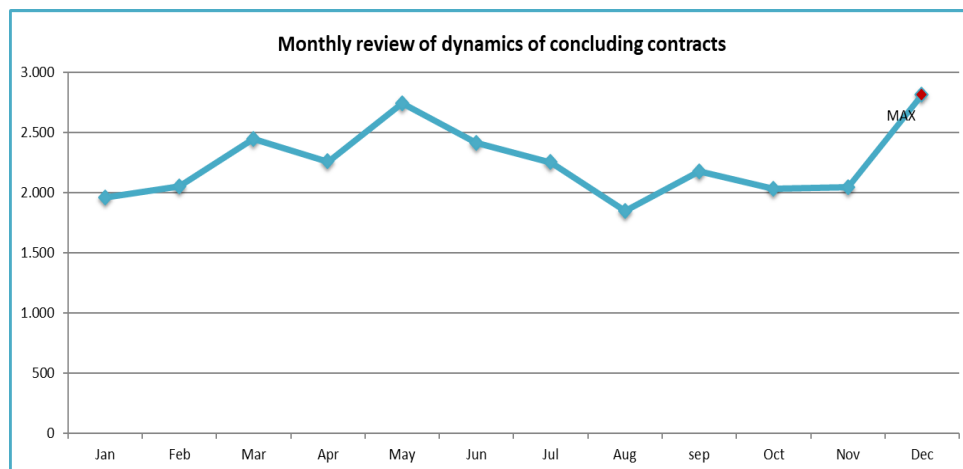
The Table shows detailed review of the realized public procurement according to the category and the main business activity of the contracting authorities. This year, category legal entities established for specific purpose of meeting public interest needs – Article 4 paragraph 1 indent b) of the Law has the highest share in the value of concluded contracts, accounting for 42% of the value of public procurement. Furthermore, the next according to the realized public procurement are the public enterprises, joint stock companies and limited liability companies in the utilities sectors, accounted for 25% of the value of the public procurement (same as in the previous year). Other contracting authorities participated with approximately 33% all together in the total value of the public contracts. Compared to 2016, there is a significant decline in the share of contracts concluded by state authorities (36% in 2015, 21% in 2016, 14% in 2017) and decrease of 2 percentage points in the participation of local self-government units and the City of Skopje. There is also a decline in the share of concluded contracts by other contracting authorities (2015 - 2%, 2016 – 10%, 2017 – 6%). The only increase in the share of concluded contracts of 13% can be seen in the category of legal entities established for meeting the needs of public interest.

7.4.3. Data on public contracts concluded according to other parameters

When analysing the dynamics of awarding contracts per months for 2017 (Chart no. 7.15), it can be seen that most of the contracts were concluded in December.

Chart 7.15

Analysis of the public procurement market in 2017



In addition, it is worth mentioning that 525 framework agreements were concluded in 2017 (total of 481 framework agreements were concluded in 2015 and 492 framework agreements were concluded in 2016) as well as 520 group procurement contracts (409 group procurement contracts were concluded in 2015 and 446 group procurement contracts in 2016).

Table 7.13

Framework agreements in 2016		Number	Value
Single contracting authority	with one economic operator	434	1,521,094,416
	with several economic operators – by reopening competition	19	438,942,754
	with several economic operators – without reopening competition	42	256,135,596
Several contracting authorities	with one economic operator	5	257,166,000
	with several economic operators – by reopening competition	1	2,500,000
	with several economic operators – without reopening competition	24	6,901,938

The Table below shows data on the number of economic operators with which framework agreements were concluded and they are obtained only from the contract award notices due to the ESPP setup. In fact, it can be seen that out of total 449 concluded framework agreements, only 8 agreements are concluded with 7 or more economic operators.

Table 7.13

Number of economic operators with which framework agreement was concluded	Number of contract award notice
1	400

2	14
3	11
4	6
5	6
6	4
7	1
8	2
9	5

As mentioned at the beginning of this Chapter, negotiated procedure with prior publication of a contract notice has the share of 1% in 2017 (1% in 2015, - less than 1% in 2016), while the negotiated procedure without prior publication of a contract notice has the share of 5% in 2017 (4% in 2015, - 4% in 2016) of the total amount of the funds. Table no. 7.14 and Chart no. 7.16 show the number and value of concluded public contracts by applying these procedures on the basis of the reason for applying/legal basis for applying these procedures.

These data show that in the past three years the share of negotiated procedures with/without prior publication of contract notice in the total value of the concluded contracts is on a relatively low level and there are no significant deviations. Such decline was due to the amendments to the Law pertaining to the introduction of the final price concept, whereby the basis for applying the negotiated procedure without prior publication of a contract notice is deleted in cases when, in an open procedure, restricted procedure, negotiated procedure with prior publication of a contract notice and simplified competitive procedure, the contracting authority cannot schedule electronic auction for the reason that there is not enough competition.

Data on the negotiated procedures can lead to the conclusion that the most used reason/legal justification for the application of the negotiated procedure without prior publication of a contract notice is Article 99 paragraph (1) item 1) indent 3 of the Law, when due to reasons of utmost urgency caused by events the contracting authority could have not anticipated or that cannot be attributed thereto as oversight after which there is a decline of 44% of the value of

Positive benefit worth mentioning is the decline of the total value of concluded contracts in 2017 and 2016 compared to the previous years, with regards to the negotiated procedures without prior publication of a contract notice

contracts concluded for negotiated procedures. Furthermore, the next according to the total value of contracts awarded in negotiated procedure without prior publication of a contract notice (36%), due to technical or artistic reasons, i.e. reasons related to the protection of exclusive rights (patent and alike), the contract may be executed only by a particular economic operator and 10% for procurement of unplanned works. 5% accounted for the total amount of awarded contracts in negotiated procedure without prior publication of a contract notice, due to the reason of additional works which cannot be technically or economically separated from the basic contract without causing problems to the contracting authority and 4% when the respective contract, after the design contest, is awarded to the best ranked participant or one of the best ranked participants. The share of the remaining reasons/legal justification for applying the negotiated procedure without prior publication of a contract notice are insignificant and accounted for to less than 1% of the total value of awarded contracts.

Compared to the previous year, the number of concluded contracts by applying the negotiated procedure without prior publication of a contract notice declined (497 in 2017, 608 in 2016, 969 in 2015), while the total value of concluded contracts in absolute amount is the lowest in the past three years (MKD 1,796,461,470 in 2017, MKD 2,283,333,753 in 2016, MKD 1,802,347,717 in 2015).

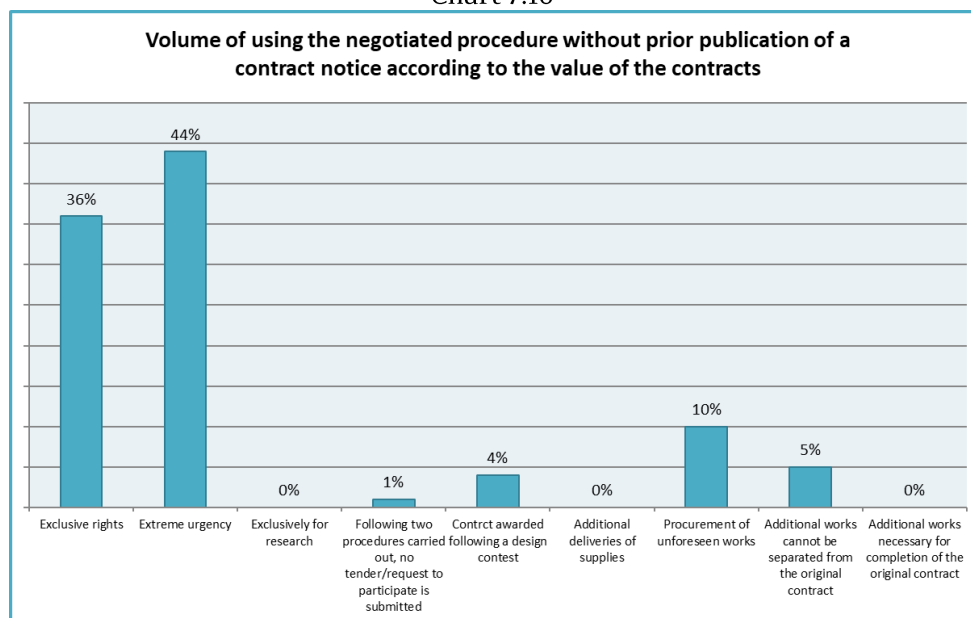
Table 7.14

Type of procedure	Justification for selection of procedure	Number of concluded contracts	Value of concluded contracts
Negotiated procedure with prior publication of contract notice	in exceptional cases when the nature of the works, supplies or services or the risks arising therefrom do not allow prior determination of the contract value	4	MKD 388,536,862
	contracting authority invites to negotiations all economic operators which, in the open procedure, restricted procedure or the competitive dialogue	7	MKD 92,014,459

	procedure have proven their capability and have submitted tenders in line with the requirements for the respective procedure		
	Total A.	11	MKD 480,551,321
B. Negotiated procedure WITHOUT prior publication of contract notice	no tender is submitted upon two previously carried out open procedures or simplified competitive procedures, i.e. no request to participate is submitted in the first phase upon two previously carried out restricted procedure, provided that the requirements in the technical documentation are not altered	8	MKD 9,297,200
	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	282	MKD 649,406,199
	due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply	141	MKD 796,129,734
	when the contracting authority must procure additional deliveries from the initial procurement contractor for partial replacement of the usual supplies or installations or extending the existing supplies or installations, whereas the change of the tenderer would oblige the contracting authority to purchase a material with different technical characteristics that would result in incompatibility or disproportionate technical difficulties in the functioning and maintenance thereof	2	MKD 6,265,872

procured under especially beneficial conditions, from a tenderer that is going out of business (liquidation or bankruptcy), or a bankruptcy manager or liquidator, upon prior agreement with the creditors	1	MKD 614,000
when the contract in question follows the conducted design contest and is awarded to the best ranked participant or one of the best ranked participants.	4	MKD 66,837,293
for procurement of unplanned works	36	MKD 176,307,130
such works or services cannot be technically or economically separated from the basic contract without causing difficulties to the contracting authority	20	MKD 87,449,970
such works or services, although they can be separated from the performance of the basic contract, are necessary for its completion	3	MKD 4,154,072
Total B.	497	MKD 1,796,461,470

Chart 7.16



In Tables 7.15 and 7.16 are presented 20 concluded public contracts by applying negotiated procedure without publication of a contract notice in 2017 and the top 20 contracting authorities with the most concluded contracts by applying negotiated procedure without publication of a contract notice divided according to the reason for negotiation.

Table 7.15

List of the top 20 public contracts concluded by applying negotiated procedure without publication of a contract notice in 2017			
Procurement subject	Name of the contracting authority	Contractor	Value of concluded contracts
Repurchase of textbooks for primary education and accompanying educational and work material for the adapted textbooks from abroad for 2017/2018 school year	Ministry of Education and Science	Joint stock company for publication of textbooks and educational means PROSVETNO DELO Skopje	299,367,037
		Besa Press export import DOOEL	
		Company for graphic services and trade ARS LAMINA DOO Skopje	
		Publishing company ALBAS DOO export import Tetovo	
		Publishing company TABERNAKUL Cvetan DOO and others export import Skopje	
		Company for publishing, production, sales and services ALBI DOO, Skopje	
		Company for production, marketing, design, sales and services ARBERIA-DESIGN DOOEL export import Tetovo	
		Company for production, trade and services EUROBOOK DOOEL Skopje	
		Company for production, trade and services ENGLISH CENTRE DOOEL export import Skopje	
		Company for sales and services TRIMAKS DOO Skopje	
		Company for trade and services STUDIO KRUG DOO Skopje	
		Makedonska Iskra DOOEL export import	
		Company for trade, production and publishing, wholesale and retail trade TOPER Tomislav DOOEL export import Skopje	
		Company for trade, sales and services ST. GEORGE DOOEL export import Skopje	
		Company for trade and services ALBATROS DOO export import Skopje	
16-01/2017 Coal and waste excavation service for PE Rudnici REK Bitola	JSC Macedonian Power Plants - Skopje	Company for trade, production and services MARKOVSKI KOMPANI Borce DOOEL export import Bitola	290,280,000
Eurodiesel BS (D-EV)	Public Traffic Enterprise SKOPJE	Joint stock company for sales and transport of oil derivatives ALOV AD Gevgelija	94,400,000

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PP 01-151/2017 Construction mechanisation service for REK Bitola	JSC Macedonian Power Plants - Skopje	Company for construction and services PELISTER Bitola DOO Company for production, trade, services and transport MIS-KOMERC Mitko DOOEL export import Skopje Company for trade, production and services MARKOVSKI KOMPANI Borce DOOEL export import Bitola	64,351,620
Unplanned works for performance of construction works - for reconstruction, adaptation and repair of the facility of NT Albanian Theatre Skopje in accordance with the prepared architectural and project technical documentation	Albanian Theatre - Skopje	Scientia Srl	57,854,324
Preparation of basic project for the university facility, ground and interior arrangement and audit	Mother Teresa University - Skopje	Company for design, construction and engineering BH ARCHITECTS DOOEL export import Tetovo	57,230,000
MEDICAMENTS – COAGULATION FACTORS – Coagulation Factors VIII	PHI FOR TRANSFUSION MEDICINE OF REPUBLIC OF MACEDONIA SKOPJE	Company for export-import and wholesale trade SEPTIMA DOOEL	38,542,590
Repurchase of textbooks for secondary education for 2017/2018 school year	Ministry of Education and Science	DIODPP MAKEDONSKA ISKRA DOOEL export import Skopje DKUIP EVRO KULT 2000 DOOEL Skopje Company for graphic services and trade ARS LAMINA DOO Skopje Company for graphic services CABEJ GRAFIKA DOOEL Tetovo Publishing company ALBAS DOO export import Tetovo Publishing company KULTURA, joint stock company Skopje Company for publishing, production, sales and services ALBI DOO, Skopje Company for production, marketing, design, sales and services ARBERIA-DESIGN DOOEL export import Tetovo Company for production, trade and services ENGLISH CENTRE DOOEL export import Skopje Company for production, trade and services TRI PUBLISHING CENTRE DOOEL export import Skopje Company for trade, sales and services ST. GEORGE export import Skopje	37,901,988
Medium repair – audit of 80 cargo wagons R&S series	Macedonian Railway Transport AD - Skopje	Company – Factory for railway vehicles VELES DOOEL Veles	34,000,000

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Preparation and printing of confidential election material for members of municipality councils and the council of the City of Skopje and for mayors of the municipalities and the mayor of the City of Skopje	State Election Commission	Company for graphic activity, trade and services POLIESTERDEJ DOOEL export import Skopje	27,900,000
MEDICAMENTS – COAGULATION FACTORS – Eptacog alfa (activated)	PHI FOR TRANSFUSION MEDICINE OF REPUBLIC OF MACEDONIA SKOPJE	Company for trade, production and services FENIKS FARMA DOOEL Skopje	25,642,188
MEDICAMENTS – COAGULATION FACTORS – Eptacog alfa (activated)	PHI FOR TRANSFUSION MEDICINE OF REPUBLIC OF MACEDONIA SKOPJE	Company for trade, production and services FENIKS FARMA DOOEL Skopje	25,642,188
Procurement of materials for urgent reconstruction of water supply networks (two main water pipes) in v. Bojane and v. Kopanica – upon specification	PE Water Supply and Sewage - Skopje	Company for trade, production and services KONTI HIDROPLAST DOOEL. Gevgelija	23,958,252
Services for servicing of digital radio-communication system TETRA of the Ministry of Interior	Ministry of Interior	Hytera Mobilfunk GmbH	22,951,000
Catering services (preparation and distribution of meals) to the members of the special task units in the MoI	Ministry of Interior of RM	MEAT INDUSTRY AND SLAUGHTERHOUSE SVETI NIKOLE DOO Sveti Nikole	20,886,600
Repurchase of textbooks for secondary education for 2017/2018 school year	Ministry of Education and Science	Joint stock company for publishing textbooks and educational means PROSVETNO DELO Skopje Company for trade and services ALBATROS DOO export import Skopje	18,192,824
Contract for procurement of unplanned works for construction of pedestrian passage above the ground (Monument – Skenderbeg Square Phase 2)	Municipality of Cair	Company for construction, trade and services BAUER BG DOO	18,174,129
Additional construction, construction craftsmanship and installation works for providing conditions for holding the UEFA Super Cup in August 2017 in Philip II National Arena in Skopje	Joint Stock Company for Construction and Management of Housing and Business Premise of Importance for the Republic - Skopje	Company for construction, production, trade, catering and services VIA ENGINEERING DOO export-import Cvetomir Vevcani	17,693,946

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Procurement of supplies - incubators	Government of RM - General Secretariat	Company for production, sales, services and servicing of medical equipment VINORA DOOEL Skopje	17,514,504
Procurement of service for maintenance of the zone parking system	PE City Parking - Skopje	Company for information technology NEXTSENSE DOO Skopje	15,340,000

Table 7.16

Top 20 contracting authorities which concluded most negotiated procedures without publication of a contract notice, listed according to the reason for negotiation			
Name of the contracting authority	Reason for negotiation		Number of procedures
PI City Library Brakja Miladinovci Skopje RM	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator		41
Ministry of Education and Science	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply		2
	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator		29
	such works or services cannot be technically or economically separated from the basic contract without causing difficulties to the contracting authority		8
Ministry of Interior of RM	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply		6
	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator		22
	no tender is submitted upon two previously carried out open procedures or simplified competitive procedures, i.e. no request to participate is submitted in the first phase upon two previously carried out restricted procedure, provided that the requirements in the technical documentation are not altered		3
Library Tane Georgievski - Kumanovo	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator		25
State Election Commission	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open		18

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	procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply	
	procured under especially beneficial conditions, from a tenderer that is going out of business (liquidation or bankruptcy), or a bankruptcy manager or liquidator, upon prior agreement with the creditors	1
JSC Macedonian Power Plants - Skopje	when the contracting authority must procure additional deliveries from the initial procurement contractor for partial replacement of the usual supplies or installations or extending the existing supplies or installations, whereas the change of the tenderer would oblige the contracting authority to purchase a material with different technical characteristics that would result in incompatibility or disproportionate technical difficulties in the functioning and maintenance thereof the duration of the additional procurement may not exceed three years from the conclusion of the basic contract, and their value may not exceed 30% of the value of the basic contract	1
	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply	13
	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	1
	such works or services cannot be technically or economically separated from the basic contract without causing difficulties to the contracting authority	1
City of Skopje	for procurement of unplanned works	11
	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply	1
	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	1
	when the contract in question follows the conducted design contest and is awarded to the best ranked participant or one of the best ranked participants	2
General and Common Affairs Office of the Government of Republic of Macedonia	for procurement of unplanned works	1
	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply	8
	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	2

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	when the contract in question follows the conducted design contest and is awarded to the best ranked participant or one of the best ranked participants such works or services cannot be technically or economically separated from the basic contract without causing difficulties to the contracting authority	1 1
Public Traffic Enterprise SKOPJE	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	7 3
PHI General Hospital Kumanovo	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	8 1
Public Health Institute University Clinic for Digestive Surgery	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	8 1
Faculty of Philosophy Skopje	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	9
Joint Stock Company for Construction and Management of Housing and Business Premise of Importance for the Republic - Skopje	for procurement of unplanned works such works or services cannot be technically or economically separated from the basic contract without causing difficulties to the contracting authority	1 7
National Bank of Republic of Macedonia	for procurement of unplanned works when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	1 7
Agency for Technological Industrial Development Zones	for procurement of unplanned works when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator such works or services, although they can be separated from the performance of the basic contract, are necessary for its completion	4 2 2
PE Water Supply and Sewage - Skopje	for procurement of unplanned works when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or	1 3

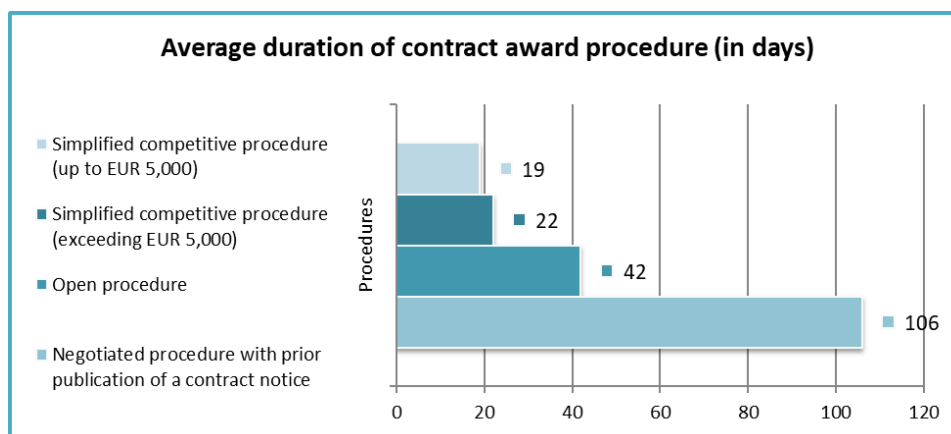
Analysis of the public procurement market in 2017

	negotiated procedure with prior publication of announcement cannot apply when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	4
Government of RM - General Secretariat	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	5
Ministry of Defence – Logistics Department	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	6
PHI Clinic Hospital Tetovo	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply	1
		7
PE City Parking - Skopje	when due to reasons of utmost urgency caused by events that the contracting authority could not have anticipated and which cannot be attributed to the contracting authority as oversight, the deadline for announcing an open procedure, restricted procedure, simplified competitive procedure or negotiated procedure with prior publication of announcement cannot apply	1
	when due to technical or artistic reasons, i.e. due to reasons related to the protection of exclusive rights (patents, etc.), the contract can be performed only by a particular economic operator	6

Datum which can be used for displaying the efficiency of the contract award procedures is the average duration of the procedures from the public opening of the tenders until the contract conclusion. From the gathered data, it can be established that the average duration of the evaluation phase in 2017 with regards to the simplified competitive procedure with estimated value up to EUR 5,000 in MKD equivalence was 19 days (20 days in 2016, 21 day in 2015), with regards to the simplified competitive procedure up to EUR 20,000 for supplies and services and up to EUR 50,000 in MKD equivalence for works was 22 days (24 days in 2016, 24 days in 2015), with regards to open

procedure was 42 days (42 days in 2016, 46 days in 2015) and with regards to the negotiated procedure with previous publication of a contract notice it was 70 days in 2015, 115 days in 2016 and 106 days in 2017.

Chart 7.17



The comparison of the procedure duration for the past 3 years is shown in Table no. 7.15.

Table 7.15

Average duration of contract award procedures			
	2015	2016	2017
Simplified competitive procedure (up to EUR 5,000)	21 day	20 days	19 days
Simplified competitive procedure (over EUR 5,000)	24 days	24 days	20 days
Open procedure	46 days	42 days	42 days
Restricted procedure	330 days	323 days	-
Negotiated procedure with prior publication of contract notice	70 days	115 days	106 days

Hereinafter data are presented on the value of the contracts concluded with each contracting authority in particular (list of 20 largest public consumers in 2017) and per category of contracting authority, Tables no. 7.16 and 7.17.

Table 7.16

List of 20 largest public consumers in 2017	
Name of the contracting authority	Total value of the contracts (MKD)

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JSC Macedonian Power Plants - Skopje	MKD 4,757,109,406
Public Enterprise for State Roads	MKD 1,206,329,350
PE Makedonija Pat - Skopje	MKD 909,671,581
Ministry of Education and Science	MKD 896,627,340
Ministry of Interior of RM	MKD 831,305,514
PHI City General Hospital 8 Septemvri Skopje	MKD 690,037,965
Ministry of Culture	MKD 651,669,506
Ministry of Health	MKD 646,655,437
PE Water Supply and Sewage - Skopje	MKD 626,084,031
PHI University Clinic for Radiotherapy and Oncology Skopje	MKD 621,351,033
City of Skopje	MKD 610,281,795
PE Macedonian Forests - Skopje	MKD 600,543,691
Ministry of Defence – Logistics Department	MKD 517,301,103
Public institute from the field of health for the needs of public health institutes, university clinics, offices and ER centre - Skopje	MKD 501,125,563
PHI Transfusion Medicine of Republic of Macedonia Skopje	MKD 499,624,639
PE Streets and Roads - Skopje	MKD 382,466,761
Public Health Institute HEALTH CENTRE OF SKOPJE CO Skopje	MKD 374,575,334
Public Enterprise for Railway Infrastructure Macedonian Railways - Skopje	MKD 356,004,923
PE Communal Hygiene Skopje	MKD 355,674,518
Public Traffic Enterprise SKOPJE	MKD 354,644,197

Table 7.17

List of largest consumers by category of contracting authority		
Category of contracting authority	Name of contracting authority	Value of concluded contracts
A. State authorities	Ministry of Education and Science	MKD 896,627,340
	Ministry of Interior of RM	MKD 831,305,514
	Ministry of Culture	MKD 651,669,506
	Ministry of Health	MKD 646,655,437
	Ministry of Defence – Logistics Department	MKD 517,301,103
	Ministry of Finance	MKD 196,057,099
	General and Common Affairs Office of the Government of Republic of Macedonia	MKD 149,255,966
	Customs Administration of RM	MKD 132,224,456
	Government of RM - General Secretariat	MKD 118,448,902

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	Ministry of Environment and Physical Planning	MKD 95,338,230
B. Bodies of the local self-government units and the City of Skopje	City of Skopje	MKD 610,281,796
	Aerodrom Municipality	MKD 288,194,610
	Kumanovo Municipality	MKD 276,194,221
	Tetovo Municipality	MKD 239,971,604
	Gazi Baba Municipality	MKD 235,606,128
	Karpos Municipality	MKD 195,205,357
	Centar Municipality	MKD 190,811,069
	Bitola Municipality	MKD 189,276,983
	Stip Municipality	MKD 174,272,735
	Veles Municipality	MKD 148,111,199
C. Legal entities established for specific purpose of meeting public interest needs - Article 4 paragraph 1 indent b) of the Law	PHI City General Hospital 8 Septemvri Skopje	MKD 690,037,965
	PHI University Clinic for Radiotherapy and Oncology Skopje	MKD 621,351,033
	Public institute from the field of health for the needs of public health institutes, university clinics, offices and ER centre - Skopje	MKD 501,125,563
	PHI Transfusion Medicine of Republic of Macedonia Skopje	MKD 499,624,640
	PHI Health Centre Skopje CO Skopje	MKD 374,575,334
	Cardiology Clinic - Skopje	MKD 322,366,545
	National Bank of Republic of Macedonia	MKD 296,272,368
	PHI Haematology Clinic	MKD 264,257,154
	PHI Clinic Hospital Tetovo	MKD 241,122,085
	Directorate for Technological Industrial Development Zones	MKD 191,488,137
D. Associations established by one or several contracting authorities	Association of Local Self-Government Units of Republic Of Macedonia - ZELS	MKD 10,232,362
	BC MZT Skopje Aerodrom	MKD 4,617,112
	Association of festival activities and tiveriopol film alliance asterfest – Institute for Short and Documentary Film	MKD 538,709
E. Public enterprises, joint stock companies and limited liability companies in the utilities sectors	JSC Macedonian Power Plants - Skopje	MKD 4,757,109,406
	Public Enterprise for State Roads	MKD 1,206,329,350
	PE Makedonija Pat - Skopje	MKD 909,671,581
	PE Water Supply and Sewage - Skopje	MKD 626,084,031
	PE Macedonian Forests - Skopje	MKD 600,543,691
	PE Streets and Roads - Skopje	MKD 382,466,761
	Public Enterprise for Railway Infrastructure Macedonian Railways - Skopje	MKD 356,004,924
	PE Communal Hygiene Skopje	MKD 355,674,518
	Public Traffic Enterprise SKOPJE	MKD 354,644,198
	Joint Stock Company for Construction and Management of Housing and Business Premise of Importance for the Republic - Skopje	MKD 324,586,317
F. Other contracting	EVN Macedonia AD - Skopje	MKD 2,365,192,553

In the following several Tables data are presented on the 10 largest concluded contracts per contract type for 2017, i.e. the largest contracts concluded for supplies, services and works. Tables no. 7.18, 7.19 and 7.20

Table 7.18

List of 10 largest public contract for SUPPLIES in 2017			
Subject of procurement	Name of the contracting authority	Contractor	Value of concluded contracts
Procurement of vaccines for continuous immunization and vaccines per epidemiologic indicators for the needs of the population for the period from June 2016 until June 2018	Ministry of Health	Company for production and sales of chemical and cosmetic products ELBIJOR DOOEL export import Skopje	251,627,165
Procurement of bitumen BIT 50/70	PE Makedonija Pat - Skopje	Company for wholesale and retail sale, representation, mediation and re-export KI-EM DOOEL export import Skopje	188,575,800
Electricity	Macedonian Railway Transport AD - Skopje	ENERGETIC FINANCIAL GROUP AD Sofia – Subsidiary Skopje Republic of Macedonia	153,400,000
Electricity – per specification	PE Water Supply and Sewage - Skopje	Company for production, trade and services MIST ENERGY DOOEL Skopje	141,600,000
Light derivatives for own petrol stations for the needs of subsidiaries of AD ELEM (Eurodiesel BS (DE-V) and Eurosuper BS 95)	JSC Macedonian Power Plants - Skopje	Company for production, trade and services PUCKO PETROL export-import DOOEL v. Plasnica Plasnica	135,936,000
Medicaments for the needs of PHI University Clinic for Radiotherapy and Oncology*	PHI University Clinic for Radiotherapy and Oncology	Company for trade, production and services PROMEDIKA DOOEL Skopje	132,825,000

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Operational circuit for mill ventilator for REK Bitola	JSC Macedonian Power Plants - Skopje	Steel casting and granulate ZELEZNIK AD Sopotnica Demir Hisar	130,958,760
Repurchase of textbooks for elementary school and accompanying educational and work material for the adapted textbooks from abroad for the school year 2017/2018	Ministry of Education and Science	Company for graphic services and trade ARS LAMINA DOO Skopje	124,860,902
Motor oil Eurosuper BS 95	Ministry of Interior of RM	Company for trade of oil derivatives and services LUKOIL MACEDONIA DOOEL Skopje	118,000,000
Repurchase of textbooks for elementary school and accompanying educational and work material for the adapted textbooks from abroad for the school year 2017/2018	Ministry of Education and Science	Company for production, marketing, design, sales and services ARBERIA-DESIGN DOOEL export import Tetovo	101,662,667

Table 7.19

List of 10 largest public contract for SERVICES in 2017			
Subject of procurement	Name of the contracting authority	Contractor	Value of concluded contracts
Coal and waste excavation service for PE Rudnici, REK Bitola	JSC Macedonian Power Plants - Skopje	Company for construction, transport and trade TRANS MET DOO Skopje	436,917,184
16-01/2017 Coal and waste excavation service for PE Rudnici, REK Bitola	JSC Macedonian Power Plants - Skopje	Company for trade, production and services MARKOVSKI KOMPANI Borce DOOEL export import Bitola	290,280,000
Property insurance and other insurances of AD ELEM	JSC Macedonian Power Plants - Skopje	Insurance MACEDONIA JSC Skopje-Vienna Insurance Group	261,908,144
Specialized workforce service for dismantling activities in TE Bitola for 2016 and 2017	JSC Macedonian Power Plants - Skopje	Company for trade, production and services MARKOVSKI KOMPANI Borce DOOEL export import Bitola	218,243,973
Auxiliary and construction mechanization service for bulldozer, trucks,	JSC Macedonian Power Plants - Skopje	Company for trade, production and services MARKOVSKI KOMPANI Borce DOOEL export import Bitola	200,600,000

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compressor, tracked
vehicle, tank trucks and
automatic jacks for PE
Rudnici REK Bitola

Ovation management system upgrade	JSC Macedonian Power Plants - Skopje	IVDAM PROCESS CONTROL	181,412,683
Specialized workforce service for dismantling activities in TE Bitola for 2016 and 2017	JSC Macedonian Power Plants - Skopje	Company for construction, production of equipment, installation and energetic and industrial facilities MONTING ENERGETIKA DOO Skopje	138,062,265
Specialized workforce service for dismantling activities in TE Bitola for 2016 and 2017	JSC Macedonian Power Plants - Skopje	Company for construction and construction craftsmanship works SPEKTARTERMO DOO Skopje	112,512,952
Auxiliary and construction mechanization service for bulldozer, trucks, compressor, tracked vehicle, tank trucks and automatic jacks for PE Rudnici REK Bitola	JSC Macedonian Power Plants - Skopje	Company for trade, production and services MARKOVSKI KOMPANI Borce DOOEL export import Bitola	110,920,000
Specialized workforce service for dismantling activities in TE Bitola for 2016 and 2017	JSC Macedonian Power Plants - Skopje	Company for construction, production of equipment, installation and energetic and industrial facilities MONTING ENERGETIKA DOO Skopje	109,397,800

Table 7.20

List of 10 largest public contract for WORKS in 2017			
Subject of procurement	Name of the contracting authority	Contractor	Value of concluded contracts
Construction of new facility Drama Theatre in Skopje	Ministry of Culture	Company for construction, trade and services BAUER BG DOO Skopje	627,015,885
Construction works for building facility 1.12 Regional Centre Aerodrom in Skopje	Joint Stock Company for Construction and Management of Housing and Business Premise of Importance for the	Company for production, trade, construction and services DEKON-KOM DOOEL export import Skopje	175,879,000

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Republic - Skopje			
Repair/adaptation with replacement of obsolete construction materials and layers of Block B and D from SD Goce Delcev - Skopje	Ministry of Education and Science	Company for construction, trade and services NB-COMPANY DOO Tetovo	139,149,461
Reconstruction of state road P2133, Ropalce-Matejce-Lipkovo section	Public Enterprise for State Roads	Company for construction BETON Joint Stock Company Skopje	106,490,437
Construction and repair works on a bridge no. 1, on Vardar River at Udovo on P1105	Public Enterprise for State Roads	Company for performing final works in the construction and wholesale and retail trade SINTEK DOO export import Skopje	91,680,644
Intervening repair and construction works on infrastructure facility in Tetovo Municipality	Tetovo Municipality	Company for construction, trade and services NB-COMPANY DOO Tetovo	80,181,000
Performance of works for construction of streets and landscaping construction site upon the programmes for 2017 of Strumica Municipality	Strumica Municipality	Company for production, services and trade export import UNIVERSAL GRADBA DOOEL Strumica	78,000,000
Installation of lights on part of highway A2 and A4 (section Hipodrom-section Belvi-section Ilinden and section Hipodrom-section Kadino)	Public Enterprise for State Roads	Company for trade, production and services ELMOND ELEKTRO DOOEL export import Skopje	77,560,008
Performance of part (second phase) of the infrastructure for TIDZ Strumica and Construction of access road to TIDZ Strumica	Directorate for Technological Industrial Development Zones	Company for construction and trade ZIKOL DOOEL export import Strumica	72,098,000
Repair of traffic lane on state road A1 section Veles (Stip section) – Gradsko and Gradsko – Veles (Stip section)	Public Enterprise for State Roads	Company for production, trade and services ESKAVATORI-MK DOOEL export import Skopje	69,609,640

7.4.4. Participation of economic operators in contract award procedures

Data on participation of the economic operators in contract award procedures by individual contract, i.e. number of individual economic operators selected as contractors according to the number of concluded contracts, as well as according to the value of the conducted contracts in 2017 are presented below.

Table 7.21

List of 20 contractors being awarded the most public contracts	
Contractor	Number of concluded contracts
Company for sales and services BIOTEK DOO export import Skopje	445
MAKPETROL Joint Stock Company for sales of oil and oil derivatives Skopje	367
DAUTI KOMERC Company for production, sales and services export import AD v. Bojane Saraj Municipality	291
Company for production, trade and services PUCKO PETROL export-import DOOEL v. Plasnica Plasnica	273
Joint stock comp any for production of medicaments, medical equipment and material, sales and services Dr. PANOVSKI Skopje	259
Company for sales and services AVICENA DOO export import Skopje	256
Company for trade, production and services PROMEDIKA DOOEL Skopje	233
Company for production, trade and services EKOS DOOEL export import Tetovo	225
Company for communication services ONE VIP DOOEL Skopje	219
Company for sales and services ALKALOID CONS export import DOOEL Skopje	215
Company for production, sales and services OFFICE PLUS DOOEL export import Skopje	204
Makedonski Telekom, Joint Stock Company for electronic communications - Skopje	195
Company for production, sales and mediation LABTECH DOOEL export import Skopje	191

Company for trade, production and services FENIKS FARMA DOOEL Skopje	187
Company for production, trade and services RIKI-JUNIOR DOOEL export import Kocani	187
Company for trade, production and services BI-EL INGENEERING export-import DOOEL Strumica	181
Joint Stock Company for Insurance WINNER – Vienna Insurance Group Skopje	180
Company for sales MAKEDONIJA LEK DOO Skopje	159
National Insurance Group JSC INSURANCE POLICY Skopje	151
Company for sales of laboratory equipment and tools, chemicals, scales, filtration and services LABORATORIJA Kostadinka Jancevska DOOEL export import Skopje	148

Table 7.22

List of 20 contractors with the most concluded contracts according to the value of concluded contracts	
Contractor	Value of concluded contracts
Company for production, trade and services PUCKO PETROL export-import DOOEL v. Plasnica Plasnica	1,009,283,166
Company for trade, production and services MARKOVSKI KOMPANI Borce DOOEL export import Bitola	894,845,353
Company for construction, trade and services BAUER BG DOO Skopje	886,592,924
Company for sales and services ALKALOID CONS export import DOOEL Skopje	634,297,227
Joint stock comp any for production of medicaments, medical equipment and material, sales and services Dr. PANOVSKI Skopje	631,540,595
Company for sales and services AVICENA DOO export import Skopje	585,609,516
Company for trade, production and services PROMEDIKA DOOEL Skopje	585,201,823
MAKPETROL Joint Stock Company for sales of oil and oil derivatives Skopje	548,982,576
Company for construction, production of equipment, installation and energetic and industrial facilities MONTING ENERGETIKA DOO Skopje	469,491,762

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Company for construction, transport and trade TRANS MET DOO Skopje	453,550,464
Insurance MACEDONIA JSC Skopje-Vienna Insurance Group	434,042,710
Company for production, trade and services INSTALACIJA export import Ismail DOOEL v. D. Dol Zajas	364,943,013
Company for design, production and installation of steel constructions and equipment, export import FAKOM AD - Skopje	360,566,265
Company for trade of oil derivatives and services LUKOIL MACEDONIA DOOEL Skopje	343,336,045
Makedonski Telekom, Joint Stock Company for electronic communications - Skopje	328,962,391
Company for trade, production and services FENIKS FARMA DOOEL Skopje	324,593,955
Company for construction, trade and services NB-COMPANY DOO Tetovo	297,444,887
Company for services SECURITY GROUP SERVICES DOOEL Skopje	291,319,451
Company for production and sales of chemical and cosmetic products ELBIJOR DOOEL export import Skopje	288,589,041
Company for sales MAKEDONIJA LEK DOO Skopje	282,012,808

Small and medium sized enterprises accounted for the most (68%) of the value of concluded contracts by category of tenderer

Large enterprises, although only 176 are registered and active on ESPP in 2017, have value share of 27% in the total value of concluded contracts

Data on the number and value of contracts concluded by category of tenderer and by country of origin of the contractor are presented below. In fact, it is necessary to mention that the annual subscription to use the services offered by the Electronic System for Public Procurement was introduced in 2012. The fee to be paid by the economic operators depends on the company size as registered in the Central Registry of Republic of Macedonia, according to the Tariff Book on the fee for using the Electronic System for Public Procurement. With regards to the abovementioned, 6,608 economic operators are registered on the Electronic System for Public , which according to the category of tenderer are presented in Table 7.23.

Table 7.23

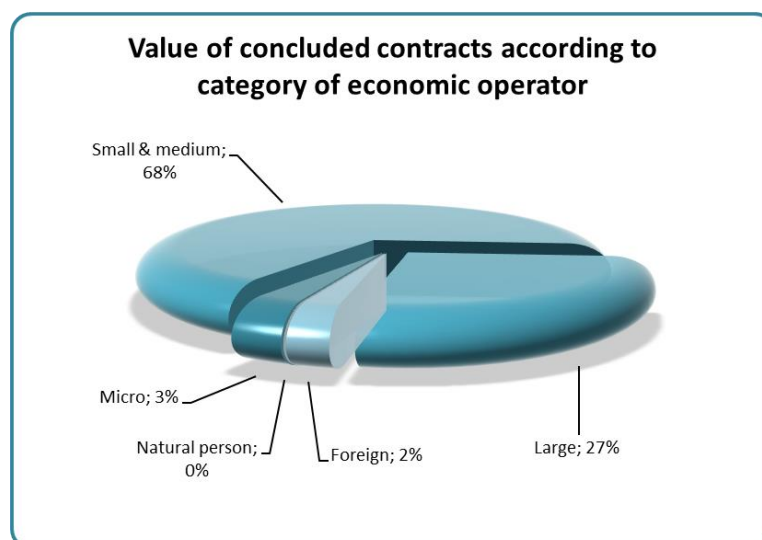
Registered economic operators by category of tenderer	
Category of tenderer	Active economic operators
Micro	2,054

Small and medium sized	3,984
Large	176
Foreign	344
Natural person	50

Table 7.24

Number and value of concluded contracts by category of tenderer		
	Number of concluded contracts	Value of concluded contracts
Micro	2,605	MKD 1.21 billion
Small and medium sized	20,331	MKD 25.8 billion
Large	4,011	MKD 10.23 billion
Foreign	67	MKD 953 billion
Natural person	17	MKD 4.3 billion

Chart 7.18



The data lead to the conclusion that national companies have the largest share on the public procurement market in the Republic of Macedonia, accounting for 95% of the value of awarded public contracts

Analysis of both the number and the value of concluded contracts by category of tenderer (Table no. 7.24), shows that the most of the contracts concluded in 2017 (20,331 contracts) fall within the category of small and medium sized companies, accounting for 68% of the total value of concluded contracts. In fact, the value share of the category of large companies is 27% (4,011 concluded contracts), while the micro companies have the least - 3% of the total value of public procurement (2,605 contracts), taking into account that they accounted for the most at the simplified competitive procedures.

Analysed by country of origin of the contractor, data are presented in Table no. 7.25 and Chart no. 7.19.

Table 7.25

Country of origin of the contractor	Number of concluded contracts	Value of concluded contracts
Macedonia	26.964	MKD 37.24 billion
EU¹⁰	42	MKD 407 billion
Other¹¹	25	MKD 545 billion

Chart 7.19



The data presented in Table 7.26 and Chart 7.19 lead to the conclusion that the national companies have the largest share on the public procurement market in Republic of Macedonia, accounting for 97% of the value of awarded public contracts. The share of foreign companies as contractors in the public contracts is accounted for 3% in 2017. The value and percentage of contracts awarded to companies outside Macedonia dropped compared to the previous years (8% in 2015, 5% in 2016).

7.5. Data from cancellation notices

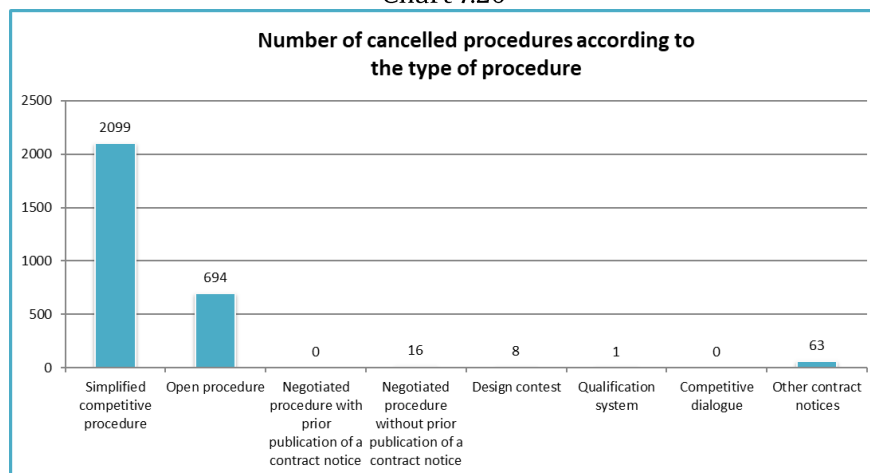
The analysis of data on the number of cancellation notices in 2017 shows that total of 2,802 cancellation procedures were filled in

¹⁰ Great Britain, India, Canada, Kosovo, Norway, Serbia, Switzerland

¹¹ Austria, Bulgaria, Germany, Italy, Romania, Slovakia, Slovenia, Croatia, Czech Republic, Spain

through the ESPP. This datum refers only to the cancellation of the whole procedure, rather than to cancellation of procedures by type of procedure. Chart no. 7.20 shows data on cancellation procedures according to the type of procedure.

Chart 7.20



This year the number of cancellations is 79 less than the cancellations in the previous year, when the number of cancellation procedures was 2,881.

The most common reason for cancellation of procedures in 2017 was that no tender was submitted

Chart 7.21

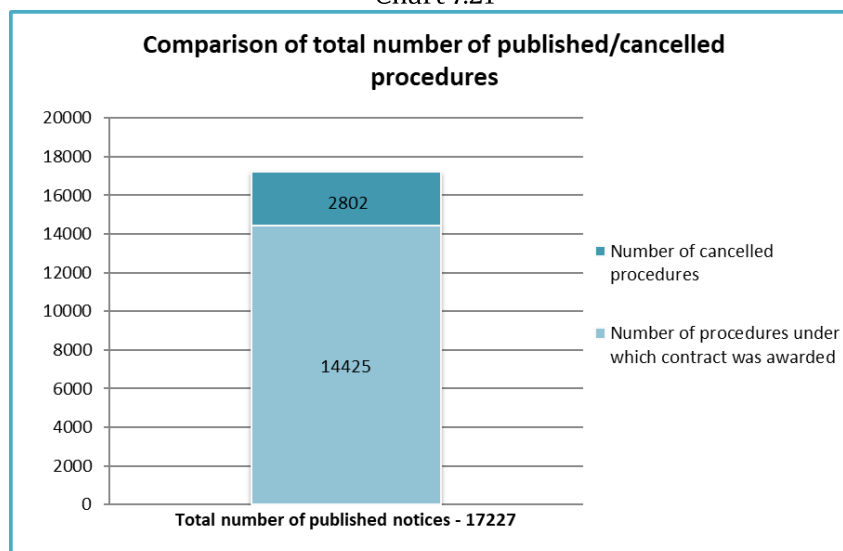


Table 7.26 shows the reasons due to which the procedures were cancelled. It can be concluded that in 2017 most of the procedures were cancelled due to the following reasons:

- no tender was submitted
- no appropriate tender was submitted
- tenderers offered prices and terms for performance of the public contract which are less favourable than the real prices and terms on the market
- contracting authority found that the tender documentation had major shortcomings or deficiencies and that no appropriate tender was submitted

Table 7.26

Information on the reasons for cancellation of the procedure or cancellation of parts thereof	Number of cancelled procedures	Number of cancelled parts thereof
the number of candidates is lower than the minimum number anticipated for the contract award procedures pursuant to this Law	1	1
no tender was submitted	775	708
no acceptable tender was submitted	388	205
no appropriate tender was submitted	303	156
acceptable tenders were submitted which cannot be compared due to the different approach in the technical or financial proposals	83	15
unplanned changes occurred in the budget of the contracting authority	82	16
tenderers offered prices and terms for performance of the public contract which are less favourable than the real prices and terms on the market	383	236
contracting authority found that the tender documentation had major shortcomings or deficiencies	347	7
the needs of the contracting authority changed due to unplanned and objective circumstances	104	33
the contracting authority cannot select the most advantageous tender due to essential breach of the Law on Public Procurement in accordance with Article 210 of the Law	237	27
the selected most advantageous tenderer withdrew from signing the contract	6	3
State Appeals Commission cancelled the procedure	90	1
other reasons (other notices, design contest)	3	0
Total	2.802	1.408

Table 7.27

Contracting authority	Published contract notices	Cancelled procedures	Percentage of cancelled contract notices
Ministry of Health	26	19	73%
JSC Macedonian Posts	90	48	53%
Macedonian Railway Transport AD Skopje	47	23	49%
Ministry of Defence	196	85	43.3 %
Veles Municipality	94	39	41.5%
PE Makedonija Pat - Skopje	96	35	36.5%
PCE Komunalec Prilep	70	25	35.7%
PE Water Supply and Sewage Skopje	118	40	34%
CPE Civil Engineering Bitola	75	25	33.3%
Public Traffic Enterprise Skopje	152	50	32.9%
Karpos Municipality	126	40	31.7%
Ministry of Interior	106	32	30.1%
Customs Administration of RM	40	12	30%
Ohrid Municipality	63	18	28.5%
JSC Macedonian Power Plants	384	108	28.1%

7.5.1. Data from forms for modifying and amending the contract notice

In 2017, total of 1,054 forms for modifying and amending the contents of the contract notice were published through the ESPP. Most modifications and amendments were made to simplified competitive procedures - 598, open procedure - 452, negotiated procedure with prior publication of contract notice - 2, design contest - 1 and qualification system - 1.

7.6. Electronic procedures

Obvious positive results and benefits from the use of e-procurement

The application of mandatory electronic public procurement continues in 2017

Carrying out public procurement procedures electronically has been one of the more important commitments of the Public Procurement Bureau for several years now, taking into account the positive effects from e-procurement and the obvious benefits in terms of increased transparency, competitiveness, efficiency and savings.

Pursuant to the modifications and amendments to the Law on Public Procurement ("Official Gazette of RM" no. 78/15), as of 2016 the procedures are mandatorily to be carried out by using electronic means. Benefits and effects from the e-procurement will be elaborated in a separate chapter of this Report, and all main advantages of carrying out the procedures electronically, as compared to the paper-based procedures, will be pointed out therein. Public Procurement Bureau, like in the past several years, continued organizing and carrying out public procurement training in 2017 as well, aimed at getting the users more familiar with the ESPP tools through practical exercises and encouraging the users to use the system.

According to the analysed data on e-procurement in 2017, it could be concluded that the contracting authorities fulfilled, to a great extent, the legal obligations for carrying out the procedures electronically. 1,098 contracting authorities out of total 1,438 carried out open procedure, restricted procedure and simplified competitive procedure in 2017. 833 contracting authorities or 76% adhered to the legal obligation i.e. carried out at least 50% of their procedures electronically. The contracting authorities, having recognized the benefits arising from the e-procurement for several years backwards, continued to carry out the procedures electronically in 100% of the published contract notices, while the number of contracting authorities shifting to applying e-procurement significantly increased in 2017. In fact, 363 contracting authorities carried out all of their procedures fully electronically in 2017, 95 contracting authorities carried out the procedures through ESPP in 2016, while only 35

contracting authorities carried out the e-procurement through the ESPP in 2015.

Below is a list of contracting authorities with highest number of e-procurement carried out in 2017:

Table 7.28

List of contracting authorities with most e-procurement carried out		
Contracting authority	Number of e-procurement carried out	Percentage of fulfilling the legal obligation
JSC Macedonian Power Plants - Skopje	338	88.02%
Public Traffic Enterprise SKOPJE	148	97.37%
PHI City General Hospital 8 Septemvri Skopje	128	100 %
Karpos Municipality	126	100 %
National Bank of Republic of Macedonia	125	100 %
PE Water Supply and Sewage - Skopje	118	100 %
General and Common Affairs Office of the Government of Republic of Macedonia	114	82.01%
Kavadarci Municipality	107	96.40%
Ministry of Interior of RM	106	100 %
City of Skopje	103	98.10%
Bitola Municipality	101	91.82%
PHI Clinic Hospital Bitola	95	100 %
JSC Macedonian Posts Skopje	81	90.00%
PE Communal Hygiene Skopje	78	89.66%
PE Isar - Stip	77	100 %
Veles Municipality	76	80.85%
Macedonian Academy of Sciences and Arts	79	100 %
PCE Komunalec - Prilep	70	87.50%
CPE Civil Construction - Bitola	69	92.00%
PHI Clinic Hospital Tetovo	69	87.34%
Stip Municipality	68	97.14%

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PHE General Hospital Prilep	67	88.16%
PHE University Clinic for Gynaecology and Obstetrics	67	100 %
Ministry of Finance	66	100 %
Public institute from the field of health for the needs of public health institutes, university clinics, offices and ER centre - Skopje	63	80.77%
JSC MEPSO	61	98.39%
PE Macedonian Forests - Skopje	60	100 %
PHI Transfusion Medicine of Republic of Macedonia Skopje	60	98.36%
Public Enterprise for Railway Infrastructure Macedonian Railways - Skopje	60	93.75%
Probistip Municipality	59	96.72%
PCE Water Supply Bitola	59	100 %
PCE Water Supply and Sewage - Prilep	59	100 %
Aerodrom Municipality	58	76.32%
Gazi Baba Municipality	57	100 %
FOD DOOEL Novaci AD ELEM Skopje	56	90.32%
Gorce Petrov Municipality	56	91.80%
Cardiology Clinic - Skopje	55	100 %
Pension and Disability Insurance Fund of Macedonia	54	93.10%
Kisela Voda Municipality	54	100 %

The threshold for mandatory carrying out of e-procurement was exceeded. 13,613 procedures i.e. 79.18% of the total number of procedures were carried out electronically. They accounted for 48.27% in 2016

Public Procurement Bureau plays key role in carrying out such government policy

The total number of e-procurement procedures carried out through the ESPP in 2017 was 13,613. The number of carried out procedures is significantly higher compared to 2016 and is the highest number of procedures carried out by applying electronic means so far; however, the legal obligation for mandatory carrying out of the procedures electronically should be also taken into account.

Despite the positive trend and the general conclusion from the fulfilment of the legal obligation for carrying out the procedures electronically, there is still a large number of contracting authorities

which have not reached the threshold of 50% of the procedures to be carried out electronically, among which were the following:

Table 7.29

List of contracting authorities with less than 50% of carried out e-procurement			
Contracting authority	Total carried out e-procurement	Number of e-procurement carried out	Percentage of fulfilling the legal obligation
Ministry of Defence – Logistics Department	196	29	14.80%
Gostivar Municipality	34	12	35.29%
PE Macedonian Broadcasting	27	8	29.63%
JSC City Trade Centre	59	6	10.17%
PE Protection and Rehabilitation Centre Bansko Spa	15	5	33.33%
Plasnica Municipality	15	5	33.33%
Lipkovo Municipality	15	5	33.33%
Correctional Facility –Prison Tetovo	12	4	33.33%
Zelino Municipality	12	3	25%
ELS Kratovo	21	3	14.29%
GA-MA AD - Skopje	15	3	20%
PHE Physical Medicine and Rehabilitation - Skopje	29	3	10.34%
SUGS Brakja Miladinovci - Skopje	13	2	15.38%
CSNO Zdravko Cockovski - Debar	11	1	9.09%

In addition, 202 contracting authorities or almost 19% have not carried out any e-procurement procedure at all. Table 7.30 shows a list of part of the contracting authorities with none e-procurement carried out. Most of them are smaller contracting authorities carrying out insignificant number of procedures on annual level; however, some larger institutions fall within this group as well.

Table 7.30

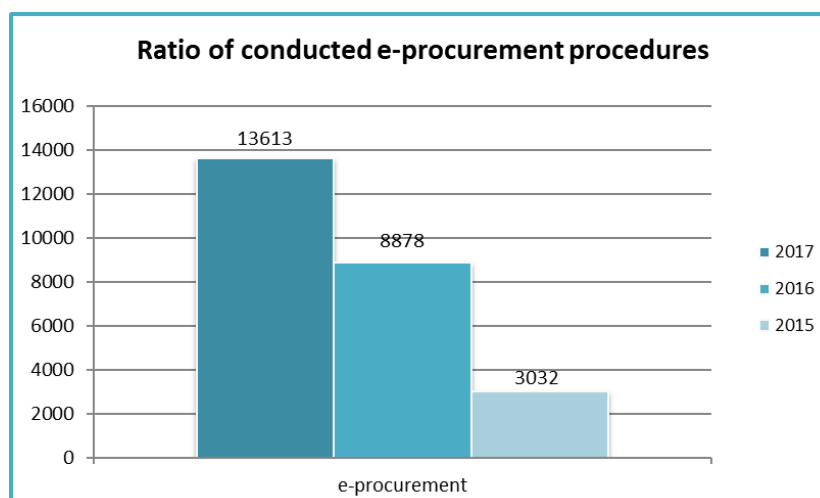
List of contracting authorities with none e-procurement procedure carried out ¹²	
Contracting authority	Number of published contract notices
Kumanovo Municipality	48
M-NAV AD Skopje	47
Ilinden Municipality	31
PE CIVIL CONSTRUCTION OHRID - OHRID	28
PHE Health Centre Kumanovo	22
Crisis Management Centre	148
FLORAKOM DOOEL Skopje	17
National Institute and Museum - Bitola	17
Ministry of Culture	17
State Statistical Office	17
MPI ZOO	16
JPKD MAVROVO – M. Anovi	16
Bogovinje Municipality	16
Vrapciste Municipality	15
Tetovo University	15
Secretariat for Implementation of the Framework Agreement Skopje	13

339 of total 1,438 contracting authorities have not published any contract notice in 2017.

Chart no. 7.22 shows comparison between procurement procedures carried out on annual level.

Chart 7.22

¹² The list of contracting authorities is according to the total number of carried out procedures in descending order



Statistical data on published procurement procedures by using electronic means show that once the legal provisions on mandatory e-procurement entered into force, the planned percentage was not only achieved, but exceeded as well. In 2016, 48.27% of the procedures were carried out electronically, while in 2017 that percentage increased to 79.18%. What is of particular significance, on the basis of the comparative analyses of the procedures carried out electronically and those carried out in the traditional paper-based form, is the information on the average duration of the procedures. In fact, according to the data available to the Bureau, the average duration of the procedures carried out electronically is significantly shorter than the time necessary to carry out the procedures in a paper-based form. For comparison purposes, Table 7.31 shows the average duration of the paper-based procedures compared to the procedures carried out by using electronic means.

Table 7.31

Average duration of the procedures by type of procedure		
Type of procedure	Paper-based	Electronically
Simplified competitive procedure up to EUR 5,000	19	14
Simplified competitive procedure up to EUR 20,000	21	17
Open procedure	49	22

The average number of submitted tenders in 2017 was once again higher when it comes to e-procurement procedures, compared to the paper-based procedures, as in 2016. In fact, the average number of tenders submitted in procedures carried out fully through the ESPP was 3.62 tenders per procedure, while with respect to the paper-based procedure, 2.35 tenders were submitted in average. These data speak in favour of the fact that the use of electronic means in public procurement is not a limiting factor for the economic operators to participate in the procedures, but it also encourages the e-procurement trend in general. One of the more important remarks the contracting authorities make as a possible repercussion from the introduction of mandatory e-procurement is exactly the fear from reduced competition.

Tenderers – economic operators having participated in number of e-procurement are the following:

1. DAUTI KOMERC Company for production, sales and services export import AD v. Bojane, Saraj Municipality – 539 times;
2. MAKPETROL Joint Stock Company for sales of oil and oil derivatives Skopje – 480 times;
3. Company for production, sales and services OFFICE PLUS DOOEL export import Skopje – 409 times;
4. Company for production, trade and services EKOS DOOEL export import Tetovo – 402 times;
5. Company for sales and services BIOTEK DOO export import Skopje – 385 times;
6. Company for production, trade and services PUCKO PETROL export-import DOOEL v. Plasnica Plasnica – 369 times;
7. National Insurance Group JSC INSURANCE POLICY Skopje – 360 times;
8. Company for employment of disabled persons – protection company for production, trade and services FILADELFIJA DOOEL Kocani - 351 times;
9. Company for production, wholesale and retail trade and services MAR-SAZ Tasko DOOEL export import Skopje – 328 times;

10. Company for trade and services MIADOR DOO Skopje – 324 times;
11. Makedonski Telekom, Joint Stock Company for Electronic Communications – Skopje – 321 times;
12. Joint stock comp any for production of medicaments, medical equipment and material, sales and services Dr. PANOVSKI Skopje – 308 times;
13. Company for internal and external trade TOZ-MK DOO Skopje – 278 times;
14. Joint Stock Company EUROINS INSURANCE Skopje – 266 times;
15. Company for sales and services ALKALOID CONS export import DOOEL Skopje –260 times.

The conducted analysis in the period of submitting tenders through the ESPP shows that the economic operators mainly submit the tenders from 1 to 5 days before the expiry of the contract notice deadline and 1 to 2 hours before the tender submission deadline. In fact, more than half of the submitted tenders (24,329 tenders) were submitted within the last 24 hours, while 23,136 tenders were submitted in the period from 1 to 30 days before the expiry of the contract notice deadline. More detailed information is given in Chart 7.23 and Table 7.32.

Chart 7.23

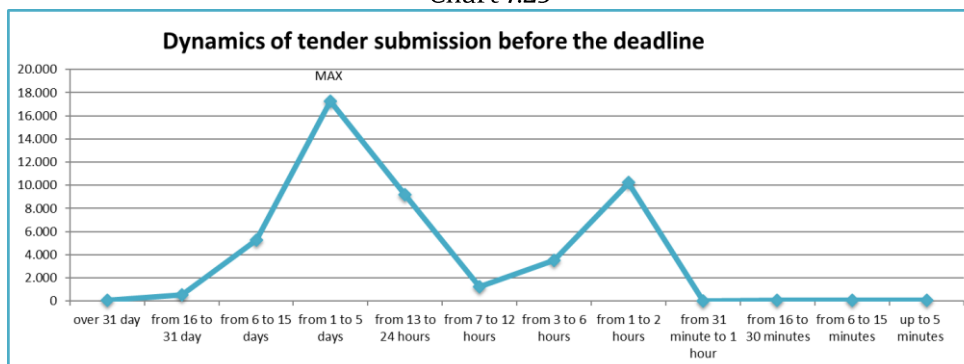


Table 7.32

Period before deadline expiry	Number of submitted tenders
over 31 day	51
from 16 to 31 day	528
from 6 to 15 days	5.300

from 1 to 5 days	17,257
from 13 to 24 hours	9,167
from 7 to 12 hours	1,257
from 3 to 6 hours	3,520
from 1 to 2 hours	10,190
from 31minute to 1 hour	6
from 16 to 30 minutes	71
from 6 to 15 minutes	72
up to 5 minutes	46
Total	47,465

7.7. Electronic auctions

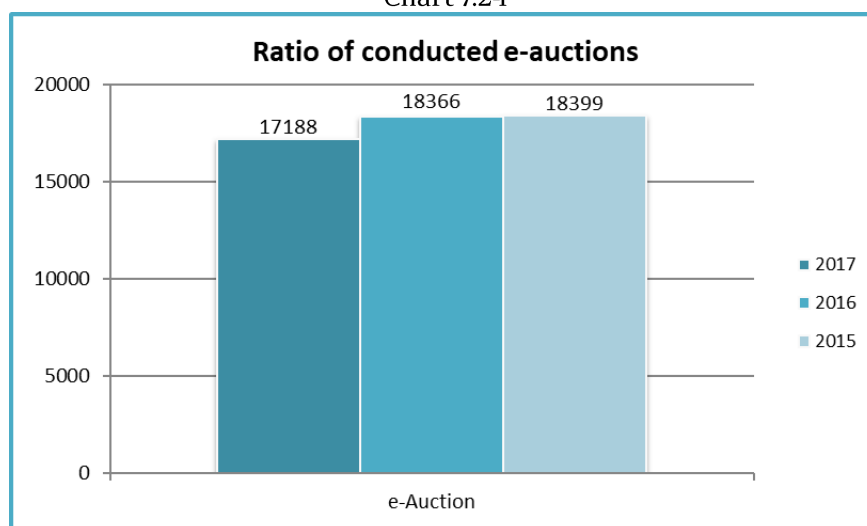
Electronic auctions were mandatorily carried out in 100% of the published contract notices in 2017. The contracting authorities have been successfully applying mandatory carrying out of auctions since 2012, and the Public Procurement Bureau has fully performed its legally prescribed competence to control the carrying out of e-auctions and implemented certain automated control processes in the Electronic System for Public Procurement, which prevent avoidance of the application of e-auctions, except in cases prescribed by the Law.

Like in the previous year, it can be concluded that the percentage of mandatory e-auctions was achieved, and the Bureau played key role in the implementation of such government policy.

Data on e-auctions carried out and submission of final prices in the course of 2017 will be presented further on in this Report. Pursuant to the Law on Public Procurement, starting from 01.01.2014, in case of procedures when only one tender is submitted or when only one acceptable tender is submitted, the contracting authority must invite the single tenderer to submit final price through the ESPP. According to such changes, the system provides for a module through which the single tenderer has the possibility to reduce the initially submitted price, hence the data regarding the submitted final prices will be presented, like in the last year's Report, in the additional analyses below in this Report.

In 2017, there were 17,188 contract notices published for procedures with e-auctions as the final phase in e-procurement procedures or procedures previously carried out in a paper-based form. This figure leads to the conclusion that 99.92% of the published contract notices in 2017 included e-auction as final phase of the procedure. Other contract notices fall within the exception from the application of e-auctions referred to in Article 123 of the Law on Public Procurement, and they are not taken into account when determining the percentage of procedures that must include e-auction as a final phase. Even if they are taken into account, it can be seen that they are in an insignificant number – only 14 contract notices.

Chart 7.24



The number of published contract notices for procedures using e-auction as their final phase in 2017 is **17,188**

The Chart presents the total published contract notices planned to include e-auction as final phase; however, it should be taken into account that only one acceptable tender was submitted for part of the procedures or parts thereof, hence submission of final price was the final phase in these procedures/parts thereof. More detailed analyses will be presented below in this Report.

43,652 e-auctions or 166 e-auctions per day in average were carried out in 2017 as well as and 29,441 submissions of final price (112 submissions per day) per working days

An important datum, reflecting the volume of using the ESPP itself, is also the number of e-auctions carried out on the Electronic System for Public Procurement. 43,652 e-auctions or 166 e-auctions per day in average were carried out in 2017. Submission of final price is

added to this figure. Namely, in the course of 2017, there were total of 29,441 submissions of final price or 112 submissions of final price per day in average.

7.7.1. Effects from carrying out e-auctions and e-procurement

The former experiences in public procurement analysed by the Bureau show that the most significant effect achieved by carrying out the e-auctions is generating savings. Thereby, the Bureau calculates the savings generated through e-auctions as follows:

- a) lowest price being the criterion for awarding the contract – the generated saving is considered as the difference between the initial price of the e-auction (the lowest price from all tenders previously evaluated and accepted to participate in the e-auction) and the final price achieved at the e-auction, i.e. the value of the concluded contract;
- b) economically most advantageous tender being the criterion for awarding the contract – the generated savings are considered as the difference between the own initial price of the tenderer with the most advantageous tender, following the e-auction.

Data on e-auctions carried out in 2017 show that average savings of 24.70% were generated or absolute savings in the amount of 3,298,649,785 (or over EUR 53 million). In addition, it should be pointed out that as an aggregate value savings were even higher, since the abovementioned value also included e-auctions carried out at unit price, thus when such value is presented as an aggregate value of the contract, savings have higher aggregate value. If savings generated upon submissions of final price, in the absolute amount of MKD 481,076,828 (12.7% percentage) are added to these savings, the total savings amounts to more than EUR 61 million.

It can be concluded that average savings of 24.7% or absolute savings of MKD 3,298,649,785 were realized in the course of 2017

The analyses conducted by the Bureau lead to the conclusion that compared to the previous years when the amount of savings, both as aggregate value and as percentage, have constantly increased, there is a decline in the amount of savings in absolute amount; however, in terms of percentage they are almost at the same level as in 2016. The amount of savings generated on the basis of e-auctions carried out in the last three years are given in Table no. 7.33. The total amount of savings via carried out e-auctions is from procedures wherein the lowest price criterion was applied.

Only 3 procedures were published in 2017, wherein economically most advantageous tender criterion applied.

Chart 7.25

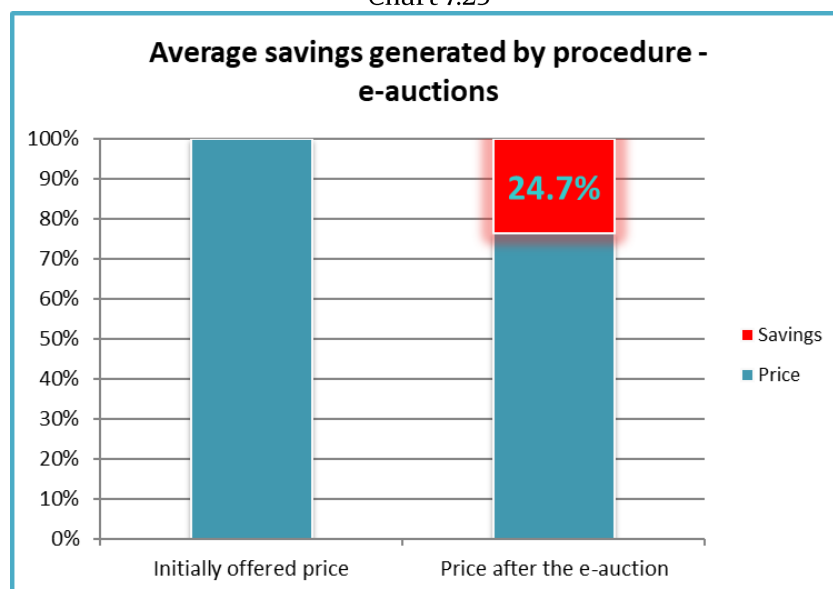


Table 7.33

Total amount of savings generated through e-auctions	
2017	MKD 3,298,649,785
2016	MKD 5,297,521,340
2015	MKD 4,339,156,061

2017 data and the former practice lead to the conclusion that submission of final price, as a tool, does not even closely yield the results obtained with e-auctions i.e. when here is competition with regards to the procedures

The gathered data show decrease in the amount of generated savings in 2017, compared to the previous years.

On the basis of former analyses and experiences gained throughout the years with regards to the effects from the e-auctions

and the savings generated by applying them, what is important to be mentioned is that the important factor contributing to increased amount of savings is the **SUBMISSION OF ABNORMALLY HIGH PRICES** in the initial tenders in some types of procedures. These analyses and conclusions are also mentioned in the draft strategy for development of the Electronic System for Public Procurement.

In the further development of the Electronic System for Public Procurement, considering the effects from the former mandatory carrying out of e-auctions, as well as the needs of harmonization of the Law on Public Procurement with the new EU Directives, optional use of e-auctions is foreseen in the Law on Public Procurement which is still in its preparatory phase.

With regards to the savings generated upon final prices submitted by the tenderers, there is an insignificant percentage of savings (2.36%) from the initially offered price by the single tenderer. Compared to the previous year, this percentage has dropped; however, it was observed that, fourth year in a row after the introduction of mandatory publication of the estimated value, prices were abnormally high up to the amount of the estimated value, especially at specific subject-matters of procurement for which there is no competition on the market. It is worth mentioning here that savings generated through the final price mechanism participate with approximately 12.7% in the total amount of generated savings (12% in 2016). If this datum is compared to the number of contract notices with submission of final price as final phase – 38% of the published contract notices, it could be concluded that, with regards to the amount of savings and the percentage of savings, submission of final price does not even closely yield the results obtained with e-auctions, but rather the tenderers, most often, reduce their prices only to be within the estimated value (approximately at the same level as the estimated value).

With regards to the savings generated from auctions compared to different procedures, on the basis of the lowest price as contract award criterion, data are presented in the Table below:

Table 7.34

Type of procedure	Total amount of savings	Percentage of savings
Simplified competitive procedure up to EUR 5,000	MKD 225,112,823	29%
Simplified competitive procedure up to EUR 20,000	MKD 435,812,242	24.97%
Open procedure	MKD 2,637,724,719	22.66%

In 2017 the same trend continued – larger savings were generated from procedures with higher value thresholds. In fact, 80% of the total value of savings was generated from e-auctions carried out in open procedures (share of open procedures in the total number of published contract notices is approximately one fourth of the contract notices). With regards to simplified competitive procedure, there is a higher percentage of savings compared to 2016; however, the decrease of savings in absolute amount in 2017 is most visible in open procedures.

As is the case with procedures and savings generated upon carried out auctions, savings generated on the basis of submissions of final price - the highest percentage (83%) is observed in open procedures.

With regards to the savings generated on the basis of auctions by type of procurement, i.e. type of supplies, service or works procured, more important data are shown in the Table below:

Table 7.35

Activity/Sector	Percentage of savings
Information and telecommunication products and services	30.79%
Consumable supplies and stationery and printing/publishing services	30.70%
Construction works, works related to environment, utility services, hygienic-technical equipment/products and other related supplies/services	26.40%
Industrial and mining machines, equipment, their maintenance, spare parts and related supplies/services/works	25.55%

The highest amount of savings are generated from auctions carried out as the final phase in an open procedure

Fixed assets

23.96%

In 2017, e-auctions were carried out in 62% of the published contract notices, while 38% of the published contract notices included submission of final price as final phase

Reduction of the initially submitted price was observed in 77% of the scheduled e-auctions

Tenderers DID NOT reduce the price in 82% of the submissions of final price

Like in the previous year, the largest savings, in average, were generated in the sectors where standardized supplies and services were offered and where competition on the market existed. As seen from the Table, savings of more than 20% in average were generated in these sectors, and even more than 30% in other sectors. In these terms, market competition means that more competitive tenderers participate with their tenders in the contract award procedures. In addition, it should be mentioned that, although market competition can exist in a particular sector, if the companies do not participate with their tenders, there would be no real competition in the contract award procedures and the e-auctions would not yield the expected positive effect. Furthermore, the trend of high percentage of savings in the construction works sector continued, while with regards to the sectors for procurement of services (financial -38.22%, educational, legal, consulting, marketing services and temporary employment services - 32.67% and other) where e-auction was carried out, slight decline of savings was observed. Since this type of savings does not account as significant item within the total amount of savings, it is not presented in the Table.

In 2017, 62% out of the total number of published contract notices for procedures having an e-auction as final phase had at least two acceptable tenders and e-auctions were carried out, and for the remaining 38% of the procedures, final price was submitted. This ratio is presented in Chart 7.26. This datum shows significantly large share of the procedures/parts thereof having the submission of final price as final phase in the total number of contract notices/parts thereof for which contracts were concluded.

Quite positive datum with regards to the use of e-auctions and participation of the tenderers is the percentage of e-auctions with a reduction of the initial price. Reduction of the initial price was observed at 77% of the e-auctions scheduled and carried out through

the system. In 2017, in 24,213 out of total 29,441 scheduled submissions of final price there was no reduction of the initial price i.e. there was no reduction of the initial price in 82% of the submissions.

The average number of price reductions when carrying out e-auctions in 2017 was around 21 price reductions, same as in 2016.

Chart 7.26

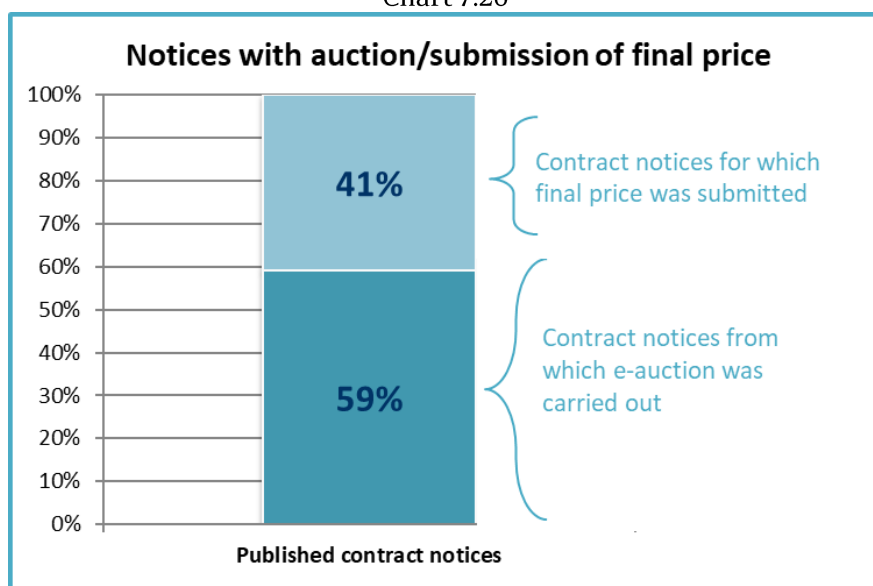
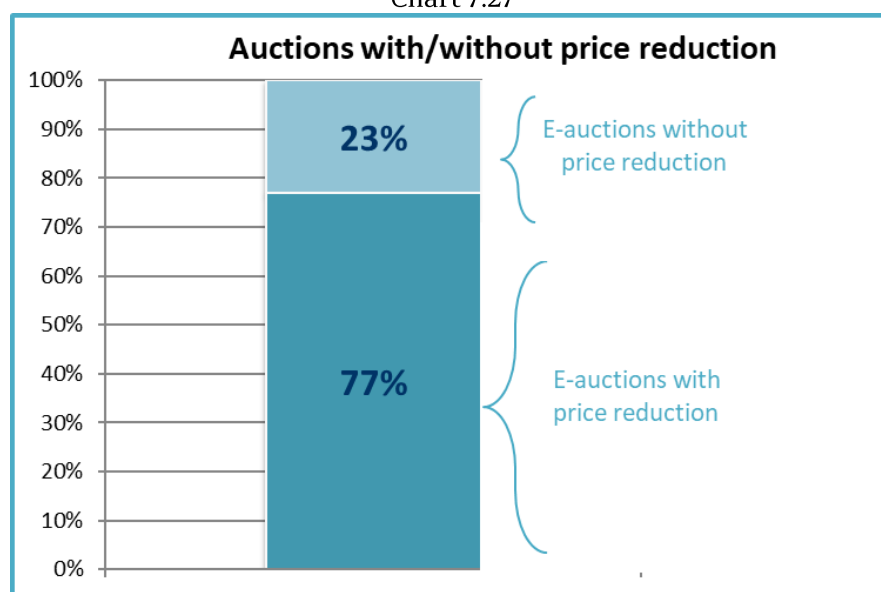


Chart 7.27



*The most e-auctions
in one day – 824, were
carried out on
23.06.2017*

The average duration of one e-auction is twenty nine minutes (including the 3-minute extensions if new reduced price was submitted within the last 3 minutes). The largest number of scheduled e-auctions on ESPP in a single day throughout 2017 was on June 23 - with 824 scheduled and carried out e-auctions, higher number compared to 2016, when the largest number of scheduled auctions in one day was 693.

Chart 7.28

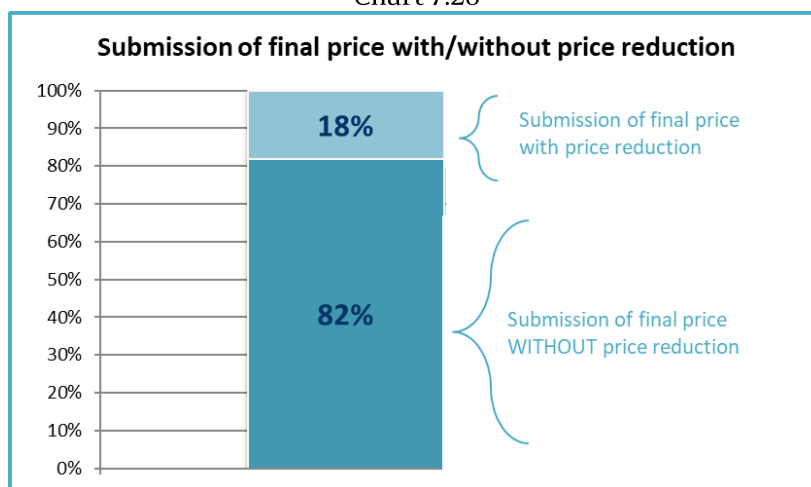
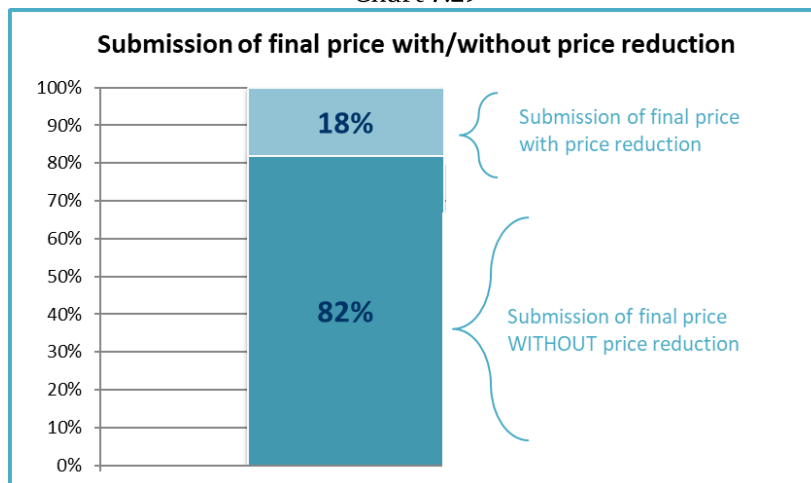


Chart 7.29



7.8. Competition at public procurement

In procedures fully carried out through ESPP, the average number of submitted tenders is higher compared to the paper-based procedures

With respect to the analyses conducted on the basis of the data available to the Public Procurement Bureau, from the aspect of competition at public procurement, below are presented some significant data on the number of tenders by procedures, type of contract, as well as data on the basis of how the procedure was carried out (paper-based form or electronically).

It should be taken into consideration that the data are obtained from the ESPP database, whereby with respect to the tenders in the procedures carried out electronically, the system itself produces the number of submitted tenders, while regarding the paper-based procedures, data are obtained from the forms the contracting authorities fill in manually when recording the concluded contracts. Hence, the reliability of these data depends, to a great extent, on the accuracy of the data entered by the institutions.

The average number of tenders submitted in procedures carried out fully through the ESPP was 3.62 tenders per procedure, while with respect to the paper-based procedures, 2.35 tenders were submitted in average.

The average number of submitted tenders in contract award procedures (including both those carried out electronically and in a paper-based form) is presented in the Tables below:

Table 7.36

Procedure	Average number of tenders
Simplified competitive procedure up to EUR 5,000	2.78
Simplified competitive procedure up to EUR 20,000	3.54
Open procedure	4.42
Negotiated procedure with prior publication of contract notice	2.80
Negotiated procedure without prior publication of contract notice	1.49
Awarding public services contract for service category 17-27	2.23
Qualification system	3.43
Total – average of all procedures	3.33

Table 7.37

Type of contract	Average number of tenders
Supplies	3.63
Services	2.79
Works	4.12

For the purpose of calculation of the average number of submitted tenders, new modern technology was introduced as of 2016 and the statistical processing of data was improved, whereby tenders submitted in all procedures were taken into consideration when calculating the total average.

However, this year as well, the accuracy of these statistical data depends, to a great extent, on the correct entering of data by the contracting authorities when filling in the contract award notices in paper-based procedures.

8. Analysis of the effects from e-procurement and e-auctions

8.1. Mandatory e-procurement – expected and achieved effects

Positive aspects from carrying out public procurement procedures fully electronically were underlined on many occasions in the annual reports prepared in the past years, and the commitments of the Public Procurement Bureau in the context of improving the legislation aimed at following the European trends on mandatory e-procurement were pointed out as well.

Pursuant to the modifications and amendments to the Law on Public Procurement (“Official Gazette of Republic of Macedonia” no. 78/15), e-procurement is mandatory to be applied gradually in the course of the next three years. The contracting authorities are obliged to carry out open procedures, restricted procedures and simplified competitive procedures by using electronic means through the ESPP, as follows:

- in at least 30% of the published contract notices as of January 1, 2016;
- in at least 50% of the published contract notices as of January 1, 2017;
- in 100% of the published contract notices as of January 1, 2018.

The legal provision on mandatory carrying out of the contract award procedures by using electronic means through the Electronic System for Public Procurement started to apply in 2016 and, as the analysed data for 2016 and 2017 show, the contracting authorities have largely accepted this solution, recognizing the benefits arising from e-procurement. Mandatory e-procurement has contributed to modernization and improvement of the public procurement system, in order to increase its efficiency and functionality.

The new Directives on Public Procurement, which were published in the Official Journal of the European Union at the end of March 2014, clearly recognized the e-procurement as the key factor in increasing efficiency and ensuring transparency, hence the focus is placed on carrying out public procurement procedures by using electronic means. According to the new EU Directives, it is planned the tenders for contract notices, published by all contracting authorities, to be mandatorily submitted by using electronic means (e-submission) by September 2018.

The introduction of this legal provision and the successful implementation thereof is in the focus of the Strategy for ESPP Development. Carrying out the procedures electronically provides for series of benefits and advantages, while e-procurement will contribute to accomplishing many objectives, the most significant being the following:

- efficiency in the public sector – saving time and funds in the contract award procedures and improvement in terms of managing and implementing the awarded contracts.
- Increased transparency and fair competition with regards to the contract award procedures;
- improved monitoring and auditing of the contracts, providing for greater conformity with the rules and policies, thus minimizing corruption and misuse;
- Enhanced competition by improving the access to the public sector market and better possibilities for cross-border trading;
- improved and faster communication between the contracting authorities and the economic operators; and
- unification and standardization of the steps taken when carrying out certain types of public procurement procedures.

8.2. Analysis of the effects from carrying out e-auctions

Auctions give the expected results when standardized supplies and services are being procured, with well defined technical specifications and when used on the market with high level of competition

According to the analyses conducted by the Public Procurement Bureau, the experiences gained so far can lead to the conclusion that the effects from carrying out e-auctions were not always as initially assessed and expected. In fact, there are both positive and some negative effects arising from carrying out e-auctions. The Public Procurement Bureau keeps to the recommendations and conclusions analysed in the reports from the past three years, where the main features and trends related to e-auctions were presented, as well as the cases where e-auctions did not provide for the best results. Among other things, the following were detected as major shortcomings: e-auctions yielded the expected results when standardized supplies and services were procured, with well-defined technical specifications and when used on a market with high level of competition; not all subject-matters of procurement were suitable to be tendered at an e-auction; real effect of the savings at higher value procurement; abnormal increase of prices in the phase prior to the e-auction; speculative activities with regards to the price, etc. The statistical data available to the Bureau show increased number of procedures for which there are no possibilities for an auction to be carried out through the ESPP, i.e. the price of MKD 0.01 is offered in the tender which is subject to e-auction. In addition, no exception is envisaged in the Law on Public Procurement with regards to the mandatory carrying out of the e-auctions for procurement of services for which, pursuant to other regulation, there are fixed, i.e. regulated prices on the market.

The general conclusion from the experience so far is that, technically, e-auctions could be used in all procurement procedures; however, they do not give the results and do not justify the purpose of their existence if used in 100% of the procurement procedures. Therefore, the Bureau's plans and proposals are aimed at:

- optional e-auctions;
- optional publishing of the estimated procurement value, only in cases of budget restrictions;
- cancellation of the submission of final price, as a result of the inexpediency and insignificant effects in the practice.

9. Proposals for improvement of the public procurement system

On the basis of the data from the Call Centre, the web contact form and the website, the trainings, the analysis of statistical data, as well as other information obtained by the Public Procurement Bureau on the functioning of the public procurement system, and considering the EU Directives,

the Bureau gives the following proposals for improvement of the public procurement system in Republic of Macedonia:

- Implementation of the State Audit Office's recommendations contained in the report on carried out performance audit over the public procurement system, as well as both SIGMA and European Commission recommendations;
- Continuous monitoring of the new EU initiatives and regulations in the field of public procurement and harmonization of the national legal framework;
- Further integration of the concessions and PPP in the public procurement system in line with the EU approach;
- Strengthening the control in the contract award procedures through the appeal procedure and certain ex-ante control mechanisms;
- Use of electronic means in the appeal procedure and the proceedings before the Administrative Court;
- Strengthening PPB capacities via improvement and professional training of the permanently employed persons;
- Increase of the transparency and accountability of the contracting authorities by uploading the concluded public contracts;
- Improvement of the transparency by introducing public procurement e-plan;
- Improvement of the public contract management;

- Introduction of Public Procurement Education Academy for the purpose of further professional development and public procurement function;
- Facilitating the manner of reporting corruptive practices to the State Commission for Preventing Corruption and the Commission for Protection of Competition;
- Introduction of new tools on the ESPP such as “red flags” for the purpose of monitoring the risk and influencing the reduction of corruption.