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MONITORING PUBLIC PROCUREMENT AT THE LOCAL GOVERNMENT LEVEL

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INTRODUCTION: GOALS AND METHODOLOGY

The Center for Civil Communications (CCC) is regularly monitoring the implementation of public procurement procedures in Macedonia from 2008 onwards, i.e., from the entry in effect of the new Law on Public Procurement, drafted in line with the European Commission's Directives. The purpose of monitoring activities is to assess whether and to what extent state institutions adhere to the general principles on public spending, as stipulated in the Law: competition among companies, equal treatment and non-discrimination, transparency and integrity in implementing public procurements, as well as cost-effective and efficient use of public funds.

Monitoring activities target procurement procedures organized and implemented by all state institutions country-wide, both on central and local level. Due to differences and specificities identified between central and local governments in relation to implementation of public procurements, from 2010 local and central level procurements are monitored separately. Namely, this endeavour resulted in collection of more detailed and significant insights that can be used by all interested parties with a view to promote and improve the manner in which public procurements are organized and implemented and guarantee compliance with the Law and application of the general principles governing public procurements.

This report is prepared on the basis of results from monitoring 40 public procurements implemented by local institutions throughout Macedonia that comprise the monitoring sample selected for the period 1 October 2012 - 31 March 2013.

The monitoring sample was selected from public procurements announced in the Electronic Public Procurement System (EPPS) and the Official Gazette of the Republic of Macedonia. Moreover, the selection process made due account of the need to include broad, diverse, and equitable coverage of institutions (local self-government units and local institutions under their jurisdiction, such as public enterprises, schools, kindergartens, etc.), different types of procurement procedures (bid-collection procedures, open procedures, etc.), different types of contracts (goods, services, and works), and different procurement subjects, as well equitable geographical distribution of institutions whose procurements were subject to monitoring activities.

The monitoring is carried out by collection of primary and secondary data, including CCC monitors' attendance at public opening of bids, interviews with bidding companies, browsing and researching EPPS database, researching information on appeals lodged in front of and decisions taken by the State Commission on Public Procurement Appeals available on its website and by means of Freedom of Information (FOI) applications requesting information that is otherwise unavailable. Questionnaires and other forms used as part of the monitoring process are structured in a manner that enables the most

effective monitoring of public procurements in terms of compliance with the legislation and adherence to general principles governing public procurements.

Data and information collected are fed into a previously structured and specially designed matrix, which allows analysis of public procurements in terms of compliance with above-referred principles, including competition among companies, equal treatment and non-discrimination, transparency and integrity in organization and implementation of public procurement, as well as cost-effective and efficient use of public funds.

Once data are analysed and processed, a report is drafted with key monitoring findings and analysis of public procurements, accompanied with recommendations aimed to address identified problems and weaknesses in the public procurement system, and detailed elaboration of the established state-of-affairs.

SUMMARY

Monitoring activities identified certain shortcomings, remarks and inconsistencies that are common for a dominant share of public procurements from the monitoring sample. Significant share of monitored procedures are marked by several shortcomings, and high is the number of procurement procedures that have led to absurd situations and outcomes. All these raise the dilemma whether public procurements are performed only for the sake of complying with the form, without proper application of the basic principles governing public procurements, such as competition among companies, equal treatment and non-discrimination, transparency and integrity in organization and implementation of public procurements, as well as the cost-effective and efficient use of public funds. All these underline the need for establishment of control mechanisms that would prevent malpractices and violation of legal provisions in all stages of public procurements.

In certain cases, monitoring of local level public procurements revealed violations to the Law on Public Procurement that raise the dilemma whether they are made on purpose or randomly, due to insufficient knowledge of legal provisions in effect. On the other hand, legal provisions are characterized by certain ambiguities that create confusion for the entities that should enforce them and result in different interpretation thereof. Be that as it may, if certain control mechanism is in place and companies are encouraged to submit appeals, these occurrences would be reduced to an insignificant number and would be an exception rather than a rule.

Irrespective of the fact whether it is a matter of non-enforcement of certain provisions from the Law on Public Procurement that concern transparency and accountability on the part of institutions or non-disclosure of information requested in compliance with the Law on Free Access to Public Information, numerous cases were recorded of institutions' non-transparent public spending.

More than half of monitored procurement procedures required the companies to fulfil certain specific eligibility criteria for tender participation. By setting these requirements, contracting authorities limit the participation of small and newly established companies in the public procurement market. In most of these cases, it is difficult to recognize the purpose behind the eligibility requirements, i.e., there are no logical or economic connections between the requirements and the procurement subject. This imposes the need for further education and training of persons who implement procurement procedures and establishment of control mechanisms for public procurements that would alert the contracting authorities when they define inappropriate and unrealistic eligibility criteria and requirements for the bidding companies.

Although mandated by law, e-auctions were scheduled in only 53% of monitored procurement procedures. Dominant reason indicated for failure to organize e-auction was the fact that only one company or no companies submitted a bid, which was observed in 84% of all cases. Additional concerns are raised by the reasons that have led to poor competition among companies. The share of monitored procedures in which e-auctions were not scheduled (47%) is lower compared to the previous monitoring period (54%). In some instances, e-auctions resulted in dramatically reduced prices and raise the dilemma whether low prices also imply low quality or that the procurement would not be performed as initially anticipated.

The share of annulled procedures from the monitoring sample comprised of local level public procurements is on the same level compared to the previous monitoring period (15%). In one-third of annulled procedures, the contracting authorities indicated that the procedure has been annulled due to the fact that they have not obtained a single bid. However, the analysis of annulled procedures reveals a frequent phenomenon in this regard, i.e., procurement procedures for goods, services or performance of works are annulled, but are not repeated and thus goods and services required are not procured, even by means of direct agreements.

Monitoring of local level public procurements provides the conclusion on significantly decreased attendance at public opening of bids on the part of bidding companies' representatives. More than half of bidding companies in the monitored procurement procedures did not attend the public opening of bids.

Major disparities were recorded among individual municipalities not only in terms of total amount of public funds spent by means of public procurements, but also in terms of public procurement spending per capita. The municipality with the highest rate of public procurement spending has spent 443 times more funds compared to the municipality with the lowest rate of public procurement spending. Municipalities' public procurement spending per capita ranges from 2 to 412 EUR, with an average of 73 EUR.

BASIC PRINCIPLES OF PUBLIC PROCUREMENTS - LOST IN THE FORMALITIES

Monitoring activities identified certain shortcomings, remarks and inconsistencies that are common for a dominant share of public procurements from the monitoring sample. Significant share of monitored procedures are marked by several shortcomings, and high is the number of procurement procedures in which the identified shortcomings have led to absurd situations. All these raise the dilemma whether public procurements are performed only for the sake of complying with the form, without proper application of the basic principles governing public procurements, such as competition among companies, equal treatment and non-discrimination, transparency and integrity in organization and implementation of public procurements, as well as cost-effective and efficient use of public funds. Individual examples analysed in this document concern only a fragment of shortfalls identified by means of monitoring public procurements. These and other duly recorded shortcomings reiterate the need for establishment of control mechanisms that would prevent malpractice and violation of legal provisions in all stages of public procurements.

One procurement – numerous dilemmas

The procurement procedure related to New Year decorations, in the amount of 4,267 EUR and implemented as bid-collection procedure, required the bidding companies to fulfil following eligibility criteria for tender participation: profitable operation in the last two years, specific educational and expert qualifications of employees tasked to perform the contract (by enclosing M1/M2 templates as proof of official employment), statement on timely delivery of goods and works and evidence on ownership of specialized vehicle (bucket truck) or evidence on its availability. Having in mind that the procurement was announced in December and that the municipality had a limited period of time for its performance, one can only assume that by setting these requirements the contracting authority wished to ensure timely performance of the procurement contract (New Year decoration). However, even if the requirement related to submission of statement on timely delivery of goods and possession or availability of the specified vehicle are considered justified, the same is not true for the requirements related to profitable performance in the last two years and educational and professional qualifications of company's employees. Ultimately, only one company submitted a bid and was awarded the contract, but e-action was not scheduled and organized due to non-existent competition. All this has led to accelerated implementation of the procurement procedure, whereby the contract was signed on 18 December 2012, just in time to have the town decorated. This opens a series of questions and dilemmas. First, how could have the bidding company know that it was going to win the tender procedure and therefore had the decorations in stock and was able to immediately perform the

contract once it was signed? What would have happened if there were several bidders and if e-auction was scheduled, knowing that it would result in longer duration of the procedure and would jeopardize contract performance prior to the New Year's Eve? What would have happened if one of the bidders had decided to appeal and thus delay the procedure, i.e., New Year decorations would not be placed as late as January?

Additional problem is the fact that this procurement is qualified as procurement of small value (up to 5,000 EUR) for which the Law stipulates that bidding companies shall not be burdened with any other eligibility requirements or criteria other than submission of relevant documents on registered business activity.

Performance deadline of 2 days and payment deadline of 3 years!

The procurement procedure related to construction of sidewalks used "economically most favourable bid" as the selection criterion with the following elements: price was assigned 60 points, payment deadline - 20 points and performance deadline - 20 points. Total of three companies submitted their bids on the announced call. E-auction was scheduled and organized, but none of the bidding companies reduced its initial price. Finally, the bid that was assigned the maximum number of points was selected as the most favourable one. The absurd here is seen in the fact that the company offered a performance deadline of only 2 days and payment deadline of incredible 3 years! Situations like this, which are not a rare phenomenon, raise several questions. First, will the company actually perform construction works in only 2 days? One of the other two companies also offered a performance deadline of 2 days, while the third one offered a performance deadline of 3 days. If the selected company does not perform the works within 2 days, the selection procedure and the bid-ranking with allocation of (maximum 20) points for this element are brought under question. What is the economic logic for the company to finance, i.e., to credit, the contracting authority without any interest rate for a period of three years? Namely, the other two companies offered payment deadlines of 100 and 550 days, respectively. How and do the contracting authorities take into consideration this type of payment obligations for goods/service/works procured in advance when they plan their relevant budgets? In this case, the contracting authority should anticipate the payment for sidewalk construction works as late as the municipality's budget for the year 2016! Another question is whether the payment can be effectuated prior to the expiration of the three year deadline? If that is true, points allocated to this bidder on the account of payment deadline raise serious concerns and cast a shadow of doubt on the entire selection process for the most favourable bid.

Decision on procedure annulment - three months after the organized e-auction

Series of absurdities were noted in the procurement procedure organized by one municipality and intended for transportation of secondary school students. First, although student transportation should be performed in the school year 2012/2013, which means transportation services are needed from September 2012 onwards, the call for bids was announced as late as 25 December 2012. Second, the e-auction was organized in mid-March 2013, i.e., 30 days after the public opening of bids. Third, the selection decision, i.e., the decision on procedure annulment in this case, was taken three months after the organized e-auction, i.e., in June 2013! Series of dilemmas are raised with respect to the course of action and the outcome of this public procurement procedure. Why did the contracting authority need such a long period of time between individual stages in the procedure, especially a period of three months from the organization of e-auction until the decision on procedure annulment? Having in mind the reason indicated for procedure annulment, i.e., prices and conditions bided were less favourable than market prices and conditions, the question is raised about who and how does he/she determine the actual market prices and conditions. Furthermore, what is the role of procurement's estimated value? It would be logical to assume that the contracting authority has precisely determined the estimated value for this procurement with due consideration of past procurements organized for same services, actual market conditions and possible fluctuations. Therefore, it is of outmost importance for the contracting authority to determine whether prices bided are within the estimated value and to possibly annul the procedure if certain deviations are noted in that respect.

Otherwise it should be noted that this particular procurement was already annulled in the past and that the contracting authority entered a direct contract with one transporter.

IGNORANCE OF AND INCONSISTENCIES IN THE LAW ON PUBLIC PROCUREMENT

In certain cases, monitoring of local level public procurements revealed violations to the Law on Public Procurement that raise the dilemma whether they are made on purpose or randomly, due to insufficient knowledge of legal provisions in effect. On the other hand, legal provisions are characterized by certain ambiguities that create confusion for the entities that should enforce them and result in different interpretation thereof. Be that as it may, if certain control mechanism is in place and companies are encouraged to submit appeals, these occurrences would be reduced to an insignificant number and would be an exception rather than a rule.

For the purpose of contributing to better understanding of these violations, following is the analysis of several examples from the monitoring sample.

Although the first procedure is still not completed, a second call for bids was announced for procurement of district heating feasibility study. How is this possible? Namely, 22 days after the collection of bids on the first call, the contracting authority decided to annul the procedure, but did not adopt a decision on procedure annulment (or at least it did not publish such decision), and instead published in EPPS' section "e-procurements", subsection "latest decisions" that an annulment decision has been adopted and only 10 days later announced a new call for bids for the same procurement subject, although to date the first call still exists in EPPS without any indication on its current status or possible outcome.

In another procurement procedure concerning construction of a building, the contracting authority adopted a decision on procedure annulment and published it both in the subsection "latest decisions" (intended for publication of latest decisions from e-auctions) and in the section "annulment of procedures". The contracting authority indicated that the reason for procedure annulment is the fact that "the number of bidding companies is lower than the minimum threshold for public procurement contract-awarding stipulated in the LPP". Once again, the problem here is inconsistent enforcement of the Law, notably because this ground for procedure annulment is not stipulated as legal ground for annulment of open procedures and there is no law-stipulated minimum threshold for bidding companies. This ground for procedure annulment is applicable in the case of limited bid-collection procedures and competitive dialogue procedures, as well as negotiation procedure with prior announcement of call for bids and procedure for signing framework agreements.

The third example concerns procurement of foodstuff, beverages, sanitation materials, office supplies and small inventory and the procedure was annulled on the grounds that

“acceptable bids were submitted, but they are incomparable, due to the different approach applied in terms of drafting the technical or financial bid”. It is a matter of a procurement that can be divided into four lots and for which four companies submitted their relevant bids, as follows: two companies bided for only one lot, one company submitted a bid for two lots and one company bided for three procurement lots. Insight performed in the submitted bids did not result in a conclusion that the bids were incomparable on any ground, which brings under question the adequacy of the legal grounds indicated for procedure annulment by the contracting authority.

Moreover, having in mind that once the procedure was annulled, the contracting authority immediately announced a new call for bids with identical tender documents and technical specifications, the question is raised on what has the contracting authority done in the meantime in order to guarantee success of the new procurement procedure, i.e., to ensure that this time around the companies will submit comparable bids. This becomes more worrying given that it is a matter of small municipality and there are a limited number of bidders, which makes it highly likely that same bidding companies will appear in the repeated procurement procedure.

In cases that imply important procurements, contracting authorities are advised to organize in advance consultative meetings with the business community, in order to clarify their needs and respond to possible questions, with an ultimate goal of successful implementation of procurement procedures and reducing the chances for procedure annulment, as well as any possible misunderstandings.

Another example is the procurement of firewood and pellets organized by a municipality from the monitoring sample. Namely, the municipality organized an open procedure with two lots, one intended for procurement of firewood and the other intended for procurement of pellets. Since there were no bids received in relation to procurement of pellets, this lot was annulled and one company was selected for procurement of firewood. Despite the fact that this procurement lot is indivisible and that a total quantity of firewood was indicated, after the selection of the most favourable bid, the contracting authority signed seven individual procurement contracts with the selected company, one for each of the seven institutions for which firewood was procured. When one procurement serves the needs of several institutions, as is the case with the municipality that procured firewood for its needs and for the needs of six schools, and when the procurement is indivisible and indicated the total quantity of firewood, it is more common for the contracting authority to sign one contract with the supplier, and later sign individual contracts with all concerned institutions in order to regulate their mutual rights and responsibilities. In this case, it seems irregular for the municipality to sign seven identical contracts with one and the same bidder, but in different amounts and quantities, knowing that the procurement was qualified as indivisible.

The next example concerns inconsistencies noted in the Law. Namely, two companies submitted their bids in the procurement procedure for preparation of local economic development strategy. Following bid-evaluation and ranking and the e-auction, the company that bided the lower price was awarded the contract because “price” was the only selection criterion defined in the procedure. Ultimately, the contracting authority signed the procurement contract with the second-ranked company due to the fact that the first-ranked company failed to present complete documents demonstrating competence and capacity, which is in compliance with the Law. However, the inconsistency noted here concerns the fact that legal provisions do not stipulate issuance of negative references for the behaviour demonstrated by the economic operator, i.e., prohibition for future participation in public procurements, although the action observed with this company is similar to the grounds that qualify for issuance of negative references (withdrawing the bid prior to its validity expiration, refusal to correct arithmetic errors, refusal to sign the public procurement contract and failure to provide guarantees for quality performance, when required in tender documents). Usually, this only concerns bid-collection procedures where the bidding companies confirm their competence by submitting a statement, and later, the first-ranked company is required to present all relevant documents.

A logical question here is why it is disputable when the company refuses to sign the contract (a stage that follows submission of relevant documents), but it is not disputable when the company does not submit the documents, when ultimately both actions trigger identical consequences? For clarification purposes, stressing this legal inconsistency does not imply insistence to extent situations in which companies should be prohibited to participate in public procurements, but rather an attempt to underline the gap in the Law that companies might abuse in order to avoid negative references that would otherwise be enforced should they refuse to sign the contract or should they wish to withdraw the bid.

(TEXTBOX)

One law – different enforcement

As regards the enforcement of the Law on Public Procurement, monitoring of public procurements revealed certain inconsistencies in the legal provisions that create confusion in practice and provide the basis for different enforcement thereof.

One of these inconsistencies was observed in cases with only one bidder in the tender procedure, whose bid is acceptable, but there are no possibilities to organize e-auction, although the contracting authority wants to reduce the initial price. This situation is not adequately addressed in the Law, i.e., this situation does not fall under the procedure types that can be annulled and followed by a negotiation procedure without prior announcement of calls for bids for the purpose of negotiating price reduction. On the

other hand, the Law stipulates that in cases with only one bidding company and impossibility to organize e-auction, the contracting authority can proceed with negotiation procedure without prior announcement of call for bids. Thus, on one hand there is no ground for procedure annulment, and on the other hand, there are grounds for negotiations. Due to this ambiguity, in practice the contracting authorities pursue one of the two possible solutions. Some contracting authorities annul the procedure by indicating some other grounds and then, referring to the article that allows negotiations when e-auction cannot be organized, proceed with the negotiation procedure. Other contracting authorities, however, instead of annulling the procedure, take a selection decision for the most favourable and for pursuing negotiations with the same bidder in order to reduce the price.

Both cases are characterized by inadequate enforcement of the Law and create different problems. In the first case, the procedure is annulled on one ground, followed by negotiations on the basis of completely different grounds. In the second case, the problem is identified in the fact that the initiated procedure is not annulled and a new procedure is announced, i.e., the two simultaneously pursued procedures are treated as two stages of one procedure, which is not stipulated by the Law.

Another problem is the fact that this situation, characterized by lack of sufficient competition and receipt of only one bid, creates a series of other negative consequences. Namely, the number of annulled procedures is growing, the share of procedures with e-auctions is reduced, and the number of contracts signed by means of negotiations is increased.

All this indicates the need for the Law on Public Procurement to specify this situation and thus narrow the possibilities for contracting authorities to enforce legal provisions to their liking or individual interpretation thereof.

(END OF TEXTBOX)

OPAQUE INSTITUTIONS - AN EVERLASTING PROBLEM

Irrespective of the fact whether it is matter of non-enforcement of certain provisions from the Law on Public Procurement that concern transparency and accountability on the part of institutions or non-disclosure of information requested in compliance with the Law on Free Access to Public Information, numerous cases were recorded in relation to institutions' non-transparent public spending.

As regards public procurements, institutions' transparency and accountability are mainly stipulated by means of legal provisions contained in the Law on Public Procurements. However, in significant share of cases, the decision concerning transparency is a discretionary right of the institutions, depending on their willingness to apply the principles of good governance. In these and other cases where institutions do not disclose information, they can be obtained in compliance with the Law on Free Access to Public Information, however, without any guarantees that requested information will be disclosed.

There are numerous examples of non-compliance with the laws and good practices established. In the monitoring period (October 2012 – March 2013), the share of local institutions that published their tender documents in EPPS, thereby making them fully available, free-of-charge, to all interested subjects, has decreased. It is a matter of a practice that is not stipulated by law, but is rather a possibility for contracting authorities. Therefore 47% of tender documents related to procurement procedures from the monitoring sample were published in EPPS, while in the remaining cases (53%) tender documents were not available in EPPS. This means that relevant tender documents related to these procurement procedures were issued in hardcopy or in electronic form, but only on the request of interested companies and other entities, and they often implied payment of relevant fees. As regards the payment of tender document fees, the Law decisively stipulates that fees for issuance of tender documents should be set in an amount that covers the costs for photocopying and delivery. In the cases where tender document fees were imposed, the average amount accounted for 1,140 MKD and is significantly higher than the costs incurred for photocopying and delivery. In the previous monitoring period, the share of tender procedures published in EPPS accounted for 55% and compared to the relevant share for the present monitoring period (47%) provides the conclusion that the situation has deteriorated by 8 percentage points. At the same time, an increase was noted in regard to the average fee imposed for issuance of tender documents, i.e., from 820 MKD calculated for the previous monitoring period to 1,140 MKD calculated for this monitoring period.

In terms of other transparency-related issues, particular attention should be given to institutions' non-compliance with the Law on Free Access to Public Information as they were addressed with FOI applications inquiring about monitored public procurements and requesting information needed to develop a complete and quality analysis of public spending. Institutions that ignored FOI applications account for 10% of the monitoring sample. In that regard, it should be noted that none of these institutions, i.e., persons responsible for freedom of information issues, refused to disclose the information requested, but resorted to different excuses and postponed FOI responses, ultimately leading to non-disclosure of information requested. Although this monitoring does not aim to publish names of institutions and companies, but rather indicate the weaknesses in the public procurement system and inconsistent enforcement of the Law on Public Procurement by means of monitoring a random sample of specific procurement procedures, an exception was made in this report due to the gravity of the situation. Contracting authorities that did not respond to FOI applications include: Municipality of Vrapciste, Public Utility Company "Komunalec" – Strumica, Public Municipal Kindergarten "Detska Radost" – Strumica and Public Municipal Kindergarten "Detska Radost" – Gostivar.

Cases were noted where the information requested were disclosed with a delay and multiple expiration of the law-stipulated deadline, despite the serious urgencies and communication with the institutions that are relevant information holders. For example, one institution disclosed the requested tender documents within a deadline of 180 days, instead of 30 days, as stipulated by law.

For another 15% of procurement procedures from the monitoring sample it was established that contracting authorities, by indicating different grounds, did not comply with legal provisions from the Law on Public Procurement that stipulate particular deadlines for publication of different sets of data in EPPS related to already implemented public procurements.

In several cases the institutions did not publish or published with a delay (ranging from two to five months) the records on procurement contracts signed by means of bid-collection procedures, although these records are the only source of information about the time, contract-awarded company, procurement subject and contract value for procurements whose amount does not exceed 20,000 EUR in cases of goods or 50,000 EUR in cases of works. These records are published twice a year, i.e. by the end of January for contracts signed in the previous year and by the end of July for contracts signed in the first half of the year. The monitoring sample included a municipality that has not published this type of records in EPPS for whole two years!

Other cases include major delays in publication of notifications on public procurement contracts signed in EPPS (publication delayed for five months, although the Law stipulates that these notifications should be published within a period of 30 days from the day the contract is signed).

Transparency and accountability on the part of state institutions, especially in the field of public spending, is one of the preconditions and main principles of good governance. This imposes the need for further efforts aimed to improve institutions' performance in this regard. In that, it is not only a matter of so-called active transparency, i.e., voluntary publication of information on the part of institutions, but law-stipulated obligation on transparency and accountability, which means that the institutions must publish this information. Transparency and accountability should be a mandatory topic covered by trainings on public procurements delivered for representatives of contracting authorities. Furthermore, due reconsideration should be made of information whose publication is not mandated by law, but is left to institutions' discretionary assessment and willingness, in order to stipulate legal obligations for disclosure of such information. Finally, the legislator should also reconsider introduction of sanctions for violation of legal provisions stipulating transparency and accountability in public spending matters as very important principles of good management with public funds.

(TEXTBOX)

Publication of tender documents in EPPS is beneficial for all stakeholders

Although the benefits related to publication of tender documents in EPPS have been stressed on numerous occasions in our regular monitoring reports on public procurements, the authors believe it is appropriate to underline them again:

- All interested companies are given immediate and free-of-charge insight in the procurement subject and terms and conditions for contract performance, which informs their decision on whether to submit a bid or not;
- Companies have more time to prepare their bids, notably because they save time in searching for or visiting the institution in order to obtain relevant tender documents;
- Companies do not incur additional costs for obtaining tender documents, because they can download them from EPPS, provided they are registered in the system and have settled the fixed annual registration fee;
- Having information on the procurement subject, relevant quantity and terms and conditions for contract performance, interested companies can research the public procurement market prior to taking a decision to get involved;
- By publishing tender documents in EPPS, contracting authorities have a possibility to shorten deadlines related to bid collection in cases of open and limited procedures, which is important for them when they are procuring standard products that do not require long time for preparation of bids;
- Making tender documents available for a broader group of companies increases the likelihood of receiving more bids and, in turn, increased competition creates a possibility for receiving bids of better quality and lower prices;

- Publication of tender documents in EPPS is a definite sign of institutions' transparency and allows other interested entities – individuals or organizations (NGOs, scientific, etc.) - to monitor public spending by means of public procurements.

(END OF TEXTBOX)

DIFFICULT ENTRY IN THE PUBLIC PROCUREMENT MARKET FOR SMALL AND NEW COMPANIES

More than half of monitored procurement procedures required the companies to fulfil certain specific eligibility criteria for tender participation. By setting these requirements, contracting authorities limit the participation of small and newly established companies in the public procurement market. In most of these cases, it is difficult to recognize the purpose behind the eligibility requirements, i.e., there are no logical or economic connections between the requirements and the procurement subject. This imposes the need for further education and training of persons who implement procurement procedures and establishment of control mechanisms for public procurements that would alert the contracting authorities when they define inappropriate and unrealistic eligibility criteria and requirements for the bidding companies.

In as many as 40% of open and bid-collection procedures from the monitoring sample, state institutions requested the bidding companies to demonstrate prior working experience in duration of two to three years. By doing so they prevent newly established companies that are operating for less than two or three years to enter the public procurement market. Analysis of public procurements in which the companies are required to fulfil such requirements in order to be eligible for tender participation does not leave space for questioning the purpose they serve. For example, specific eligibility criteria were defined, *inter alia*, in tender procedures related to procurement of firewood, locksmith supplies, New Year decorations or photocopying services. By their virtue, all of the above-referred goods and services do not necessitate the supplying company to have previous working experience in order to participate in the tender procedure. Moreover, this group of procurements (there are many more) concerns business activities that are generally considered conducive to business start-ups and easy entry in the public procurement market.

When combined with another frequently used requirement (as noted in 21% of monitored public procurements) whereby the companies need to demonstrate a pre-defined annual turnover, which in most cases is set in an amount higher than the procurement's value, the public procurement market remains closed not only for newly established companies, but also for small companies. Moreover, one should have in mind that the said requirement for companies to demonstrate annual turnover is usually accompanied with another requirement that the set annual turnover should be demonstrated in continuum for a given number of consecutive years (usually three years). These requirements are applied even in cases of tender procedures of lower value with seemingly common procurement subjects and in areas of procurement for which it is known that there is great competition on the market.

Except for these most frequently used requirements, state institutions also use a number of other requirements of similar nature that limit participation in tender procedures, in particular for small, newly established companies and for companies with lower financial portfolios. This brings under question the role of the state in stimulating growth of small and micro enterprises, which are dominant in the economy and are important for local economic development in the country. Other eligibility criteria include: companies to demonstrate positive financial results in the last several consecutive years, possession of certain equipment (with pre-defined technical specifications), pre-determined number of employees, often with precise indications related to required expertise and qualifications, and the like.

In many cases, these requirements are defined by default, without due consideration of the fact whether they are realistic and appropriate for the given procurement in terms of its type, subject or value.

All above-indicated shortfalls impose the need for control instruments or mechanisms related to eligibility criteria and requirements defined by the contracting authorities that would alert them to correct the respective requirements when these situations are observed. Moreover, future education and training for contracting authorities' representatives that implement public procurements should focus on these issues. Only by implementing these recommendations contracting authorities would avoid setting unrealistic and inadequate requirements that limit competition, which is usually due to their ignorance, desire for excessive protection or by default.

(TEXTBOX)

Excessive requirements, even for procurement of firewood for Christmas Eve celebrations

It is difficult to find any economic logic behind the requirements defined by one municipality in the procurement procedure for firewood intended for traditional fires on Christmas Eve. Namely, bidding companies were required to have operated for at least two years, own and dispose with at least three transportation trucks, present a minimum of three references or contracts on previous performance, submit a detailed list of major deliveries in the procurement subject and submit a statement on persons they plan to engage for contract performance, and most importantly to deposit a bank guarantee for contract performance in the amount of 5% of procurement's value. If such requirements are defined for procurement of firewood for Christmas Eve traditional fires, what type of requirements could be defined in procedures related to complex procurement subjects? On the other hand, it seems that a call for procurement of firewood for Christmas Eve traditional fires announced by a municipality is a type of procurement that provides a chance for small or newly established companies.

(END OF TEXTBOX)

E-AUCTIONS IN ONLY HALF OF TENDER PROCEDURES

Although mandated by law, e-auctions were scheduled in only 53% of monitored procurement procedures. Dominant reason indicated for failure to organize e-auction was the fact that only one company or no companies submitted a bid, which was observed in 84% of all cases. Additional concerns are raised by the reasons that have led to poor competition among companies. The share of monitored procedures in which e-auctions were not scheduled (47%) is lower compared to the previous monitoring period (54%). In some instances, e-auctions resulted in dramatically reduced prices and raise the dilemma whether low prices also imply low quality or that the procurement would not be performed as initially anticipated.

Failure to schedule and organize e-auction as the final stage in the public procurement procedure (open, limited, bid-collection and negotiation procedure with prior announcement of call for bids) continues to raise concerns about implementation of public procurements on local level. Although the share of procedures in which e-auctions were not scheduled is reduced compared to the previous monitoring period, it still remains very high. E-auctions were not scheduled in 47% of local level procedures from the monitoring sample compared to the previous monitoring period when their share accounted for 54%.

The main reason indicated for non-organization of e-auction is low competition, i.e. cases in which only one company submitted a bid (79%) or no bids were obtained (5%), or cases in which several bids were received, but until the e-auction stage only one bid was still valid and the public procurement commission assessed it as acceptable (16%).

Commonly accepted is the belief that non-organization of e-auctions due to above-indicated reasons is a consequence of insufficient competition in public procurements. Namely, the average number of bidders in monitored procurement procedures was 2, which is the minimum threshold for ensuring certain level of competition. Main reason behind the small number of companies that participate in tender procedures is identified in unattainable eligibility criteria.

Numerous examples of unattainable or unrealistic eligibility criteria for companies' tender participation were observed in the monitoring sample. This is also true in cases when the selection criterion is defined as "economically most favourable bid" and in addition to the price element points are also assigned to other bid elements. Hence, the procedure concerning constriction of sidewalks, surprising 20 points were allocated to performance deadline, especially knowing that the contracting authority can define the desired timeframe for contract performance as part of tender documents. Such practice

would avoid situations where the companies indicate suspicious deadlines, as was the case in the procurement of sidewalk construction, when the bidding company indicated a performance deadline of only two days.

Cases were noted in which contracting authorities request the companies to submit reference lists of previous deliveries made in the same procurement subject. Having in mind that these lists are not subject of bid evaluation and assessment (the selection criterion is defined as “lowest price”), unclear is the purpose these lists serve. What is the difference between a bidder that submitted a list with one delivery and a bidder that submitted a list with ten deliveries, when the ultimate selection decision is made on the basis of the price bided?

As already indicated on several occasions in our regular monitoring reports on public procurements, there are numerous examples where contracting authorities require the bidding companies to demonstrate a predefined annual turnover in the last three years in order to participate in the tender procedure. In the procurement procedure related to facade and paint works, bidding companies were required to demonstrate annual turnover of at least 1,000,000 MKD (16,260 EUR) in the last three years. Having in mind that the procurement’s value was only 167,560 MKD (2,725 EUR), the conclusion is inferred that the required annual turnover as eligibility criteria for tender participation is 6 times higher than the procurement’s value. In another procurement procedure related to waste-collection vehicle, the required annual turnover was 4.5 times higher than the procurement’s value, as was the case in the procurement procedure related to heating oil. However, it should be noted that as regards the requirement on predefined annual turnover certain improvement was recorded among local level procurement procedures compared to the previous monitoring period when in one case the required annual turnover was 115 times higher than the procurement’s value.

The procurement procedure related to student transportation which used “economically most favourable bid” as the selection criteria allocated 90 points to “lowest price” element and 10 points to “quality” element. As regards the manner in which quality will be assessed, the contracting authority provided the following explanation: “the economic operator is required to submit a specification list of vehicles: special bus for student transportation (minibus) or van for student transportation that fulfils the standards governing student transportation.” Although this problem was duly noted in our regular monitoring reports, it still persists in the field of public procurements. First, the above-listed requirements for economic operators cannot and must not be considered part of the “quality” element, as was the case in this example, because they are criteria used to determine economic operator’s technical or professional ability (technical equipment and qualifications), i.e., they are eligibility criteria for economic operators’ participation in the public procurement procedure. Second, the contracting authority did not explain the formula used to evaluate and assign points to the “quality” element. Companies are required to submit a specification list of vehicles for student transportation. What would happen if one bidder submits a

list of 100 vehicles and another bidder submits a list of 50 vehicles, while the contract performance necessitates only 20 vehicles? Would this mean that the bidding company that disposes with 100 vehicles will be assigned more points or both companies will be assigned identical number of points? What would happen if a bidding company does not submit a list of vehicles, but should be awarded the contract due to the fact that the price bided makes the company's bid the most favourable one? This is possible because in the specific procurement, the list of vehicles is assigned a maximum of 10 points, but tender documents did not specify a requirement that this list should be submitted, i.e., that the bidder should dispose with the specified vehicles. Hence, the dilemma remains on why these issues are still broadly present years after the adoption and enforcement of the Law on Public Procurement. On the other hand, it is very important for a market economy or at least an economy striving to become a market economy that bidding companies participating in tender procedures are knowledgeable of the rules in advance, i.e., the rules should be clear and unambiguous in order to ensure fair competition.

Interesting is also the fact that cases were noted of public procurements where only one bid was obtained although it was a matter of procurements unburdened with eligibility criteria and related to goods that could be supplied by a high number of companies on the market. An example thereof is identified in the procurement procedure related to foodstuff, beverages and sanitary materials announced by a small municipality. The contract awarding criterion used in this procurement was "lowest price", and except for a document on registered business activity and statement of serious intent the bidding companies were not required to fulfil any other requirements. The procurement call was announced for products such as coffee, tea, juice, candies, disposable cups, dishwashing liquid, sponges, soap and the like. Procurement's total value was around 1,300 EUR. It should be noted that only one bid was obtained for this type of procurement, although it was considered that competition will be increased by introducing the practice on announcing calls for so-called small procurements in the value of up to 5,000 EUR. Moreover, regular monitoring of public procurements provides the conclusion that examples of this type are not rare in practice. Even the representatives of contracting authorities underlined low competition as a problem, especially in cases of small procurements. Experiences from the long years of monitoring public procurements indicate that the currently low competition in small procurements is due to the fact that these procurements were performed by means of bid-collection procedures whereby three bidding companies selected by the contracting authority are addressed with a call to present their bids. As a result and as the years passed, other companies that were not asked to submit a bid declined participation in public procurements altogether. On this account, additional efforts are needed to attract them and to restore and rebuild their confidence in public procurements.

Similar example is noted in another procurement procedure related to foodstuff for a kindergarten. In this case as well, the contracting authority did not set specific eligibility criteria for companies' participation in the tender procedure. Hence, surprising is the

fact that only one company applied on the call and was awarded the contract. It is a matter of a contract in the amount of around 135,000 EUR. Additional concerns are raised with the fact that the only bidder in the procedure did not have its representative attend the public opening of bids

(TEXTBOX)

Does quality suffer because of e-auctions?

A particular phenomenon noted in a given share of e-auctions should be given special attention. Namely, as stipulated by law and known in public, all public procurements should be completed with an e-auction organized as the last stage in the procedure. During the e-auction, bidding companies compete among them by lowering their initial prices. In an effort to win the procurement contract, bidding companies frequently lower their prices by a significant margin, which later leads to certain absurd situations.

In the procurement procedure organized for preparation of local economic development strategy for one municipality, the e-auction resulted in a price that was 3.8 times lower than the initial price! Namely, the initial price for this service was set at 676,500 MKD and at the e-auction it was reduced to 177,000 MKD. Truth to be told, such great reduction of the initial price by almost 4 times is uncommon even in the most successful bargaining practices at the market.

These situations raise doubts about quality performance of the procurement. How is it possible for a company to offer to perform a given service for almost 700,000 MKD, and later be able to perform the same service for around 200,000 MKD? Which of these two amounts is the real service price? Or, on the contrary, what would have happened if the e-action was not scheduled and the first bid was accepted? Does it mean that the contracting authority would have paid almost 4 times more than the real cost of service or that the bidder would have earned a profit that is 4 times higher?

(END OF TEXTBOX)

ANNULLED AND NEVER PERFORMED PROCUREMENTS

The share of annulled procedures from the monitoring sample comprised of local level public procurements is on same level compared to the previous monitoring period (15%). In one-third of annulled procedures, the contracting authorities indicated that the procedure has been annulled due to the fact that they have not obtained a single bid. However, the analysis of annulled procedures reveals a frequent phenomenon in this regard, i.e., procurement procedures for goods, services or works are annulled, but are not repeated and thus goods and services required are not procured, even by means of direct contract.

Regular monitoring of public procurements shows that the share of annulled procedures on local level was always lower compared to the share of annulled procedures on central level. In this monitoring period (October 2012 – March 2013), the share of annulled procedures accounts for 15% and is identical with the previous monitoring period (April – September 2012). For comparison purposes, the share of annulled procedures on central level accounts for 25%.

A common phenomenon related to annulment of procurement procedures and observed by the monitoring of public procurements are cases in which contracting authorities do not repeat the annulled procedures or repeat them and annul them anew, but ultimately never realize the procurements. These situations raise the question on what has happened to the contracting authority' need for the procurement subject. If it really needed the goods, services or works, why are they not procured? How did the contracting authority cope with the relevant needs for goods, services and works that were not procured, especially in situations that concern vital products that are directly linked with the institution's day-to-day operation?

Most evident example in this regard is the procurement procedure for liquid chlorine announced by a local public utility company. Although this is a vital product for the performance of company's primary business activity, data available in EPPS do not provide any information as to whether the company procured the chlorine after it annulled two procurement procedures in 2012 on the grounds that no bids were received. Unclear is how the company satisfied the need for liquid chlorine, because there are no information that the procurement was performed by signing a direct contract with a supplier. Identical situations were observed with other public procurements that were annulled once or even twice, but the procurement subject was not performed.

Examples of this practice in the monitoring sample include procurement procedures for pellets intended for school heating and student transportation. In both cases, the

procedures were annulled and were not repeated, and there are no indications that the relevant procurement subjects were performed by means of a negotiation procedure without prior announcement of call for bids. Therefore, unknown is the manner in which school premises are heated and how students are transported.

Procedure annulments remain one of the major issues in the field of public procurements and require additional analysis and further efforts aimed at reducing their occurrence, ensuring correct application of legal provisions and introducing general system improvements. A comprehensive analysis would identify the reasons behind the continuously high share of procedure annulments, whether the annulment decisions taken are justifiable, whether and in which cases this instrument was abused and what steps need to be taken in order to improve the situation. In this respect, recommendations on limiting the law-stipulated possibilities for procedure annulment and introducing sanctions for those who abuse them are still valid.

NON-ATTENDANCE AT PUBLIC OPENING OF BIDS – NEW TREND IN PUBLIC PROCUREMENTS

Monitoring of local level public procurements provides the conclusion on significantly decreased attendance at public opening of bids on the part of bidding companies' representatives. More than half of bidding companies in the monitored procurement procedures did not attend the public opening of bids.

Namely, in as many as 58 % of monitored procedure the representative(s) of relevant bidding companies did not attend the public opening of bids. In that, 21% of monitored procedures that implied public opening of bids were marked by no attendees on these events. An identical share of public opening of bids were marked by attendance of only one representative, although the relevant procurement implied several bids, whereas in 15% of public opening of bids at least one representative of a bidding company was not in attendance. Equal number of bids and representatives were noted in 42% of events intended for public opening of bids

It is a matter of a phenomenon that has gained in intensity in the last months of monitoring activities. Possible reasons for non-attendance at public opening of bids are yet to be determined, as part of the survey carried out among companies and inquiring about their opinions on issues related to public procurements. Of course, interesting is the fact that this phenomenon was particularly observed in cases with only one bidding company that was awarded the contract.

(TEXTBOX)

Two different bidding companies - one and the same representative

In the procurement procedure related to vehicle tires organized as bid-collection procedure, the contracting authority (municipal public enterprise) received two bids submitted by two different companies. However, only one representative attended the public opening of bids and present individual proxy certificates issued by the two companies. On the request of the public procurement commission to explain the situation, the representative responded that he is authorized to represent both companies, after which the commission proceeded with the public opening of bids. It should be noted that the representative was not an employee of an accounting bureau, which often appear in the capacity of company proxies in public procurements and lead to situations when one accounting bureau is the proxy of two or more companies in one and the same procurement procedure.

Ultimately, the public procurement procedure was annulled on the grounds that prices and conditions for contract performance were less favourable than market prices and conditions. Namely, during the e-auction none of the bidding companies represented by one person reduced the initial price. The procurement procedure was immediately repeated by means of a new call for bids. Three months have passed since and there is still no final outcome. Nevertheless, it should be noted that the contracting authority, as part of the repeated call for bids, indicated the procurement's estimated value. This is considered a good practice, having in mind that the initial procedure was annulled due to the fact that the e-auction did not result in lower prices and they were assessed as less favourable compared to market prices.

(END OF TEXTBOX)

MUNICIPALITIES' PUBLIC PROCUREMENT SPENDING PER CAPITA RANGES FROM 2 TO 400 EUR

Major disparities were recorded among individual municipalities not only in terms of total amount of public funds spent by means of public procurements, but also in terms of public procurement spending per capita. The municipality with the highest rate of public procurement spending has spent 443 times more funds compared to the municipality with the lowest rate of public procurement spending. Municipalities' public procurement spending per capita ranges from 2 to 412 EUR, with an average of 73 EUR.

Extend and quality of meeting the needs of local citizens directly depends from the scope and manner in which local level public procurements are implemented. Public procurements are used to buy goods, services and works needed not only for daily operation of institutions, but also for construction and reconstruction of streets, street lightning, water supply systems, benches, litter bins, student transportation and school meals, heating for schools and kindergartens, cleaning snow on streets, etc.

On this account and for the purpose of familiarizing citizens with public procurements, the present report includes a detailed overview of public procurement spending per municipality in the Republic of Macedonia.

Namely, the report includes a calculation of the total amount of funds spent by municipality by means of public procurements and intended to purchase goods, services and works in the course of 2012.

In that, in order to enable a more appropriate comparison, the ratio of total public procurements and the population per municipality was also computed.

The ranking list of municipalities according to total funds spent by means of public procurements and public procurement spending per capita provides several interesting conclusions:

- ⇒ Major differences are noted among individual municipalities, both in terms of total funds spent by means of public procurements and public procurement spending per capita; the highest-ranked municipality has spent 443 times more funds per capita on public procurements compared to the lowest-ranked municipality;
- ⇒ Number of municipalities whose public procurement spending (both in total amount and per capita) is below the average is significantly higher compared to the number of municipalities whose public procurement spending is above the average;

- ⇒ 2012 average amount of funds spent by means of public procurements per municipality is 107 million MKD or 1.74 million EUR; only 24 municipalities have spent funds above the average, while the remaining 56 municipalities are below the average in terms of total funds spent by means of public procurements;
- ⇒ Average public procurement spending per capita amounts to 73 EUR and there are major differences between individual municipalities; 26 municipalities have public procurement spending per capita higher than the average, and 54 municipalities are below the average;
- ⇒ Two municipalities in the City of Skopje are ranked as the highest and lowest spenders; namely the highest-ranked municipality according to both criteria is the Municipality of Centar and the lowest-ranked is the Municipality of Suto Orizari;
- ⇒ There are no regional groupings of municipalities both in terms of total funds spent by means of public procurements and public procurement spending per capita;
- ⇒ In terms of total funds spent by means of public procurements, bigger towns and municipalities are expectedly higher on the ranking list, whereas the second half of the list is reserved for the small municipalities;
- ⇒ In terms of public procurement spending per capita, small municipalities occupy the higher ranks on the list;
- ⇒ As many as 5 municipalities in the City of Skopje are ranked among the top 10 municipalities with the highest amount of funds spent by means of public procurements.

Table below provides a detailed overview of data on municipalities' public procurements in 2012, both in terms of total funds spent by means of public procurements and public procurement spending per capita.

**Value of public procurement contracts signed in 2012 per municipality
(calculated on the basis of data available in EPPS)¹**

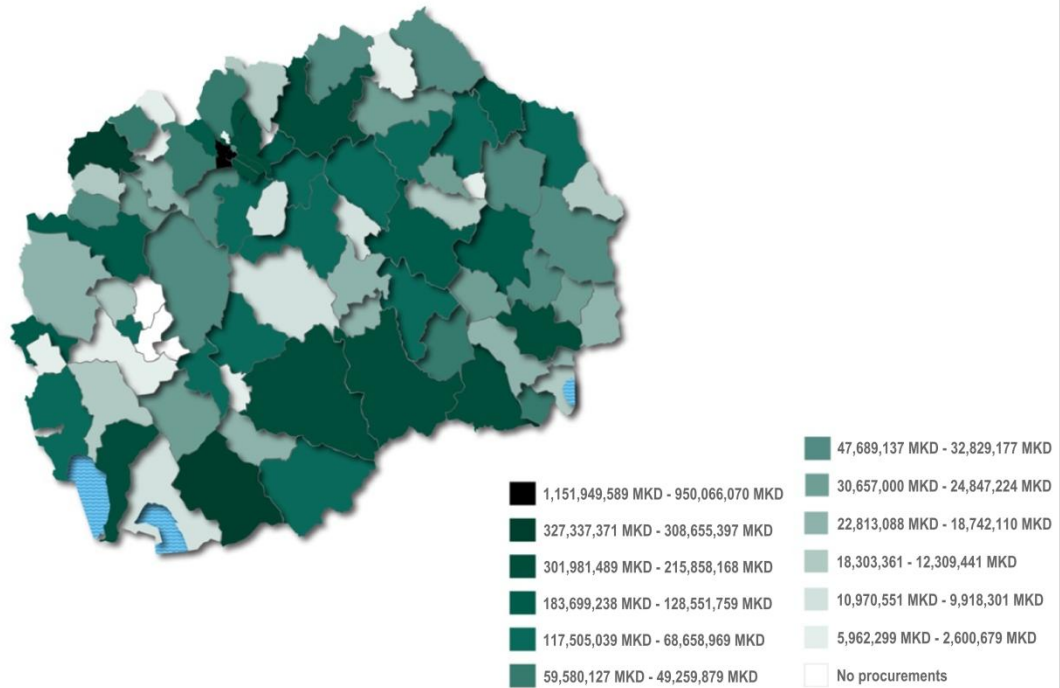
No.	Municipality	Total amount of public procurement contracts signed in 2012		
		MKD	EUR	EUR per capita
1	Centar	1,151,949,589	18,730,888	412
2	Karpos	950,066,070	15,448,229	259
3	Bitola	327,337,371	5,322,559	56
4	Tetovo	308,655,397	5,018,787	58
5	Strumica	301,981,489	4,910,268	90
6	Aerodrom	297,721,149	4,840,994	67

¹ The rank list does not include the municipalities for which EPPS does not provide data or provides partial data, those being: Aracinovo, Vranestica, Oslomej and Plasnica, as well as the City of Skopje as a self-standing local government unit.

7	Prilep	269,482,025	4,381,822	57
8	Kisela Voda	262,657,806	4,270,859	75
9	Gazi Baba	255,814,190	4,159,580	57
10	Gevgelija	237,217,356	3,857,193	168
11	Kumanovo	229,767,649	3,736,059	35
12	Butel	226,642,976	3,685,252	102
13	Ohrid	225,036,525	3,659,130	66
14	Kavadarci	215,858,168	3,509,889	91
15	Ilinden	183,699,238	2,986,979	188
16	Gostivar	166,190,333	2,702,282	33
17	Makedonska Kamenica	158,517,760	2,577,525	318
18	Gjorce Petrov	146,848,699	2,387,784	57
19	Stip	138,633,751	2,254,207	47
20	Debar	134,573,411	2,188,186	112
21	Radovis	128,551,759	2,090,273	74
22	Struga	117,505,039	1,910,651	30
23	Sveti Nikole	111,384,438	1,811,129	98
24	Kocani	111,052,433	1,805,731	47
	AVERAGE	107,316,708	1,744,986	
25	Petrovec	96,479,831	1,568,778	190
26	Dolneni	94,967,410	1,544,186	114
27	Kicevo	91,914,446	1,494,544	26
28	Krusevo	83,486,773	1,357,509	140
29	Veles	81,500,521	1,325,212	24
30	Delcevo	76,028,231	1,236,231	71
31	Novaci	75,339,401	1,225,031	345
32	Probistip	73,113,495	1,188,837	73
33	Negotino	70,463,712	1,145,751	60
34	Studenicani	68,658,969	1,116,406	65
35	Cucer Sandevo	59,580,127	968,783	114
36	Demir Kapija	53,809,319	874,948	193
37	Saraj	50,457,635	820,449	23
38	Bogdanci	49,681,318	807,826	93
39	Tearce	49,259,879	800,974	36
40	Berovo	47,689,137	775,433	56
41	Makedonski Brod	46,792,566	760,855	107
42	Cair	42,210,964	686,357	11
43	Vrapciste	40,667,944	661,267	26
44	Vinica	39,321,857	639,380	32
45	Staro Nagoricane	38,317,998	623,056	129
46	Kriva Palanka	37,598,520	611,358	29
47	Sopiste	36,024,692	585,767	104
48	Vasilevo	32,829,177	533,808	44
49	Cesinovo-Oblesevo	30,657,000	498,488	67
50	Demir Hisar	30,447,691	495,084	52
51	Bosilovo	28,210,218	458,703	32
52	Brvenica	27,167,043	441,741	28
53	Kratovo	25,982,729	422,483	40
54	Konce	24,847,224	404,020	114
55	Mavrovo and Rostusa	22,813,088	370,945	43
56	Gradsko	22,043,069	358,424	95
57	Rosoman	21,801,690	354,499	86

58	Novo Selo	20,900,102	339,839	29
59	Zelino	20,502,304	333,371	14
60	Mogila	19,972,440	324,755	48
61	Valandovo	18,742,110	304,750	26
62	Debarca	18,303,361	297,616	54
63	Bogovinje	18,240,074	296,587	10
64	Pehcevo	17,362,912	282,324	51
65	Karbinci	15,726,304	255,712	64
66	Zajas	13,517,469	219,796	19
67	Dojran	12,570,588	204,340	60
68	Lipkovo	12,309,441	200,154	7
69	Zelenikovo	10,970,551	178,383	44
70	Caska	10,095,124	164,148	21
71	Lozovo	9,936,314	161,566	57
72	Resen	9,918,301	161,273	10
73	Jegunovce	5,962,299	96,950	9
74	Vevcani	3,677,030	59,789	25
75	Krivogastani	3,675,959	59,772	10
76	Zrnovci	3,538,644	57,539	18
77	Drugovo	3,335,390	54,234	17
78	Centar Zupa	3,170,938	51,560	8
79	Suto Orizari	3,000,000	48,780	2
80	Rankovce	2,600,679	42,287	10

Total amount of public procurement contracts signed in 2012 per municipality (calculated on the basis of data available in EPPS)

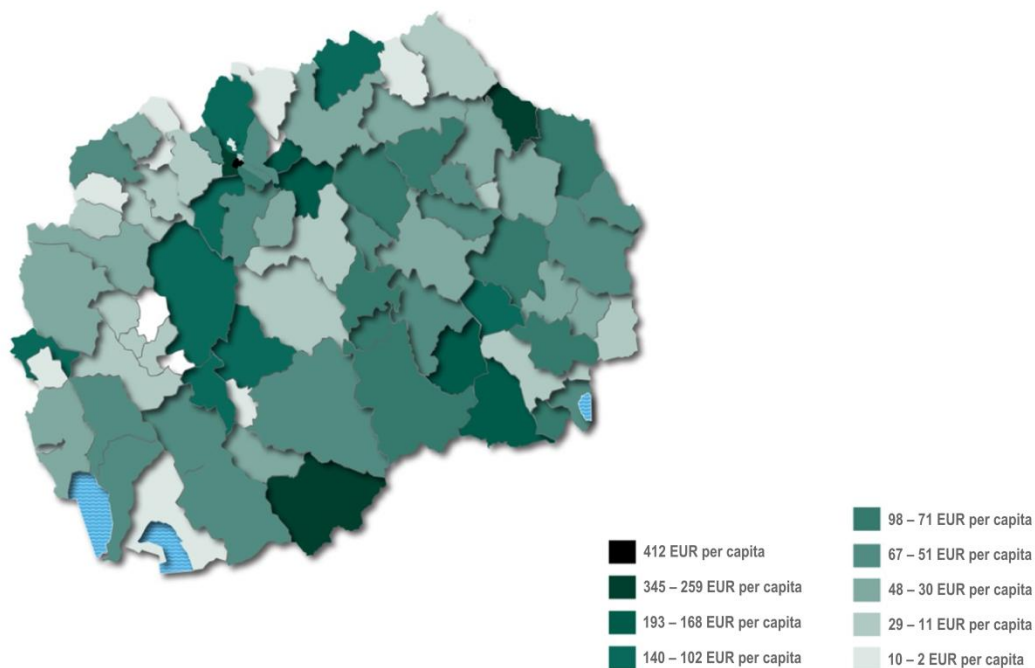


2012 public procurement spending per capita

Rank	Municipality	EUR per capita
1	Centar	412
2	Novaci	345
3	Makedonska Kamenica	318
4	Karpos	259
5	Demir Kapija	193
6	Petrovec	190
7	Ilinden	188
8	Gevgelija	168
9	Krusevo	140
10	Staro Nagoricane	129
11	Dolneni	114
12	Cucer Sandevo	114
13	Konce	114
14	Debar	112
15	Makedonski Brod	107
16	Sopiste	104
17	Butel	102
18	Sveti Nikole	98
19	Gradsko	95
20	Bogdanci	93
21	Kavadarci	91
22	Strumica	90
23	Rosoman	86
24	Kisela Voda	75
25	Radovis	74
26	Probistip	73
	AVERAGE	73
27	Delcevo	71
28	Aerodrom	67
29	Cesinovo-Oblesevo	67
30	Ohrid	66
31	Studenicani	65
32	Karbinci	64
33	Negotino	60
34	Dojran	60
35	Tetovo	58
36	Prilep	57
37	Gazi Baba	57
38	Gjorce Petrov	57
39	Lozovo	57
40	Bitola	56

Rank	Municipality	EUR per capita
41	Berovo	56
42	Debarca	54
43	Demir Hisar	52
44	Pehcevo	51
45	Mogila	48
46	Stip	47
47	Kocani	47
48	Vasilevo	44
49	Zelenikovo	44
50	Mavrovo and Rostusa	43
51	Kratovo	40
52	Tearce	36
53	Kumanovo	35
54	Gostivar	33
55	Vinica	32
56	Bosilovo	32
57	Struga	30
58	Kriva Palanka	29
59	Novo Selo	29
60	Brvenica	28
61	Kicevo	26
62	Vrapciste	26
63	Valandovo	26
64	Vevcani	25
65	Veles	24
66	Saraj	23
67	Caska	21
68	Zajas	19
69	Zrnovci	18
70	Drugovo	17
71	Zelino	14
72	Cair	11
73	Bogovinje	10
74	Resen	10
75	Krivogastani	10
76	Rankovce	10
77	Jegunovce	9
78	Centar Zupa	8
79	Lipkovo	7
80	Suto Orizari	2

2012 public procurement spending per capita



Combined ranking of municipalities according to both criteria – total funds spent on public procurements and public procurement spending per capita

No.	Municipality
1	Centar
2	Karpos
3	Gevgelija
4	Makedonska Kamenica
5	Ilinden
6	Strumica
7	Butel
8	Petrovec
9	Kisela Voda
10	Novaci
11	Debar
12	Aerodrom
13	Kavadarci
14	Krusevo
15	Dolneni
16	Tetovo
17	Demir Kapija
18	Sveti Nikole

No.	Municipality
41	Struga
42	Rosoman
43	Berovo
44	Kicevo
45	Tearce
46	Demir Hisar
47	Veles
48	Vasilevo
49	Karbinci
50	Vinica
51	Dojran
52	Saraj
53	Debarca
54	Kratovo
55	Kriva Palanka
56	Mogila
57	Mavrovo and Rostusa
58	Vrapciste

19	Ohrid	59	Bosilovo
20	Prilep	60	Pehcevo
21	Bitola	61	Lozovo
22	Radovis	62	Brvenica
23	Gazi Baba	63	Cair
24	Cucer Sandevo	64	Novo Selo
25	Staro Nagoricane	65	Zelenikovo
26	Makedonski Brod	66	Valandovo
27	Gjorce Petrov	67	Zelino
28	Delcevo	68	Zajas
29	Bogdanci	69	Bogovinje
30	Probistip	70	Caska
31	Sopiste	71	Vevcani
32	Kumanovo	72	Zrnovci
33	Studenicani	73	Resen
34	Stip	74	Drugovo
35	Negotino	75	Lipkovo
36	Konce	76	Krivogastani
37	Gostivar	77	Jegunovce
38	Kocani	78	Rankovce
39	Gradsko	79	Centar Zupa
40	Cesinovo-Oblesevo	80	Suto Orizari

Calculations made and the tables above, *inter alia*, provide information on the level of economic development in the municipalities, and in addition to serving as baseline for analysis of municipalities' spending, they can also be used to analyse municipal budget revenue collection methods.

Moreover, the analysis of municipal spending per capita can be used in the light of adopting future measures and policies aimed to achieve more equitable development of municipalities.

On the other hand, citizens and civil society organizations can use these data as evidence in their advocacy efforts and demands for local authorities to increase public procurement spending per capita. As regards the structure of public procurements, they could request the municipalities to spend more funds on procurement of goods, services and works that are conducive to improved living and working standards in their relevant local communities.