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DECREASING
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IN
PUBLIC
PROCUREMENT
VIA
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Decreasing corruption in public procurement via strengthened control
Macedonian Center for International Cooperation

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Executive Summary



In the last four years the key activity in the public procurement area set in the 2011-2015 State Programme for Prevention and Repression of Corruption which was supposed to have an impact on decreasing the high corruption in the public procurement area has not been implemented. This is the activity that implied changes in the Public Procurement Law in order to enable the institution in charge of this area, the Public Procurement Bureau, to become an independent agency rather than a government administration body within the Ministry of Finance, and become actively involved in following the public procurement procedures by controlling the legality of the actions undertaken, detecting the irregularities and informing the public about it.

Within this research there are a number of case studies which confirm the need to introduce control in the public procurement. In a situation of broadly spread corruption in the public procurement area, it is necessary to improve the legal regulations and strengthen the accountability of the people in power in order to spend the public money in a planned and rational manner through a transparent and accountable process.

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Introduction



The list of activities that have not been implemented contains those that were supposed to lead to more essential rather than cosmetic changes in the public procurement system, assessed in the programme as highly susceptible to corruption.

The 2011-2015 State Programme for Prevention and Repression of Corruption comes to the very end of its term, not succeeding in implementation of the key activities that were supposed to result in curtailing the corruption in the public procurement area. The list of activities that have not been implemented contains those that were supposed to lead to more essential rather than cosmetic changes in the public procurement system, assessed in the programme as highly susceptible to corruption.

The State Programme for Prevention and Repression of Corruption anticipated that a total of ten activities were to be implemented in the public procurement area in the last four years. Out of the planned activities, six have been implemented, and four have not. Without diving into an essential analysis of the direct relation of part of the proposed activities with the goal – decreasing corruption, the group of implemented activities consists of:

- Adopted code of behaviour of the officials that work with public procurement;
- Introducing the obligation to give a statement on existence/non-existence of conflict of interests of all those involved in the public procurement procedure;
- Analysis of the possibilities to implement competitiveness and skills of the officials working in the public procurement areas;
- Changes of the laws and by-laws in order to define obligatory skills and competitiveness of the officials working on public procurement;
- Conducting specialized trainings for the public and government administration to prepare tender documentation, and
- Education of the companies on the specific issues related to the complaint procedure (in the part pertaining to tender procedure shortcomings).

These are the activities that the bodies in charge – the Public Procurement Bureau, Ministry of Finance, Ministry of Information Society and Administration, State Commission on Public Procurement Complaints,

as well as the State Commission for Prevention of Corruption claim have been implemented or in the final stage of implementation¹.

On the other hand, the 2011-2015 State Programme for Prevention and Repression of Corruption has proved to be inefficient in imposing the implementation of the following planned activities:

- Changes to the Public Procurement Law and the Concessions Law and other types of public-private partnership in order to increase the independence of the Public Procurement Bureau and increase its competences with respect to control;
- Improving the guides and manuals for anti-corruption measures and eliminating possible conflicts of interest in public procurement;
- Changes and amendments to the Public Procurement Law in order to limit the annulation of tenders and sanction in case of abuse; and
- Changes and amendments to the Public Procurement Law in order to have precise dynamics for changes in the public procurement plans and introduce an obligation to publish them on the web pages of the institutions.

The first planned activity in the State Programme for Prevention and Repression of Corruption that was not implemented, pertaining to increasing the competences of the Public Procurement Bureau, was explained in the following way: “Strengthening the independence of the Public Procurement Bureau and the public confidence in its role. At the moment the legal regulations on the position of the Public Procurement Bureau stress the collection, processing and statistical overview of public procurement data and training. It is necessary to have bigger affirmation of the Public Procurement Bureau, its more frequent and more significant presence in the public, as well as its significant influence on the development of the business sector in the education part. This implies its active involvement in the public procurement procedures via controlling the legality of the actions undertaken and detecting the irregularities and informing the public on this, in order to strengthen the confidence in this institution. The most appropriate solution is to have this institution as an independent agency whose director would be selected via a public call.^{2”}

In the period of implementation of the current state programme for prevention and repression of corruption, i.e. in the period of January 2012 until nowadays, the Public Procurement Law has been changed as many as eight times. Not a single draft of the changes of the Law contained the issue of independence of the Public Procurement Bureau, nor the introduction of controlling the way public money is spent via the tenders.

- 1 Report on the achievements of the State Programme for Prevention and Repression of Corruption and the State Programme for Prevention and Decreasing the Occurrence of Conflict of Interests with an Action Plan, March 2015. http://www.dksk.org.mk/images/Drzavni_Programi/godisen_izvestaj_final.pdf
- 2 State Programme for Prevention and Repression of Corruption, December 2011 <http://www.dksk.org.mk/images/stories/pdf/drzavna%20programa/dprograma%2026.12.11.pdf>



The absence of control in the public procurement has also been noted as one of the problematic issues in this area in the 2014 European Commission Progress Report on Macedonia, where it is also stated that: “There is still no institution assigned to ensure effective and timely control and supervision of public procurements, concessions, public-private partnerships and the execution of contracts. Corruption in public procurement remains a serious problem.”³

The concern of the European Commission (EC) with respect to the state of affairs in the public procurement in the country seems to be visible in the fact that the progress reports until 2009 only commented the public procurement in Chapter 5, which is solely dedicated to public procurement, and since 2013 the public procurements have been an area which is also commented in Chapter 23 (Judiciary and Fundamental Rights) in the anti-corruption policy part. The formulations that EC uses with respect to the public procurements in Macedonia is changed from “activities to raise awareness on conflicts of interest are needed” in 2009, via the assessment that “the competent bodies tasked with combating corruption continue to lack a pro-active approach...” in 2011, to the assessment that “corruption in public procurement continues to be a serious concern” and “special attention should be paid to problematic areas, such as corruption in public procurements...” given in the progress reports on Macedonia for 2013 and 2014 respectively.

3 2014 European Commission Progress Report on Macedonia http://www.sep.gov.mk/data/file/Progres%20Report%202014/Izvestaj%20MK_PROV_10_10_2014.pdf



Why Is Public Procurement Control Needed



The current legal regulations in the area of public procurement do not stipulate control of the way in which the procedures are undertaken, therefore the institution in charge, the Public Procurement Bureau, has no competence in following certain procedures and in case of illegal activities, to stop the procedure and undertake certain activities and sanctions. The overall control of the public procurement lies within the State Audit Office which also covers the public procurement in their audit, but these are ex-post controls which point out the possible comments on tenders that have already been conducted. In practice, this situation means that no public institution is directly in charge of working on identifying the forms and risks of corruption in public procurement and gives directions and recommendations which would lead to sanctioning of the current abuse of public money and creating policies for reducing the possibilities for corruption in public procurement.

The absence of ex-ante control is problematic because the public procurement as a process in which the institutions of the central and local government purchase products and services or conduct construction activities is one of the financially most valuable interactions of the public and private sector, which in its nature is susceptible to corruption. In the Republic of Macedonia the annual size of public procurements is about 1 billion Euros (60.4 billion denars) and they participate in the national budget with 34%, and in the country's GDP with 12% (2014 data). At annual level, there are more than 15.000 public procurement calls and there are around 22.000 contracts signed.⁴

As an attempt to reiterate the need for control of the public procurement in the course of their implementation, there will be an overview of several case studies from the public procurement area which should in practice show the need for introduction of control.

⁴ Report on the activities of the Public Procurement Bureau in the functioning of the public procurement system in 2014 http://bjn.gov.mk/bjn-portal/wordpress/wp-content/uploads/izvestaj_2014_BJN.pdf

CASE STUDY: Same Supplier for Seven Years

The public student home “Pelagonija” – Skopje has contracted the same company as a supplier for bread, buns, jam and other, seven years in a row, from 2009 to 2015. This pertains to one-year contracts made between DSD Pelagonija and DPP Dime DOO – Skopje, which cover supplying the student home with bread, buns, flour and various sweets, such as “padobranec”, baklava, tulumba, sour cherry cakes, cream pie, chocolate dessert, etc. The value of the contracts through the years ranged from 1.480.500 denars, i.e. 24.000 Euro in 2009, to 2.508.712 denars, i.e. 40.000 Euro in 2015. The cooperation of DSD Pelagonija with the same company is maybe longer than the seven years covered. The Public Procurement Electronic System has data only on tenders since 2008. The tender for procurement of bread, buns, sweets and other was conducted by the student home in 2008 as well, but then it was annulled and there is no information how DSD Pelagonija provided bread and sweets for that year.

In the seven years analysed, in as many as five, the sole bidder is the company which was also contracted. Sufficient competitiveness provided by DSD Pelagonija at these tenders can only be seen in 2009 when five companies submitted their bids. Afterwards, although in the information on the 2013 contract DSD Pelagonija informs that there were two bidders, according to the data of the Public Procurement Electronic System for this procurement there was no electronic bid which leads us to the conclusion that the second bidder was excluded from the procedure.

Overview of Tenders for Procurement of Bread, Buns, Sweets and Other by DSD Pelagonija

Tender number	Number of bidders	Selected bidder	Contract duration	Contract value (in denars)
01/2015	1	DPP Dime DOO – Skopje	25.03.2015- 25.03.2016	2.508.712
01/2014	1	DPP Dime DOO – Skopje	21.03.2014- 21.03.2015	2.867.387
01/2013	2	DPP Dime DOO – Skopje	22.03.2013- 22.03.2014	2.740.050
01/2012	1	DPP Dime DOO – Skopje	22.03.2012- 22.03.2013	2.830.821
01/2011	1	DPP Dime DOO – Skopje	21.04.2011- 21.04.2012	2.346.035
01/2010	1	DPP Dime DOO – Skopje	01.05.2010- 01.05.2011	1.374.324
01/2009	5	DPP Dime DOO – Skopje	01.04.2009- 31.03.2010	1.480.500

It is unclear how there had been a dominant single bidder which was later contracted, in conditions of public calls for public procurement at these tenders, if one knows that there are many companies in the area of food industry in Macedonia, which could have applied at the tender.

Conclusion:

Signing contracts with the same supplier for years in a row is one of the problems of the Macedonian public procurement system. DSD Pelagonija has been singled out as a very obvious showcase of this problem. This example is specific because of the 7 year duration of cooperation in continuity. This student home is only one in the group that have been signing contracts with the same companies for years.

Therefore, there is a clear need of control which should see if the dominance of a single company in the business with a certain state institution is a consequence of real market events or they are being favoured in this way.

It is unclear how there had been a dominant single bidder which was later contracted, in conditions of public calls for public procurement at these tenders.



CASE STUDY:**Single Company Prevalence in Multiple Tenders with a Single Customer**

Makedonija pat (Macedonia Road Maintenance) – Skopje public enterprise has been conducting tenders for renting vehicles for cleaning the roads in winter conditions from private companies. This procurement has been singled out as a case study because it indicates that even when there are multiple public procurement procedures carried out, it is possible that they are won by a single company. As it can be seen from 2012 tabular overview, Makedonija pat public enterprise has increased the number of public procurement calls for renting vehicles each year (in 2012 there were 2 tenders, 4 tenders in 2013, and 5 tenders in 2014), but a single company won each one of them, “PERPARIMI”, Nuhi Rexhepi DOOEL, export-import, an enterprise for production, trade and services from Dolno Strogomiste, Zajas.

Overview of Makedonija pat public enterprise tenders on road maintenance in winter conditions

Contracts signed in December 2014 for the winter season 2014/2015

Tender number	Number of bidders	Selected bidder	Contract duration	Вредност на договорот (во денари)
38/2014 Skopje office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	26.12.2014- 26.12.2015	30.515.207
39/2014 Veles office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	26.12.2014- 26.12.2015	4.155.881
40/2014 Stip office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	26.12.2014- 26.12.2015	7.185.058
41/2014 Bitola office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	26.12.2014- 26.12.2015	11.239.980
42/2014 Highway office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	26.12.2014- 26.12.2015	4.534.333

Total: 57.630.459

Contracts signed in November 2013 for the winter season 2013/2014

Tender number	Number of bidders	Selected bidder	Contract duration	Contract value (in denars)
45/2013 Skopje office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	10.11.2013- 10.11.2014	36.344.000
46/2013 Highway office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	10.11.2013- 10.11.2014	6.018.000
47/2013 Bitola office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	10.11.2013- 10.11.2014	14.396.000
48/2013 Stip office	1	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	10.11.2013- 10.11.2014	8.614.000

Total: 65.372.000

Contracts signed in November 2012 for the winter season 2012/2013

Tender number	Number of bidders	Selected bidder	Contract duration	Contract value (in denars)
98/2012 Bitola office	3	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	10.11.2012- 10.11.2013	8.274.164
105/2012 Negotiations with an ad for the offices: Highway, Skopje, Stip and Veles	3	PERPARIMI Nuhi Rexhepi DOOEL, Zajas	23.11. 2012 23.11. 2012	46.856.825

Total: 55.130.989

Conclusion:

Until 2011, Makedonija pat public enterprise was annually publishing one tender for renting vehicles for maintenance of the streets in winter conditions which was divisible and the contracts were made with several dozens of companies for separate types of vehicles (bulldozers, trucks, graders, etc.). Therefore, in this case, the control should respond to the question if the previous model of a single tender which was divisible depending on the vehicles rented was more inviting for the companies. At the same time, it is necessary to investigate why the companies have stopped submitting their bids to these tenders and why there has been a single company bidding to all tenders for the last 2 years.

CASE STUDY:**Same Conditions Both for Big and Small Tenders**

The biggest public procurement contract for 2014 was made by Elektrani na Makedonija (Power Plants of Macedonia) – Skopje A.D. with Pelister company from Bitola, worth 2.908.700.000 denars, i.e. around 47 million Euro for renting vehicles and workers for excavation of coal and mullock in the mine of Brod Gneotino, REK (Mining and Electricity Combinat) Bitola. The conditions under which this tender was conducted are identical for each public procurement worth more than 20.000 Euros. The Public Procurement Law does not stipulate any control mechanisms for the bigger tenders or any kind of increased accountability and transparency of the process.

The absence of control, of course, opens the dilemma if there is rational and efficient spending of public money via the public procurement. Apart from taking care about the legality of the public procurement procedures that have been undertaken, a key issue that has to be taken into consideration is the issue of the appropriateness of the public procurement, i.e. if the desired results have been achieved with the money spent in a maximally efficient and rational way. The public procurement cannot be a goal in itself, but rather a means to reach the goal and therefore the control should not only refer to the public procurement procedures, but also if the procurement was a need, and if it was, if the goal has been achieved with it.

This issue is especially important if one takes into consideration that part of the state companies, such as Elektrani na Makedonija A.D. and Makedonski sumi (Macedonian Forests) public enterprise use the tenders to provide the same kind of services each year, without providing the broader public arguments whether that is a reasonable way of spending public money. Both public enterprises use public procurement procedures to obtain workers and machinery for the basic work for which they have been established.

In the case with Elektrani na Makedonija A.D. – Skopje it turns out that the state enterprise has been using workers and machines from other private companies to excavate coal and mullock for the needs of REK Bitola for years. At the moment, Elektrani na Makedonija A.D. – Skopje has four on-going contracts which pertain to renting vehicles and workers as in the cases of contracts for excavation of coal, or, only for renting vehicles. According to these contracts, it turns out that this state enterprise spends around 50 million Euros per year to rent vehicles and workers to excavate coal. An additional issue is that this is a business dominated by a very small circle of construction companies, such as Pelister from Bitola, Trans met from Skopje and Markovski kompani Borce DOOEL – Bitola. These companies have been contracted by Elektrani na Makedonija A.D.

The absence of control, of course, opens the dilemma if there is rational and efficient spending of public money via the public procurement.

– Skopje for years in a row for excavation of coal and renting the so-called additional vehicles on call.

On-going contracts of Elektrani na Makedonija A.D. – Skopje for excavation of coal and mullock, as well as renting additional vehicles

Tender number	Number of bidders	Selected bidder	Contract duration	Contract value (in denars)
01-124/2013 Excavation of coal and mullock from a landslide at micro-location 3 in Suvodol mine, REK Bitola	2	TRANS MET DOO - Skopje	20.11.2013-20.11.2016	2.360.000.000
01-62/2014 Excavation of coal and mullock at Brod Gneotino mine, REK Bitola	3	PELISTER Bitola - DOO	24.10.2014-24.10.2016	2.908.700.000
01-28/2014 Excavation of mullock (overburden) at Suvodol mine – PE Rudinci	8	TRANS MET DOO - Skopje MARKOVSKI KOMPANI Bitola and PELISTER Bitola	09.09.2014-09.09.2016	588.643.000
105/2014 Services of additional vehicles on call for the needs of REK Bitola	5	Rubiton Bitola; Pelister Bitola; Markovski kompani Bitola and Mis-Komerc Skopje	09.02.2015-09.02.2016	786.000.000

Tenders that are used to hire workers and rent vehicles to conduct the work for which the public enterprise itself has been founded are also conducted by Makedonski sumi Skopje unit.

This public enterprise conducted 121 contracts with 92 companies in May this year (with some companies more than one contract has been signed) to provide forestry services in phases: cutting, supply and transport with loading and unloading of wood materials in parts in “Makedonski sumi” public enterprise. The total value of these contracts is 507.350.381 denars, i.e. around 8.2 million Euros. These are one-year long contracts that should be implemented from May 2015 to May 2016.



Conclusion:

For the tenders conducted by Elektrani na Makedonija A.D. as well as Makedonski sumi, one should of course open the issue about the appropriateness of these public procurement contracts and make a study which should answer the key issue if this model is the most optimal solution and if it provides for rational and efficient spending of public money.



CASE STUDY: Single Facility Multiple Contracts

Almost any bigger construction facility is built by making multiple public procurement contracts. Such is one of the most recent cases from this area that pertains to the rehabilitation and additional construction of the Parliament of the Republic of Macedonia. Five years after the first contract for construction and construction and craft work on additional construction, upgrade and adaptation of the facility of the Parliament of the Republic of Macedonia, this year a new tender for new construction and construction and craft work has been open. The contract was again awarded to the construction company that also signed the first contract, Beton – Skopje.

Contracts for construction and construction and craft work at the facility of the Parliament

Tender number and name	Number of bidders	Selected bidder	Contract duration	Contract value (in denars)
14/2009 Construction and construction and craft work for additional construction, upgrade and adaptation and strengthening the facility of the Parliament of the Republic of Macedonia in all stages and parts in accordance with the technical specification	5	Beton A.D. - Skopje	11.03.2010-11.03.2012	782.036.344
04/2015 Construction and construction and craft work at the facility of the Parliament of the Republic of Macedonia	3	Beton A.D. - Skopje	27.03.2015-27.03.2017	262.911.673

In the 2015 tender it is questionable that the technical specification precisely lists 17 parts on the construction and construction and craft work on the facility, and the procedure is not divisible. This means that each company that applies at this public procurement call has to give an offer for all parts. The public procurement ad, among other things, covered building, plaster and cupboard work, ceramic work, stone carving work, carpentry, painting, façade work, and miscellaneous work (upholstery of furniture in Baroque style, procurement of lifts, marquisette curtains, chairs for the MPs, armchairs for the presidency, mirrors, etc.).

Conclusion:

In these cases the control is necessary to see if the activities defined in the new contract can be considered justified and be an object of a new public procurement procedure. At the same time, the detailed technical specification in this procedure contains 17 different parts. Therefore, it might have been justified to publish the tender in multiple lots and give the possibility to more companies to win part of the valuable contract for construction work at the Parliament facility.



The Public Procurement Council is a newly established body which started to work in May 2014 and whose obligation, among other things, is to approve the criteria for assessment of the abilities of the companies.

CASE STUDY:

High Criteria Leading to Competition Limiting

Starting from the fact that one of the main principles of public procurement is providing competitiveness and equal treatment and non-discrimination of companies, the criteria that are set to assess the abilities of the bidders are especially important. The Public Procurement Council is a newly established body which started to work in May 2014 and whose obligation, among other things, is to approve the criteria for assessment of the abilities of the companies, thus disabling the institutions to discriminate companies and favour a certain bidder. However, is this institution enough to create conditions for fair contest among the companies in the public procurement? The Public Procurement Law states that prior to announcing the public procurement call, the institutions should conduct market research to show that the criteria which they have set for the companies are met by most of them and that there are preconditions for competitiveness. In cases when the market research can not succeed in proving that a certain number of companies (the number is clearly defined in the Public Procurement Law depending on the procedure type) meet the set criteria, then the institutions have to ask the Public Procurement Council for an approval to publish the tender. The fact that the newly imposed obligations should be a subject of control is confirmed by the case with the tender of the Protection and Rescue Directorate.

It pertains to procurement of service for shelter rehabilitation and equipment servicing (call no. 24/2014), in which the Protection and Rescue Directorate used criteria to determine the ability of the bidders (economic and financial state of affairs, as well as technical and professional ability), and for that purpose, according to the Law, it had to conduct market research to prove that at least six companies fulfil these conditions (Article 36-a, Paragraph 2, Line 3 of the Public Procurement Law). The Protection and Rescue Directorate claims to have conducted the market research and obtained confirmation from 10 companies that they fulfilled the criteria for ability determination. However, de facto, only one company applied at this tender worth 12 million denars (DPUP Metaltehnica Gjorgje i dr. DOO – Skopje) and they were granted the contract. The bidder in this procedure was asked to:

- Own a mobile hoist registered by a government body in charge for work up to height of 12 meters and a proof (certificates) for at least three trained operators with it;
- Have at least 150 employees, at least two of whom should be builders, plasterers, electricians, carpenters, plumbers, painters and locksmiths;
- Own transport vehicles – pick-ups, transporters and others;

- Have stairs up to 9/10 meters high, at least 2 pieces;
- Contracts (copies) made with government institutions;
- Confirmations of at least 5 government institutions for quality work based on contracts..

Insisting on such a high number of employees, owning as opposed to enabling the right to rent the equipment (support by another entity), asking for confirmations to prove past experience solely from government institutions, while excluding the private sector, is more than discriminatory, and it remains unclear how those 10 confirmations of companies were obtained at the market research.

Conclusion:

The Protection and Rescue Directorate has been pointed out only as an example. Otherwise, there are a number of cases like this in practice. An additional problem is that a significant part of the institutions can not prove that they have conducted a research or that that have asked for approval from the Public Procurement Council. This situation is yet another argument to support the assessment about the need of control that should confirm the consistency in the application of the Public Procurement Law. In conditions when the Law stipulates compulsory electronic bidding, the absence of competition increases the risk that the contracts are made for prices higher than the real ones. It is an unwritten rule that the companies submit higher process at the e-bidding opening, thinking that they would be further lowered in the course of the bidding.



One of the institutions that often annul tenders is the Ministry of Defence.

CASE STUDY: Frequent Tender Annulment

Annulment of tenders is one of the more significant problems in the public procurement market. Annually, on average, each fourth tender in the country is annulled, fully or partially.

One of the institutions that often annul tenders is the Ministry of Defence – Logistics sector. Out of the 372 tenders open in 2014, this Ministry has annulled 145. It turns out that 38,98% of the tenders have been annulled, 20,43% of which fully, and 17,5% partially. Taking into consideration the extensive experience of this Ministry, which is one of the biggest clients at ministry level, the lack of knowledge, i.e. lack of experience could not have been the reason for frequent annulations. Therefore, there is a need for controlling the reasons for the frequent tender annulations.

Conclusion:

The Ministry of Defence is one of the institutions singled out where there has been a high degree of tender annulment. There is a high number of annulations in other ministries as well, such as the Ministry of Labour and Social Policy, which opened 70 tenders in 2014, and annulled 22 of them, completely, thus amounting to 31,42% of the tenders being annulled. In general, the annulment problem bothers all institutions at national and local level, with bigger or smaller intensity. Therefore the control of the public procurement procedures with respect to this problem should enable a detailed insight of the reasons, sanctioning of the possible cases when the annulment motives were corruptive, and, of course, decreasing the broad legal possibilities for frequent tender annulment.

Conclusion and Recommendations

All previously explained case studies support the need for introducing control of the public procurements in order to follow the legality of the actions undertaken and determine the irregularities that would be the basis for timely prevention of the illegal activities and appropriate sanctioning of the public funds abuse. The failure to undertake this measure stipulated in the State Programme for Prevention and Repression of Corruption of December 2011 has increased the risk of further deterioration of the situation with respect to public procurement corruption.

The challenge that remains is to define the future steps in the direction of introduction, but also efficient implementation of the control in the public money spending, through a series of public debates where all relevant actors in the public procurement area will be included. Otherwise, the high risk for abuse of public money followed by clearly expressed lack of confidence of the broader public in their planned and rational spending will remain. At the same time, the high lack of confidence which also exists in the business sector will continue to lead to decreasing the participation of the companies at the public revenue market which will additionally influence the deterioration of the public revenue effects.

It is necessary to make additional efforts to organise the public procurement system in such a way that it will really provide for implementation of the main principles: transparency, competitiveness, equal treatment of bidders, non-discrimination, legality, economy, efficiency, effectiveness and rationality in using the budget funds. The system should strengthen the responsibility of the carriers of power in the direction of planned and rational spending of the public money through a transparent and accountable process. In the absence of functional institutions that consistently sanction the unlawful spending of public money, there is a risk of further increase of public procurement corruption.

In the absence of functional institutions that consistently sanction the unlawful spending of public money, there is a risk of further increase of public procurement corruption.

Author's Profile



Sabina Fakik is a Master of Economic Sciences and she has worked at the Civil Communications Centre for more than 10 years as a project manager and researcher. Fakik became a member of the Civil Communications Centre after more than a decade work in the media where she advanced to the highest position of an editor-in-chief. She has successfully used her researcher's skills from journalism in in-depth research and analyses conducted within the work in the civil sector. The focus of her interest is the economic aspects of the social life with a special stress on spending public money. During her professional life, Fakik has conducted more than 50 researches.



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