X-INDEX

BENCHMARKING TOOL FOR PUBLIC PROCUREMENT IN KOSOVO

FOR THE PERIOD JANUARY – JUNE 2018

2019

TRANSPARENT, EFFECTIVE AND ACCOUNTABLE MUNICIPALITIES ACTIVITY IN KOSOVO
RIINVEST INSTITUTE

X-INDEX

BENCHMARKING TOOL FOR PUBLIC PROCUREMENT IN KOSOVO

FOR THE PERIOD JANUARY – JUNE 2018

2019

Authors: Ylli Tafarshiku, Adnan Dema
Editors: Alban Hashani, Enisa Serhati, Diellza Gashi

TABLE OF CONTENTS

ACRONYMS

EU　European Union

GDP　Gross Domestic Product

KBRA　Kosovo Business Registration Agency

NPwP　Negotiated Procedure without Publication

OECD　Organization for Economic Cooperation and Development

PPRC　Public Procurement Regulatory Commission

PRB　Procurement Review Body

SMEs　Small and Medium Enterprises

ABSTRACT

This study presents the findings of the x-index – a public procurement benchmarking tool – which measures and evaluates the performance of municipalities in public procurement and compares it with best practices. The findings are grouped into three categories, based on the size of the municipalities to provide an objective representation. x-index is based on a statistical model containing 11 sub-indices, each of which assess several dimensions of public procurement, and which jointly focus on the areas of openness, competition and supervision. Indirectly, it measures municipalities' efficiency and their vulnerability to corruption in public procurement. The x-index includes all 38 municipalities of Kosovo and covers their procurement activities in the period January-June 2018, consisting of 785 contracts in total worth over €50 million. The index is constructed based on objective criteria. The data for construction of the index were obtained from the official e-procurement platform and other official statistics.

INTRODUCTION

The purpose of the x-index is to monitor and evaluate the performance of Kosovo's 38 municipalities in public procurement through a statistically built index. The evaluation focuses on three main areas: transparency, competition and efficiency. Despite being a relatively robust statistical indicator, x-index cannot reflect all aspects of the ideal procurement process, especially when it comes to qualitative aspects. The x-index score benchmarks the contracting authorities only according to objective, well measurable criteria. Given that those account for most aspects of the procurement process, this is a fair way of assessing public procurement.

Public procurement makes up close to one seventh of Kosovo's GDP, and is an important driver of its economy. On average, Kosovo's government spends around one third of its budget through public procurement on purchasing products and services from economic operators, making it one of the most vulnerable targets for corruption (PPRC, 2017) [1]. A transparent public procurement is critical to achieving the more efficient allocation of resources through increased competition; thus, to achieve this, systematic and continuous reforms are necessary. Moreover, public procurement must be done efficiently and transparently in order to provide a level playing field for all actors involved and help governments to get the best value for taxpayers' money. Globally, public procurement is a government activity that is highly vulnerable to corruption (OECD, 2007). [2] Similarly in Kosovo, public procurement is very often perceived as being prone to corruption and its integrity is often put into question (Knopic, 2004; Riinvest, 2011).[3]

By the same token, challenges in creating a sound public procurement system are ubiquitous and Kosovo is not an exception. This process proved particularly challenging for countries that have gone from centrally planned to market economies where public procurement is a novelty. Public procurement in Kosovo was established after the 1999 war with the support of the international community though currently it has a strong local ownership. The legal framework has been continuously improved and is now considered to be largely in accordance with the EU directive, though further improvements are required. Prior Riinvest research determined that the overall weakness of the procurement system stems from the insufficient implementation of the law (Riinvest, 2012).[4] This segment requires significant improvements in order to minimize the misuse of taxpayers' money as well as to correct distortions in the market.

To this end, this report aims to facilitate a better-informed discussion on public procurement based on objective information. The rating of the score of the x-index ranges from 0 to 1 where 1 means that the contracting authority is conducting public procurement activities largely in line with best practices (i.e. a good conduct, as defined by international institutions). A low x-index rating, leaning towards 0, implies a deviation from best practice. Contracting authorities with low x-index values (in comparison to similar institutions) are not necessarily more corrupt or less efficient; the low score simply indicates that there is a greater vulnerability for corrupt or inefficient practices in their procedures - but whether that opportunity has been exploited or not cannot be proven from these statistics. In order to have an objective representation of the results, the municipalities were classified in three groups: large, medium, and small sized municipalities. The classification of the municipalities was done upon the criteria of the municipalities' budget and number of municipal officials. The long-term goal of x-index is to serve as an educational tool, using illustrative comparisons to identify contracting authorities' weaknesses, and to use the results to better educate contracting authorities in best practice and motivate them to better manage public funds. The project is designed to provide a place for factual debate about appropriate public procurement practice for contracting authorities, the public, and the media.

This report is organized as follows: section one provides an executive summary of the report. Section two briefly explains what is the benchmarking tool for public procurement (x-index). Section 3 presents the results of the overall index for all municipalities, while Section 4 presents the results from each sub-index individually. Section 5 provides a detailed description of the methodology.

---

1   PPRC, 2017. Report on Public Procurement Activities in Kosova for 2016

2   OECD, 2007. Integrity in Public Procurement; good practice from a to z. Organization for Economic Co-Operation and Development. Paris

3   Knopic, J., 2004. Corruption in Kosovo: Perceptions versus Experiences; Potential Investigative Techniques. Seminar on the Law of Nationbuilding. Chicago-Kent College of Law

4   Riinvest, 2012. Improving Transparency and Governance of public funds in Kosovo. Riinvest Institute for Development Research, Prishtina

1

EXECUTIVE SUMMARY

The x-index has started as a necessity to identify strengths and weaknesses in the public procurement process at the municipal level. As such, the most significant contribution of this index is that it is based on objective criteria and can easily be replicated to track developments in public procurement in Kosovo. As indicated, the index is based on a relatively robust statistical model and provides a fair way of assessing public procurement.

Out of the eleven sub-indexes, the findings reveal that municipalities have performed the best in the "Supplier Rating (x10)" sub-index, with an average score of 0.98. "Supplier Rating" assesses the profiles of economic operators. Meanwhile, the sub-index where municipalities have performed the worst is "Information Provision (x11)", with an average sub-index score of 0.44. "Information Provision (x11)" evaluates, the quality and timeliness of municipalities' procurement offices response when requests for access to documents or information are made.

Municipalities' poor performance in "Information Provision (x11)" sub-index, as well as other relevant data gathered during the study indicate that accountability and transparency are the weakest points of municipalities. Nearly half of the municipalities (45%) contacted by the team did not respond at all to requests for access to official documents. Also, another concerning finding is the fact that 14 municipalities, or 37% of them, do not have a contact email address published on their official web-page. Meanwhile, a positive note is the fact that 29% of municipalities expressed full willingness to cooperate with requests made to provide requested information.

Creating a competitive environment in public procurement, is a key element towards an improvement of the public procurement process and ensures that contracting authorities secure the best value for money spent. The data gathered from the study, reveal that there is a lot of work to be done by municipalities to foster competition. Municipalities have performed below the average x-index score (0.74), in 4 out of 11 sub-indexes that are directly or indirectly related to competition. "Pro-Competitive Tools (x6)" is a sub-index that measures the extent to which municipalities use competitive tools. Municipalities' average score in this sub-index is 0.58, making it the second lowest performing sub-index. Municipalities in 6% of cases split contracts into lots (which would allow smaller companies to bid), while the lowest price was chosen as a criteria to award a contract in 99% of cases. Another concerning issue regarding competition is the fact that in response to 24% of contract notices, only one bidder applied for the contract. On the other hand, when speaking of a competitive and accountable procurement system, a positive element is the fact that the Negotiated Procedure without Publication (NPwP) was used in 7% of cases, while 60% of contracts were awarded through an Open Procedure, and the remaining 33% through a Price Quotation Procedure. Another interesting finding is the fact that in 40% of cases, the deadline for application for economic operators was extended. This can be viewed from two angles, (i) as a way to promote a more competitive

procurement environment, but also (ii) as a problem in proper planning of procurement activities. Meanwhile, in terms of efficiency, more than 13% of contract notices are cancelled, and on average, 1 in 7 contracts is amended or corrected.

The institutions that in a direct way regulate the public procurement system such as the PPRC, as well as those that affect it in other ways, leave space for improvement. Contract award notices published on Kosovo's Public Procurement Regulatory Commission (PPRC) electronic platform (e-procurement) provide limited information regarding the winning company, making it difficult to identify the company and the owner. This is an interrelated issue with the Kosovo Business Registration Agency (KBRA), since it is difficult to track down these economic operators registered at KBRA due to the similarity of the company names that they possess. The webpage of the "Procurement Review Body (PRB)", also is not updated on a regular basis. Some key recommendations from our research are:

- There should be an increased effort by Municipalities to improve the transparency and accountability of the procurement process. To this end, there should be an increase of the monitoring and oversight capacities of PPRC and the National Audit Office related to contract management and execution.

- Greater support should be provided from international organizations operating in Kosovo to central procurement institutions like the (PPRC) so that they can in turn provide support to local level contracting authorities.

- There should be continued support for capacity building and development with the objective of developing a hands-on professional training system in public procurement, in particular in implementing e-procurement. In this regard, continued efforts to improve the human capacities of contracting authorities are necessary to ensure professional handling of tenders. This could include a toolkit which will be a step by step guide to preparing tender dossiers for government contracts. This would benefit both public procurement officials and businesses bidding for contracts.

- Continue to support capacity building and development of the PRB from international organizations that are active in this field in Kosovo, especially with regard to decisions on interim measures. Also, additional support should be provided to PPRC to work towards making the e-procurement infrastructure more efficient and more user-friendly.

- There should be a higher degree of integration of in the procurement process into the overall public expenditure management process.

- Civil society organizations and media should be more active in monitoring and signaling malfeasance in the public procurement process as well as coming forward with recommendations on improving the system.

- Parliament should be more active in holding the central procurement bodies as well as the government accountable for implementation of the law. It should also engage other stakeholders in parliamentary hearings in future legislative amendments.

2

WHAT IS BENCHMARKING TOOL FOR PUBLIC PROCUREMENT – X-INDEX?

x-index is a public procurement benchmarking tool which is built upon a statistical model based on quantitative data gathered from Kosovo's e-procurement platform. It uses real accessible data to measure each contracting authority's (in this case each municipality's) rate of transparency, efficiency and competition in public procurement, within a six-month period (January-June 2018). Based on a quantitative research methodology, the findings leave little or no space for subjective interpretations. The majority of the data (90%), are accessible and collected online through Kosovo's Public Procurement Regulatory Commission electronic procurement platform. The project relies heavily on the similar established methodology developed internationally, and adjusted for the Kosovo context.

The overall objective of the "Benchmarking tool for public procurement – x-index" is to improve transparency and to promote good governance and accountability in regards to the procurement process at the municipal level, in order to counter corruption, by highlighting controversial as well as exemplary contracting authorities, through a research methodology based on factual procurement data. A low score in the x-index sub-indexes implies a deviation from best procurement practices. Municipalities with lower scores are not necessarily corrupt, less efficient or less accountable. However, a low x-index score raises red flags and leaves more space for concern about the municipalities' procurement activity and the procedures conducted, both in terms of potential corruption or inefficiency. Also, x-index results do not aim and cannot prove corruption. The "negotiated procedure without publication (NPwP)", usage of "accelerated time limits" or a "cancelation of procurement activities", are all actions that fall within the legislation of Kosovo's procurement system. These may be used under specific circumstances clearly defined in the law. However, frequent usage of them may be a red flag for fraud, waste or abuse.

3

X-INDEX RESULTS

From the large-sized municipalities at the national level the results reveal that Pejë/Peć is ranked as the top performing municipality, with an x-index score of 0.80, followed by Gjakovë/Đakovica (0.79), Prishtinë/Priština and Mitrovicë/Mitrovica each with a 0.73 x-index score. The municipality with the lowest score from this category, is Gjilan/Gnjilane (0.57). Meanwhile, the municipality of Dragash/Dragaš tops the list of medium sized municipalities, with an x-index score of 0.88, followed by Vushtrri/Vučitrn (0.85), Štrpce/Shtërpcë and Gračanica/Graçanicë, each with a 0.84 x-index score. The municipalities at the bottom of this category are Severna Mitrovica/Mitrovica e Veriut (0.64), Rahovec/Orahovac (0.66), and Skenderaj/Srbica (0.69). The third group of municipalities, or the small sized municipalities, are led by Hani i Elezit/Elez Han (0.79), Novobërdë/Novo Brdo (0.78), Obiliq/Obilić (0.77), and Ranilluk/Ranillug (0.71). On the other hand, in this category the municipality of Parteš/Partesh has the lowest score (0.59).

The average score of the composite index for all municipalities is 0.74. The majority of municipalities (21 municipalities, or 55 percent) have a higher than average score. However, still a large number of remaining municipalities (17 municipalities, or 45 percent) have a lower than average score. The range of the index is from 0.57 to 0.88.

Meanwhile, if we look at the average score of the three categories of municipalities, it turns out that medium sized municipalities have performed best with an average x-index score of 0.77; followed by large sized municipalities with an average x-index score of 0.72. Even though it was expected that small sized municipalities perform better due to their smaller number of procurement activities, their average index score is 0.70.

Out of the 11 sub-indexes, the 38 municipalities collectively performed lower than the average score of the overall index in 6 of them. This includes the following sub-indexes: Winner's Concentration, Bidder Participation, Pro Competitive Tools, Legal Misconduct, Procurement Planning Process, and Information Provision. The scores from these sub-indexes range from 0.44 (Information Provision) to 0.7 (Procurement Planning Process). Municipalities had higher than average scores in the following sub-indexes: public procurement as a share of total purchases, competitive contracting, consistent conduct, tender submission deadline, and supplier rating. The scores from these sub-indexes range from 0.76 (tender submission deadline) to 0.98 (supplier rating).

The results for the three categories of municipalities are presented in the following figures.

HOW IS X-INDEX CALCULATED?

ELEVEN INDICATORS EXPLAINED BELOW, ARE COMBINED TO PRODUCE A SINGLE X-INDEX VALUE, USING A WEIGHTED AVERAGE:

$$xindex = \frac{x_1 + x_2 + x_3 + x_4 + x_5 + x_6 + x_7 + x_8 + x_9 + x_{10} + 0.5x_{11}}{10.5}$$

Where X is the final x-index value and x1 to x11 are the values of the individual indicators numbered according to the list above (the detailed computation of the indicators follows). Each of the indicators is scaled between 0 and 100, and they thus have equal weight, except for x11 which was assigned a smaller weight (0.5) due to importance.

0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0

PEJË
0.80

**GJAKOVË/
ĐAKOVICA**
0.79

**PRISHTINË/
PRIŠTINA**
0.73

**MITROVICË/
MITROVICA**
0.73

**FERIZAJ/
UROŠEVAC**
0.71

PRIZREN
0.70

**PODUJEVË/
PODUJEVO**
0.70

**GJILAN/
GNJILANE**
0.57
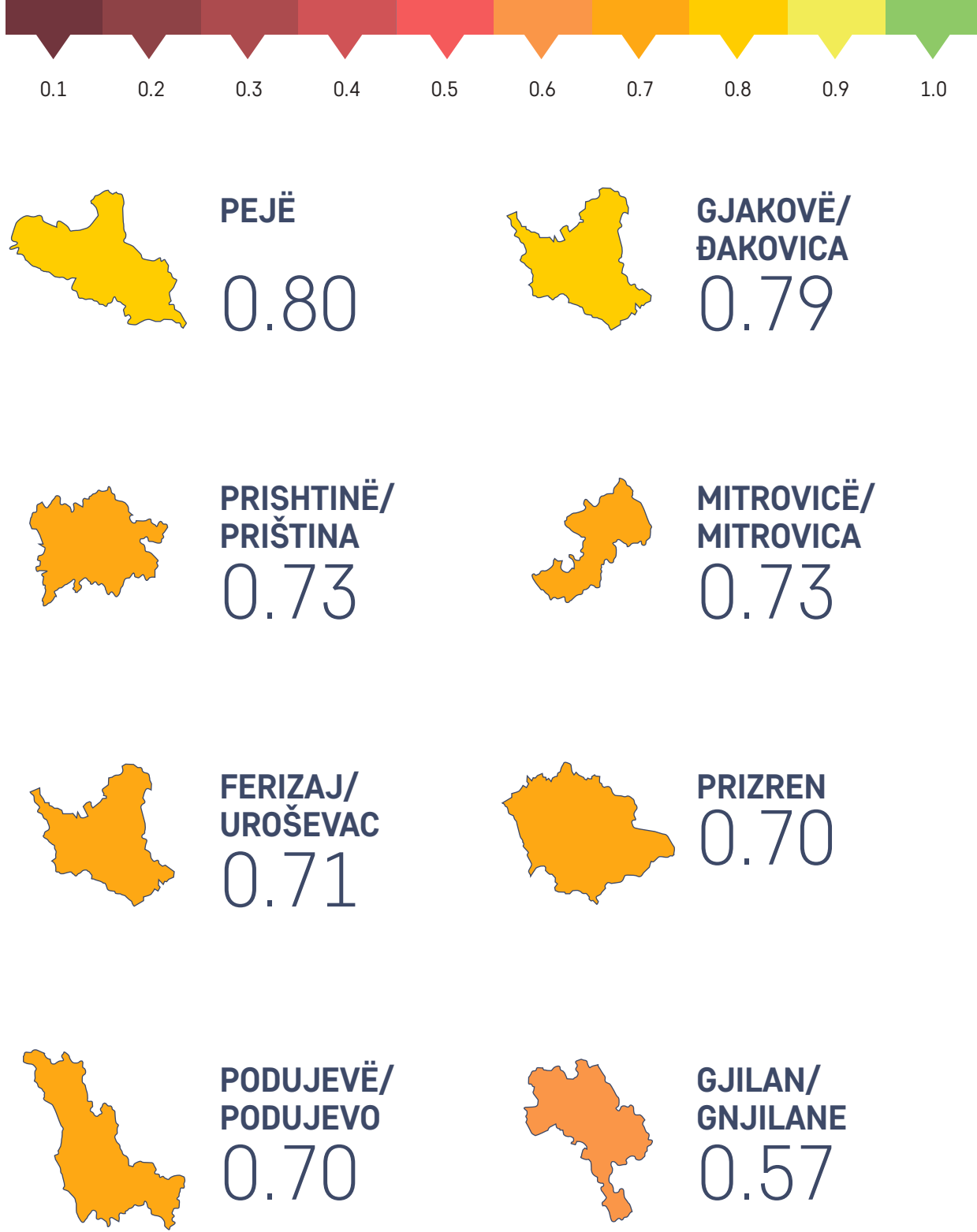
FIGURE 1. OVERALL X-INDEX RESULTS FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

LARGE-SIZED MUNICIPALITIES

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

Dragash/Dragaš	0.88	Malishevë/Mališevo	0.76
Vushtrri/Vučitrn	0.85	Viti/Vitina	0.76
Štrpce/Shtërpcë	0.84	Istog/Istok	0.76
Gračanica/Graçanicë	0.84	Fushë Kosovë/ Kosovo Polje	0.76
Gllogovc/Glogovac	0.79	Kaçanik/Kačanik	0.75
Lipjan/Lipljan	0.78	Deçan/Dečani	0.75
Klinë/Klina	0.78	Skenderaj/Srbica	0.69
Kamenicë/Kamenica	0.77	Rahovec/Orahovac	0.66
Suharekë/Suva Reka	0.77	Severna Mitrovica/ Mitrovica e Veriut	0.64

FIGURE 2. OVERALL X-INDEX RESULTS FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

MEDIUM-SIZED MUNICIPALITIES

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

Hani i Elezit/Elez Han	0.79	Junik	0.70
Novobërdë/Novo Brdo	0.78	Zvečan/Zveçan	0.69
Obiliq/Obilić	0.77	Shtime/Štimlje	0.67
Ranilluk/Ranillug	0.76	Zubin Potok	0.65
Klokot/Kllokot	0.71	Leposavić/Leposaviq	0.62
Mamushë/Mamuşa	0.70	Parteš/Partesh	0.59

FIGURE 3. OVERALL X-INDEX RESULTS FOR SMALL-SIZED MUNICIPALITIES
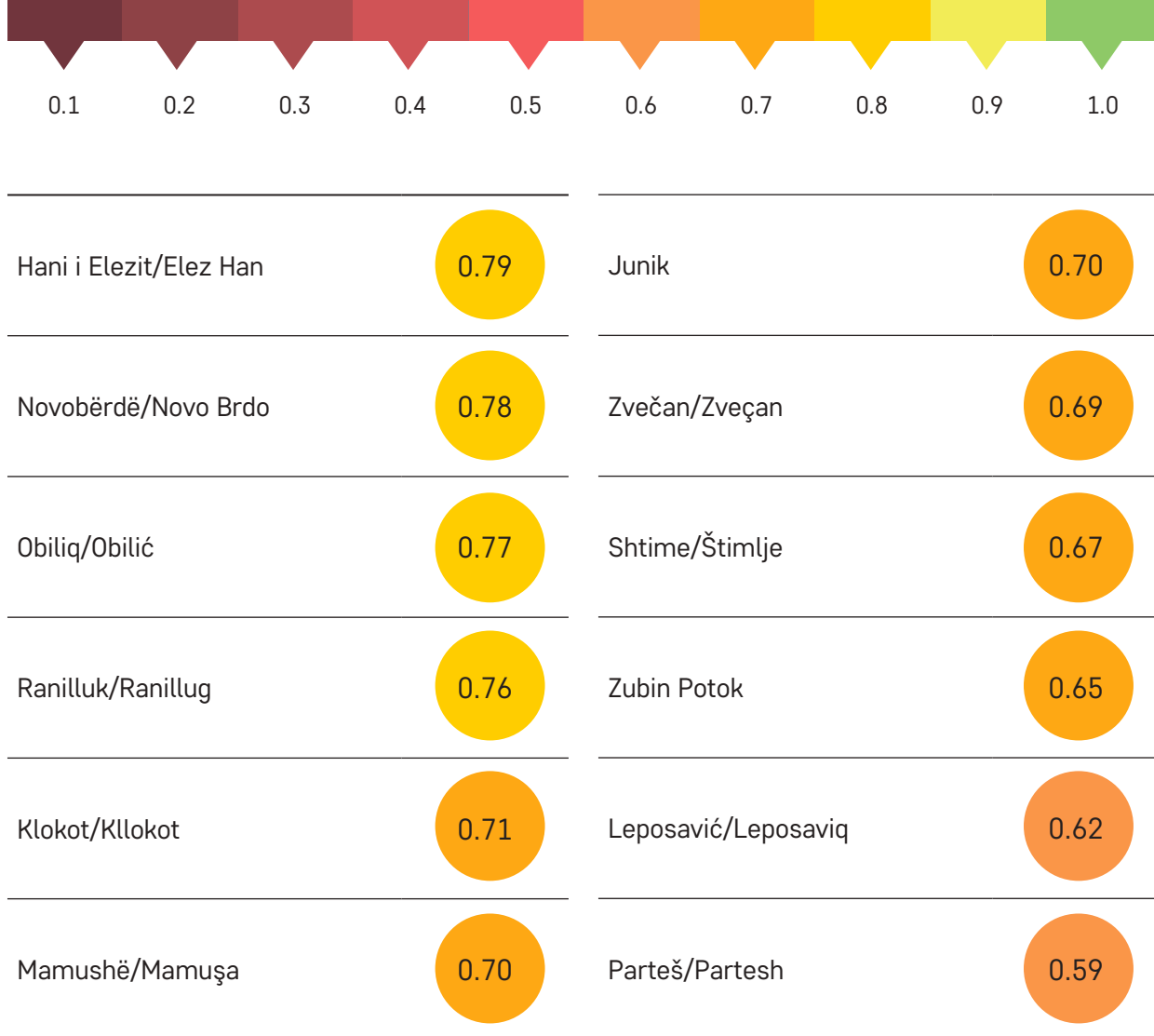**SOURCE: AUTHORS' OWN ESTIMATION**

SOURCE: AUTHORS' OWN ESTIMATION

SMALL-SIZED MUNICIPALITIES

4

RESULTS FROM
SUB-INDEXES

X **1**

SUB-INDEX 1: PUBLIC PROCUREMENT AS A SHARE OF TOTAL PURCHASES (X1)
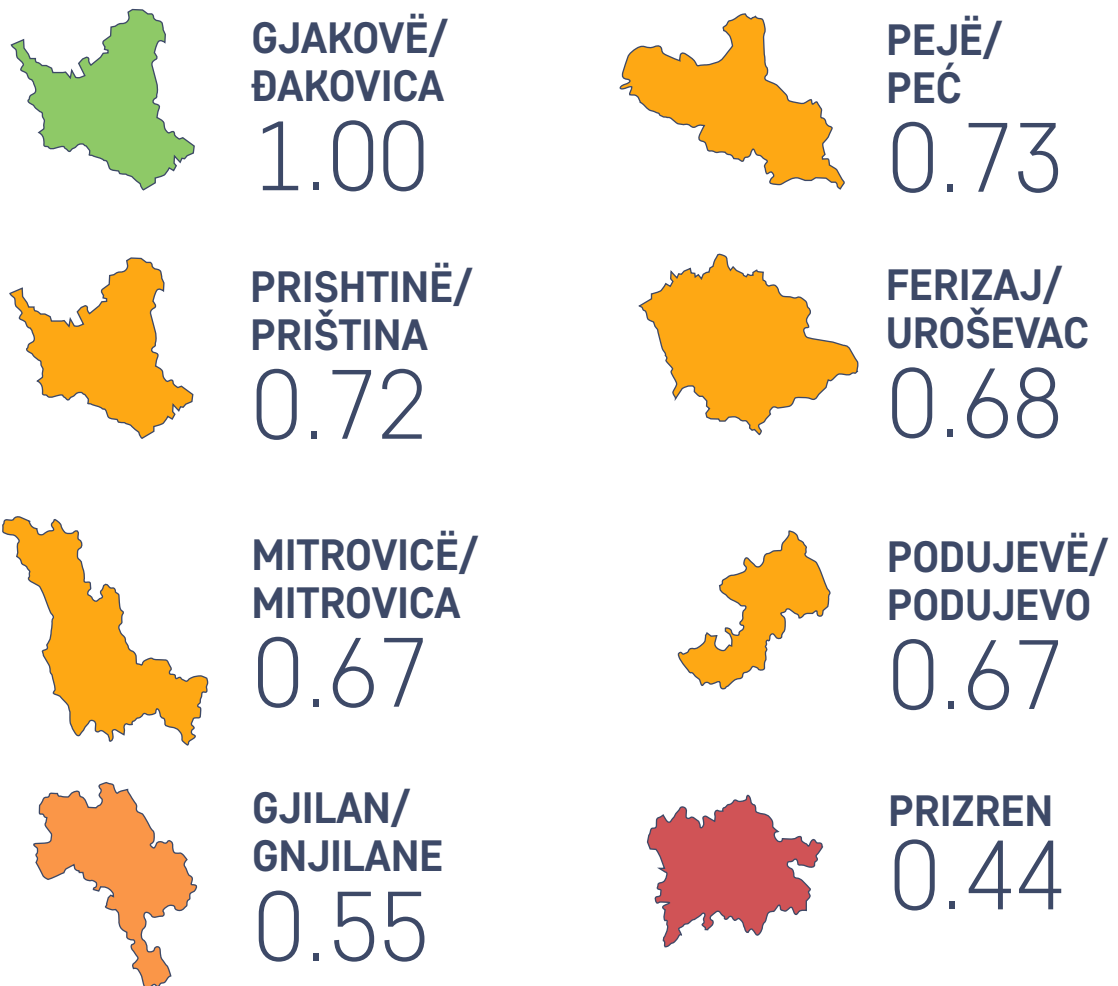
Public Procurement as a share of total purchases (x1), compares the value of municipalities' contracts published in the "e-procurement" platform with the total volume of their controllable operating costs. In our model, the controllable operating costs include: goods and services, subsidies and transfers, and capital expenditures. Wages and salaries, and utilities were excluded, since they are expenses that are not managed by municipalities. The formula for calculating the "Public procurement as a share of total purchases", is as follows below:

$$x1 = \sqrt{\frac{value\ of\ public\ procurement\ contracts}{value\ of\ controllable\ operating\ costs}}$$

Controllable operating costs are defined as the sum of selected cost items that are dependent on the contracting authority's management, in this case municipalities' management. In cases where a large volume of expenses falls outside the scope of the public procurement information system, this implies a less transparent environment and more room for the contracting authority to make arbitrary decisions. Therefore, the goal of this indicator is to encourage municipalities to use public procurement procedures through the e-procurement platform and create a more transparent process.

Figure 4 presents the performance of large sized municipalities in this sub-index. The municipality of Gjakovë/Đakovica tops the performance in this category with a maximum score of 1; followed by Pejë/Peć (0.73) and Prishtinë/Priština (0.72). In this category, the municipality of Prizren is ranked with the lowest score (0.44).

LARGE-SIZED MUNICIPALITIES

GJAKOVË/
ĐAKOVICA
1.00

PEJË/
PEĆ
0.73

PRISHTINË/
PRIŠTINA
0.72

FERIZAJ/
UROŠEVAC
0.68

MITROVICË/
MITROVICA
0.67

PODUJEVË/
PODUJEVO
0.67

GJILAN/
GNJILANE
0.55

PRIZREN
0.44

FIGURE 4. PUBLIC PROCUREMENT AS A SHARE OF TOTAL PURCHASES (X1) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. Controllable operating costs exceeding the total value of costs published in the e-procurement platform is legitimate. However, the higher the amount of controllable operating costs and the lesser of e-procurement costs, the lower the transparency.

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

MEDIUM-SIZED MUNICIPALITIES

Regarding the medium sized municipalities, presented in Figure 5, municipalities from Deçan/Dečani to Kaçanik/Kačanik (ranked alphabetically) are top performers in this sub-index, and have all reached the maximum score of 1. Meanwhile, the municipality of Rahovec/Orahovac has the lowest score (0.51) in this category.

Deçan/Dečani	1.00	Skenderaj/Srbica	0.87
Dragash/Dragaš	1.00	Viti/Vitina	0.83
Klinë/Klina	1.00	Gračanica/Graçanicë	0.83
Lipjan/Lipljan	1.00	Malishevë/Mališevo	0.76
Severna Mitrovica/ Mitrovica e Veriut	1.00	Štrpce/Shtërpcë	0.76
Kaçanik/Kačanik	1.00	Gllogovc/Glogovac	0.71
Istog/Istok	0.94	Vushtrri/Vučitrn	0.68
Fushë Kosovë/ Kosovo Polje	0.92	Kamenicë/Kamenica	0.67
Suharekë/Suva Reka	0.89	Rahovec/Orahovac	0.51

FIGURE 5. PUBLIC PROCUREMENT AS A SHARE OF TOTAL PURCHASES (X1) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

| 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |

SMALL-SIZED MUNICIPALITIES

As revealed in Figure 6, 75% of small sized municipalities have performed above the 0.90 score in this sub-index. However, a concerning result in this category of municipalities is that of the Municipality of Leposavić/Leposaviq (0.16), where more than 98% of the municipalities' expenditures did not go through more transparent public procurement procedures.

Municipality	Score	Municipality	Score
Hani i Elezit/Elez Han	1.00	Zvečan/Zveçan	1.00
Junik	1.00	Novobërdë/Novo Brdo	0.97
Obiliq/Obilić	1.00	Parteš/Partesh	0.90
Ranilluk/Ranillug	1.00	Mamushë/Mamuşa	0.81
Shtime/Štimlje	1.00	Klokot/Kllokot	0.30
Zubin Potok	1.00	Leposavić/Leposaviq	0.16

FIGURE 6. PUBLIC PROCUREMENT AS A SHARE OF TOTAL PURCHASES (X1) FOR SMALL-SIZED MUNICIPALITIES
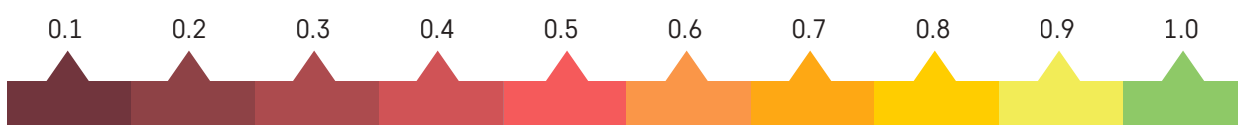
SOURCE: AUTHORS' OWN ESTIMATION

| 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |

SUB-INDEX 2: COMPETITIVE CONTRACTING (X2)

X 2

Competitive contracting (x2) measures the value of contracts tendered through negotiated procedures without publication (NPwP), in proportion with the total value of contracts. A minimum rating of zero is assigned to a municipality that awarded all its contracts through NPwP. The formula for calculating the "Competitive contracting" indicator, is as follows:

$$x2 = \left(1 - \frac{value\ of\ contracts\ awarded\ through\ NPwP}{total\ value\ of\ contracts} \right)^4$$

In terms of openness, as well as competition and transparency in public procurement, competitive contracting is one of the most important indicators. It measures the value of contracts tendered through Negotiated Procedures without Publication (NPwP), in proportion with the total value of awarded contracts. The negotiated procedure without publication is often regarded as the least transparent procedure and the most restrictive in terms of competition. Kosovo's Law on Public Procurement recommends the use of this procedure only in specific cases. In other words, in cases where municipalities use this procedure, competition is excluded, since only a single or a limited number of economic operators are invited by the municipality to bid for a specific call, and as result quality and price of a specific public good or service might be affected negatively. Therefore, the aim of this sub-index is to prevent municipalities from negotiating directly with one or a limited group of economic operators without issuing a public call for a tender, in order to reduce corruption vulnerabilities, and to increase the

likelihood that the municipality will secure the best value for money.

The following figures reveal Competitive Contracting (x2) results for all municipalities in Kosovo. In general, the results show that 22 municipalities, or more than 50%, have not used the negotiated procedure without publication.

Figure 7 presents results for large sized municipalities. The municipality of Ferizaj/Uroševac is ranked first in this category, with a maximum sub-index score of 1. This means that the municipality of Ferizaj/Uroševac has not used the negotiated procedure without publication at all for the reporting period. On the other hand, the municipality that has most frequently used the NPwP procedure in this category, and which is ranked as the least transparent according to this sub-index, is Podujevë/Podujevo (0.58).

LARGE-SIZED MUNICIPALITIES

FERIZAJ/ UROŠEVAC 1.00

GJAKOVË/ ĐAKOVICA 0.98

PRIZREN 0.96

MITROVICË/ MITROVICA 0.90

PRISHTINË/ PRIŠTINA 0.83

PEJË/ PEĆ 0.73

GJILAN/ GNJILANE 0.66

PODUJEVË/ PODUJEVO 0.58
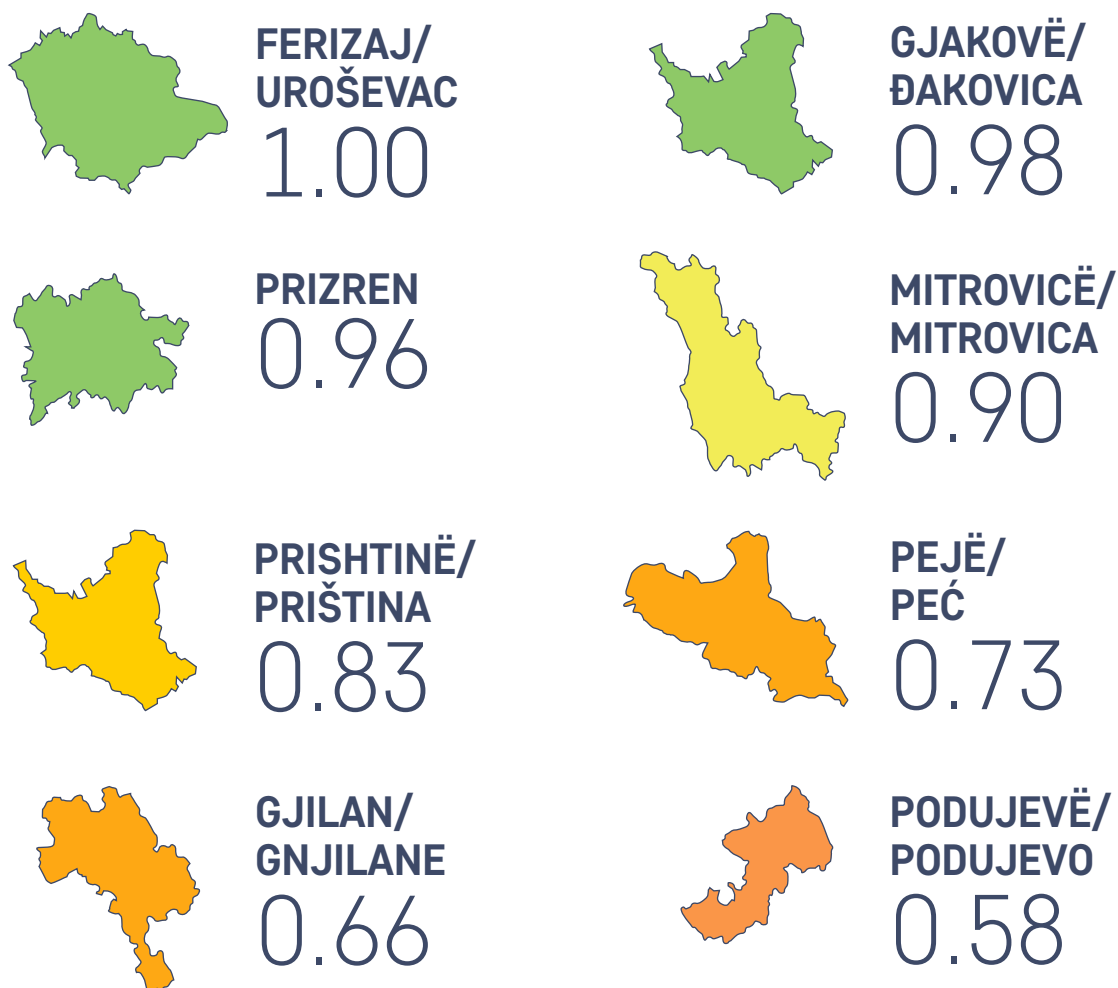
FIGURE 7. COMPETITIVE CONTRACTING (X2) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. According to Law on Public Procurement, Negotiated Procedure without Publication is one of the six procedures used in public procurement activities. Article 35 of this Law states that this procedure is recommended to be used by contracting authority in cases when for specific reasons a contract has to be awarded to a specific economic operator. However, frequent usage of this procedure reduces transparency, undermines competition, and is a red flag for possible corruption.

| 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |

MEDIUM-SIZED MUNICIPALITIES

In the medium sized municipalities category, as revealed in Figure 8, two-thirds of the municipalities have not used the negotiated procedure without publication at all. For this reason, the municipalities from Dragash/Dragaš to Kaçanik/Kačanik have received the maximum score of 1 in this sub-index. Despite using the negotiated procedure without publication in two cases, the municipality of Deçan/Dečani also has the maximum score of 1, due to the insignificant value of the NPwP contracts when compared to the total value of the municipality's contracts.

Dragash/Dragaš	1.00	Štrpce/Shtërpcë	1.00
Fushë Kosovë/ Kosovo Polje	1.00	Kaçanik/Kačanik	1.00
Gračanica/Graçanicë	1.00	Deçan/Dečani	1.00
Istog/Istok	1.00	Severna Mitrovica/Mitrovica e Veriut	0.99
Kamenicë/Kamenica	1.00	Malishevë/Mališevo	0.98
Lipjan/Lipljan	1.00	Suharekë/Suva Reka	0.98
Rahovec/Orahovac	1.00	Skenderaj/Srbica	0.97
Viti/Vitina	1.00	Gllogovc/Glogovac	0.86
Vushtrri/Vučitrn	1.00	Klinë/Klina	0.86

FIGURE 8. COMPETITIVE CONTRACTING (X2) FOR MEDIUM-SIZED MUNICIPALITIES S

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0
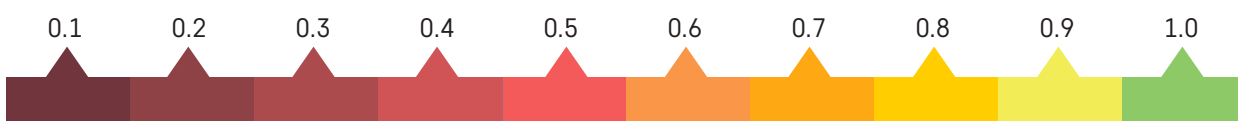
SMALL-SIZED MUNICIPALITIES

Nearly 85% of the municipalities in the small sized municipalities category have not used the negotiated procedure without publication. Municipalities from Hani i Elezit/Elez Han to Zubin Potok, presented in Figure 9, have received the maximum sub-index score of 1.

Hani i Elezit/Elez Han	1.00		Obiliq/Obilić	1.00
Junik	1.00		Parteš/Partesh	1.00
Klokot/Kllokot	1.00		Ranilluk/Ranillug	1.00
Leposavić/Leposaviq	1.00		Zubin Potok	1.00
Mamushë/Mamuşa	1.00		Zvečan/Zveçan	0.97
Novobërdë/Novo Brdo	1.00		Shtime/Štimlje	0.73

FIGURE 9. COMPETITIVE CONTRACTING (X2) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0
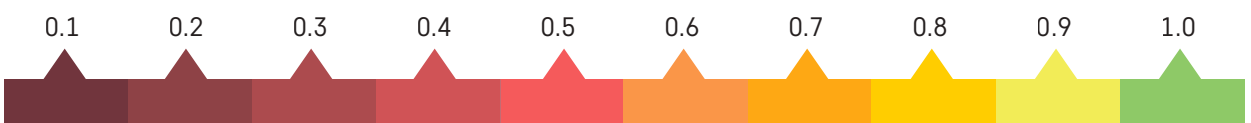
SUB-INDEX 3: CONSISTENT CONDUCT (X3)

Consistent Conduct (x3) is calculated on the basis of all contract notices issued by the respective contracting authority, as obtained from the e-procurement platform, where a score is assigned to each contract. For example, a score of 1 is given to a properly awarded contract without any correction notices, while a minimum score of 0 is given to cancelled contracts or those with four corrections or more.

The indicator value is computed as the contracting authority's average score for all its published contracts, as described with the following formula

$$x3 = \frac{\sum contract\ score}{number\ of\ contracts}$$

The process of preparing a public tender or a call requires resources. It takes both the time of the procurement officials in preparing it, and of the economic operators who are about to apply. An amended or a cancelled public call wastes the time of the municipality, as well as of the economic operators. As a result, the higher the inefficiency, or the higher the number of amendments or cancellations from procurement offices, the higher the costs to economic operators when preparing bids for particular calls. A frequent amendment or cancelation of a public tender serves as a demotivation for economic bidders to apply in future calls. Since extending the deadline of tenders requires an amendment, those are excluded from measurement in this indicator. Therefore, the main objective of this sub index is to improve the efficiency of the municipalities' procurement offices while preparing a tender by penalizing them

for wasting money and time on tender preparation which usually happens when the contracting authority improperly prepares calls or is inconsistent in its decision-making.

The findings presented in Figure 10 rank large sized municipalities' efficiency in preparing public calls. In this category, the municipality of Pejë/Peć is the most efficient one with a sub-index score of 0.90. On the other hand, the most inefficient municipality is Gjilan/Gnjilane with a sub-index score of 0.67.

LARGE-SIZED MUNICIPALITIES

PEJË/
PEÇ
0.90

PODUJEVË/
PODUJEVO
0.88

PRIZREN
0.86

FERIZAJ/
UROŠEVAC
0.85

MITROVICË/
MITROVICA
0.84

GJAKOVË/
ĐAKOVICA
0.82

PRISHTINË/
PRIŠTINA
0.74

GJILAN/
GNJILANE
0.67
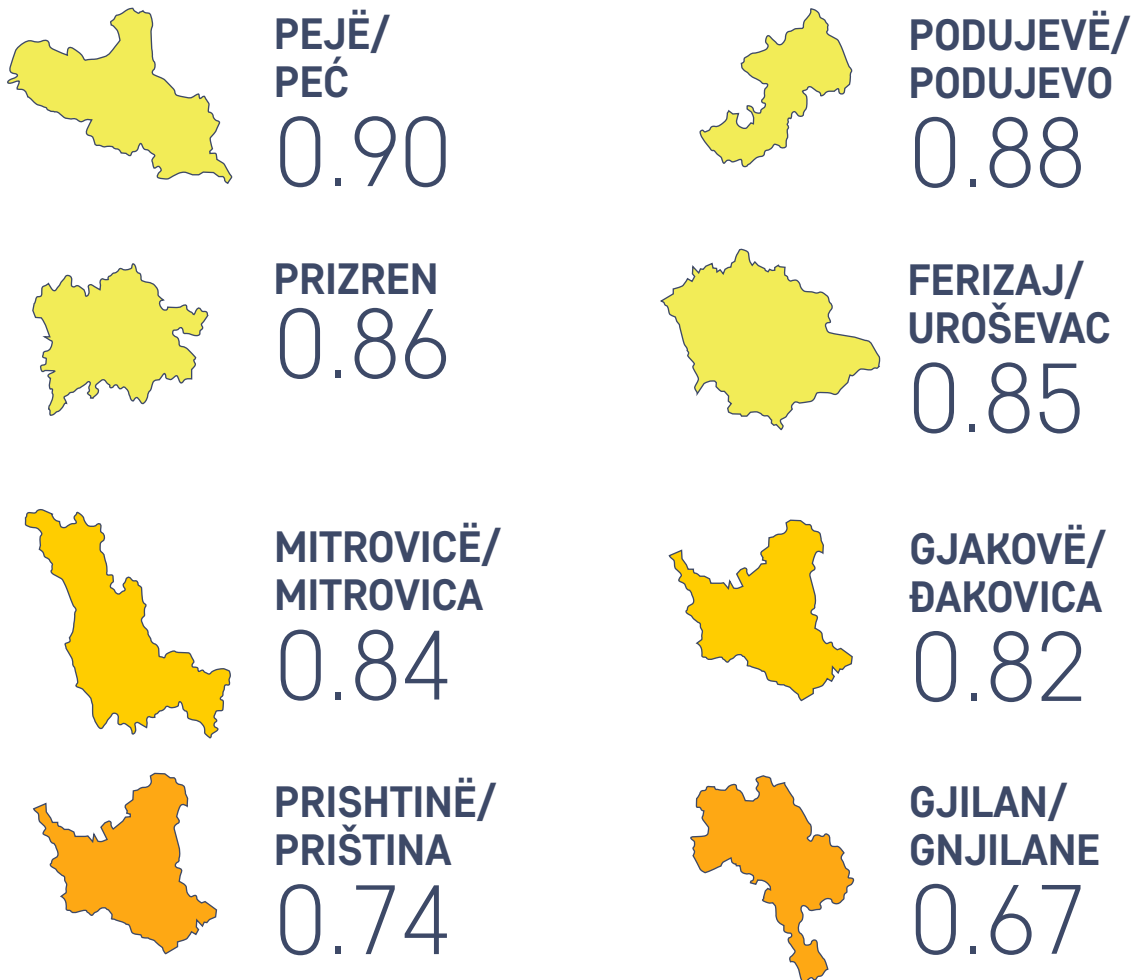
FIGURE 10. CONSISTENT CONDUCT (X3) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

⬡! The x index results do not imply that the procurement procedures used by municipalities are illegal. Cancellations and amendments are necessary procurement procedures in many cases. Nevertheless, frequent usage of them might result in an increase of inefficiency.

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

MEDIUM-SIZED MUNICIPALITIES

As presented in Figure 11, Štrpce/Shtërpcë, Kamenicë/Kamenica, and Dragash/Dragaš, have the highest score (0.95) in this sub-index; thus being the most efficient ones from the medium sized municipalities. The municipality of Kaçanik/Kačanik (0.75), and Suharekë/Suva Reka (0.76) are ranked as the least efficient.

Municipality	Score	Municipality	Score
Štrpce/Shtërpcë	0.95	Rahovec/Orahovac	0.87
Kamenicë/Kamenica	0.95	Lipjan/Lipljan	0.87
Dragash/Dragaš	0.95	Malishevë/Mališevo	0.86
Severna Mitrovica/Mitrovica e Veriut	0.93	Skenderaj/Srbica	0.81
Viti/Vitina	0.93	Vushtrri/Vučitrn	0.80
Deçan/Dečani	0.89	Istog/Istok	0.78
Gračanica/Graçanicë	0.89	Klinë/Klina	0.78
Fushë Kosovë/ Kosovo Polje	0.88	Suharekë/Suva Reka	0.76
Gllogovc/Glogovac	0.88	Kaçanik/Kačanik	0.75

FIGURE 11. CONSISTENT CONDUCT (X3) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0
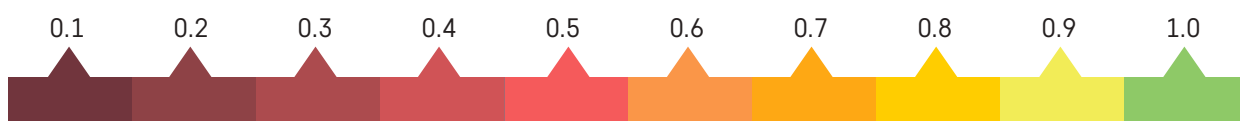
SMALL-SIZED MUNICIPALITIES

The top performing municipality from the small sized municipalities is Leposavić/Leposaviq, with a maximum sub-index score of 1, with no amendments or cancellations made to a call for tender. Meanwhile, the most inefficient municipalities in this category are Junik and (0.67), Parteš/Partesh (0.71) and Hani i Elezit/Elez Han (0.72).

Leposavić/Leposaviq	1.00	Zubin Potok	0.88
Klokot/Kllokot	0.97	Mamushë/Mamuşa	0.84
Novobërdë/Novo Brdo	0.93	Shtime/Štimlje	0.76
Obiliq/Obilić	0.92	Hani i Elezit/Elez Han	0.72
Ranilluk/Ranillug	0.89	Parteš/Partesh	0.71
Zvečan/Zveçan	0.89	Junik	0.67

FIGURE 12. CONSISTENT CONDUCT (X3) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

SUB-INDEX 4: WINNERS' CONCENTRATION (X4)

Winners' concentration (x4) is measured as the value of all contract(s) awarded to each individual bidder, divided by the total value of all contracts awarded by the respective contracting authority; this calculation is made for each successful bidder, and the results are summed.

$$x4 = \left(1 - \Sigma \left(\frac{value\ of\ contracts\ awardes\ to\ each\ bidder}{total\ value\ of\ contracts} \right)^2 \right)^2$$

Best practices reveal that one of the fundamental tools to prevent corruption is to avoid awarding a large proportion of contracts to a single economic operator, or to small group of economic operators. For this purpose, winners' concentration (x4) measures whether a single bidder, or a very limited group of bidders, is awarded a significant portion of the municipality's contracts. The main purpose of this indicator is to avoid the concentration of large contracts in terms of value in the hands of a single individual with the aim of preventing corruption. A preference for concentrated contracts tends to distort market conditions, and it raises the risks of corrupt agreements. The Code of Best Practices Facilitating Access by SMEs to Public Procurement Contracts developed by the EU suggests that splitting large contracts into smaller contracts not only enables smaller bidders to participate, but also raises the level of competition to the contracting authority's benefit.

Figure 13 presents the results for the "Winners' Concentration (x4)" sub-index for large sized municipalities in Kosovo. In this category, the municipality of Prishtinë/Priština is the top performer with a sub-index score of 0.91, followed by Pejë/Peć (0.84) and Prizren (0.82). Meanwhile the municipality of Ferizaj/Uroševac has the lowest score in this category, 0.14. This low score means that the municipality of Ferizaj/Uroševac has awarded (in value) 78% of its contracts to a single economic operator.

LARGE-SIZED MUNICIPALITIES

**PRISHTINË/
PRIŠTINA**
0.91

**PEJË/
PEĆ**
0.84

PRIZREN
0.82

**PODUJEVË/
PODUJEVO**
0.72

**MITROVICË/
MITROVICA**
0.70

**GJAKOVË/
ĐAKOVICA**
0.62

**GJILAN/
GNJILANE**
0.60

**FERIZAJ/
UROŠEVAC**
0.14
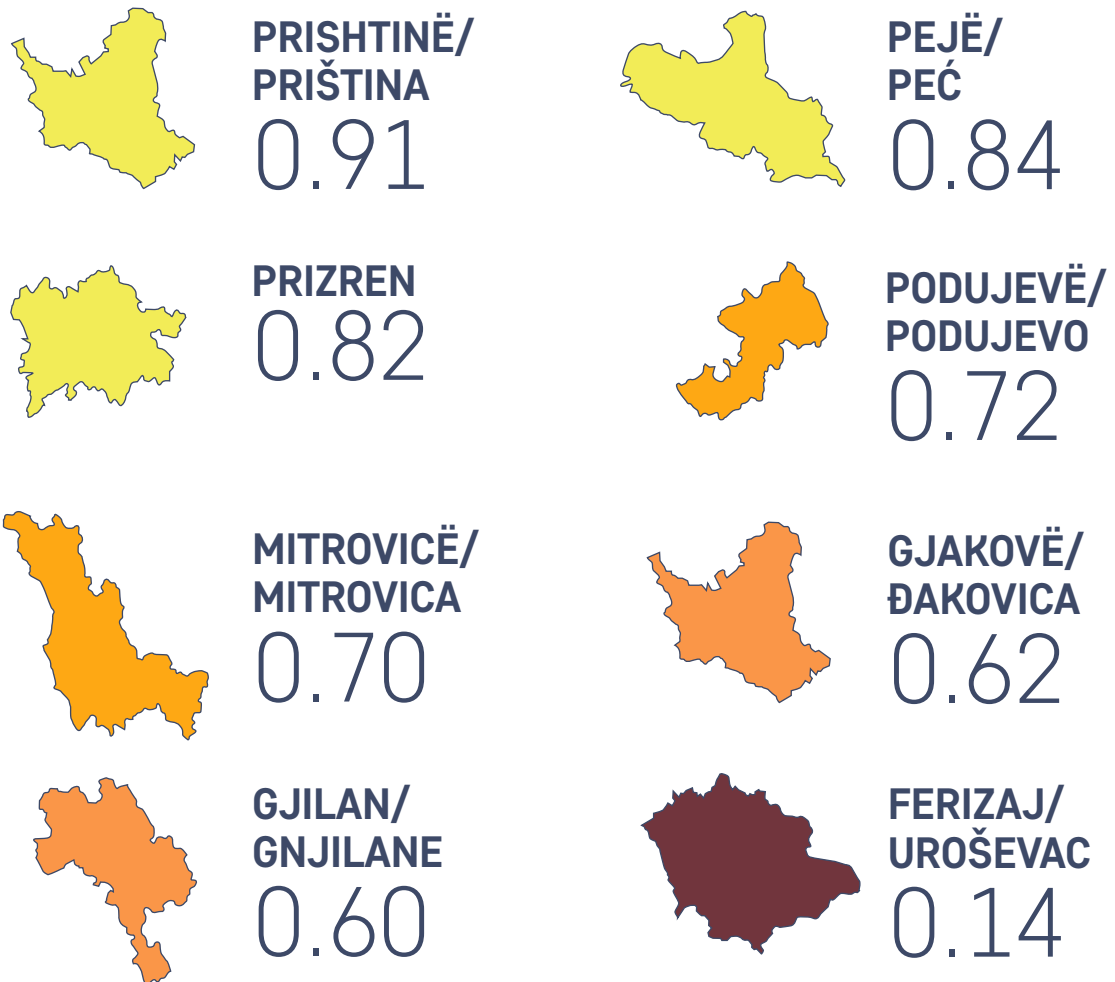
FIGURE 13. WINNERS' CONCENTRATION (X4) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. Based upon the free market principles, it is a contracting authority's decision whether to award all contracts to a small group of economic operators, or to a larger one. However, in cases where contracts are awarded only to a single or a small group of economic operators, competition is harmed and suspicions for corruption might be raised.

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

MEDIUM-SIZED MUNICIPALITIES

Figure 14 presents the performance of medium sized municipalities in this sub-index. Municipality of Vushtrri/Vučitrn and Suharekë/Suva Reka lead the category of medium sized municipalities, each with a sub-index score of 0.90; followed closely by Lipjan/Lipljan (0.89), Malishevë/Mališevo (0.88), and Viti/Vitina (0.86). On the other hand, from this category the municipality with the lowest performance in this sub-index is Rahovec/Orahovac, with a 0.05 score. In value, the munici- pality of Rahovec/Orahovac has awarded 88% of its contracts to a single economic operator.

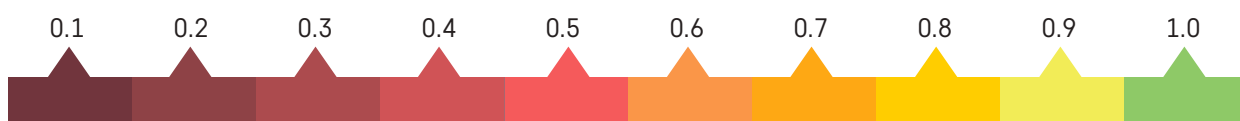|			
Vushtrri/Vučitrn	0.90	Istog/Istok	0.75
Suharekë/Suva Reka	0.90	Gračanica/Graçanicë	0.74
Lipjan/Lipljan	0.89	Kamenicë/Kamenica	0.74
Malishevë/Mališevo	0.88	Gllogovc/Glogovac	0.72
Viti/Vitina	0.86	Klinë/Klina	0.69
Štrpce/Shtërpcë	0.80	Deçan/Dečani	0.54
Kaçanik/Kačanik	0.77	Skenderaj/Srbica	0.34
Dragash/Dragaš	0.77	Severna Mitrovica/Mitrovica e Veriut	0.34
Fushë Kosovë/ Kosovo Polje	0.75	Rahovec/Orahovac	0.05

FIGURE 14. WINNERS' CONCENTRATION (X4) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

SMALL-SIZED MUNICIPALITIES

Regarding small sized municipalities, as revealed in Figure 15 the municipality of Obiliq/Obilić has the highest score of 0.82. On the opposite side, the Municipality of Junik is the lowest performer with a sub-index score of 0.002. This means that more than 98 percent of contracts awarded by the Municipality of Junik (in value), went to a single economic operator. Concerning results in this category are also found in the municipalities of Parteš/Partesh (0.12) and Zvečan/Zveçan (0.15).

Obiliq/Obilić	0.82	Klokot/Kllokot	0.43
Hani i Elezit/Elez Han	0.64	Zubin Potok	0.42
Novobërdë/Novo Brdo	0.56	Mamushë/Mamuşa	0.34
Shtime/Štimlje	0.45	Zvečan/Zveçan	0.15
Leposavić/Leposaviq	0.44	Parteš/Partesh	0.12
Ranilluk/Ranillug	0.43	Junik	0.00

FIGURE 15. WINNERS' CONCENTRATION (X4) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

X 5

SUB-INDEX 5:
BIDDER PARTICIPATION (X5)

Bidder participation (x5) is calculated through a two-step process.
In the first step, the level of competition is evaluated for each contract, where sub-indicator k compares the number of tenders submitted for a particular call with the median of number of tenders for the type of contract. The formula for calculating the partial indicator k is as presented below:

$$k = 0.5 + \frac{tenders\ submitted\ per\ contract - median\ \text{of tenders}\ for\ type\ of\ contract(tenders\ submitted)}{median\ \text{of tenders}\ for\ type\ of\ contract(tenders\ submitted)}$$

The second step in the calculation is to compute the aggregate indicator as the weighted sum of k indicators across all contracts awarded by the respective contracting authority. The awarded price of every contract is used as its weight, in order to emphasize the indicator results for bigger contracts.

$$x5 = \frac{\sum contract\ value * k}{total\ contracts\ value}$$

The main purpose of the "Bidder Participation (x5)" sub-index is to measure the level of competitiveness based on the number of tenders that are submitted for each contract call. A higher number of offers or tenders received for a specific call suggests that there is higher competition, and theoretically as a result a better quality per price offered. This sub-index monitors the level of competition for each contract and penalizes calls that receive an unusually low number of tenders. The aim of this indicator is to raise competition by encouraging municipalities' procurement offices to avoid errors such as by preparing a call with requirements that can only be met by a specific bidder or groups of bidders, and therefore exclude others. For this reason, this indicator compares the number of tenders submitted

for a particular call with the median number of tenders for the type of contract or procurement. In this model, types of contracts that are taken into consideration or calculated are: public supply contracts, public services contracts, and public work contracts.

Figure 16 presents the performance of Kosovo's large sized municipalities in the Bidder Participation sub-index. The municipality of Gjakovë/Đakovica leads this category with a sub-index score of 0.92; followed by Ferizaj/Uroševac (0.90) and Prishtinë/Priština (0.86). Meanwhile, the municipality of Podujevë/Podujevo has the lowest score 0.34.

LARGE-SIZED MUNICIPALITIES

GJAKOVË/
ĐAKOVICA
0.92

FERIZAJ/
UROŠEVAC
0.90

PRISHTINË/
PRIŠTINA
0.86

MITROVICË/
MITROVICA
0.79

GJILAN/
GNJILANE
0.67

PEJË/
PEĆ
0.59

PRIZREN
0.46

PODUJEVË/
PODUJEVO
0.34
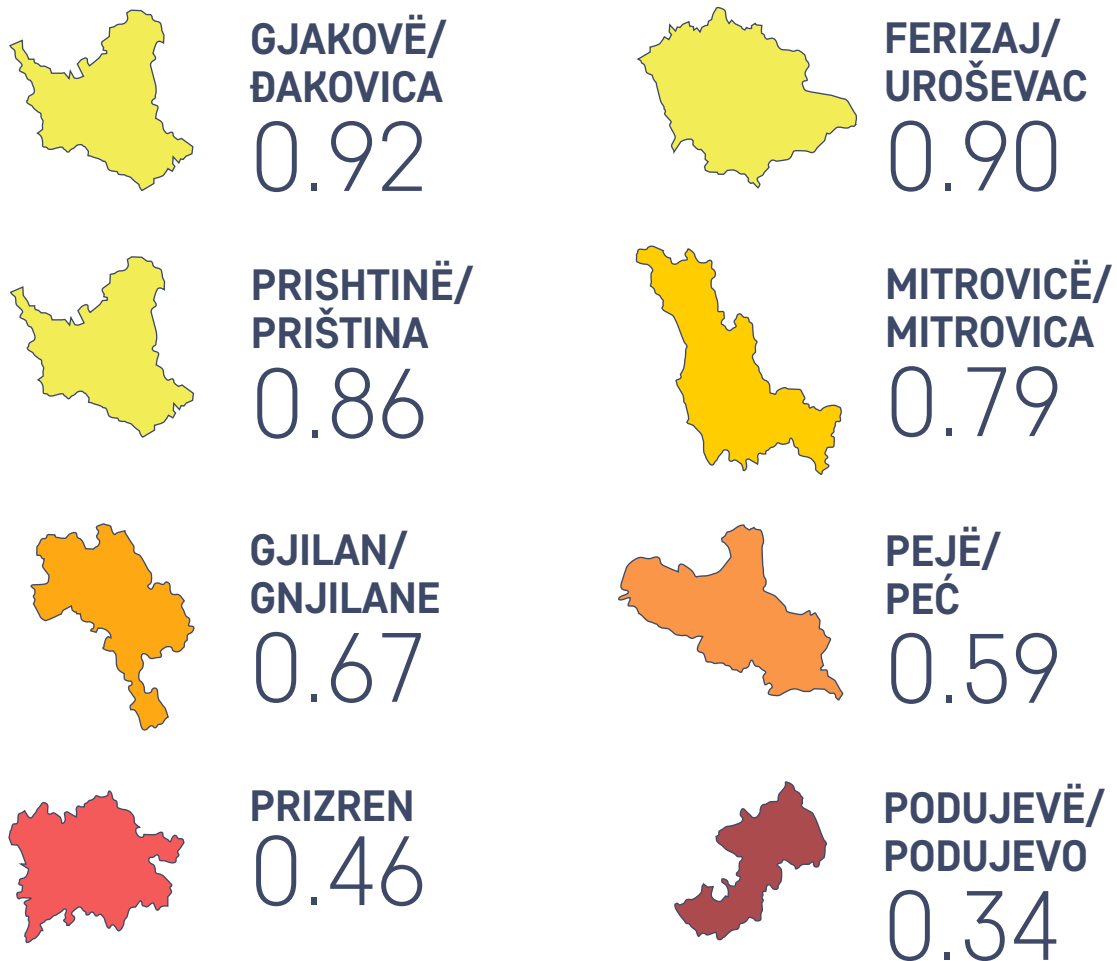
FIGURE 16. BIDDER PARTICIPATION (X5) FOR LARGE SIZED-MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. It is legal and accepted for contracting authorities to accept only a single offer when a call for a tender is published. However, the lower the number of offers, the lower the competition and the quality of offers.

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

MEDIUM-SIZED MUNICIPALITIES

As presented in Figure 17, the municipalities of Rahovec/Orahovac (0.97) and Gračanica/Graçanicë (0.96) have performed the best in this sub-index. On the opposite side, in this category, the municipality of Severna Mitrovica/Mitrovica e Veriut has the lowest sub-index score 0.10.

Municipality	Score	Municipality	Score
Rahovec/Orahovac	0.97	Dragash/Dragaš	0.67
Gračanica/Graçanicë	0.96	Viti/Vitina	0.65
Malishevë/Mališevo	0.93	Klinë/Klina	0.62
Skenderaj/Srbica	0.92	Fushë Kosovë/ Kosovo Polje	0.56
Suharekë/Suva Reka	0.88	Štrpce/Shtërpcë	0.51
Deçan/Dečani	0.81	Kaçanik/Kačanik	0.44
Gllogovc/Glogovac	0.75	Istog/Istok	0.34
Vushtrri/Vučitrn	0.73	Kamenicë/Kamenica	0.30
Lipjan/Lipljan	0.72	Severna Mitrovica/Mitrovica e Veriut	0.10

FIGURE 17. BIDDER PARTICIPATION (X5) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0
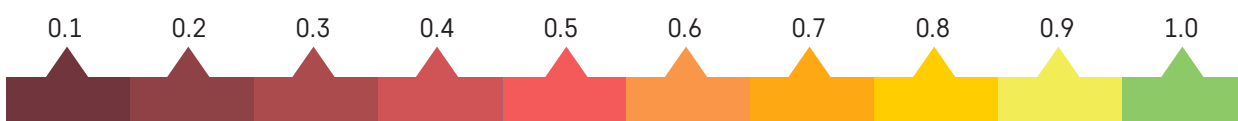
SMALL-SIZED MUNICIPALITIES

From the small sized municipalities, in this category Obiliq/Obilić has performed the best with a sub-index score of 0.82. On the other hand, the municipalities with the lowest performance are the Municipality of Leposavić/Leposaviq and Zvečan/Zvečan, with the lowest possible sub-index score of 0. In the five contract calls that the municipality of Leposavić/Leposaviq has had during the reporting period, it has accepted only one offer for each of them.

Municipality	Score	Municipality	Score
Obiliq/Obilić	0.82	Shtime/Štimlje	0.50
Klokot/Kllokot	0.69	Parteš/Partesh	0.43
Junik	0.69	Ranilluk/Ranillug	0.36
Novobërdë/Novo Brdo	0.61	Zubin Potok	0.03
Hani i Elezit/Elez Han	0.55	Zvečan/Zvečan	0.00
Mamushë/Mamuşa	0.53	Leposavić/Leposaviq	0.00

FIGURE 18. BIDDER PARTICIPATION (X5) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0
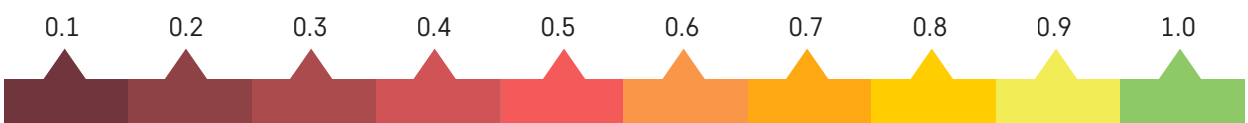
SUB-INDEX 6: PRO-COMPETITIVE TOOLS (X6)

Pro-competitive tools (x6) evaluates to what extent each municipality uses optional procompetitive tools, which go beyond their legal obligations but support a competitive environment in public procurement.

The following formula is used to calculate this indicator:

$$x6 = \left(\frac{nr.\ of\ contracst\ split\ into\ lots + nr.\ contracts\ with\ extended\ deadlines + nr.\ of\ contracts\ evaluated\ using\ quality\ based\ criteria}{3\ x\ nr.\ of\ contracts} \right)^{1/2}$$

Competition is a key factor in increasing the value of taxpayers' money. This sub-index evaluates to what extent each municipality uses optional procompetitive tools, namely through: splitting contracts into lots, extending tender submission deadlines (through the appropriate procedure of amending/correcting which is not factored negatively in sub-index x3), and evaluating tenders by quality (not only price). Splitting contract into lots enables contracting authorities to ensure maximum competition for each element of the procurement. This instrument also facilitates SMEs' access to public contracts, as it reduces the qualification requirements, and separates simpler work that can be performed by a broader range of bidders from more specialist tasks. Meanwhile, an extension of the deadline for tender submissions provides more time to economic operators to prepare their tender more thoroughly, and also increases the chances of more bidders competing for the contract. The last pro-competitive tool sub-indicator, evaluating ten-

ders not only by price but also by quality, aims to upgrade competition above a simple price war with the cheapest and lowest quality good. In other words, the "Pro Competitive Tools" indicator rewards municipalities for implementing these additional activities, which go beyond their legal obligations, and supporting a competitive environment in public procurement.

Figure 19 presents the score for the "Pro Competitive Tools (x6)" sub-index for large sized municipalities in Kosovo. The municipality with the best performance in this category, and the one that fosters the most competition through pro-competitive tools is Gjakovë/Đakovica, with a sub-index score of 0.79. Meanwhile the municipality of Mitrovicë/Mitrovica has the lowest sub-index score in this category, 0.31.

LARGE-SIZED MUNICIPALITIES

GJAKOVË/ ĐAKOVICA
0.79

PRISHTINË/ PRIŠTINA
0.65

FERIZAJ/ UROŠEVAC
0.63

PRIZREN
0.59

PODUJEVË/ PODUJEVO
0.58

PEJË/ PEĆ
0.58

GJILAN/ GNJILANE
0.55

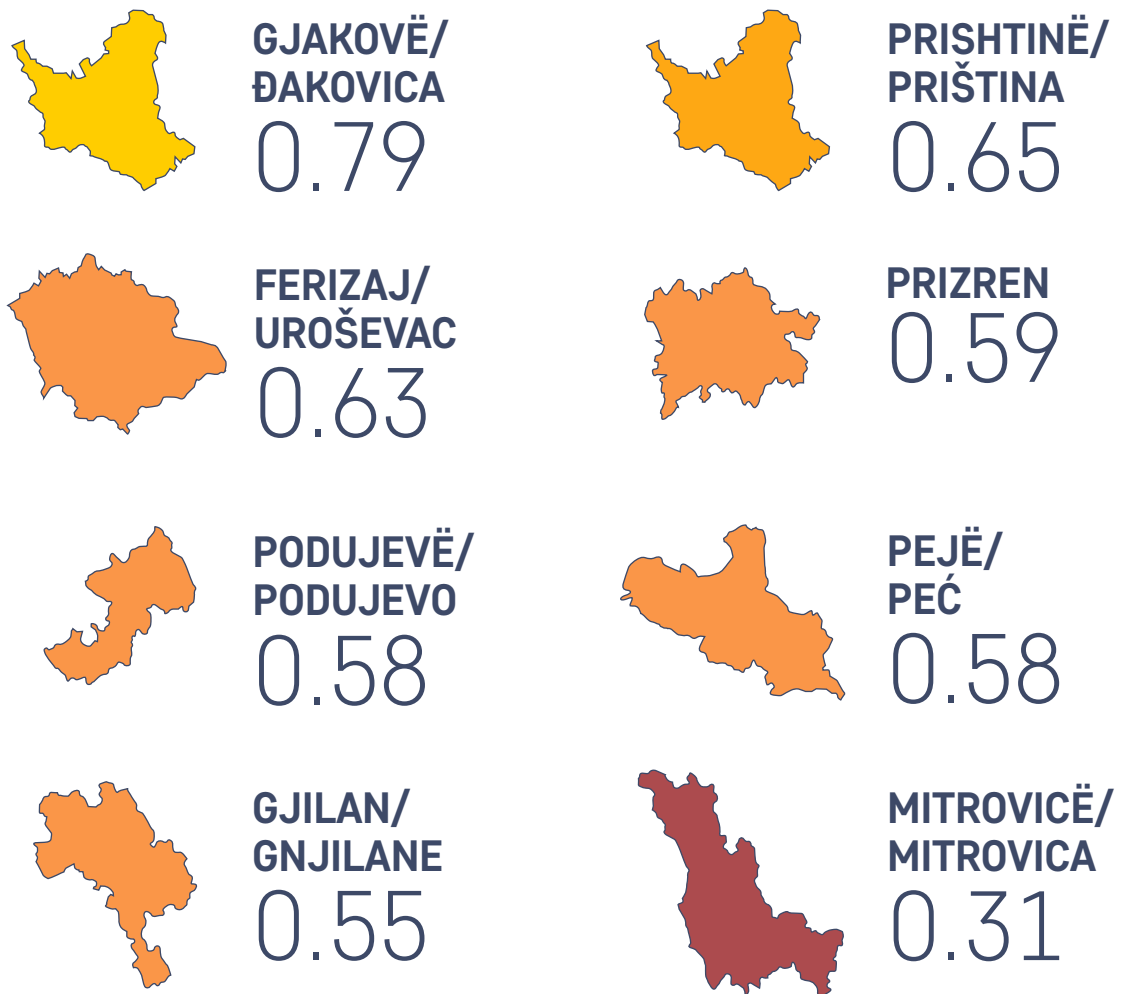**MITROVICË/ MITROVICA**
0.31

FIGURE 19. PRO COMPETITIVE TOOLS (X6) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. Splitting contract into lots, extending tender submission deadlines, and evaluating contracts by quality are all additional activities which increase competition within economic operators. However, they are not mandatory, but the lower the results in this sub-index, the lower the contracting authorities' efforts to increase competition.

| 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |

MEDIUM-SIZED MUNICIPALITIES

From the medium sized municipalities, as presented in Figure 20 the municipality of Dragash/Dragaš has the highest sub-index score, 0.82; followed by Istog/Istok, 0.79. On the other hand, the municipality of Severna Mitrovica/Mitrovica e Veriut has the lowest sub-index score in this category, 0.30.

Dragash/Dragaš	0.82	Gračanica/Graçanicë	0.58
Istog/Istok	0.79	Kamenicë/Kamenica	0.58
Rahovec/Orahovac	0.73	Viti/Vitina	0.58
Klinë/Klina	0.72	Štrpce/Shtërpcë	0.58
Vushtrri/Vučitrn	0.70	Kaçanik/Kačanik	0.58
Malishevë/Mališevo	0.67	Lipjan/Lipljan	0.56
Suharekë/Suva Reka	0.67	Deçan/Dečani	0.49
Fushë Kosovë/ Kosovo Polje	0.58	Skenderaj/Srbica	0.49
Gllogovc/Glogovac	0.58	Severna Mitrovica/Mitrovica e Veriut	0.30

FIGURE 20. PRO COMPETITIVE TOOLS (X6) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0
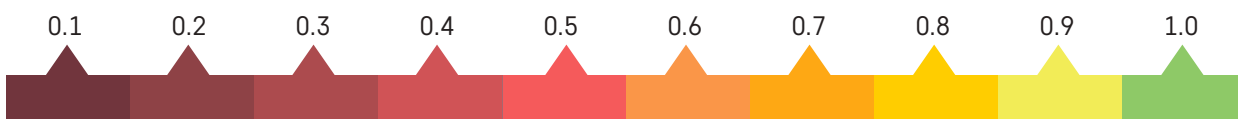
SMALL-SIZED MUNICIPALITIES

Figure 21 presents the score for the "Pro Competitive Tools (x6)" sub-index for small sized municipalities. Municipality of Novobërdë/Novo Brdo is the one that fosters most competition in this category, with a sub-index score of 0.75. On the other hand, the municipality of Parteš/Partesh, has the lowest possible sub-index score of 0. This means that the municipality of Parteš/Partesh has not used any of the pro-competitive tools. However, it should be mentioned that smaller municipalities have smaller budgets, and as a result a lower number of contracts are expected to be awarded. For example, the municipality of Parteš/Partesh has awarded only three contracts for a six-month period.

Novobërdë/Novo Brdo	0.75	Obiliq/Obilić	0.58
Hani i Elezit/Elez Han	0.65	Ranilluk/Ranillug	0.58
Junik	0.58	Shtime/Štimlje	0.58
Klokot/Kllokot	0.58	Zvečan/Zveçan	0.58
Leposavić/Leposaviq	0.58	Zubin Potok	0.38
Mamushë/Mamuşa	0.58	Parteš/Partesh	0.00

FIGURE 21. PRO COMPETITIVE TOOLS (X6) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

X 7
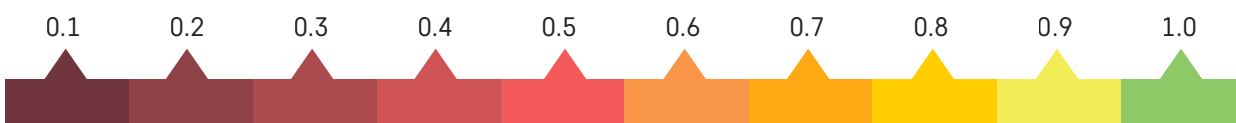
SUB-INDEX 7:
LEGAL MISCONDUCT (X7)

Legal misconduct (x7) is measured as the value of all serious misconduct cases, divided by the number of contracts. In order to evaluate this indicator, we browsed through all PRB rulings related to municipalities' procurement contracts, and we focused on PRB's decisions where misconduct has been proven, throughout January-June 2018. The formula used to calculate this indicator is as follows:

$$x7 = 1 - \left(\frac{number\ of\ serious\ misconducted\ cases}{number\ of\ contracts}\right)^{1/4}$$

Legality of public procurement decisions and contracts is a fundamental prerequisite for best practices. Frequent misconduct by a municipality may call into question the legitimacy of the municipality itself, and its decisions that concern public procurement processes in front of economic operators. Also, efficiency is affected since a larger number of cases of misconduct suggest a greater level of inefficiency in awarding contracts. The "Legal Misconduct (x7)" sub-index, reflects the number of cases of misconduct detected and penalized by the Procurement Review Body (PRB), which is the authorized body for reviewing the legality of public procurement practices of contracting entities

As presented in Figure 22, from the large sized municipalities, Mitrovicë/Mitrovica, Podujevë/Podujevo, and Pejë/Peć, have all reached the maximum sub-index score of 1. This means that these three municipalities did not have serious cases of legal misconduct judged by the Procurement Review Body (PRB). Meanwhile, the municipality of Gjilan/Gnjilane has a low score of 0.18. From 13 contract award notifications that municipality of Gjilan/Gnjilane has had, six of them, or 45%, were judged as cases of legal misconduct by the PRB.
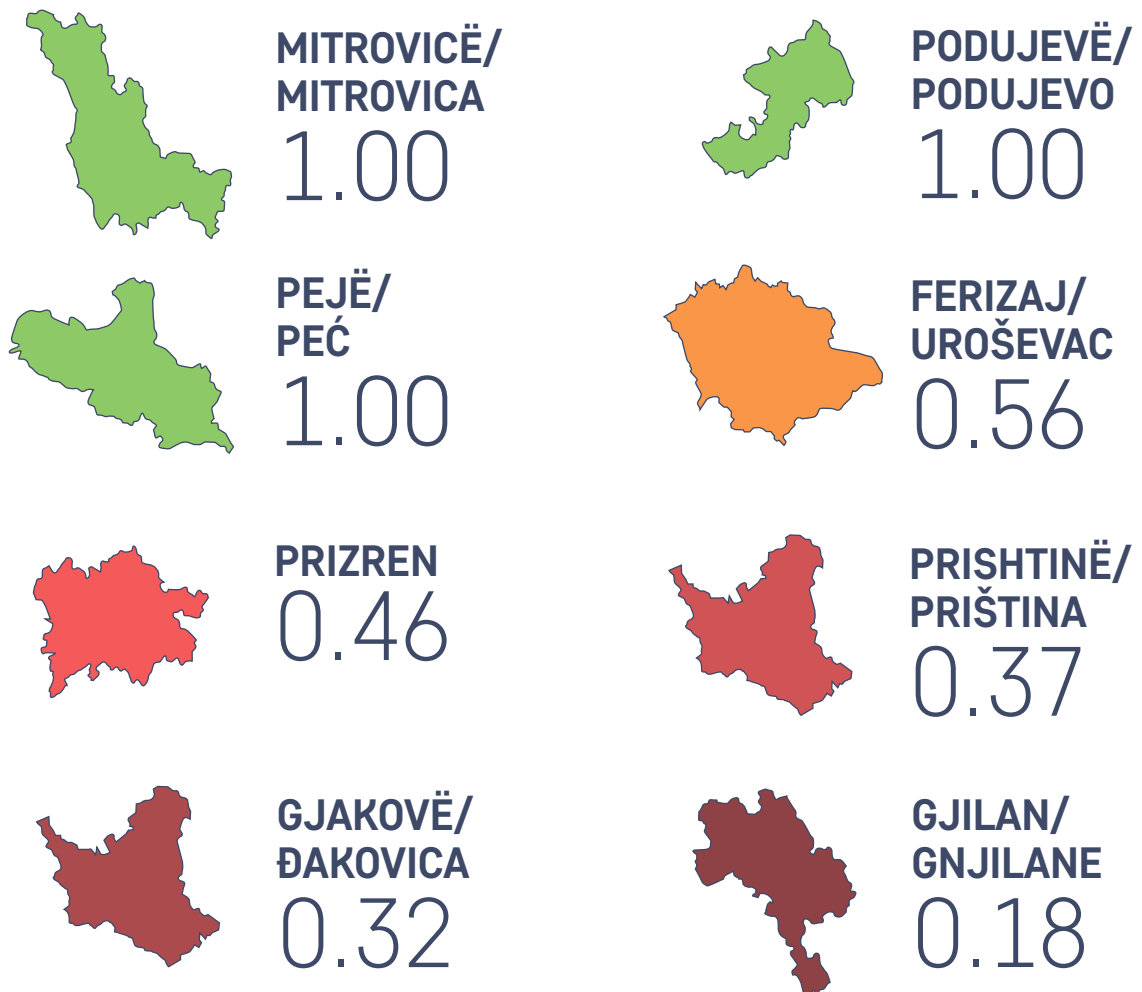
LARGE-SIZED MUNICIPALITIES

MITROVICË/
MITROVICA
1.00

PODUJEVË/
PODUJEVO
1.00

PEJË/
PEĆ
1.00

FERIZAJ/
UROŠEVAC
0.56

PRIZREN
0.46

PRISHTINË/
PRIŠTINA
0.37

GJAKOVË/
ĐAKOVICA
0.32

GJILAN/
GNJILANE
0.18

FIGURE 22. LEGAL MISCONDUCT (X7) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. A frequent number of rulings by PRB against contracting authority's decisions and in favor of economic operators, impacts negatively contracting authority's efficiency and may raise questions regarding the competency of procurement officials when taking decisions that are ruled by PRB.

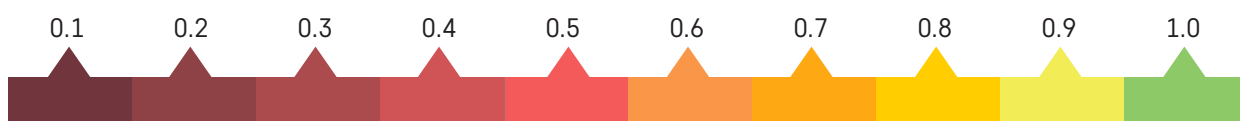0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

MEDIUM-SIZED MUNICIPALITIES

From medium sized municipalities, municipalities from Dragash/Dragaš to Štrpce/Shtërpcë in Figure 23, have not had a legal misconduct judgment against them, and therefore have received the maximum sub-index score of 1. On the other hand, in this category the municipality of Viti/Vitina has the lowest score in this sub-index, 0.36.

Municipality	Score	Municipality	Score
Dragash/Dragaš	1.00	Gllogovc/Glogovac	0.54
Gračanica/Graçanicë	1.00	Fushë Kosovë/ Kosovo Polje	0.49
Kamenicë/Kamenica	1.00	Istog/Istok	0.47
Skenderaj/Srbica	1.00	Rahovec/Orahovac	0.47
Vushtrri/Vučitrn	1.00	Deçan/Dečani	0.45
Štrpce/Shtërpcë	1.00	Malishevë/Mališevo	0.45
Severna Mitrovica/Mitrovica e Veriut	0.57	Lipjan/Lipljan	0.44
Klinë/Klina	0.57	Kaçanik/Kačanik	0.39
Suharekë/Suva Reka	0.55	Viti/Vitina	0.36

FIGURE 23. LEGAL MISCONDUCT (X7) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

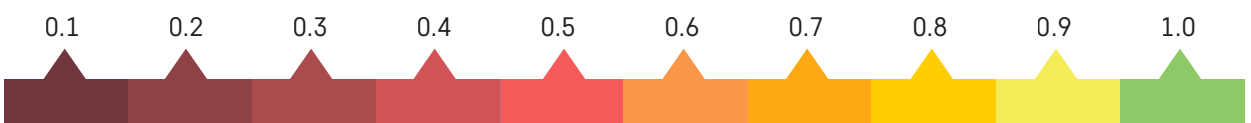| 0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

SMALL-SIZED MUNICIPALITIES

Figure 24 presents the findings for small sized municipalities in this sub-index. Compared to large and medium municipalities, smaller municipalities have performed better. Two thirds, or 66%, of municipalities grouped in small sized municipalities have not had a legal misconduct judgment against them by PRB. This is understandable when we take into consideration the fact that smaller municipalities have a smaller budget and less procurement activities. Municipalities from Hani i Elezit/Elez to Zvečan/Zveçan have a maximum score of 1 in this sub-index. Meanwhile, even though it has a smaller budget and fewer procurement activities, the Municipality of Junik has had three of its five contract awards brought before the PRB, which ruled that there was legal misconduct. o. For this reason, the Municipality of Junik is ranked at the bottom of small sized municipalities, with the lowest sub-index score of 0.12.

Hani i Elezit/Elez Han	1.00		Zubin Potok	1.00
Klokot/Kllokot	1.00		Zvečan/Zveçan	1.00
Leposavić/Leposaviq	1.00		Shtime/Štimlje	0.58
Mamushë/Mamuşa	1.00		Obiliq/Obilić	0.52
Parteš/Partesh	1.00		Novobërdë/Novo Brdo	0.36
Ranilluk/Ranillug	1.00		Junik	0.12

FIGURE 24. LEGAL MISCONDUCT (X7) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

X 8

SUB-INDEX 8: PROCUREMENT PLANNING PROCESS (X8)

Procurement planning accuracy (x8) is measured in a three step process.
The deviation between the estimated contract value and the contract's total final value is measured in the first step by finding the difference between the estimated contract value and the final contract value. The difference is expressed as a percentage by dividing the deviation value with the estimated contract value or with the final contract value, depending on which one is smaller.

In the second step, the planning process is assessed for each contract, with the following formula:

$$Assessment = 1\text{-}Deviation \text{ (expressed in percentage)}$$

In the third and final step, the following formula is applied:

$$X8 = \frac{\sum(Final\ value\ of\ contract\ x\ Assessment)}{\sum Final\ value\ of\ contract}$$

"Procurement Planning Process (x8)" evaluates municipalities' efficiency in the procurement planning process by comparing the initial estimated contract value set by the municipality when publishing a call for a tender with the total final value with which the contract is signed with the economic operator. The objective of this indicator is to increase the efficiency of municipalities' planning process when setting the estimated prices of contracts, and therefore reducing the deviation between the estimated contract value and the total final value of the contract.

Figure 25 presents the findings for large sized municipalities in "Procurement planning process". From this category, the municipalities with the smallest difference between the procurement planning and realization process are Podujevë/Podujevo (0.80), followed by Prizren and Mitrovicë/Mitrovica, each with a sub-index score of 0.78. Meanwhile, the municipality of Gjilan/Gnjilane has the lowest sub-index score of 0.54.

PODUJEVË/ PODUJEVO
0.80

PRIZREN
0.78

MITROVICË/ MITROVICA
0.78

PEJË/ PEĆ
0.69

FERIZAJ/ UROŠEVAC
0.65

GJAKOVË/ ĐAKOVICA
0.63

PRISHTINË/ PRIŠTINA
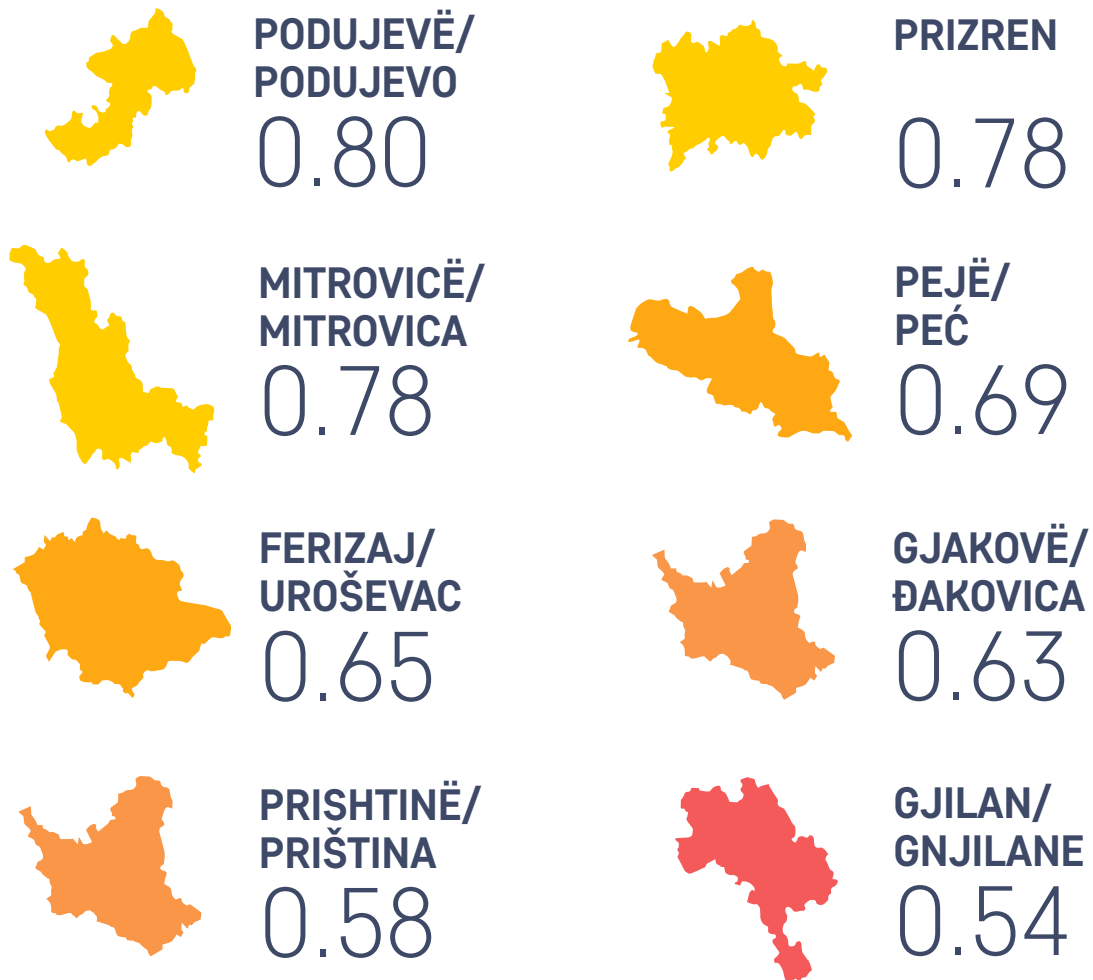0.58

GJILAN/ GNJILANE
0.54

FIGURE 25. PROCUREMENT PLANNING PROCESS (X8) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. There are no regulations that determine the difference between the initial estimated contract value and the total final value. However, the smaller the difference, the higher the efficiency of contracting authorities in the planning process.

| 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |

MEDIUM-SIZED MUNICIPALITIES

From the medium sized municipalities, as revealed in Figure 26, the municipality of Severna Mitrovica/Mitrovica e Veriut has the highest score in this sub-index, 0.99. Meanwhile, the most inefficient municipality when it comes to planning and realization of procurement activities, turns out to be Skenderaj/Srbica with a sub-index score of 0.14.

Severna Mitrovica/Mitrovica e Veriut	0.99	Gllogovc/Glogovac	0.70
Deçan/Dečani	0.84	Fushë Kosovë/ Kosovo Polje	0.69
Dragash/Dragaš	0.83	Kaçanik/Kačanik	0.68
Kamenicë/Kamenica	0.82	Suharekë/Suva Reka	0.68
Istog/Istok	0.79	Gračanica/Graçanicë	0.66
Vushtrri/Vučitrn	0.79	Klinë/Klina	0.65
Štrpce/Shtërpcë	0.75	Rahovec/Orahovac	0.61
Lipjan/Lipljan	0.75	Malishevë/Mališevo	0.49
Viti/Vitina	0.75	Skenderaj/Srbica	0.14

FIGURE 26. PROCUREMENT PLANNING PROCESS (X8) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

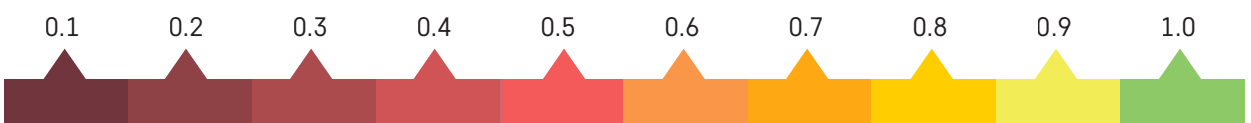0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0
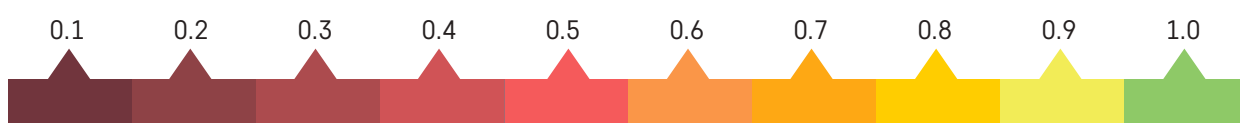
SMALL-SIZED MUNICIPALITIES

Figure 27 presents the results for small sized municipalities. The municipalities of Zvečan/Zveçan and Zubin Potok have nearly a perfect performance in this sub-index with a maximum score of 1. This means that they were highly efficient in the planning process, and there was almost no difference at all between the procurement planning and realization process. On the other hand, in this category the municipality of Parteš/Partesh has the lowest score, 0.18. It should be mentioned that, even though the Municipality of Parteš/Partesh has awarded only a small number of contracts (three), it still leads as one of the most inefficient planners, and therefore is ranked as one of the worst performers.

Zvečan/Zveçan	1.00		Hani i Elezit/Elez Han	0.78
Zubin Potok	1.00		Shtime/Štimlje	0.71
Leposavić/Leposaviq	0.98		Obiliq/Obilić	0.63
Novobërdë/Novo Brdo	0.97		Mamushë/Mamuşa	0.28
Junik	0.90		Klokot/Kllokot	0.27
Ranilluk/Ranillug	0.84		Parteš/Partesh	0.18

FIGURE 27. PROCUREMENT PLANNING PROCESS (X8) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

SUB-INDEX 9: TENDER SUBMISSION DEADLINE (X9)

Tender submission deadline (x9) is measured as the sum of all contract notices that have used accelerated procedures, divided with the total number of contract notices. The formula for calculating x9 is as follows:

$$x9 = 1 - \left(\frac{No.\ of\ contract\ notices\ that\ have\ used\ accelerated\ procedures}{No.of\ contract\ notices}\right)^{1/2}$$

Setting the deadline for economic operators when applying for a public call is a process that impacts the quality of the offer prepared by the economic operators as well as competition among them. Depending on the type, size, and procedure of a contract notice, the usage of time limits is set clearly and regulated by Kosovo's Procurement Law. Article 44 of Kosovo's Procurement Law stipulates that, "any time limit set by a contracting authority for the receipt of tenders or requests to participate shall be of a duration that is sufficient to give potentially interested economic operators a reasonable amount of time to prepare and submit such documents." However, Article 46 stipulates that contracting authorities, in this case municipalities, are allowed to use special rules that permit the usage of accelerated time limits, in special cases such as urgencies and other similar circumstances.

"Tender Submission Deadline (x9)" measures to what extent a municipality uses accelerated time limits in a contract notice when issuing a call for tender. Municipalities that frequently use accelerated time limits, among others, harm competition, since they do not allow enough time for the economic operators to prepare their offers in the best possible way. Also, the frequent usage of accelerated procedures may raise suspicion of corruption, since information regarding the specifics of a product or a service that is about to be purchased may leak deliberately in advance by procurement officials to a favored economic bidder.

In general, from all 38 municipalities, the results show that 28 municipalities, or 71%, have used at least once the accelerated time limits procedure. Meanwhile, Figure 26 presents the performance of large sized municipalities. The municipality of Pejë/Peć has the highest score of 0.87, using it at a lesser extent than the others in this category. On the other hand, the municipality of Gjilan/Gnjilane is the one who has used it most frequently, and as a result is ranked at the bottom of this category, with a sub-index score of 0.37.

LARGE-SIZED MUNICIPALITIES

PEJË/
PEĆ
0.87

PRISHTINË/
PRIŠTINA
0.82

PRIZREN
0.81

PODUJEVË/
PODUJEVO
0.74

GJAKOVË/
ĐAKOVICA
0.67

FERIZAJ/
UROŠEVAC
0.60

MITROVICË/
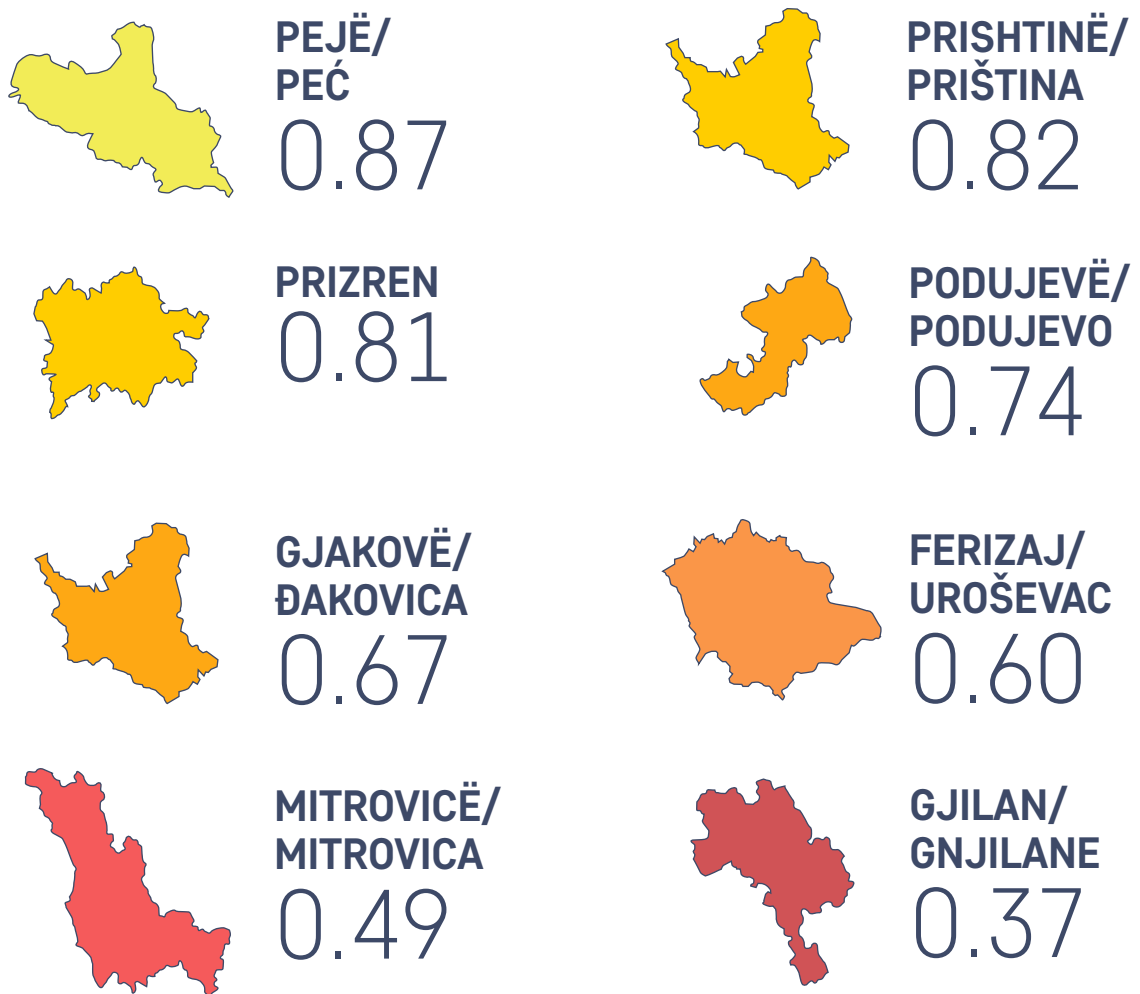MITROVICA
0.49

GJILAN/
GNJILANE
0.37

FIGURE 28. TENDER SUBMISSION DEADLINE (X9) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. The usage of accelerated time limits is granted to contracting authorities by Article 46 of the Law on Procurement, which permits the usage of this procedure, in special cases such as urgencies and other similar circumstances. However, a frequent usage of this procedure undermines competition.

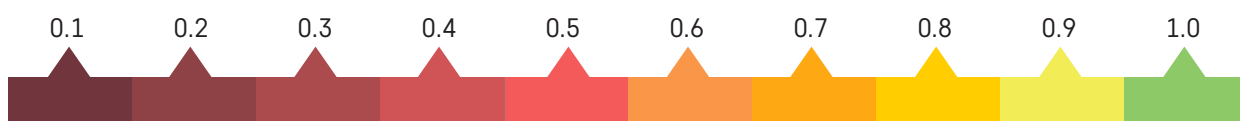| 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 |

MEDIUM-SIZED MUNICIPALITIES

When speaking of medium sized municipalities, as presented in Figure 29, municipalities from Dragash/Dragaš to Kaçanik/Kačanik, have not used the Accelerated Time Limits procedure at all, and have received the maximum sub-index score of 1. On the other hand, in this category, the municipality of Severna Mitrovica/Mitrovica e Veriut has the lowest score of 0.52 in this sub-index.

Dragash/Dragaš	1.00		Malishevë/Mališevo	0.79
Gllogovc/Glogovac	1.00		Suharekë/Suva Reka	0.76
Kamenicë/Kamenica	1.00		Klinë/Klina	0.76
Lipjan/Lipljan	1.00		Skenderaj/Srbica	0.72
Štrpce/Shtërpcë	1.00		Gračanica/Graçanicë	0.69
Kaçanik/Kačanik	1.00		Rahovec/Orahovac	0.69
Fushë Kosovë/ Kosovo Polje	0.84		Istog/Istok	0.67
Deçan/Dečani	0.82		Viti/Vitina	0.58
Vushtrri/Vučitrn	0.81		Severna Mitrovica/Mitrovica e Veriut	0.52

FIGURE 29. TENDER SUBMISSION DEADLINE (X9) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

SMALL-SIZED MUNICIPALITIES

Figure 30 presents the results for small sized municipalities. Having not used the accelerated time procedure at all, municipalities from Hani i Elezit/Elez Han to Ranilluk/Ranillug rank at the top of this category, each with a maximum sub-index score of 1. Meanwhile, the Municipality of Zubin Potok is the worst performer, with a 0.08 sub-index score. From a total of 13 contract notices, the Municipality of Zubin Potok has used the time limits procedure 11 times, or in 85% of cases.
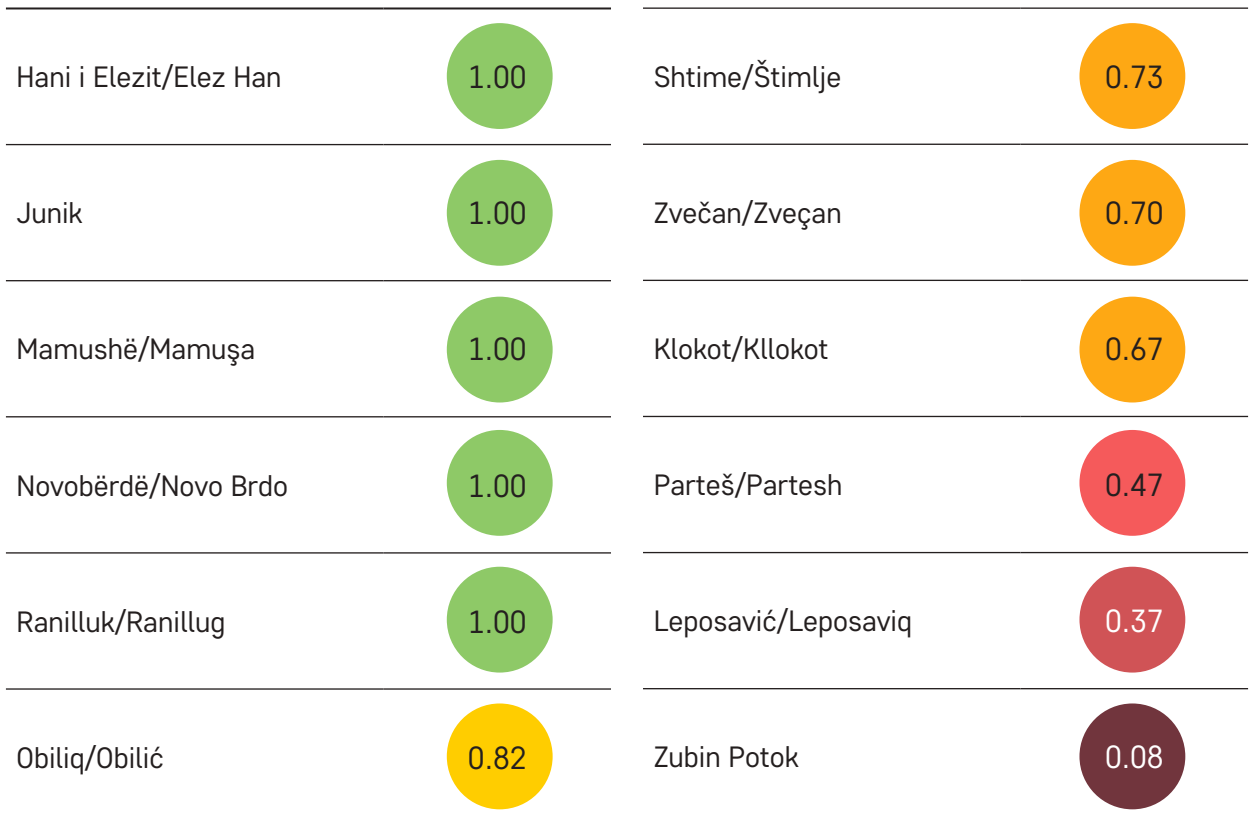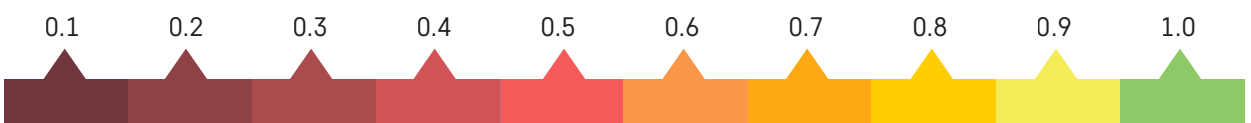
Hani i Elezit/Elez Han	1.00	Shtime/Štimlje	0.73
Junik	1.00	Zvečan/Zveçan	0.70
Mamushë/Mamuşa	1.00	Klokot/Kllokot	0.67
Novobërdë/Novo Brdo	1.00	Parteš/Partesh	0.47
Ranilluk/Ranillug	1.00	Leposavić/Leposaviq	0.37
Obiliq/Obilić	0.82	Zubin Potok	0.08

FIGURE 30. TENDER SUBMISSION DEADLINE (X9) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

SUB-INDEX 10: SUPPLIER RATING (X10)

Supplier rating (x10) intends to identify the profiles of the economic operators or suppliers. The indicator assigns scores to economic operators. For example a maximum score of 1 is given to economic operators with no negative effects, while a score of 0.5 is given to economic operators with two negative effects. Negative effects are assigned when economic operators are awarded with a contract from the municipality, within a six month period after they have been established in Kosovo Business Registration Agency (KBRA).

The arithmetic average of assessment for each economic operator is calculated in the first step, and the following formula is applied:

$$X10 = \frac{\sum(Contract\ value\ x\ Arithmeic\ average\ assessment\ of\ economic\ operator)}{\sum Contract\ value}$$

The access to the history and past performance of the economic operators who are awarded a public contract is an extremely important tool in the fight against corruption. "Supplier rating (x10)" sub-index, intends to identify the profiles of the economic operators or suppliers. In terms of transparency and openness, this is a very important indicator. However the Kosovo Business Registration Agency (KBRA), responsible for providing such information, offers only a limited amount of information when it comes to the economic operator's financial and managerial history. Corruption risks are raised in cases where economic operators are awarded a contract immediately after they register their business activity with KBRA. For this reason, economic operators who are awarded with a contract from the municipality, within a six month period after they have been established in the KBRA, are penalized in this indicator.

Another element that this indicator aims to tackle is subcontracting by economic operators. Economic operators, after meeting the criteria set by the municipality for a specific call, and being awarded with a contract, may decide to subcontract smaller operators who might not be eligible to meet the criteria and perform the duties assigned. Therefore, in those cases, economic operators who sub-contract more than 50% of the value of the contract, are penalized.

The findings reveal that from all sub-indexes, all 38 municipalities' have performed the best in this sub-index, with an average sub-index score of 0.98. Figure 31 presents the performance of large sized municipalities in the "Supplier Rating (x10)" sub-index, where all the large municipalities have reached the maximum score of 1.

PODUJEVË/ PODUJEVO
1.00

PEJË/ PEĆ
1.00

FERIZAJ/ UROŠEVAC
1.00

PRISHTINË/ PRIŠTINA
1.00

GJAKOVË/ ĐAKOVICA
1.00

GJILAN/ GNJILANE
0.98

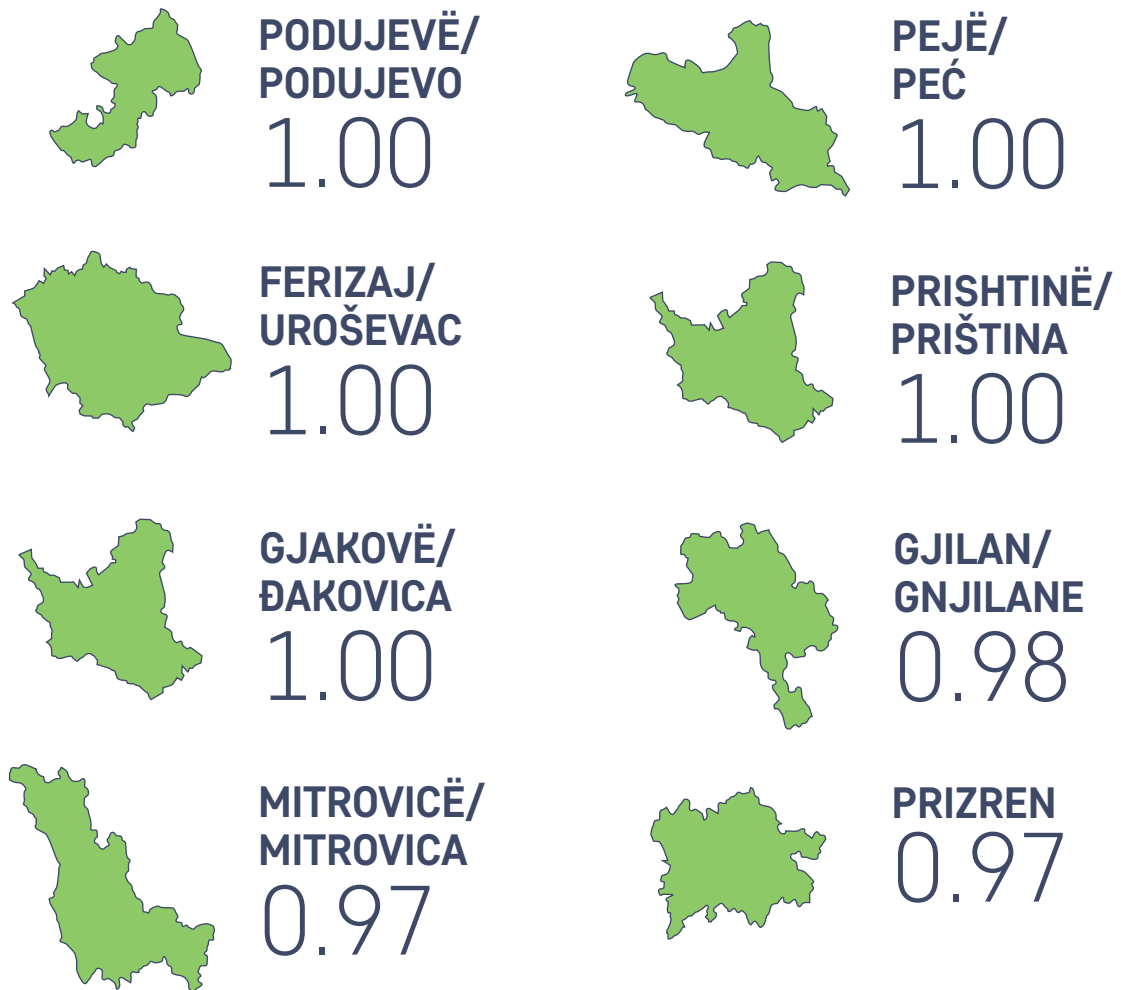**MITROVICË/ MITROVICA**
0.97

PRIZREN
0.97

FIGURE 31. SUPPLIER RATING (X10) FOR LARGE SIZED-MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

The x-index results do not imply that the procurement procedures used by municipalities are illegal. Economic operators being awarded with a contract between the six-month period that they are registered in KBRA is a completely legitimate procedure. In fact in Article 26.4 of PPRC's 'Rules and Operational Guidelines for Public Procurement (ROGPP)' document, encourages contracting authorities to support new economic operators when establishing minimum requirements for application that do not exclude them. However, there are cases when newly established economic operators without the requisite qualifications or capabilities are awarded contracts suggesting collusion with the contracting authority , and that's what this sub-index aims to tackle.

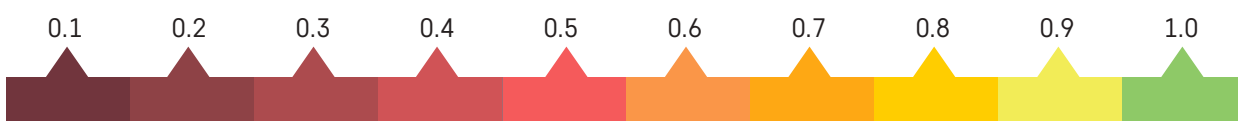0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

MEDIUM-SIZED MUNICIPALITIES

As presented in Figure 32, medium sized municipalities have also performed well in this sub-index. With the exception of Malishevë/Mališevo who has a score of 0.85. The remaining municipalities in this category have all scored above 0.97.

Gračanica/Graçanicë	1.00	Istog/Istok	0.99
Klinë/Klina	1.00	Štrpce/Shtërpcë	0.99
Kamenicë/Kamenica	1.00	Rahovec/Orahovac	0.99
Kaçanik/Kačanik	1.00	Viti/Vitina	0.99
Skenderaj/Srbica	1.00	Fushë Kosovë/ Kosovo Polje	0.98
Dragash/Dragaš	1.00	Vushtrri/Vučitrn	0.98
Gllogovc/Glogovac	1.00	Suharekë/Suva Reka	0.98
Deçan/Dečani	1.00	Lipjan/Lipljan	0.97
Severna Mitrovica/Mitrovica e Veriut	1.00	Malishevë/Mališevo	0.85

FIGURE 32. SUPPLIER RATING (X10) FOR MEDIUM SIZED-MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

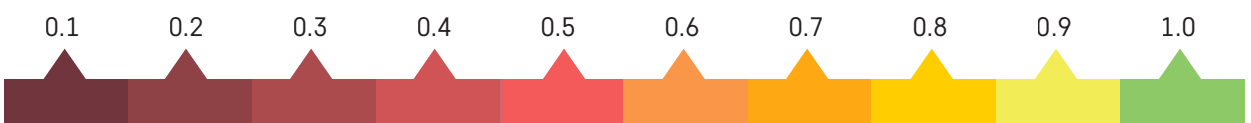0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1.0

SMALL-SIZED MUNICIPALITIES

Small sized municipalities have also performed well in this sub-index. With the exception of Ranilluk/Ranillug who has scored 0.86, all the remaining municipalities reached a score above 0.96, as presented in Figure 33.

Junik	1.00	Hani i Elezit/Elez Han	1.00
Klokot/Kllokot	1.00	Obiliq/Obilić	0.99
Novobërdë/Novo Brdo	1.00	Zvečan/Zveçan	0.98
Parteš/Partesh	1.00	Shtime/Štimlje	0.97
Zubin Potok	1.00	Mamushë/Mamuşa	0.96
Leposavić/Leposaviq	1.00	Ranilluk/Ranillug	0.86

FIGURE 33. SUPPLIER RATING (X10) FOR SMALL SIZED-MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

X **11**

SUB-INDEX 11:
INFORMATION PROVISION (X11)

Information provision (x11) measures the quality and timeliness of municipalities' procurement offices response, when requests for access to documents or information are made. For example, a maximum score of 100 is given to municipalities who provided complete information within the seven-day legal timeframe, while a minimum score of 0 is given to municipalities that do not respond or send automatic replies.

Willingness to provide information is one of the key indicators of transparent and accountable governance. A complete and immediate response to a request for public information means that a contracting authority, in this case municipality, possesses the requested information and is willing to provide it. "Information Provision (x11)" evaluates the quality and timeliness of the municipalities' procurement offices response, when requests for access to documents or information are made. In order to evaluate the quality and timeliness of municipalities' responses to requests for information or official documents, emails with requests for access to official documents were sent to all municipalities. Information provided by municipalities were judged on the basis of timeliness of delivery, and of the quality of the information provided. A request for physical access to randomly chosen contracts was sent to all 38 municipalities.

Findings reveal that large and medium sized municipalities are far more transparent and accountable compared to small sized municipalities. 75% of small sized municipalities have not answered requests made for access to documents at all.

Figure 34 presents the results for large sized municipalities in this sub-index. The municipality of Ferizaj/Uroševac, Gjakovë/Đakovica, and Pejë/Peć have cooperated fully by providing immediate responses within the legal timeframe set by the Law on Access to Public Documents. Therefore those three municipalities received the maximum sub-index score of 1. On the other hand, the municipality of Podujevë/Podujevo did not provide any information at all, and received the minimum score of 0.
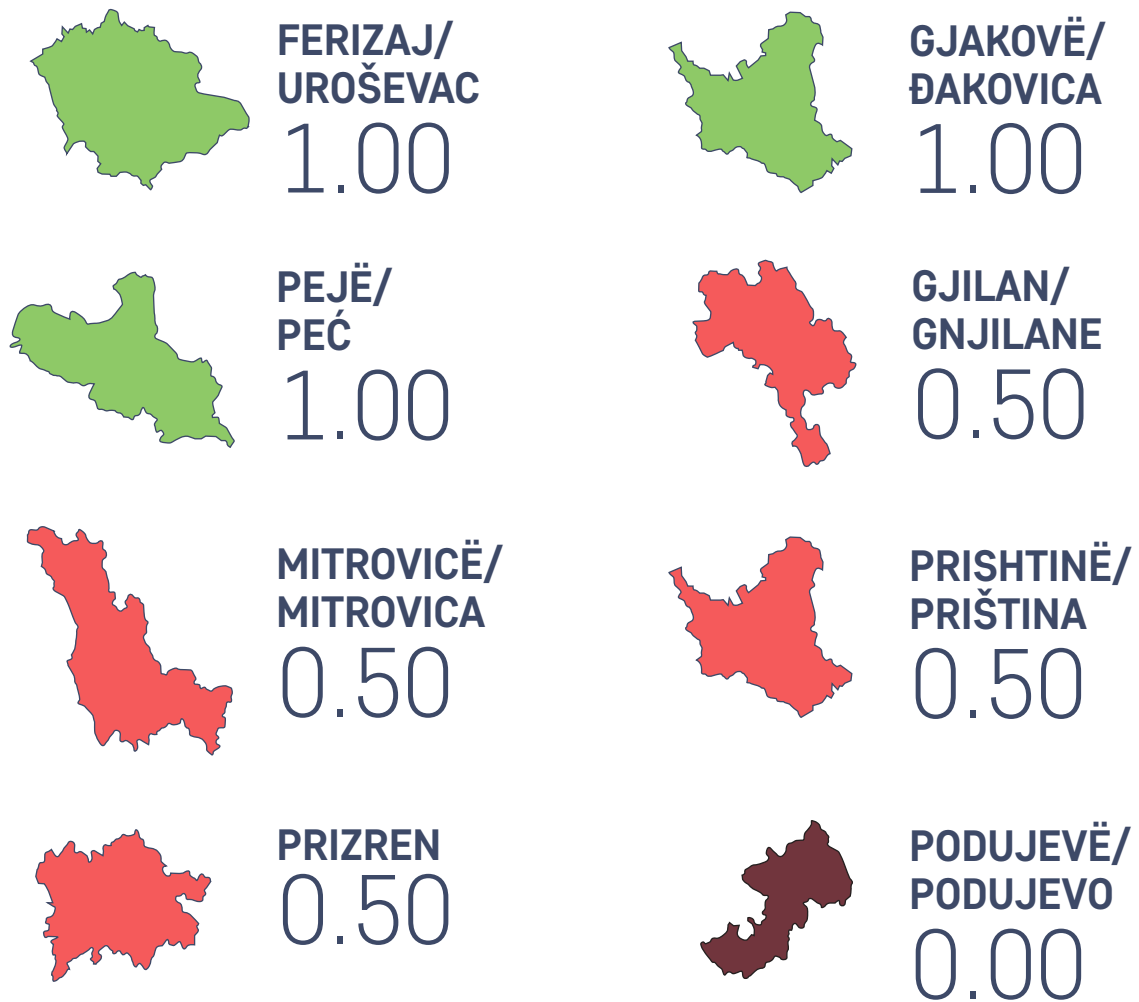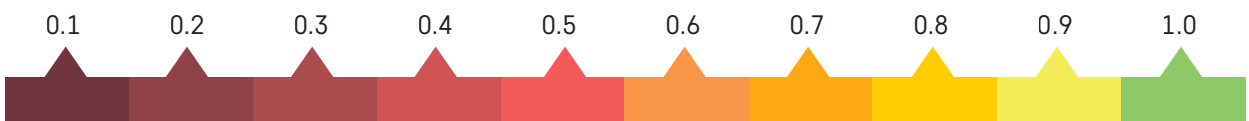
LARGE-SIZED MUNICIPALITIES

FERIZAJ/ UROŠEVAC
1.00

GJAKOVË/ ĐAKOVICA
1.00

PEJË/ PEĆ
1.00

GJILAN/ GNJILANE
0.50

MITROVICË/ MITROVICA
0.50

PRISHTINË/ PRIŠTINA
0.50

PRIZREN
0.50

PODUJEVË/ PODUJEVO
0.00

FIGURE 34. INFORMATION PROVISION (X11) FOR LARGE-SIZED MUNICIPALITIES

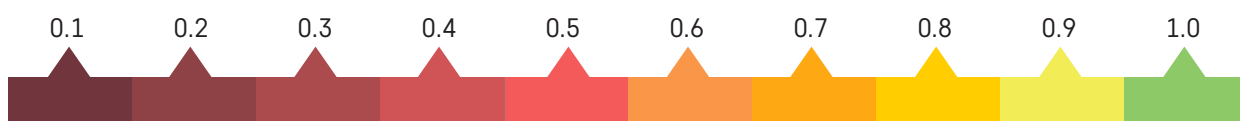0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0

MEDIUM-SIZED MUNICIPALITIES

As presented in Figure 35, medium sized municipalities from Gllogovc/Glogovac to Štrpce/Shtërpcë, cooperated fully within the set time limit, and received the maximum sub-index score of 1. Meanwhile municipalities from Deçan/Dečani to Suharekë/Suva Reka did not respond at all and received the minimum sub-index score of 0.

Municipality	Score	Municipality	Score
Gllogovc/Glogovac	1.00	Fushë Kosovë/ Kosovo Polje	0.50
Gračanica/Graçanicë	1.00	Kaçanik/Kačanik	0.50
Istog/Istok	1.00	Deçan/Dečani	0.00
Klinë/Klina	1.00	Kamenicë/Kamenica	0.00
Viti/Vitina	1.00	Lipjan/Lipljan	0.00
Vushtrri/Vučitrn	1.00	Severna Mitrovica/Mitrovica e Veriut	0.00
Štrpce/Shtërpcë	1.00	Rahovec/Orahovac	0.00
Malishevë/Mališevo	0.75	Skenderaj/Srbica	0.00
Dragash/Dragaš	0.50	Suharekë/Suva Reka	0.00

FIGURE 35. INFORMATION PROVISION (X11) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

SMALL-SIZED MUNICIPALITIES

Klokot/Kllokot is the only municipality in the category of small sized municipalities to have cooperated fully with the request made, and to receive the maximum score of 1. As the results reveal in Figure 36, 75% of municipalities in this category have not answered the requests that were sent to them at all and received the minimum sub-index score of 0.
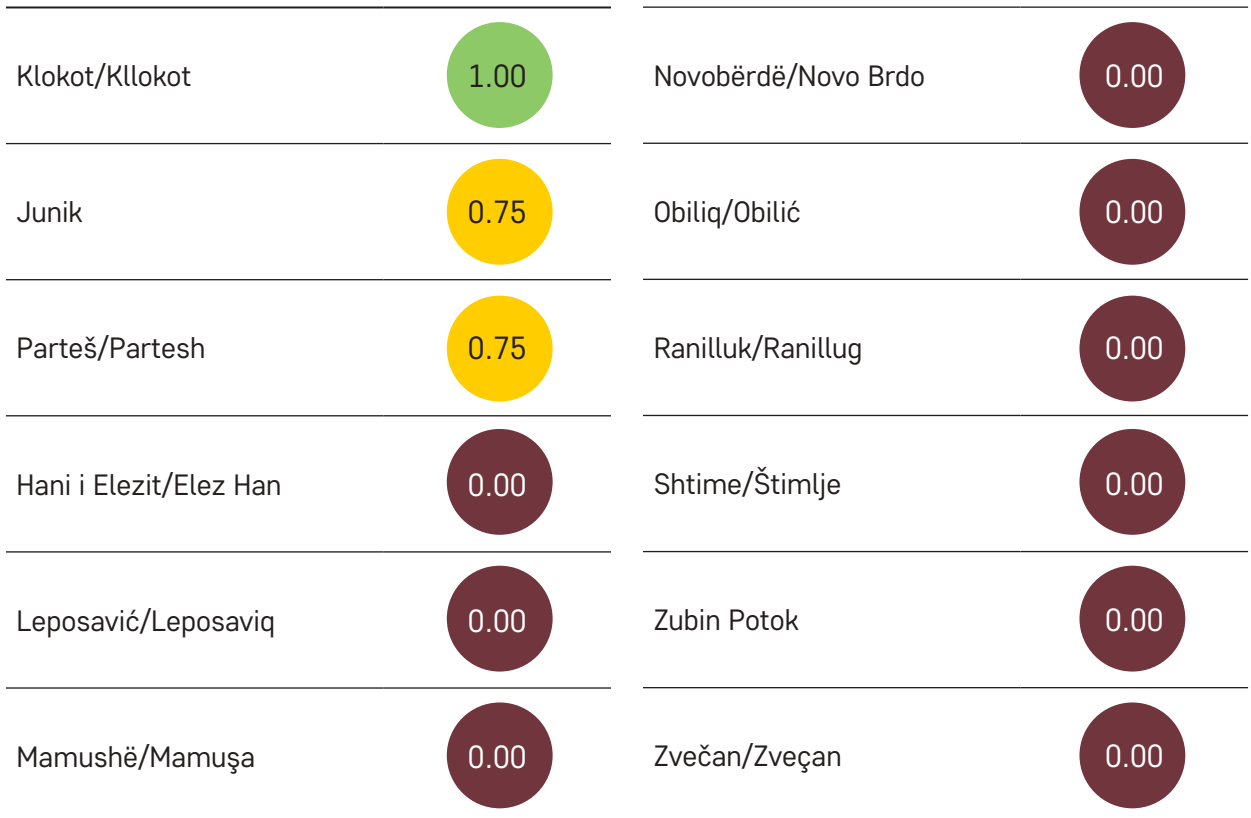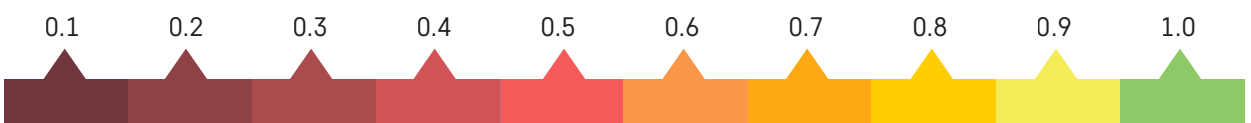
Municipality	Score	Municipality	Score
Klokot/Kllokot	1.00	Novobërdë/Novo Brdo	0.00
Junik	0.75	Obiliq/Obilić	0.00
Parteš/Partesh	0.75	Ranilluk/Ranillug	0.00
Hani i Elezit/Elez Han	0.00	Shtime/Štimlje	0.00
Leposavić/Leposaviq	0.00	Zubin Potok	0.00
Mamushë/Mamuşa	0.00	Zvečan/Zveçan	0.00

FIGURE 36. INFORMATION PROVISION (X11) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

Civil society organizations and media should be more active in monitoring and signaling malfeasance in the public procurement process as well as come forth with recommendations on improving the system.

5

METHODOLOGY

Construction of indicators

The x-index methodology relies heavily on an already established methodology and is contextualized to internalize Kosovo specificities. The methodology is developed in a way that aims to include all the major issues that concern public procurement at the local level in Kosovo. In order to classify and group municipalities in three groups (large, medium, small), the budget and number of staff of municipalities was taken into accounts. An equal weight was given to municipalities' budget and number of staff. The data regarding these two were taken from the Law on the Budget of the Republic of Kosovo for 2018 (LAW No. 06/L-020).

The rating methodology is built upon eleven partial monitoring sub-indexes, each of which describes a particular public procurement issue. Based on the needs of Kosovo's public procurement system, two out of the eleven indicators in the methodology were developed by Riinvest researchers, while one sub-index and some indicators could not be applied, due to legislative and technical barriers in Kosovo's public procurement system. Riinvest researchers, developed a statistical model, and gathered data from the e-procurement platform for a six-month period (January-June 2018). Since the Law on Public Procurement does not oblige municipalities to publish their contracts online, contract data were gathered from the 'e-procurement' platform, specifically from contract notices and contract award notices.

X 1 Public Procurement as a share of total purchases

measures the ratio between all purchases the contracting authority or the municipality makes, and the purchases it makes through public procurement. The indicator, compares the value of municipalities' contracts published in the e-procurement platform with the total volume of their controllable operating costs. Controllable operating costs are defined as the sum of selected cost items that are dependent on the contracting authority's management, in this case municipalities' management. In our model, the controllable operating costs include: goods and services, subsidies and transfers, and capital expenditures. Wages and salaries, and utilities were excluded, since they are expenses that are not managed by municipalities. The data regarding the aforementioned expenses, were gathered from Kosovo's "Semi-annual financial report", published by the Ministry of Finance, and cover the period "1 January – 30 June, 2018. The formula for calculating "Public procurement as a share of total purchases", is as follows

$$x1 = \sqrt{\frac{value\ of\ public\ procurement\ contracts}{value\ of\ controllable\ operating\ costs}}$$

X 2 Competitive contracting

is an indicator that measures the value of contracts tendered through negotiated procedures without publication (NPwP), in proportion with the total value of contracts. A minimum rating of zero is assigned to a municipality that awarded all its contracts through NPwP. The formula for calculating the "Competitive contracting" indicator, is as follows:

$$x2 = \left(1 - \frac{value\ of\ contracts\ awarded\ through\ NPwP}{total\ value\ of\ contracts}\right)^4$$

X 3 Consistent Conduct's

indicator, is calculated on the basis of all contract notices issued by the respective contracting authority, as obtained from the e-procurement. The score for each published contract is evaluated as follows:

- A score of 1 is given to a properly awarded contract without any correction notices..
- A score of 0.75 is given to contracts with one correction notice attached.
- A score of 0.5 is given to contracts with two correction notices attached.
- A score of 0.25 is given to contracts with three correction notices attached.
- A score of 0 is given to contracts with four or more correction notices, to cancelled tender procedures, or if no contract was awarded (i.e. where neither a contract award notice nor a cancellation notice is present in the e-procurement platform).

The indicator value is computed as the contracting authority's average score for all its published contracts, as described with the following formula:

$$x3 = \frac{\sum contract\ score}{number\ of\ contracts}$$

ⓧ ④ Winner concentration

is measured as the value of all contract(s) awarded to each individual bidder, divided by the total value of all contracts awarded by the respective contracting authority; this calculation is made for each successful bidder, and the results are summed.

$$x4 = \left(1 - \Sigma\left(\frac{value\ of\ contracts\ awardes\ to\ each\ bidder}{total\ value\ of\ contracts}\right)^2\right)^2$$

The calculation uses the standard Herfindahl index for measuring supplier concentration, adapted for the purpose of public procurement contracts. The resulting index is then squared in order to emphasize the difference between highly rated and lowly rated contracting authorities.

● If all the contracting authority's contracts were awarded to a single contractor, his share equals 1 and the indicator value equals 0.

● If two contractors supplied half of the authority's contracts each, the indicator value will equal 0.25.

● If three contractors were awarded 50%, 25% and 25% of all the authority's contracts, the indicator value equals $(1-(0.5^2 + 0.25^2 + 0,25^2))^2 = 0.39$.

● If ten contractors were equally successful in winning tender procedures with the given authority the indicator value equals 0.81.

ⓧ ⑤ Bidder participation

is calculated through a two-step process. In the first step, the level of competition is evaluated for each contract, and these levels are then averaged across all contracts for a given contracting authority, to give a partial indicator k. The sub-indicator k compares the number of tenders submitted for a particular call with the median of number of tenders for the type of contract. In this model, types of contracts that are calculated are: public supply contracts, public services contracts, and public works contracts. The formula for calculating the partial indicator k is as presented below:

$$k = 0.5 + \frac{tenders\ submitted\ per\ contract - median\ \text{of tenders}\ for\ type\ of\ contract(tenders\ submitted)}{median\ \text{of tenders}\ for\ type\ of\ contract(tenders\ submitted)}$$

The second step in our calculation is to compute the aggregate indicator as the weighted sum of k indicators across all contracts awarded by the respective contracting authority. The awarded price of every contract is used as its weight, in order to emphasize the indicator results for bigger contracts.

$$x5 = \frac{\Sigma\ contract\ value * k}{total\ contracts\ value}$$

X 6 Pro-competitive tools

evaluates to what extent each municipality uses optional procompetitive tools, namely through:

- Splitting contracts into lots - enabling contracting authorities to ensure maximum competition for each element of the procurement. This instrument also facilitates small and medium enterprises' access to public contracts, as it reduces the qualification requirements, and separates simpler work that can be performed by a broader range of bidders from more specialized tasks.

- Extending deadlines for tender submissions - enabling bidders to prepare their tender more thoroughly an increase the chances of more bidders competing for the contract.

- Evaluating tenders not only by price but also by quality - this sub-indicator aims to upgrade the competition above a simple price war.

In the continuous efforts to foster competition, the "Pro competitive tools" indicator rewards municipalities for implementing these additional activities, which go beyond their legal obligations and support a competitive environment in public procurement. It would make no sense to require the use of these instruments in every contract as a proof of best practice, as the tools are not appropriate in many cases. Thus the maximum rating for this indicator is therefore assigned to any contracting authority that uses them in more than 25% of cases. Hence, in calculating the indicator value, each share is multiplied by four, but restricted to maximum value 1. This means that a contracting authority splitting all of its contracts into lots but never using either e-auctions or extended deadlines is assigned the indicator value of 1/3.

The following formula is used to calculate this indicator:

$$x6 = \left(\frac{nr. \; of \; contracst \; split \; into \; lots + nr. \; contracts \; with \; extended \; deadlines + nr. of \; contracts \; evaluated \; using \; quality \; based \; criteria}{3 \; x \; nr. of \; contracts} \right)^{1/2}$$

The purpose of the square root in the formula is to diminish the differences between the authorities' scores and reduce variance, in order to facilitate comparability with other x-index indicators.

X 7 Legal misconduct

is measured as the value of all serious misconducted cases, divided by the number of contracts. This indicator reflects the number of misconducts detected by the Procurement Review Body (PRB), which is the authorized body for reviewing the legality of public procurement practices of contracting entities. In order to evaluate this indicator, we browse through all PRB rulings related with municipalities' procurement contracts, and we focus on PRB's decisions were misconduct has been proven and may be considered serious, throughout January-June 2018. The formula used to calculate this indicator is as follows:

$$x7 = 1 - \left(\frac{number \; of \; serious \; misconducted \; cases}{number \; of \; contracts} \right)^{1/4}$$

Ⓧ ⑧ Procurement planning process

evaluates municipalities' procurement planning process by comparing the initial estimated contract value set by the municipality when publishing a call for a tender with the total final value with which the contract is signed with the economic operator. This indicator is measured in a three step process.

The deviation between the estimated contract value and the contract's total final value is measured in the first step. This deviation is measured by finding the difference between the estimated contract value and the final contract value, and is expressed as a percentage by dividing the deviation value with the estimated contract value or with the final contract value, depending on which one is smaller. This calculation is conducted with the objective of assessing in the same way cases where the final contract value is higher than the estimated contract value, or the opposite. In cases where final contract value is two times smaller or higher than the estimated contract value, the deviation expressed in percentage takes a 100% value in both cases.

In the second step, the planning process is assessed for each contract, with the following formula:

Assessment = 1-Deviation (expressed in percentage)

In the third and final step, the following formula is applied:

$$X8 = \frac{\sum(Final\ value\ of\ contract\ x\ Assessment)}{\sum Final\ value\ of\ contract}$$

Ⓧ ⑨ Tender submission deadline

is measured as the sum of all contract notices that have used accelerated procedures, divided with the total number of contract notices. The formula for calculating x9 is as follows:

$$x9 = 1 - \left(\frac{No.\ of\ contract\ notices\ that\ have\ used\ accelerated\ procedures}{No.of\ contract\ notices}\right)^{\wedge 1/2}$$

X 10 Supplier rating

intends to identify the profiles of the economic operators or suppliers. Economic operators who are awarded with a contract from the municipality, within a six month period after they have been established in Kosovo Business Registration Agency (KBRA), are penalized from this indicator. Another element that this indicator aims to tackle is subcontracting (after award) by economic operators, by penalizing them.

Economic operators or suppliers are evaluated in the following order:

- Value of 1 in case no negative effect occurred.
- Value of 0.75 in case of a single negative effect.
- Value of 0.5 in case of two negative effects.

The arithmetic average of assessment for each economic operator is calculated in the first step, and the following formula is applied:

$$X10 = \frac{\sum(Contract\ value\ x\ Arithmeic\ average\ assessment\ of\ economic\ operator)}{\sum Contract\ value}$$

X 11 Information provision

evaluates the quality and timeliness of municipalities' procurement offices response, when requests for access to documents or information are made. In order to evaluate the quality and timeliness of municipalities' responses the data collectors sent specific requests for information to the municipalities. Information provided by municipalities were judged on the basis of the following criteria:

- Delivered within the legal limit of 7 day (as stated in Kosovo's law on access to public documents, article no. 7).
- Should cover the complete information requested, or in the other case provide a written statement why the information requested is refused (always as stated in the law).
- Information requested should be free of charge.

Therefore, in order to calculate the quality and timeliness of the information, the following score index for "information provision" indicator was used:

- Full disclosure - 100; complete information provided covering all the questions raised.
- Partial disclosure - 75; information is provided but not completely.
- Conditional disclosure - 50; the contracting authority is willing to provide information, but do not sent any.
- Non-disclosure - 25; refusal to provide.
- No response - 0; none or automatic email response.

X-INDEX

In the end, the eleven indicators explained above, are combined to produce a single x-index value, using a weighted average:

$$xindex = \frac{x_1 + x_2 + x_3 + x_4 + x_5 + x_6 + x_7 + x_8 + x_9 + x_{10} + 0.5x_{11}}{10.5}$$

Where X is the final x-index value and x1 to x11 are the values of the individual indicators numbered according to the list above (the detailed computation of the indicators follows). Each of the indicators is scaled between 0 and 100, and they thus have equal weight, except for x11 which was assigned a smaller weight (0.5) due to importance.