



USAID
NGA POPULLI AMERIKAN
OD AMERIČKOG NARODA



RIINVEST
INSTITUTI PËR HULUMITIME ZHVILLIMORE
INSTITUTE FOR DEVELOPMENT RESEARCH

PUBLIC PROCUREMENT BAROMETER (X-INDEX)

Benchmarking tool for public
procurement in Kosovo

COVERING THE PERIOD
BETWEEN JANUARY
AND DECEMBER 2019

2020





USAID
NGA POPULLI AMERIKAN
OD AMERIČKOG NARODA



RIINVEST
INSTITUTI PËR HULLIMTË ZHVILLIMORE
INSTITUTE FOR DEVELOPMENT RESEARCH

TRANSPARENT, EFFECTIVE AND ACCOUNTABLE MUNICIPALITIES ACTIVITY IN KOSOVO RIINVEST INSTITUTE

PUBLIC PROCUREMENT BAROMETER (X-INDEX)

Benchmarking tool for public
procurement in Kosovo

**COVERING THE PERIOD
BETWEEN JANUARY-
DECEMBER 2019**

2020

Author: Tringë Shkodra

Editor: Alban Hashani

This publication was produced by Riinvest Institute, via a grant issues by USAID Transparent, Effective and Accountable Municipalities (USAID TEAM) activity, The author's views in this publication does not necessarily reflect the views of the United States Agency for International Development (USAID) or the United States Government.

TABLE OF CONTENTS

ACRONYMS	6	SUB-INDEX 4:	
ABSTRACT	7	WINNERS' CONCENTRATION (X4)	32
INTRODUCTION	8	SUB-INDEX 5:	
1. EXECUTIVE SUMMARY	10	BIDDER PARTICIPATION (X5)	36
2. WHAT IS BENCHMARKING TOOL FOR PUBLIC PROCUREMENT XINDEX?	14	SUB-INDEX 6:	
3. X-INDEX RESULTS	15	PRO COMPETITIVE TOOLS (X6)	40
4. RESULTS FROM SUB-INDEXES	19	SUB INDEX 7:	
SUB-INDEX 1:		LEGAL MISCONDUCT (X7)	44
PUBLIC PROCUREMENT AS A SHARE OF TOTAL PURCHASES (X1)	20	SUB INDEX 8:	
SUB-INDEX 2:		PROCUREMENT PLANNING ACCURACY (X8)	48
COMPETITIVE CONTRACTING (X2)	24	SUB INDEX 9:	
SUB-INDEX 3:		TENDER SUBMISSION DEADLINE (X9) ...	52
CONSISTENT CONDUCT (X3)	28	5. METHODOLOGY	57
		CONSTRUCTION OF SUB-INDEXES	57

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 9 sub-indexes, each of which assesses several dimensions of public procurement, and which jointly focus on the areas of transparency, competition, and efficiency. The x-index includes all 38 municipalities of Kosovo and covers their procurement activities in the period January-December 2019, consisting of 2,770 contract award notices, in total worth over €264 million. The index is constructed based on objective criteria. Data for the construction of the index were obtained from the official e-procurement platform and other official statistics. The overall x-index and the 9 sub-indexes of 2019 are compared with those of 2018.

Keywords: public procurement, barometer, transparency, corruption, efficiency, accountability, municipalities, benchmark, x-index.

Riinvest is committed to playing an active role in publicizing the importance of a sound public procurement system which promotes fairness, efficiency, and minimization of corruption and misuse of taxpayers' money while maximizing the economic and social gains of public procurement. We would like to thank USAID's Transparent, Effective and Accountable Municipalities activity for supporting this research and related activities and for their continued cooperation during the realization of this project. We would like also to thank central and local level officials for their cooperation during the implementation of our research. Riinvest wishes to thank all parties involved in the preparation of this report for their contribution while it assumes sole responsibility for all findings and conclusions in the report.

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.

The public procurement share accounts for over 10 percent of Kosovo's GDP. Of this, around 90 percent is awarded using an open procedure. However, 99% of public contracts were awarded according to the lowest-price criterion, rather than best price-quality ratio in line with the EU Directive on public procurement. All contracting authorities at central and local level have to use the e-procurement system for any type of procurement activity. Since January 2019, the electronic submission of bids is mandatory for all procurement types and values, and physical submission is no longer allowed. Monitoring of procurement activities remains particularly important due to their relative size in the economy. This segment requires continuous improvements in order to minimize the misuse of taxpayers' money as well as to correct distortions in the market. However, improvements in transparency are evident. Apart from publishing all of their contract notices electronically in the e-procurement platform, the majority of municipalities are now publishing all of their signed contracts on their websites, and in the e-procurement platform. This came as a result of the strong pressure from civil society organizations for open and accountable governance, and from the willingness of municipalities' mayors to comply.

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.

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 there is for a greater vulnerability to corrupt or inefficient practices in their procedures - but whether that opportunity has been exploited or not, it cannot be proven from these statistics. In order to have an objective representation of the results, the municipalities were classified into three groups: large, medium, and small-sized municipalities. The classification of the municipalities was done upon the criteria of the municipalities' budget and the number of municipal officials.

The small arrows next to municipality rankings provide a comparison of the respective municipality's score rank in 2019 compared to 2018. '↔' refers to the same ranking as last year, '↑' symbolizes a climb up in the ranking from last year, and '↓' symbolizes a fall in ranking. The number in brackets, next to the arrow, shows for how many places did a particular municipality climbed up or fell in its ranking in that particular index or sub-index in relation to other municipalities.

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 practices 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.



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.

1

EXECUTIVE SUMMARY

The average score of the composite index for all (38) municipalities is 0.70 index points, similar to the last year. Correspondingly, the ranking between sub-indexes is approximately the same as that of the last year. Out of the nine sub-indexes, findings reveal that municipalities have performed the best in the 'Public procurement as a share of total purchases (x1)' sub-index, with an average score of 0.96 index points, which is higher compared to 2018. Meanwhile, the sub-index where municipalities have performed the worst is 'Pro competitive tools (x6)'. This sub-index evaluates the extent to which municipalities use optional procompetitive tools, such as 'Splitting contracts into lots', and 'Evaluating tenders by quality rather than price'. Differently from last year, some slightly improvements were evidenced this year on this sub-index. Even though the performance of municipalities for this year in this sub-index is poor, our findings reveal that municipalities have used the procompetitive tool of 'Splitting contracts into lots' in 9 percent of cases, which is higher compared to 2018 (when it stood at 7%). Similar to the last year, in 2019 in more than 99 percent of cases, the criterion for award-

ing the contract was the lowest price. According to the EU commission country report (2019), the wide-spread use of lowest-price criterion to award contracts is not in line with the EU Directive on public procurement which promotes the best price-quality ratio.

Another sub-index where municipalities performed below the average x-index score of 0.70, is 'Bidder participation (x5)'. The average sub-index score for all municipalities was 0.55. Similar to 'Pro competitive tools (x6)', this sub-index is created with the idea of encouraging municipalities to foster competition among economic operators, and as a result, increase quality. To this end, this sub-index measures the number of tenders that are submitted for each call. The median of tenders received for a call was 4.

When speaking of competition, 'Tender submission deadline (x9)' is another sub-index that aims to foster competition, by encouraging municipalities not to use the accelerated procedure. The average score of municipalities in this sub-index, was 0.62, which is below the x-index average score of 0.70.



This sub-index
evaluates the extent to which
municipalities use optional
procompetitive tools, such as
‘Splitting contracts into lots’, and
‘Evaluating tenders by quality
rather than price’.

Same as in 2018, regarding transparency and competition, municipalities performed well in ‘Competitive contracting (x2)’ sub-index, with an average score of 0.82. This sub-index measures the value and number of contracts tendered through negotiated procedures without publication (NPwP), in proportion to the total value and number of contracts. Interesting findings are shown in this indicator; when in numbers, municipalities awarded 9 percent of their contracts through NPwP which is lower compared to last year, while only 4 percent in value (which is higher compared to last year).

Regarding efficiency, municipalities performed very well in the ‘Consistent conduct (x3)’ sub-index, with a high average score of 0.82. Throughout a scoring system, this sub-index penalizes municipalities that cancel or amend contract notices, and vice-versa. The percentage of contract notices that were amended stands at 12%, while that of contract notices that were canceled stands at 16%.

The small arrows next to municipality rankings provide a comparison of the respective municipality’s score rank in 2019 compared to 2018. ‘↔’ refers to the same ranking as last year, ‘↑’ symbolizes a climb up in the ranking from last year, and ‘↓’ symbolizes a fall in ranking. The number in brackets, next to the arrow, shows for how many places

did a particular municipality climbed up or fell in its ranking in that particular index or sub-index in relation to other municipalities.

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 company names. Also, the webpage of the Procurement Review Body (PRB), is not updated regularly. Figure 1 presents the results of the sub-index at the municipal level for 2018 and 2019.



FIGURE 1. FINAL RESULTS

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-INDEX
2019X-INDEX
2018X-INDEX
2019X-INDEX
2018

Glogoc/Glogovac

0.70

0.75

Ferizaj/Uroševac

0.67

0.68

Mamushë/Mamuşa

0.70

0.72

Štrpce/Shtërpçë

0.66

0.73

Severna Mitrovica/Mitrovicë e Veriut

0.70

0.65

Zubin Potok

0.66

0.64

Prizren

0.69

0.74

Klokot/Kllokot

0.65

0.69

Prishtinë/Priština

0.69

0.69

Junik

0.65

0.62

Gjilan/Gnjilane

0.69

0.60

Leposavić/Leposaviq

0.65

0.59

Kamenicë/Kamenica

0.69

0.69

Gračanica/Graçanicë

0.63

0.75

Parteš/Partesh

0.69

0.72

Shtime/Štimlje

0.63

0.63

Mitrovicë/Mitrovica

0.68

0.69

Deçan/Deçani

0.62

0.71

Viti/Vitina

0.68

0.73

Zvečan/Zveçan

0.61

0.62

2

WHAT IS BENCHMARKING TOOL FOR PUBLIC PROCUREMENT XINDEX?

The 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 efficiency, and competition in public procurement, within a twelve-month period (January-December 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. Other sources of data include PRB (decisions regarding the legality of municipalities procurement activities); and KBRA (name of economic operators); and from the Law on the Budget of the Republic of Kosovo for 2018. The project relies heavily on a 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 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 procure-

ment data. A low score in the x-index sub-indexes implies a deviation from the 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 to prove corruption cases, and cannot do so. The "negotiated procedure without publication (NPwP)", usage of "accelerated time limits" or a "cancellation 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

For 2019, from the category of large-sized municipalities, as shown in Figure 2, Pejë/Peć is the municipality with the best performance with a total score of 0.75 index points- a municipality which jumped four places from last year, followed closely by Gjakovë/Đakovica with a score of 0.75 index points and Podujevë/Podujevo with a score of 0.71 index points. On the other hand, as the Figure below shows, at the bottom of the list is ranked the municipality of Ferizaj/Uroševac with 0.67 index points. Compared to last year, this year the category of large-sized municipalities on this sub-index showed slight improvements. Meanwhile, from medium-sized municipalities, Klinë/Klina is the municipality with the best performer, with an x-index score of 0.76. This municipality jumped thirteen places to be ranked in the first place. Municipalities of Vushtrri/Vučitrn (0.75 index points), Dragash/Dragaš (0.74 index points), Malishevë/Mališevo (0.74 index points), Rahovec/Orahovac (0.76 index points), have performed very well. Viti/Vitina and Deçan/Dečani, are the lowest-performing municipalities in this category, with a x-index score of 0.68, and 0.62 index points respectively. Regarding small-sized municipalities, Hani i Elezit/Elez Han is the municipality with the best performance, maintaining the same place from 2018, with an x-index score of 0.82, followed by Novobërdë/Novo Brdo (0.74 index points). On the other hand, sitting at the bottom of the list of small-sized municipalities, is Zvečan/Zveçan, with an x-index score of 0.61.

Same as in the previous year, the average score of the composite index for all (38) municipalities is 0.70 index points.

The majority of municipalities (21 municipalities or 55%) have a higher than average score. Meanwhile, 17 municipalities or 45%, have a lower score than the average one. Unlike last year, where the range of the x-index was from 0.59 to 0.80 index points, this year it varies from 0.61 to 0.82 index points. Medium-sized municipalities also for 2019, have performed the best in the reporting period, with an average index score of 0.72. Compared to last year, this year large-sized municipalities performed better with an average score of 0.71 index points. Meanwhile, the average x-index score for small-sized municipalities is 0.68 points (maintaining the same result from 2018). Same as in the previous year, from the nine sub-indexes, municipalities collectively have performed lower than the average score of the overall index in 4 of them (or 44%). The sub-indexes where municipalities performed lower are: Bidder Participation (x5), Pro Competitive Tools (x6), Legal Misconduct (x7), and Tender Submission Deadline (x9). The scores for these sub-indexes range from 0.34 index points (Pro Competitive Tools) to 0.62 index points (Tender Submission Deadline). Meanwhile, municipalities had higher than the average score, in the following sub-indexes: Public Procurement as a Share of Total Purchases (x1), Competitive Contracting (x2), Consistent Conduct (x3), Winner Concentration (x4), and Procurement Planning Accuracy (x8). The scores for these sub-indexes range from 0.78 index points (Procurement Planning Accuracy) to 0.96 index points (Public Procurement as a Share of Total Purchases). The results for the three categories of municipalities are presented in the following figures.

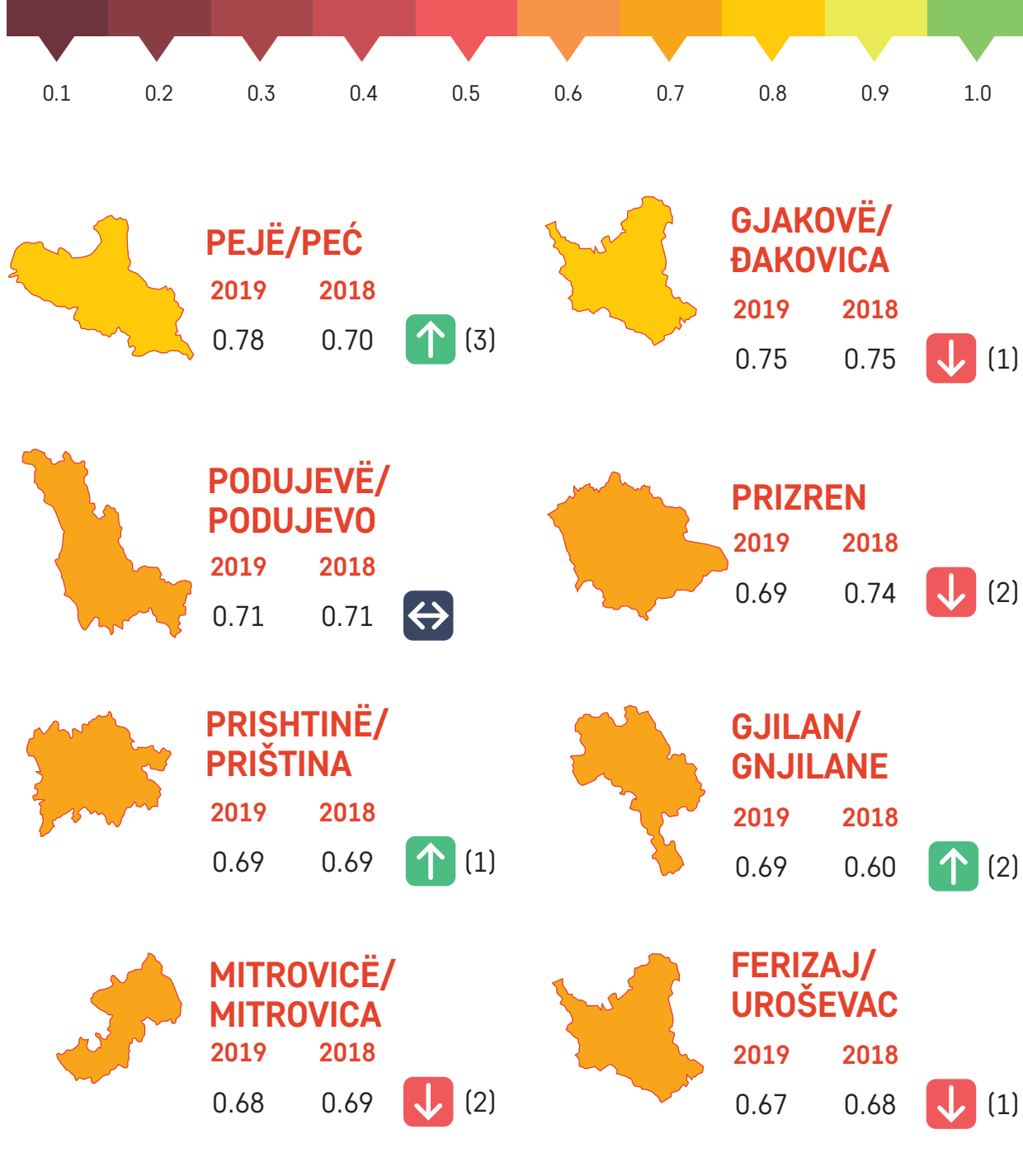


FIGURE 2. OVERALL X-INDEX RESULTS FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

LARGE-SIZED MUNICIPALITIES



FIGURE 3. OVERALL X-INDEX RESULTS FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

MEDIUM-SIZED MUNICIPALITIES



FIGURE 4. OVERALL X-INDEX RESULTS FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION

SMALL-SIZED MUNICIPALITIES

HOW IS X-INDEX CALCULATED?

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

$$x_{index} = \frac{x_1 + x_2 + x_3 + x_4 + x_5 + x_6 + x_7 + x_8 + x_9}{9}$$

Where X is the final x-index value and x1 to x9 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.

4

**RESULTS FROM
SUB-INDEXES**



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, and capital expenditures. Wages and salaries, subsidies and transfers, 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:

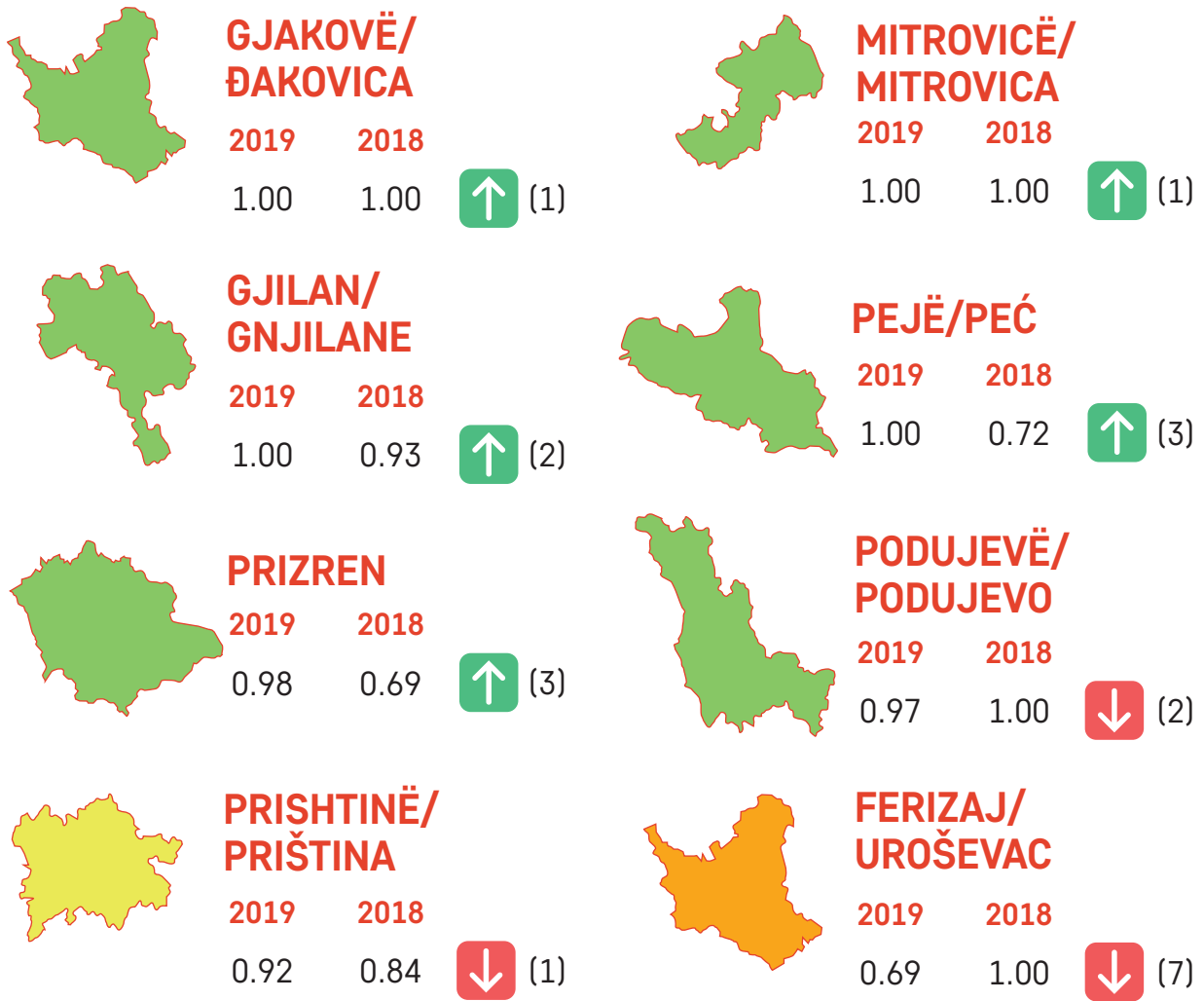
$$x1 = \sqrt{\frac{\text{value of public procurement contracts}}{\text{value of controllable operating costs}}}$$

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, 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.

Same as the previous year, public procurement as a share of total purchases (x1), is the sub-index where the municipalities scored the highest results. The average score for all 38 municipalities, for this sub-index (x1) is 0.96 index points. Medium-sized municipalities performed the best in this sub-index, with an average score of 0.99 index points,

which is higher for 0.02 points compared to 2018; followed closely by large-sized municipalities, with an average score of 0.95; whereas small-sized municipalities had an average sub-index score of 0.93 index points. Different from 2018, on this year large-sized municipalities had a higher average score than small-sized municipalities. The following table shows the ranking of the top performers of large-sized municipalities in this sub-index. Compared to last year, Ferizaj/Uroševac is no longer on top of the table, thus ranking at the bottom with a score of 0.69 index points. Municipalities of Gjakovë/Đakovica, Mitrovicë/Mitrovica, Gjilan/Gnjilane, and Pejë/Peć, top the performance in this sub-index and category of municipalities, with a maximum sub-index score of 1. As seen in Figure 5, from the category of large-sized municipalities, Prizren has no longer the lowest score in this sub-index, jumping for three places to be ranked as the fifth top performer in this sub-index.

LARGE-SIZED MUNICIPALITIES



MEAN	2019	2018	Change
	0.95	0.90	↑

FIGURE 5. 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



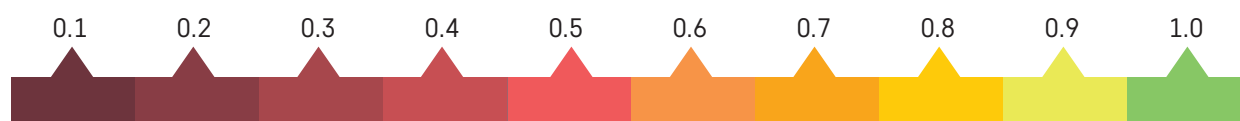
MEDIUM-SIZED MUNICIPALITIES

Meanwhile, as seen in Figure 6, over 70 percent of medium-sized municipalities (from Deçan/Dečani to Skenderaj/Srbica) have displayed good performance, reaching the maximum score of 1 index points. The table below shows that except for Deçan/Dečani, Dragash/Dragaš, Glllogoc/Glogovac, Kamenicë/Kamenica and Klinë/Klina, the position of the rest of the municipalities is changed, but slightly. While the municipality that closes the rankings in this table for this year, is the municipality of Istog/Istok, with a sub-index score of 0.93 index points. Compared to last year, this year the category of medium-sized municipalities on this sub-index showed slight improvements.

	X-INDEX 2019	X-INDEX 2018			X-INDEX 2019	X-INDEX 2018	
Deçan/Dečani	1.00	1.00	↔	Kaçanik/ Kačanik	1.00	0.97	↑ (3)
Dragash/Dragaš	1.00	1.00	↔	Vushtrri/ Vuçitrn	1.00	0.97	↑ (3)
Glllogoc/ Glogovac	1.00	1.00	↔	Skenderaj/ Srbica	1.00	0.81	↑ (4)
Kamenicë/ Kamenica	1.00	1.00	↔	Viti/Vitina	0.99	1.00	↓ (2)
Klinë/Klina	1.00	1.00	↔	Lipjan/Lipljan	0.98	1.00	↓ (7)
Malishevë/ Mališevo	1.00	1.00	↑ (1)	Fushë Kosovë/ Kosovo Polje	0.96	0.87	↔
Rahovec/ Orahovac	1.00	1.00	↑ (1)	Istog/Istok	0.93	0.99	↓ (4)
Suharekë/ Suva Reka	1.00	1.00	↑ (1)	MEAN	2019	2018	↑
					0.99	0.97	

**FIGURE 6. PUBLIC PROCUREMENT AS A SHARE OF TOTAL PURCHASES (X1)
FOR MEDIUM-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' OWN ESTIMATION



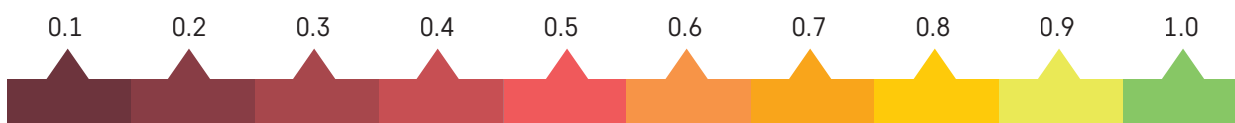
SMALL-SIZED MUNICIPALITIES

On the other hand, compared to last year, small-sized municipalities have recorded a weaker performance in this sub-index. The table below shows that the position of the municipalities is changed, except for Hani i Elezit/Elez Han and Junik, which managed to retain the same position. What stands out, is the Municipality of Mamushë/Mamuşa which has dropped for nine places with an index score from 1.00 to 0.89. Meanwhile, the municipality with the lowest sub-index score in this category is Municipality of Leposavić/Leposaviq, which maintains the same position from 2018 but with a higher sub-index score of 0.63 points.

	X-INDEX 2019	X-INDEX 2018		X-INDEX 2019	X-INDEX 2018		
Hani i Elezit/ Elez Han	1.00	1.00	↔	Gračanica/ Graçanicë	0.94	0.95	↑ (3)
Junik	1.00	1.00	↔	Zubin Potok	0.94	1.00	↔
Obiliq/Obilić	1.00	1.00	↑ (2)	Novobërdë/ Novo Brdo	0.89	0.92	↑ (3)
Parteš/Partesh	1.00	1.00	↑ (2)	Mamushë/ Mamuşa	0.89	1.00	↓ (9)
Ranilug/ Ranillug	1.00	1.00	↑ (2)	Shtime/Štimlje	0.88	1.00	↓ (4)
Štrpce/ Shtërpçë	1.00	1.00	↑ (2)	Klokot/Kllokot	0.78	0.94	↓ (1)
Zvečan/Zveçan	1.00	0.72	↑ (4)	Leposavić/ Leposaviq	0.63	0.54	↔
Severna Mitrovica/ Mitrovicë e Veriut	0.99	1.00	↓ (4)	MEAN	2019	2018	↓
				0.93	0.96		

**FIGURE 7. PUBLIC PROCUREMENT AS A SHARE OF TOTAL PURCHASES (X1)
FOR SMALL-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' OWN ESTIMATION



SUB-INDEX 2: COMPETITIVE CONTRACTING (X2)

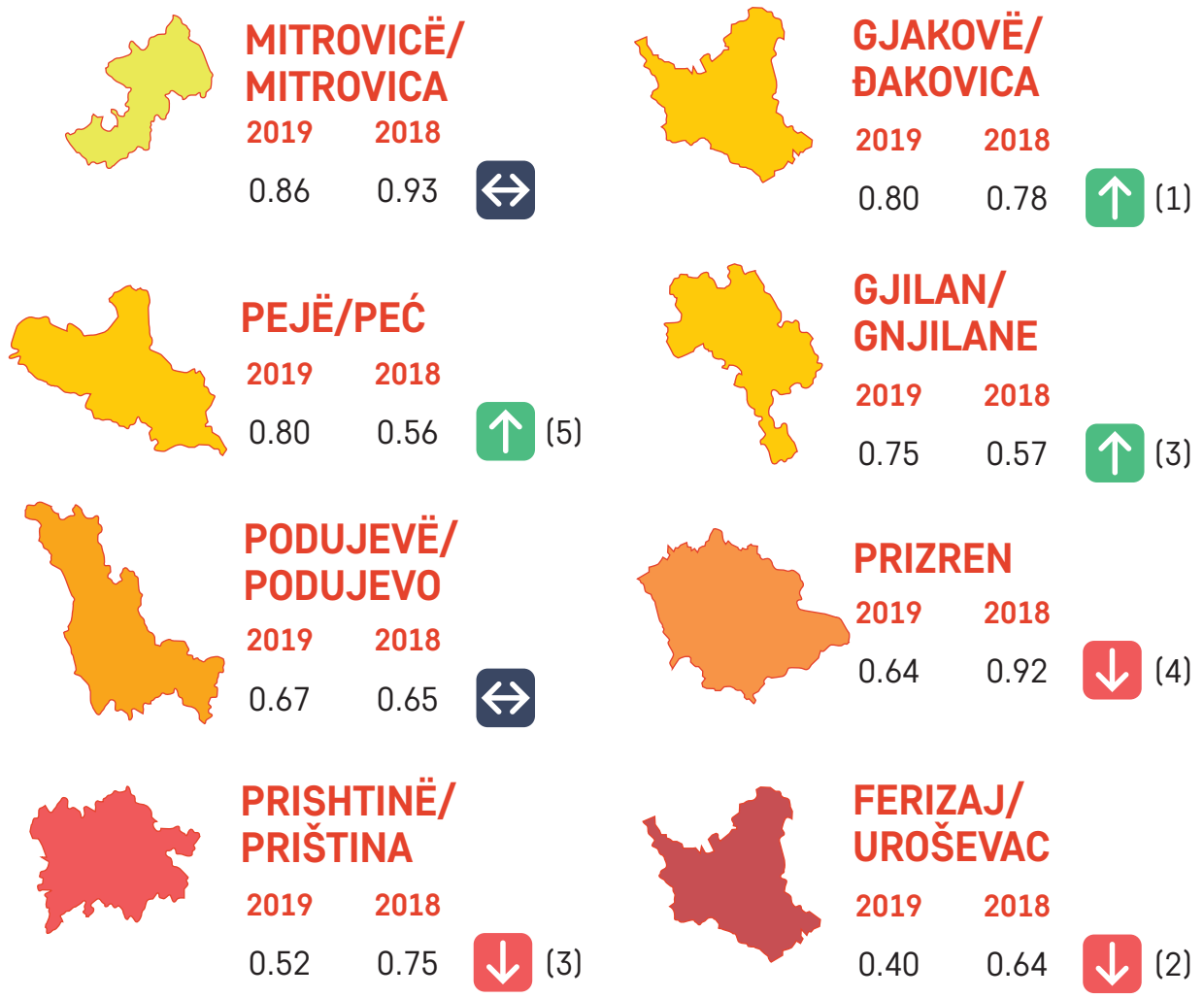
Competitive contracting (x2) measures the value and the number of contracts tendered through negotiated procedures without publication (NPwP), in proportion with the total value and number of contracts. In order to measure both the value and number of contracts awarded, equal weight is given to both the value and number of contracts (as seen in the formula below). 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:

$$x2 = \left\{ \left[\left(1 - \frac{\text{value of contracts awarded through NPwP}}{\text{total value of contracts}} \right) + \left(1 - \frac{\text{number of contract awarded through NPwP}}{\text{total number of contracts}} \right) \right] / 2 \right\}^4$$

Competitive contracting (x2) is a sub-index created with the aim of fostering competition and transparency among municipalities in public procurement. The sub-index measures the value and number of contracts tendered through negotiated procedures without publication (NPwP), in proportion with the total value and number of contracts. Even though by Kosovo’s Law on Public Procurement, NPwP is recommended to be used on specific cases, the frequent usage of this procedure does not have a great reputation in terms of transparency and competition, since it enables municipalities to invite only a single or a small group of economic operators to bid, and thus it may harm both transparency and competition. 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 risks and to increase the likelihood that the municipality will secure the best value for money. Similar to last year, municipalities performed well in this sub-index, with an average sub-index score of 0.81 points. Small-sized municipalities used the NPwP procedure the least, with an average score of 0.89; followed by medium-sized municipalities with 0.86 index points. Meanwhile, large-sized municipalities used it the most, even more than in 2018, with an average score of

0.68 index points. Figure 8, reveals the performance of large-sized municipalities in this sub-index. Municipality of Mitrovicë/Mitrovica holds the position at the top of the table, with the highest score in this sub-index of 0.86 index points, which compared to 2018 is lower. The findings reveal that out of 50 contracts, the municipality of Mitrovicë/Mitrovica has awarded only two with the negotiated procedure without publication; and three percent in value. Similar results have placed the municipality of Gjakovë/Đakovica as the second in this category of municipalities. Out of 104 awarded contracts, Gjakovë/Đakovica has used this procedure only 10 times (or 10% of cases), while in value 1%. Meanwhile, some slight changes between positions are shown at the bottom of the table. For 2019, Municipality of Prishtinë/Priština and Ferizaj/Uroševac have the lowest performance, with a sub-index score of 0.52, and 0.40 index points respectively. For example, Municipality of Prishtinë/Priština, from a total of 191 contracts awarded, has awarded 39 of them with NPwP (or 20%); and 10% in value. Similar results are also in the Municipality of Ferizaj/Uroševac, where they have awarded 27% of their contracts in number through NPwP, and 14% in value. On this sub-index for this year large-sized municipalities have a lower average score compared to 2018.

LARGE-SIZED MUNICIPALITIES



MEAN	2019	2018
	0.68	0.73

↓

FIGURE 8. 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 the 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

As shown in Figure 9, from the category of medium-sized municipalities, the Municipality of Malishevë/Mališevo and Kaçanik/Kaçanik have not used at all the negotiated procedure without publication, and thus have reached the maximum score in this sub-index, 1 index points. On the other side, the Municipality of Lipjan/Lipljan which in 2018 was the top performer, has dropped for two places with an index score from 1.00 to 0.98. This means that this municipality has used this procedure only once, while the value is insignificant to be counted. Municipalities with the lowest performance in this sub-index are Viti/Vitina (0.69 index points), and Kamenicë/Kamenica (0.67) which dropped seven places from last year to be ranked at the bottom of the table. Municipality of Viti/Vitina has used the NPwP procedure in 14% of cases (in 10 out of 70 awarded contracts); while the Municipality of Kamenicë/Kamenica, used the NPwP procedure in 16% of cases (9 out of 58 awarded contracts).

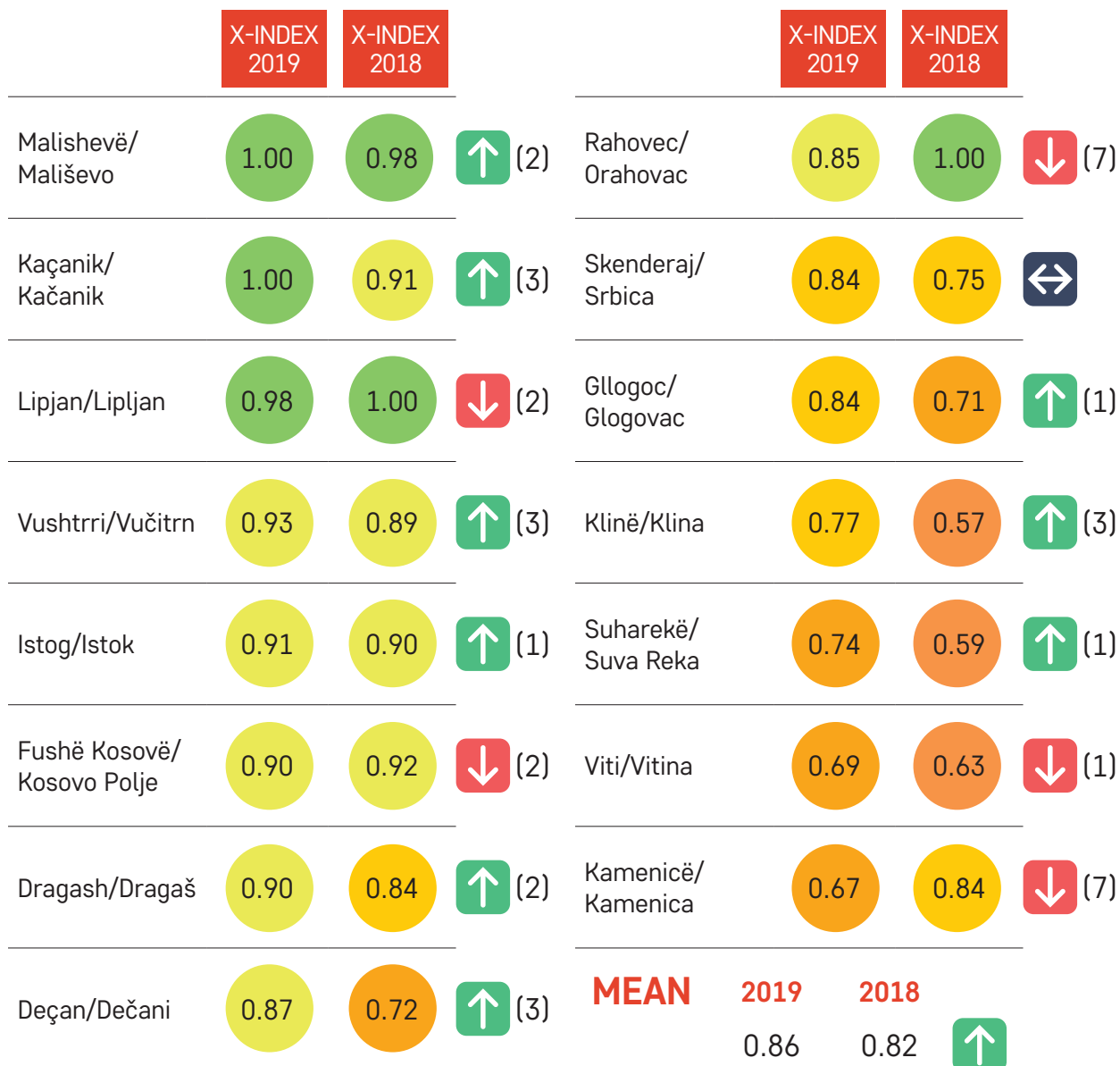
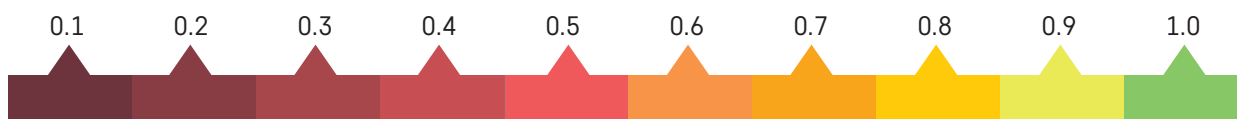


FIGURE 9. COMPETITIVE CONTRACTING (X2) FOR MEDIUM-SIZED MUNICIPALITIES S

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

Similar to last year, small municipalities had the best performance in this sub-index, with an average score of 0.89 index points. As shown in Figure 10, the Municipality of Hani i Elezit/ Elez Han managed to maintain the same position as in 2018, whereas the positions of other municipalities have changed. What stands out is the Municipality of Klokot/Kllokot which has dropped for nine places with an index score from 1.00 to 0.81 index points, and the Municipality of Junik which jumped for eleven places to be ranked as the second-best performer. Municipalities from Hani i Elezit/ Elez Han to Zvečan/Zvečan (ranked in alphabetical order), have all reached the maximum sub-index score of 1 index points, implying that they have never used the negotiated procedure without publication during the reporting period. The municipality with the lowest performance in this sub-index even for this year is Shtime/Štimlje, with a sub-index score of 0.53 index points. From all municipalities, Shtime/Štimlje has the highest number of contracts awarded through the negotiated procedure without publication (20%), and 9% in value.

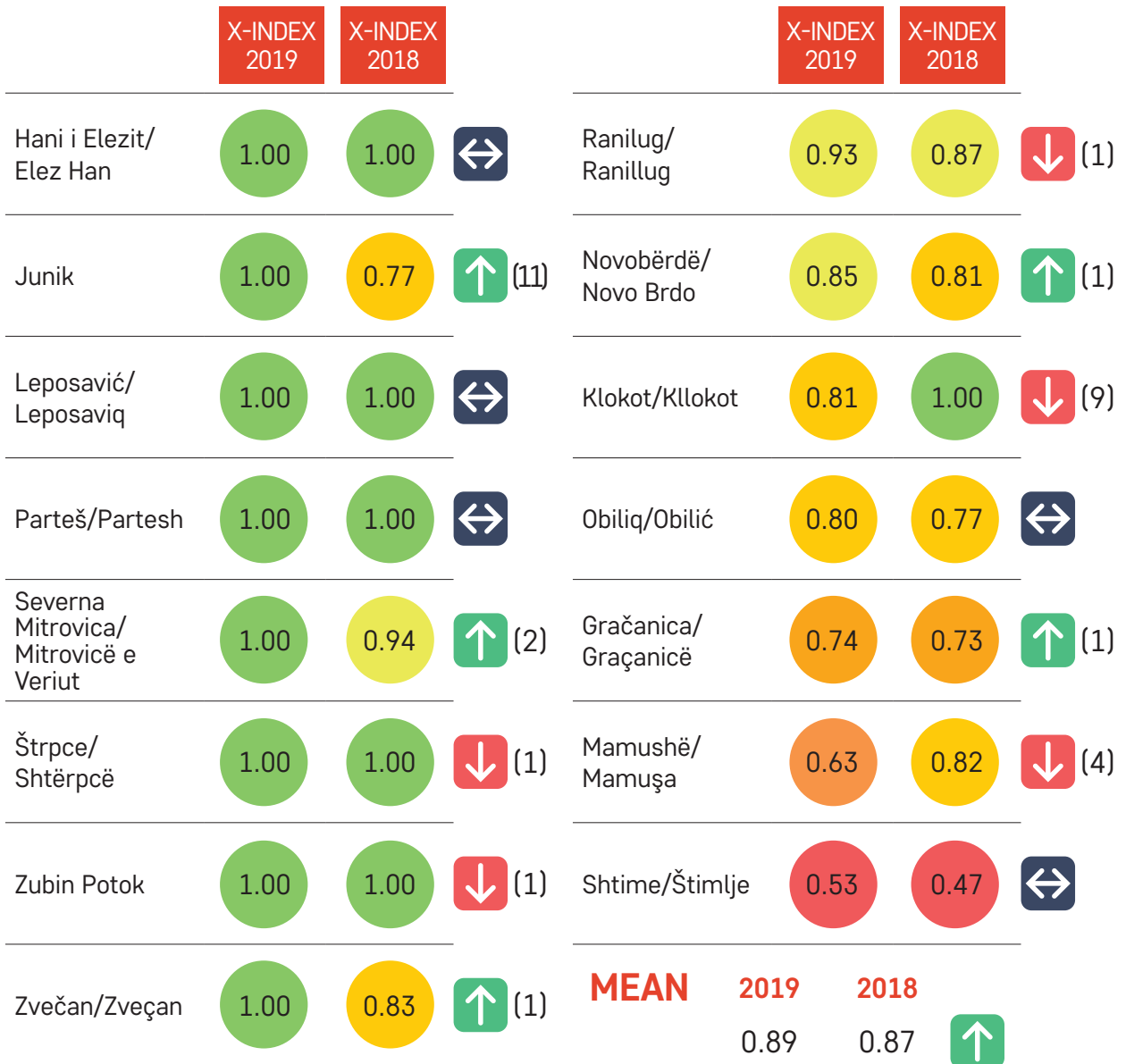


FIGURE 10. COMPETITIVE CONTRACTING (X2) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



X

3

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 canceled 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:

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

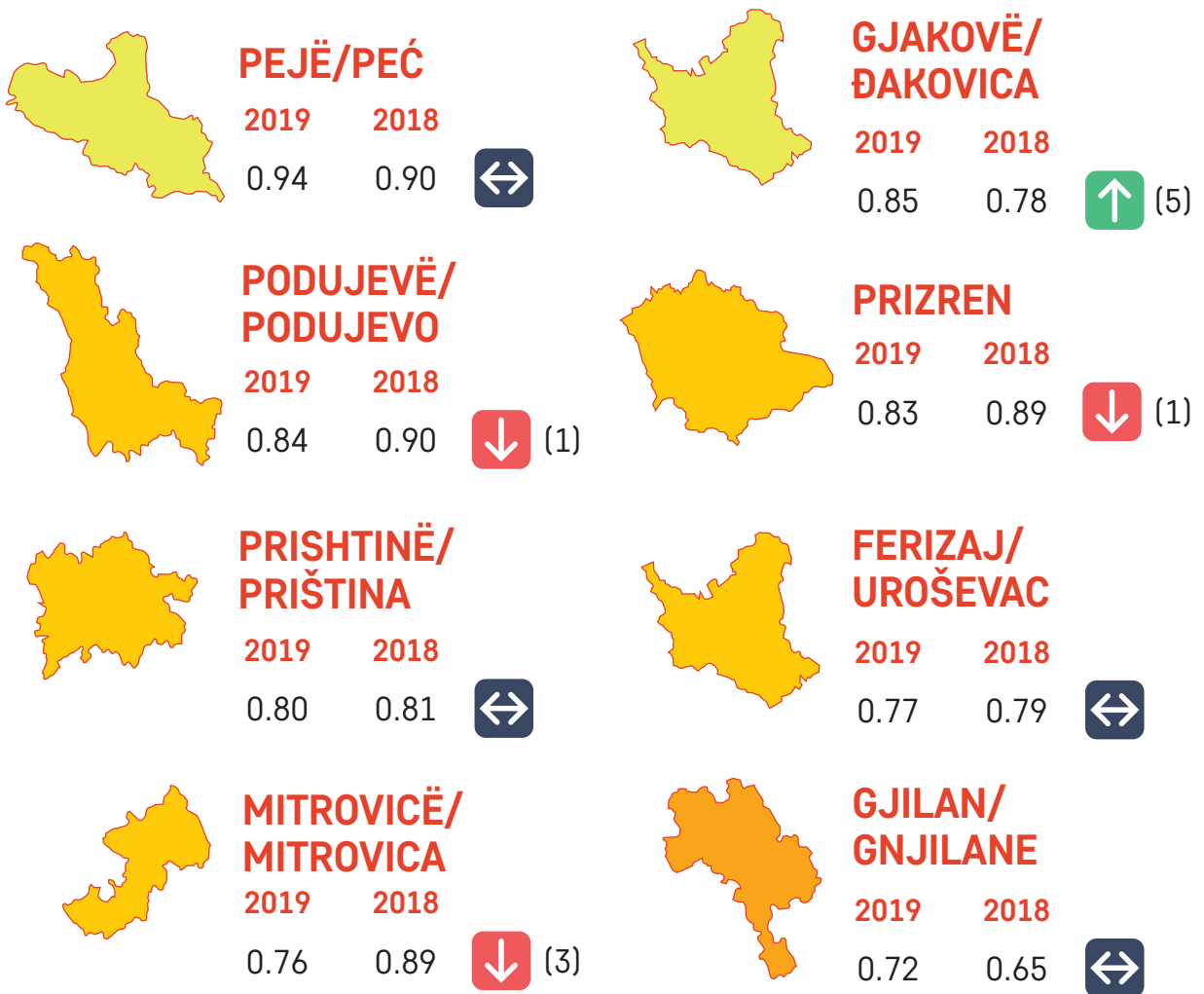
The aim of the sub-index Consistent Conduct (x3), is to improve the efficiency of procurement officials when preparing a call for a tender. Frequent amendments and cancellations made by procurement officials when preparing or after they have published a call for tender, waste the time of the municipalities themselves, and that of the economic operators. A frequent, repeated amendment or cancellation, results in an increased inefficiency and poor planning. To address this issue, this sub-index penalizes municipalities that frequently cancel or amend calls, and awards those that do the opposite; through a score, the system explained in the methodology.

Same as the previous year, small-sized municipalities have performed the best in this sub-index, with an average result

of 0.83. This may be partly attributed to the fact that small-sized municipalities have a lower number of procurement activities (i.e. number of contracts). Medium-sized municipalities have an average of 0.82 index points; while large-sized municipalities 0.81 index points.

The performance of large-sized municipalities in this sub-index is revealed by the results shown in Figure 11. As we can see, the places of municipalities as Peja/Peć, Prishtinë/Priština, Ferizaj/Uroševac and Gjilan/Gnjilane are consistent as the previous year, whereas Gjakovë/Đakovica jumped for five places to be ranked as the second-best performer of this category. On the other hand, the Municipality of Gjilan/Gnjilane, is the most inefficient in this category, with a sub-index score of 0.72 index points.

LARGE-SIZED MUNICIPALITIES



MEAN	2019	2018
	0.81	0.83 ↓

FIGURE 11. 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

Figure 12, reveals the performance of medium-sized municipalities. The ranking of the top performers has changed from the last year. Different from 2018, on this year Municipalities of Malishevë/Mališevo (0.88 index points), Viti/Vitina (0.88 index points), Vushtrri/Vučitrn (0.86 index points), Klinë/Klina (0.86 index points), have all scored above the sub-index score of 0.80 index points, and as a result, are the most efficient municipalities in this category. Meanwhile, the municipalities of Glogoc/Glogovac (0.75 index points), Deçan/Deçani (0.71 index points), and Lipjan/Lipljan (0.71 index points) are ranked as the least efficient municipalities in this category.

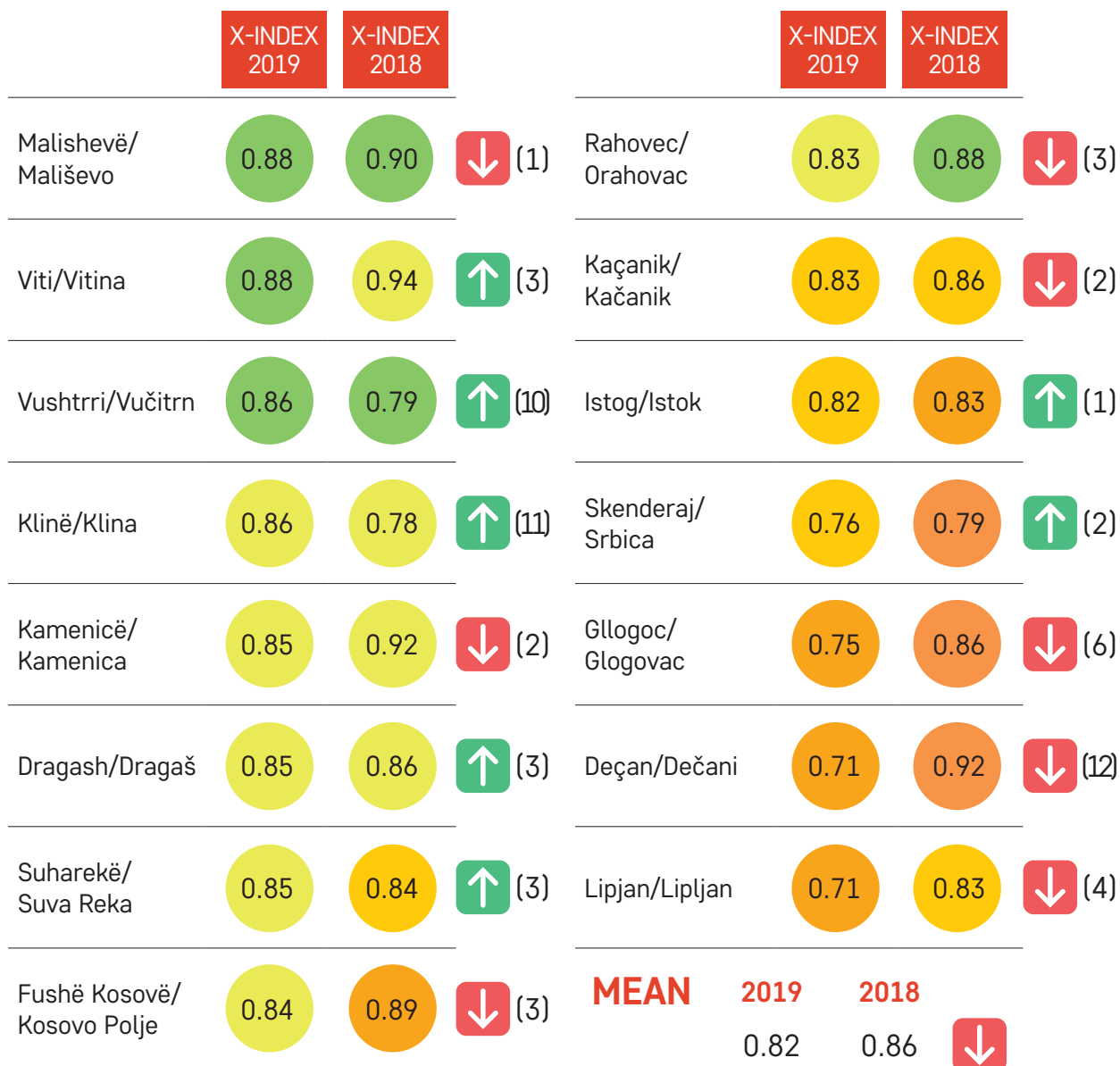
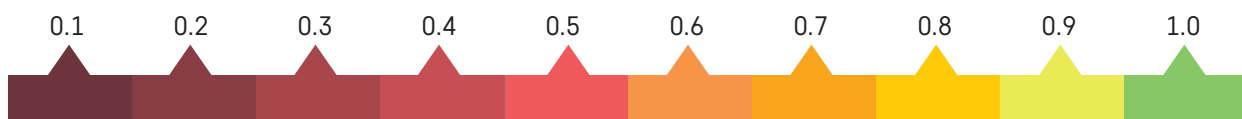


FIGURE 12. CONSISTENT CONDUCT (X3) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

On this sub-index for this year small-sized municipalities have a lower average score compared to 2018. As Figure 13 shows, municipalities of Zubin Potok (0.99 index points), Novobërdë/Novo Brdo (0.94 index points), Severna Mitrovica/Mitrovicë e Veriut (0.93 index points), are the most efficient municipalities from the category of small-sized municipalities. The sub-index score of 0.99 index points of the Municipality of Leposavić/Leposaviq, derives from the fact that from 19 notifications for a contract, Zubin Potok has had 0 cancelations and only one amendment. Meanwhile, the Municipality of Zvečan/Zveçan is ranked as the least efficient one in this category dropping for ten places from last year with a sub-index score of 0.62 index points.

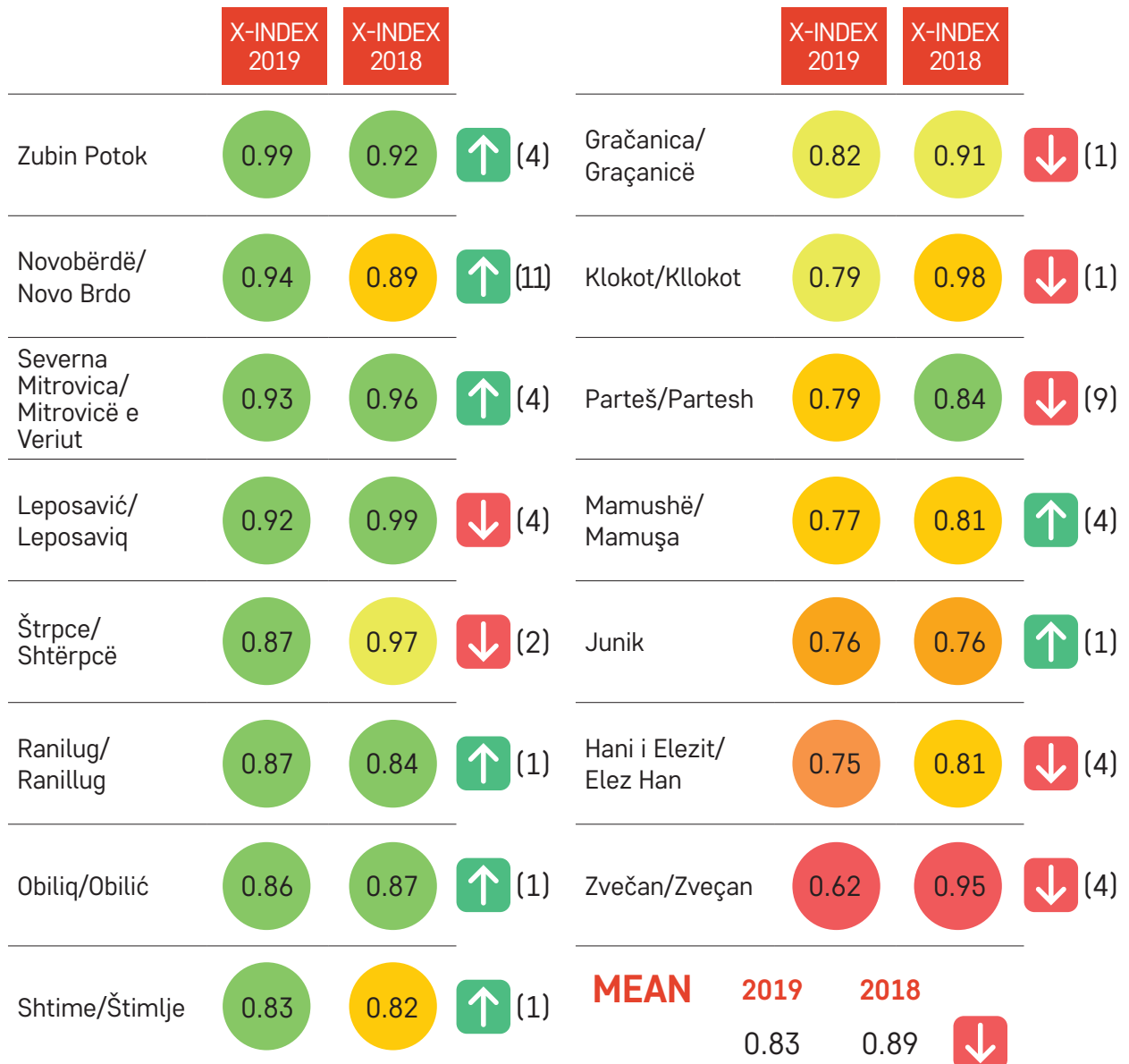
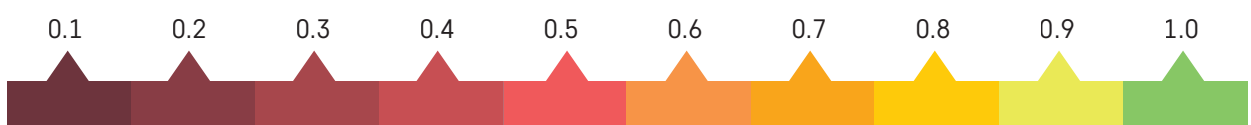


FIGURE 13. CONSISTENT CONDUCT (X3) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



SUB-INDEX 4: WINNERS' CONCENTRATION (X4)

Winners' concentration (x4) is measured as the value and number of all contract(s) awarded to each individual bidder, divided by the total value and number of all contracts awarded by the respective contracting authority; this calculation is made for each successful bidder, and the results are summed. This sub-index is calculated with the following formula:

$$x4 = \left\{ \left[1 - \sum \left(\frac{\text{value of contracts awarded to each bidder}}{\text{total value of contracts}} \right)^2 \right] + \left[1 - \sum \left(\frac{\text{number of contracts awarded to each bidder}}{\text{total number of contracts}} \right)^2 \right] \right\} / 2$$

Awarding a large portion of contracts to a single or a small group of economic operators is a practice that is not recommended, and goes against best practices set by OECD. In fact, a practice like that (even though not necessarily) may raise red flags for corruption affairs. And this is not the only concern regarding this practice. Awarding a large portion of contracts (in value or numbers) also harms competition, since only a single or a small group of economic operators receive contracts. Therefore, sub-index Winner's Concentration (x4) has been created with the objective of avoiding the concentration of large contracts, both in value and number of contracts, in the hands of a single individual with the aim of preventing corruption and fostering competition.

In general, the 38 municipalities performed well in this sub-index, with an average result of 0.85 index points- which is higher compared to last year. Large and medium-sized municipalities had a better performance than smaller ones.

Large-sized municipalities have performed the best in this sub-index, with an average score of 0.92 index points; followed closely by medium-sized municipalities, with an average score of 0.89; whereas small-sized municipalities had an average sub-index score of 0.73 index points.

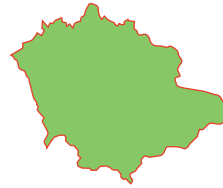
Figure 14, reveals the performance of large-sized municipalities in this sub-index. Municipalities of Prishtinë/Priština (0.97 index points), Prizren (0.95 index points), Pejë/Peć (0.93 index points), as well as Gjakovë/Đakovica (0.91 index points), had all a high performance in this sub-index. This means that these municipalities have avoided the practice of awarding a large portion of contracts (both in value and numbers) to a small group of economic operators. Also, this year the category of large-sized municipalities on this sub-index showed improvements compared to 2018.

LARGE-SIZED MUNICIPALITIES



PRISHTINË/ PRIŠTINA

2019	2018	
0.97	0.94	↑ (1)



PRIZREN

2019	2018	
0.95	0.96	↓ (1)



PEJË/PEĆ

2019	2018	
0.94	0.93	↔



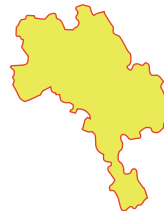
GJAKOVË/ ĐAKOVICA

2019	2018	
0.91	0.91	↔



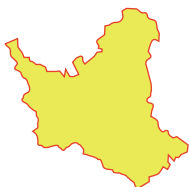
PODUJEVË/ PODUJEVO

2019	2018	
0.91	0.84	↑ (2)



GJILAN/ GNJILANE

2019	2018	
0.90	0.91	↓ (1)



FERIZAJ/ UROŠEVAC

2019	2018	
0.89	0.88	↓ (1)



MITROVICË/ MITROVICA

2019	2018	
0.89	0.76	↔

MEAN	2019	2018	
	0.92	0.89	↑

FIGURE 14. 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

Same as large-sized municipalities, medium-sized municipalities performed very well in this sub-index, with an average result of 0.89 index points. As seen in Figure 15, municipalities from Malishevë/Mališevo to Glllogoc/Glogovac have scored a high sub-index score above 0.90 index points; meaning that they have avoided in large the practice of awarding a large proportion of their contracts to a small number of economic operators.

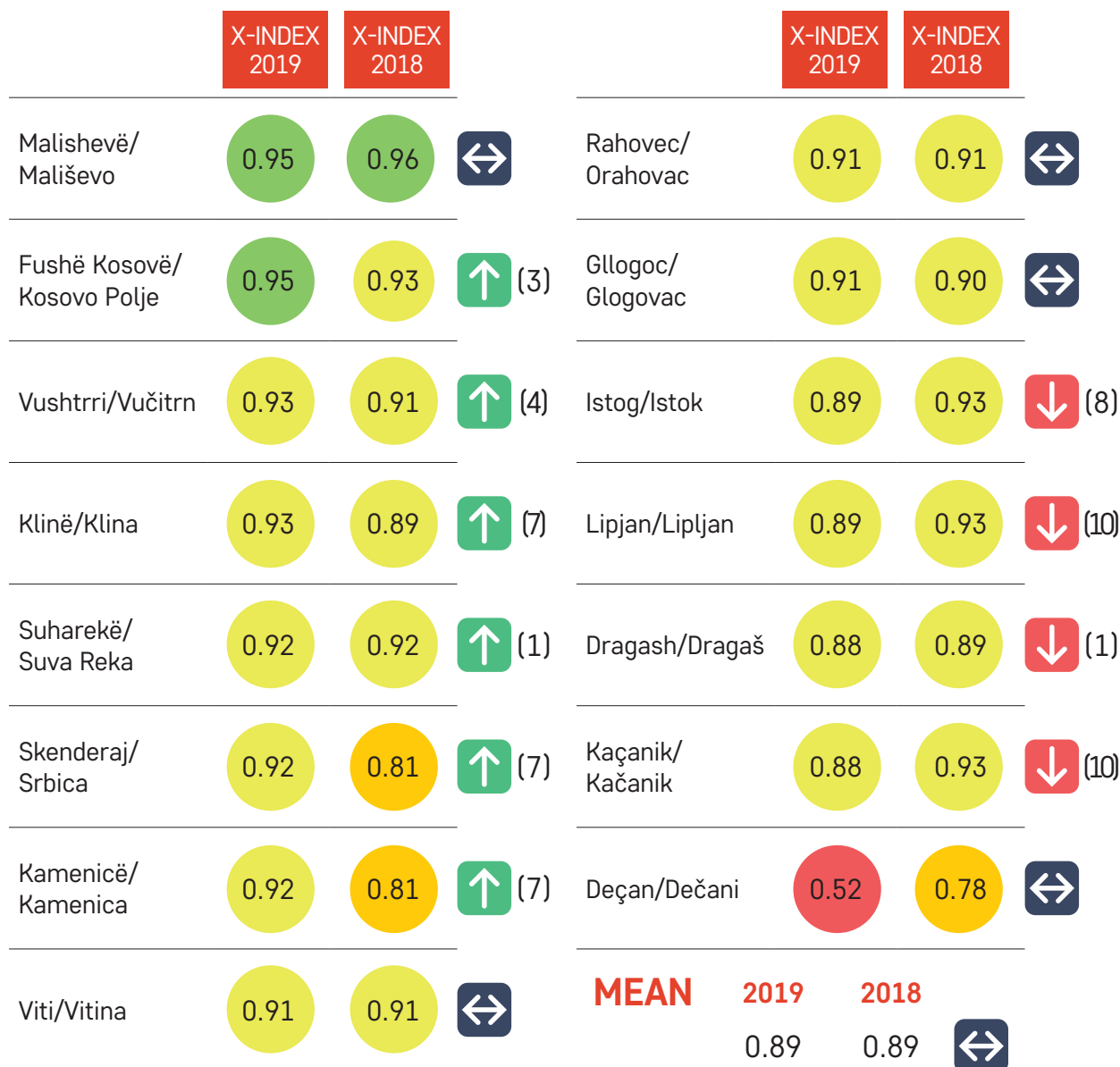
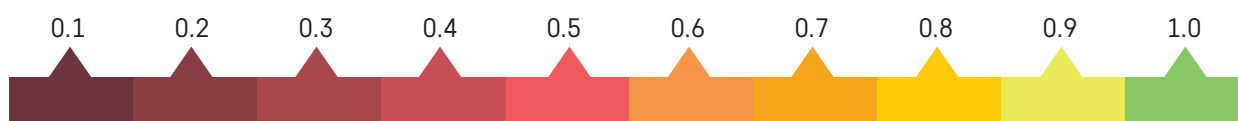


FIGURE 15. WINNERS' CONCENTRATION (X4) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

The average result of 0.73 index points of small-sized municipalities in this sub-index, reveals the evident difference in performance between small, medium and large municipalities; with the last two having an average result of 0.92, and 0.89 index points respectively. The table below shows that the position of the municipalities is changed, except for Hani i Elezit/Elez Han, Mamushë/Mamuşa and Klokot/Kllokot, who managed to retain the same position. On top of the table is the municipality of Obiliq/Obilić, which jumped for five places from last year to be ranked the first place. Meanwhile, the municipality of Severna Mitrovica/Mitrovicë e Veriut is ranked at the bottom of this category, with a sub-index score of 0.54 index points.

	X-INDEX 2019	X-INDEX 2018			X-INDEX 2019	X-INDEX 2018	
Obiliq/Obilić	0.94	0.81	↑ (5)	Junik	0.67	0.50	↑ (4)
Shtime/Štimlje	0.89	0.71	↑ (8)	Leposavić/ Leposaviq	0.67	0.49	↑ (4)
Hani i Elezit/ Elez Han	0.88	0.85	↔	Zvečan/Zveçan	0.63	0.27	↑ (4)
Mamushë/ Mamuşa	0.88	0.83	↔	Klokot/Kllokot	0.60	0.58	↔
Ranilug/Ranil- lug	0.86	0.80	↑ (2)	Štrpcë/ Shtërpçë	0.59	0.82	↓ (8)
Novobërdë/ Novo Brdo	0.82	0.88	↓ (4)	Parteš/Partesh	0.59	0.72	↓ (5)
Gračanica/ Graçanicë	0.70	0.89	↓ (6)	Severna Mitrovica/ Mitrovicë e Veriut	0.54	0.68	↓ (4)
Zubin Potok	0.67	0.76	↔	MEAN	2019	2018	
					0.73	0.71	↑

FIGURE 16. WINNERS' CONCENTRATION (X4) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



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 a number of tenders for the type of contract. The formula for calculating the partial indicator *k* is as presented below:

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

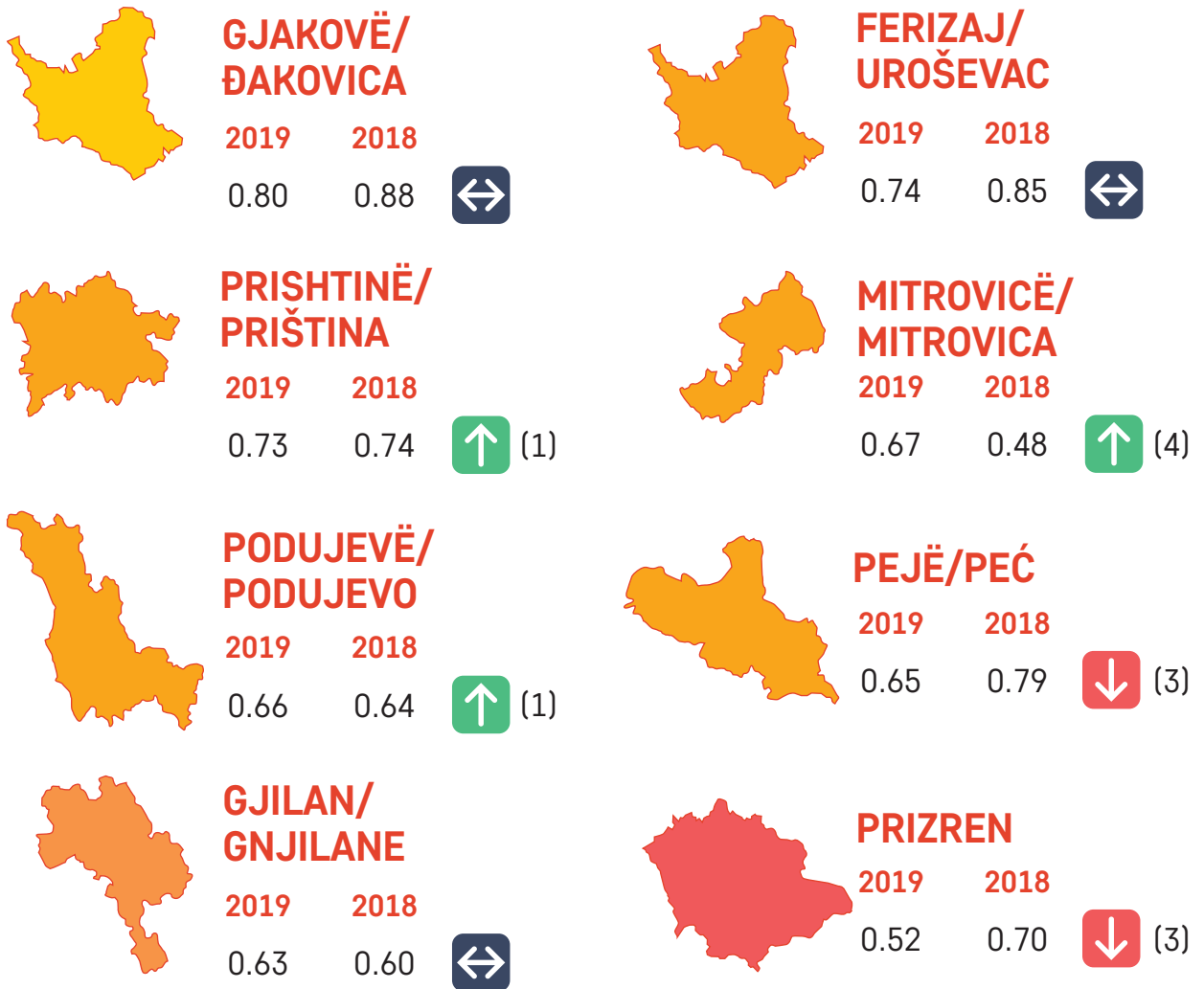
The second step in our calculation is to compute the aggregate indicator as to the weighted sum of *k* indicators across all contracts awarded by the respective contracting authority. The awarded price of every contract is used as its weight, in order to emphasize the indicator results for bigger contracts.

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

Bidder Participation (x5), is a sub-index created with the purpose of encouraging municipalities to foster competition within economic operators. It does so by measuring the level of competitiveness based on the number of tenders submitted for each contract call. It is well known that a higher number of offers for a specific call drives competition, and theoretically, as a result, a better quality per price offered. 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. Municipalities from all categories did not per-

form well in this sub-index. The average result of all municipalities in this sub-index is 0.55 index points, which is lower than the average x-index score (0.70 index points) and lower than the average result of the last year. Compared with each other, large-sized municipalities had the best performance, with an average result of 0.67 index points; followed by medium sized municipalities, with an average result of 0.59 index points. Meanwhile, small-sized municipalities had the lowest performance, with an average result of 0.38 index points. From large-sized municipalities, as shown in Figure 17, municipalities as Gjakovë/Đakovica (0.80 index points) and Ferizaj/Uroševac (0.74 index points), had the best performance in this sub index, managing to retain the same position. These results imply that these two municipalities had the highest number of offers submitted for a call. On the other hand, from large-sized municipalities, Municipality of Prizren has the lowest performance, with a sub-index score of 0.52 index points.

LARGE-SIZED MUNICIPALITIES



MEAN 2019 2018
 0.67 0.71 ↓

FIGURE 17. 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 seen in Figure 18, municipality of Malishevë/Mališevo has the best performance in this category, with a sub-index score of 0.82 index points; followed closely by Rahovec/Orahovac, with a sub-index score of 0.80 index points. Meanwhile, the municipality of Kamenicë/Kamenica is ranked at the bottom of this category, with a sub-index score of 0.29 index points.

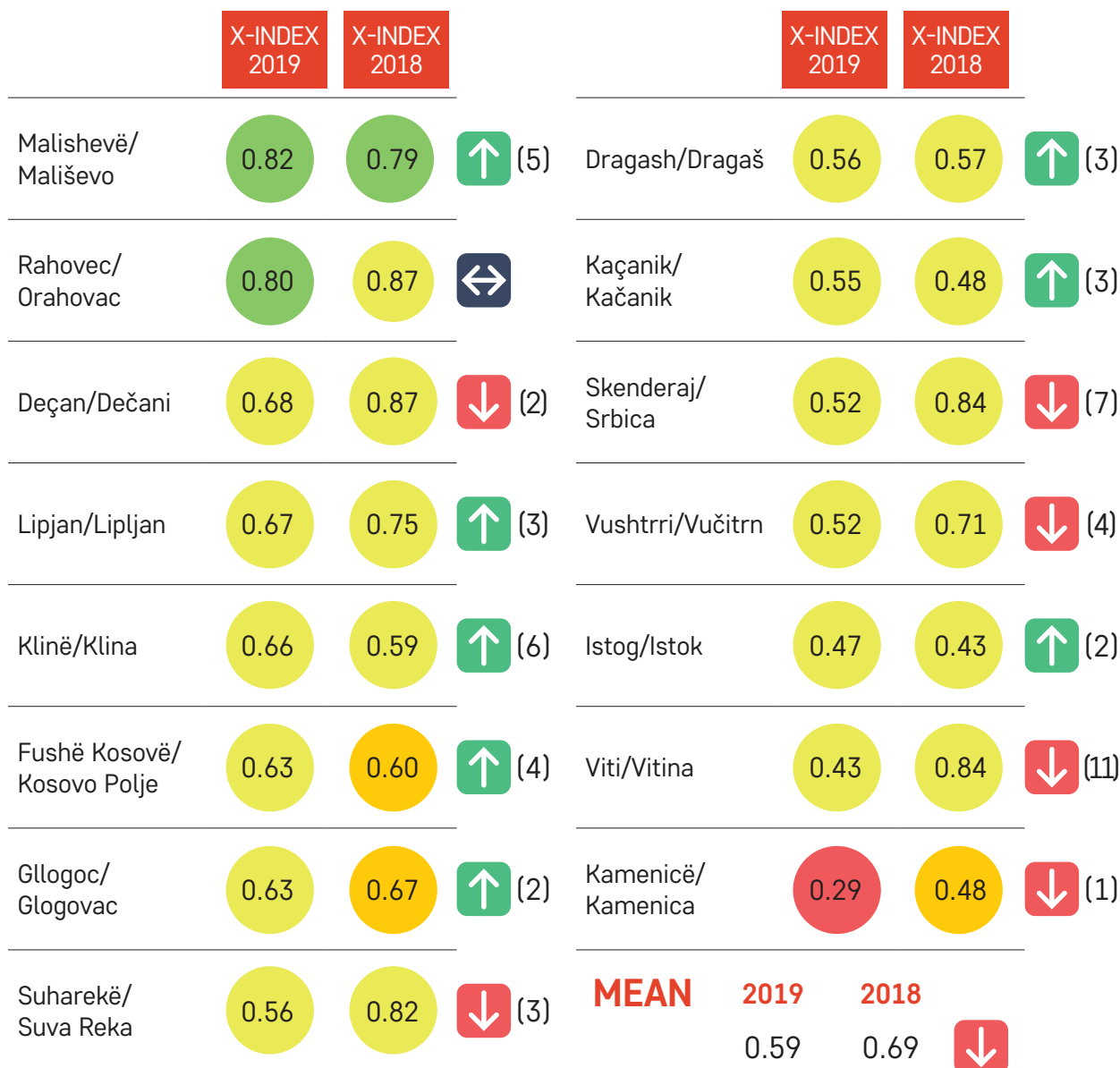
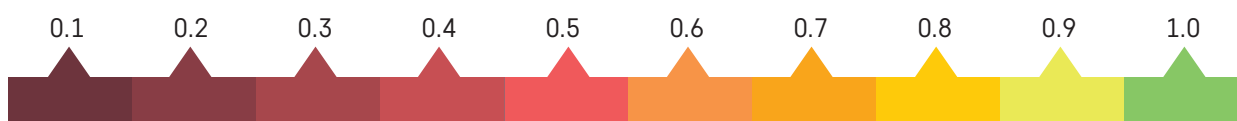


FIGURE 18. BIDDER PARTICIPATION (X5) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

Small-sized municipalities' average score of 0.38 index points in this sub-index, which is even lower compared to last year (0.44 index points) reveals the poor performance of these municipalities in this sub-index, and the difference between them, and medium and large municipalities for two years in a row. Results shown in Figure 19, reveal that the municipality with the best performance is Novobërdë/Novo Brdo with a maximum sub-index score of 0.78 index points. On the other hand, concerning results are those of the municipalities of Zubin Potok (0.01 index points), Zvečan/Zveçan (0.03 index points) and Leposavić/Leposaviq (0.04 index points). The median number of tenders admitted for a call by these municipalities was 1.

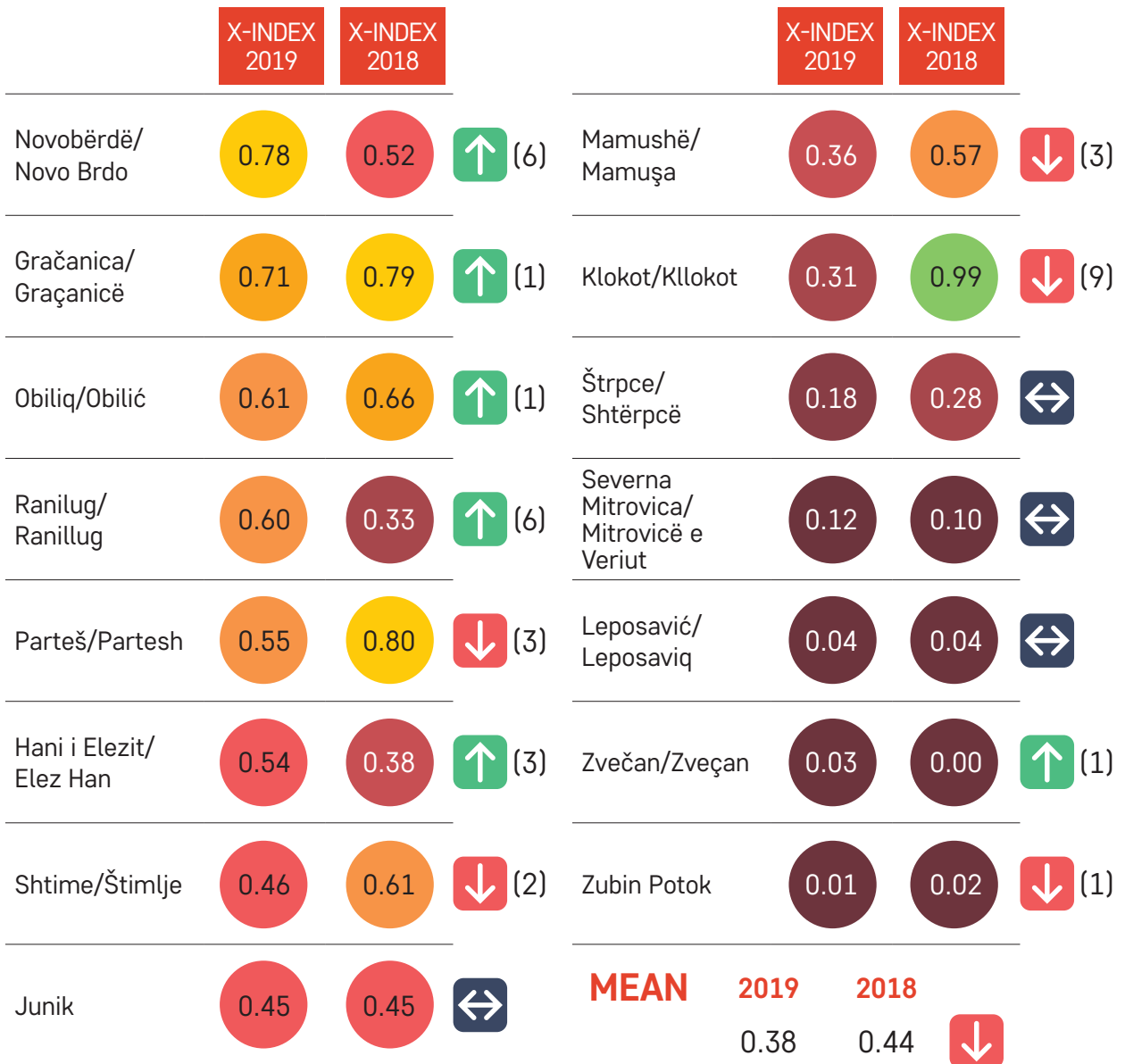


FIGURE 19. BIDDER PARTICIPATION (X5) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



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:

$$x6 = \left(\frac{4x(\text{nr. of contract split into lots} + \text{nr. of contracts using quality based criteria})}{2x \text{ nr. of contracts}} \right)^{1/2}$$

Sub-index Pro competitive tools (x6), is created with the idea of encouraging municipalities to foster competition in public procurement, through competitive tools that rather than being mandatory, are optional but effective. In this model, the focus regarding these competitive tools has been in the number of contracts that municipalities split into lots, and in the number of contracts that use quality as a criterion to award a contract, rather than price. Splitting contracts into lots enable 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. While the tool evaluating tenders not only by price but also by quality aims to upgrade competition above a simple price war with the cheapest and lowest quality good.

From all sub-indexes, municipalities performed the worst in this one, with an average result of 0.34 index points- which is higher compared to last year. This result comes from the

fact that in more than 99% of cases, municipalities used price as a criterion for awarding a contract, rather than quality.

Similar to last year, large-sized municipalities performed better in this sub-index, with an average result of 0.44 index points; followed by medium-sized municipalities, with an average of 0.39. Meanwhile, small-sized municipalities had the lowest average (0.18 index points) from the three sized categories of municipalities.

Figure 20, shows that the municipality with the best rank is Gjakovë/Đakovica, with the highest index of 0.57 out of a maximum of 1.00, while Municipality of Mitrovicë/Mitrovica dropped down for five places. This means, that this municipality used optional competitive tools less compared to last year in this category of municipalities. Meanwhile, on the other hand, municipalities of Podujevë/Podujevo (which managed to retain the same position) and Prizren have used them the least, with a sub-index score of 0.33 index points, and 0.32 index points respectively.

LARGE-SIZED MUNICIPALITIES



**GJAKOVË/
ĐAKOVICA**

2019 2018

0.57 0.56



**PRISHTINË/
PRIŠTINA**

2019 2018

0.53 0.44



PEJË/PEĆ

2019 2018

0.48 0.21



**GJILAN/
GNJILANE**

2019 2018

0.45 0.45



**FERIZAJ/
UROŠEVAC**

2019 2018

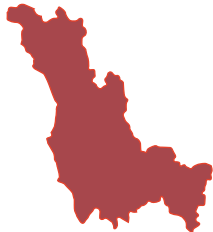
0.45 0.43



**MITROVICË/
MITROVICA**

2019 2018

0.36 0.56



**PODUJEVË/
PODUJEVO**

2019 2018

0.33 0.25



PRIZREN

2019 2018

0.32 0.35



MEAN

2019

2018

0.44

0.41



FIGURE 20. 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, 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

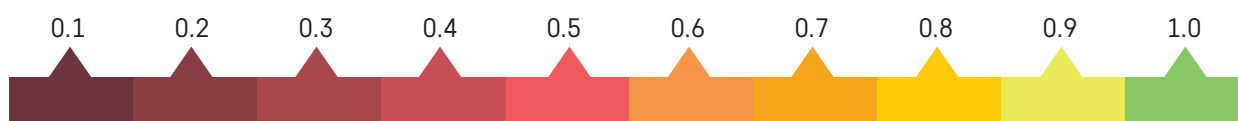
MEDIUM-SIZED MUNICIPALITIES

From medium-sized municipalities, Klinë/Klina and Istog/Istok stand the best. As seen in Figure 21, these two are the municipalities that have used mostly pro-competitive tools, with a sub-index score of 0.74 index points, and 0.71 index points respectively. Both these municipalities never used quality over price as a criterion, however, 22% of Dragash/Dragaš's contracts, and 35% Istog/Istok's, were split into lots. On the other hand, the lowest sub-index score (0.00) stands for Skenderaj/Srbica and Decan (which jumped down for three places compared to last year), meaning that these municipalities never used any of the pro-competitive tools in this sub-index.



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

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

Similar to last year, small-sized municipalities stand the worst in this sub-index. Almost 50% of them, have never used any of the pro-competitive tools in this model. As we can see in Figure 22, municipalities from Gračanica/Gračanicë to Zubin Potok have all received the minimum sub-index score of 0.00 index points, as a result of not using any of the pro-competitive tools. What stands out, is the Municipality of Zvečan/Zveçan which has jumped for eleven places to be ranked as the fourth best performer on this category of municipalities, with an index score from 0.00 to 0.31. Meanwhile, municipalities of Mamushë/Mamuşa and Hani i Elezit/Elez Han are the municipalities that have fostered competition the most from this category of municipalities, with a sub-index score of 0.69, and 0.53 index points respectively.

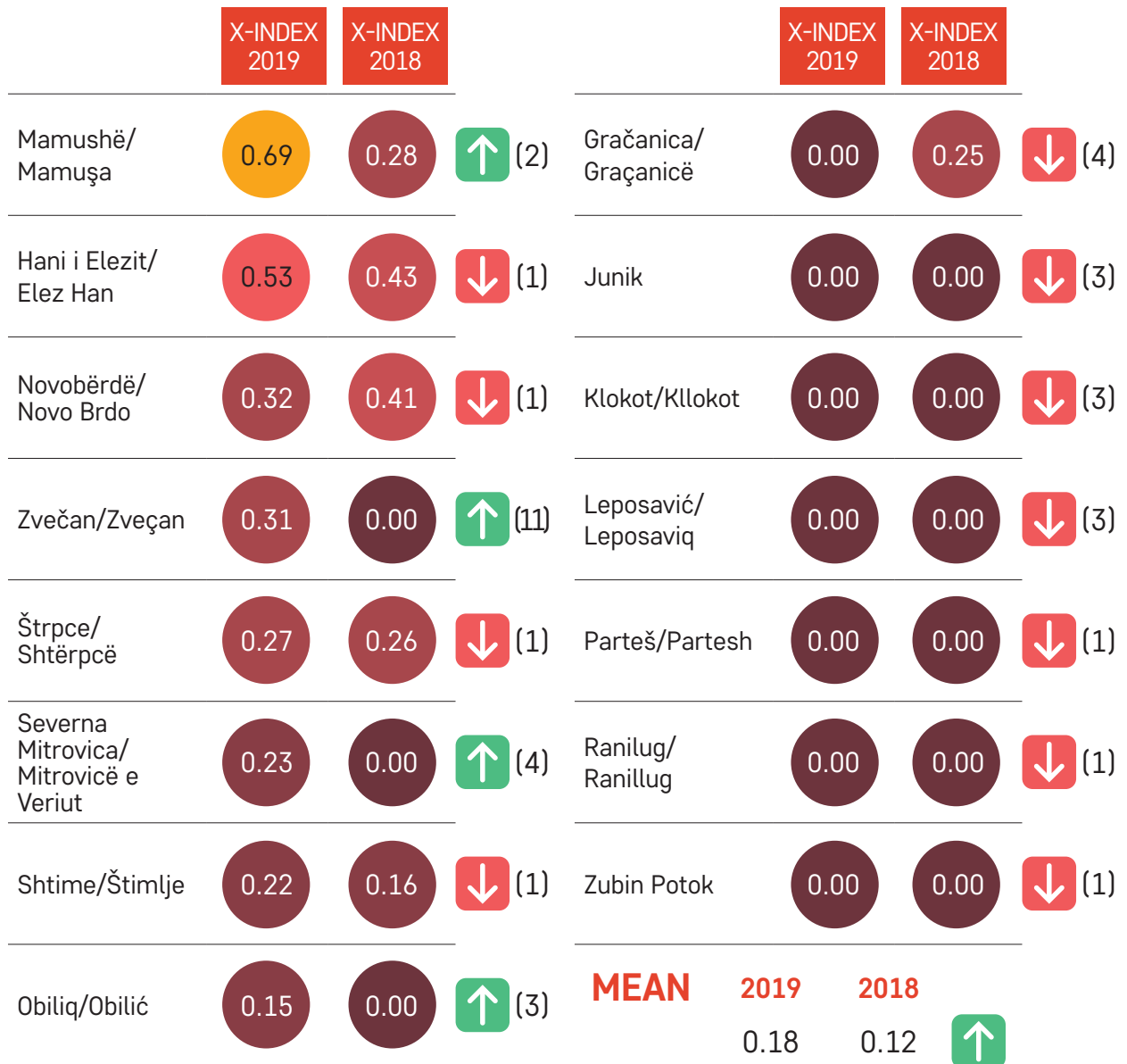


FIGURE 22. PRO COMPETITIVE TOOLS (X6) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



X

7

SUB-INDEX 7: LEGAL MISCONDUCT (X7)

Legal misconduct (x7) is measured as the value of all serious misconduct cases (judged by PRB), 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-December 2018. The formula used to calculate this indicator is as follows:

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

The legality of procurement decisions taken by the contracting authority, and proven by the Procurement Review Body (PRB), is a prerequisite not only for best practices in procurement but also for the functionality and legality of the decision itself. A frequent ruling of PRB in disfavor of contracting authority (municipality), may call into question the competence of municipality when making decisions regarding public procurement activities, in front of economic operators, as well as the general public. Also, a frequent ruling of PRB decisions in disfavor of municipalities, suggests a greater level of inefficiency in awarding contracts. Therefore, sub-index Legal Misconduct (x7), 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.

Municipalities did not perform very well in this sub-index, with an average result of 0.60 index points, a result which is below the x-index average of 0.70 index points and below the average result of 2018. Similar to last year, small-sized municipalities, performed better than large and me-

dium-sized municipalities, with an average result of 0.76 index points; meaning that they had a lesser number of serious misconduct cases ruled by PRB, as a share of their contracts. Medium-sized municipalities, had an average result of 0.56 index points, while large-sized municipalities 0.49 index points.

From large-sized municipalities, as seen in Figure 23, the position of the municipalities is changed, but slightly. For 2019, the municipality of Pejë/Peć performed the best, with a sub-index score of 0.68 index points; followed by Podujevë/Podujevo, with a sub-index score of 0.60 index points. On the other hand, the Municipality of Prishtinë/Priština is the municipality with the largest number of misconducts ruled by PRB, with respect to their number of contracts. From a total of 164 notifications of awarded contracts, PRB ruled 33 of them, and for this reason this municipality received the low sub-index score of 0.33 index points. Meanwhile, the municipality of Gjilan/Gnjilane which on 2018 was ranked below the table, had slightly improvements by jumping for one place, respectively from 0.29 to 0.38 index points.

LARGE-SIZED MUNICIPALITIES

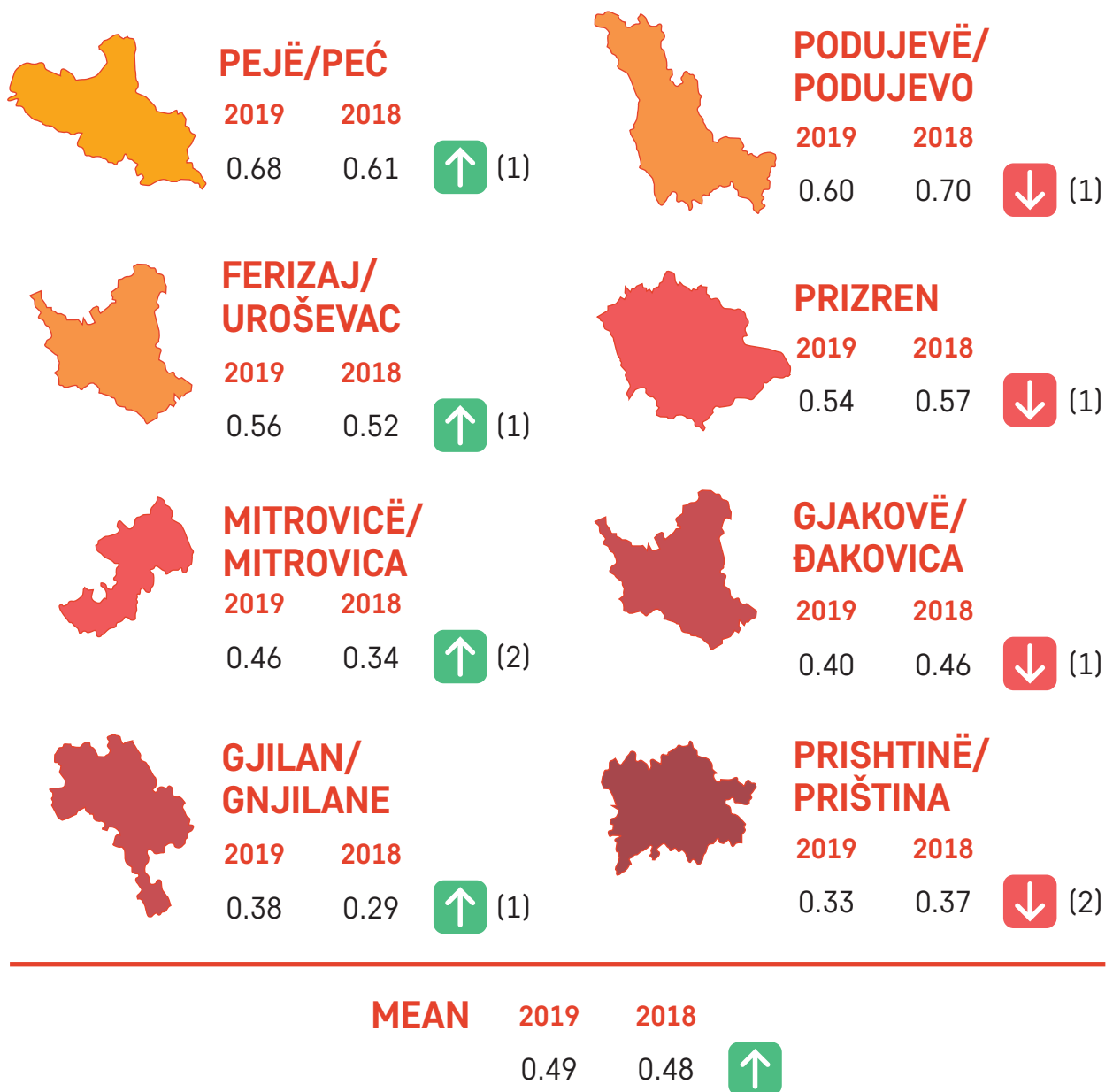


FIGURE 23. LEGAL MISCONDUCT (X7) FOR LARGE-SIZED MUNICIPALITIES

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 making 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

As we can see in Figure 24, in the category of medium-sized municipalities except for Klinë/Klina, the position of the rest of the municipalities is changed. What stands out, are the municipalities of Skenderaj/Srbica (which jumped for eight places to be ranked as the first best performer) with a maximum index score of 1.00, Fushë Kosovë/Kosovo Polje (which jumped eleven places from last year and in 2019 ranked second), with an index score 0.58, Deçan/Deçani and Viti/Vitina (both jumped for seven places from last year) with an index score of 0.61 and 0.54 respectively. On the other hand, the municipalities that received the lowest sub-index score is Lipjan/Lipljan (0.43 index points) in this category.

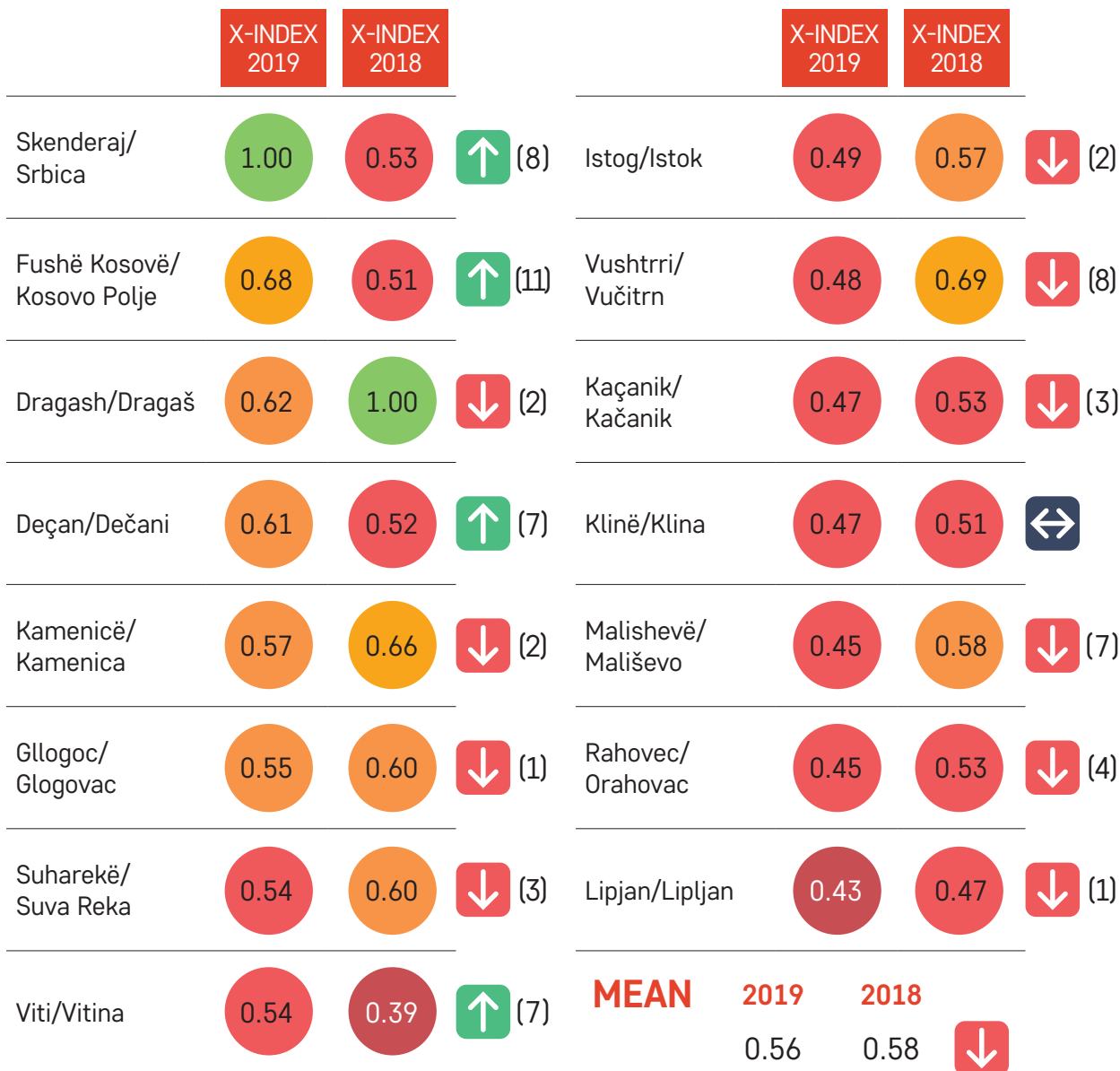
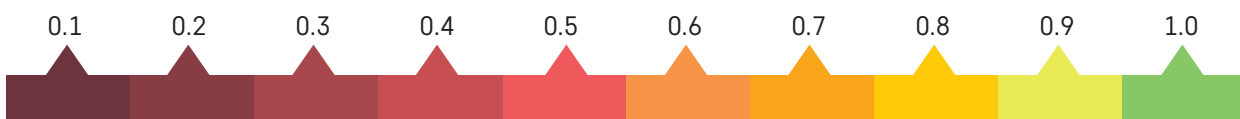


FIGURE 24. LEGAL MISCONDUCT (X7) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

Even for 2019, small-sized municipalities had the best performance in this sub-index, with an average result (0.76 index points) significantly higher than large and medium ones. As shown in Figure 25, municipalities from Hani i Elezit/Elez Han to Klokot/Kllokot, or almost half of them (47%), received the maximum sub-index score of 1. This means that these municipalities never had a contract ruled in their disfavor by PRB.

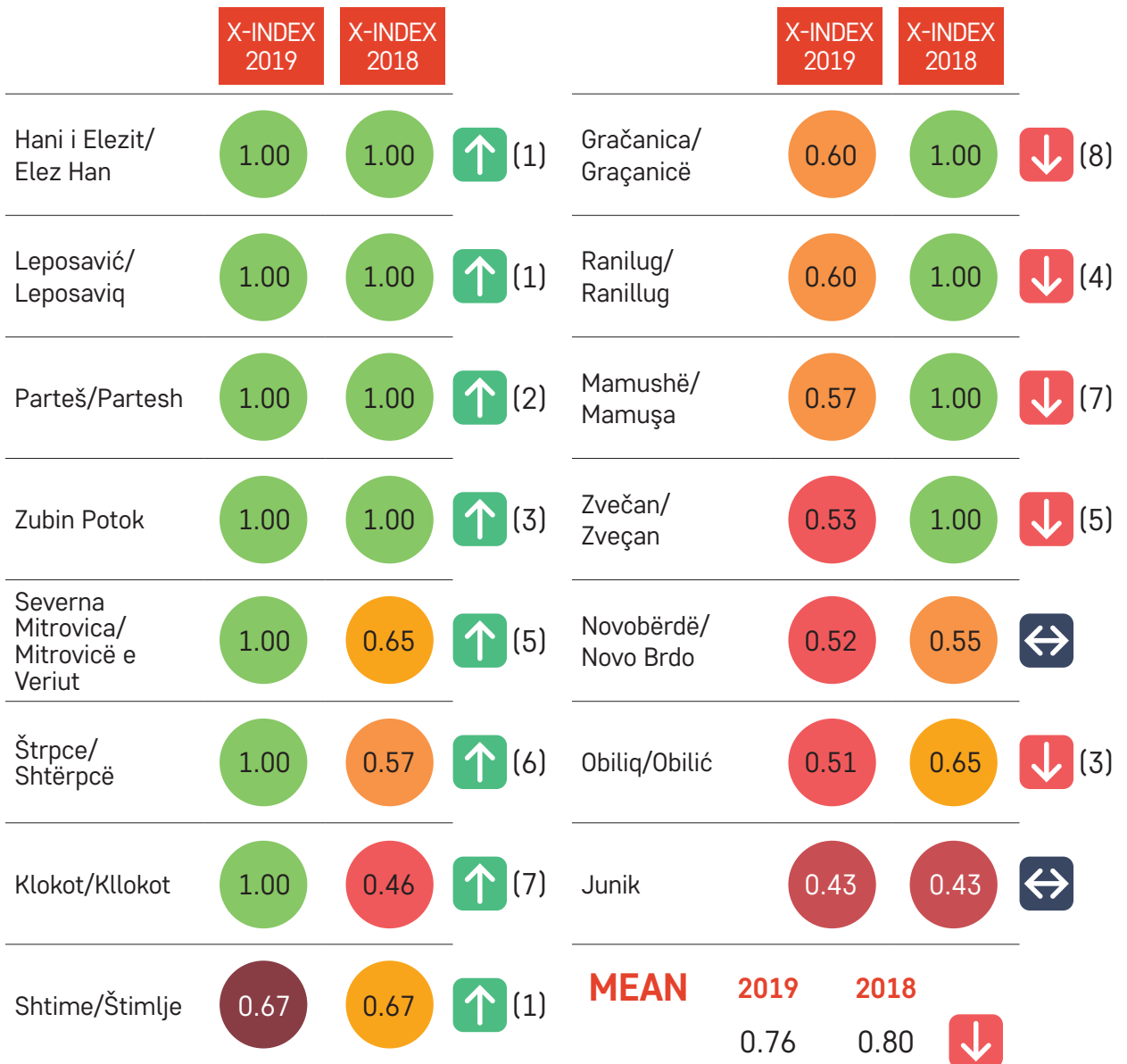


FIGURE 25. LEGAL MISCONDUCT (X7) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



SUB-INDEX 8: PROCUREMENT PLANNING ACCURACY (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:

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

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

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

When speaking of efficiency in public procurement, planning plays a crucial role. Accurate planning and realization enables municipalities to allocate financial and human resources, in the most efficient way. For this purpose, sub-index Procurement Planning Accuracy (x8) compares the difference between 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. Municipalities performed well in this sub-index, with an average result of 0.78 index points, which is above the general x-index average result of 0.70 index points and above the average

result of this sub-index for 2018. Small-sized municipalities, had the best performance in this sub-index, with an average result of 0.83. On the other hand, large and medium-sized municipalities, compared to last year, on average performed better than they did on 2018, with an average score from 0.67 to 0.75 and 0.68 to 0.77 respectively. Figure 26, shows the performance of large-sized municipalities in this sub-index. In this category of municipalities, for 2019, Gjilan/Gnjilane is the most efficient municipality in planning, with a sub-index score of 0.85. Meanwhile, the Municipality of Ferizaj/Uroševac which had the lowest sub-index score in this category with 0.51 index points, jumped for six places to be therefore ranked as the second best performer in this category. For 2019, municipality of Prizren have the lowest sub-index score (0.57), meaning that is the municipality with the largest deviation between planning and realization.

LARGE-SIZED MUNICIPALITIES

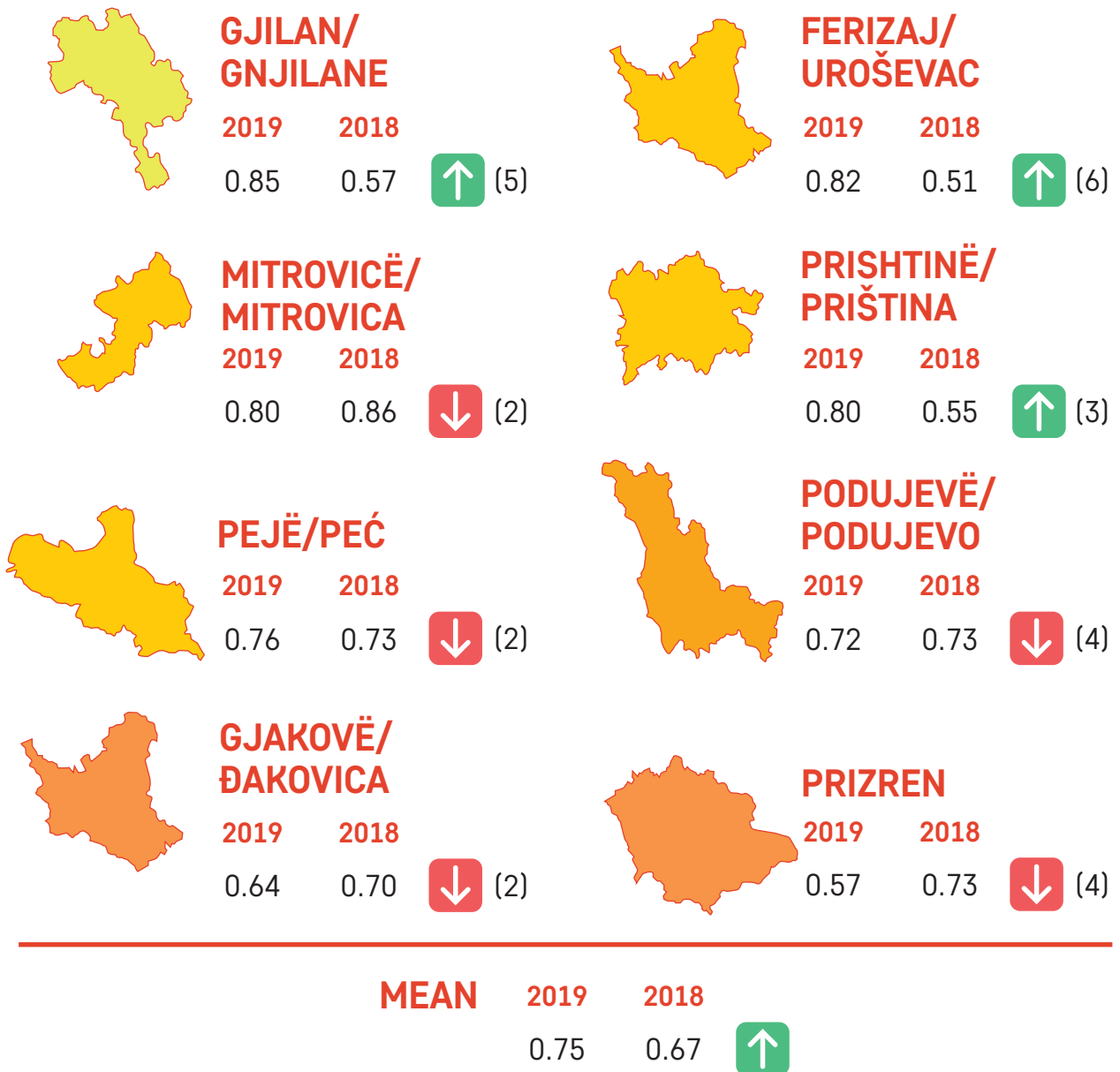


FIGURE 26. PROCUREMENT PLANNING PROCESS (X8) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



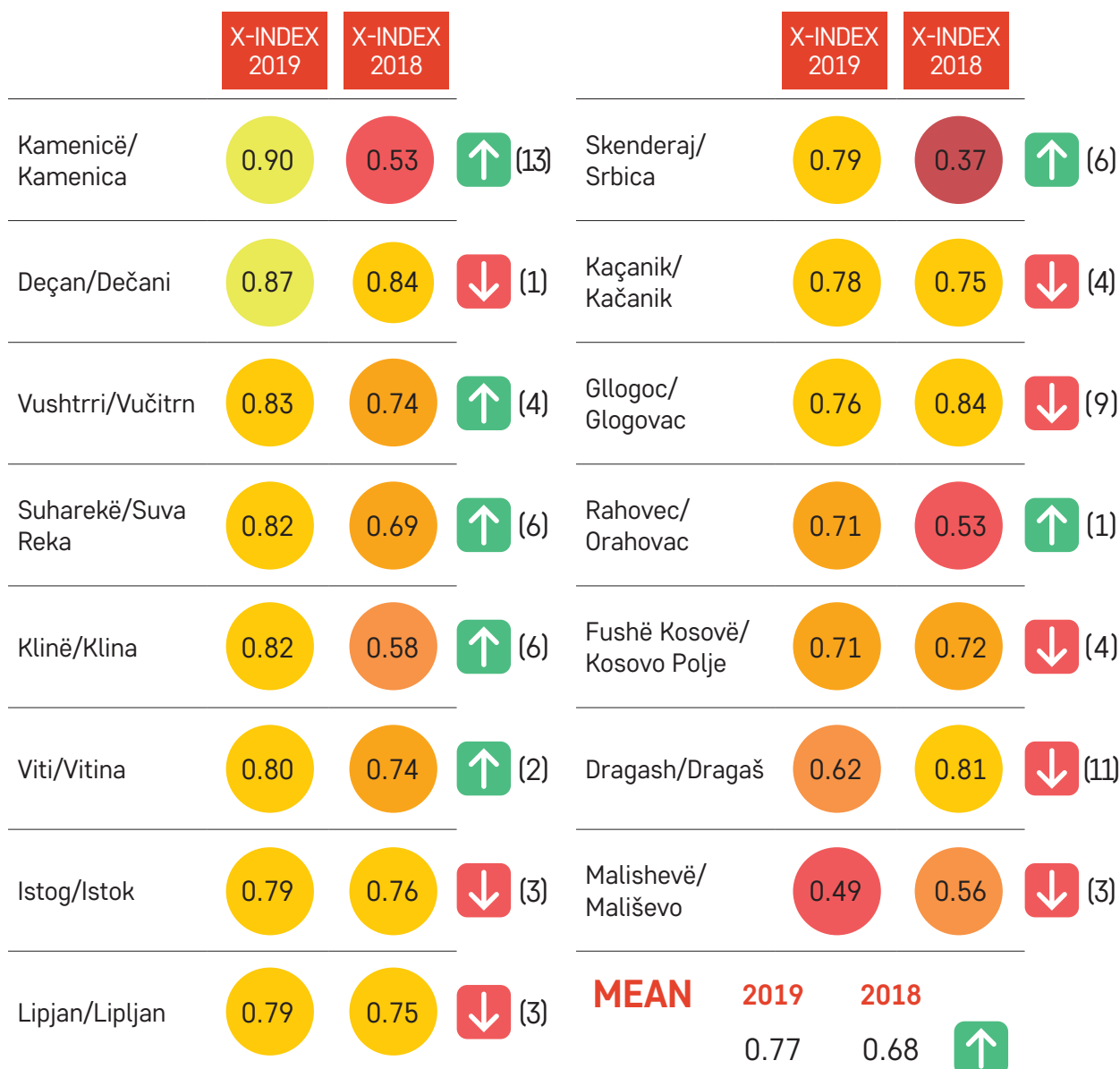
The x-index results do not imply that the procurement procedures used by municipalities are illegal. There are no regulations that determine the difference between the initial estimated contract value and the total final value. However, the smaller the difference, the higher the efficiency of contracting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



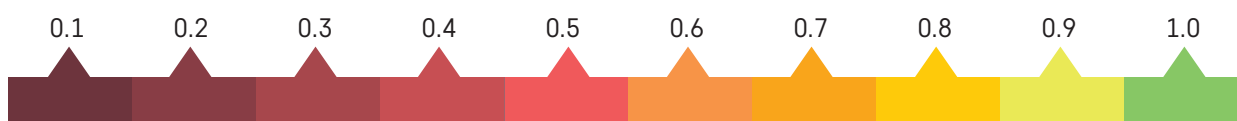
MEDIUM-SIZED MUNICIPALITIES

From the medium-sized municipalities, Kamenicë/Kamenica as shown in Figure 27, is the best performing municipality, jumping for thirteen places from last year with a sub-index score from 0.53 to 0.90. Municipality of Deçan/Deçani is also a good performer, with a sub-index score of 0.87 index points. On the other hand, sitting at the bottom of this category, is the municipality of Dragash/Dragas (which dropped for eleven places) and Malishevë/Mališevo, with a low sub-index score of 0.62 and 0.49 index points respectively.



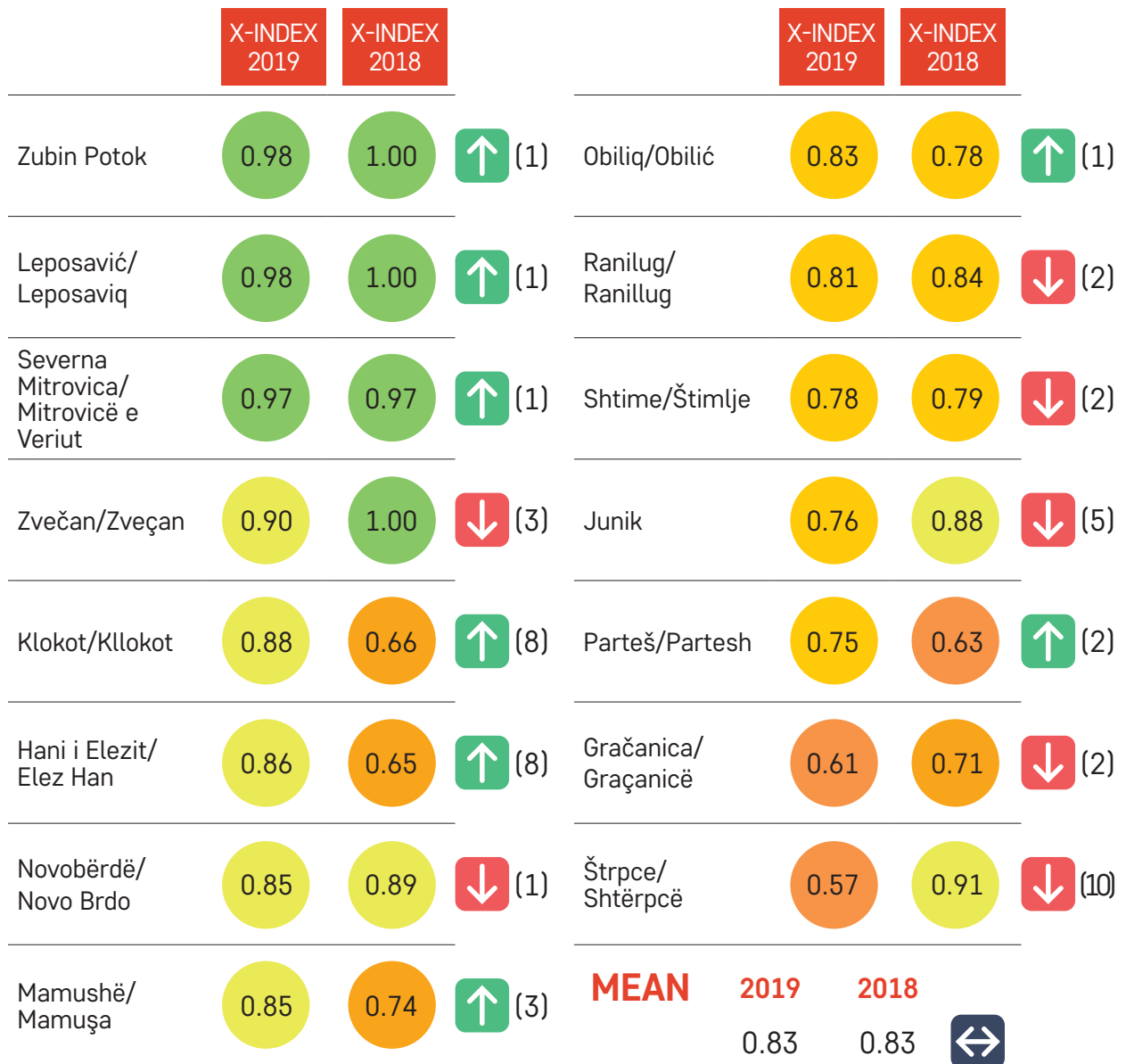
**FIGURE 27. PROCUREMENT PLANNING PROCESS (X8)
FOR MEDIUM-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

Municipalities performed well in this sub-index. Municipalities of Zubin Potok and Leposavić/Leposaviq stand the best. As seen in Figure 28, both these municipalities have a sub-index score of 0.98 index points. This high performance of these municipalities, means that the deviation between the planning and realization process was nearly inexistent.



**FIGURE 28. PROCUREMENT PLANNING PROCESS (X8)
FOR SMALL-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' OWN ESTIMATION



X

9

SUB-INDEX 9: TENDER SUBMISSION DEADLINE (X9)

Tender submission deadline (x9) is measured as the value 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:

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

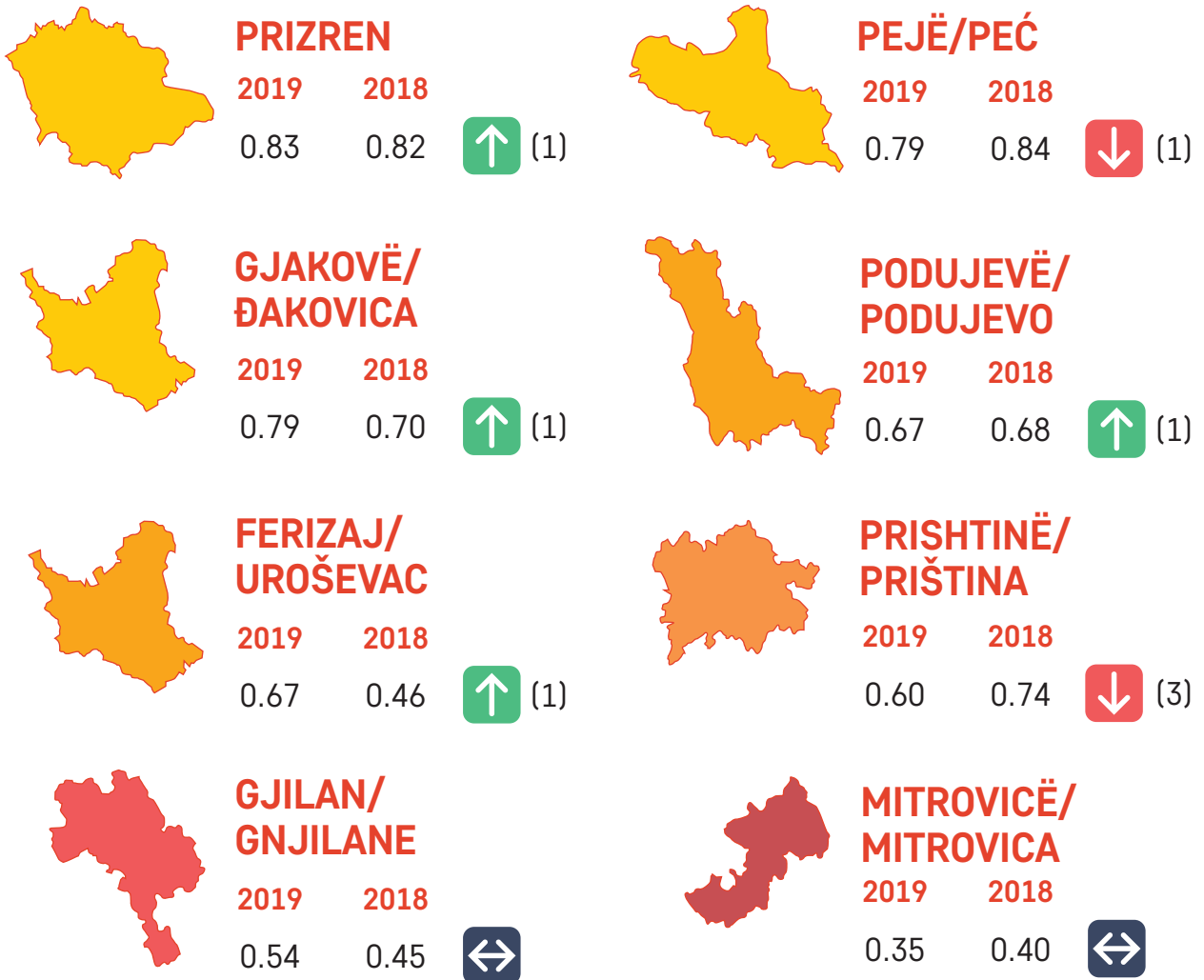
Sub-index Tender Submission Deadline (x9), has been created with the idea of preventing municipalities from using frequently the accelerated procedure. The frequent usage of the accelerated procedure, reduces the time at the disposal of economic operators, to prepare their offers in the best possible way, and therefore might result in harming competition, rather than fostering it.

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 the time limit set by a contracting authority should be sufficiently long so that it gives the interested economic operators a reasonable amount of time to prepare and submit a bid. Nevertheless, 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. Municipalities performed above the average x-index score of 0.70 index points. The average result for municipalities in this sub-in-

dex was 0.62 index points. Compared with each other, large-sized municipalities had the best performance, with an average result of 0.65 index points; followed by medium sized municipalities, with an average result of 0.61 index points. Meanwhile, small-sized municipalities had the lowest performance, with an average result of 0.59 index points.

From large-sized municipalities, as seen in following table, Municipality of Prizren is the best performer, with a sub-index score of 0.83 index points. From 244 contract notices that the Municipality of Prizren has had, it has used the accelerated procedure only in 7 cases (or 3%). Meanwhile, from large-sized municipalities, Mitrovicë/Mitrovica stands still at the bottom of the table with a sub-index score of 0.35 index points, meaning that this municipality has used the most accelerated procedure. From a total of 60 contract notices, Mitrovicë/Mitrovica has used the accelerated procedure in 25 of them, or 42% of cases.

LARGE-SIZED MUNICIPALITIES



MEAN	2019	2018	
	0.65	0.64	↑

FIGURE 29. 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, 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

Figure 30 presents the performance of medium sized municipalities in this sub-index. As we can see, Kaçanik/Kaçanik is the best performer from large-sized municipalities, with a sub-index score of 0.86 index points. Concerning results in this category are also found in the municipality of Glogoc/Glogovac which on 2018 was the second best performer. This municipality dropped for twelve places compared to last year, from 0.82 to 0.50 index score. On the other side, municipality of Deçan/Deçani is ranked at the bottom of this category of municipalities, having used the accelerated procedure the most, and receiving the sub-index score of 0.44 index points.

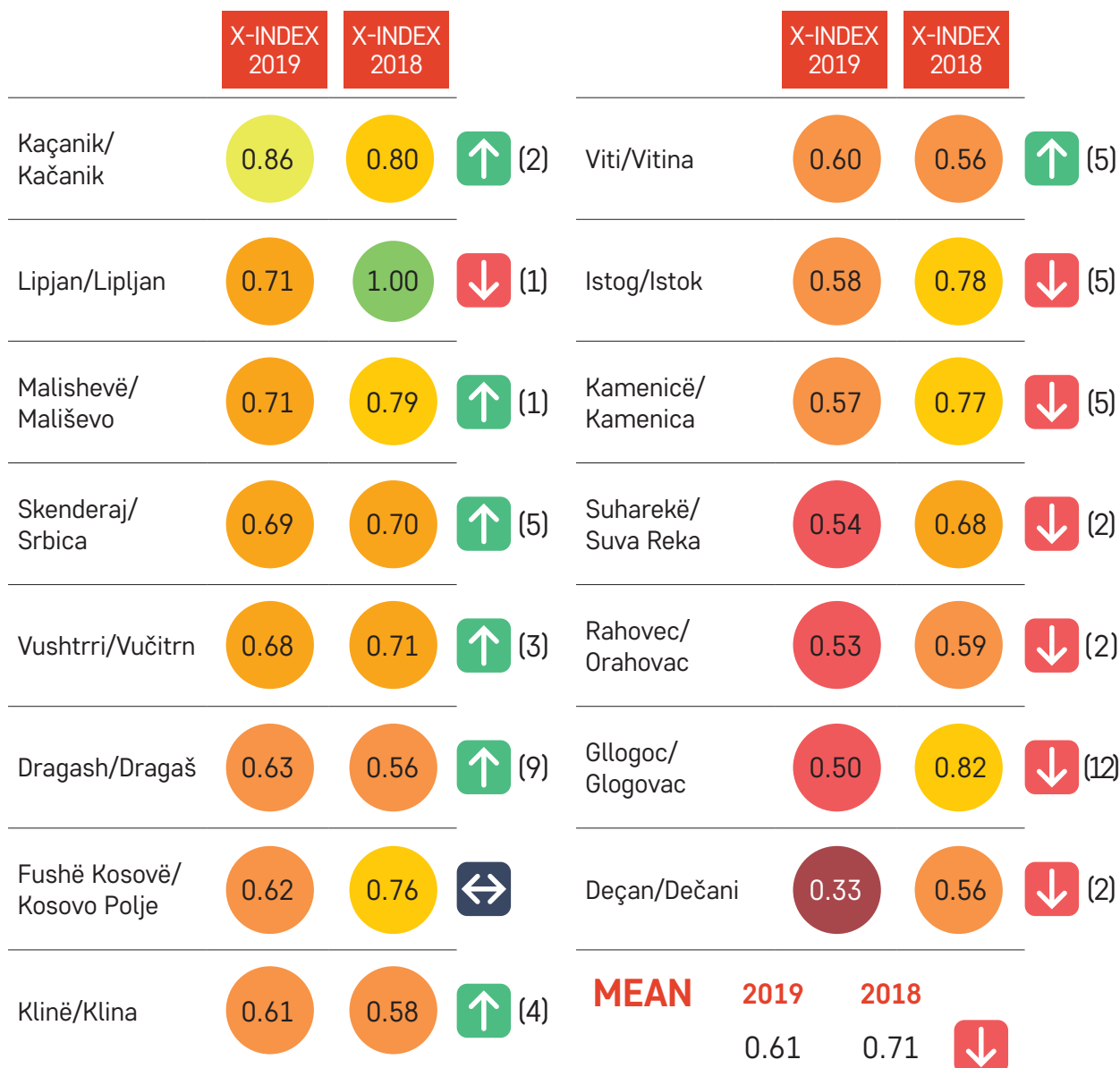
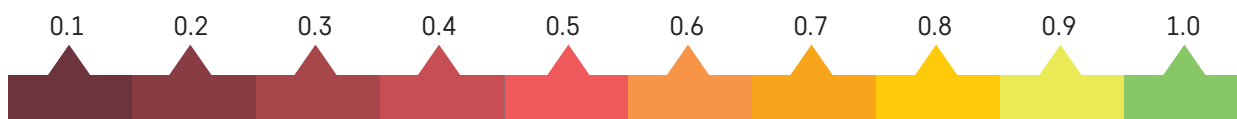


FIGURE 30. TENDER SUBMISSION DEADLINE (X9) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION



SMALL-SIZED MUNICIPALITIES

Small-sized municipalities are the municipalities that have performed the worst in this sub-indicator, with an average result of 0.59 index points (which is above the average result of this sub-index for 2018). Hani i Elezit/Elez Han and Junik are the top-performing municipalities in this category, with a sub-index score of 0.82, and 0.77 index points respectively. However, on the other hand, as the Figure 31 below shows, at the bottom of the list are ranked Zvečan/Zveçan (0.45), Shtime/Štimlje (0.43), and Zubin Potok (0.31), meaning that these municipalities have used the accelerated procedure the most.

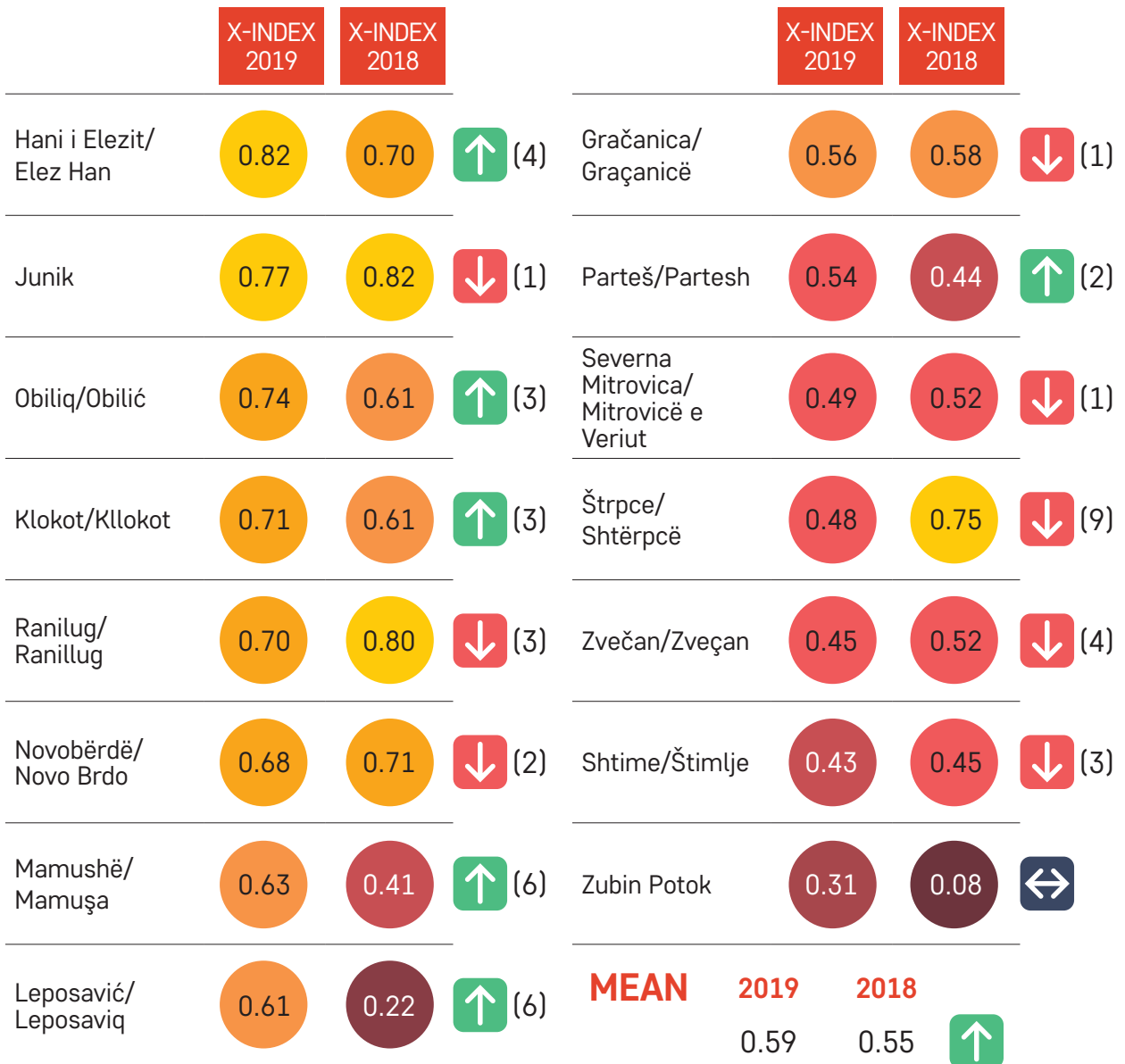


FIGURE 30. TENDER SUBMISSION DEADLINE (X9) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' OWN ESTIMATION





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 sub-indexes

The x-index methodology relies heavily on an already established methodology and is contextualized to internalize Kosovo's 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 were taken into accounts. Equal weight was given to municipalities' budgets and the 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 nine partial monitoring sub-indexes, each of which describes a particular public procurement issue. Riinvest researchers developed a statistical model and gathered data from the e-procurement platform for a twelve-month period (January-December 2018). Data regarding contracts were gathered from the 'e-procurement' platform, specifically from contract notices and contract award notices. Other sources of data include PRB (decisions regarding the legality of municipalities procurement activities); and KBRA (name of economic operators); and from the Law on the Budget of the Republic of Kosovo for 2018. Data regarding the accessibility of municipalities' contracts, were gathered from municipalities' web-pages.

X 1 Public Procurement as a share of total purchases

is a sub-index that measures the ratio between all purchases the contracting authority or the municipality makes, and the purchases it makes through public procurement. The sub-index 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 and capital expenditures. Wages and salaries, subsidies and transfers, and utilities were excluded since they are expenses that are not managed by municipalities. Similarly, this does not include the budget spent through the Central Procurement Agency. The data regarding the aforementioned expenses were gathered from Kosovo's "Semi-annual financial report", published by the Ministry of Finance. The formula for calculating the "Public procurement as a share of total purchases", is as follows below:

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

For instance, in the Municipality of Prishtinë/Priština, the total amount of public procurement contracts was €29,247,231.54 while the value of controllable operating expenses was € 34,429,154.00. The estimated sub-index value was 0.92 index points.

X 2 Competitive contracting

is a sub-index that measures the value and number of contracts tendered through negotiated procedures without publication (NPwP), in proportion with the total value and number of contracts. In order to measure both the value and number of contracts awarded, equal weight was given to both the value and number of contracts (as seen in the formula below). A minimum rating of zero is assigned to a municipality that awarded all its contracts through NPwP. The formula for calculating the "Competitive contracting" sub-index, is as follows:

$$x2 = \left\{ \left[\left(1 - \frac{\text{value of contracts awarded through NPwP}}{\text{total value of contracts}} \right) + \left(1 - \frac{\text{number of contract awarded through NPwP}}{\text{total number of contracts}} \right) \right] / 2 \right\}^4$$

For instance, in the Municipality of Prishtinë/Priština, the total value of the contract awarded through NPwP was €2,780,632 while the total value of contracts was € 29,247,231.54. The number of contracts awarded through NPwP was 39 while the total number of contracts was 191. The estimated sub-index value was 0.52 index points.

X 3 Consistent Conduct

is calculated on the basis of all contract notices issued by the respective contracting authority, as obtained from the "e-procurement" and directly from municipalities. 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 canceled tender procedures, or if no contract was awarded (i.e. where neither a contract award notice nor a cancellation notice is present in “e-procurement”).

Meanwhile, the formula for calculating the “Consistent Conduct” sub-index, is as follows:

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

For instance, in the Municipality of Prishtinë/Priština, the number of contracts that were corrected and/or canceled and were respectively given a score between 0 and 0.75 points. The rest of the contracts given a score of 1. This brings the total contract score to 152.72. The number of contract notices was 190. The estimated sub-index value was 0.80 index points.

X 4 Winner concentration

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

$$x4 = \{ [1 - \sum (\frac{\text{value of contracts awarded to each bidder}}{\text{total value of contracts}})^2] + [1 - \sum (\frac{\text{number of contracts awarded to each bidder}}{\text{total number of contracts}})^2] \} / 2$$

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 of 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.

For instance, in the Municipality of Prishtinë/Priština, the total squared value of contracts to each bidder over the squared total value of contracts was 0.96 while the total squared number of contracts to each bidder over the squared total number of contracts was 0.98. The estimated sub-index value was 0.97 index points.

X 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 the number of tenders for the type of contract. In this model, the 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:

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

The second step in our calculation is to compute the aggregate indicator as to 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.

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

For instance, in the Municipality of Prishtinë/Priština, the value of contracts times the k coefficient was €21,269,273.91, while the total value of contracts was €29,247,231.54. The estimated sub-index value was 0.73 index points.

X 6 Pro-competitive tools

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

- Splitting contracts into lots - enable 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 specialist tasks.
- Evaluating tenders not only by price but also by quality - this indicator aims to upgrade the competition above a simple price war with the cheapest and lowest quality goods.

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 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. In order to evaluate this indicator, we use the following components:

- the share of contracts split into lots, out of the total number of contracts
- the share of contracts evaluated using quality-based criteria, out of the total number of contracts

The following formula is used to calculate this indicator:

$$x6 = \left(\frac{4 \times (\text{nr. of contract split into lots} + \text{nr. of contracts using quality based criteria})}{2 \times \text{nr. of contracts}} \right)^{1/2}$$

For instance, in the Municipality of Prishtinë/Priština, the number of contracts that were split into lots was 22; the number of contracts that used quality-based criteria was 1, while the number of awarded contracts was 164. The estimated sub-index value was 0.53 index points.

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 to municipalities' procurement contracts, and we focus on PRB's decisions where misconduct has been proven and may be considered serious, throughout January-December 2018. The formula used to calculate this indicator is as follows:

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

For instance, in the Municipality of Prishtinë/Priština, the number of contracts awarded contracts was 164 while the number of cases where there was serious misconduct was 33. The estimated sub-index value was 0.33 index points.

X 8 Procurement planning accuracy

evaluates municipalities' procurement planning accuracy 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. 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 the 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:

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

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

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

For instance, in the Municipality of Prishtinë/Priština, the final value of contracts times the anticipated assessment was €21,019,627.27 while the final value of contracts was €26,384,731.54. The estimated sub-index value was 0.80 index points.

X 9 Tender submission deadline

is measured as the value 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:

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

For instance, in the Municipality of Prishtinë/Priština, the number of contract notices that have used accelerated procedures was 31 while the number of awarded contracts 190. The estimated sub-index value was 0.59 index points.

In the end, the nine indicators explained above, are combined to produce a single xindex value, using a weighted average:

$$xindex = \frac{x_1 + x_2 + x_3 + x_4 + x_5 + x_6 + x_7 + x_8 + x_9}{9}$$

Where X is the final x-index value and x1 to x9 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.

