



**USAID**  
NGA POPULLI AMERIKAN  
OD AMERIČKOG NARODA



**RIINVEST**  
INSTITUTI PËR HULUMTIME ZHVILLIMORE  
INSTITUTE FOR DEVELOPMENT RESEARCH

# PUBLIC PROCUREMENT BAROMETER (X-INDEX)

Benchmarking tool for public  
procurement in Kosovo

**COVERING THE PERIOD  
BETWEEN JANUARY  
AND DECEMBER 2020**

**2021**







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# TRANSPARENT, EFFECTIVE, AND ACCOUNTABLE MUNICIPALITIES ACTIVITY IN KOSOVO RIINVEST INSTITUTE

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**Author:** Tringë Shkodra

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# 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



**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

## 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.<sup>1</sup> 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.<sup>2</sup> 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.

1 PPRC, 2019. Report on Public Procurement Activities in Kosovo for 2018

2 PPRC, 2020.





**The performance of municipalities on this sub-index remains poor, due to the low use of procompetitive tools such as ‘Splitting contracts into lots’ with only 7%. On the other hand, constantly in more than 99 percent of cases, the criterion for awarding the contracts was the lowest price.**

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 bet-

ter 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.



**FIGURE 1. FINAL RESULTS**

SOURCE: AUTHORS' ESTIMATION

0.1

0.2

0.3

0.4

0.5

0.6

0.7

0.8

0.9

1.0

X-INDEX  
2020X-INDEX  
2019X-INDEX  
2018RANKING  
2020/19

Ferizaj/Uroševac

0.67

0.67

0.68

↑ 8

Vushtrri/Vučitrn

0.65

0.75

0.76

↓ 17

Obiliq/Obilić

0.64

0.72

0.68

↓ 7

Štrpce/Shtërpçë

0.64

0.66

0.73

↑ 6

Shtime/Štimlje

0.64

0.63

0.63

↑ 11

Prishtinë/Priština

0.63

0.69

0.69

↓ 3

Zubin Potok

0.63

0.66

0.64

↑ 4

Gjilan/Gnjilane

0.62

0.69

0.60

↓ 4

Gračanica/  
Graçanicë

0.62

0.63

0.75

↑ 6

X-INDEX  
2020X-INDEX  
2019X-INDEX  
2018RANKING  
2020/19Malishevë/  
Mališevo

0.61

0.74

0.77

↓ 23

Leposavić/  
Leposaviq

0.61

0.65

0.59

↑ 3

Zvečan/Zveçan

0.60

0.61

0.62

↑ 6

Mamushë/  
Mamuşa

0.59

0.70

0.72

↓ 13

Severna  
Mitrovica/  
Mitrovicë e  
Veriut

0.59

0.70

0.65

↓ 13

Mitrovicë/  
Mitrovica

0.59

0.68

0.69

↓ 8

Klokot/Klllokot

0.57

0.65

0.69

↓ 4

Deçan/Dečani

0.56

0.62

0.71

↔

Parteš/Partesh

0.50

0.69

0.72

↓ 12

Mean

0.67

0.70

0.70

↓

# 2

## WHAT IS BENCHMARKING TOOL FOR PUBLIC PROCUREMENT XINDEX?

The x-index is a public procurement benchmarking tool that 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 twelve months (January-December 2020). 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 the Law on the Budget of the Republic of Kosovo for 2020. 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, to counter corruption, by highlighting contro-

versal 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 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.

Apart from slight chances, the overall results from the category of large-sized municipalities show a similar trend to the findings of 2019.

# 3

## X-INDEX RESULTS

For 2020, as in 2019, from the category of large-sized municipalities, Pejë/Peć remains still on top of the table as the municipality with the best performance with an average of 0.76 index points. On the other hand, the municipality of Ferizaj/Uroševac dropped by three places compared to other municipalities'. However, when compared with its results from last year, the rating score has not changed. Meanwhile in the medium-sized municipalities, except Klinë/Klina and Deçan/Dečani, which managed to keep the same position on the table, the position of the rest of the municipalities is changed. What stands out is the municipality of Glllogoc/Glogovac which jumped for nine places to be ranked as the third-best performer. In contracts, the municipality of Vushtrri/Vučitrn dropped down for eleven places. Regarding small-sized municipalities, Hani I Elezit/Elez Han is the municipality with the best performance, maintaining the same place from 2018, followed by Novobërdë/Novo Brdo with an index score of 0.72. On the other hand, sitting at the bottom of the list of small-sized municipalities, is Parteš/Partesh, with an x-index score of 0.50.

Compared to the last year, this year the average score assessing all (38) municipalities showed a slight drop, from 0.70 index points to 0.67 respectively. The majority of municipalities (20 municipalities or 53%) have a higher than average score. Meanwhile, 18 municipalities, or 47%, have a lower score than the average one. This year, the range of the x-index varies from 0.50 to 0.79 index points.

Consistently over the years, medium-sized municipalities have performed the best in the reporting period, with an average index score of 0.70. Similar to last year, this year large-sized municipalities performed better with an average score of 0.67 index points. Meanwhile, the average x-index score for small-sized municipalities is 0.63 points.

From the nine sub-indexes, municipalities collectively have performed lower than the average score of the overall index in 5 of them (or 55%). The sub-indexes where municipalities performed lower are Competitive Contracting (x2), Bidder Participation (x5), Pro Competitive Tools (x6), Legal Misconduct (x7), and Tender Submission Deadline (x9). The scores for these sub-indexes range from 0.28 index points (Pro Competitive Tools) to 0.63 index points (Legal Misconduct). Meanwhile, municipalities had higher than the average score, in the following sub-indexes: Public Procurement as a Share of Total Purchases (x1), Consistent Conduct (x3), Winner Concentration (x4), and Procurement Planning Accuracy (x8). The scores for these sub-indexes range from 0.71 index points (Procurement Planning Accuracy) to 0.91 index points (Public Procurement as a Share of Total Purchases).

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

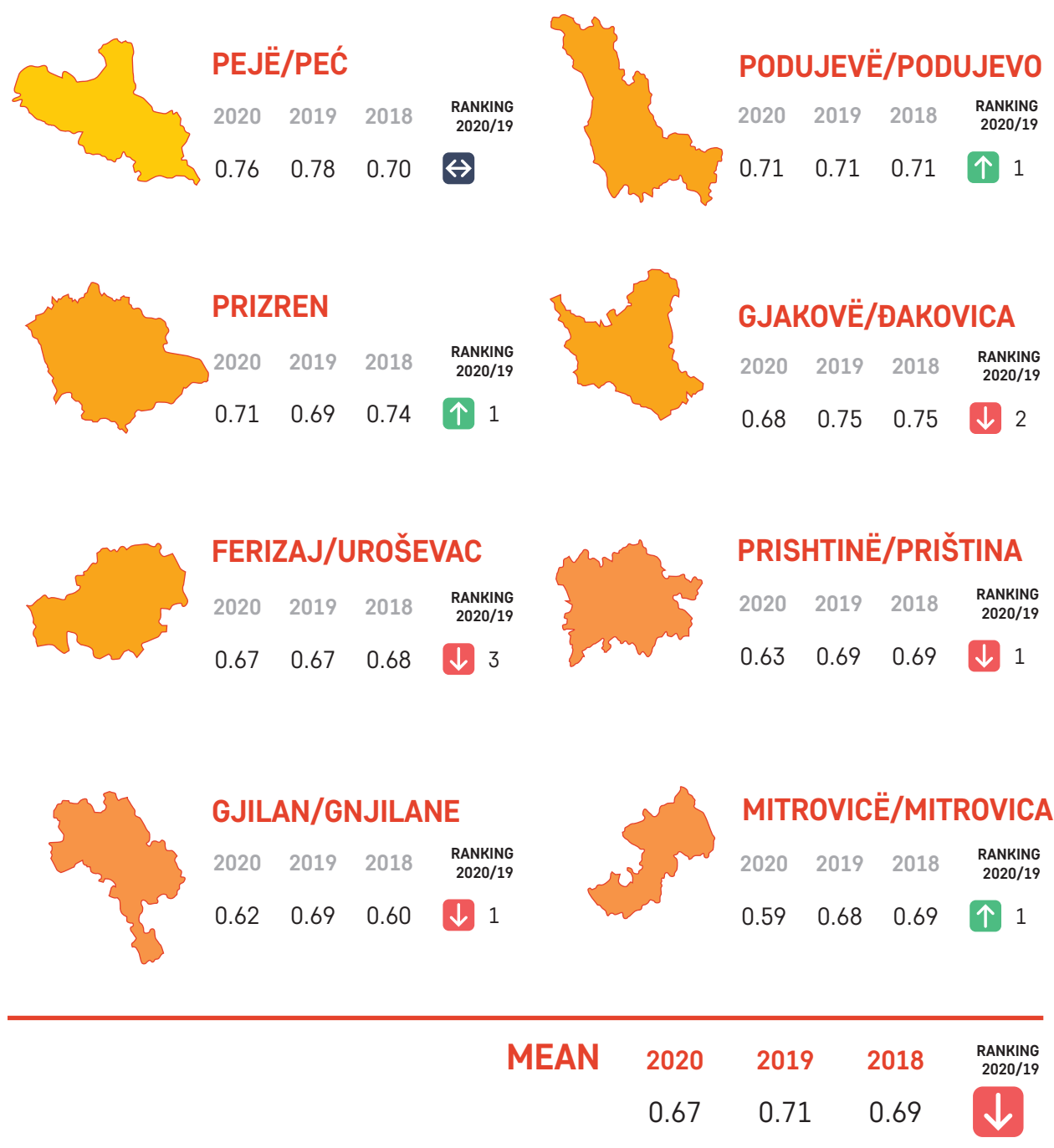
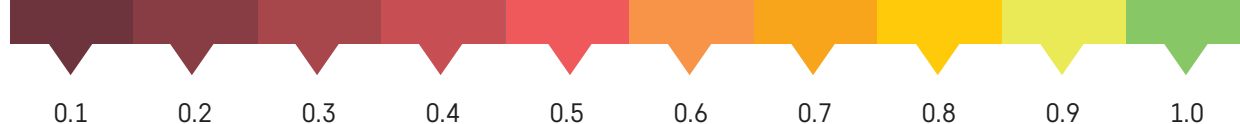


FIGURE 2. OVERALL X-INDEX RESULTS FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' 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:

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

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.



# 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:

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

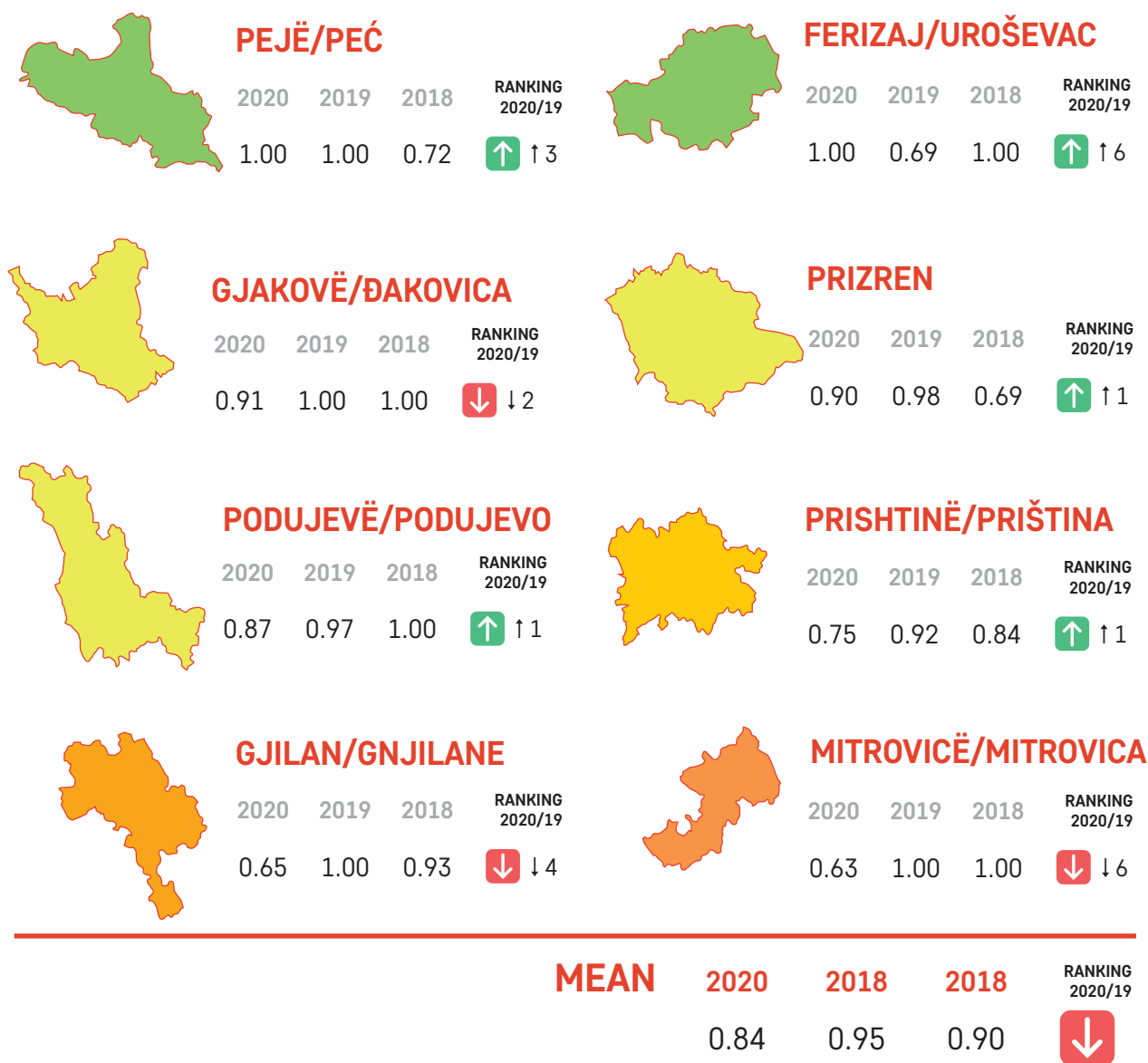
Controllable operating costs are defined as the sum of selected cost items that are dependent on the contracting authority's management, in this case, municipalities' management. In cases where a large volume of expenses falls outside the scope of the public procurement, this implies a less transparent 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.

Consistently, public procurement as a share of total purchases (x1), is the sub-index where the municipalities score the highest results. The average score for all 38 municipalities, for this sub-index (x1) is 0.91 index points. Medium-sized municipalities performed the best in this sub-index, with an average score of 0.96 index points, which is lower for 0.03 percentage

points compared to 2019. A significant drop of the score is noted on large-sized municipalities, with an average score from 0.95 to 0.84 index points respectively; whereas small-sized municipalities had an average sub-index score of 0.93 index points, (maintaining the same score as in 2019).

The following table shows the ranking of the top performers of large-sized municipalities in this sub-index. In 2020, the municipality of Pejë/Peć is the municipality with the best rank with the highest score of 1.00 index points, followed closely by Ferizaj/Uroševac (1.00). As seen in Figure 5, the municipality with the lowest performance is the municipality of Mitrovicë/Mitrovica which dropped six places to be ranked at the bottom of the table with an index score from 1.00 to 0.63 index points.

# LARGE-SIZED MUNICIPALITIES



**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

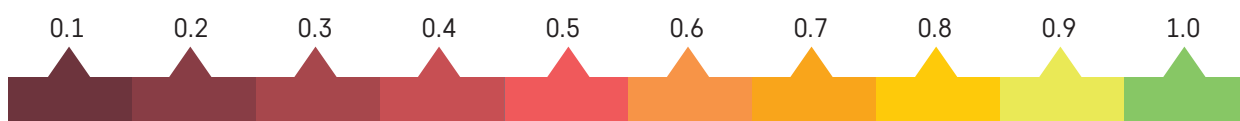
## MEDIUM-SIZED MUNICIPALITIES

The ranking of most of the municipalities on the category of medium-sized municipalities remains the same (from Dečan/Dečani to Klinë/Klina), except Malishevë/Mališevo which dropped for six places, and as a result, is not part of top-ten performers. Meanwhile, the municipality ranked at the bottom of this category is Vushtrri/Vučitrn, with an index score from 1.00 index points to 0.63. When compared to last year, medium sized-municipalities have recorded a weaker performance in this sub-index.

	X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19		X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19
Dečan/Dečani	1.00	1.00	1.00	↔	Lipjan/Lipljan	1.00	0.98	1.00	↑ 4
Dragash/Dragaš	1.00	1.00	1.00	↔	Fushë Kosovë/ Kosovo Polje	1.00	0.96	0.87	↑ 4
Glllogoc/Glogovac	1.00	1.00	1.00	↔	Istog/Istok	0.98	0.93	0.99	↑ 4
Kamenicë/ Kamenica	1.00	1.00	1.00	↔	Malishevë/ Mališevo	0.93	1.00	1.00	↓ 6
Klinë/Klina	1.00	1.00	1.00	↔	Skenderaj/Srbica	0.93	1.00	0.81	↓ 2
Rahovec/ Orahovac	1.00	1.00	1.00	↑ 1	Kaçanik/Kaçanik	0.92	1.00	0.97	↓ 5
Suharekë/Suva Reka	1.00	1.00	1.00	↑ 1	Vushtrri/Vučitrn	0.63	1.00	0.97	↓ 5
Viti/Vitina	1.00	0.99	1.00	↑ 4	<b>Mesatarja</b>	<b>0.96</b>	<b>0.99</b>	<b>0.97</b>	↓

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

SOURCE: AUTHORS' OWN ESTIMATION



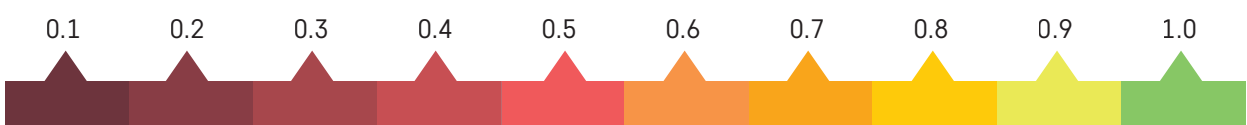
## SMALL-SIZED MUNICIPALITIES

As far as small-sized municipalities are concerned their performance remained the same. The table below shows that the position of the municipalities is changed, except for Hani i Elezit/Elez Han, Junik, and Obiliq/Obilić which managed to retain the same position. What stands out, is the Municipality of Leposavić/Leposaviq which jumped for seven places to be ranked as one of the top performance municipalities. On the other hand, Parteš/Partesh has dropped for ten places with an index score from 1.00 to 0.69. Meanwhile, the municipality with the lowest sub-index score in this category is Municipality of Gračanica/Gračanicë, with an index score of 0.68 points.

	X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19		X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19
Hani i Elezit/Elez Han	1.00	1.00	1.00	↔	Severna Mitrovica/ Mitrovicë e Veriut	0.98	0.99	1.00	↓ 1
Junik	1.00	1.00	1.00	↔	Novobërdë/Novo Brdo	0.95	0.89	0.92	↑ 1
Obiliq/Obilić	1.00	1.00	1.00	↔	Shtime/Štimlje	0.94	0.88	1.00	↑ 2
Ranilug/Ranillug	1.00	1.00	1.00	↑ 1	Štrpce/Shtërpçë	0.90	1.00	1.00	↓ 6
Zvečan/Zveçan	1.00	1.00	1.00	↑ 2	Mamushë/ Mamuşa	0.76	0.89	1.00	↓ 1
Zubin Potok	1.00	0.94	1.00	↑ 4	Parteš/Partesh	0.69	1.00	1.00	↓ 10
Leposavić/ Leposaviq	1.00	0.63	0.54	↑ 7	Gračanica/ Gračanicë	0.68	0.94	0.95	↓ 6
Klokot/Kllokot	0.99	0.78	0.94	↑ 6	Mesatarja	0.93	0.93	0.96	↔

**IFIGURE 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:

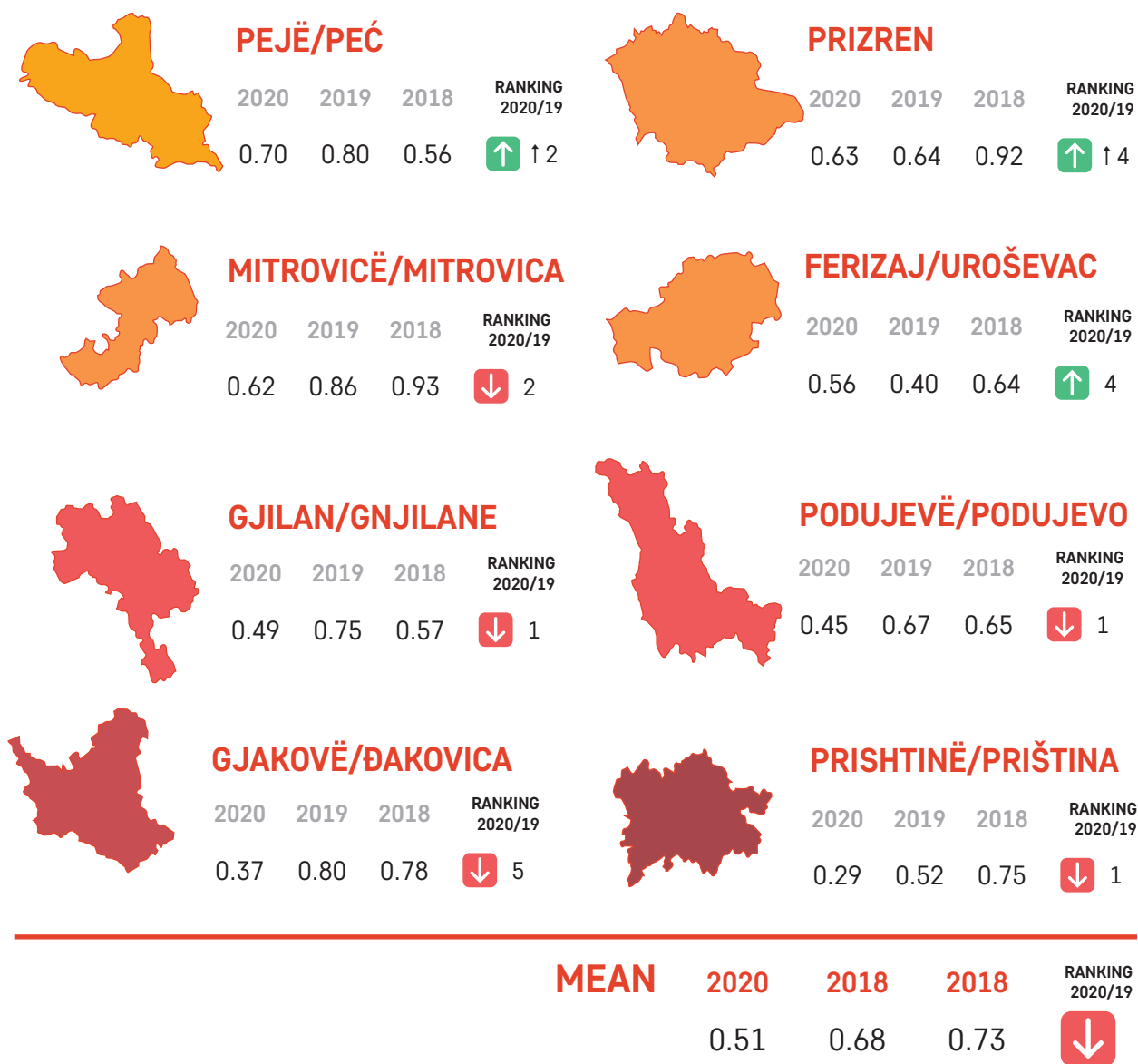
$$x2 = \left\{ \left[ \left( 1 - \frac{\text{value of contracts awarded through NPwP}}{\text{total value of contracts}} \right) + \left( 1 - \frac{\text{number of contracts awarded through NPwP}}{\text{total number of contracts}} \right) \right] / 2 \right\}^4$$

Competitive contracting (x2) is a sub-index created to foster 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.

When compared to last year, all (38) municipalities have recorded a weaker performance in this sub-index, with an average score from 0.81 to 0.61 index points.

Results from the table below show that there is a dissatisfactory performance of large-sized municipalities in this sub-index, compared to last year. As seen in Figure 8, the position of the municipalities is changed but slightly. What is worth mentioning, is the municipality of Gjakovë/Đakovica which had the biggest drop, meaning that the highest number of contracts were awarded through the negotiated procedure without publication (NPwP). This municipality dropped for five places to be ranked at the bottom of the table. On the other hand, the municipality of Pejë/Peć holds the position at the top of the table, with the highest score in this sub-index of 0.70 index points, which compared to 2019 is lower for 0.10 points.

# LARGE-SIZED MUNICIPALITIES

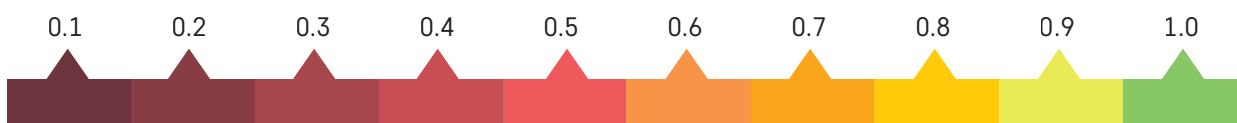


**FIGURE 8. COMPETITIVE CONTRACTING (X2) FOR LARGE-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' 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.



## MEDIUM-SIZED MUNICIPALITIES

From the category of medium-sized municipalities, the municipality of Istog/Istok had used this procedure the least, and thus have reached the highest score comparing to other municipalities, 0.79 index score. What stands out, is the municipality of Malishevë/Mališevo which in 2019 was the second top-performer. However, in 2020 it has dropped for fourteen places with an index score from 1.00 to 0.32 index points, ranking itself at the bottom of the table. In total, the municipality of Malishevë/Mališevo has used the NPwP procedure in 36% of cases (42 out of 118 awarded contracts).

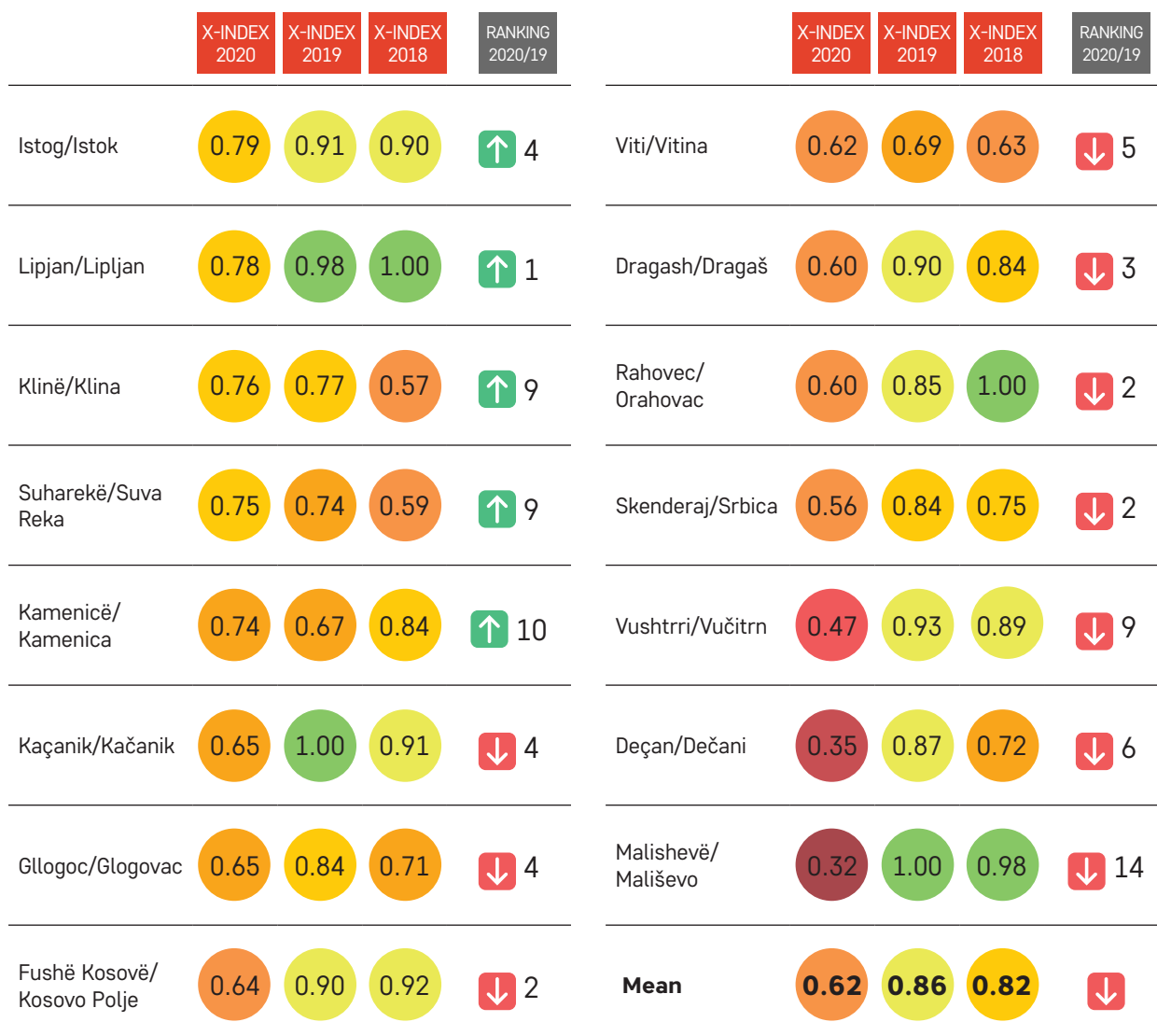
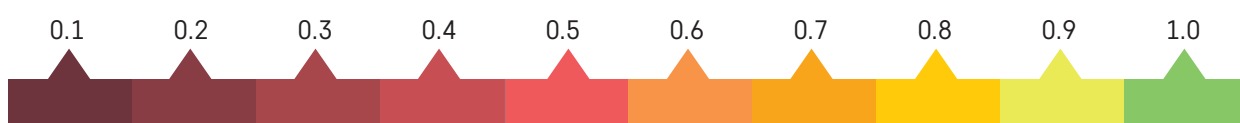


FIGURE 9. COMPETITIVE CONTRACTING (X2) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' ESTIMATION





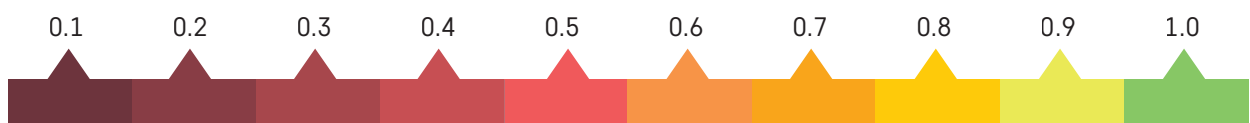
## SMALL-SIZED MUNICIPALITIES

Consistently through the years, small-sized municipalities have had the best performance in this sub-index. In 2020, they scored an average score of 0.68 index points, which compared to 2019 is lower for 0.21 points. As shown in Figure 10, except for the municipality of Leposavić/Leposaviq and Obiliq/Obilić which managed to maintain the same position, the position of the rest of the municipalities have changed. The results notice the municipality of Parteš/Partesh which dropped for fourteen places to be ranked as the worst-performing municipality with an index score from 1.00 to 0.41 index points. Meanwhile, the municipality of Zubin Potok has reached the highest sub-index score compared to other municipalities, 0.88 index points, implying that it had used the least the negotiated procedure without publication during the reporting time. Out of 21 awarded contracts, Zubin Potok has used NPwP procedure only one time; while in value 2%.



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, system explained in the methodology.

Similar to last year, municipalities performed well in this sub-index, with an average sub-index score of 0.82 points,

which is above the general x-index average result of 0.67 index points. Medium-sized municipalities had the best performance in this sub-index, with an average result of 0.84. On the other hand, large and small-sized municipalities performed well, with an average score of 0.80 and 0.83 respectively.

The performance of large-sized municipalities in this sub-index is revealed by the results shown in Figure 11. As we can see, the municipality of Podujevë/Podujevo is the best performer this year, whereas Pejë/Peć, which was at the top of the table in 2019, dropped for three places. On the other hand, the municipality of Gjiilan/Gnjilane, remains the most inefficient in this category, with a sub-index score of 0.71 index points.

## LARGE-SIZED MUNICIPALITIES

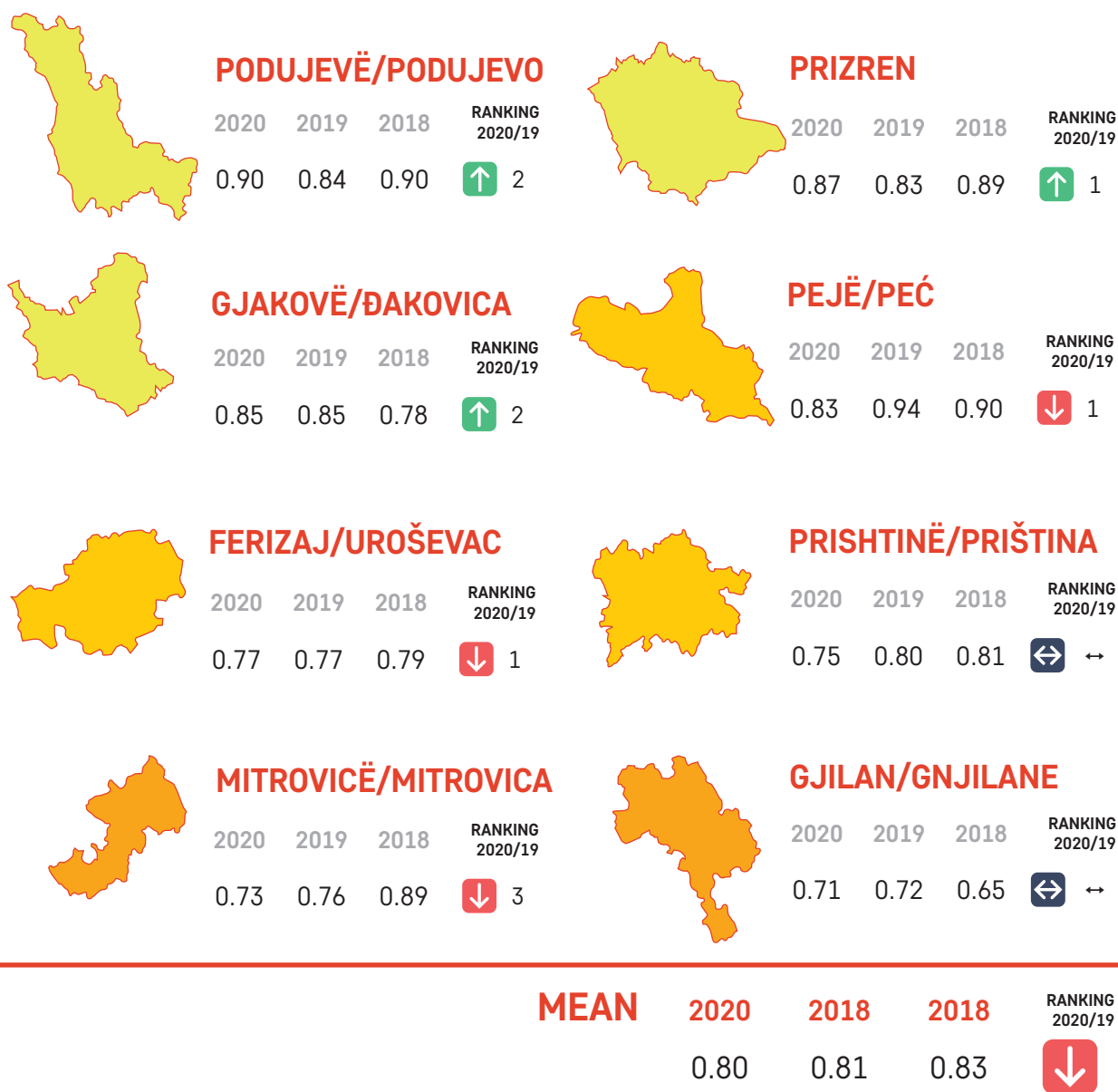


FIGURE 11. CONSISTENT CONDUCT (X3) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' ESTIMATION



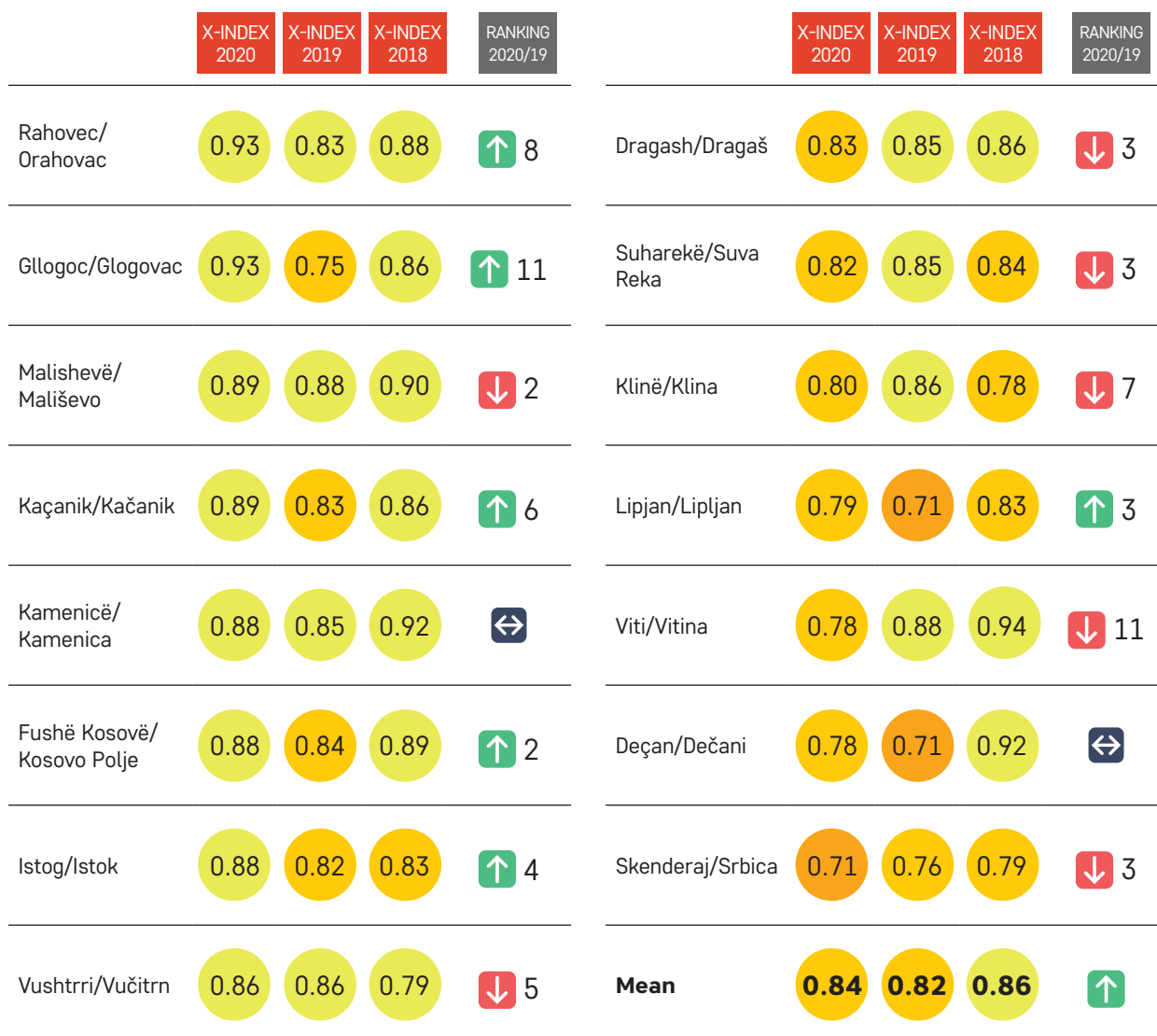
The x index results do not imply that the procurement procedures used by municipalities are illegal. Cancellations and amendments are necessary procurement procedures in many cases. Nevertheless, frequent usage of them might increase inefficiency.

0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0



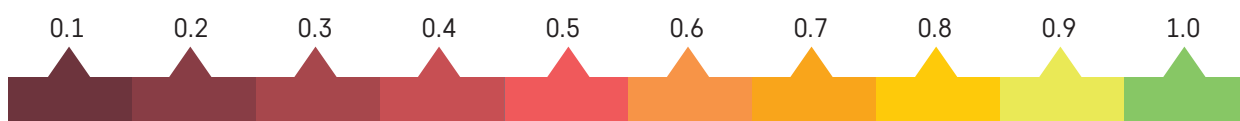
## MEDIUM-SIZED MUNICIPALITIES

Some changes in the ranking were noticed in Figure 12. The top three performing municipalities for 2020 are: Rahovec/Orahovac (0.93 index points) which is also ranked as the first-top performer, followed closely by Glogoc/Glogovac (0.93 index points) and Malishevë/Mališevo (0.89). Meanwhile, at the bottom of the list, the lowest-performing municipality is Viti/Vitina which dropped for eleven places.



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

SOURCE: AUTHORS' ESTIMATION



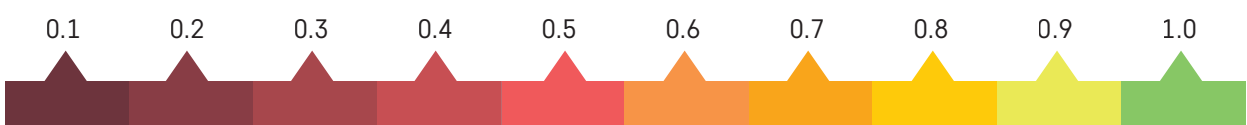
## SMALL-SIZED MUNICIPALITIES

On this sub-index for this year small-sized municipalities displayed good performance, maintaining the same average score as in 2019. As Figure 13 shows, municipalities of Zubin Potok (1.00 index points), Novobërdë/Novo Brdo (1.00 index points), and Klokot/Kllokot (1.00 index points) are the most efficient municipalities from the category of small-sized municipalities. The score of 1.00 index points derives from the fact that from all notifications for a contract, municipalities have had 0 cancelations and 0 amendments. Meanwhile, the Municipality of Mamushë/Mamuşa is ranked as the least efficient one in this category dropping for three places from last year with a sub-index score from 0.77 to 0.20 index points.



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

SOURCE: AUTHORS' 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:

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

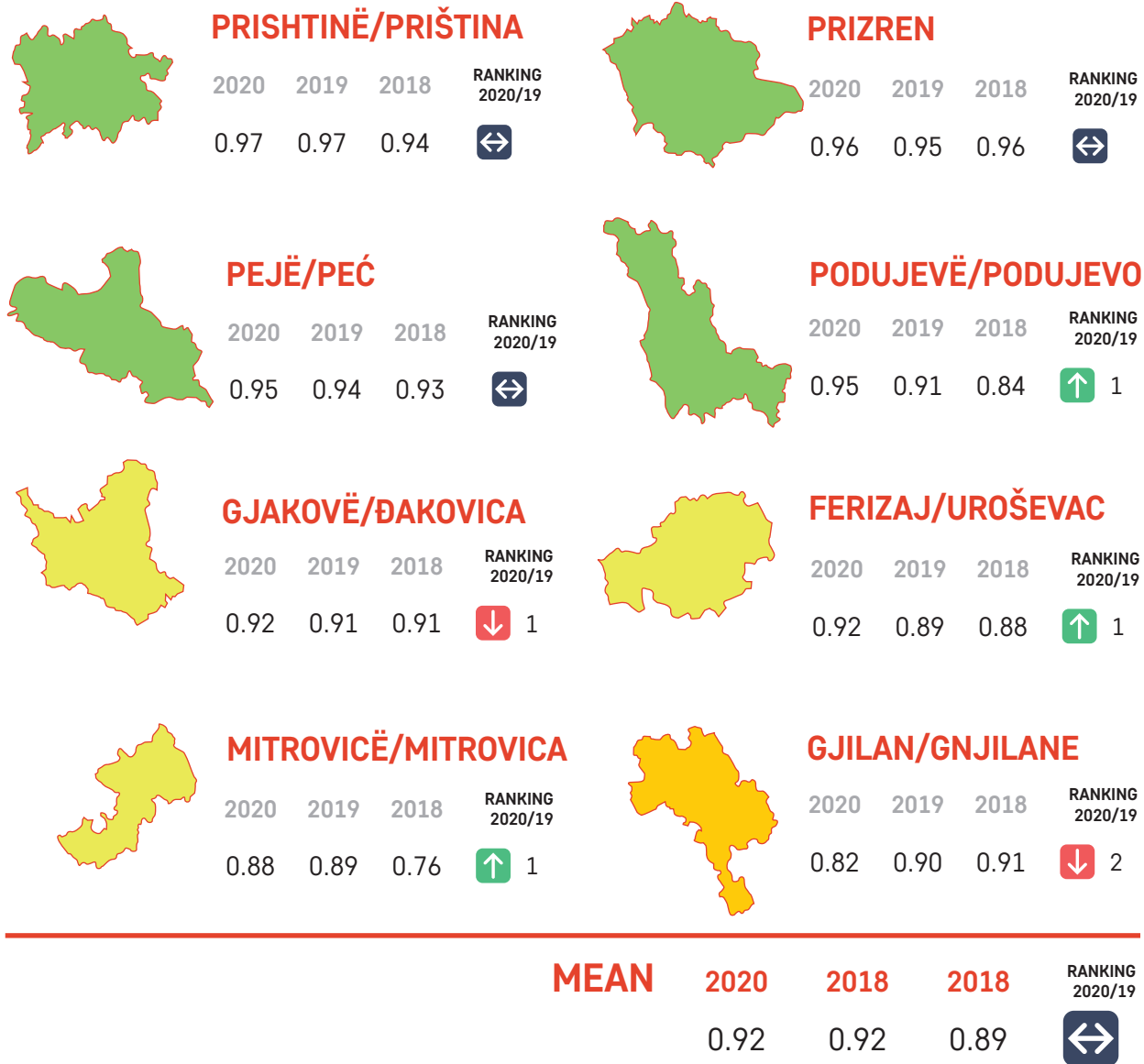
Awarding a large portion of contracts to a single or a small group of economic operators is a practice that is not recommended, and goes against best practices set by OECD. A practice like that (even though not necessarily) may raise red flags for corruption affairs. And this is not the only concern 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 to avoid the concentration of large contracts, both in value and number of contracts, in the hands of a single individual to prevent corruption and foster competition.

In general, the 38 municipalities performed well in this sub-index, with an average result of 0.85 index points. Large and medium-sized municipalities had a better performance than smaller ones. Large-sized municipalities have per-

formed 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 0.91; whereas small-sized municipalities had an average sub-index score of 0.72 index points.

Figure 14, reveals the performance of large-sized municipalities in this sub-index. The position of most of the municipalities remains the same, implying that the municipality of Prishtinë/Priština (0.97), Prizren (0.96), and Pejë/Peć (0.95) have avoided the practice of awarding a large portion of contracts (both in value and numbers) to a small group of economic operators. What stands out, is the municipality of Gjilan/Gnjilane, which dropped from two places to be ranked at the bottom of the table.

## LARGE-SIZED MUNICIPALITIES



**FIGURE 14. WINNER'S CONCENTRATION (X4) FOR LARGE-SIZED MUNICIPALITIES**

BURIMI: VLERËSIMI ORIGINAL I AUTORIT



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 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

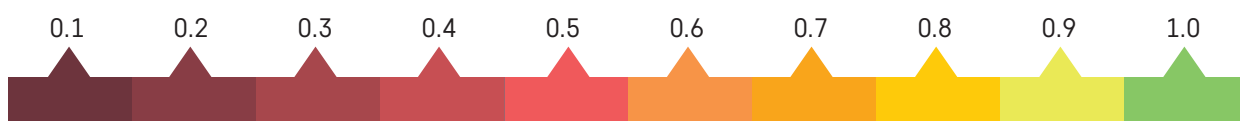
## MEDIUM-SIZED MUNICIPALITIES

Same as large-sized municipalities, medium-sized municipalities performed very well in this sub-index, with an average result of 0.91 index points. As seen in Figure 15, as in 2019 municipality of Malishevë/Mališevo has scored the highest sub-index score above 0.91 index points; meaning that this municipality has avoided in large the practice of awarding a large proportion of their contracts to a small number of economic operators.

	X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19		X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19
Malishevë/ Mališevo	0.95	0.95	0.96	↔	Dragash/Dragaš	0.92	0.88	0.89	↑ 4
Vushtrri/Vučitrn	0.95	0.93	0.91	↑ 1	Suharekë/Suva Reka	0.91	0.92	0.92	↓ 5
Lipjan/Lipljan	0.95	0.89	0.93	↑ 9	Rahovec/ Orahovac	0.91	0.91	0.91	↓ 2
Fushë Kosovë/ Kosovo Polje	0.94	0.95	0.93	↓ 2	Kaçanik/Kaçanik	0.91	0.88	0.93	↑ 2
Skenderaj/Srbica	0.94	0.92	0.81	↑ 1	Kamenicë/ Kamenica	0.89	0.92	0.81	↓ 6
Glogoc/Glogovac	0.94	0.91	0.90	↑ 4	Istog/Istok	0.87	0.89	0.93	↓ 3
Klinë/Klina	0.93	0.93	0.89	↓ 3	Deçan/Dečani	0.67	0.52	0.78	↔
Viti/Vitina	0.93	0.91	0.91	↔	<b>Mean</b>	<b>0.91</b>	<b>0.89</b>	<b>0.89</b>	↑

**FIGURE 15. WINNER'S CONCENTRATION (X4) FOR MEDIUM-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' ESTIMATION





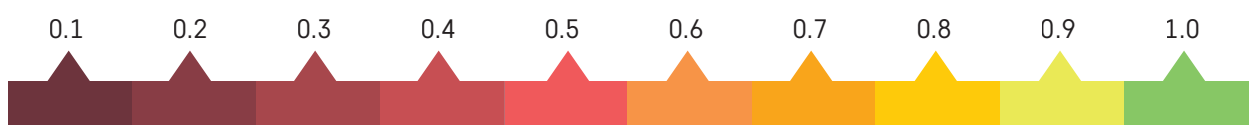
## SMALL-SIZED MUNICIPALITIES

The average result of 0.72 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 0.91 and 0.92 index points respectively. The table below shows that the position of the municipalities is changed, except for Obiliq/Obilić and Shtime/Štimlje, who managed to retain the same position, as the top performers. Meanwhile, the municipality of Leposavić/Leposaviq is ranked at the bottom of this category, with a sub-index score of 0.43 index points.

	X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19		X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19
Obiliq/Obilić	0.90	0.94	0.81	↔	Parteš/Partesh	0.64	0.59	0.72	↑ 5
Shtime/Štimlje	0.88	0.89	0.71	↔	Klokot/Kllokot	0.63	0.60	0.58	↑ 2
Mamushë/ Mamuşa	0.85	0.88	0.83	↑ 1	Severna Mitrovica/ Mitrovicë e Veriut	0.61	0.54	0.68	↑ 4
Novobërdë/Novo Brdo	0.85	0.82	0.88	↑ 2	Zvečan/Zveçan	0.60	0.63	0.27	↓ 1
Gračanica/ Graçanicë	0.84	0.70	0.89	↑ 2	Junik	0.58	0.67	0.50	↓ 4
Štrpce/Shtërpçë	0.81	0.59	0.82	↑ 7	Zubin Potok	0.56	0.67	0.76	↓ 6
Ranilug/Ranillug	0.80	0.86	0.80	↓ 2	Leposavić/ Leposaviq	0.43	0.67	0.49	↓ 5
Hani i Elezit/Elez Han	0.75	0.88	0.85	↓ 5	<b>Mean</b>	<b>0.72</b>	<b>0.73</b>	<b>0.71</b>	↓

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

SOURCE: AUTHORS' 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 is offered. This indicator aims 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.

Overall, this sub-index has shown a low performance. Medium-sized municipalities performed the best, with an average index score of 0.69, which compared to last year is higher; followed closely by large-sized municipalities, with an average result of 0.67 index points. Meanwhile, small-sized municipalities had the lowest performance, with an average result of 0.42 index points.

Pejë/Peć is the municipality that had the highest number of offers submitted for a call, thus is ranked as the first best performer, with an average result of 0.90 index points. Ferizaj/Uroševac, is the second-best performer in this category of municipalities, with an index score of 0.78. On the other hand, from large-sized municipalities, the Municipality of Mitrovicë/Mitrovica has the lowest performance, with a sub-index score of 0.24 index points. This municipality has dropped for four places to be ranked at the bottom of the table.

## LARGE-SIZED MUNICIPALITIES

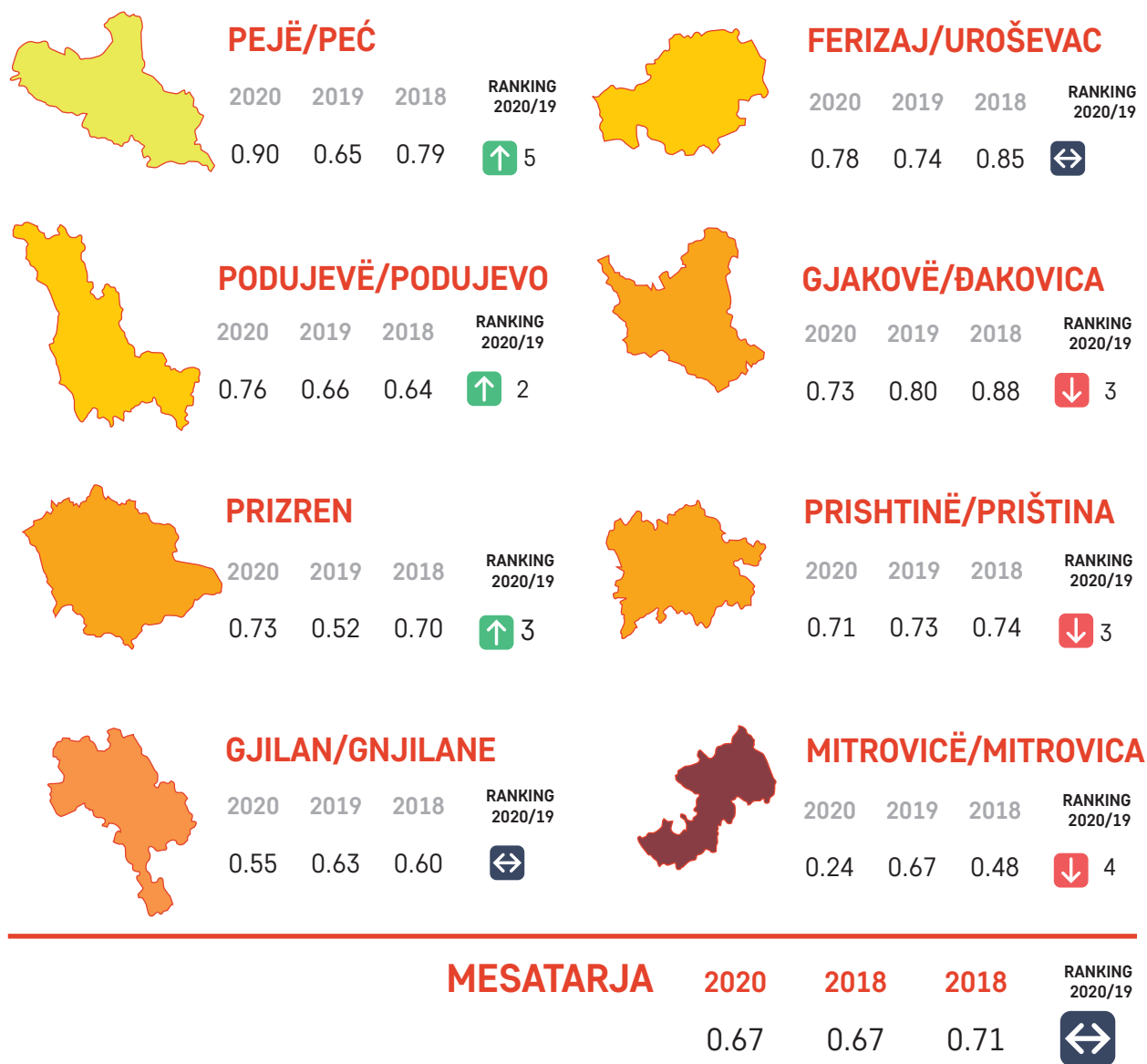


FIGURE 17. WINNER'S CONCENTRATION (X5) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' 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

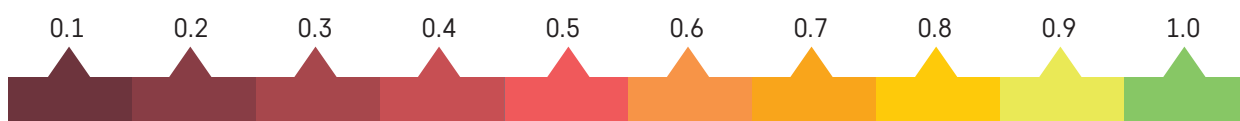
## MEDIUM-SIZED MUNICIPALITIES

The table below shows that except for Klinë/Klina and Skenderaj/Srbica, 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 Dragash/Dragaš, with a sub-index score of 0.51 index points. Compared to last year, this year the category of medium-sized municipalities on this sub-index showed slight improvements.

	X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19		X-INDEX 2020	X-INDEX 2019	X-INDEX 2018	RANKING 2020/19
Glllogoc/Glogovac	0.90	0.63	0.67	↑ 6	Malishevë/ Mališevo	0.67	0.82	0.79	↓ 8
Suharekë/Suva Reka	0.78	0.56	0.82	↑ 6	Kamenicë/ Kamenica	0.67	0.29	0.48	↑ 5
Lipjan/Lipljan	0.77	0.67	0.75	↑ 1	Skenderaj/Srbica	0.61	0.52	0.84	↔
Fushë Kosovë/ Kosovo Polje	0.77	0.63	0.60	↑ 2	Viti/Vitina	0.60	0.43	0.84	↑ 2
Klinë/Klina	0.76	0.66	0.59	↔	Deçan/Dečani	0.59	0.68	0.87	↓ 10
Rahovec/ Orahovac	0.74	0.80	0.87	↓ 4	Vushtrri/Vučitrn	0.57	0.52	0.71	↓ 2
Kaçanik/Kaçanik	0.73	0.55	0.48	↑ 3	Dragash/Dragaš	0.51	0.56	0.57	↓ 6
Istog/Istok	0.70	0.47	0.43	↑ 5	<b>Mean</b>	<b>0.69</b>	<b>0.59</b>	<b>0.69</b>	↑

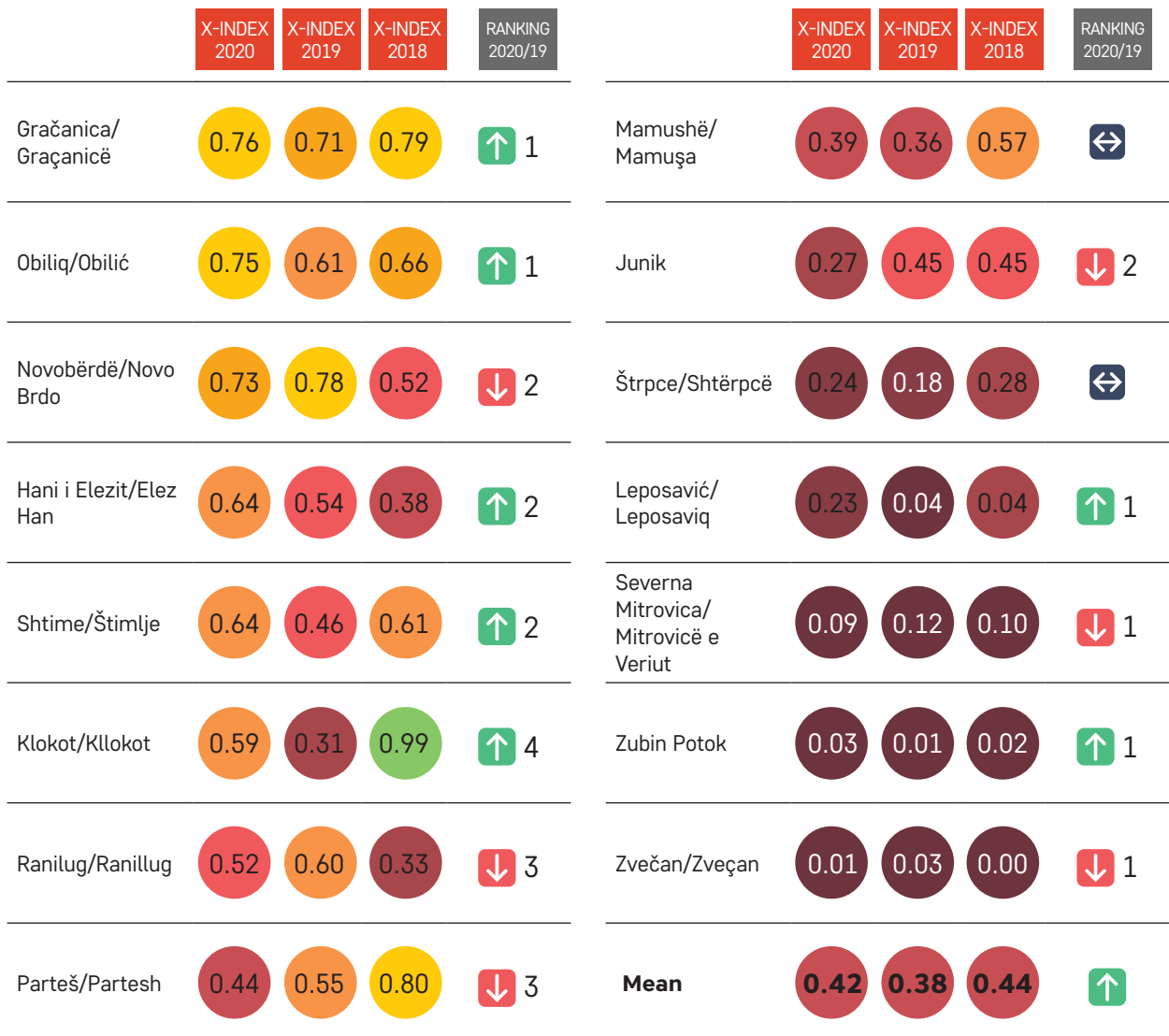
**FIGURE 18. WINNER'S CONCENTRATION (X5) FOR MEDIUM-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' ESTIMATION



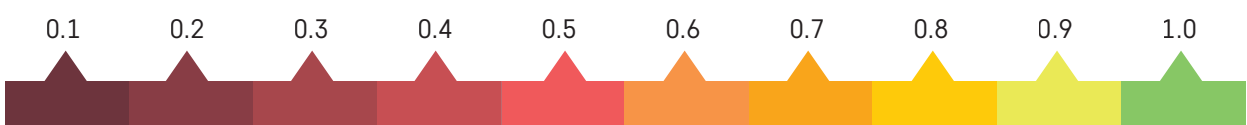
## SMALL-SIZED MUNICIPALITIES

Small-sized municipalities' average score of 0.42 index points in this sub-index, reveals the poor performance of these municipalities in this sub-index. Results presented in Figure 19, show that the ranking of the municipalities has changed slightly. The three best performing municipalities are Gračanica/Gračanicë (0.76 index points), Obiliq/Obilić (0.75 index points) and Novobërdë/Novo Brdo (0.73 index points), implying that these contracting authorities accepted more calls for a contract notice. Whereas, the municipality that accepted the least offers, when a call for a contract is announced, is Zvečan/Zveçan; this is the reason why this municipality is ranked at the bottom of the list with an index score of 0.01.



**FIGURE 19. WINNER'S CONCENTRATION (X5) FOR SMALL-SIZED MUNICIPALITIES A**

SOURCE: AUTHORS' 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.

Consistently through the years, all (38) municipalities have had the worst performance in this sub-index. In 2020, the average score was 0.28 index points, which compared to last

year is lower for 0.06 points. 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 0.38 index points; followed by medium-sized municipalities, with an average of 0.36. Meanwhile, small-sized municipalities had the lowest average (0.11 index points) from the three sized categories of municipalities.

Figure 20 shows the full sub-index ranking. What stands out, is the municipality of Pejë/Peć which joins the list as the top performer, dropping Prishtinë/Priština out of this list. This means, that the municipality of Prishtinë/Priština used optional competitive tools less compared to last year in this category of municipalities. Meanwhile, at the bottom of the list, the worst-performing municipality is different from the last year. The lowest-performing municipality is Mitrovicë/Mitrovica (0.00 index points), which dropped for two places.

## LARGE-SIZED MUNICIPALITIES



### PEJË/PEĆ

2020	2019	2018	RANKING 2020/19
0.68	0.48	0.21	↑ 2



### GJAKOVË/ĐAKOVICA

2020	2019	2018	RANKING 2020/19
0.51	0.57	0.56	↓ 1



### PRISHTINË/PRIŠTINA

2020	2019	2018	RANKING 2020/19
0.41	0.53	0.44	↓ 1



### GJILAN/GNJILANE

2020	2019	2018	RANKING 2020/19
0.40	0.45	0.45	↔



### PODUJEVË/PODUJEVO

2020	2019	2018	RANKING 2020/19
0.37	0.33	0.25	↑ 2



### FERIZAJ/UROŠEVAC

2020	2019	2018	RANKING 2020/19
0.34	0.45	0.43	↓ 1



### PRIZREN

2020	2019	2018	RANKING 2020/19
0.29	0.32	0.35	↑ 1



### MITROVICË/MITROVICA

2020	2019	2018	RANKING 2020/19
0.00	0.36	0.56	↓ 2

### MEAN

2020	2019	2018	RANKING 2020/19
0.38	0.44	0.41	↓

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

SOURCE: AUTHORS' 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

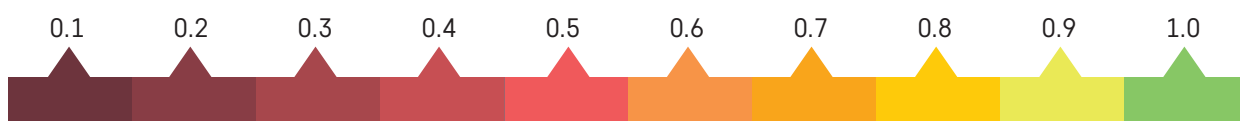
## MEDIUM-SIZED MUNICIPALITIES

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 0.71 index points, and 0.69 index points respectively. On the other hand, the lowest sub-index score (0.00) stands for Deçan/Deçani and Kaçanik/Kaçanik 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' ESTIMATION





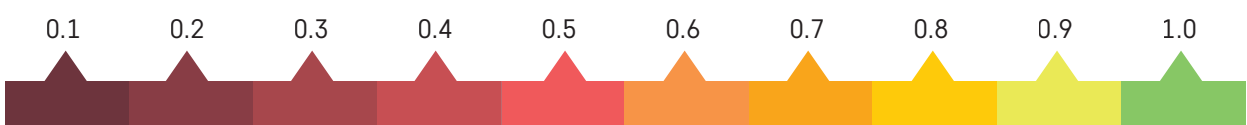
# SMALL-SIZED MUNICIPALITIES

Similar to last year, small-sized municipalities stand the worst in this sub-index. Almost 67% of them, have never used any of the pro-competitive tools in this model. As we can see in Figure 22, the position of the top performers' municipalities remains the same, except Junik which joins the list of top performers, by dropping Novobërdë/Novo Brdo out of this list. These municipalities have fostered competition the most from this category of municipalities, with a sub-index score of 0.44, 0.41, and 0.31 index points respectively. Meanwhile, municipalities from Novobërdë/Novo Brdo to Zubin Potok (ranked in alphabetical order) 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.



**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 performed in this sub-index with an average result of 0.63 index points. Similar to last year, small-sized municipalities, performed better than large and medium-sized municipalities, with an average result of 0.75 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 0.57 index points, while large-sized municipalities 0.56 index points.

Data suggest that the overall score from the large-sized municipalities has increased in this sub-index. As we can see, the municipality of Mitrovicë/Mitrovica is the best performer this year, whereas Pejë/Peć, which was at the top of the table in 2019, dropped for four places. On the other hand, the municipality of Gjiilan/Gnjilane, sits at the bottom of the table, with a sub-index score of 0.43 index points.

## LARGE-SIZED MUNICIPALITIES

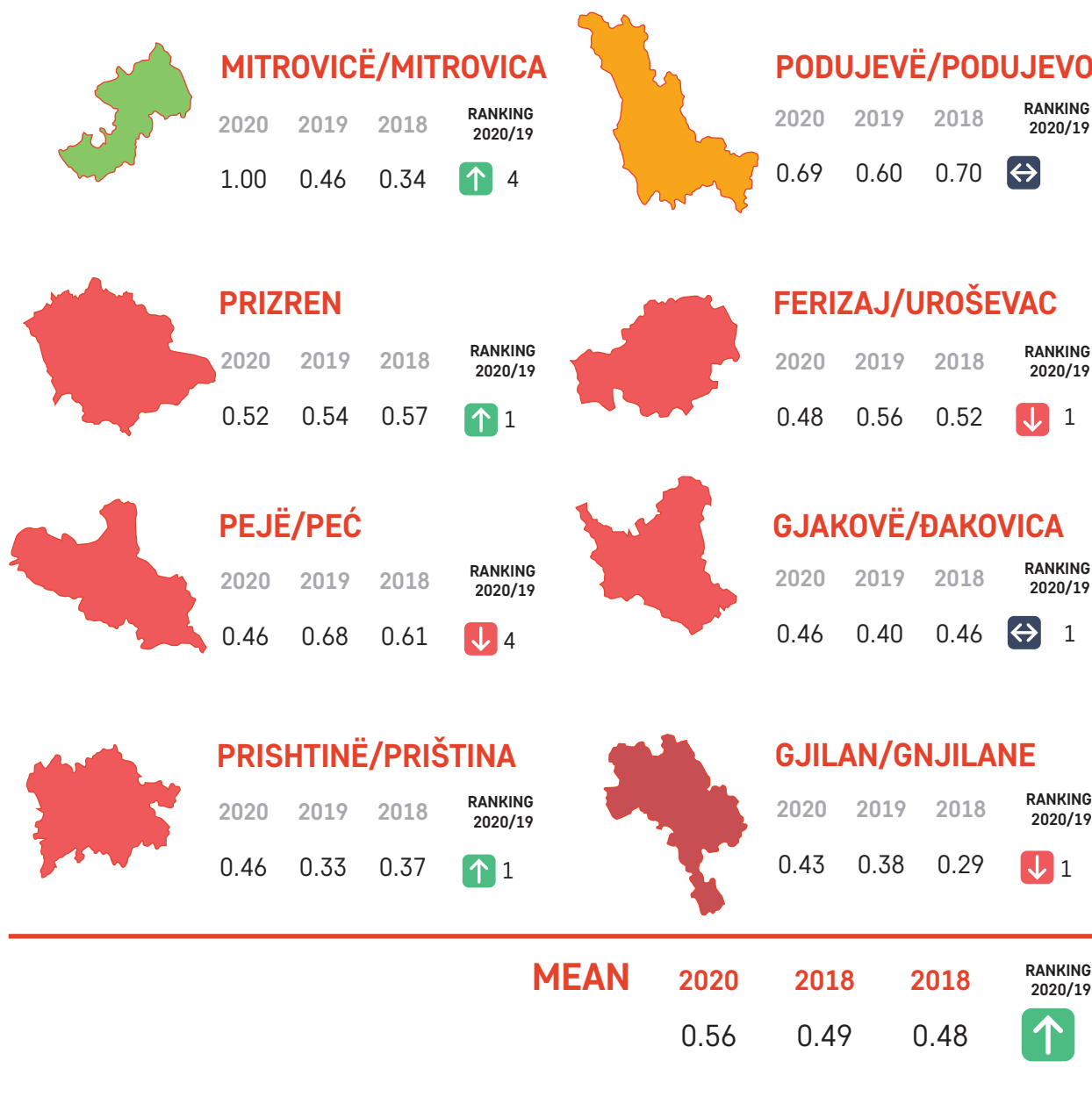


FIGURE 23. LEGAL MISCONDUCT (X7) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' 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

Some changes in the ranking were noticed in Figure 24. The top three performing municipalities for 2020 are: Viti/Vitina (0.65 index points) which is also ranked as the first-top performer, followed closely by Malishevë/Mališevo (0.64 index points) and Skenderaj/Srbica (0.62). Meanwhile, at the bottom of the list remains Lipjan/Lipljan, which received the lowest sub-index score from 0.45 index points.

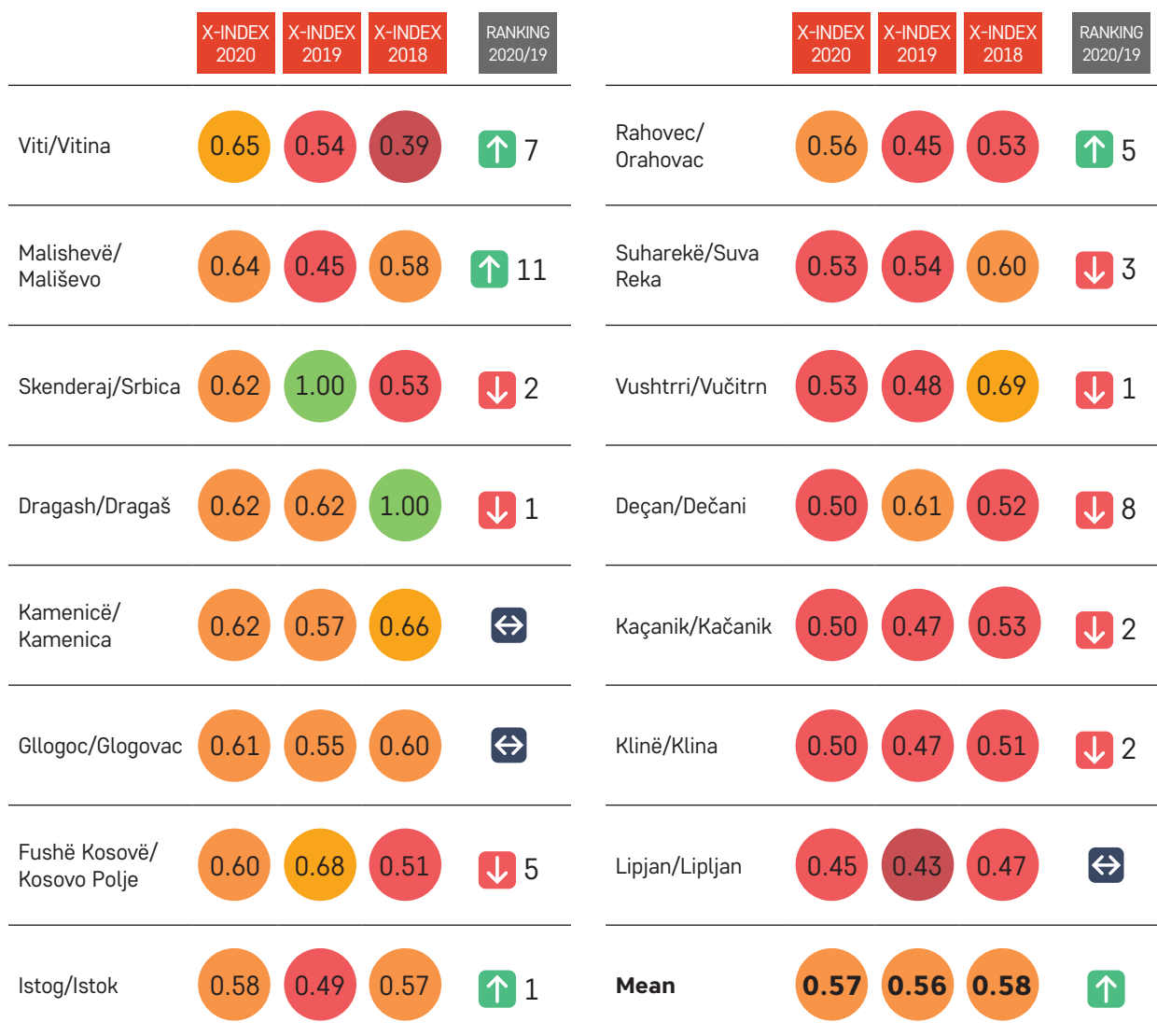
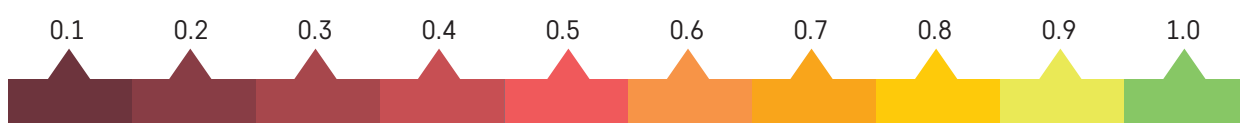


FIGURE 24. LEGAL MISCONDUCT (X7) FOR MEDIUM-SIZED MUNICIPALITIES E

SOURCE: AUTHORS' ESTIMATION



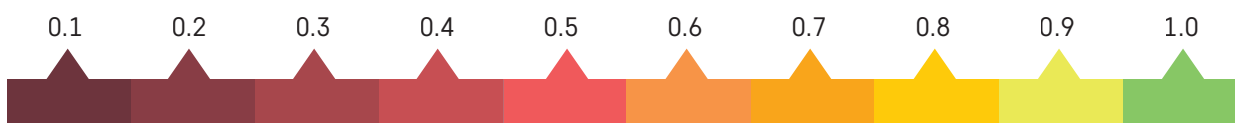
## SMALL-SIZED MUNICIPALITIES

Even for 2020, small-sized municipalities had the best performance in this sub-index, with an average result (0.75 index points) significantly higher than large and medium ones. As shown in Figure 25, municipalities of Hani i Elezit/Elez Han and Leposavić/Leposaviq managed to maintain the same position. Moreover, municipalities from Hani i Elezit/Elez Han to Junik, 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' 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:

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

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

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

When speaking of efficiency in public procurement, planning plays a crucial role. Accurate planning and realization enable municipalities to allocate financial and human resources, most efficiently. 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 by 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 0.71 index points, which is above the gener-

al x-index average result of 0.67 index points. Small-sized municipalities, had the best performance in this sub-index, with an average result of 0.82. On the other hand, large and medium-sized municipalities performed lower than they did in 2019, with an average score from 0.75 to 0.74 and 0.77 to 0.75 respectively.

Figure 26, reveals the performance of large-sized municipalities in this sub-index. The position of most of the municipalities changed, but slightly. For 2020, Gjilan/Gnjilane remains the most efficient municipality in planning, with a sub-index score of 0.91 (which compared to last year is higher by 0.06 points). What stands out, is the municipality of Pejë/Peć, which dropped for three places to be ranked at the bottom of the table, implying that is the municipality with the largest deviation between planning and realization.

## LARGE-SIZED MUNICIPALITIES



### GJILAN/GNJILANE

2020	2019	2018	RANKING 2020/19
0.91	0.85	0.57	↔



### MITROVICË/MITROVICA

2020	2019	2018	RANKING 2020/19
0.85	0.80	0.86	↑ 1



### FERIZAJ/UROŠEVAC

2020	2019	2018	RANKING 2020/19
0.78	0.82	0.51	↓ 1



### PRISHTINË/PRIŠTINA

2020	2019	2018	RANKING 2020/19
0.73	0.80	0.55	↔



### GJAKOVË/ĐAKOVICA

2020	2019	2018	RANKING 2020/19
0.72	0.64	0.70	↑ 2



### PRIZREN

2020	2019	2018	RANKING 2020/19
0.70	0.57	0.73	↑ 2



### PODUJEVË/PODUJEVO

2020	2019	2018	RANKING 2020/19
0.66	0.72	0.73	↓ 1



### PEJË/PEĆ

2020	2019	2018	RANKING 2020/19
0.58	0.76	0.73	↓ 3

### MEAN

2020	2019	2018	RANKING 2020/19
0.74	0.75	0.67	↓

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

SOURCE: AUTHORS' ESTIMATION

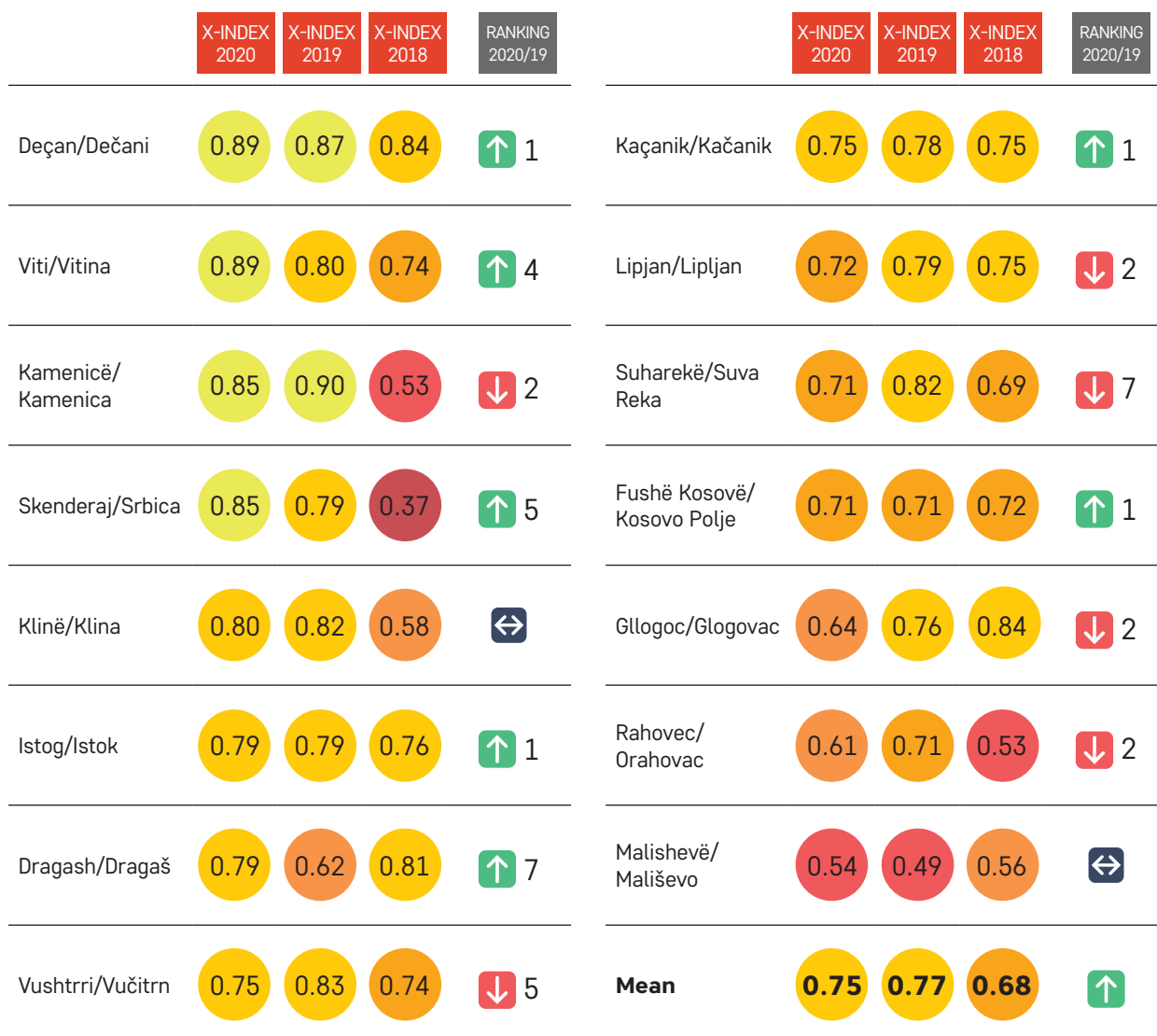


The x-index results do not imply that the procurement procedures used by municipalities are illegal. There are no regulations that determine the difference between the initial estimated contract value and the total final value. However, the smaller the difference, the higher the efficiency of contracting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

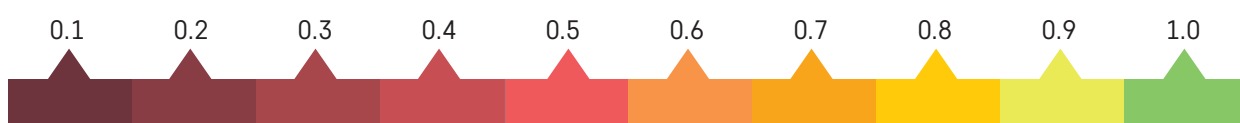
## MEDIUM-SIZED MUNICIPALITIES

From the medium-sized municipalities, Deçan/Dečani as shown in Figure 27, is the best performing municipality, jumping for one place from last year with a sub-index score from 0.87 to 0.89. On the other hand, at the bottom of this category, remains Malishevë/Mališevo, with a low sub-index score of 0.54 index points.



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

SOURCE: AUTHORS' ESTIMATION





## SMALL-SIZED MUNICIPALITIES

Municipalities performed well in this sub-index. In 2020, the municipality of Zvečan/Zvečan (1.00 index points) stands as the best, followed closely by Severna Mitrovica/Mitrovicë e Veriut (0.99 index points) and Zubin Potok (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 ACCURACY (X8) FOR  
SMALL-SIZED MUNICIPALITIES**

SOURCE: AUTHORS' ESTIMATION



## SUB INDEX 9: TENDER SUBMISSION DEADLINE (X9)

**Afati kohor (x9)** kalkulohet si shuma e të gjitha njoftimeve për kontratë që kanë përdorur afatin e përshpejtuar, pjesëtuar me numrin total të njoftimeve për kontratë. Formula për të llogaritur indikatorin x9 është:

$$x9 = 1 - \left( \frac{\text{Nr. i njoftimeve për kontratë me afat të përshpejtur}}{\text{Nr. i njoftimeve për kontratë}} \right)^{1/2}$$

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.

The average result for municipalities in this sub-index was 0.53 index points. Compared with each other, large-sized municipalities had the best performance, with an average result of 0.61 index points; followed by medium-sized municipalities, with an average result of 0.57 index points. Meanwhile, small-sized municipalities had the lowest performance, with an average result of 0.43 index points.

From large-sized municipalities, except Prizren, Prishtinë/Priština, and Mitrovicë/Mitrovica which managed to keep the same position on the table, the position of the rest of the municipalities is changed. What stands out is the municipality of Podujevë/Podujevo which jumped for two places to be ranked as the second-best performer. From 98 contract notices that the Municipality of Podujevë/Podujevo has had, it has used the accelerated procedure only in 7 cases (or 7%). Meanwhile, from large-sized municipalities, Mitrovicë/Mitrovica stands still at the bottom of the table with a sub-index score of 0.39 index points, meaning that this municipality has used the most accelerated procedure. From a total of 57 contract notices, Mitrovicë/Mitrovica has used the accelerated procedure in 21 of them, or 37% of cases.

## LARGE-SIZED MUNICIPALITIES

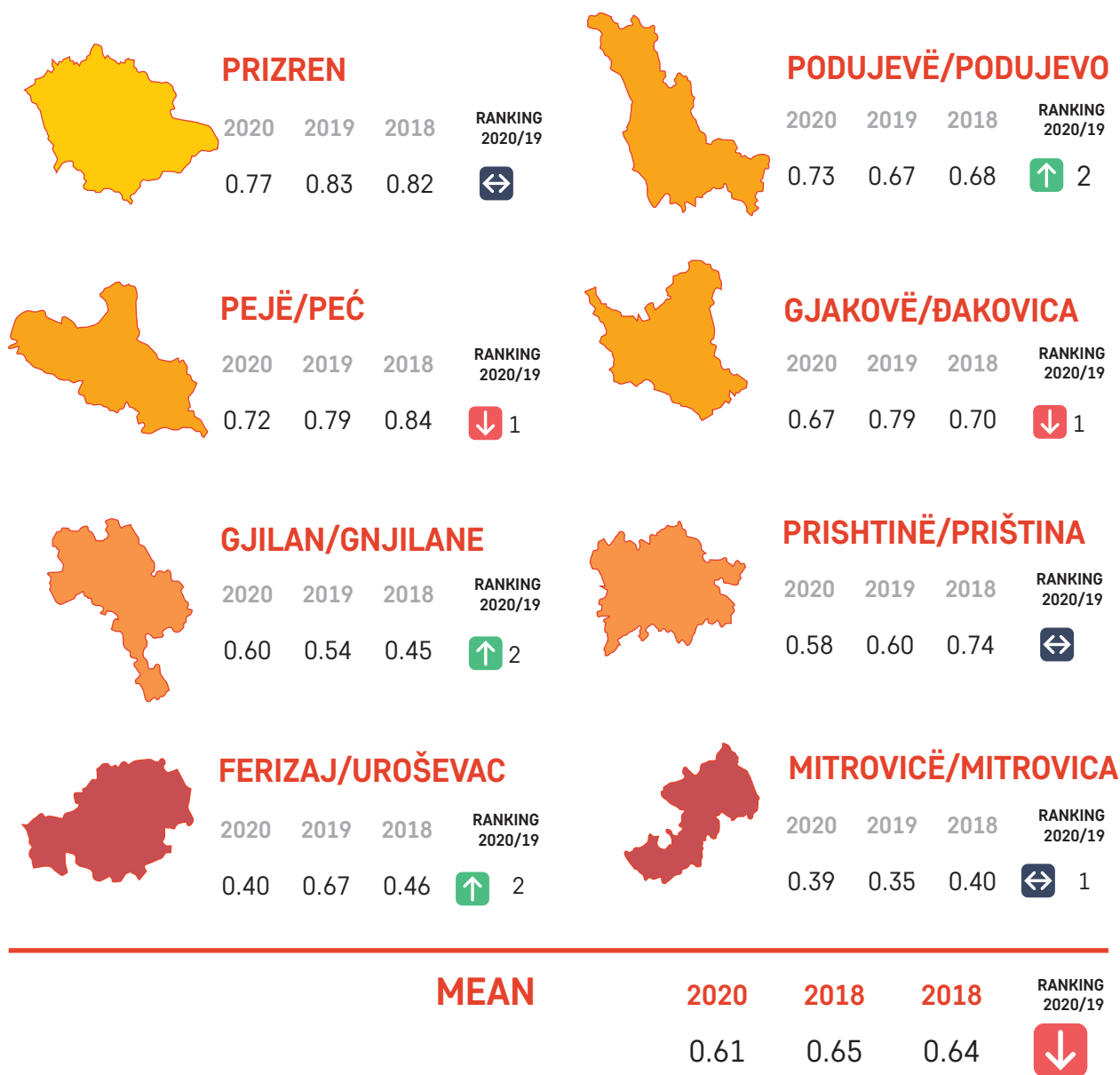


FIGURE 29. TENDER SUBMISSION DEADLINE (X9) FOR LARGE-SIZED MUNICIPALITIES

SOURCE: AUTHORS' 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 stands still as the best performer from medium-sized municipalities, with a sub-index score of 0.83 index points. What stands out, is the municipality of Fushë Kosovë/ Kosovo Polje which jumped for five places to be ranked as the second-best performer. On the other side, the municipality of Deçan/Dečani is ranked at the bottom of this category of municipalities, having used the accelerated procedure the most, and receiving the sub-index score of 0.23 index points.

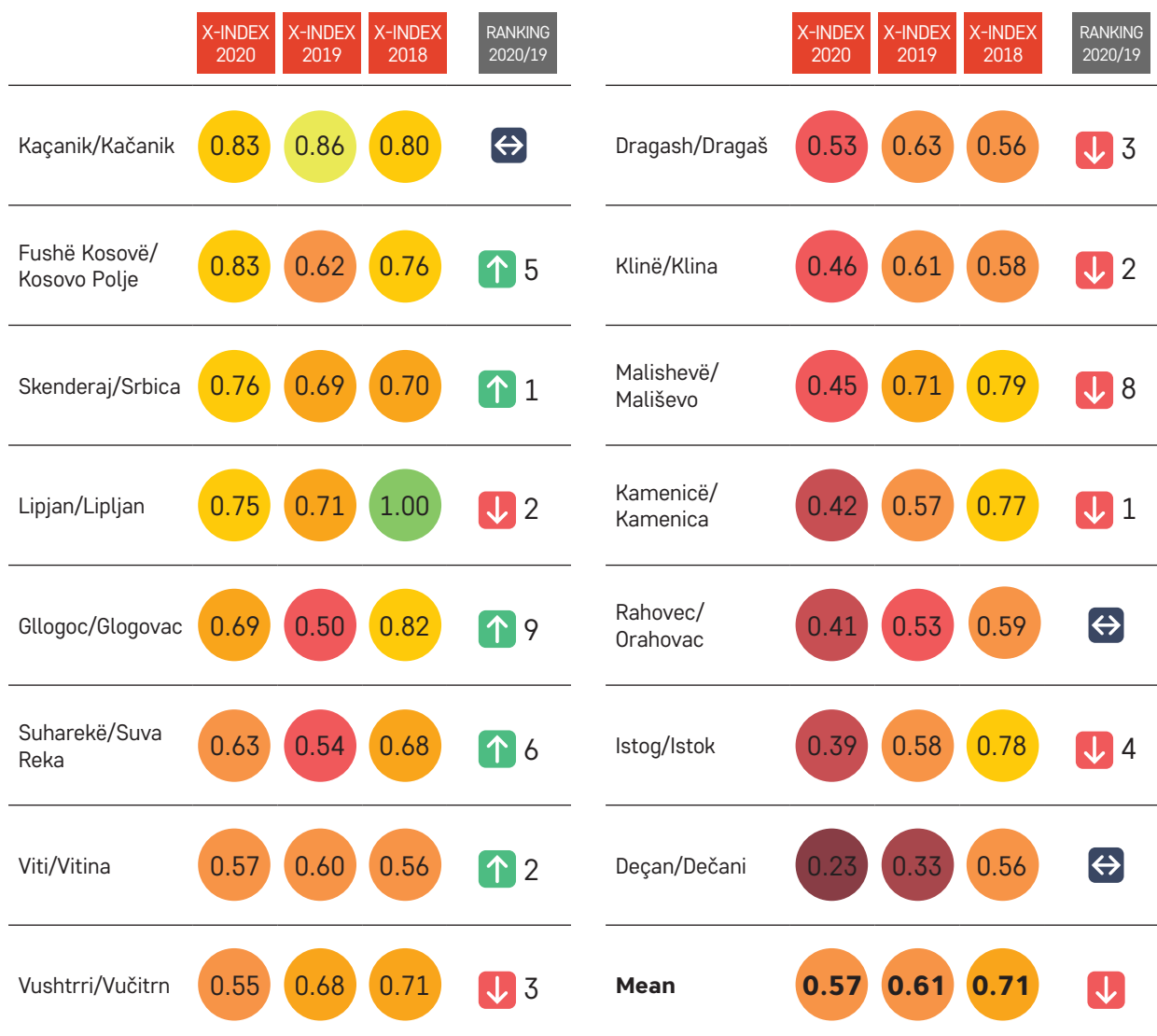
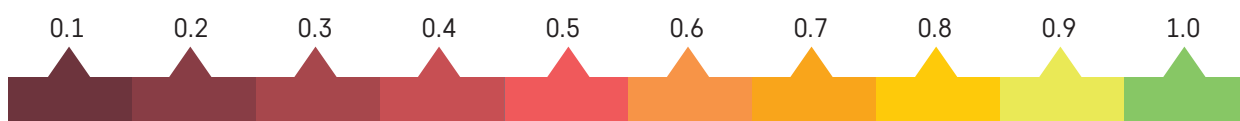


FIGURE 30. TENDER SUBMISSION DEADLINE (X9) FOR MEDIUM-SIZED MUNICIPALITIES

SOURCE: AUTHORS' ESTIMATION



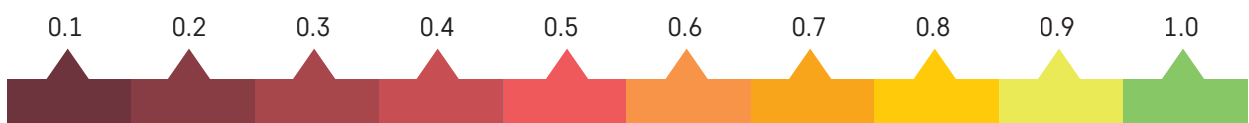
## SMALL-SIZED MUNICIPALITIES

Small-sized municipalities are the municipalities that have performed the worst in this sub-indicator, with an average result of 0.43 index points (which is above the average result of this sub-index for 2020). Hani i Elezit/Elez Han and Junik remain as the top-performing municipalities in this category, with a sub-index score of 0.80, and 0.60 index points respectively. What is worth mentioning, is the municipality of Klokot/Klllokot which dropped for eleven places, to be ranked as the worst-performing municipality.



FIGURE 31. TENDER SUBMISSION DEADLINE (X9) FOR SMALL-SIZED MUNICIPALITIES

SOURCE: AUTHORS' 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. To classify and group municipalities into 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 2020.

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 twelve months (January-December 2020). 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 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 Peja/Peć, the total amount of public procurement contracts was €14,685,496.96 while the value of controllable operating expenses was €12,858,627.00. The estimated sub-index value was 1.00 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 to the total value and number of contracts. 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 Peja/Peć, the total value of the contract awarded through NPwP was € 512,926.35 while the total value of contracts was € 14,685,496.96. The number of contracts awarded through NPwP was 13 while the total number of contracts was 95. The estimated sub-index value was 0.70 index points.

## X 3 Consistent Conduct

is calculated based on 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 Peja/Peć, 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 were given a score of 1. This brings the total contract score to 75.41. The number of contract notices was 91. The estimated sub-index value was 0.83 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 Peja/Peć, the total squared value of contracts to each bidder over the squared total value of contracts was 0.93 while the total squared number of contracts to each bidder over the squared total number of contracts was 0.96. The estimated sub-index value was 0.95 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 Peja/Peć, the value of contracts times the k coefficient was €13,177,471.23, while the total value of contracts was €14,685,496.96. The estimated sub-index value was 0.90 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 a maximum value of 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 1/2. 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 Peja/Peć, the number of contracts that were split into lots was 22; the number of contracts that used quality-based criteria was 0, while the number of awarded contracts was 95. The estimated sub-index value was 0.68 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 Peja/Peć, the number of contracts awarded contracts was 95 while the number of cases where there was serious misconduct was 8. The estimated sub-index value was 0.46 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 to assess 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 Peja/Peć, the final value of contracts times the anticipated assessment was € 8,064,906.66 while the final value of contracts was € 13,861,070.31. The estimated sub-index value was 0.58 index points.

## X 9 Tender submission deadline

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

$$x_9 = 1 - \left( \frac{\text{No. of contract notices that have used accelerated procedures}}{\text{No. of contract notices}} \right)^{1/2}$$

For instance, in the Municipality of Peja/Peć, the number of contract notices that have used accelerated procedures was 7 while the number of awarded contracts 91. The estimated sub-index value was 0.72 index points.

In the end, the nine indicators explained above, 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.





